



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on the

IRIGA CITY WATER DISTRICT
San Roque, Iriga City

For the Years Ended December 31, 2010 and 2011

We express our appreciation for the support and cooperation extended to our Auditors by the officials and employees of the District.

Very truly yours,



ROLAND A. REY
Director IV
Regional Director

Copy furnished:

- Administrator, LWUA
- Auditor, LWUA
- File, Regional Director, COA RO5
- Office of the President
- Office of the Vice-President
- President of the Senate
- Speaker of the House of Representatives
- Chairperson-Senate Finance Committee
- Chairperson-Appropriations Committee
- Secretary of the Department of Budget and Management
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Republic of the Philippines
COMMISSION ON AUDIT
Office of the Regional Director
Regional Office No. V
Rawis, Legazpi City

March 26, 2015

Mr. Romulo M. Corporal, Jr.
General Manager
Iriga City Water District
San Roque, Iriga City

Sir:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Iriga City Water District, San Roque, Iriga City, for the calendar years ended December 31, 2010 and 2011, in compliance with Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The report contains the results of the audit which was conducted on a test basis, and was primarily conducted to ascertain the propriety of financial transactions, the compliance to prescribed rules and regulations, and the fairness of presentation of the financial statements of the District.

The summary of the results and the corresponding audit recommendations are laid out in the Executive Summary, including the status of implementation of the prior years' audit recommendations and the certificate of the Auditor on the fairness of presentation of the financial statements. For the details of these findings and recommendations, we refer you to Part II of the attached report.

We request that the recommendations be implemented and we would appreciate being informed of the actions taken thereon within sixty (60) days from receipt hereof, using the prescribed format of the Agency Action Plan and Status of Implementation (AAPSI) attached to this letter.



Republic of the Philippines
COMMISSION ON AUDIT
Office of the Regional Director
Regional Office No. V
Rawis, Legazpi City

March 26, 2015

The Board of Directors
Iriga City Water District
San Roque, Iriga City

Sir:

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We express our appreciation for the support and cooperation extended to our Auditors by the officials and employees of the District.

Very truly yours,



ROQUE A. REY
Director IV
Regional Director

Copy furnished:

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- Auditor, LWUA
- File, Regional Director, COA ROS
- Office of the President
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- President of the Senate
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- Chairperson-Senate Finance Committee
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Republic of the Philippines
 [insert name of agency]
 [insert address of agency]

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

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implemen- tation	Reasons for Partial/Delay /Non-Implementat- ion, if applicable	Action Taken/Action to be Taken
			Action Plan	Person/ Dept. Respon- sible	Target Implementation Date				
					From	To			
2013									
CY AAR, P	1.								

Agency sign-off:

[Name of Agency Officer]

[insert date]

[Position of Agency Officer]

Note: Status of implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially implemented, or (e) Delayed

EXECUTIVE SUMMARY

A. INTRODUCTION

The Iriga City Water District (ICWD) came into existence through Sanguniang Bayan Resolution No. 50, s. 1979 dated June 5, 1979. Having passed all the requirements, and in consonance with Presidential Decree No. 198, the Local Water Utilities Administration (LWUA) issued Conditional Certificate of Conformance No. 09 on September 4, 1979 thus, qualifying for financial and technical assistance from LWUA, through loans that are essential for its development and expansion of water facilities.

As a public utility, it has the following purposes:

- 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;
- Providing, maintaining and operating waste water collection, treatment and disposal facilities; and
- Conducting such other functions and operation incidental to water resource development, utilization and disposal within such district, as are necessary or incidental to said purpose.

ICWD is categorized as a Category C water district, with 10,874 service connections which were active and metered, of which 10,874 were billed as of December 31, 2013 and for December 31, 2012, 10,349 were active and metered, and 10,349 were billed.

It has 83 personnel, under the stewardship of Mr. Romulo M. Corporal, Jr., as the General Manager.

