



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Candahug, Palo, Leyte

ANNUAL AUDIT REPORT

on the

CALBAYOG CITY WATER DISTRICT

Calbayog City, Samar

For the Year Ended December 31, 2015



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Candahug, Palo, Leyte

March 4, 2016

Ms. EDITHA C. YRIGAN
General Manager
Calbayog City Water District
Calbayog City, Samar



Madame:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43(2) of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines," and in line with the Commission's continuing efforts to inform management on how fiscal responsibility has been discharged, we are pleased to transmit the report of our Audit Team on the results of the audit on the accounts and operations of the Calbayog City Water District, Calbayog City, Samar for the year ended December 31, 2015.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the Calbayog City Water District to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of presentation of the financial statements.

Accordingly, a qualified opinion was rendered on the fairness of the presentation of the financial statements due to the effects thereon on the deficiencies as well as the partially implemented and unimplemented audit recommendations contained in the prior years' Annual Audit Reports discussed in Parts II and III hereof, respectively, specifically the non-submission of the bank reconciliation statements to prove the correctness and reliability of the Cash in Bank account balance of P17,626,421.98 and omission in using the prescribed journals relative to recording of transactions thus may affect the accuracy of certain accounts due to maintenance of improper accounting records whereas such an instance did not facilitate the verification of the correctness of financial records; and existing limitations did not permit the application of alternative audit procedures.

The significant findings with the corresponding recommendations are as follows, the details discussed in Part II of the report:

1. The accounts for 2015 specifically those belonging to the months of September up to December 2015 including certain Disbursement Vouchers (DVs) of prior months remained not submitted to the Audit Team contrary to relevant laws and rules as well as Section 2 paragraph (1) of Article IX-D of the 1987 Philippine Constitution; thus,

post-audit thereon was hindered resulting to absence of information on the propriety and validity of the agency's various financial transactions.

To prevent the conclusion of irregular as well as invalid performance of duties due to failure in the submission of accounts, the implementation of hereunder recommendations is reiterated; viz:

- a) The accountant or the personnel performing said position, shall submit to the Audit Team all accounts that are due for submission *on or before the deadline*.
 - b) Instruct the cashier and all accountable officers to strictly practice the submission within five (5) days after completion of each transaction to the accountant or in-charge of accounting for recording: 1) all reports in their possession like Reports of Collections, Reports of Disbursements and Reports of Checks Issued; and 2) all source documents like disbursement vouchers/payrolls together with their respective supporting documents; official receipts, validated deposit slips and bank credit and debit memos; the same to be covered with transmittal letters as proof of such action.
 - c) Issue a written policy concerning on time submission of accounts by all concerned to make possible the audit thereof by the Audit Team.
2. Management does not practice submission on time of monthly trial balances with schedules in contradiction to Section 122 of PD No. 1445, COA Circular No. 2015-004 dated July 15, 2015 and Section 7.1.1 of COA Circular No. 2009-006 dated September 15, 2009, thus could lead to delayed preparation and submission of the year-end financial statements in addition to incapacitating the agency of providing updated financial data during any period of time.

We recommend that management cause strict adherence on submission of monthly trial balances and their schedules and/or attachments on the prescribed deadline. This shall be carried out initially by practicing diligent recording of transactions and regular undertaking of reconciliation of records/reports as well as updating of the agency's books.

3. Management did not submit on time the quarterly and other required reports contrary to Section 122 of PD No. 1445 and other relevant laws, rules and regulations, thus depriving the government on significant information concerning results of the agency's operations.

We recommend for management to submit at the beginning of the year a list of all on-going projects/programs/activities (PPAs) and those yet to be implemented during the year to preclude disallowances, and should submit promptly the quarterly and other reports required by the Commission on Audit.

4. The correctness and reliability of the Cash in Bank account balance of P17,626,421.98 could not be ascertained due to the nonsubmission of bank reconciliation statements contrary to Section 74 of PD 1445.

We recommend that the Accounting Division be directed to submit regularly for audit the Bank Reconciliation Statements for all accounts maintained with the depository banks on a monthly basis.

5. The prescribed accounting journals were not used to record certain transactions contrary to Section 121(2) of Presidential Decree (PD) No. 1445 and the New Government Accounting System (NGAS) Manual for Government-Owned and/or Controlled Corporations (GOCCs), thus verification of the correctness and accuracy of the financial records was not facilitated.

We recommend for the General Manager to require the Accountant concerning use of appropriate accounting records pursuant to the NGAS Manual for the agency to maintain complete set of books of accounts in turn facilitate the verification of the correctness and accuracy of the financial records.

6. Management did not prepare a Plan, provide budgetary allocations supposedly being at least 5% of the actual budgetary appropriations, nor reported any disbursement for the Gender and Development (GAD) thus is concluded to have failed in complying with the requirements of relevant laws and rules governing the program.

We recommend for management to strictly adhere to the guidelines for the preparation of annual Gender and Development (GAD) Plans, Budgets and Accomplishment Reports, among others, to implement the Magna Carta of Women as provided in Joint Circular No. 2012-01 issued by the PCW, NEDA and the DBM and shall specifically undertake the following:

1. Prepare annual GAD Plan and Budget duly approved or endorsed by PCW;
 2. Incorporate in its annual budget the cost to implement the GAD plan or programs, activities and projects related to Gender and Development which shall be equal to at least 5% of the total budgets; and
 3. Prepare and submit to the Audit Team accomplishment report based on the GAD Plan and Budget or any program/ activity/ project that maybe attributed to Gender and Development with cost equivalent to at least 5% of their total budgets. This is for COA to evaluate and validate the agency's compliance with the intent of the law which is generally to attain gender equality.
7. The water district's contribution amounting to P73,950.00 to the Officers and Employees' Provident Fund for January to June 30, 2015 representing government share was paid to the Provident Fund despite the provisions of DBM Budget Circular No. 2008-3 that government monetary contribution cannot be given, thus showing instances of invalid fund dispositions.

We recommend that management discontinue the monthly contribution representing government share for the Provident Fund and to revert to the water district the share contributed.

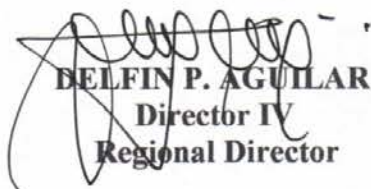
We request that the recommendations contained in Part II and those which remained unimplemented or partially implemented in Part III of the attached report be appropriately acted upon. We would appreciate being informed of the action(s) taken thereon by accomplishing the attached Agency Action Plan and Status of Implementation (AAPSI) and submit the same, through our Audit Team, within sixty (60) days from receipt hereof.

We acknowledge the cooperation and support extended to our Audit Team during the audit.

Very truly yours,

For the Commission on Audit:

By:


DELFIN P. AGUILAR
Director IV
Regional Director

Handwritten initials and date
2/26/14

Calbayog City Water District, Calbayog City, Samar

**AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2015
As of _____**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/ Non-Implementation, if applicable	Action Taken/Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
		From			To				

Agency sign-off: _____

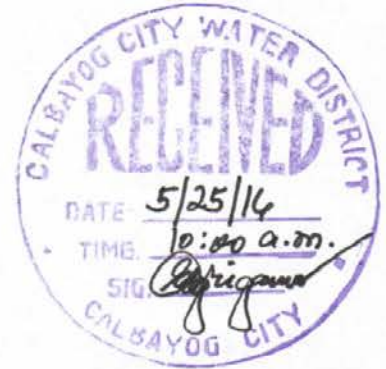
Name and Position of Agency Officer _____ Date _____
 Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Candahug, Palo, Leyte

March 4, 2016

The Board of Directors
Calbayog City Water District
Calbayog City, Samar



Gentlemen/Mesdames:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43(2) of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines," and in line with the Commission's continuing efforts to inform management on how fiscal responsibility has been discharged, we are pleased to transmit the report of our Audit Team on the results of the audit on the accounts and operations of the Calbayog City Water District, Calbayog City, Samar for the year ended December 31, 2015.

The audit was conducted to ascertain the propriety of financial transactions and compliance of the Calbayog City Water District to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of presentation of the financial statements.

Accordingly, a qualified opinion was rendered on the fairness of the presentation of the financial statements due to the effects thereon on the deficiencies as well as the partially implemented and unimplemented audit recommendations contained in the prior years' Annual Audit Reports discussed in Parts II and III hereof, respectively, specifically the non-submission of the bank reconciliation statements to prove the correctness and reliability of the Cash in Bank account balance of P17,626,421.98 and omission in using the prescribed journals relative to recording of transactions thus may affect the accuracy of certain accounts due to maintenance of improper accounting records whereas such an instance did not facilitate the verification of the correctness of financial records; and existing limitations did not permit the application of alternative audit procedures.

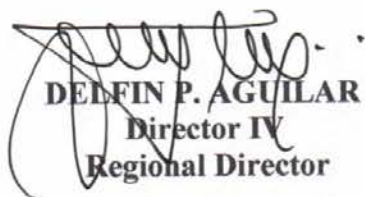
In our transmittal letter of even date to the General Manager of Calbayog City Water District, we requested her to act on the audit recommendations contained in the report and to inform this Commission through our Auditor, of the action(s) taken thereon within sixty (60) days from receipt hereof.

We acknowledge the cooperation and support extended to our Audit Team during the audit.

Very truly yours,

For the Commission on Audit:

By:


DELFIN P. AGUILAR
Director IV
Regional Director

Handwritten initials and date
2/29/10

EXECUTIVE SUMMARY

A. Introduction

1. The Agency:

The formation of the Calbayog City Water District (CCWD) begun in 1986 when the Sangguniang Panglungsod of the Calbayog City passed City Resolution No. 169 dated July 22, 1986. It was on March 4, 1987, when the Local Water Utilities Administration (LWUA) issued a "Conditional Certificate of Conformance No. 284", signaling the formal creation of CCWD by authority of Presidential Decree No. 198, as amended. Currently, it is serving 13,446 concessionaires from forty three (43) barangays in addition to three (3) barangays in nearby Municipality of Sta. Margarita.

The CCWD was categorized as Category C effective March 2012 and it was re-categorized as Category B on October, 2014.

2. Scope of Audit and Audit Methodology

Financial and compliance audit were conducted on the accounts and operations of the agency for the year ended December 31, 2015 limited by the non-submission on the prescribed period of some accounts for CY 2015, thus hindering the undertaking of on time audit thereon. The audit consisted of review of operating procedures and such other procedures considered necessary to ascertain the fairness of presentation of the financial statements.

