

Republic of the Philippines

**COMMISSION ON AUDIT**

Regional Office No. 10

Carmen, Cagayan de Oro City

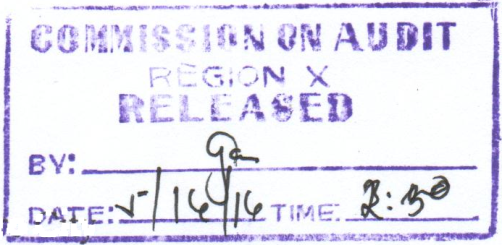
**ANNUAL AUDIT REPORT**

**ON THE**

**BACOLOD WATER DISTRICT**

**Bacolod, Lanao del Norte**

# For the Year Ended December 31, 2015

Republic of the Philippines

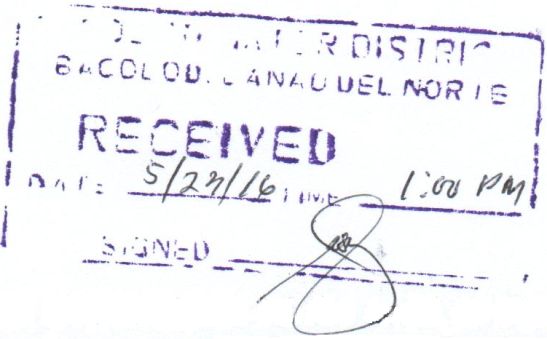
**COMMISSION ON AUDIT**

Regional Office No. 10

J.V. Seriña Street, Carmen, Cagayan de Oro City

**OFFICE OF THE REGIONAL DIRECTOR**

March 16, 2016

**ENGR. NOEL L. RESABAL**

General Manager

Bacolod Water District

Bacolod, Lanao del Norte

Dear Manager Resabal:

We are pleased to transmit the Financial Audit Report on the audit of **Bacolod Water District**, Bacolod, Lanao del Norte for the year ended December 31, 2015, in compliance with Section 43 of Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted to (a) ascertain the degree of reliance that may be placed on management’s assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year’s audit recommendations.

The attached report consists of Part I- Audited Financial Statements, Part II-Observations and Recommendations, Part III- Status of Implementation of Prior Year’s Audit Recommendations, which were discussed with the officials concerned, and Part IV- Annexes.

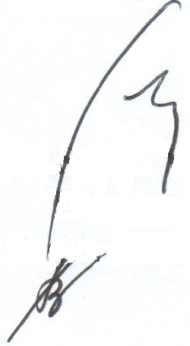
We conducted our audit in accordance with Philippine Public Sector Standards on Auditing and we believe that these standards provided a reasonable basis for the audit results.

The Auditor rendered an Unqualified Opinion on the fairness of presentation of the financial statements. The audit observations and recommendations were discussed with the concerned officials and employees of the District during the exit conference conducted on February 16, 2016, whose comments were incorporated in the report, where appropriate.

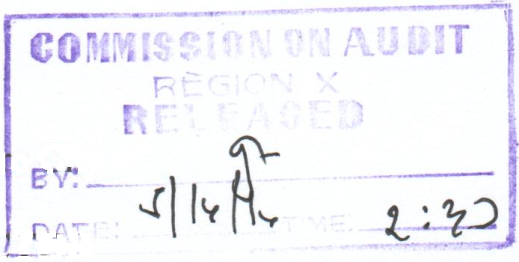
We request that a status report, by accomplishing the attached Agency Action Plan and Status of Implementation form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 93 of the General Provisions of the General Appropriations Act FY 2015.

We appreciate the invaluable support and cooperation extended by the officials and staff of that District to the Audit Team during the audit engagement.

Very truly yours,



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| **CELSO L. VOCAL** |
| Director IV |
| Regional Director |

Republic of the Philippines

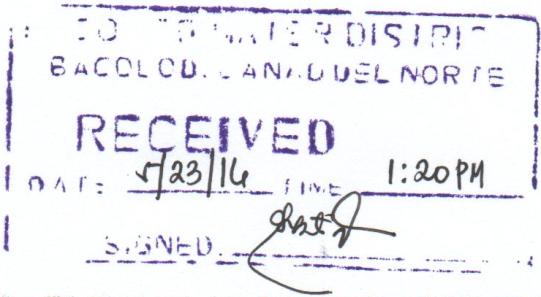
**COMMISSION ON AUDIT**

Regional Office No. 10

J.V. Seriña Street, Carmen, Cagayan de Oro City

**OFFICE OF THE REGIONAL DIRECTOR**

March 16, 2016

**MS. ELSA P. PANORIL**

Chairperson of the Board of Directors

Bacolod Water District

Bacolod, Lanao del Norte

Dear Director Panoril:

We are pleased to transmit the Financial Audit Report on the audit of **Bacolod Water District**, Bacolod, Lanao del Norte for the year ended December 31, 2015, in compliance with Section 43 of Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines.

The audit was conducted to (a) ascertain the degree of reliance that may be placed on management’s assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year’s audit recommendations.

The attached report consists of Part I- Audited Financial Statements, Part II-Observations and Recommendations, Part III- Status of Implementation of Prior Year’s Audit Recommendations, which were discussed with the officials concerned, and Part IV- Annexes.

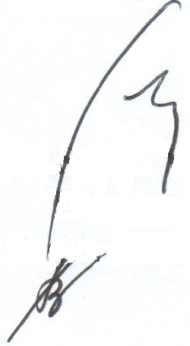
We conducted our audit in accordance with Philippine Public Sector Standards on Auditing and we believe that these standards provided a reasonable basis for the audit results.

The Auditor rendered an Unqualified Opinion on the fairness of presentation of the financial statements. The audit observations and recommendations were discussed with the concerned officials and employees of the District during the exit conference conducted on February 16, 2016, whose comments were incorporated in the report, where appropriate.

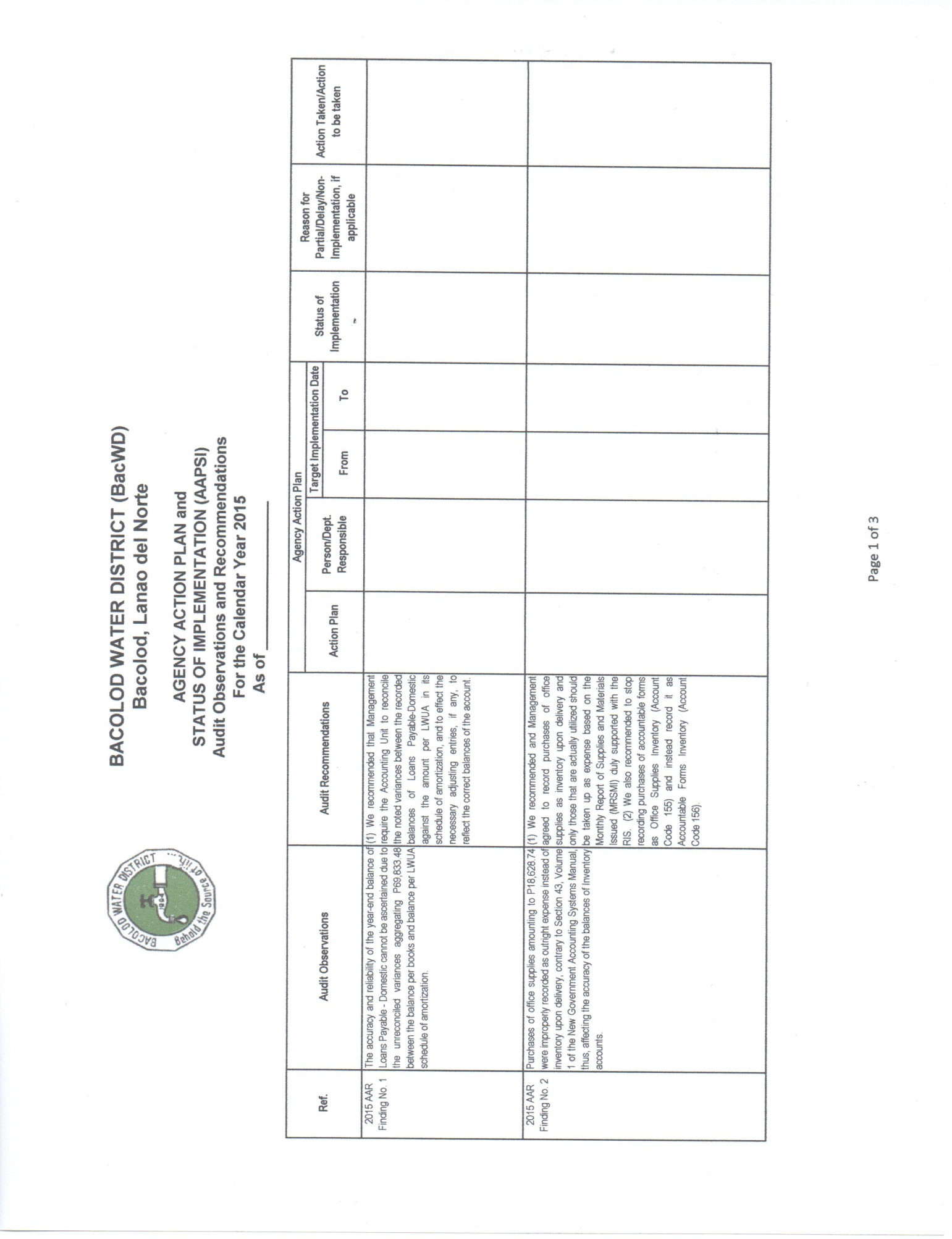
We request that a status report, by accomplishing the attached Agency Action Plan and Status of Implementation form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 93 of the General Provisions of the General Appropriations Act FY 2015.

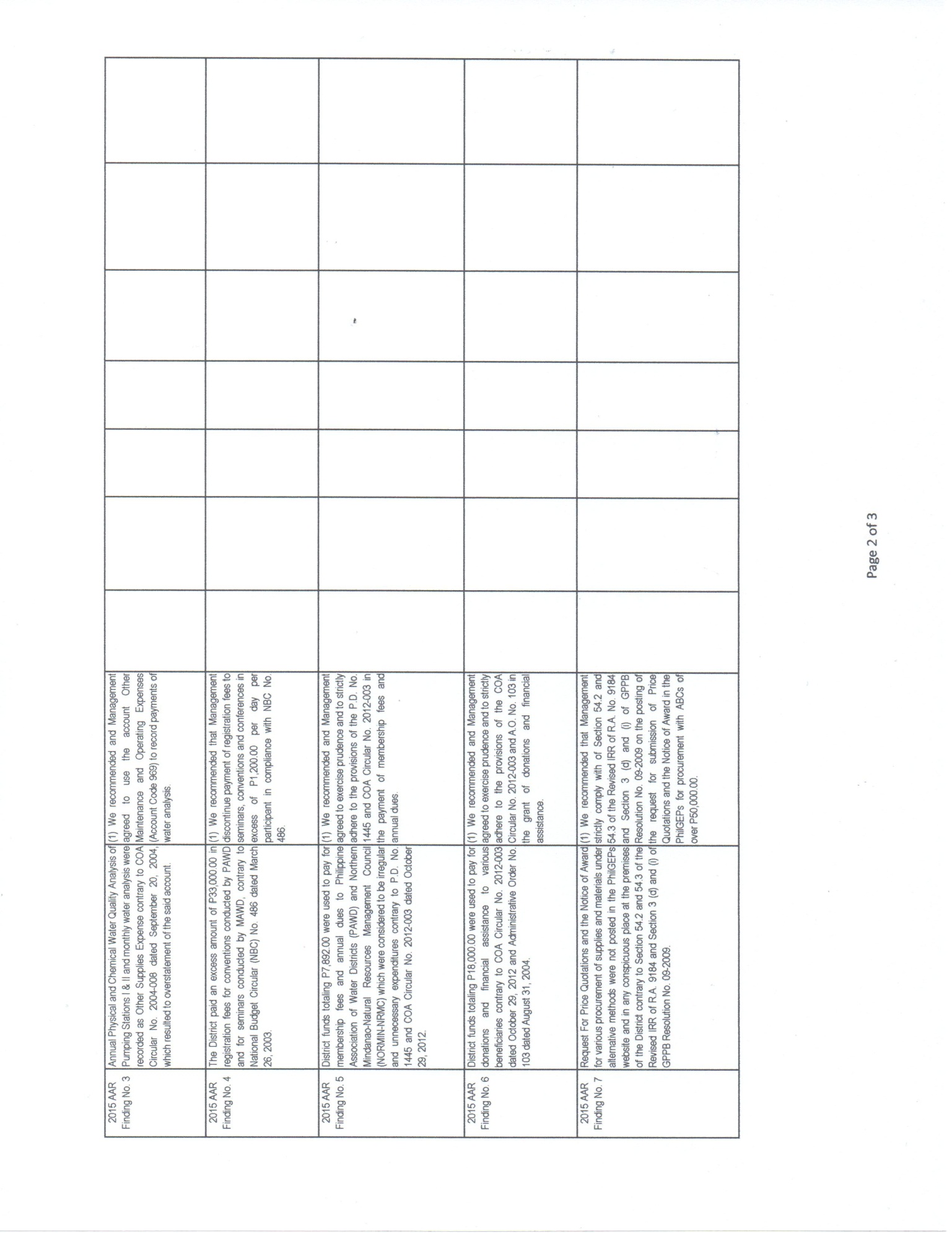
We appreciate the invaluable support and cooperation extended by the officials and staff of that District to the Audit Team during the audit engagement.