For CY 2013, the Iriga City Water District's Board of Directors (BOD) is composed of five members, as follows:

Name	Position	Sector Represented
Ms. Annalyn C. Tayag	Chairman	Civic
Ms. Edith C. Andalís	Vice-Chairman	Professional
Mr. Angel Nilo A. Bagamasbad	Member	Business
Mr. Sofronio B. Magistrado	Member	Education
Ms. Maria B. Quite	Member	Women

Atty. Reynel M. Berifa was the BOD's Secretary.

B. FINANCIAL HIGHLIGHTS

The following are the financial highlights:

Particulars	2011	2010	Increase (Decrease)
Total Assets	₱ 131,787,678.23	₱ 135,524,801.25	(₱ 3,737,123.02)
Total Liabilities	114,123,688.28	115,838,459.12	(1,714,770.84)
Total Equity	17,663,989.95	19,686,342.13	(2,022,352.18)
Total Income	64,172,852.21	63,503,778.28	669,073.93
Total Expenses	64,224,517.73	65,289,841.12	(1,065,323.39)
Net Income (Loss)	(₱ 51,665.52)	(₱ 1,786,062.84)	₱ 1,734,397.32

C. OPERATIONAL HIGHLIGHTS

The following are the operational highlights for 2010 and 2011 in terms of service connections, water sales and collections from water bills:

Particulars	Year	Target	Accomplishment	% of Accomplishment
Service Connections	2010	9,408	9,416	100.09%
	2011	9,852	9,703	98.49%
Sales	2010	₱61,984,606.80	₱60,779,316.50	98.06%
	2011	65,721,340.80	62,170,983.70	94.60%
Collection from water bills	2010	₱58,885,376.00	₱59,876,469.45	101.68%
	2011	62,435,273.76	61,872,031.20	99.10%

D. SCOPE OF AUDIT

The audit covered the financial transactions and operations of the Water District for CYs 2010 and 2011.

E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements.

F. OBSERVATIONS AND RECOMMENDATIONS

1. Deficiencies noted in Cash in Bank account:

- a) Cash in Bank-Local Currency, Current Account was understated in the years 2010 and 2011 by ₱3,160.33 and ₱1,783.41, respectively, for failure of management to record the interest earned, bank charges and other errors in recording, thus, balance of the account was incorrectly presented in the financial statements.

We recommended that Management make necessary adjustment of the account to correct the balance in the financial statements.

- b) Cash in Bank-Local Currency, Savings Account was understated in the year 2010 by P441.26, while in 2011, differences in posting by the bank was noted which totaled P43.69, that resulted to overstatement of the book balance, thus, the account was improperly presented in the financial statements.

We recommended that the Management inform the Bank and facilitate immediate correction to avoid piling up of minimal errors and find difficulty reconciling the account in the future. The Cashier should always check the bank posting on the bank/passbook every after a transaction transpired. Inform the bank of any difference noted and be acted upon immediately to maintain a correct and reliable balance.

2. The handling and custodianship of the Petty Cash Fund (PCF) was contrary to sound internal control principles and Section 50 of GAAM, Volume III, which could lead to embezzlement or improper disposition of government funds.

We recommended that the Management: a) Adhere to the cardinal principles of internal control over PCF transactions by re-aligning the work of each employee, so that there is an internal check over said transactions and avoid its improper disposition; b) Transfer the Petty Cash Fund to the Cashier for proper custody being the collecting and disbursing officer; and c) Unload the Procurement Officer in order to perform effectively the procurement function and provide the documentary requirements.

3. Accounts Receivable balance of P7,418,185.08 for CY 2011 was of doubtful validity due to non-reconciliation with the detailed aging total of P7,438,716.97, or a difference of P20,531.89, contrary to sound accounting principle.

We recommended that the Management prepare accounting entries to reconcile the general and subsidiary ledgers of the receivable account. For the remaining unreconciled balance of P61.62, exert extra effort to look into this difference, thereafter, prepare adjustment for total reconciliation of the account.