B. Financial Highlights

1. The following is the District's comparative financial conditions and results of operations:

	2015	2014	Increase (Decrease)	% Increase (Decrease)
Assets	344,058,838.31	339,455,777.26	4,603,061.05	1.36
Liabilities	320,915,323.16	271,812,524.46	49,102,798.70	18.06
Deferred Credits	5,840,417.03	4,930,464.06	909,952.97	18.46
Equity	17,303,098.12	62,712,788.74	(45,409,690.62)	(72.41)
Gross Income	108,571,828.13	97,733,713.63	10,838,114.50	11.09
Expenses	90,695,571.85	99,495,242.11	(8,799,670.26)	(8.84)
Net Income (Loss)	17,876,256.28	(1,761,528.48)	19,637,784.76	(1,114.82)

2. The following are the District's comparative budget and actual expenditures:

a. Comparative Budget -

Particulars	2015	2014	Increase (Decrease)	% Increase (Decrease)
Personal Services	20,651,679.09	21,089,906.26	(438,227.17)	(2.08)
Maintenance & Other Operating Expenses	30,589,765.53	31,475,461.73	(885,696.20)	(2.81)
Financial Expenses	40,712,232.00	41,462,232.00	(750,000.00)	(1.81)
Capital Outlay	9,461,312.66	3,660,596.09	5,800,716.57	158.46
Total	101,414,989.28	97,688,196.08	3,726,793.20	3.81

b. Comparative Actual Expenditures -

Particulars	2015	2014	Increase (Decrease)	% Increase (Decrease)
Personal Services	22,486,898.55	22,821,974.07	(335,075.52)	(1.47)
Maintenance & Other Operating Expenses	29,028,626.71	31,884,204.69	(2,855,577.98)	(8.96)
Financial Expenses	40,081,743.78	30,534,174.00	9,547,569.78	31.27
Capital Outlay	1,815,940.19	1,436,409.85	379,530.34	26.42
Total	93,413,209.23	86,676,762.61	6,736,446.62	7.77

3. The following are the operational highlights for 2015 in terms of service connections, water sales and collections from water bills:

	Target	Accomplishment	% of Accomplishment
Service Connections	600	983	163.83
Sales	107,025,499.70	102,744,479.90	96.00
Collections from water bills	93,697,662.35	99,889,116.41	106.61

For 2014, the operational highlights are as follows:

	Target	Accomplishment	% of Accomplishment
Service Connections	720	471	65.42
Sales	106,493,034.96	99,469,794.58	93.40
Collections from water bills	100,827,965.31	93,450,190.63	92.68

C. State Auditor's Opinion on the Financial Statements

We rendered a qualified opinion on the fairness of presentation of the financial statements due to the effects thereon on the deficiencies as well as the partially implemented and unimplemented audit recommendations contained in the prior years' Annual Audit Reports discussed in Parts II and III hereof, respectively, specifically the non-submission of the bank reconciliation statements to prove the correctness and reliability of the Cash in Bank account balance of P17,626,421.98 and omission in using the prescribed journals relative to recording of transactions thus may affect the accuracy of certain accounts due to maintenance of improper accounting records whereas such an instance did not facilitate the verification of the correctness of financial records; and existing limitations did not permit the application of alternative audit procedures.

D. Summary of Significant Observations and Recommendations

This year's audit disclosed the following significant observations for which the indicated recommendations were offered; the details discussed in Part II of the report:

1. The accounts for 2015 specifically those belonging to the months of September up to December 2015 including certain Disbursement Vouchers (DVs) of prior months remained not submitted to the Audit Team contrary to relevant laws and rules as well as Section 2 paragraph (1) of Article IX-D of the 1987 Philippine Constitution; thus, post-audit thereon was hindered resulting to absence of information on the propriety and validity of the agency's various financial transactions.

To prevent the conclusion of irregular as well as invalid performance of duties due to failure in the submission of accounts, the implementation of hereunder recommendations is reiterated; viz:

- a) The accountant or the personnel performing said position, shall submit to the Audit Team all accounts that are due for submission *on or before the deadline*.
- b) Instruct the cashier and all accountable officers to strictly practice the submission within five (5) days after completion of each transaction to the accountant or in-charge of accounting for recording: 1) all reports in their possession like Reports of Collections, Reports of Disbursements and Reports of Checks Issued; and 2) all source documents like disbursement vouchers/payrolls together with their respective supporting documents; official receipts, validated deposit slips and bank credit and debit memos; the same to be covered with transmittal letters as proof of such action.
- c) Issue a written policy concerning on time submission of accounts by all concerned to make possible the audit thereof by the Audit Team.

2. Management does not practice submission on time of monthly trial balances with schedules in contradiction to Section 122 of PD No. 1445, COA Circular No. 2015-004 dated July 15, 2015 and Section 7.1.1 of COA Circular No. 2009-006 dated September 15, 2009, thus could lead to delayed preparation and submission of the year-end financial statements in addition to incapacitating the agency of providing updated financial data during any period of time.

We recommend that management cause strict adherence on submission of monthly trial balances and their schedules and/or attachments on the prescribed deadline. This shall be carried out initially by practicing diligent recording of transactions and regular undertaking of reconciliation of records/reports as well as updating of the agency's books.

3. Management did not submit on time the quarterly and other required reports contrary to Section 122 of PD No. 1445 and other relevant laws, rules and regulations, thus depriving the government on significant information concerning results of the agency's operations.

We recommend for management to submit at the beginning of the year a list of all on-going projects/programs/activities (PPAs) and those yet to be implemented during the year to preclude disallowances. Also, it should submit promptly the quarterly and other reports required by the Commission on Audit.

4. The correctness and reliability of the Cash in Bank account balance of P17,626,421.98 could not be ascertained due to the nonsubmission of bank reconciliation statements contrary to Section 74 of PD 1445.

We recommend that the Accounting Division be directed to submit regularly for audit the Bank Reconciliation Statements for all accounts maintained with the depository banks on a monthly basis.

5. The prescribed accounting journals were not used to record certain transactions contrary to Section 121(2) of Presidential Decree (PD) No. 1445 and the New Government Accounting System (NGAS) Manual for Government-Owned and/or Controlled Corporations (GOCCs), thus verification of the correctness and accuracy of the financial records was not facilitated.

We recommend for the General Manager to require the Accountant concerning use of appropriate accounting records pursuant to the NGAS Manual for the agency to maintain complete set of books of accounts in turn facilitate the verification of the correctness and accuracy of the financial records.

6. Management did not prepare a Plan, provide budgetary allocations supposedly being at least 5% of the actual budgetary appropriations, nor reported any disbursement for the Gender and Development (GAD) thus is concluded to have failed in complying with the requirements of relevant laws and rules governing the program.

We recommend for management to strictly adhere to the guidelines for the preparation of annual Gender and Development (GAD) Plans, Budgets and Accomplishment Reports, among others, to implement the Magna Carta of Women as provided in Joint Circular No. 2012-01 issued by the PCW, NEDA and the DBM and shall specifically undertake the following:

1. Prepare annual GAD Plan and Budget duly approved or endorsed by PCW;
 2. Incorporate in its annual budget the cost to implement the GAD plan or programs, activities and projects related to Gender and Development which shall be equal to at least 5% of the total budgets; and
 3. Prepare and submit to the Audit Team accomplishment report based on the GAD Plan and Budget or any program/ activity/ project that maybe attributed to Gender and Development with cost equivalent to at least 5% of their total budgets. This is for COA to evaluate and validate the agency's compliance with the intent of the law which is generally to attain gender equality.
7. The water district's contribution amounting to P73,950.00 to the Officers and Employees' Provident Fund covering January to June 30, 2015 representing government share was paid to the Provident Fund despite the provisions of DBM Budget Circular No. 2008-3 that government monetary contribution cannot be given, thus showing instances of invalid fund dispositions.

We recommend that management discontinue the monthly contribution representing government share for the Provident Fund and to revert to the water district the share contributed.

E. Summary of Total Suspensions, Disallowances and Charges as of Year-End

As of December 31, 2015, Notices of Disallowance amounting to P1,716,650.00 were issued to the agency. However, results of post-audit on CY 2015 submitted accounts will require the issuance of pertinent Audit Decisions.

F. Status of Implementation of Prior Years' Audit Recommendations

Out of the thirty four (34) audit recommendations contained in the 2007, 2013 and 2014 Annual Audit Reports , nine (9) were fully implemented, nineteen (19) were partially implemented and six (6) were not implemented.

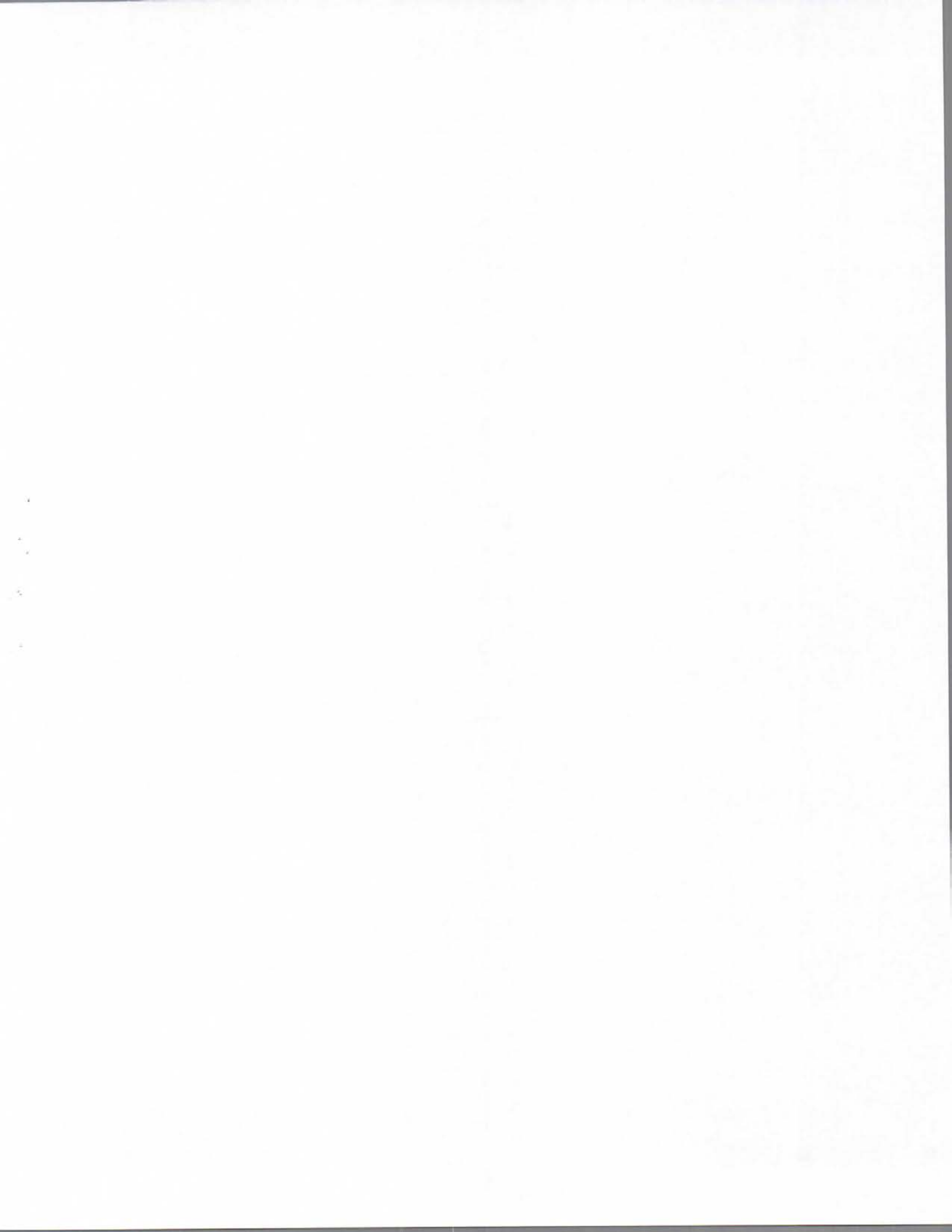


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PART I – AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VIII
Corporate Government Sector - Water Districts
Candahug, Palo, Leyte

INDEPENDENT AUDITOR'S REPORT

The General Manager
The Board of Directors
Calbayog City Water District
Calbayog City, Samar

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, we have audited the accompanying financial statements of the Calbayog City Water District (CCWD), Calbayog City, Samar, which comprise the Balance Sheet as of December 31, 2015 and the related Statement of Income and Expenses, Statement of Changes in Equity, Statement of Cash Flows, and summary of significant policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted state accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Discussed in Parts II and III of the report are deficiencies as well as unimplemented audit recommendations of the prior years' reports, respectively, which may have effects on certain accounts in the financial statements specifically the non-submission of the bank reconciliation statements to prove the correctness and reliability of the Cash in Bank account balance of P17,626,421.98 and omission in using the prescribed journals relative to recording of transactions thus may affect the accuracy of certain accounts due to maintenance of improper accounting records whereas such an instance did not facilitate the verification of the correctness of financial records; and existing limitations did not permit the application of alternative audit procedures.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, there is reasonable assurance that the financial statements referred to above present fairly in all material respects, the financial position of the Calbayog City Water District as of December 31, 2015, the results of its operations, its cash flows and changes in equity for the year then ended, in conformity with generally accepted state accounting principles.