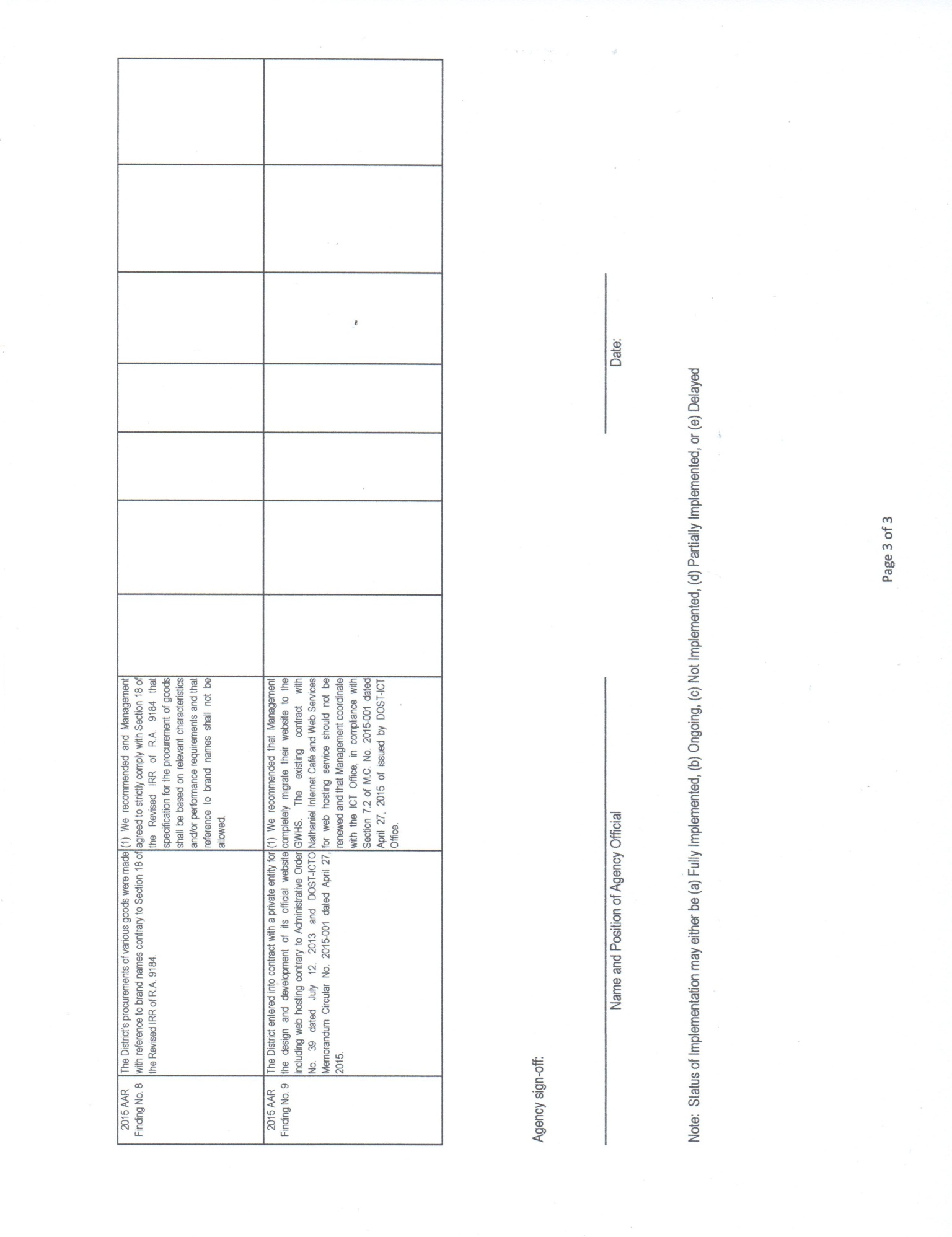
Very truly yours,



|  |
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| **CELSO L. VOCAL** |
| Director IV |
| Regional Director |







Republic of the Philippines

**COMMISSION ON AUDIT**

Regional Office No. 10

Cagayan de Oro City

**OFFICE OF THE SUPERVISING AUDITOR**

Audit Group CGS -Water Districts and Other CGS Stand-Alone Agencies

March 9, 2016

**Director CELSO L. VOCAL**

COA Regional Office No. 10

Cagayan de Oro City

Sir:

In compliance with Section 2, Article IX-D of the Philippines Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we audited the accounts and operations of the **Bacolod Water District**, Bacolod, Lanao del Norte for the year ended December 31, 2015.

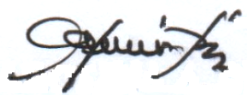
The audit was conducted to (a) verify the level of assurance that may be placed on management’s assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year’s audit recommendations.

Our report consists of four parts, namely: Part I - Audited Financial Statements; Part II – Observations and Recommendations; Part III - Status of Implementation of Prior Year’s Audit Recommendations and Part IV – the Annexes. The observations and recommendations were communicated to Management thru Audit Observation Memorandum and discussed with management officials and staff. Their comments are included in the appropriate portion of this report.

There is reasonable assurance that the financial statements are free of material misstatements and are prepared in accordance with the state accounting principles.

Our audit was conducted in accordance with the Philippine Public Sector Standards on Auditing (PPSSA) and we believe that the audit evidence we have obtained provides reasonable basis for our audit opinion/report.

Very truly yours,



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| --- |
| **CAROLINA A. DIEZ** |
| State Auditor V |
| Supervising Auditor |

Republic of the Philippines

**COMMISSION ON AUDIT**

Regional Office No. 10

Cagayan de Oro City

**OFFICE OF THE AUDIT TEAM LEADER**

Team R10-02, Audit Group CGS – Water Districts and Other CGS Stand-Alone Agencies

February 23, 2016

**MS. CAROLINA A. DIEZ**

Supervising Auditor

CGS – Water Districts and Other CGS Stand-Alone Agencies

COA Regional Office No. 10

Cagayan de Oro City

Madam:

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, we conducted a financial audit on the accounts and operations of the **Bacolod Water District (BWD)**, Bacolod, Lanao del Norte for the year ended December 31, 2015.

The audit was conducted to ascertain the propriety of the financial transactions and determine the extent of compliance of the agency to prescribed rules and regulations. It was also made to ascertain the accuracy of the financial records and reports, as well as the fairness of the presentations of the financial statements.

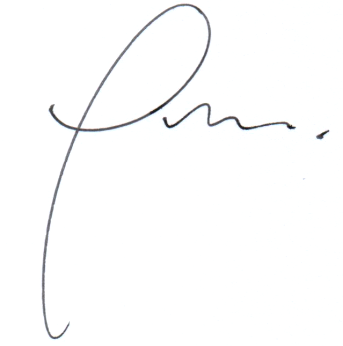
The audit report consists of four parts, Part I - Audited Financial Statements, Part II - details of our significant Observations and Recommendations, Part III - Status of Implementation of Prior Year’s Audit Recommendations, which were discussed with concerned management officials and staff during the exit conference held on February 16, 2016, and Part IV - Annexes.

There is reason to believe that the financial statements are not free of misstatements which, however, are not material enough to conclude that the financial position of the BWD as of December 31, 2015 and the results of its operations are not fairly presented.

Our audit was conducted in accordance with the Philippine Public Sector Standards on Auditing (PPSSA) and we believe these standards provide reasonable basis for the results of the audit.

We acknowledge the cooperation extended to our Audit Team by the officials and employees of the BWD.

Very truly yours,



|  |
| --- |
| **REMY U. PAHUYO** |
| State Auditor II |
| OIC-Audit Team Leader |

**EXECUTIVE SUMMARY**

1. **INTRODUCTION**

The Bacolod Water District (BWD), a government-owned and controlled corporation was created on May 23, 1994 by the Sangguniang Bayan of Bacolod, Lanao del Norte by virtue of Sangguniang Bayan Resolution No. 225. It inherited the water system from the Local Government of Bacolod which was constructed by NAWASA in 1976. On December 6, 1994, the Local Water Utilities Administration (LWUA) issued a Certificate of Conditional Conformance (CCC) No. 543.

Some of the major functions of the BWD include the following:

1. Acquiring, installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of such districts;
2. Providing, maintaining and operating waste water collection, treatment and disposal facilities; and
3. Conducting such other functions and operations incidental to water resource development, utilization and disposal within such districts, as are necessary or incidental to said purpose.

The BWD is presently categorized as “Category D” water district with a total of 3,141 service connections as of December 31, 2015 and serving a total population of 14,340.

As of December 31, 2015, the governing board of BWD is composed of directors representing the different sectors and organization within the municipality of Bacolod, who were appointed by the Local Chief Executive. They exercise corporate powers and determine policies for the operations of the BWD. They are as follows:

Chairperson : Ms. Elsa P. Panoril - Business Sector

Members : Dra. Lerma C. Daraman - Professional Sector

Ms. Leah A. Marcera - Women’s Sector

Ms. Godilla V. Lao - Civic Sector

Mr. Alejandro Q. Visitacion - Education Sector

1. **FINANCIAL HIGHLIGHTS**

The financial position and the results of operation of BWD for the year ended December 31, 2015, with the comparative figures for CY 2014, are presented below:

**Comparative Financial Position**

As of December 31, 2015, there was an increase of 12.78% in assets, increase of 1.94% in liabilities and an increase of 55.53% in government equity, summarized as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ***2015*** | ***2014*** | ***Increase/ (Decrease)*** | ***Percentage*** |
| Assets | ~~P~~ 31,832,496.99 | ~~P~~ 28,224,405.79 | ~~P~~ 3,608,091.20 | 12.78% |
| Liabilities | 22,948,880.36 | 22,512,479.98 | 436,400.38 | 1.94% |
| Government Equity | 8,883,616.63 | 5,711,925.81 | 3,171,690.82 | 55.53% |

**Comparative Results of Operations**

For the Calendar Year 2015, the Water District generated a total income of ~~P~~12,849,967.00 from water sales, other businesses, fines and penalties, interest and miscellaneous income. An increase of ~~P~~3,076,792.83 or 31.48% was noted compared to previous year’s income of ~~P~~9,773,174.17. Net income also increased significantly by 104.15% compared to last year’s. Details of its results of operations are presented below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ***2015*** | ***2014*** | ***Increase/ (Decrease)*** | ***Percentage*** |
| Income | ~~P~~ 12,849,967.00 | ~~P~~ 9,773,174.17 | ~~P~~ 3,076,792.83 | 31.48% |
| Expenditures | 9,742,865.14 | 8,751,618.89 | 991,246.25 | 11.33% |
| Net Income | 3,107,101.86 | 1,021,555.28 | 2,085,546.58 | 104.15% |

1. **OPERATIONAL HIGHLIGHTS**

The BWD was formed for the purpose of installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial and agricultural uses within the boundaries of the municipality of Bacolod, Lanao del Norte.

As of December 31, 2015, the BWD has served a total population of 14,340. It has total service connections of 3,141 or an increase of 5.69% from 2,972 of last year. Total connections active and metered are 2,868 while 2,843 connections are billed. Total water sales billed for the year including penalties amounted to ~~P~~12,370,962.30 and collected a total of ~~P~~12,182,332.70, which includes collections for the current account, arrears-current year and arrears-previous years.

Water production as of December 31, 2015 reached 644,259 cubic meters, of which the total accounted water was computed at 571,954 cubic meters or 88.78%, leaving a balance of 11.22% or 72,305 cu. meters as unaccounted water.

For the Calendar Year 2015, the District set aside funds for the implementation of the following programs and projects:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Project/Program*** | ***Location / Target Beneficiaries*** | ***Total Cost*** | ***Remarks*** |
| 1. Pipe Line Extension | Upper Liangan East, Bacolod, LDN | ~~P~~ 42,367.50 | Fully Implemented |
| 1. Distribution Line Expansion | Purok 5, Liangan East, Bacolod, LDN | ~~P~~ 74,162.35 | Not implemented due to existing SALIN-TUBIG project of the DILG in the area |

1. **SCOPE OF AUDIT**

The audit covered the examination of the accounts and financial transactions and operations of Bacolod Water District, Bacolod, Lanao del Norte as of December 31, 2015.

The audit consisted of review of operating procedures, inspection of programs and projects, testing the adequacy of the related systems and controls set by the agency, verification of the accuracy, legality and completeness of its financial transactions, interview with concerned officials and employees, and the application of other audit procedures considered necessary under the circumstances.

It was also made to determine whether the District’s financial statements present fairly its financial position and the results of its operations and its cash flows, and whether prescribed laws, rules and regulations were followed.

1. **INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS**

An Unqualified Opinion was rendered on the financial position of the Bacolod Water District as of December 31, 2015, and the results of its operations and cash flows for the year then ended, as presented in the financial statements accompanying this report.

1. **SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

**1.** **The accuracy and reliability of the year-end balance of Loans Payable - Domestic cannot be ascertained due to the unreconciled variances aggregating ~~P~~69,833.48 between the balance per books and balance per LWUA schedule of amortization.**

We recommended that Management require the Accounting Unit to reconcile the noted variances between the recorded balances of Loans Payable-Domestic against the amount per LWUA in its schedule of amortization, and to effect the necessary adjusting entries, if any, to reflect the correct balances of the account.

**2. Purchases of office supplies amounting to ~~P~~18,628.74 were improperly recorded as outright expense instead of inventory upon delivery, contrary to Section 43, Volume 1 of the New Government Accounting Systems Manual, thus, affecting the accuracy of the balances of Inventory accounts.**

We recommended and Management agreed to record purchases of office supplies as inventory upon delivery and only those that are actually utilized should be taken up as expense based on the Monthly Report of Supplies and Materials Issued (MRSMI) duly supported with the RIS.

We also recommended to stop recording purchases of accountable forms as Office Supplies Inventory (Account Code 155) and instead record it as Accountable Forms Inventory (Account Code 156).