We recommended further, that the Management require the Commercial and Accounting personnel to conduct regular reconciliation to maintain a valid and reliable balance of the receivable account.

4. Cash Advances granted to officers and employees for official travels already undertaken with a balance in CYs 2010 and 2011 of P49,689.86 and P59,849.48, respectively, were liquidated beyond the prescribed period, contrary to COA Circular Nos. 97-002 and 96-004, Section 89 of PD No. 1445 and Section 16 of EO No. 248 as amended, resulting in the overstatement of Due from Officers and Employees account and understatement of related expense account.

We recommended that the Management observe the guidelines set forth on cash advances in COA Circular Nos. 97-002, 96-004, Section 89 of PD No. 1445 and

Section 16 of EO No. 248 in the granting and liquidation thereof as soon as the purpose for which it was given has been served.

Further, that the Management requires the Accountant to closely monitor each cash advance and issue certification that the previous cash advance has been liquidated before another cash advance shall be granted. Send Letter Reminder when warranted by circumstances.

5. Office Supplies Inventory account balance per books for CY 2011 amounting to P107,012.03 was overstated by P25,977.50 compared with the Report of Physical Count of Inventories (RPCI) total of P132,989.53, due to erroneous recording of CY 2009 COA audit adjustment, resulting to improper presentation of the account in the financial statement.

We recommended that the Management re-adjust the account to correct the balance and reconcile the books with the inventory report.

6. Unserviceable assets / assets awaiting final disposition booked up under Property, Plant and Equipment (PPE) accounts amounting P3,203,979.26 were still and remained undisposed resulting to the overstatement of PPE accounts, contrary to Section 79 of PD No. 1445, exposing these properties to risks of loss, continued deterioration, decline in value of possible income from disposal of assets.

We recommended to the Management: a) An Inventory and Inspection Report be prepared and to carry out disposal to drop from the books unserviceable properties carried in the fixed asset and inventory accounts; b) An appropriate reclassification of unserviceable properties to Other Assets should be undertaken and depreciation should no longer be recognized on assets classified for disposal; and c) Expedite the disposal of unserviceable equipment to recover part of its cost and to stop the incurrence of cost in maintaining them.

7. Payment of Year-End Bonus and Cash Gift to the General Manager for the year 2010 was overstated by P19,236.50 and in violation of Item 6.5, Budget Circular (BC) No. 2010-1 dated April 28, 2010, Rules and Regulations on the Grant of the Year-End Bonus and Cash Gift for FY 2010 and Years Thereafter.

We recommended that the Management adhere to existing laws, rules and regulations to avoid suspensions / disallowances in audit. Refund immediately subject overpayment of Year-End Bonus and Cash Gift amounting to P19,236.50. Subject overpayment shall be issued a Notice of Disallowance for payment in violation of BC No. 2010-1.

8. The district paid monetization of leave credits to its employees even if the required vacation leave were exhausted and charged to sick leave without valid and justifiable reasons as approved by the agency head, in violation of Sections 22 and 23 of CSC Memorandum Circular (MC) No. 41.

We recommended that the Management strictly comply with the requirements in the approval and payment of ten day vacation leave credits, and that five days leave credits remained pursuant to the provisions of Section 22 of Memorandum Circular of the Civil Service Commission.

Avail of the special monetization with valid and justifiable reasons after compliance of the required documents and approval by the agency head in accordance with Section 23 of the Memorandum Circular No. 41 to avoid audit suspensions and disallowances.

9. The contract of service personnel were granted employer's share for Pag-ibig and Philhealth contributions for CYs 2010 and 2011 amounting to P63,390.00 and P27,125.00, respectively, contrary to the Contract of Service entered into by and between the contractual personnel and the Water District and Republic Act (RA) No. 9679, or the Home Development Mutual Fund Law of 2009.