Emphasis of Matter

We emphasize that the District still adopts the accounts prescribed under the Commercial Practices System Manual for Water Districts despite the issuance of COA Circular No. 2008-001 and LWUA Memorandum Circular No. 003-08 prescribing the use of the CPS-NGAS Modified Chart of Accounts to facilitate the implementation of a unified accounting system that conforms to LWUA's regulatory and reportorial requirements and the Philippine Government Chart of Accounts.

COMMISSION ON AUDIT

By:

Atty. MA. JERICA B. CASTROVERDE
State Auditor V
Supervising Auditor

February 26, 2016

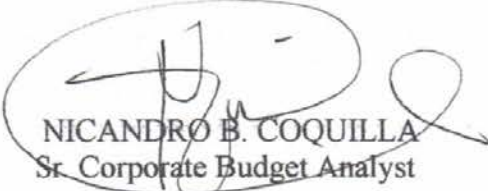
CALBAYOG CITY WATER DISTRICT

J.D. Avelino St., Calbayog City, Samar

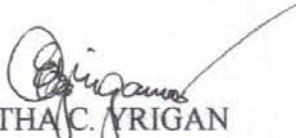
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Calbayog City Water District is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2015 and the related Statement of Income and Expenses, Statement of Cash Flows, and Statement of Changes in Equity for the year then ended. The financial statements have been prepared in conformity with generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure the transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.



NICANDRO B. COQUILLA
Sr. Corporate Budget Analyst



EDITHA C. YRIGAN
General Manager

CALBAYOG CITY WATER DISTRICT

J.D. Avelino St., Calbayog City

BALANCE SHEET

As of December 31, 2015

(With Comparative Figures for CY 2014)

	<u>CY 2015</u>	<u>CY 2014</u>
ASSETS		
CURRENT ASSETS		
Cash		
Cash-Collecting Officer (Note 3)	596,352.22	551,097.66
Working Fund	5,000.00	5,000.00
Payroll Fund	6,021.41	123,849.37
Cash in Bank-Local Currency (Note 4)	17,626,421.98	14,812,165.41
Total	<u>18,233,795.61</u>	<u>15,492,112.44</u>
Receivable Accounts		
Accounts Receivable	10,355,365.80	11,135,267.90
Allowance for Doubtful Accounts	2,222,764.84	2,222,764.84
Accounts Receivable-Net (Note 5)	<u>8,132,600.96</u>	<u>8,912,503.06</u>
Total	<u>8,132,600.96</u>	<u>8,912,503.06</u>
Other Receivables		
Advances to Officers and Employees (Note 6)	137,130.50	156,321.30
Other Receivables (Note 7)	6,142,318.99	6,169,530.75
Total	<u>6,279,449.49</u>	<u>6,325,852.05</u>
Inventories (Note 8)		
Materials and Supplies Inventory	5,468,017.22	4,597,823.02
Total	<u>5,468,017.22</u>	<u>4,597,823.02</u>
Prepayments and Deferred Charges		
Other Deferred Charges	(183.24)	51,194.50
Total	<u>(183.24)</u>	<u>51,194.50</u>
TOTAL CURRENT ASSETS	<u>38,113,680.04</u>	<u>35,379,485.07</u>
PROPERTY, PLANT AND EQUIPMENT		
Land and Land Improvements		
Land	6,955,362.11	6,955,362.11
Total	<u>6,955,362.11</u>	<u>6,955,362.11</u>
Plant, Buildings and Structures		
Plant (UPIS) [Note 9]	353,282,549.42	351,423,445.69
Accumulated Depreciation-Plant	81,333,506.49	69,586,041.52
Plant (UPIS)- Net	<u>271,949,042.93</u>	<u>281,837,404.17</u>
Buildings and Other Structures	2,617,024.52	2,617,024.52
Accumulated Dep'n-Buildings and other Structures	2,135,695.77	2,062,768.45
Buildings and Other Structures-Net	<u>481,328.75</u>	<u>554,256.07</u>

Total	<u>272,430,371.68</u>	<u>282,391,660.24</u>
Equipment and Machinery		
Land Transport Equipment	3,052,433.34	3,052,433.34
Accumulated Depreciation-Land Transportation	<u>1,946,382.81</u>	<u>1,696,596.69</u>
Land Transport Equipment - Net	<u>1,106,050.53</u>	<u>1,355,836.65</u>
Office Equipment	2,866,056.20	2,686,222.53
Accumulated Depreciation-Office Equipment	<u>1,696,600.42</u>	<u>1,326,498.64</u>
Office Equipment - Net	<u>1,169,455.78</u>	<u>1,359,723.89</u>
Laboratory Equipment	1,324,073.44	1,316,873.44
Accumulated Depreciation-Laboratory Equipment	<u>720,491.57</u>	<u>593,163.53</u>
Laboratory Equipment - Net	<u>603,581.87</u>	<u>723,709.91</u>
Other Machinery and Equipment	7,540,904.78	3,999,546.78
Accumulated Deprec'n-Other Machinery and Equipt.	<u>2,397,488.11</u>	<u>1,918,234.94</u>
Other Machinery and Equipment Net	<u>5,143,416.67</u>	<u>2,081,311.84</u>
Total	<u>8,022,504.85</u>	<u>5,520,582.29</u>
Furniture, Fixtures and Books		
Furniture, Fixtures	615,251.12	595,142.12
Accumulated Depreciation-Furniture and Fixtures	<u>427,793.40</u>	<u>363,442.86</u>
Furniture, Fixtures - Net	<u>187,457.72</u>	<u>231,699.26</u>
Total	<u>187,457.72</u>	<u>231,699.26</u>
Construction-in-Progress		
Construction-in-Progress - Pan-as Rehabilitation	2,354,274.92	1,979,241.28
Construction in Progress - Pumping Vertical	85,423.50	85,423.50
Construction in Progress - Façade	86,873.90	86,873.90
Construction in Progress - China Leak Repair	67,160.00	67,160.00
Construction in Progress - Obrero	153,183.36	153,183.36
Construction in Progress - Cagbilwang	56,110.00	56,110.00
Construction in Progress - San Policarpo	70,900.00	70,900.00
Construction-in-Progress- Building (Capoocan)	1,277,480.29	1,277,480.29
Construction in Progress - Warehouse	333,007.21	333,007.21
Construction in Progress- Warehouse Rawis	4,344.70	4,344.70
Construction in Progress - Pasungon	4,812,848.47	4,809,007.52
Construction in Progress- Computerization System	386,000.00	-
Construction in Progress-Pan-as Rehabilitation (204-8)	7,386,878.15	-
Construction in Progress -Pagsanjan Bridge Crossing	1,176,000.00	-
Construction in Progress- Plant	32,500.00	-
Construction in Progress- Website	21,875.00	-
Construction in Progress - Bunkhouse	16,227.01	16,227.01
Total	<u>18,321,086.51</u>	<u>8,938,958.77</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>305,916,782.87</u>	<u>304,038,262.67</u>
OTHER ASSETS		
Intangible Assets	388,692.70	388,692.70

Accumulated Amortization-Intangible Assets	360,317.30	350,663.18
Intangible Assets- IT Equipment (Net)	<u>28,375.40</u>	<u>38,029.52</u>
TOTAL OTHER ASSETS	<u>28,375.40</u>	<u>38,029.52</u>
TOTAL ASSETS	<u><u>344,058,838.31</u></u>	<u><u>339,455,777.26</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Payable Accounts		
Accounts Payable	1,888,982.61	12,944,761.02
Total	<u>1,888,982.61</u>	<u>12,944,761.02</u>
Inter-Agency Payables		
Due to National Government Agencies	6,021.41	-
Due to Government Owned and/or Controlled Corp.	<u>1,083.34</u>	<u>1,814.88</u>
Total	<u>7,104.75</u>	<u>1,814.88</u>
Other Payables		
Due to Members (SSS Refund)	3,317.12	3,317.12
Accrued Light and Power	-	393,928.01
Other Payables	<u>1,400.00</u>	<u>2,400.00</u>
Total	<u>4,717.12</u>	<u>399,645.13</u>
Loans/Lease Payable		
Interest Payable	-	250,000.00
Total	<u>-</u>	<u>250,000.00</u>
TOTAL CURRENT LIABILITIES	<u>1,900,804.48</u>	<u>13,596,221.03</u>
NON-CURRENT LIABILITIES		
Loans Payable (Note 10)	319,014,518.68	258,216,303.43
TOTAL NON-CURRENT LIABILITIES	<u>319,014,518.68</u>	<u>258,216,303.43</u>
TOTAL LIABILITIES	<u><u>320,915,323.16</u></u>	<u><u>271,812,524.46</u></u>
DEFERRED CREDITS		
Customer's Deposit	5,501,061.75	4,709,345.17
Other Deferred Credits	<u>339,355.28</u>	<u>221,118.89</u>
TOTAL DEFERRED CREDITS	<u><u>5,840,417.03</u></u>	<u><u>4,930,464.06</u></u>
EQUITY		
Government Equity	10,135,866.56	10,135,866.56
Retained Earnings	<u>7,167,231.56</u>	<u>52,576,922.18</u>
TOTAL EQUITY	<u><u>17,303,098.12</u></u>	<u><u>62,712,788.74</u></u>
TOTAL LIABILITIES AND EQUITY	<u><u>344,058,838.31</u></u>	<u><u>339,455,777.26</u></u>

CALBAYOG CITY WATER DISTRICT
 J.D. Avelino St., Calbayog City
STATEMENT OF INCOME AND EXPENSES
 For the Year Ended December 31, 2015
 (With Comparative Figures for CY 2014)

	CY 2015	CY 2014
Business and Service Income:		
Generation, Transmission and Distribution Income	97,618,441.99	91,852,226.81
Interest Income	51,925.01	48,091.87
Other Business and Service Income	3,819,646.54	2,964,011.28
Fines and Penalties-Service Income	2,484,962.84	2,642,466.45
Total Business and Service Income	<u>103,974,976.38</u>	<u>97,506,796.41</u>
 Less: Operating Expenses		
Operation Expenses:		
Personal Services		
Salaries and Wages-Regular	10,176,596.11	10,814,605.80
Salaries and Wages-J.O.	661,013.04	1,308,005.41
Personnel Economic Relief Allowance (PERA)	262,738.63	268,982.50
Additional Compensation Allowance (ADCOM)	790,022.73	808,890.69
Representation Allowance	282,000.00	342,000.00
Transportation Allowance	282,000.00	342,000.00
Clothing and Uniform Allowance	215,000.00	225,000.00
Honoraria (Director's Fees/ Remunerations,etc)	782,316.00	576,240.00
Year-end Bonus	1,070,421.00	1,071,642.50
Other Bonuses & Allow(Rice/Fin & Medical)	5,622,382.54	4,802,967.72
Life and Retirement Insurance Contributions	1,207,195.24	1,267,635.04
PAG-IBIG Contributions	52,650.00	55,500.00
PHILHEALTH Contributions	117,206.25	119,550.00
ECC Contributions	52,004.57	54,804.66
Provident Fund Contributions	157,950.00	166,500.00
Vacation and Sick Leave Benefits	601,813.83	557,919.68
Other Personnel Benefits	153,588.61	39,730.07
Total Personal Services	<u>22,486,898.55</u>	<u>22,821,974.07</u>
 Other Operations Expenses		
Office Supplies Expense	302,794.99	233,162.04
Fuel, Oil and Lubricants Expenses	85,414.24	30,128.54
Maintenance Supply Expense	2,655.00	7,039.00
Other Supplies Expenses	8,435.34	11,892.50
Travel Expenses	188,691.95	276,795.32
Training and Scholarship Expenses	58,800.00	78,000.00