**3. Annual Physical and Chemical Water Quality Analysis of Pumping Stations I & II and monthly water analysis were recorded as Other Supplies Expense contrary to COA Circular No. 2004-008 dated September 20, 2004, which resulted to overstatement of the said account.**

We recommended and Management agreed to use the account Other Maintenance and Operating Expenses (Account Code 969) to record payments of water analysis.

**4. The District** **paid an excess amount of ~~P~~33,000.00 in registration fees for conventions conducted by PAWD and for seminars conducted by MAWD, contrary to National Budget Circular (NBC) No. 486 dated March 26, 2003.**

We recommended that Management discontinue payment of registration fees to seminars, conventions and conferences in excess of ~~P~~1,200.00 per day per participant in compliance with NBC No. 486.

**5. District funds totaling ~~P~~7,892.00 were used to pay for membership fees and annual dues to Philippine Association of Water Districts (PAWD) and Northern Mindanao-Natural Resources Management Council (NORMIN-NRMC) which were considered to be irregular and unnecessary expenditures contrary to P.D. No. 1445 and COA Circular No. 2012-003 dated October 29, 2012.**

We recommended and Management agreed to exercise prudence and to strictly adhere to the provisions of the P.D. No. 1445 and COA Circular No. 2012-003 in the payment of membership fees and annual dues.

**6. District funds totaling ~~P~~18,000.00 were used to pay for donations and financial assistance to various beneficiaries contrary to COA Circular No. 2012-003 dated October 29, 2012 and Administrative Order No. 103 dated August 31, 2004.**

We recommended and Management agreed to exercise prudence and to strictly adhere to the provisions of the COA Circular No. 2012-003 and A.O. No. 103 in the grant of donations and financial assistance.

**7. Request For Price Quotations and the Notice of Award for various procurement of supplies and materials under alternative methods were not posted in the PhilGEPs website and in any conspicuous place at the premises of the District contrary to Section 54.2 and 54.3 of the Revised IRR of R.A. 9184 and Section 3 (d) and (i) of GPPB Resolution No. 09-2009.**

We recommended that Management strictly comply with of Section 54.2 and 54.3 of the Revised IRR of R.A. No. 9184 and Section 3 (d) and (i) of GPPB Resolution No. 09-2009 on the posting of the request for submission of Price Quotations and the Notice of Award in the PhilGEPs for procurement with ABCs of over ~~P~~50,000.00.

**8. The District’s procurements of various goods were made with reference to brand names contrary to Section 18 of the Revised IRR of R.A. 9184.**

We recommended and Management agreed to strictly comply with Section 18 of the Revised IRR of R.A. 9184 that specification for the procurement of goods shall be based on relevant characteristics and/or performance requirements and that reference to brand names shall not be allowed.

**9. The District entered into contract with a private entity for the design and development of its official website including web hosting contrary to Administrative Order No. 39 dated July 12, 2013 and DOST-ICTO Memorandum Circular No. 2015-001 dated April 27, 2015.**

We recommended that Management completely migrate their website to the GWHS. The existing contract with Nathaniel Internet Café and Web Services for web hosting service should not be renewed and that Management coordinate with the ICT Office, in compliance with Section 7.2 of M.C. No. 2015-001 dated April 27, 2015 of issued by DOST-ICT Office.

1. **STATUS OF IMPLEMENTATION OF PRIOR YEAR’S AUDIT RECOMMENDATIONS**

Of the eight audit recommendations contained in the Annual Audit Report of the Water District for the calendar year 2014, five were fully implemented, two were partially implemented and one was not implemented.

**TABLE OF CONTENTS**

|  |  |  |
| --- | --- | --- |
| *PART* | *Particulars* | *Page/s* |
|  |  |  |
| **I** | **AUDITED FINANCIAL STATEMENTS**   * Independent Auditor’s Report * Financial Statements * Statement of Management Responsibility * Comparative Balance Sheet * Comparative Income Statement * Comparative Statement of Cash Flows * Statement of Changes in Government Equity * Notes to Financial Statements | 1-4  5  6  7-8  9  10  11-16 |
|  |  |  |
|  |  |  |
| **II** | **OBSERVATIONS AND RECOMMENDATIONS**   * Detailed Observations and Recommendations | 17-29 |
|  |  |  |
|  |  |  |
| **III** | **STATUS OF IMPLEMENTATION OF PRIOR YEAR’S AUDIT RECOMMENDATIONS** | 30-36 |
|  |  |  |
|  |  |  |
| **IV** | **ANNEXES** | 37 |

**PART I – AUDITED FINANCIAL STATEMENTS**

Republic of the Philippines

**COMMISSION ON AUDIT**

Regional Office No. 10

Cagayan de Oro City

**OFFICE OF THE SUPERVISING AUDITOR**

Audit Group CGS -Water Districts and Other CGS Stand-Alone Agencies

**INDEPENDENT AUDITOR’S REPORT**

**ENGR. NOEL L. RESABAL**

General Manager

Bacolod Water District

Bacolod, Lanao del Norte

We have audited the accompanying financial statements of the **Bacolod Water District (BWD)**, Bacolod, Lanao del Norte which comprise the Balance Sheet as of December 31, 2015 and the Statements of Income and Expenses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management’s Responsibility for the Financial Statements*

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements and are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

The 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 on 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 basis of our unqualified opinion.

*Unqualified Opinion*

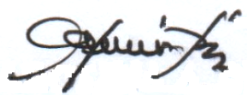
In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of the BWD as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with state accounting principles.

*Other Matters*

The exit conference for the results of the financial and compliance audit of the calendar year 2015 operations was conducted on February 16, 2016.

**COMMISSION ON AUDIT**

By:



**CAROLINA A. DIEZ**

State Auditor V

Supervising Auditor

February 23, 2016

Republic of the Philippines

**COMMISSION ON AUDIT**

Regional Office No. X

Cagayan de Oro City

**OFFICE OF THE SUPERVISING AUDITOR**

Audit Group CGS -Water Districts and Other CGS Stand-Alone Agencies

**INDEPENDENT AUDITOR’S REPORT**

**MS. ELSA P. PANORIL**

Chairperson

Board of Directors

Bacolod Water District

Bacolod, Lanao del Norte

We have audited the accompanying financial statements of the **Bacolod Water District (BWD)**, Bacolod, Lanao del Norte which comprise the Balance Sheet as of December 31, 2015 and the Statements of Income and Expenses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management’s Responsibility for the Financial Statements*

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements and are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*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 Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

The 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 on 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 basis of our unqualified opinion.

*Unqualified Opinion*

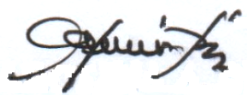
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*Other Matters*

The exit conference for the results of the financial and compliance audit of the calendar year 2015 operations was conducted on February 16, 2016.

**COMMISSION ON AUDIT**

By:



**CAROLINA A. DIEZ**

State Auditor V

Supervising Auditor

February 23, 2016

Republic of the Philippines

**BACOLOD WATER DISTRICT**

Bacolod, Lanao del Norte

TIN 004-367-022

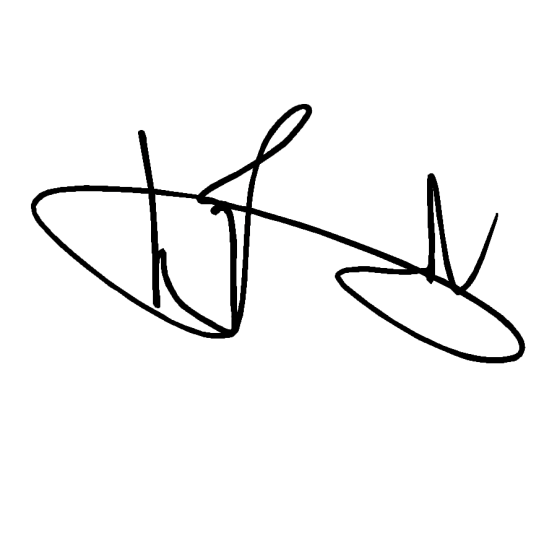
CCC No. 543

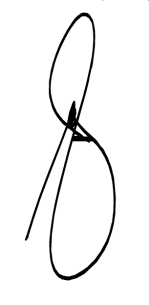
**STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR**

**FINANCIAL STATEMENTS**

The Management of **Bacolod Water District (BWD)**, Bacolod, Lanao del Norte is responsible for all the information and representations contained in the accompanying Balance Sheet as of December 31, 2015 and the related Statement of Income and Expenses and Cash Flows 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 best estimates and informed judgment of the 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 that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.





**MS. ALMA S. MAGLANA** **ENGR. NOEL L. RESABAL**

Corporate Accounts Analyst General Manager

**BACOLOD WATER DISTRICT**

**Balance Sheet**

**As of December 31, 2015**

*(With comparative figures for CY 2014)*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
| **ASSETS** | | | **2015** |  | **2014** |
| **Current Assets** | | |  |  |  |
|  | Cash and Cash Equivalents *[Note 1]* | | ~~P~~ 6,136,680.70 |  | ~~P~~ 3,197,567.78 |
|  | Receivables, net of Allowance for Bad Debts *[Note 2]* | | 1,242,712.60 |  | 1,121,489.42 |
|  | Inventories *[Note 3]* | | 424,818.39 |  | 338,998.19 |
|  | Prepayments | | 4,174.00 |  | 4,036.54 |
|  |  | Total Current Assets | 7,808,385.69 |  | 4,662,091.93 |
|  |  |  |  |  |  |
| **Property, Plant and Equipment** *[Note 4]* | | | |  |  |
|  | Land and Land Improvements | | 61,021.00 |  | 61,021.00 |
|  | Buildings | | 10,782,861.04 |  | 9,338,106.30 |
|  | Office Equipment, Furniture and Fixtures | | 370,498.03 |  | 366,542.63 |
|  | Machineries and Equipment | | 19,262,170.93 |  | 19,150,670.93 |
|  | Transportation Equipment | | 539,939.34 |  | 539,939.34 |
|  | Accumulated Depreciation | | (7,425,279.04) |  | (6,326,866.34) |
|  |  | Total Property, Plant and Equipment | 23,591,211.30 |  | 23,129,413.86 |
|  | Construction in Progress | | 0.00 |  | 0.00 |
| **Other Assets** | | | 432,900.00 |  | 432,900.00 |
| **TOTAL ASSETS** | | | **~~P~~ 31,832,496.99** |  | **~~P~~ 28,224,405.79** |
|  |  |  |  |  |  |
| **LIABILITIES AND EQUITY** | | |  |  |  |
| **LIABILITIES** | | |  |  |  |
| Current Liabilities *[Note 5]* | | | 429,009.06 |  | 440,859.90 |
| Long-Term Liabilities *[Note 6]* | | | 22,519,871.30 |  | 22,070,370.08 |
| Deferred Credits | | | 0.00 |  | 1,250.00 |
|  | Total Liabilities | | 22,948,880.36 |  | 22,512,479.98 |
| **EQUITY** *[Note 7]* | | |  |  |  |
|  | Government Equity | | 0.00 |  | 0.00 |
|  | Donated Capital | | 325,542.96 |  | 325,542.96 |
|  | Retained Earnings | | 8,558,073.67 |  | 5,386,382.85 |
|  | Total Equity | | 8,883,616.63 |  | 5,711,925.81 |
| **TOTAL LIABILITIES AND EQUITY** | | | **~~P~~ 31,832,496.99** |  | **~~P~~ 28,224,405.79** |

*(See accompanying Notes to Financial Statements)*

**BACOLOD WATER DISTRICT**

**Statement of Income and Expenses**

**For the Year Ended December 31, 2015**

*(With comparative figures for CY 2014)*

|  |  |  |
| --- | --- | --- |
|  | **2015** | **2014** |
| **INCOME** *[Note 8]* |  |  |
| *Business Income:* |  |  |
| Income from Waterworks Systems | ~~P~~ 11,939,713.90 | ~~P~~ 8,976,246.26 |
| Other Business | 196,820.00 | 178,330.00 |
| Fines and Penalties | 431,248.40 | 337,634.60 |
| Miscellaneous Income | 273,095.23 | 275,940.09 |
| *Other Income:* |  |  |
| Interest | 9,089.47 | 5,023.22 |
| **TOTAL INCOME** | **12,849,967.00** | **9,773,174.17** |
|  |  |  |
| **EXPENSES** *[Note 9]* |  |  |
| *Personnel Services:* |  |  |
| Salaries and Wages-Regular | 2,305,512.00 | 2,245,201.00 |
| Other Compensation | 1,060,337.16 | 724,897.27 |
| Personnel Benefits Contributions | 328,482.24 | 320,757.42 |
| Other Personnel Benefits | 265,394.72 | 439,583.86 |
| *Maintenance and Other Expenses:* |  |  |
| Travel Expenses-Local | 150,003.16 | 102,398.00 |
| Training Expenses | 129,800.00 | 65,325.00 |
| Gasoline, Oil and Lubricants | 124,791.83 | 115,580.25 |
| Office Supplies Expenses | 66,980.95 | 88,736.15 |
| Accountable Forms Expenses | 12,600.00 | 0.00 |
| Other Supplies Expenses | 12,000.00 | 0.00 |
| Electricity Expenses | 1,515,066.75 | 54,242.82 |
| Water Expenses | 4,377.00 | 3,604.20 |
| Postage and Deliveries | 4,585.00 | 4,045.00 |
| Telephone Expenses-Landline | 16,847.48 | 15,753.44 |
| Telephone Expenses-Mobile | 26,700.00 | 26,244.00 |
| Internet Expenses | 38,156.25 | 21,375.00 |
| Cable, Satellite, Telegraph and Radio Expenses | 4,430.00 | 4,340.00 |
| Membership Dues and Contribution to Org. | 8,792.00 | 22,509.75 |
| Advertising | 123,074.20 | 165,386.40 |
| Printing and Binding | 5,465.50 | 32,575.00 |
| Rent | 78,000.00 | 78,000.00 |
| Representation Expenses | 82,989.00 | 97,549.30 |
| Transportation and Delivery Expenses | 2,547.58 | 2,878.78 |
| Professional Services | 47,000.00 | 0.00 |
| Legal Services | 7,225.00 | 2,500.00 |
| Auditing Services | 188,942.20 | 0.00 |
| Security Services | 166,000.00 | 144,000.00 |
| Repairs and Maintenance | 224,621.24 | 339,473.64 |
| Donations | 18,500.00 | 16,500.00 |
| Taxes, Duties and Licenses | 250,213.03 | 190,834.36 |
| Insurance Expenses | 7,687.59 | 9,090.52 |
| Bad Debts Expenses | 35,579.07 | 29,117.48 |
| Depreciation Expenses | 1,107,296.96 | 753,950.75 |
| Loss on Sale of Disposed Assets | 0.00 | 145,002.28 |
| Other Maintenance and Operating Expenses | 137,983.75 | 1,181,058.29 |
| *Financial Expenses:* |  |  |
| Interest Expenses | 1,184,883.48 | 1,309,108.93 |
| **TOTAL EXPENSES** | **9,742,865.14** | **8,751,618.89** |
|  |  |  |
| **NET INCOME** | **~~P~~ 3,107,101.86** | **~~P~~ 1,021,555.28** |