We recommended that the Management stop paying employer's share for Philhealth and Pag-ibig contribution of contractual personnel. Strictly adhere what is stipulated in the contract. Refund immediately the total employer's share amounting to P63,390.00 and P27,125.00, respectively, remitted to Pag-ibig and Philhealth. Otherwise, Notice/s of Disallowance shall be issued for granting the benefit without legal basis.

Moreover, we recommended that the Board of Directors adopt policies or directives within the bounds of applicable laws and regulations.

10. Fuel consumption for CYs 2010 and 2011 amounting to P660,983.74 and P1,025,633.29, respectively, were not closely monitored and controlled, hence, reasonableness of fuel consumptions cannot be easily determined.

We recommended to the Management: a) Strictly require the drivers of the vehicle and motorcycle to prepare duly accomplished and approved trip tickets in all trips, including trips within the city before undertaking travel, stating passengers thereon; b) Drivers be required to keep daily records of travel in order to easily monitor fuel consumption; and c) Require the personnel concerned to prepare and submit the Monthly Reports of Official Travels and Monthly Fuel Consumption Report, pursuant to the above-stated regulation.

11. Traveling Expenses of officers and employees for CYs 2010 and 2011 were erroneously computed, unnecessary receipts and bills were included and other expenses charged were without receipts, in violation of Section 2, Executive Order (EO) No. 248 and Sections 4 and 5, EO No. 298, resulting to overstatement of travel claim by P180,276.10

We recommended that the Management require the immediate refund of excess payment of travel expenses of the Board of Directors, Board Secretary, Legal Counsel and employees amounting to P179,740.15. Likewise, we require that Management adhere strictly to rules and regulations on travel to avoid suspensions / disallowances in audit. Subject excess payment of travel and deficiencies in

documentation shall be issued corresponding Notices of Suspension / Disallowance.

12. The Board of Directors and its Secretary were paid Per Diems and Honoraria for CYs 2010 and 2011 in the total amount of ₱1,501,991.17 and ₱208,800.00, respectively, which were not fully supported with minutes of meetings as proof that board meetings have been held on specified dates which is not in accordance with Section 4(6) of PD No. 1445, hence the propriety and authenticity of transactions were not ascertained.

We recommended that the Management require the presentation / submission of Minutes of Meeting before payment of Directors' per diems and recording Secretary's honoraria to ascertain the validity of the disbursements. Adhere to the rule that no disbursement shall be paid without complete supporting documents.

13. The Board of Directors and its Secretary were granted Productivity Enhancement Incentive (PEI) for CYs 2010 and 2011 with aggregate amount of ₱60,000.00 and ₱54,000.00, respectively, or a total of ₱114,000.00, in violation of Administrative Order (AO) No. 3 of 2010, AO No. 24 of 2011 and Budget Circular (BC) No. 2011-4 dated December 5, 2011.

We recommended that Management desist / stop paying of bonuses and benefits which were not in consonance with applicable laws, rules and regulations to avoid suspension / disallowance in audit. Refund immediately subject payment of PEI ₱114,000.00, otherwise, subject payment shall be issued a Notice of Disallowance.

14. Expenses charged to accounts Donations (878) and Other Maintenance and Operating Expense (969) amounting to ₱43,364.81 and ₱27,908.87, respectively, or a total of ₱71,273.68 for CYs 2010 and 2011 were donations, solicitations, financial assistance and contributions to public officers and private organizations whose activities were not in pursuance to the mandate of local water districts, a violation of the Section 29 (2) of the 1987 Philippine Constitution, Section 138 of GAAM Vol. I, and AO No. 103.

We recommended that Management only allow donations and contributions pursuant to the mandate of the Water District. Financial assistance should not be granted to similar transactions specified above even if authorized by a Board Resolution unless a law is specifically provided therein, for the Water District is not mandated to grant such undertakings so that the incurrence of disallowance is avoided.