Water	79,106.20	95,759.45
Electricity	453,202.00	437,222.44
Fuel	405,985.28	501,565.65
Postage and Deliveries	21,241.81	20,252.16
Telephone Expense-Landline	76,332.30	70,238.05
Telephone Expense-Mobile	41,122.00	29,645.00
Internet Expenses	13,474.07	19,938.10
Cable, Satellite, Telegraph and Radio Expenses	4,010.00	3,960.00
Advertising, Promotional and Marketing Expenses	60,041.20	24,436.00
Taxes, Duties and Licenses-Franchise & Reg. Req.	1,186,930.03	1,864,483.69
Taxes, Duties and Licenses-Licenses	1,603,447.95	36,821.72
Insurance Premiums	59,727.42	63,029.78
Representation Expenses	119,917.00	84,464.25
Awards and Rewards	25,000.00	35,000.00
Rent/Lease Expenses	6,722.00	-
Generation, Transmission and Distribution Exp.	17,677,374.02	19,907,092.25
Extraordinary and Miscellaneous Expenses	195,208.60	172,451.22
Membership Dues and Cont. to Organizations	13,301.00	10,660.00
Other Subsidies	185,223.50	85,297.35
Donations	7,300.00	19,200.00
Legal Services	60,000.00	132,500.00
Auditing Services	30,000.00	-
General/Janitorial Services	44,800.00	16,800.00
Security Services	1,644,209.28	1,644,209.28
Other Professional Services	41,000.00	30,000.00
Other Maintenance and Operating Expenses	173,196.01	183,572.55
	<u>24,874,663.19</u>	<u>26,125,616.34</u>
Depreciation-Plant (UPIS)	11,747,464.97	11,694,725.24
Depreciation-Buildings and Other Structures	72,927.32	75,441.61
Depreciation-Office Equipment	370,101.78	343,902.47
Depreciation-Laboratory Equipment	127,328.04	113,712.41
Depreciation-Land Transport Equipment	249,786.12	249,786.12
Depreciation-Other Machinery and Equipment	479,253.17	526,984.06
Depreciation-Furniture and Fixtures	64,350.54	60,267.43
Amortization - Intangible Assets	9,654.12	12,954.01
	<u>13,120,866.06</u>	<u>13,077,773.35</u>
Total Other Operations Expenses	<u>37,995,529.25</u>	<u>39,203,389.69</u>
Total Operations Expenses	<u>60,482,427.80</u>	<u>62,025,363.76</u>
Repairs and Maintenance-Plant (UPIS)	2,008,148.91	2,529,996.87
Repairs and Maintenance-Bldgs. & Other Struct.	337,856.07	506,485.89
Repairs and Maintenance-Office Equipment	124,226.80	92,648.23
Repairs and Maintenance-Land Transport Equip't	423,184.70	594,085.70

Repairs/Maintenance-Other Machinery and Equipment	1,248,872.29	1,363,437.98
NRP	8,687.54	671,933.68
Repairs and Maintenance-Furn. and Fixtures	1,200.00	-
Total Maintenance Expenses	<u>4,152,176.31</u>	<u>5,758,588.35</u>
Total Operation and Maintenance Expenses	<u>64,634,604.11</u>	<u>67,783,952.11</u>
Utility Operating Income		
Other Income		
Grants and Donations	3,541,846.00	-
Other Income	1,055,005.75	226,917.22
Total Other Income	<u>4,596,851.75</u>	<u>226,917.22</u>
Total Income	<u>108,571,828.13</u>	<u>97,733,713.63</u>
Net Income Before Interest & Financial Charges	43,937,224.02	29,949,761.52
Bank Charges	1,787.21	-
Interest Expenses	26,059,180.53	31,711,290.00
Net Income(Loss) for the Period	<u><u>17,876,256.28</u></u>	<u><u>(1,761,528.48)</u></u>

CALBAYOG CITY WATER DISTRICT

J.D. Avelino St., Calbayog City

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2015

(With Comparative Figures for CY 2014)

	<u>CY 2015</u>	<u>CY 2014</u>
Government Equity		
Government Equity, beginning of the period	10,135,866.56	10,135,866.56
Additions (Deductions)	-	-
Government Equity, end of period	<u>10,135,866.56</u>	<u>10,135,866.56</u>
Retained Earnings		
Retained Earnings, beginning of period	52,576,922.18	55,690,778.86
Changes during the period	(63,285,946.90)	(1,352,328.20)
Net income/(loss) for the period	<u>17,876,256.28</u>	<u>(1,761,528.48)</u>
Retained Earnings, end of the period	<u>7,167,231.56</u>	<u>52,576,922.18</u>
Total Equity	<u>17,303,098.12</u>	<u>62,712,788.74</u>

CALBAYOG CITY WATER DISTRICT

J.D. Avelino St., Calbayog City

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

(With Comparative Figures for CY 2014)

	<u>CY 2015</u>	<u>CY 2014</u>
Cash Flows from Operating Activities		
Cash Inflows:		
Collection of Water Bills	99,678,244.80	93,386,542.45
Collection of Other Water Revenues	4,698,855.20	2,786,240.94
Collection of Customer's Deposit	888,061.84	754,360.67
Settlement Account Receivable - Illegal Fees	455,908.96	447,651.00
Refund of overpayment of expenses and Cash Advances	42,667.49	248,864.88
Sale of tapping materials	1,413,735.66	1,098,613.89
Settlement of Account Receivable - Materials	13,482.68	79,196.35
Settlement of Other Receivable - Miscellaneous Fees	2,285.00	5,798.00
Settlement of Other Receivable/ Advance payment (water sales)	237,381.32	199,651.42
Settlement Account Receivable - Meter Maintenance	250,773.62	238,581.69
Other Receipts/Scrap/Bidding fees/INLIP/ cash bond	6,849,737.00	107,309.54
Liquidation of payroll fund/Working Fund/Cash Fund	29,966.74	68,891.88
Total Cash Inflows	<u>114,561,100.31</u>	<u>99,421,702.71</u>
Cash Outflows:		
Payment of Operating Expenses:		
Salaries	6,491,844.57	7,354,320.63
Wages	4,875,390.84	7,152,899.96
Benefits and Allowances	6,781,238.86	5,733,319.28
Fuel and Lubricants	3,949,676.27	2,724,283.73
Power/Electricity	10,831,393.82	11,742,284.69
Chemicals	1,304,272.67	3,418,780.16
Other Operation and Maint. Expenses	27,094,526.24	16,182,343.56
CAPEX	1,815,940.19	1,436,409.85
Remittance of Withholding Taxes	5,512,192.82	5,167,301.38
Remittance of GSIS/PAG-IBIG/Philhealth & other loans of employees	7,536,530.44	7,603,700.37
Total Cash Outflows	<u>76,193,006.72</u>	<u>68,515,643.61</u>
Total Cash Provided (Used) by Operating Activities	<u>38,368,093.59</u>	<u>30,906,059.10</u>
Cash Flows from Investing Activities:		
Cash Inflows:		
Deposit for reserved funds	3,414,553.56	1,533,731.60
Interest Earned from deposits	51,925.01	48,091.87
Total Cash Inflows	<u>3,466,478.57</u>	<u>1,581,823.47</u>
Cash Outflows:		

Fund transfer to/from time deposit accounts	3,414,553.56	1,533,731.60
Total Cash Outflows	<u>3,414,553.56</u>	<u>1,533,731.60</u>
Total Cash Provided (Used) by Investing Activities	<u>51,925.01</u>	<u>48,091.87</u>
Cash Flows from Financing Activities		
Cash Inflow:		
Proceeds from Borrowing (Loans Payable)		-
Cash Outflows:		
Cash payment of interest on loans payable and other fin. Charges	29,581,968.01	23,748,142.00
Payments of Principal loans (LWUA)	10,499,775.77	6,786,032.00
Total Cash Outflows	<u>40,081,743.78</u>	<u>30,534,174.00</u>
Total Cash Provided (used) by Financing Activities	<u>(40,081,743.78)</u>	<u>(30,534,174.00)</u>
Cash Provided by Operating, Investing and Financing Activities	(1,661,725.18)	419,976.97
Add: Cash and Cash Equivalents-Beginning	15,492,112.44	15,082,499.05
Add/Less :Adjustment(Add't and unliquidated payroll/ Charge to Retained Earnings	4,403,408.35	(10,363.58)
Cash and Cash Equivalents, Ending	<u><u>18,233,795.61</u></u>	<u><u>15,492,112.44</u></u>

CALBAYOG CITY WATER DISTRICT
J.D Avelino St., Calbayog City, Samar

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. Agency Background

The Calbayog City Water District (CCWD) was created pursuant to P.D. 198 otherwise known as the Provincial Water Utilities Act of 1973. As of December 31, 2015, it has 11,849 active concessionaires with 43 permanent employees and is categorized as Category –B.

2. Summary of Significant Accounting Policies

- a) The Calbayog City Water District adopts the Commercial Practices System (CPS)-NGAS Modified Chart of Accounts or Unified CPS-NGAS Manual for use by Water Districts. This is in accordance with LWUA Memorandum Circular No. 003-08 dated June 16, 2008.
- b) Depreciation is computed using the straight line method over the estimated useful lives of the related assets, as set forth under COA Circular No. 2003-007 dated December 11, 2003.
- c) No allowance for Bad Debts was set – up for doubtful collectibles.

3. Cash – Collecting Officer

	2015	2014
Cash – Collecting Officer	596,352.22	551,097.66

The Cash – Collecting Officer represents the undeposited collections on the last working day of the year, which were deposited on the first working day of the following year.

4. Cash in Bank

Bank Account	2015	2014
PNB Current Account	683,062.95	2,299,019.47
PNB Savings Account	223,760.46	1,740,410.78
PNB Time Deposit (7%)	-	3,194,700.19
PNB Time Deposit (3%) – JSA	1,827,788.44	3,056,686.89
PNB Time Deposit (Customer Deposit)	-	3,155,026.20
Land Bank Current Account	3,585,965.01	77,940.61
OCCI Account	-	20,750.69
Land Bank Pasungon – Current Acct.	-	1,257,630.58
PNB Savings Account (water bill)	197,769.66	10,000.00
Land Bank Pan-as – Current Acct.	2,133,335.50	-
DBP- Time Deposit - Customer Deposit	5,474,739.96	-
DBP- Time Deposit - (7%)	2,500,000.00	-
DBP - Current Account	1,000,000.00	-
Total	17,626,421.98	14,812,165.41

The Cash in Bank – PNB Time Deposit (3%) represents the 3% debt-service reserve based on total gross monthly collections, opened at the Philippine National, Calbayog Branch, in compliance with LWUA requirements in the granting of loans to water districts.

5. Accounts Receivable

	2015	2014
Accounts Receivable	10,355,365.90	11,135,267.90
Less: Allowance for Doubtful Accounts	2,222,764.84	2,222,764.84
Accounts Receivable – Net	8,132,600.96	8,912,503.06

This represents the unpaid water bills of several concessionaires which remain outstanding.

The Allowance for Doubtful Accounts is provided to cover potential losses on Accounts Receivable- Customer.

6. Advances to Officers and Employees

	2015	2014
Advances to Officers and Employees	137,130.50	156,321.30

This account constitutes temporary cash advances given to officers and employees for traveling expenses, emergency purchase and other expenses necessary to carry the operation of the water district.