*(See accompanying Notes to Financial Statements)*

**BACOLOD WATER DISTRICT**

**Statement of Cash Flows**

**For the Year Ended December 31, 2015**

*(With comparative figures for CY 2014)*

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| **Cash Flows from Operating Activities** |  |  |
| **Cash Inflows:** |  |  |
| Business Income | ~~P~~ 11,882,721.90 | ~~P~~ 9,454,750.30 |
| Other Income | 639,958.05 | 789,966.40 |
| Other Receipts | 777,589.23 | 66,195.24 |
| Total Cash Inflows | 13,300,269.18 | 10,310,911.94 |
| **Cash Outflows:** |  |  |
| Personnel Services | 3,511,244.32 | 3,730,439.55 |
| Maintenance and Other Operating Expenses | 4,277,742.90 | 3,427,017.08 |
| Purchase of Inventories | 177,638.59 | 0.00 |
| Prepayments, Deposits and Deferred Charges | 7,825.05 | 0.00 |
| Payables | 214,504.00 | 0.00 |
| Other Disbursements | 0.00 | 0.00 |
| Total Cash Outflows | 8,188,954.86 | 7,157,456.31 |
| ***Net Cash from Operating Activities*** | ***5,111,314.32*** | ***3,153,455.31*** |
|  |  |  |
| **Cash Flows from Investing Activities** |  |  |
| **Cash Inflows:** |  |  |
| Sale of Property, Plant and Equipment | 0.00 | 5,458.00 |
| Total Cash Inflows | 0.00 | 5,458.00 |
| **Cash Outflows:** |  |  |
| Purchase of Property, Plant and Equipment | 34,425.40 | 0.00 |
| Grant of Loans | 0.00 | 0.00 |
| Total Cash Outflows | 34,425.40 | 0.00 |
| ***Net cash from investing activities*** | ***(34,425.40)*** | ***5,458.00*** |
|  |  |  |
| **Cash Flows from Financing Activities** |  |  |
| **Cash Inflows:** |  |  |
| Acquisition of Loan | 0.00 | 0.00 |
| Total Cash Inflows | 0.00 | 0.00 |
| **Cash Outflows:** |  |  |
| Loan Amortization | 952,892.52 | 1,699,836.00 |
| Financial Expenses | 1,184,883.48 | 0.00 |
| Total Cash Outflows | 2,137,776.00 | 1,699,836.00 |
| ***Net Cash from Financing Activities*** | ***(2,137,776.00)*** | ***(1,699,836.00)*** |
| **Net increase in Cash and Cash Equivalents** | **2,939,112.92** | **1,459,077.31** |
| **Cash and Cash Equivalents at Beg. of Period** | **3,197,567.78** | **1,738,490.47** |
| **Cash and Cash Equivalents at End of Period** | **~~P~~ 6,136,680.70** | **~~P~~ 3,197,567.78** |

**BACOLOD WATER DISTRICT**

**Statement of Changes in Government Equity**

**For the Year Ended December 31, 2015**

*(With comparative figures for CY 2014)*

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | ***2015*** | ***2014*** |
|  |  |  |
| **Government Equity** |  |  |
| Balance at Beginning of Period |  |  |
| Additions (Deductions) |  |  |
| ***Balance at End of Period*** | ***-*** | ***-*** |
|  |  |  |
| **Donated Capital** |  |  |
| Balance at Beginning of Period | ~~P~~ 325,542.96 | ~~P~~ 325,542.96 |
| Additions (Deductions) | 0.00 | 0.00 |
| ***Balance at End of Period*** | ***325,542.96*** | ***325,542.96*** |
|  |  |  |
| **Retained Earnings** |  |  |
| Balance at Beginning of Period | 5,386,382.85 | 4,449,431.41 |
| Changes During the Period | 0.00 | 0.00 |
| Prior Year’s Depreciation | 0.00 | (122,931.24) |
| Reversal of Stale Checks | 1,000.00 | 4,616.40 |
| Disallowance-BOD | 0.00 | 40,000.00 |
| Accountable Forms | 3,250.00 | 0.00 |
| Erroneous Entry | 3,531.70 | (89.00) |
| Office Supplies Inventory | 0.00 | (6,200.00) |
| PPE-Tools | 56,807.26 | 0.00 |
| Net Income/(Loss) | 3,107,101.86 | 1,021,555.28 |
| ***Balance at End of Period*** | ***8,558,073.67*** | ***5,386,382.85*** |
| **TOTAL EQUITY** | **~~P~~ 8,883,616.63** | **~~P~~ 5,711,925.81** |

**NOTES TO FINANCIAL STATEMENTS**

**Brief Historical Background**

The Bacolod Water District (BWD), a government-owned and controlled corporation was created on May 23, 1994 by virtue of Sangguniang Bayan Resolution No. 225. It inherited the water system from the Local Government of Bacolod which was constructed by NAWASA in 1976. On December 6, 1994, the Local Water Utilities Administration (LWUA) issued a Certificate of Conditional Conformance (CCC) No. 543.

All Local Water Districts in the Philippines were declared as Government-Owned and Controlled Corporations (GOCCs) with original charter (PD No. 198), in a case decided by the Supreme Court on September 13, 1991 docketed as GR No. 95237-38 entitled “*Davao City Water District, et al. vs. Civil Service Commission, et al.”*

**Basis of Financial Statement Presentation**

The financial statements have been prepared in accordance with the Generally Accepted State Accounting Principles and Standards, and in compliance with COA Circular Nos. 2003-001 and 2004-002 dated January 17, 2003 and April 29, 2004, respectively, which prescribe the chart of accounts under the New Government Accounting System (NGAS) for government-owned and/or controlled corporations.

**Summary of Significant Accounting Policies:**

* The Bacolod Water District adopted significant accounting policies which are in accordance with the New Government Accounting System (NGAS) issued by the Commission on Audit.
* Revenue and Expense - The accrual method of accounting is adopted for both income and expense.
* Property, Plant and Equipment (PPE)

Property, Plant and Equipment is recorded at acquisition costs less estimated accumulated depreciation. Straight-line method of accounting over the estimated life of the assets is being adopted in the computation of depreciation.

* Liabilities are recognized only when goods are delivered and/or services are rendered or when suppliers’ bills are received.

**NOTE 1. CASH AND CASH EQUIVALENTS**

1. **Cash - Collecting Officer** - represents collections after the cut-off.

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| Cash - Collecting Officer | ~~P~~ 28,620.65 | ~~P~~ 89,450.80 |

1. **Cash in Bank** - consists of the following:

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| General Fund C/A#0322106653 | ~~P~~ 6,697,573.99 | ~~P~~ 1,361,843.63 |
| Reserve Fund S/A#0321116515 | 1,964,740.21 | 1,541,187.01 |
| Time Deposit S/A#0321223303 | 445,745.85 | 205,086.34 |
| Total | ~~P~~ 6,108,060.05  --------------------- | ~~P~~ 3,108,116.98  --------------------- |
| **TOTAL CASH AND CASH EQUIVALENTS** | **~~P~~ 6,136,680.70**  **============** | **~~P~~ 3,197,567.78**  **============** |

**NOTE 2. RECEIVABLES -** This account includes all amounts due on open accounts arising from the services rendered to customers for water sales and incidental services.

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| Accounts Receivable | ~~P~~ 1,146,176.81 | ~~P~~ 853,735.86 |
| Installment Sales Receivable | 219,578.85 | 358,749.25 |
| Other Receivables | 32,171.63 | 32,171.63 |
| Allowance for Bad Debts | (155,214.69) | (123,167.32) |
| **TOTAL RECEIVABLES** | **~~P~~ 1,242,712.60**  **============** | **~~P~~ 1,121,489.42**  **============** |

**NOTE 3. INVENTORIES**

These include the following:

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| Office Supplies Inventory | ~~P~~ 28,716.80 | ~~P~~ 14,650.00 |
| Accountable Forms Inventory | 21,650.00 | 0.00 |
| Other Supplies Inventory | 374,451.59 | 324,348.19 |
| **TOTAL INVENTORIES** | **~~P~~ 424,818.39**  **============** | **~~P~~ 338,998.19**  **============** |

**NOTE 4. PROPERTY, PLANT AND EQUIPMENT**

This account includes the following:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Account*** | ***Cost*** | ***Accumulated Depreciation*** | ***Net***  ***Book Value*** |
| Land and  Land Improvements | ~~P~~ 61,021.00 | ~~P~~ 0.00 | ~~P~~ 61,021.00 |
| Buildings | 10,782,861.04 | 671,506.69 | 10,111,354.35 |
| Office Equipment, Furniture and Fixtures | 370,498.03 | 185,574.08 | 184,923.95 |
| Machineries and Equipment | 19,262,170.93 | 6,308,318.35 | 12,953,852.58 |
| Transportation Equipment | 539,939.34 | 259,879.92 | 280,059.42 |
| **TOTAL** | **~~P~~ 31,016,490.34**  **============** | **~~P~~ 7,425,279.04**  **===========** | **~~P~~ 23,591,211.30**  **============** |

**NOTE 5. CURRENT LIABILITIES**

These consist of the following:

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| Accounts Payable | ~~P~~ 104,570.00 | ~~P~~ 214,504.00 |
| Due to Officers and Employees | 0.00 | 27,416.40 |
| Due to BIR | 24,280.30 | 17,607.50 |
| Due to GSIS | 80,847.42 | 79,994.16 |
| Due to Pag-IBIG | 20,645.27 | 21,180.69 |
| Due to PhilHealth | 4,275.00 | 4,275.00 |
| Due to NGAs (COA) | 145,228.35 | 37,783.15 |
| Other Payables | 11,063.72 | 0.00 |
| Guaranty Deposits Payable | 38,099.00 | 38,099.00 |
| **TOTAL CURRENT LIABILITES** | **~~P~~ 429,009.06**  **============** | **~~P~~ 440,859.90**  **============** |

**NOTE 6. LONG-TERM LIABILITIES**

This consists of Loans Payable to Local Water Utilities Administration (LWUA). The loans were availed by the District to finance its various water system projects.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Loan Type*** | ***Interest Rate*** | ***Amortization*** | ***2015*** | ***2014*** |
| 3-766 | 8.50% | 22,438.00 | ~~P~~ 1,836,404.56 | ~~P~~ 1,935,714.08 |
| 4-2258A | 12.50% | 105,525.00 | 7,295,887.00 | 7,629,234.00 |
| 4-2258B | 12.50% | 16,690.00 | 1,187,659.00 | 1,241,924.00 |
| NLIF |  |  | 12,199,920.74 | 11,263,498.00 |
| **TOTAL** |  |  | **~~P~~ 22,519,871.30**  **============** | **~~P~~ 22,070,370.08**  **===========** |

**NOTE 7. EQUITY**

This account consists of the following:

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| Government Equity | ~~P~~ 0.00 | ~~P~~ 0.00 |
| Donated Capital | 325,542.96 | 325,542.96 |
| Retained Earnings:  Beginning Balance  Prior Year’s Adjustments  Net Income | 5,386,382.95  64,588.96  3,107,101.86 | 4,449,431.41  (84,603.84)  1,021,555.28 |
| **TOTAL EQUITY** | **~~P~~ 8,883,616.63**  **============** | **~~P~~ 5,711,925.81**  **============** |

**NOTE 8. INCOME**

|  |  |  |
| --- | --- | --- |
|  | ***2015*** | ***2014*** |
| Income from Waterworks System | ~~P~~ 11,939,713.90 | ~~P~~ 8,976,246.26 |
| Other Business Income | 196,820.00 | 178,330.00 |
| Fines and Penalties | 431,248.40 | 337,634.60 |
| Interest Income | 9,089.47 | 5,023.22 |
| Miscellaneous Income | 273,095.23 | 275,940.09 |
| **TOTAL INCOME** | **~~P~~ 12,849,967.00**  **=============** | **~~P~~ 9,773,174.17**  **=============** |