15. The agency failed to prepare an Annual Procurement Plan for supplies, materials and equipment as basis for the procurement, contrary to pertinent provisions of the Implementing Rules and Regulation (IRR) of RA No. 9184.

We recommended that Management direct all Heads of Division to prepare and submit the Project Procurement Management Plan for consolidation by BAC Secretariat in pursuance to the pertinent provisions of RA No. 9184. By following the schedules and frequency provided in the procurement plan would enhance the

efficient operation of the District. Thus, granting of cash advance for the purchase supplies and materials could be controlled and minimized.

16. The Head of the Procuring Entity (HOPE) designated a BAC member who is not a permanent employee of the district in violation of Section 11.2.2 of IRR of RA No. 9184.

We recommended that Management strictly observe Section 11.2.2 of IRR of RA No. 9184 in designating the BAC members considering the position, rank and a permanent employee. The Head of Agency should issue Office Order or Memorandum as authority of their respective designation.

17. All procurement of goods, supplies and materials made by the agency for CYs 2010 and 2011 in the amount of P3,555,154.68 and P4,530,065.79, respectively, were done not in accordance with RA No. 9184.

We recommended that Management adhere to the guidelines in the procurement of goods, supplies and materials, pursuant to RA No. 9184 and Generic Procurement Manual Volume 2, so that the most advantageous price in favor to the government could be attained.

18. Goods and Equipment purchased during the audit period CYs 2010 and 2011 amounting to P1,376,704.51 were not supported with Inspection and Acceptance Report and Report of Waste Materials in contravention with Section 465, 467 and 412 of the GAAM and National Government Accounting System (NGAS) for GOCCs.

We recommended that Management require the Procurement Officer to present all delivered / procured supplies, materials and equipment, regardless of amount, to the Property Officer of the District for the preparation of an Inspection and Acceptance Report (IAR) for all deliveries of procured items and Report of Waste Materials for replacement of parts by the authorized Inspection Officer who conducted the inspection and verification of the items to determine its conformity with given specifications in the purchase order.

19. Disbursement vouchers for the period January 2010 to December 31, 2011 in the total amount of P112,231.00 were not supported with complete documentation as required under Section 138 (f) of the GAAM, Volume I, thus validity and propriety of the expenditures could not be ascertained.

We recommended to Management that said disbursement vouchers be supported with complete documents to ascertain the validity of the transactions and in accordance with the above-stated regulation. Otherwise, Notices of Suspensions shall be issued on the above transactions.

20. The Board of Directors, Board Secretary and Legal Counsel are engaged and exercised functions of management, contrary to Sections 18 of PD No. 198 and 102 of PD No. 1445 and incurring additional expenses to management.

We recommended that the Board of Directors stop from discharging management functions. Focus its functions only on policy making and delegate management of fiscal transactions to the Water District's employees. The Board Secretary and Legal Counsel should limit their functions according to the terms and conditions stipulated in their supporting Contract.

21. All disbursement Vouchers (DVs) and their supporting documents were not stamped "PAID", in violation of COA Circular No. 92-389 dated November 3, 1992.

We recommended that Management strengthen the internal control on transactions involving disbursements. The vouchers and the supporting documents should be marked /stamped "PAID" after payment or upon release of the check to avoid double payment using the same documents and safeguard government resources against loss or wastage.

G. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 20 audit recommendations incorporated in the prior year's Annual Audit Reports, which covered CY 2009, eight or 40% were fully implemented, six or 30% were partially implemented, and six or 30% remained not implemented.

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PART I

AUDITED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Iriga City Water District
Ruffino Llagas St., San Roque, Iriga City

Report on the Financial Statements

We have audited the accompanying financial statements of Iriga City Water District, Iriga City, which comprise the statement of financial position as of December 31, 2010 and 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Part II of the report, the correctness of the reported year-end balance of Accounts Receivable amounting to ₱7,418,185.08 is doubtful due to the variance between the balances per General Ledger and per Aging of Accounts Receivable/Subsidiary Ledger in the amount of ₱20,531.89.