7. Other Receivables

	2015	2014
Other Receivables	6,142,318.99	6,169,530.75

This account includes all other receivables for installation cost and services and customer loans in the form of materials. This includes also receivable from employees, COA disallowances and other agency like LWUA.

8. Inventories

	2015	2014
Materials and Supplies Inventory	5,468,017.22	4,597,823.02

This account consists of unissued materials and supplies which are kept in stock for future use by the district.

9. Utility Plant in Service

	2015	2014
Utility Plant in Service	353,282,549.42	351,423,445.69

This includes all tangible assets with an estimated useful life beyond one year and used in the conduct of business operation of the district and are not intended to sale in ordinary course of business.

10. Loans Payable

The details of this account are the following:

Creditors	2015	2014
City Government	-	68,962.16
LWUA - Regular Loan	-	140,423,495.04
LWUA - Soft Loan	-	117,723,846.23
LWUA - PAN-AS	3,541,846.00	-
DBP	315,472,672.68	-
Total	319,014,518.68	258,216,303.43

PART II – AUDIT OBSERVATIONS AND RECOMMENDATIONS

PART II – AUDIT OBSERVATIONS AND RECOMMENDATIONS

1. **The accounts for 2015 specifically those belonging to the months of September up to December 2015 including certain Disbursement Vouchers (DVs) of prior months remained not submitted to the Audit Team contrary to relevant laws and rules as well as Section 2 paragraph (1) of Article IX-D of the 1987 Philippine Constitution; thus, post-audit thereon was hindered resulting to absence of information on the propriety and validity of the agency's various financial transactions.**

Section 2 paragraph (1) of Article IX-D of the 1987 Philippine Constitution, the pertinent part hereto quoted; thus: *“The Commission On Audit shall have the power, authority and duty to examine, audit and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds, and property owned or held in trust by, or pertaining to, the Government x x x It shall keep the general accounts of the Government and, for such period as may be provided by law, preserve the vouchers and other supporting papers pertaining thereto.”*

Whereas, Section 26 of PD 1445 or the State Audit Code of the Philippines, among its other provisions expressly echoes the authority of COA to take custody over the general accounts of the government which states partially; that: *“The authority and powers of the Commission On Audit shall extend to and comprehend all matters relating to auditing procedures, systems and controls, the keeping of the general accounts of the Government, the preservation of vouchers pertaining thereto for a period of ten years, the examination and inspection of the books, records and papers relating to those accounts x x x.*

Concerning submission of accounts for audit, Section 107 of the PD also states thus: *“In the absence of specific provisions of law, all accountable officers shall render their accounts, submit their vouchers, and make deposits of money collected or held by them at such times and in such manner as shall be prescribed in the regulations of the Commission”.*

In consonance thereto, Section 7.2.1 of COA Circular 2009-006 provides for these quoted requisites; viz: *“The Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency shall ensure that: a) the reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first ten (10) days of the ensuing month x x”*

In turn, Section 7 of COA Circular No. 94-001 dated January 20, 1994 states that accountable officers shall submit within five (5) days after the end of each month, reports of collections and/or disbursement vouchers (DVs) and other required reports to the Chief Accountant for recording in the books of account.

Also, worth emphasizing are the hereunder provisions of laws concerning non-compliance with the matter:

- a) Section 127 of PD 1445 otherwise known as the State Audit Code of the Philippines

“Administrative disciplinary Action - Subject to rules and regulations as may be approved by the President (Prime Minister), any unjustified failure by the public officer concerned to comply with any requirement imposed in this Code shall constitute neglect of duty and shall be a ground for administrative disciplinary action against the said public officer who, upon being found guilty thereof after hearing, shall be meted out such penalty as is commensurate with the degree of his guilt in accordance with the Civil Service Law. Repeated unjustified failure to comply with the requirements imposed in this Code shall be conclusive proof that the public officer concerned is notoriously undesirable”.

- b) Article 218 of the Revised Penal Code-

“Any public officer, whether in the service or separated therefrom by resignation or any other cause, who is required by law or regulation to render account to the Insular Auditor or to a provincial auditor and who fails to do so for a period of two months after such accounts should be rendered, shall be punished by prison correccional in its maximum period, or by a fine ranging from 200 to 6,000 pesos, or both.”

Specifically, management is yet to turn-over for audit certain accounts as hereunder described; viz

Month	Due Date	No. of Days Delay	Name of Accounts
September	October 10	93	Payrolls and supporting documents, ROD, CDJ, General Journals and Ledgers.
October	November 10	62	DVs, Payrolls and supporting documents; ORs, validated deposit slips, bank credit and debit memos; RCI, RCD, ROD, CRJ, CDJ, CKDJ, General Journals and Ledgers.
November	December 10	32	DVs, Payrolls and supporting documents; ORs, validated deposit slips, bank credit and debit memos; RCI, RCD, ROD, CRJ, CDJ, CKDJ,

Month	Due Date	No. of Days Delay	Name of Accounts
			General Journals and Ledgers.
December	January 10	10	DVs, Payrolls and supporting documents; ORs, validated deposit slips, bank credit and debit memos; RCI, RCD, ROD, CRJ, CDJ, CKDJ, General Journals and Ledgers.

As shown those for the months of September to October were already beyond 60 days from the date they were due for submission to the Audit Team.

In addition, it was disclosed that the appropriate Reports of Checks Issued, Reports of Collections and Deposits, Reports of Disbursements with the corresponding Journals and the authenticated copies of the ledgers were not submitted together with the other accounts for the months of January to December, 2015.

It was further revealed that the following disbursement documents for the months of February to June 2015 amounting to ₱3,211,909.54 remained unsubmitted:

Month	No. of Transactions	Amount
February	2	9,389.68
April	1	10,901.00
May	3	1,720,583.02
June	3	1,471,035.84
Total	9	3,211,909.54

It was also disclosed that there were unsubmitted DVs for the months of August to September, 2015.

The deficiency hindered the conduct of post-audit on the accounts with the management left without information concerning the validity as well as propriety of the agency's various financial transactions. In addition, unsubmitted DVs could be subject of either suspension or disallowance for reasons of lacking proofs as to existence, validity and propriety.

The General Manager commented that the accounts were submitted as of January 28, 2016 and that she justified that the delayed submission of some DVs which represented payment to suppliers was the lack of official receipts. Instead, management commented that when checks are deposited to the depository accounts of the suppliers who are not from Region VIII, the pertinent deposit slips will be attached to the DVs and the corresponding official receipts representing acknowledgement of payment will be submitted to the Audit Team on a later date. Further, the General Manager commented that the management has an existing policy on the submission of reports which is the 5th day of the month and the personnel concerned are always reminded on this cut-off date.

To prevent the conclusion of irregular as well as invalid performance of duties due to failure in the submission of accounts, the implementation of hereunder recommendations is reiterated; viz:

- a) **The accountant or the personnel performing said position, shall submit to the Audit Team all accounts that are due for submission on or before the deadline.**
 - b) **Instruct the cashier and all accountable officers to strictly practice the submission within five (5) days after completion of each transaction to the accountant or in-charge of accounting for recording: 1) all reports in their possession like Reports of Collections, Reports of Disbursements and Reports of Checks Issued; and 2) all source documents like disbursement vouchers/payrolls together with their respective supporting documents; official receipts, validated deposit slips and bank credit and debit memos; the same to be covered with transmittal letters as proof of such action.**
 - c) **Issue a written policy concerning on time submission of accounts by all concerned to make possible the audit thereof by the Audit Team.**
2. **Management does not practice submission on time of monthly trial balances with schedules in contradiction to Section 122 of PD No. 1445, COA Circular No. 2015-004 dated July 15, 2015 and Section 7.1.1 of COA Circular No. 2009-006 dated September 15, 2009, thus could lead to delayed preparation and submission of the year-end financial statements in addition to incapacitating the agency of providing updated financial data during any period of time.**

Section 122 of PD No. 1445 states that whenever deemed necessary in the exigencies of the service, the Commission may under regulations issued by it require the agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative or personnel officers, and other responsible officials of the various agencies to submit trial balances, physical inventory reports, current plantilla of personnel, and such other reports as may be necessary for the exercise of its functions.

Item 3.1 of COA Circular No. 2015-004 dated July 16, 2015 states that "The Chief Accountant/Head of Accounting Unit shall submit directly to Government Accountancy Office (GAO), Government Accountancy Sector (GAS), and to the Supervising Auditor (SA)/Audit Team Leader (ATL) concerned, the following year-end financial statements and reports/schedules in accordance with the existing format and in printed and digital copies on or before February 14 of each year x x."

Section 7.1.1 of COA Circular No. 2009-006 dated September 15, 2009 also states that the head of the agency, who is primarily responsible for all government funds and property pertaining to his agency, shall ensure that the required financial and other reports and statements are submitted by the concerned officials in such form and within the period prescribed by the Commission.

Management was not able to submit promptly the agency's monthly trial balances from January to November, 2015 including their corresponding schedules. Nor was it able to submit the interim FS including the mandated supporting statements or schedules. This omission occurred despite the existence of various transactions for the agency's regular operations.

The omission in the submission of monthly trial balances and all supporting schedules/statements which is an irregular practice incapacitated the management to regularly maintain updated information concerning the results of the agency's various financial operations and condition. Further, the deviation may also result in delayed submission of the year-end financial statements.

The General Manager commented that the audit recommendations will be complied with, and that she justified that the existing policy of the cut-off date on the submission of trial balance and schedules is the 10th day of the month.

We recommend that management cause strict adherence on submission of monthly trial balances and their schedules and/or attachments on the prescribed deadline. This shall be carried out initially by practicing diligent recording of transactions and regular undertaking of reconciliation of records/reports as well as updating of the agency's books.

- 3. Management did not submit on time the quarterly and other required reports contrary to Section 122 of PD No. 1445 and other relevant laws, rules and regulations, thus depriving the government on significant information concerning results of the agency's operations.**

Section 122 of PD No. 1445 states that whenever deemed necessary in the exigencies of the service, the Commission may under regulations issued by it require the agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative or personnel officers, and other responsible officials of the various agencies to submit trial balances, physical inventory reports, current plantilla of personnel, and such other reports as may be necessary for the exercise of its functions.

On information and publicity on programs/projects/activities of government agencies, Section 2.1 of COA Circular No. 2013-004 dated January 30, 2013, provides that at the beginning of the year, all government agencies shall provide their Supervising Auditors (SAs) and Audit Team Leaders (ATLs) with a list of all on-going projects/programs/activities (PPAs) and those to be implemented during the year.

Section 2.2.1 thereof further provides, among others, that all government agencies, or the implementing unit, office, or division as the case may be, shall notify the public of their PPA through the posting of information on signboards, blackboards, whiteboards, posters, tarpaulins, streamers, electronic boards, or similar materials (collectively, "Signboards") in conspicuous places within the agency premises and in the venue where the PPA is located or carried out. This requirement applies to all government PPAs, regardless of source of funds.

On the other hand, the Penalty Clause of the above rule provides, among others, that all expenses incurred in violation of the Circular shall be disallowed in audit.

COA remained not informed whether any project was awarded which should be within ten (10) days or before the start of the program/project/activity and that the appropriate signboards and/or public notices were already posted. There was, therefore, no way of monitoring the progress of the project and being timely alerted should any deviations occur.

In addition, the following quarterly and other reports for CY 2015 were not submitted promptly to the audit team:

Report	Frequency of Submission
Report on Physical Count of Inventories	1 st and 2 nd semesters
Report on the Physical Count of Property, Plant and Equipment	yearly
Quarterly Report on Projects/Programs/Activities	quarterly

The nonsubmission of the reports within the reglementary period will deprive management and other agencies concerned on the prompt communication of audit results and/or information on operations of the agency. Further, verification of the validity and propriety of the assets booked up by the agency, among others, cannot be determined by the audit team.