**NOTE 9. EXPENSES**

|  |  |  |
| --- | --- | --- |
| ***Personnel Services:*** | ***2015*** | ***2014*** |
| Salaries and Wages - Regular | ~~P~~ 2,305,512.00 | ~~P~~ 2,245,201.00 |
| Other Compensation: |  |  |
| Personnel Economic Relief Allowance | 264,000.00 | 264,000.00 |
| Representation Allowance | 60,000.00 | 60,000.00 |
| Transportation Allowance | 60,000.00 | 60,000.00 |
| Clothing/Uniform Allowance | 55,000.00 | 55,000.00 |
| Honoraria | 164,160.00 | 120,960.00 |
| Overtime and Night Pay | 155,051.16 | 164,937.27 |
| Other Bonuses and Allowance | 55,000.00 | 102,000.00 |
| Cash Gift | 55,000.00 | 55,000.00 |
| Year-End Bonus | 192,126.00 | 192,126.00 |
| Personnel Benefit Contributions: |  |  |
| GSIS Life and Retirement Insurance Contributions | 276,661.44 | 269,424.12 |
| Pag-IBIG Contributions | 13,200.00 | 13,200.00 |
| PhilHEALTH Contributions | 25,650.00 | 25,162.50 |
| ECC Contributions | 12,970.80 | 12,970.80 |
| Other Personnel Benefits | 265,394.72  --------------------- | 90,457.86  --------------------- |
| **Total Personnel Services** | **~~P~~ 3,959,726.12**  **---------------------** | **~~P~~ 3,730,439.55**  **---------------------** |
|  |  |  |
| ***Maintenance and Other Operating Expenses:*** |  |  |
| Travelling Expenses - Local | 150,003.16 | 102,398.00 |
| Training Expenses | 129,800.00 | 65,325.00 |
| Gasoline, Oil and Lubricants | 124,791.83 | 115,580.25 |
| Office Supplies Expense | 66,980.95 | 88,736.15 |
| Accountable Forms Expense | 12,600.00 | 0.00 |
| Other Supplies Expense | 12,000.00 | 0.00 |
| Electricity Expenses | 1,515,066.75 | 54,242.82 |
| Water Expenses | 4,377.00 | 3,604.20 |
| Postage and Deliveries | 4,585.00 | 4,045.00 |
| Telephone Expenses - Landline | 16,847.48 | 15,753.44 |
| Telephone Expenses - Mobile | 26,700.00 | 26,244.00 |
| Internet Expenses | 38,156.25 | 21,375.00 |
| Cable, Satellite, Telegraph and Radio Exp. | 4,430.00 | 4,340.00 |
| Membership Dues and Contribution to Org. | 8,792.00 | 22,509.75 |
| Advertising | 123,074.20 | 165,386.40 |
| Printing and Binding | 5,465.50 | 32,575.00 |
| Rent | 78,000.00 | 78,000.00 |
| Representation Expenses | 82,989.00 | 97,549.30 |
| Transportation and Delivery Expenses | 2,547.58 | 2,878.78 |
| Professional Services | 47,000.00 | 0.00 |
| Legal Services | 7,225.00 | 2,500.00 |
| Auditing Services | 188,942.20 | 0.00 |
| Security Services | 166,000.00 | 144,000.00 |
| Repairs and Maintenance : |  |  |
| Office Equipment | 11,119.40 | 8,855.00 |
| Communication Equipment | 400.00 | 850.00 |
| Other Machineries | 24,335.00 | 22,944.75 |
| Motor Vehicles | 50,224.43 | 79,460.13 |
| Other Property, Plant and Equipment | 138,542.41 | 227,363.76 |
| Donations | 18,500.00 | 16,500.00 |
| Taxes, Duties and Licenses | 250,213.03 | 190,834.36 |
| Insurance Expenses | 7,687.59 | 9,090.52 |
| Bad Debts Expense | 35,579.07 | 29,117.48 |
| Depreciation Expenses: |  |  |
| Office Equipment | 28,638.64 | 25,935.38 |
| Other Structures | 314,927.48 | 59,417.82 |
| Machineries | 138,118.25 | 125,662.88 |
| Communication Equipment | 930.76 | 921.64 |
| Other Machineries and Equipment | 73,728.78 | 69,270.23 |
| Motor Vehicles | 83,031.36 | 55,559.04 |
| Other Property, Plant and Equipment | 467,921.69 | 417,183.76 |
| Loss on Sale of Disposed Assets | 0.00 | 145,002.28 |
| Other Maintenance and Operating Expenses | 137,983.75  --------------------- | 1,181,058.29  --------------------- |
| **Total Maintenance and Operating Expenses** | **~~P~~ 4,598,255.54**  **---------------------** | **~~P~~ 3,712,070.41**  **---------------------** |
|  |  |  |
| ***Financial Expenses:*** |  |  |
| Interest (Loans Interest) | ~~P~~ 1,184,883.48 | ~~P~~ 1,309,108.93 |
|  |  |  |
| **TOTAL EXPENSES** | **~~P~~ 9,742,865.14**  **=============** | **~~P~~ 8,751,618.89**  **=============** |

**PART II – OBSERVATIONS AND RECOMMENDATIONS**

**PART II - OBSERVATIONS AND RECOMMENDATIONS**

1. **FINANCIAL AND COMPLIANCE AUDIT**

**Unreconciled Loans Payable Account Balance**

**1. The accuracy and reliability of the year-end balance of Loans Payable - Domestic cannot be ascertained due to the unreconciled variances aggregating ~~P~~69,833.48 between the balance per books and balance per LWUA schedule of amortization.**

Section 111 of P.D. No. 1445 states that the accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.

The District’s Loans Payable account consists of loans availed from Local Water Utilities Administration (LWUA) to finance various projects of the district. Under the loan agreement, the district binds itself to pay the LWUA the monthly loan amortizations within a specified period until the obligation is fully paid.

Per LWUA Memorandum Circular No. 003-15 dated March 18, 2015, the interest rate of all Water District loans shall be re-priced to a maximum of 8.2% per annum, effective January 1, 2015. As a result of the decrease in the interest rate, the monthly amortization of the District has also been decreased.

Review of the District’s loan records with LWUA disclosed that as of December 31, 2015, the outstanding balance was recorded in the books at ~~P~~22,519,871.30. However, verification of the LWUA Schedule of Amortization (as re-priced) showed a balance of ~~P~~22,450,037.82 or a difference of ~~P~~69,833.48, as shown below:

|  |  |  |  |
| --- | --- | --- | --- |
| *Particulars* | *Balance per GL* | *Balance per LWUA*  *(Schedule of Amort.)* | *Difference* |
| LA #9-0488 NL | ~~P~~ 12,199,920.74 | ~~P~~ 12,199,920.74 | ~~P~~ 0.00 |
| LA #3-766 RL | 1,836,404.56 | 1,832,338.08 | 4,066.48 |
| LA #4-2258A RL | 7,295,887.00 | 7,239,327.00 | 56,560.00 |
| LA #4-2258B RL | 1,187,659.00  ---------------------- | 1,178,452.00  ------------------------- | 9,207.00  ------------------- |
| **TOTAL** | **~~P~~ 22,519,871.30**  **=============** | **~~P~~ 22,450,037.82**  **===============** | **~~P~~ 69,833.48**  **===========** |

Per information from the Corporate Accounts Analyst, the discrepancy occurred because of the revised amortization schedule provided by LWUA as a result of its repriced interest rate, which was received by the District only on April 2015.

The above discrepancy casts doubt on the accuracy of recorded Loans Payable-Domestic account balance as at year-end**.**

**We recommended that Management require the Accounting Unit to reconcile the noted variances between the recorded balances of Loans Payable-Domestic against the amount per LWUA in its schedule of amortization, and to effect the necessary adjusting entries, if any, to reflect the correct balances of the account.**

*Management Comment:*

The Management concurs with the audit team’s observation and committed to make the necessary adjustments.

**Purchase of Office Supplies Directly Recorded as Expense**

**2. Purchases of office supplies amounting to ~~P~~18,628.74 were improperly recorded as outright expense instead of inventory upon delivery, contrary to Section 43, Volume 1 of the New Government Accounting Systems Manual, thus, affecting the accuracy of the balances of Inventory accounts.**

Section 43, Volume I of the NGAS Manual provides that purchase of supplies and materials for stock, regardless of whether or not they are consumed within the accounting period, shall be recorded as inventory account, and issuance thereof shall be based on the Report of Supplies and Materials Issued.

Review of transactions disclosed that purchases of office supplies and computer ink totaling ~~P~~18,628.74 were recorded as outright expense instead of inventory upon delivery.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *DV No.* | *Check No.* | *Payee* | *Particulars* | *Amount* |
| 2015-02-101 | 1117677 | Crown Paper & Stationer | Office Supplies and RISO | ~~P~~ 8,988.23 |
| 2015-04-223 | 1175701 | Crown Paper & Stationer | Office Supplies | 4,201.20 |
| 2015-06-309 | 1175788 | Iligan Data Vision Sales Center | Computer Ink | 2,702.05 |
| 2015-06-310 | 1175789 | Kim Guan | Office Supplies | 2,737.26  ----------------- |
| **TOTAL** | | | | **~~P~~ 18,628.74**  **==========** |

It was also learned that purchases of Accountable Forms (Official Receipts) were recorded as Office Supplies Inventory (Account Code 155) instead of Accountable Forms Inventory (Account Code 156).

The improper recording of these purchases is contrary to Section 43, Volume I of the NGAS, thus affecting the accuracy of the balances of Inventory accounts at year-end.

**We recommended and Management agreed to record purchases of office supplies as inventory upon delivery and only those that are actually utilized should be taken up as expense based on the Monthly Report of Supplies and Materials Issued (MRSMI) duly supported with the RIS.**

**We also recommended to stop recording purchases of accountable forms as Office Supplies Inventory (Account Code 155) and instead record it as Accountable Forms Inventory (Account Code 156).**

**Improper Recording of Chemical Water Analysis**

**3. Annual Physical and Chemical Water Quality Analysis of Pumping Stations I & II and monthly water analysis were recorded as Other Supplies Expense contrary to COA Circular No. 2004-008 dated September 20, 2004, which resulted to overstatement of the said account.**

COA Circular 2004-008 dated September 20, 2014 provides the Updated description of the New Government Accounting System, provides that:

|  |  |
| --- | --- |
| *Account Title*  *Account Number Normal Balance*  *Description* | Other Supplies Expenses  765  Debit  Cost of other supplies and material not classified under the specific supplies expense accounts used in government operations |

The Annual Physical and Chemical Water Quality Analysis and other water tests is a process to test the water source of the district which is done in laboratories and should not be considered as supplies or materials used in the district’s operation.

The following payments were recorded as Other Supplies Expense was contrary to the above-mentioned circular, thus resulted to the overstatement of the said account:

| *Date* | *DV No.* | *Check No.* | *Payee* | *Particulars* | *Amount* |
| --- | --- | --- | --- | --- | --- |
| 1/5/2015 | 2015-01-005 | 1117579 | CTO – Iligan City | Water Analysis | 2,000.00 |
| 1/6/2015 | 2015-01-006 | 1117580 | CTO – Iligan City | Physical & Chemical Analysis | 2,000.00 |
| 2/3/2015 | 2015-02-067 | 1117643 | CTO – Iligan City | Water analysis | 2,000.00 |
| 3/3/2015 | 2015-03-125 | 1117701 | CTO – Iligan City | Water analysis | 2,000.00 |
| 4/14/2015 | 2015-04-204 | 1117781 | CTO – Iligan City | Bacteriological Test | 2,000.00 |
| 5/26/2015 | 2015-05-270 | 1175749 | CTO – Iligan City | Water analysis | 2,000.00 |
| 6/23/2015 | 2015-06-321 | 1175800 | CTO – Iligan City | Water analysis | 2,000.00 |
| 7/21/15 | 2015-07-367 | 1175846 | CTO – Iligan City | Water Analysis | 2,000.00 |
| 7/22/15 | 2015-07-370 | 1175849 | Cebu Agua Lab., Inc. | Annual Physical & Chemical Water Quality Analysis | 16,620.00 |
|  |  |  |  | **TOTAL** | **~~P~~ 32,620.00** |

The circular further provides that the account Other Maintenance and Operating Expenses (Account Code 969) is used to record expenses not otherwise classified under the specific maintenance and other operating expense accounts, which is appropriate to use in cases like expenses incurred in water analysis/tests.

**We recommended and Management agreed to use the account Other Maintenance and Operating Expenses (Account Code 969) to record payments of water analysis.**

**Excess Amount of Registration Fees for Seminars and Conventions**

**4. The District** **paid an excess amount of ~~P~~33,000.00 in registration fees for conventions conducted by PAWD and for seminars conducted by MAWD, contrary to National Budget Circular (NBC) No. 486 dated March 26, 2003.**

NBC No. 486 dated March 26, 2003 is issued to amend NBC No. 442 on the cost of participation of government officials and employees in conventions, seminars, conferences, symposia and similar non-training gatherings sponsored by non-government and private organizations and adjusting the rates to cover the increasing expenses for the activity.

Paragraph 2.0 thereof provides that Paragraph 3.2 of NBC No. 442 is hereby amended to read as follows:

*“3.2 The registration fee or charge for participation in said convention, seminar, etc. shall not exceed* ***~~P~~1,200.00 per day*** *per participant. Any amount in excess of the prescribed rate shall be at the expense of the participant.”*

Review of the transactions for the period January to July 2015 disclosed payment of registration fees paid to Philippine Association of Water Districts (PAWD) for the 36th Annual National Convention at Cebu City on February 3-5, 2015. Also paid were registration fees for Seminars on Gender Sensitivity Training for Local Water Districts conducted by Mindanao Association of Water Districts (MAWD) at Davao City on July 28-28, 2015 and July 30-31, 2015.

Of the total amount paid, ~~P~~33,000.00 was determined to be excessive, it being more than what is allowed by NBC No. 486 at ~~P~~1,200.00/day ***(See Annex A),*** hence, disallowable in audit.