Further, the balance of Due from Officers and Employees for CY 2010 and 2011 of ₱49,689.86 and ₱59,849.42, respectively, was overstated due to non-liquidation of the amount already expended and a corresponding understatement of expenses by the same amount. Likewise, Office Supplies Inventory was overstated by ₱25,977.50 as compared to the Report of Physical Count of Inventories due to erroneous recording of prior year audit adjustment.

Moreover, the Property, Plant and Equipment total account balance of ₱139,227,352.35 was overstated by ₱3,203,979.26 due to the inclusion of the unserviceable properties in the PPE account.

Opinion

In our opinion, except for the effects of the observations described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Iriga City Water District, as of December 31, 2010 and 2011, and its financial performance and its cash flows for the years then ended in accordance with the generally accepted accounting principles.

COMMISSION ON AUDIT

By:


MAURA S. RUY
State Auditor V
Supervising Auditor 

February 5, 2013



IRIGA CITY WATER DISTRICT

RUFINO LLAGAS SR. ST., SAN ROQUE, IRIGA CITY

Tel. Nos. (054) 299-6504*Telefax (054) 299-5709

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The examination of the financial statements were for the Calendar Years 2010 and 2011.

1. We are responsible for the fair presentation of the Balance Sheet of Iriga City Water District as of December 31, 2010 and 2011 and the related Statement of Income and Expenses and Cash flow Statement for the years then ended, in conformity with generally accepted accounting principles.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the Board of Directors.
3. There were no:
 - a. Irregularities involving management or employees who have significant roles in the system of internal accounting control.
 - b. Irregularities involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning non-compliance with, or deficiencies in financial reporting practices that could have a material effect on the financial statements.
4. We have no plans nor intentions or reclassifying our assets that may materially affect the carrying value or classification of assets and liabilities.
5. There were no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as basis for recording a loss contingency.
6. There were no material transactions that were not properly recorded in the accounting records underlying the financial statements.
7. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
8. The agency has satisfactory title to all owned assets, and there are no liens or encumbrance on such assets nor has any asset been pledged.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
10. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in the financial statements.


ROMULO M. CORPORAL, JR.

General Manager

IRIGA CITY WATER DISTRICT

Iriga City

STATEMENT OF INCOME AND EXPENSES

For the Years Ended December 31, 2010 and 2011

(With Comparative Figures for 2009)