The General Manager and the designated Accountant commented that the reports will be submitted within the deadline.

We recommend for management to submit at the beginning of the year a list of all on-going projects/programs/activities (PPAs) and those yet to be implemented during the year to preclude disallowances. Also, it should submit promptly the quarterly and other reports required by the Commission on Audit.

- 4. The correctness and reliability of the Cash in Bank account balance of P17,626,421.98 could not be ascertained due to the nonsubmission of bank reconciliation statements contrary to Section 74 of PD 1445.**

Section 74 of PD 1445 provides that at the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing on their books. The head of the agency shall see to it that reconciliation is made between the balance shown in the reports and the balance found in the books of the agency.

Bank reconciliation is a process of bringing into agreement the cash balance per books and the cash balance per bank records. Through the BRS, management is able to compare its Cash in Bank book balance with the Bank Statements for possible errors/reconciling items and effect the adjustments in either record where the discrepancies or reconciling items lie.

During the conduct of the cash examination, it was disclosed that the September, 2015 subsidiary ledger balances of the agency showed that the Cash in Bank-Local Currency has a balance of P13,348,676.42. The December 31, 2015 cash in bank amounted to P17,626,421.98 which are composed of current and savings accounts, including time deposits maintained at the following banks:

<u>Bank Account</u>		<u>Amount</u>
PNB Current Account	P	683,062.95
PNB Savings Account		223,760.46
PNB Time Deposit (3%)		1,827,788.44
PNB waterbill payment		197,769.66
Sub-total		<u>2,932,381.51</u>
LBP Current		3,585,965.01
LBP (Pan-as Project)		2,133,335.50
DBP Time Deposit		5,474,739.96
DBP Current Account		1,000,000.00
DBP Time Deposit (7%)		<u>2,500,000.00</u>
Total	P	<u>17,626,421.98</u>

It was observed that management has not submitted the Bank Reconciliation Statements for the above accounts. It was also noted that one Land Bank of the Philippines current account for the National Greening Program was not reflected in the agency's accounts.

The failure to submit the BRS resulted to difficulty in ascertaining the accuracy and correctness of the Cash in Bank balance. Further, errors committed by the bank cannot be promptly corrected. Said deficiency renders as unreliable the reported balance for cash in bank per the agency's financial records.

The designated Accountant commented that he will comply with the submission of BRS.

We recommend that the Accounting Division be directed to submit regularly for audit the Bank Reconciliation Statements for all accounts maintained with the depository banks on a monthly basis.

- 5. The prescribed accounting journals were not used to record certain transactions contrary to Section 121(2) of Presidential Decree (PD) No. 1445 and the New Government Accounting System (NGAS) Manual for Government-Owned and/or Controlled Corporations (GOCCs), thus verification of the correctness and accuracy of the financial records was not facilitated.**

Section 121(2), PD 1445 states that the financial statements shall be based on official accounting records kept in accordance with law and the generally accepted accounting principles and standards.

Item II of the NGAS Manual for GOCCs defines NGAS as a simplified set of accounting concepts, guidelines and procedures designed to ensure correctness, completeness and timeliness in the recording of government financial transactions and production of financial reports.

Further, Section V of the same Manual states that the regular agency books under the manual system of government accounting shall consist of journals and ledgers as follows:

1. Journals
 - a. Cash Receipts and Deposits Journal
 - b. Cash Disbursements Journal
 - c. Check Disbursements Journal
 - d. General Journal

NGAS prescribes the use of the above journals to wit:

1. Cash Receipts and Deposits Journal shall be used to record all collections and deposits reported during the month for the Regular Agency Books;
2. Cash Disbursements Journal shall be used to record all payments made in cash by the Regular/Special Disbursing Officers out of their cash advances;
3. Check Disbursements Journal shall be used to record check payments made by the Cashier or Disbursing Officers and;
4. General Journal shall be used to record all transactions which cannot be recorded in the Cash Receipts and Deposits Journal, Cash Disbursements Journal and the Check Disbursements Journal.

Accounting records showed that the agency maintained the Check Journal, Cash Receipts Journal, Journal Voucher Register, Materials and Supplies Issued Journal and

the Billing Journal, instead of using the journals prescribed under the NGAS Manual for Corporate.

These register and journals were not submitted together with the disbursement vouchers, payrolls and official receipts. Likewise the reports submitted for check disbursements, collections and other transactions submitted were not NGAS compliant.

The soft copies of the Journal Voucher Register (JVR) showed that the liquidation of cash advances by the Disbursing Officer were recorded in this JVR. Said transactions should have been recorded in the Cash Disbursements Journal based on the Report of Disbursements. The entries in the Check Journal and Check Voucher Journal should have been recorded in Check Disbursements Journal. Likewise, other transactions recorded in the Journal Voucher Register, Materials and Supplies Issued Journal (MSIJ), and Billing Journal should have been recorded in the General Journals based on the Journal Entry Vouchers with supporting documents.

The erroneous practice of recording the transactions in the registers and MSIJ is confusing and only makes the recording of transactions complicated. The recording process could have been simplified and summarized in the appropriate books of original entry by following the guidelines set forth in recording transactions under the NGAS. Further, the verification of the correctness and accuracy of the financial records is not facilitated.

These audit observations are reiterations of the previous year's Annual Audit Report.

The General Manager commented that the designated Accountant will comply with the audit recommendations on the maintenance of complete books of accounts based on the NGAS Manual.

We recommend for the General Manager to require the Accountant concerning use of appropriate accounting records pursuant to the NGAS Manual for the agency to maintain complete set of books of accounts in turn facilitate the verification of the correctness and accuracy of the financial records.

- 6. Management did not prepare a Plan, provide budgetary allocations supposedly being at least 5% of the actual budgetary appropriations, nor reported any disbursement for the Gender and Development (GAD) thus is concluded to have failed in complying with the requirements of relevant laws and rules governing the program.**

Section 34 of the 2015 General Appropriations Act (GAA) states that all agencies of the government shall formulate a Gender and Development (GAD) Plan designed to address gender issues within their concerned sectors and that the Plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their

budgets. Accordingly, utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies and the allocation of funds for implementation of Gender and Development (GAD) Plan is a statutory requirement that must be complied with by provinces, cities, municipalities and barangays

On the other hand Republic Act 7192, an act promoting the Integration of Women as Full and Equal Partners of Men in Development and Nation Building and for Other Purposes promotes the integration of women as full and equal partners of men in development and nation building. Said law mandates agencies, including LGUs to institutionalize GAD in government by incorporating the GAD concerns in their planning, programming and budgeting process.

Likewise, item 2.3 of the said Joint Circular No. 2012-01 also provides that, pursuant to the MCW and the General Appropriations Act (GAA), all government departments, including their attached agencies, offices, bureaus, state universities and colleges (SUCs), government-owned and controlled corporations (GOCCs), local government units (LGUs) and other government instrumentalities shall formulate their annual GPBs within the context of their mandates to mainstream gender perspectives in their policies, programs and projects. GAD Planning shall be integrated in the regular activities of the agencies, the cost of implementation of which shall be at least five percent (5%) of their total budgets. The computation and utilization shall be implemented in accordance with the specific guidelines provided therein.

An evaluation was made on the accomplishment by the agency of the mandated GAD for CY 2015 but a demand for the plans and accomplishment reports for the implementation of GAD was not complied with. The agency was thus noted to have omitted in preparing said documents.

The omission in complying with the GAD requirements hindered the accomplishment of its objectives. Thus benefits aimed to be extended were unrealized to the deprivation of all targeted beneficiaries.

The General Manager commented that the audit recommendation will be complied with in CY 2016, and that she already prepared GAD plan and Budget for CY 2016, the same for endorsement and approval by PCW.

We recommend for management to strictly adhere to the guidelines for the preparation of annual Gender and Development (GAD) Plans, Budgets and Accomplishment Reports, among others, to implement the Magna Carta of Women as provided in Joint Circular No. 2012-01 issued by the PCW, NEDA and the DBM and shall specifically undertake the following:

- 1. Prepare annual GAD Plan and Budget duly approved or endorsed by PCW;**

2. Incorporate in its annual budget the cost to implement the GAD plan or programs, activities and projects related to Gender and Development which shall be equal to at least 5% of the total budgets; and
 3. Prepare and submit to the Audit Team accomplishment report based on the GAD Plan and Budget or any program/ activity/ project that maybe attributed to Gender and Development with cost equivalent to at least 5% of their total budgets. This is for COA to evaluate and validate the agency's compliance with the intent of the law which is generally to attain gender equality.
7. The water district's contribution amounting to P73,950.00 to the Officers and Employees' Provident Fund covering January to June 30, 2015 representing government share was paid to the Provident Fund despite the provisions of DBM Budget Circular No. 2008-3 that government monetary contribution cannot be given, thus showing instances of invalid fund dispositions.

Section 5.3.2.1. of DBM Budget Circular No. 2008-3 dated June 20, 2008 provides that the initial employer/agency counterpart contribution shall be in the form of support for reasonable operating requirements in the administration and operation of the Provident Fund such as the part-time assignment of existing personnel; and the use of necessary agency facilities and equipment.

In addition, Section 5.3.2.2 provides that for GOCCs, the government monetary contribution shall be subject further to an evaluation by the DBM of the financial position of each GOCC.

Records of the agency disclosed that it remitted a total amount of P73,950.00 representing the government or employer's share for the Provident Fund, the details shown as follows:

Date	Check No.	Period Covered	Amount
1/13/2015	22303	1/1-15/15	6,750.00
1/28/2015	22334	1/16-31/15	6,750.00
2/23/2015	MC 2440080	2/1-15/15	6,750.00
3/13/2015	39618	2/16-28/15	6,750.00
3/16/2015	39634	3/1-15/15	6,750.00
3/24/2015	39673	3/16-31/15	6,750.00
4/10/2015	39725	4/1-15/15	6,750.00
5/8/2015	39790	4/16-30/15	6,750.00
5/21/2015	39827	5/1-15/15	6,750.00
5/29/2015	39848	5/1-31/15	6,600.00
6/16/2015	39900	6/1-15/15	6,600.00
		Total	73,950.00

The practice of management is a violation to the aforementioned regulations. Hence, the disbursements were unauthorized for lack of legal basis.

The General Manager and designated Accountant commented that the monthly contribution representing government share for the provident fund will be discontinued.

We recommend that management discontinue the monthly contribution representing government share for the Provident Fund and to revert to the water district the share contributed.

Compliance with Tax Laws

In compliance with existing BIR Regulations, all taxes withheld from salaries, suppliers and contractors were remitted to the BIR within the reglementary period as provided for by regulations.

Status of Audit Suspensions, Disallowances and Charges

As of December 31, 2015, Notices of Disallowance amounting to P1,716,650.00 were issued to the agency. Post-audit done during CY 2015 yielded results that require the issuance of either a Notice of Suspension or Disallowance.