Excessive payment of registration fees resulted to overstatement of expenses and understatement of income during the period.

**We recommended that Management discontinue payment of registration fees to seminars, conventions and conferences in excess of ~~P~~1,200.00 per day per participant in compliance with NBC No. 486.**

*Management Comment:*

The Management commented that they paid the registration fees for conventions conducted by PAWD and various seminars conducted by other Water Districts based on the fees required per invitation letter sent to them. But nevertheless, they committed to follow the recommendations of the COA. They further commented that they have not attended the recently concluded 2016 annual national convention of PAWD conducted in Clark, Pampanga because of the issuance of the AOM by the COA audit team.

**Unnecessary Membership Fees to Various Associations of WDs**

**5. District funds totaling ~~P~~7,892.00 were used to pay for membership fees and annual dues to Philippine Association of Water Districts (PAWD) and Northern Mindanao-Natural Resources Management Council (NORMIN-NRMC) which were considered to be irregular and unnecessary expenditures contrary to P.D. No. 1445 and COA Circular No. 2012-003 dated October 29, 2012.**

Section 4 (2) of Presidential Decree No. 1445 or the Government Auditing Code of the Philippines states that government funds or property shall be spent or used solely for public purpose.

COA Circular No. 2012-003 dated October 29, 2012 defines irregular expenditure as an expenditure incurred without adhering to established rules regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is likewise, irregular.

Whereas, unnecessary expenditure as also defined in the above COA Circular pertains to expenditures which could not pass the test of prudence or the diligence of a good father of a family, thereby denoting non-responsiveness to the exigencies of the service. It also pertains to expenditures that are not essential or that which can be dispensed with without loss or damage to property.

Records showed that for the Calendar Year 2015, the District used government funds totaling ~~P~~7,892.00 to pay for the membership fees and annual dues to various associations of water districts ***(See Annex B)***. Verification and review of the documents pertaining thereto disclosed that payments were based on the District’s active number of service connections.

The above payments were considered to be irregular and unnecessary as the payments were made without valid legal basis, hence, is disallowable in audit. The said membership fees and annual dues were paid to institutions/associations/organizations which are non-government. Moreover, the said organizations serve similar functions, hence, a duplication of functions.

Had the District observed prudence in the payments of dues to said organizations, savings could have been generated for more productive projects, so ultimate government spending would be maximized.

**We recommended and Management agreed to exercise prudence and to strictly adhere to the provisions of the P.D. No. 1445 and COA Circular No. 2012-003 in the payment of membership fees and annual dues.**

**Donations and Financial Assistance**

**6. District funds totaling ~~P~~18,000.00 were used to pay for donations and financial assistance to various beneficiaries contrary to COA Circular No. 2012-003 dated October 29, 2012 and Administrative Order No. 103 dated August 31, 2004.**

Annex A of COA Circular No. 2012-003 dated October 29, 2012 enumerates the expenditures that are considered irregular. Item No. 11 thereof includes “*donations, contributions, grants and gifts, except if said activities are undertaken pursuant to the mandate of the donor-agency”.*

Section 3 of the above COA Circular defines irregular expenditure as an expenditure incurred without adhering to established rules regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is likewise, irregular.

Section 1 of Administrative Order No. 103 dated August 31, 2004, directing the continued adoption of austerity measures in the government, provides that all national government agencies, including state colleges and universities (SUCs), government owned-and controlled corporations (GOCCs), government financial institutions (GFIs), and other government corporate entities (OGCEs) are hereby ordered to adopt the following austerity measures:

1. Suspension of the following:
2. Xx;
3. Xx;
4. Xx;

(8) ***Donations, contributions, grants and gifts, except if said activities are undertaken pursuant to the mandate of the donor-agency.***

Records disclosed that for the CY 2015, the District used government funds totaling ~~P~~18,000.00 to pay for the donations and financial assistance to various beneficiaries. ***(See Annex C)***. Verification and review of the documents pertaining thereto revealed that the purposes of these donations were not in line with the mandate of the local water districts which are defined under Section 5 of P.D. No. 198, viz:

1. Acquiring, installing, improving, maintaining and operating water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of such districts;
2. Providing, maintaining and operating waste water collection, treatment and disposal facilities; and
3. Conducting such other functions and operations incidental to water resource development, utilization and disposal within such districts, as are necessary or incidental to said purpose.

Hence, is disallowable in audit.

**We recommended and Management agreed to exercise prudence and to strictly adhere to the provisions of the COA Circular No. 2012-003 and A.O. No. 103 in the grant of donations and financial assistance.**

**Request for Quotations and Notice of Awards not Posted in PhilGEPs Website**

**7. Request For Price Quotations and the Notice of Award for various procurement of supplies and materials under alternative methods were not posted in the PhilGEPs website and in any conspicuous place at the premises of the District contrary to Section 54.2 and 54.3 of the Revised IRR of R.A. 9184 and Section 3 (d) and (i) of GPPB Resolution No. 09-2009.**

Section 54.2 of the Revised IRR of R.A. 9184 states that for alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of this IRR may be dispensed with: Provided, however, That the BAC, through its Secretariat, shall post the invitation or request for submission of price quotations for **Shopping under Sections 52.1 (b)** and Negotiated Procurement under Sections 53.1 (two-failed biddings) **and 53.9 (small value procurement)** of this IRR in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity for a period of seven (7) calendar days.

Section 54.3 of the same IRR further states that in all instances of alternative methods of procurement, the BAC, through the Secretariat, shall post, for information purposes, the notice of award in the PhilGEPs website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity.

Section 3 (d) of GPPB Resolution No. 09-2009 provides that RFQs shall also be posted for a period of seven (7) calendar days in the Philippine Government Electronic Procurement System (PhilG-EPS) website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity. However, in the following instances, this posting requirement shall not be applicable:

* When there is an unforeseen contingency requiring immediate purchase under Section 52.1(a) of the IRR; or
* RFQs with ABCs equal to Fifty Thousand Pesos ***(Php 50,000.00) and below***

Section 3 (i) of the same Resolution further provides that for information purposes, all awards shall be posted in the PhilGEPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity ***except for those with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below***.

Records disclosed that for the Calendar Year 2015, the District procured various service connection materials under alternative mode of procurements. The awards of contracts were made to the lowest quotation which complies with the specifications and other terms and conditions stated in the Request for Quotations (RFQ).

However, review and evaluation of the procurements undertaken revealed that the Requests for Quotations (RFQs) and the Notice of Awards of various contracts for those with ABCs of more than ~~P~~50,000.00 ***(See Annex D)*** were not posted in the PhilGEPS website, and at any conspicuous place reserved for this purpose in the premises of the District.

Hence, the above-cited provisions of the procurement law were not observed.

**We recommended that Management strictly comply with Section 54.2 and 54.3 of the Revised IRR of R.A. No. 9184 and Section 3 (d) and (i) of GPPB Resolution No. 09-2009 on the posting of the request for submission of Price Quotations and the Notice of Award in the PhilGEPs for procurement with ABCs of over ~~P~~50,000.00.**

*Management Comment:*

The Management commented that they abide and comply with the requirements of posting of Requests for Quotations including the subsequent Notice of Awards for procurement with ABCs of more than ~~P~~50,000.00 as recommended.

**Procurements with Reference to Brand Names**

**8. The District’s procurements of various goods were made with reference to brand names contrary to Section 18 of the Revised IRR of R.A. 9184.**

Section 18 of the Revised Implementing Rules and Regulations (IRR) of R.A. 9184 provides that specifications for the procurement of goods shall be based on relevant characteristics and/or performance requirements. **Reference to brand names shall not be allowed**.

Review of disbursements for the period January to July 2015 disclosed that the District purchased various equipment, supplies and materials. Related documents such as Purchase Request, Request for Quotation, Abstract of Quotation, and other documents relative to the above procurements revealed that the District referred to brand names which are specifically prohibited by the law. ***(See Annex E)***.

Further, the Purchase Order (PO) did not indicate the delivery term, thus, liquidated damages could not be computed in case of late delivery.

**We recommended and Management agreed to strictly comply with Section 18 of the Revised IRR of R.A. 9184 that specification for the procurement of goods shall be based on relevant characteristics and/or performance requirements and that reference to brand names shall not be allowed.**

**Design and Development of Official Website by Private Entity**

**9. The District entered into contract with a private entity for the design and development of its official website including web hosting contrary to Administrative Order No. 39 dated July 12, 2013 and DOST-ICTO Memorandum Circular No. 2015-001 dated April 27, 2015.**

Administrative Order (A.O.) No. 39 dated July 12, 2013 mandates all NGAs, GFIs, GOCCs, and inter-agency collaborations, programs and projects to completely migrate their websites to the Government Web Hosting Service (GWHS) of the Department of Science and Technology – Information and Communications Technology Office (DOST-ICT Office). It further provides that all covered government agencies **must refrain from entering into any new web hosting contracts upon effectivity of the A.O**.

DOST-Information and Communications Technology Office (DOST-ICTO) Memorandum Circular No. 2015-001 dated April 27, 2015 provides for the rules and regulations on migrating to the webhosting service of GWHS. It states that government agencies shall ensure compliance with A.O. No. 39 and that complete migration shall be accomplished within one (1) year from the effectivity of the AO. Upon effectivity of the AO, agencies with existing contracts with web hosting service providers shall not renew their contracts and are required to notify the ICT Office about their circumstances. They must also refrain from entering into any new web hosting contracts.

All websites hosted by the GWHS will be hosted under the domain name of **gov.ph** and its various subdomains and subdirectories as may be defined by existing Memorandum Circulars and future issuances.

The establishment and maintenance of an official website is required under Section 91 of the General Appropriations Act of CY2014 which states that to enhance transparency and enforce accountability, all agencies of the government, including Constitutional Offices enjoying fiscal autonomy, SUCs, GOCCs and LGUs **shall maintain an official website** where its transparency seal shall be posted and which shall contain the required information:

1. The agency’s mandates and functions, names of its officials with their position and designation, and contact information;
2. Physical accountability reports, as required under NBC Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, respectively, financial accountability reports, as required under COA and DBM J.C. No. 2013-1 dated March 15, 2013, and such guidelines as may be issued by the DBM;
3. Approved budgets and corresponding targets immediately upon approval of this Act;
4. Major programs and projects categorized in accordance with the five key results areas under E.O. No. 43, s. 2011;
5. The program/project beneficiaries as identified in the applicable special provision;
6. The status of implementation of said program/projects and project evaluation and/or assessment reports; and
7. The annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.

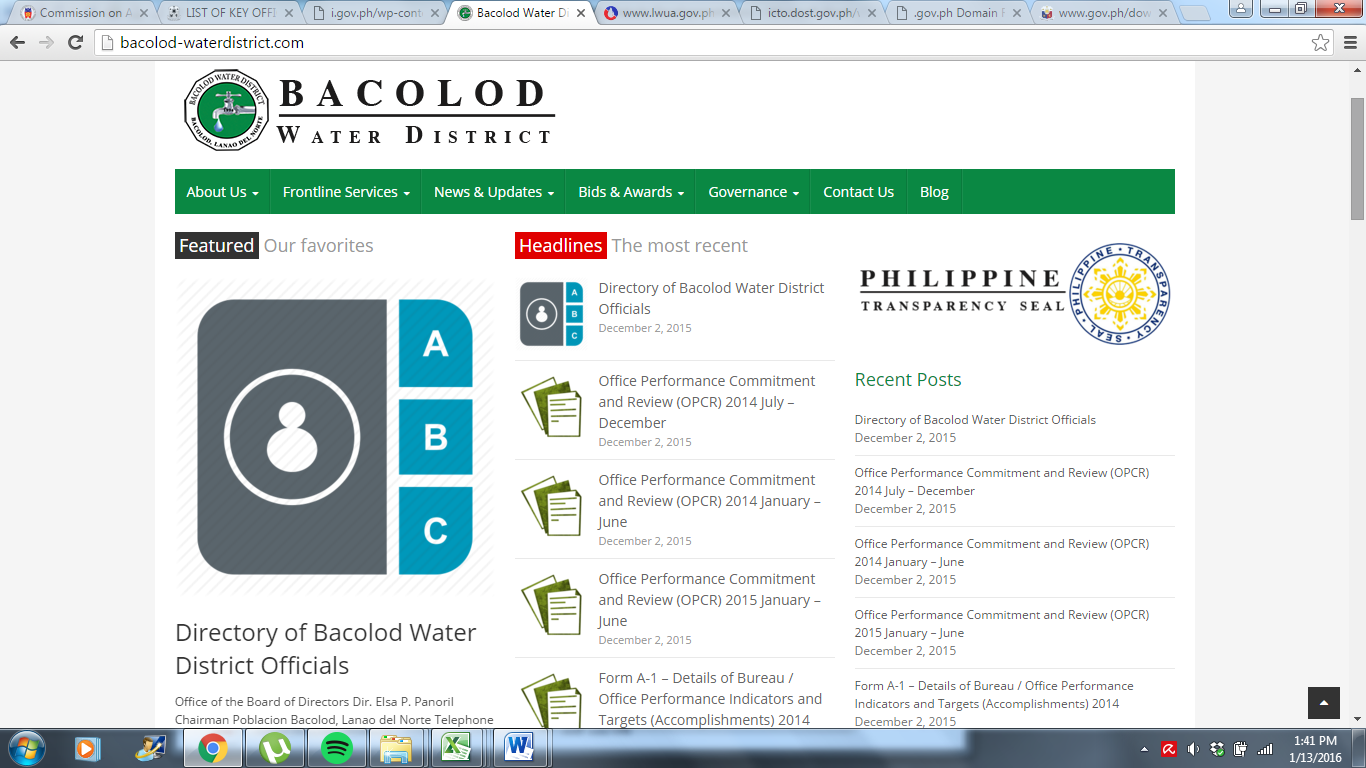
Records disclosed that the District, notwithstanding the effectivity of the issued AO, entered into a one (1) year contract with Nathaniel Internet Café and Web Services with office address at Kauswagan, Lanao del Norte on September 21, 2015 for the design and development of its official website in the amount of ~~P~~15,000.00. The developer as stipulated in the contract will provide the following services to the District:

* Installation and upgrade of web server and CMS website platform;
* Edit and upload images for website content compatibility;
* Manage website content updates; and
* Manage domain services

The developer was paid on October 20, 2015 under DV No. 2015-10-530 with Check No. 1176007 dated October 20, 2015 amounting to ~~P~~14,062.50, net of tax.