	2011	2010	2009
General Income			
Business - Income from Waterworks System	P 63,488,560.67	P 62,669,807.65	P 57,689,417.27
Other Income	684,291.54	833,970.63	660,689.05
TOTAL INCOME	P 64,172,852.21	P 63,503,778.28	P 58,350,106.32
Less: Expenses:			
Personal Services:			
Salaries and Wages	P 11,984,714.65	P 10,353,241.30	P 9,026,917.11
Other Compensation	4,500,636.65	4,469,542.50	4,325,153.95
Personnel Benefits Contribution	2,276,103.96	2,078,055.02	1,788,743.01
Other Personnel Benefits	3,534,793.00	3,183,577.00	3,177,447.50
Total Personal Services	P 22,296,248.26	P 20,084,415.82	P 18,318,261.57
Maintenance & Other Operating Expenses:			
Traveling Expenses - Local	P 397,343.96	P 488,172.61	P 312,721.44
Training & Scholarship Expenses	210,390.36	508,703.80	270,880.62
Supplies and Materials Expenses	8,514,555.14	6,380,319.43	5,433,390.39
Utility Expenses	11,230,600.03	9,629,374.72	7,254,853.11
Communication Expenses	288,172.95	272,326.92	185,551.75
Membership Dues & Cont. to Organizations	11,816.00	11,340.00	25,710.00
Advertising Expenses	229,145.00	102,406.00	37,716.00
Printing & Binding Expenses	2,594.00	3,457.25	5,783.25
Rent Expenses	-	500.00	-
Representation Expenses	166,625.15	167,358.65	149,815.50
Transportation and Delivery Expenses	3,422.00	4,370.00	-
Subscription Expenses	10,800.00	10,850.00	330.00
Survey Expenses	-	52,500.00	52,500.00
Rewards and Other Claims	-	2,000.00	11,080.00
Professional Services	373,933.35	272,000.00	425,256.47
Council/Board Member Allow. & Other Benefit	1,113,965.00	1,113,906.90	1,027,167.25
Repairs and Maintenance	1,781,597.48	1,089,734.48	886,588.70
Subsidies and Donations	42,033.90	12,215.00	14,461.00
Extraordinary Expenses	-	2,601.00	50,227.02
Taxes, Insurance Premiums & Other Fees	1,595,412.38	1,701,793.87	1,346,104.20
Non-Cash Expenses	6,664,603.19	6,593,769.57	6,843,785.17
Other Maintenance & Operating Expenses	1,540,031.01	1,418,109.45	772,979.55
Total Maint. & Optg. Expenses	P 34,177,040.90	P 29,837,809.65	P 25,106,901.42
Financial Expenses	P 7,751,228.57	P 15,367,615.65	P 13,282,444.83
TOTAL EXPENSES	P 64,224,517.73	P 65,289,841.12	P 56,707,607.82
NET INCOME (LOSS) BEFORE INCOME TAX	P (51,665.52)	P (1,786,062.84)	P 1,642,498.50

(See Accompanying Notes to Financial Statements)

IRIGA CITY WATER DISTRICT
Iriga City

STATEMENT OF CHANGES IN EQUITY
For the Years Ended December 31, 2010 and 2011
(With Comparative Figures for 2009)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Government Equity	P 470,390.42	P 470,390.42	P 470,390.42
Retained Earnings	<u>19,215,951.71</u>	<u>20,881,828.50</u>	<u>18,819,184.47</u>
TOTAL	P 19,686,342.13	P 21,352,218.92	P 19,289,574.89
Add / (Deduct):			
<i>Net Income (Loss) during the period</i>	P (51,665.52)	P (1,786,062.84)	P 1,642,498.50
<i>Prior Year's Adjustments / Financial Errors:</i>			
Adjustment of contra asset account & related expense accounts	P -	P 1,034,768.13	P 623,466.64
Reclassification of accounts with income effects	11,666.65	99,908.71	5,132,568.19
Prior period income	25,139.12	11,776.66	2,314.15
Adjustment of Depreciation & Accumulated Depreciation	-	-	(1,945,717.07)
Other adjustments / reclassification with expense effect	(1,568,550.01)	(13,811.75)	(2,846,193.87)
Prior period expenses	<u>(438,942.42)</u>	<u>(1,012,455.70)</u>	<u>(546,292.51)</u>
Government Equity, Ending	P <u>17,663,989.95</u>	P <u>19,686,342.13</u>	P <u>21,352,218.92</u>

IRIGA CITY WATER DISTRICT

Iriga City

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2010 and 2011

(With Comparative Figures for 2009)