PART III

**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT
RECOMMENDATIONS**

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the thirty four (34) audit recommendations contained in the 2007, 2013 and 2014 Annual Audit Reports, nine (9) were implemented, nineteen (19) were partially implemented and six (6) were not implemented; the details hereunder summarized as follows:

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
1. Accuracy on the account balance of Utility Plant in Service in the amount of P357M cannot be ascertained due to non reconciliation of property and accounting records, incomplete subsidiary ledgers for each sub accounts, equipment ledger cards not maintained, classification of account in the inventory report differs with that of the accounting schedule of UPIS and serviceable properties amounting to P801,519.84 were still in the report.	<p>We recommend that management:</p> <p>a. Directs the head of Accounting Section to maintain prescribed and complete subsidiary ledgers from the UPIS account and Property Officer to maintain complete and updated Property Ledger Cards at all times:</p> <p>b. Directs the Head of the Accounting Section to prepare reconciliation of Subsidiary ledgers with the Property ledger Cards and report errors noted in either records as basis for adjustment.</p> <p>c. Directs the respective Division Chiefs of the Accounting and Property Section monitors faithful compliance of the above recommendation;</p> <p>d. Initiate disposal of all unserviceable properties in accordance with Property and Supply Management Guidelines.</p>	F-1 AAR 2007	Instructed the sections concerned to implement the stated recommendations in terms of recording and reconciliation and providing respective subsidiary ledgers for UPIS.	Partially implemented.	Management is in the process of stabilizing on the appropriate system to fully accomplish the said recommendation.
2. The Accumulated	We recommend that	F-2	The lapsing	Partially	Management did

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
<p>Depreciation with a book balance of P25,998,392.42 and its related Depreciation expense is still inaccurate since adjustments were not made on the accounts in CY 2006 and prior years. Lapsing schedule was prepared for CY 2007.</p>	<p>management implement previous year's recommendations in order that misstatements in account balances arising from errors in recording transactions are adjusted. Effect the adjustment on the understatement of account UPIS, Accumulated Depreciation and Retained Earnings for the Suzuki Multi cab.</p>	<p>AAR 2007</p>	<p>schedule is currently observed at the accounting section</p>	<p>implemented.</p>	<p>not submit the related documents to the Audit Team. There were no schedules attached to the Journal Vouchers.</p>
<p>3. The water district purchased one (1) unit Mitsubishi Estrada Double cab-Pick up service vehicle worth P1.1M, contrary to the provisions of LWUA Loan Agreement.</p>	<p>We recommend that the water district must strictly adhere to the conditions set forth in the loan contract with LWUA for an improved operation.</p> <p>Submit the approved authority from LWUA for the purchase of the service vehicle.</p> <p>Strictly follow the account names/account codes in the recording of transaction to avoid misleading information.</p>	<p>F-3 AAR 2007</p>	<p>Management will strictly comply on the required DBM authority for purchases of motor vehicle.</p>	<p>Partially implemented.</p>	<p>Management commented that it is no longer required for LWUA authority due to the refinancing of loan from LWUA to DBP. However, the authority from LWUA mentioned in CY 2007 audit report was not yet submitted to the audit team.</p>
<p>4. Account Materials and Supplies Inventory with account code No. 131 is used to record purchases from supplies to other assets under Utility Plant account, contrary to the provisions of the existing LWUA Commercial Practices Manual for Water Districts.</p>	<p>We recommend that management ensures that prescribed accounts are used in recording transactions by requiring review of recorded entries by the Chief of Administrative/Financial Service Division and prepare the necessary adjusting entries on UPIS recorded as materials and supplies inventory.</p>	<p>F-4 AAR 2007</p>	<p>The accounting personnel concerned had taken this recommendation religiously.</p>	<p>Fully implemented.</p>	
<p>5. Stale checks amounting to P6,268.00 appears as reconciling items (outstanding checks) in the</p>	<p>Require the bookkeeper Designate to retrieve the long outstanding checks and prepare the necessary</p>	<p>F-5 AAR 2007</p>	<p>Management instructed the accounting section to</p>	<p>Not implemented.</p>	<p>There were no documents submitted. A similar audit</p>

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
Bank Reconciliation Statement for December 2007.	adjusting entries.		prepare adjusting entries re: stale checks		observation is reiterated in Observation no. 4 in Part II of the report
6. Subsidiary ledgers for each bank account were not maintained.	Require the accounting division to maintain subsidiary ledgers for each bank account, reconcile with the controlling account monthly and prepare regularly the bank reconciliation statements on all bank accounts in order to know the condition of the agency's account with the bank.	F-6 AAR 2007	Subsidiary ledgers were already maintained but reconciliation of the bank accounts is still in progress.	Partially implemented.	Management mentioned that it will coordinate with the banks in the furnishing of bank statements or snapshots promptly in order for the accounting personnel to prepare the bank reconciliation statements. A similar audit observation is reiterated in Audit Observation no. 4 in Part II of the report.
7. The Accounts Receivable-General Customers P 8.1M balance as of December 31, 2007 classified under Current Assets, included customers account totaling P2.2M were outstanding for one (1) year or more.	Require the Accounting Section to prepare a detailed Aging Schedule for accounts Receivables that are more than one (1) year more and reclassify those balances to Non-current assets.	F-7 AAR 2007	Management required the Commercial Division to prepare the Aging Schedule for Accounts Receivable.	Partially implemented.	The complete detailed Aging Schedule for Accounts Receivable that are one year or more were not yet submitted.
8. The balance of Accounts Receivable – Others of P90,733.14 does not reconcile with the corresponding subsidiary ledgers/reports of P149,097.76 or a difference of P58,364.62. Included in the account are receivables from other Water Districts for more than ten (10) years or more.	We recommend that the Manager of the Commercial Services Division and Accounting Section should designate personnel from their respective divisions to reconcile monthly, the totals of the schedules prepared by the CSD and the GL balances prepared by the Accounting Section. We also recommend the CSD to issue collection letters supported with	F-8 AAR 2007	The Commercial Division – Accounting Section were instructed to do reconciliation for calendar year 2016 and to issue demand letters.	Partially implemented.	The accounts receivable are still to be reconciled with the subsidiary records/reports.

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
	detailed statement of their accounts. Send tracers to the debtors until there are fully paid.				
9. Recording of Customers deposit to Accounts Receivable-Others (materials) was inappropriate thus, affecting its accuracy and other related accounts.	<p>We recommend that management follow the provisions of the Commercial Practices Manual for Water Districts in recording Customers' Deposit or use account Deferred Credits-Income for deposits of customers.</p> <p>Require the Supply Officer to submit monthly the Summary of Installed meters during the month for proper adjustments on accounts Deferred Credits and Income.</p>	F-9 AAR 2007		Fully implemented.	
10. The advances to officers and employees amounting to P132,398.98 remained unliquidated for 3 months to one year or more contrary to the provisions of Sec. 89 of PD 1445 and other COA issuances that pertain to the granting, utilization and liquidation of cash advances.	We recommend that management directs the Accountant to enforce and monitor compliance of the above-cited law and regulations n cash advances for travels and for other purposes. Issue demand letters for the return of excess or unused cash advance from the employees and officers concerned.	F-10 AAR 2007	Management required the accounting section to submit a monthly schedule for advances to officers and employees which are to be submitted to COA.	Partially implemented.	There were still cash advances for prior periods which remained unliquidated.
11. The variance of P2.8 Million between the Physical Inventory Report and recorded accountability for Materials and Supplies Inventory (MSI) cast doubt on the reliability of the MSI balance of P4.05 Million.	Require the assigned employee at the Finance Division and the Storekeeper to closely coordinate and perform the immediate reconciliation of the Material and Supplies Inventory Account and the Inventory Report to determine missing or lost supplies and correct errors in posting and recording, if any.	F-11 AAR 2007	Management strictly required the personnel assigned in the supply Section to have an annual physical inventory as of December 31 of each year.	Partially implemented.	No report was submitted yet.

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
	Implement previous audit recommendations in the maintenance of the stock cards, supplies ledger card and other records necessary to facilitate the reconciliation.				
<p>2. Material differences between LWUA and CCWD balances for Loans Payable – P10.8M, Current Portion of the Long Term Debt (P13.3M) and Accrued Interest Payable – (P39.6M) because of the following:</p> <p>a. Differences in the applications of loan payments:</p> <p>b. Non-performance of recollection procedures on loan accounts.</p>	We therefore recommend that the General Manager, requests LWUA a copy of the Journal Vouchers of Subsidiary Ledger showing the application of loan payments of CCWD; direct the Head of the Accounting Division to check the accuracy of amounts applied to interest and principal based on the Loan agreement and effect adjustment when appropriate	F-12 AAR 2007	The water district has already been refinanced by DBP, with an accurate amount has been considered. Although, management still has to submit the pertinent documents to the audit team.	Fully implemented.	
<p>13. The Joint Reserve Account with LWUA under PNB No. 6-1619-0000611-001 which the Water District maintained in compliance with the loan contract requirement of Debt Servicing Reserves has only a balance of P337,977.28 inclusive of interests as of December 31, 2007, contrary to the one(1) year debt service requirement as provided for in Section 8 of Article VI of the Loan Contract – LA No. 4-1635R.</p>	We recommend that the WD should strictly comply with the reserve requirements provided in the Loan Contract to ensure the periodic repayments of its loan from LWUA, especially during times when its paying capacity has been seriously reduced due to its facilities or assets caused by natural calamities, public disorder, force majeure or other unforeseen or unavoidable occurrences.	F-13 AAR 2007	The Manager had continuously maintained a reserve fund sufficient for any loan payment and future repair for any damage to the CCWD water system.	Partially implemented.	Management has not yet submitted the detailed schedule and the loan documents.
<p>14. Purchases of Materials and Supplies of P1,378,191.19 were not done through competitive bidding nor comply with the requirements for alternative methods of procurement prescribed in the</p>	We recommend that the General Manager as the head of the procuring entity ensures that the Procurement Law RA 9184, is strictly observed.	F-14 AAR 2007		Fully implemented.	

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
implementing Rules and Regulations of Republic Act No. 9184, otherwise known as the Government Procurement Reform Act.					
15. Board of Director's Year-end Financial Assistance (YEFA) and Cash Gift totaling P120,720.00 shall be disallowed because the authority used is Resolution No. 239 CY 2005, LWUA Circular No. 011-06 dated August 28, 2006 and LWUA Memorandum Circular No. 001-07 dated December 18, 2006.	We recommend that management suspends the grant of YEFA to BODs until final resolution of the issue.	F-15 AAR 2007		Fully implemented.	
16. Reimbursement of expenses of the General Manager totaling P26,625.80 recorded as Extraordinary and Miscellaneous Expenses (EME) has no legal basis.	Stop the payment of extraordinary and miscellaneous expenses of the GM. Any expenses that he may incur in connection with improving the general image of the District which is inherent to his position as GM may be appropriately charged to his RATA or Representation and Entertainment Expense of the District.	F-16 AAR 2007		Fully implemented.	
17. Additional benefits of P14,403.45 was granted to the 6 th member of the Board of Director who is organic personnel of LWUA.	We recommend the following: 1. Discontinue the grant of additional benefits to the 6 th member of the BOD. 2. Require the refund of the excess amount of P14,403.45 representing unauthorized hotel	F-17 AAR 2007		Fully implemented.	