The contract was authorized thru BOD Resolution No.016, series of 2015.

As a result of the agreement with a private entity and non-compliance with the AO, the official website of the District was not hosted under the domain name of **gov.ph**. Its official website as appearing in the web and as described below is **bacolod-waterdistrict.com.**



Further, the development of ICT infrastructure under Chapter 5, Accelerating Infrastructure Development, of the Philippine Development Plan (PDP) 2011-2016 to support e-government systems that will allow more effective exchange and processing of data across national government agencies may not be pursued and the capability of the government to deliver services electronically directly to citizens may not be enhanced.

Furthermore, the government thru the ICT Office may not be able to betterly assist the District from any intrusion, defacement, authorized access or any other form of illegal access to District’s website.

**We recommended that Management completely migrate their website to the GWHS. The existing contract with Nathaniel Internet Café and Web Services for web hosting service should not be renewed and that Management coordinate with the ICT Office, in compliance with Section 7.2 of M.C. No. 2015-001 dated April 27, 2015 of issued by DOST-ICT Office.**

*Management Comment:*

The Management concurs with the audit team’s observations and will completely migrate to the GWHS as soon as the contract with the private web developer expires.

**Allowances and Benefits Granted the Board of Directors**

For the Calendar Year 2015, the District has not paid any allowances and benefits to the members of the Board of Directors.

**Payment of CY 2015 PBB**

For the Calendar Year 2015, the District has not paid the CY 2015 Performance-Based Bonus (PBB) to its officers and employees.

**Remittance of GSIS, Pag-ibig and Philhealth Premiums**

Our review and post-audit of the disbursement vouchers and payrolls for the Calendar Year 2015 disclosed that the District has complied with the existing rules and regulations on the deductions and remittance of compulsory contributions to the GSIS, HDMF and PHILHEALTH.

**Compliance with Tax Laws, Rules and Regulations including Remittances to BIR**

Our verification of the disbursement vouchers and payrolls disclosed that the District has complied with the existing tax laws, rules, and regulations by withholding taxes on salaries of officers and employees and on goods delivered and services rendered by various entities. The corresponding taxes withheld were regularly remitted to the Bureau of Internal Revenue (BIR).

**Compliance with R.A. No. 7277 or the Magna Carta for Disabled Persons and R.A. No. 9994 or the Expanded Senior Citizens Act of 2010**

For the Calendar Year 2015, the District has not formulated plans, programs and projects intended to address the concerns of persons with disabilities. However, the grant of a minimum of five percent discount relative to the monthly utilization of water has been provided by Management as privilege to senior citizens, in compliance with Section 4 of R.A. No. 9994.

1. **STATUS OF SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of December 31, 2015, based on the Statement of Suspensions, Disallowances and Charges issued to the District after the effectivity of COA Circular No. 2009-006 dated September 15, 2009, prescribing the Rules and Regulations on Settlement of Accounts (RRSA), there was no balance of suspensions, disallowances and charges. There were no issuances of Notice of Suspensions, Disallowances and Charges for CY 2015. The disallowance issued in CY 2014 has already been settled on the same year.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| *Particulars* | *Balance, 12/31/2014* | *CY 2015 Issuances* | *Settlement* | *Balance, 12/31/2015* |
| Suspensions | 0.00 | 0.00 | 0.00 | 0.00 |
| Disallowances | 0.00 | 0.00 | 0.00 | 0.00 |
| Charges | 0.00 | 0.00 | 0.00 | 0.00 |

**PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR’S AUDIT RECOMMENDATIONS**

**PART III – STATUS OF IMPLEMENTATION OF PRIOR YEAR’S AUDIT RECOMMENDATIONS**

We made a follow-up on the action taken by the District to implement the recommendations of CY 2014 AAR and noted the following:

|  |  |
| --- | --- |
| ***Status of Implementation*** | ***No. of Recommendations*** |
| Fully Implemented | 5 |
| Partially Implemented | 2 |
| On-going | 0 |
| Not Implemented | 1 |

| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| --- | --- | --- | --- | --- |
| **CY 2014 AAR**   1. **Cash advances granted to the Disbursing Officer (DO) for the salaries and wages of officers and employees and other personnel benefits were not classified as “Payroll Fund” contrary to COA Accounting Circular No. 2006-001 dated November 9, 2006, thereby affecting the proper presentation of the accounts in the financial statements.**   We recommended and Management agreed to direct the Accounting Division to strictly adhere with the provisions of COA Accounting Circular No. 2006-001; record all cash advances related to salaries, wages and other personnel benefits as *“Payroll Fund”,* and use the appropriate report in the liquidation of the cash advance using the Cash Disbursements Report. For the travel and other special time-bounded advances, use the account *“Advances to Officers and Employees”* and in liquidating, use the Liquidation Report. | 2014 AAR |  | **Fully Implemented** | Cash Advances were already recorded using the appropriate accounts. |
| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| 1. **Fines and penalties for the CY 2014 totaling ~~P~~337,634.60 were directly recognized as income contrary to Section 112 of P.D. No. 1445, Section 19 of the NGAS Manual Volume I, and Paragraph 21 of Philippine Public Sector Accounting Standards (PPSAS) No. 9, thereby overstating the income account.**   We recommended and Management agreed to stop the practice of directly recognizing fines and penalties as income; and to require the Corporate Accounts Analyst to make adjustments on the income account in the financial statements. | 2014 AAR |  | **Fully Implemented** | Only accounts pertaining to water bills were recognized as Accounts Receivable. Fines and Penalties were recognized as income upon collection. |
| 1. **The District did not observe the prescribed New Government Accounting System (NGAS) forms for Disbursement Voucher (DV) and Budget Utilization Request (BUR) pursuant to COA Circular No. 2006-004 dated January 31, 2006, thus, accountability for expenditures is not properly established.**   We recommended and Management agreed to:   * Strictly adhere to the provisions of COA Circular No. 2006-004 to use the correct DV and BUR Forms; | 2014 AAR |  | **Fully Implemented** | Prescribed NGAS DV and BUR forms were already used by the District. |
| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| * Ensure that Box A of the DV is signed by the Head, Accounting Unit/ Authorized Representative being the accountable officer who has the function of certifying the completeness of supporting documents; and * Require the designated Budget Officer to prepare BUR for every transaction duly certified by the requesting officer on the necessity and legality of charges to appropriations under his/her supervision (Box A) and certification by the Head of the Budget Unit or its equivalent on the availability of appropriation/allotment and funds obligated for the purpose (Box B). |  |  |  |  |
| 1. **The District did not appropriate funds for the Disaster Risk Reduction and Management (DRRM) System, contrary to the Philippine Disaster Risk Reduction and Management Act of 2010 and Section 38 of the General Provisions of the General Appropriations Act of FY 2014, thus, disaster prevention, mitigation and preparedness were not properly addressed.**   We recommended that the Management appropriate funds relative to DRRM and strictly adhere to the provisions for the implementation of relevant activities for knowledge building, awareness raising and disaster preparedness. | 2014 AAR | The Manage-ment only incorporated the amounts for DRRM in its CY 2016 COB. | **Not**  **Implemented** | For CY 2014 and 2015, no funds were appropriated for DRRM. Only in CY 2016 that amounts for DRRM were incorporated in the COB. |
| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| 1. **Properties of the District were not insured against any insurable risk with the GSIS contrary to Section 5 of RA 656, as amended, thus, it cannot be indemnified in case of loss of property due to fire, storm and other calamities.**   We recommended and Management agreed to insure its properties with GSIS and to provide appropriate amount in its Corporate Operating Budget (COB) for the purpose. | 2014 AAR | The Management has already informed the GSIS of their intention to insure their properties. | **Partially**  **Implemented** | The subject properties were already inspected by GSIS and the Management is still awaiting the assessment of the properties from GSIS. |
| 1. **The Corporate Operating Budget (COB) of the District for CY 2014 was not submitted for review and evaluation to the Department of Budget and Management (DBM) contrary to DBM Corporate Budget Circular No. 20 dated April 27, 2005 and DBM Corporate Budget Memorandum No. 34 dated December 28, 2012, thus, compliance to the Philippine Development Plan for FYs 2011-2016 is not assured.**   We recommended and Management agreed to submit their annual COB to the DBM. | 2014 AAR |  | **Fully**  **Implemented** | The COB for CY 2014 and CY 2015 were already submitted to the DBM Central Office and no reply was received by the District since. |
| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| 1. **The District was not able to submit its Annual GAD Plan and Budget (GPB) and Accomplishment Reports for CY 2014 to the government agencies concerned contrary to PCW-NEDA-DBM Joint Circular No. 2012-01, and Section 33 of the General Provisions of FY 2014 GAA. Moreover, the required 5% of the total agency budget which shall correspond to the activities supporting GAD plans, programs and activities was not fully appropriated.**   We recommended and Management agreed to:   * Strictly adhere to the provisions of Section 33 of FY 2014 GAA and PCW-NEDA-DBM Joint Circular No. 2012-01; * Instruct the GAD Focal Person, who serves as the technical working group, to provide directions and to coordinate the programs/projects/and activities on gender and development; * Institute the monitoring processes, particularly in the formulation, assessment and updating the annual agency plan on the continuing basis so that GAD consciousness shall serve as foundation of its commitment to the program; and | 2014 AAR |  | **Partially**  **Implemented** | The required 5% of the District’s COB was not fully provided for GAD. But, the Management has submitted their GPBs and ARs to PCW thru LWUA in compliance with PCW M.C. No. 2015-03 dated May 19, 2015. |
| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| * Prepare the GPB and GAD Accomplishment Report and submit to the PCW for evaluation and review and for endorsement to the DBM, copy furnished the Auditor within the reglementary period for audit purposes. |  |  |  |  |
| 1. **The District has not adequately implemented control measures to reduce the Non-Revenue Water (NRW) computed at 84,796** **cubic meters costing ~~P~~150,314.07 for the CY 2014, which is equivalent to 16.00% (average) of the total water production of 529,958 cubic meters.**   We recommended that the Management:   * Ensure that the problem on unaccounted water be properly addressed to prevent further revenue losses in its operations; * Install adequate and proper safeguard and protection measures in the use of water and its facilities. Immediately attend to leakages and defective water meters; and * Periodically conduct performance audit of water meters being used by customers to ensure its accuracy. | 2014 AAR |  | **Fully**  **Implemented** | The Management has addressed revenue losses (NRW) by installing safeguards and protection measures in the use of water and thru manual inspection of leakages and defective water meters. As a result, the NRW has further reduced to 11.22% as of December 31, 2015. |
| ***OBSERVATIONS AND  RECOMMENDATIONS*** | ***REF*** | ***MANAGEMENT ACTION*** | ***STATUS OF IMPLEMENTATION (Full, Partial, Ongoing, Non-implementation)*** | ***RESULTS OF AUDITOR’S VALIDATION*** |
| **CY2013 AAR**   * + 1. **The district’s Other Receivable account from Ms. Betty Bago, former employee totaling ~~P~~32,171.63 as at year end, remained uncollected since CY 2000, thus, depriving the district of the beneficial use of such fund.**   We have recommended that the management closely monitor the receivable and intensify its collection by sending a demand letter anew. | 2013 AAR | The District had already sent a demand letter to Ms. Bago, and according to the District, she cannot pay her obligation because she is allegedly finan-cially incapaci-tated. | PARTIALLY IMPLEMENTED | Per verification, a demand letter has already been sent to Ms. Bago, but as of audit date, the amount remains uncollected. |

**PART IV – ANNEXES**

**ANNEXES**

|  |  |  |
| --- | --- | --- |
| *Annex* |  | *Title* |
| A | - | Summary of Payments of Registration Fees for Seminars and Conventions for the Calendar Year 2015 |
| B | - | Summary of Payments of Annual Dues and Membership Fees to Associations of Water Districts for the Calendar Year 2015 |
| C | - | Summary of Payments of Donations and Financial Assistance for the Calendar Year 2015 |
| D | - | Summary of Procurements with RFQs and Notice of Awards not Posted in PhilGEPS for the Calendar Year 2015 |
| E | - | Summary of Procurements with Reference to Brand Names for the Calendar Year 2015 |

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|  |  |  |  |  |  |  |  |  | **Annex A** |
|  |  |  |  |  |  |  | **Finding No. 4, AAR Page 20** | | |
| **BACOLOD WATER DISTRICT** | | | |  |  |  |  |  |  |
| **Bacolod, Lanao del Norte** | | |  |  |  |  |  |  |  |
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| **Summary of Registration Fee for Conventions and Seminars Attended** | | | | | | | | |  |
| **For CY 2015** | | | | | | | | |  |
|  |  |  |  |  |  |  |  |  |  |
| ***Check No.*** | ***Date*** | ***D.V. No.*** | ***Date*** | ***Payee*** | ***Particulars*** | ***Amount Paid*** | ***Should be (P1,200.00 per person per day) per NBC No. 486*** | ***Excess*** | ***Remarks*** |
| 1117617 | 1/22/2015 | 15-01-041 | 1/22/2015 | PAWD, Inc. | Payment of Registration Fee for 36th Annual National Convention of PAWD at Cebu City on February 3-5, 2015 at P7,000.00 each of the following:  **1. Engr. Noel L. Resabal – General Manager 2. Dir. Elsa P. Panoril – BOD 3. Dir. Lerma C. Daraman – BOD 4. Dir. Godilla V. Lao – BOD 5. Dir. Leah A. Marcera – BOD 6. Dir. Alejandro Q. Visitacion – BOD 7. Ms. Genalin A. Amantiad – Cashier B/BOD Recorder with PAWD O.R. No. 240397 dated 2/4/15** | 49,000.00 | 25,200.00 | 23,800.00 | Live-out |
| 1175855 | 7/24/2015 | 15-07-376 | 7/24/2015 | Engr. Noel L. Resabal | C.A. for Payment of Registration Fee for GENDER SENSITIVITY TRAINING FOR LWDs at Davao City on July 28-29, 2015 conducted by MAWD at P7,000.00 each of the following:  **1. Engr. Noel L. Resabal – General Manager** | 7,000.00 | 2,400.00 | 4,600.00 | Live-in |
| 1175862 | 7/28/2015 | 15-07-383 | 7/28/2015 | Genalin A. Amantiad | C.A. for Payment of Registration Fee for GENDER SENSITIVITY TRAINING FOR LWDs at Davao City on July 30-31, 2015 conducted by MAWD at P7,000.00 each of the following:  **1. Ms. Genalin A. Amantiad – Cashier** | 7,000.00 | 2,400.00 | 4,600.00 | Live-in |
|  |  |  |  |  | **TOTAL** | **63,000.00** | **30,000.00** | **33,000.00** | **-** |
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|  | **REMY U. PAHUYO** | | | |  |  |  |  |  |
|  | State Auditor II | | | |  |  |  |  |  |
|  | OIC-Audit Team Leader | | | |  |  |  |  |  |

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|  |  |  |  |  |  |  | **Annex B** |
|  |  |  |  |  | **Finding No. 5, AAR Page 22** | | |
| **BACOLOD WATER DISTRICT** | | | |  |  |  |  |
| **Bacolod, Lanao del Norte** | | |  |  |  |  |  |
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| **Summary of Payments of Annual Dues/Membership Fees to Associations** | | | | | | | |
| **For CY 2015** | | | | | | | |
|  |  |  |  |  |  |  |  |
| ***Check No.*** | ***Date*** | ***D.V. No.*** | ***Date*** | ***Payee/Supplier*** | ***Particulars*** | ***Amount*** | ***Remarks*** |
| 1175822 | 7/6/2015 | 15-07-343 | 7/6/2015 | PAWD, Inc. | Annual Dues for CY 2015 (for connections as of December 31, 2014) and Aquarius Magazine 2015 | 5,196.00 | CY2014: 2,696 Service Connections @ P1.00 per connection; and P2,500.00 magazine subscription |
| 1175833 | 7/13/2015 | 15-07-354 | 7/13/2015 | NORMIN-NMRC, Inc. | Annual Dues for CY2015 (for connections as of December 31, 2014) | 2,696.00 | CY2014: 2,696 Service Connections |
|  |  |  |  |  | **TOTAL** | **7,892.00** |  |
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|  | **REMY U. PAHUYO** | | | |  |  |  |
|  | State Auditor II | | | |  |  |  |
|  | OIC-Audit Team Leader | | | |  |  |  |

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|  |  |  |  |  |  |  |  |  | **Annex C** |
|  |  |  |  |  |  |  | **Finding No. 6, AAR Page 23** | | |
| **BACOLOD WATER DISTRICT** | | | |  |  |  |  |  |  |
| **Bacolod, Lanao del Norte** | | |  |  |  |  |  |  |  |
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| **Summary of Payments of Donations and Solicitations** | | | | | | | | | |
| **For CY 2015** | | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |
| ***Check No.*** | ***Date*** | ***D.V. No.*** | ***Date*** | ***Payee*** | ***Particulars*** | ***Amount*** | ***Account Used*** | ***Authorized by*** | ***Remarks*** |
| 1176078 | 12/7/2015 | 15-12-609 | 12/7/2015 | Genalin A. Amantiad | Reimbursement for donation for the prizes and tokens during year-end evaluation of Council of Personnel Officers | 2,000.00 | Donations | no BOD Resolution | Solicitation by Dir. Alona B. Carumba, CSC-Iligan Field Office for the Council of Personnel Officers in Lanao del Norte year-end assessment and workshop |
| 1175961 | 9/23/2015 | 15-09-481 | 9/23/2015 | Josephine V. Viscaya | Donation for Drum and Lyre Competition | 1,000.00 | Donations | no BOD Resolution | Solicitation by Josephine V. Viscaya, Principal II, Bacolod Central Elementary School for the school's participation in the Iligan City Fiesta Drum and Lyre Competition |
| 1117585 | 1/7/2015 | 15-01-010 | 1/7/2015 | The Municipal Treasurer - Bacolod, LDN | Donation on its town fiesta and tourism month celebration | 15,000.00 | Donations | no BOD Resolution | Solicitation from the Office of the Municipal Mayor in relation to the celebration of the town fiesta in January 2015; With O.R. AF51 No. 2352843 dated 1/7/15. |
|  |  |  |  |  | **TOTAL** | **18,000.00** |  |  |  |
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|  | **REMY U. PAHUYO** | | | |  |  |  |  |  |
|  | State Auditor II | | | |  |  |  |  |  |
|  | OIC-Audit Team Leader | | | |  |  |  |  |  |

**Annex D**

**Finding No. 7, AAR Page 24**

**BACOLOD WATER DISTRICT**

**Bacolod, Lanao del Norte**

**Summary of Award of Procurements not Posted in PhilGEPs Website and in any Conspicuous Place in the Premises of the District**

**For CY 2015**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Check No.*** | ***Date*** | ***D.V. No.*** | ***Date*** | ***Payee/Supplier*** | ***Particulars*** | ***Gross Amount*** | ***VAT*** | ***Net Amount*** | ***Name of Project*** | ***ABC*** | ***Mode of Procurement*** | ***Remarks*** |
| 1176101 | 12/21/2015 | 15-12-629 | 12/21/2015 | Quantumflex Marketing | Purchase of 60 pcs. Brass water meter 1/2" diameter and 75 pcs. Brass ball valve with lockwing 1/2/ diameter | 68,475.00 | 3,668.30 | 64,806.70 | Purchase of Service Connection Materials | - | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
| 1176056 | 11/26/2015 | 15-11-583 | 11/26/2015 | MIE Oro Plast Corporation | Purchase of 14 rolls PE Pipe 1/2 diameter x 300m and assorted PE fittings | 66,933.00 | 3,585.70 | 63,347.30 | Purchase of Service Connection Materials | - | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
| 1117621 | 1/26/2015 | 15-01-045 | 1/26/2015 | CQ Printing Press | Payment of 2,600 sets of commercial calendar (17x22, 6-page) and 100 sets commercial calendar (22x34, 12-page) | 64,000.00 | 3,428.57 | 60,571.43 | Purchase of Calendars for give-aways to concessionaires | 64,000.00 | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
| 1117748 | 3/27/2015 | - | 3/27/2015 | New Interlock Sales & Services | Payment of 1 set Gould submersible pump with submersible motor and motor control | 69,300.00 | 3,712.50 | 65,587.50 | For replacement of defective sumbmersible pump | 69,300.00 | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
| 1175704 | 4/28/2015 | 15-04-226 | 4/28/2015 | MIE Oro Plast Corporation | Purchase of 10 rolls HDPE Pipe 1/2 diameter and other pipes and fittings | 65,982.00 | 3,534.75 | 62,447.25 | Purchase of Service Connection Materials | 65,982.00 | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
| 1175817 | 7/1/2015 | 15-06-338 | 7/1/2015 | MIE Oro Plast Corporation | Purchase of 10 rolls HDPE Pipe 1/2 diameter and other pipes and fittings | 56,472.00 | 3,025.28 | 53,446.72 | Purchase of Service Connection Materials | 56,472.00 | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
| 1175967 | 9/29/2015 | 15-06-486 | 9/29/2015 | Legacy Sales and Printing Press, Inc. | Payment of 10 boxes Statement of Account and 10 boxes Computerized O.R. | 60,500.00 | 3,241.07 | 57,258.93 | Purchase of Statement of Account and Computerized O.R. | 60,500.00 | Shopping | REQUESTS FOR QUOTATION and AWARD NOT POSTED in the PhilGEPs website, and at any conspicuous place in the premises of the District |
|  |  |  |  |  | **TOTAL** | **451,662.00** | **24,196.17** | **427,465.83** |  |  |  |  |
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|  | **REMY U. PAHUYO** | | | |  |  |  |  |  |  |  |  |
|  | State Auditor II | | | |  |  |  |  |  |  |  |  |
|  | OIC-Audit Team Leader | | | |  |  |  |  |  |  |  |  |

**Annex E**

**Finding No. 8, AAR Page 25**

**BACOLOD WATER DISTRICT**

**Bacolod, Lanao del Norte**

**Summary of Procurement of Goods with Reference to Brand Names**

**For CY 2015**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Check No.*** | ***Date*** | ***D.V. No.*** | ***Date*** | ***Payee*** | ***Particulars*** | ***Gross Amount*** | ***VAT*** | ***Net Amount*** | ***Remarks*** |
| 1117662 | 2/13/2015 | 2015-02-086 | 2/13/2015 | Lian Guan Trading Corp. | Purchase of 1 unit grass cutter 4.5 HP (Robin Grass Cutter) | 15,900.00 | 851.78 | 15,048.22 | Procurement documents referred to "ROBIN." as the brand name of the grass cutter. |
| 1117682 | 2/23/2015 | 2015-02-106 | 2/23/2015 | SB Gold Grocers | Purchase of assorted groceries for prizes of monthly winners of raffle promo | 7,550.40 | 404.48 | 7,145.92 | Procurement documents referred to known brand names of various grocery items such as: "Young's Town" sardines; "Tide" detergent bar; "Holiday" beef loaf; "Safeguard" soap; and etc. |
| 1117702 | 3/3/2015 | 2015-03-126 | 3/3/2015 | Iligan Apollo Electrical Supply, Inc. | Purchase of 2 pcs. Pipe wrenches 18" and 14" | 5,520.00 | 295.71 | 5,224.29 | Procurement documents referred to "RIDGID." as the brand name of the pipe wrenches. |
| 1117727 | 3/16/2015 | 2015-03-151 | 3/16/2015 | Uni-Field Enterprises, Inc. | Purchase of 2 pcs. Automatic air release valve | 8,436.00 | 451.93 | 7,984.07 | Procurement documents referred to "A.R.I." as the brand name of the automatic air release valve. |
| 1117747 | 3/27/2015 | 2015-03-170 | 3/27/2015 | Flosystems Import & Export Inc. | Purchase of 50 pcs. Brass water meters 1/2" diameter | 44,500.00 | 2,383.93 | 42,116.07 | Procurement documents referred to "EVJET" as the brand name of the water meters. |
| 1117748 | 3/27/2015 | 2015-03-171 | 3/27/2015 | New Interlosk Sales and Services | Purchase of 1 set Goulds submersible pump with motor control and 1 set splicing tape | 69,300.00 | 3,712.50 | 65,587.50 | Procurement documents referred to "GOULDS" as the brand name of the submersible pump and "FRANKLIN" as the brand name of submersible motor. |
| 1175790 | 6/17/2015 | 2015-06-311 | 6/17/2015 | SB Gold Grocers | Purchase of assorted groceries for prizes of monthly winners of raffle promo | 7,461.60 | 399.73 | 7,061.87 | Procurement documents referred to known brand names of various grocery items such as: "Young's Town" sardines; "Tide" detergent bar; "Holiday" beef loaf; "Safeguard" soap; and etc. |
| 1175832 | 7/13/2015 | 2015-07-353 | 7/13/2015 | Flosystems Import & Export Inc. | Purchase of 50 pcs. Brass water meters 1/2" diameter | 44,500.00 | 2,383.93 | 42,116.07 | Procurement documents referred to "EVJET" as the brand name of the water meters. |
| 1175848 | 7/22/2015 | 2015-07-369 | 7/22/2015 | Iligan Apollo Electrical Supply, Inc. | Purchase of 1 unit Cutter Wheel Ridgid for 2A | 1,500.00 | 80.36 | 1,419.64 | Procurement documents referred to "RIDGID." as the brand name of the wheel cutter. |
| 1175895 | 8/14/2015 | 2015-08-415 | 8/14/2015 | AVK Philippines, Inc. | Purchase of 1 pc. Gate valve DN150 and 1 pc. Gate valve DN50 | 21,554.40 | 1,154.70 | 20,399.70 | Procurement documents referred to "AVK." as the brand name of the Gate Valves. |
| 1175894 | 8/14/2015 | 2015-08-414 | 8/14/2015 | Flosystems Import & Export Inc. | Purchase of 50 pcs. Brass water meters 1/2" diameter | 44,500.00 | 2,383.93 | 42,116.07 | Procurement documents referred to "EVJET" as the brand name of the water meters. |
|  |  |  |  |  | **TOTAL** | **270,722.40** | **14,502.98** | **256,219.42** |  |
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|  | *Prepared by:* | |  |  |  |  |  |  |  |
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|  | **REMY U. PAHUYO** | | | |  |  |  |  |  |
|  | State Auditor II | | | |  |  |  |  |  |
|  | OIC-Audit Team Leader | | | |  |  |  |  |  |