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
	accommodations and cell cards collected from the District.				
8. Payment of financial Assistance is not authorized and without legal basis amounting to P485,409.15.	<p>1. Require the above-mentioned employees to refund the amount of P 485,409.15 without legal basis.</p> <p>2. Require management to show proof that such was already being enjoyed by its employees prior to the enactment of RA 6758.</p>	F-18 AAR 2007	Disallowances for CY 2014 expenses is on appeal.	Not implemented.	There were similar allowances claimed in CY 2015.
19. Pertinent provisions of Administrative Order No. 103 and Executive Order 298 were not duly observed in the processing and payment of travel claims, thereby resulting in audit disallowances totaling P43,189.20.	<p>We enjoin the Accounts Processor to properly observe pertinent provisions of EO 298 in the processing of travel claims to avoid audit disallowances.</p> <p>Also we encourage persons liable for the audit disallowances to make the necessary refund of the excessive amounts of travel expenses they claimed from the District.</p>	F-19 AAR 2007		Fully implemented.	
20. The CY 2013 accounts comprising of Disbursement Vouchers, payrolls, liquidation reports, official receipts, financial reports and journals with their corresponding supporting documents and schedules were not submitted to the Audit Team contrary to COA Circular No. 2009-006 dated September 15, 2009 and other pertinent law, rules and regulations, thus, hindered the conduct of audit thereon and deprived the government of	<p>We recommend that management:</p> <p>a) instruct the Head of the Accounting Section to immediately submit all accounts to the Audit Team at its Official Station in COA Regional Office VIII-Water Districts Office.</p> <p>b) instruct the Cashier and all accountable officers to submit the accounts to the Accounting Section within the reglementary period, the</p>	F-1 AAR 2013	Memoranda were issued to the responsible persons in complying with the audit recommendations.	Partially implemented.	<p>The CY 2015 accounts were not submitted promptly.</p> <p>Reiterated in Audit Observation no. 1 of the current report.</p>

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
information concerning the validity and propriety of its various financial transactions.	<p>same to be covered with transmittal letters as proof thereof.</p> <p>c) issue a written policy concerning on time submission of accounts by the Cashier and all accountable officers to the Accounting Section and from the latter to the Audit Team within the prescribed period.</p>				
<p>21. The agency failed to submit its year-end financial statements on the deadline contrary to Item 3.0 of COA Accounting Circular 2007-003 dated January 19, 2007, thus hindered the timely audit thereon and deprived the end-users of immediate use of significant financial information.</p>	<p>We recommend that management instruct its accountant to strictly submit the year-end FS on the deadline. For said measure the hereunder specific procedures are further proposed:</p> <p>a) See to it that transactions for each entire year are recorded completely as of December 31 in which case all personnel and the cashier will cause the submission to the accountant for recording in the books of accounts all transaction documents and reports before the end of each year.</p> <p>b) All journals and ledgers shall be updated monthly and ready for closing as of December 31 of each year. Closing of accounts thereafter will take place preferably on the first week of the succeeding year.</p> <p>c) Closing of accounts shall be given specific deadline to ensure its continuous conduct until the required FS</p>	<p>F-2 AAR 2013</p>		<p>Fully implemented.</p>	

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
	and all schedules should have been duly prepared.				
22. The correctness and reliability of the Cash in Bank account balance of P14,044,979.97 at year-end could not be ascertained due to the non-submission of bank reconciliation statements contrary to Section 74 of PD 1445.	We recommend that the Accounting Division be directed to submit regularly for audit the Bank Reconciliation Statements covering all accounts maintained with the agency's depository banks on a monthly basis.	F-3 AAR 2013	The then OIC-General Manager issued a memorandum to the Accounting Head and Senior Accounting Processor A regarding the regular submission of Bank Reconciliation Statements.	Not implemented.	Management commented that the delayed transmittal of bank statements by the depository banks to the agency caused the non-submission of the Bank Reconciliation Statements, however, requests for advance printouts of bank statements will be made by management. Reiterated in Audit Observation no. 4 of the current report.
23. The approved contracts, purchase orders and other pertinent documents were not submitted to the Auditor within the reglementary period as provided in COA Circular No. 2009-001 and COA Circular No. 95-006, thus, resulting in the delayed review of such documents and in the process deprived management of information on errors committed concerning its procurements prior to any payment.	We recommend for management to furnish the Audit Team with copies of Purchase Orders (POs) and Contracts together with their respective supporting papers within five (5) days from perfection/execution.	F-4 AAR 2013	The then OIC-General Manager issued a memorandum to the responsible employees who will implement the audit recommendation.	Partially implemented.	The submission of the documents were not within the reglementary period.

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
24. Expenditures for fuel, oil and lubricants were not supported with duly accomplished driver's trip tickets and monthly report of fuel consumption in violation of COA Circular No. 75-6 dated November 7, 1975, thus reported quantities on fuel consumptions remained not ascertained as appropriate and reasonable.	We recommend that management strictly comply with the requirements on submission of documentations to support the propriety as well as reasonableness of the agency's fuel consumption. Specifically, it should require concerned drivers to submit duly approved and properly accomplished Driver's Trip Tickets with the Monthly Report of Official Travels.	F-5 AAR 2013	The then OIC-General Manager issued a memorandum to the responsible employees who will implement the audit recommendation.	Partially implemented.	Although there were trip tickets attached to the claims, these were not duly accomplished.
25. Management did not submit to the Audit Team on time the monthly trial balances with schedules in contradiction to Section 122 of PD No. 1445 and COA Circular No. 2009-006 dated September 15, 2009, thus no year-end financial statements were produced on the prescribed deadline including the corresponding supporting schedules/reports pursuant to COA Accounting Circular Letter No. 2007-003 dated January 19, 2007.	We recommend that management strictly cause the submission of year-end financial statements complete with supporting schedules/data/reports made possible thru regular updating during any year, of all accounting records and the books of accounts, in the process, capacitate the accounting unit to turn-over for audit monthly trial balances and their corresponding schedules and/or attachments.	F-1 AAR 2014		Partially implemented	The CY 2015 year-end financial statements were submitted within the deadline except for the monthly trial balances. Reiterated in Observation no. 2 of the current report.
26. Some of the Calendar Year (CY) 2014 accounts were not submitted to the Audit Team contrary to COA Circular No. 2009-006 dated September 15, 2009 and other pertinent law, rules and regulations, thus, hindered the conduct of audit thereon with the government left without complete information concerning the validity and propriety of the agency's various financial transactions.	We recommend that management: a) instruct the Head of the Accounting Section to immediately submit all accounts to the Audit Team. b) instruct the Cashier and all accountable officers to practice the submission of accounts to the Accounting Section within the reglementary period, the same to be covered with transmittal letters as proof	F-2 AAR 2014	Management instructed the accounting section to submit immediately the documents for CY 2014.	Partially implemented.	Reiterated in Audit Observation no. 1 of the current report.

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
	<p>thereof.</p> <p>c) issue a written policy concerning on time submission of accounts by the Cashier and all accountable officers to the Accounting Section and from the latter to the Audit Team within the prescribed period.</p>				
<p>27. The correctness and reliability of the Cash in Bank account balance could not be ascertained due to the non-submission of bank reconciliation statements contrary to Section 74 of PD 1445.</p>	<p>We recommend that the Accounting Division be directed to submit regularly for audit the Bank Reconciliation Statements covering all accounts maintained with the depository banks on a monthly basis.</p>	<p>F-3 AAR 2014</p>		<p>Not implemented.</p>	<p>Reiterated in Audit Observation no. 4 of the current report.</p>
<p>28. Management maintains bank accounts with private entities such as the Philippine National Bank and the Metro Ormoc Community/Multi-Purpose Cooperative without securing prior approval from the Department of Finance (DOF), contrary to DOF Order No 27-5 dated December 9, 2005 as reiterated under Bangko Sentral ng Pilipinas (BSP) Circular Letter dated March 14, 2006 thus rendering as not valid the continued use of said depository which irregularly placed public funds beyond the control of the government, in the process, consistently endangering the assets to loss or misuse.</p>	<p>The General Manager should secure approval from the DOF to maintain depository accounts with the Philippine National Bank and Metro Ormoc Community/Multi-Purpose Cooperative. This is to be complied with, otherwise management is advised to close the questioned bank accounts. In addition, it is of significance to emphasize that since not affected by various government rules on deposits, assets while in said depository may not be adequately secured against loss or misuse.</p>	<p>F-4 AAR 2014</p>	<p>Management commented that it will transfer PNB depository accounts to authorized government depository banks in CY 2016.</p>	<p>Partially implemented.</p>	<p>There were still depository accounts maintained with PNB as of December 31, 2015.</p>

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
29. The prescribed accounting journals were not used to record certain transactions contrary to Section 121(2) of Presidential Decree (PD) No. 1445 and the New Government Accounting System (NGAS) Manual for Government-Owned and/or Controlled Corporations (GOCCs), thus verification of the correctness and accuracy of the financial records is not facilitated.	The General Manager should require the Accountant to use the appropriate accounting records pursuant to the NGAS Manual for the agency to maintain complete set of books of accounts in turn facilitate the verification of the correctness and accuracy of the financial records.	F-5 AAR 2014	The General Manager required the Accounting to use the accounts in the NGAS manual while the computerization is not yet complete.	Not implemented.	Reiterated in Audit Observation no. 5 of the current report.
30. Management uses the Check Voucher (CV) to evidence all disbursements instead of the prescribed Disbursement Voucher (DV), does not prepare the Budget Utilization Request (BUR) and neither maintains the Registry of Budget and Utilization (RBU) contrary to COA Circular No. 2006-004 dated January 31, 2006, resulting in absence of documents and records to maintain and control the budgetary accounts.	Management should use the Disbursement Voucher for every disbursement and Budget Utilization Request (BUR) covering charging against pertinent budgetary allocation of each incurred expenditure for clarity of the various responsibilities including accountabilities. In addition use of Registry of Budget Utilization shall be directed to summarize all issued BURs in effect provide ready data on incurred expenses as well as utilized budgetary allocations.	F-6 AAR 2014		Not implemented.	Management commented that the use of the revised forms will be implemented the soonest time possible.
31. Some Account Titles presented in the financial statements are not yet in compliance with the Revised Philippine Government Chart of Accounts (PGCA) contrary to COA Circular No. 2008-001 dated January 29, 2008 and LWUA Memorandum Circular No. 003-08 thereby defeating the purpose in the implementation of the unified accounting system.	We recommend that the Accountant be directed to convert the pertinent account titles to that prescribed under COA Circular No. 2008-001 dated January 29, 2008 and LWUA Memorandum Circular No. 003-08 dated June 16, 2008.	F-7 AAR 2014		Partially implemented.	There were still account titles which were not in compliant with the Revised PGCA.

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
82. Management did not submit on time the quarterly and other required reports contrary to Section 122 of PD No. 1445 and other relevant laws, rules and regulations, thus withholding from COA significant financial information for audit purposes.	Management should practice prompt submission of reports and relevant data as required by COA, in the process, avail of the advantages of being updated on audit results for the improvement of its administration of government resources.	F-8 AAR 2014		Partially implemented.	Reiterated in Audit Observation no. 3 of the current report.
83. The grant of allowances and honoraria amounting to P1,746,650.00 without legal basis was allowed by management thus showing instances of tolerating invalid claims to the disadvantage of the government.	For the deficiencies, we recommend for management to discontinue the grant of allowances and other benefits to personnel that are without legal basis.	F-9 AAR 2014		Partially implemented.	There were still similar allowances and honoraria claimed in CY 2015.
84. Management did not prepare a Plan, provide budgetary allocations supposedly being at least 5% of the actual budgetary appropriations, nor reported any disbursement for the Gender and Development (GAD) thus is concluded to have failed in complying with the requirements of relevant laws and rules governing the program.	<p>We recommend for management to strictly adhere to the guidelines for the preparation of annual Gender and Development (GAD) Plans, Budgets and Accomplishment Reports, among others, to implement the Magna Carta of Women as provided in Joint Circular No. 2012-01 issued by the PCW, NEDA and the DBM and shall specifically undertake the following:</p> <ol style="list-style-type: none"> 1. Prepare annual GAD Plan and Budget duly approved or endorsed by PCW; 2. Incorporate in its annual budget the cost to implement the GAD plan or programs, activities and projects related to Gender and Development which shall be at least 5% of 	F-10 AAR 2014	There were series of seminars attended on GAD Plan. The GAD focal point system was established on the later part of CY 2015. Management implemented GAD Plan and Budget in January, 2016.	Partially implemented.	Reiterated in Audit Observation no. 6 of the current report.

Audit Observations	Recommendations	Ref.	Management Action	Status of Implementation	Reasons for Partial/ Non-Implementation
	<p>the total budget; and</p> <p>3. Prepare and submit to the Audit Team accomplishment report based on the GAD Plan and Budget or any program/ activity/ project that maybe attributed to Gender and Development with cost equivalent to at least 5% of their total budget. This is for COA to evaluate and validate the agency's compliance with the intent of the law which is generally to attain gender equality.</p>				