	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash Inflows</i>			
Collection of Receivables	P 61,358,378.25	P 59,757,612.70	P 55,068,156.23
Collection of Other Business Income	1,289,304.44	1,756,282.23	1,614,542.16
Refund of Cash Advances	140,325.10	56,423.06	123,355.91
Interest Income	19,077.75	23,507.08	15,209.08
Other Sources	5,855,544.60	8,959,522.15	14,696,823.37
<i>Total Cash Inflows</i>	<u>P 68,662,630.14</u>	<u>P 70,553,347.22</u>	<u>P 71,518,086.75</u>
<i>Cash Outflows</i>			
Payroll	P 6,524,603.37	P 10,353,241.30	P 9,026,917.11
Payment of Operating & Maint. Expenses	15,536,673.63	8,389,903.75	9,901,173.79
Remittance of Mandatory Contributions	6,682,293.90	5,636,305.70	4,412,678.01
Due to Officers & Employees	3,387,626.56	960,608.38	892,801.32
Purchase of Supplies & Materials	752,828.75	4,352,002.08	1,060,280.29
Prepayments	190,083.52	266,993.86	154,780.71
Fund Transfers - SF,CTD & SA	3,387,626.56	5,758,000.00	0.00
Interest Expense on LTD	7,750,928.57	13,037,195.00	0.00
Other Payments	16,506,365.73	23,387,974.98	21,068,540.37
<i>Total Cash Outflows</i>	<u>P 60,719,030.59</u>	<u>P 72,142,225.05</u>	<u>P 46,517,171.60</u>
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>P 7,943,599.55</u>	<u>P (1,588,877.83)</u>	<u>P 25,000,915.15</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash Inflows</i>			
Acquisition of Fixed Assets	P 0.00	P 0.00	P 0.00
<i>Cash Outflows</i>	0.00	1,655,793.88	0.00
TOTAL CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>P 0.00</u>	<u>P (1,655,793.88)</u>	<u>P 0.00</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash Inflows</i>	P 0.00	P 0.00	P 0.00
<i>Cash Outflows - Loan Amortization</i>	2,792,638.27	1,180,434.00	14,227,172.00
TOTAL CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>P (2,792,638.27)</u>	<u>P (1,180,434.00)</u>	<u>P (14,227,172.00)</u>
TOTAL CASH PROVIDED (USED) BY OPERATING, FINANCING AND INVESTING ACTIVITIES	<u>P 5,150,961.28</u>	<u>P (4,425,105.71)</u>	<u>P 10,773,743.15</u>
Add: CASH & CASH EQUIVALENTS, Beginning	<u>23,877,245.30</u>	<u>28,302,351.01</u>	<u>17,528,607.86</u>
CASH & CASH EQUIVALENTS, Ending	<u>P 29,028,206.58</u>	<u>P 23,877,245.30</u>	<u>P 28,302,351.01</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 & 2011

Agency Background

The Iriga City Water District (ICWD) was granted Conditional Certificate of Conformance (CCC) No. 091 by the Local Water Utilities Administration (LWUA) on September 24, 1979 after it has complied with the legal requirements of Presidential Decree No. 198. The issuance of a CCC qualifies ICWD for financial and technical assistance from LWUA, through loans that are essential for its development and expansion of its water facilities.

As a government owned and controlled corporation, it has the following purposes:

- 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;
- Providing, maintaining and operating wastewater collection, treatment and disposal facilities; and
- Conducting such other functions and operations incidental to water source development, utilization and disposal within such districts, as necessary or incidental to said purpose.

The District is classified as "Medium" Water District with active service connection of 9,416 and 9,703, respectively as of December 31, 2010 and 2011. The policy making function is vested with the Board of Directors composed of five (5) sectoral representatives for Professional, Education, Civic, Business and Women sectors. The incumbent Chairman of the Board is Atty. Remeliza Alfelor, Moraleda. In 2011, ICWD has a total of 82 personnel, of which 48 are on permanent status and 34 are contractual. ICWD is under the new managerial supervision of Mr. Romulo M. Corporal which appointment was confirmed by the Civil Service Commission (CSC) on July 15, 2010.

1. Significant Accounting Policies and Selected Accounting Practices

a. Accounting System and Preparation of Financial Statements

ICWD adopted the New Government Accounting System (NGAS) for Corporation designed by COA, Professional Development Center - Government Accounting and Financial Management Information System (PDC-GAFMIS). The financial transactions were recorded using the NGAS Chart of Accounts and financial reports were prepared in accordance with NGAS and in conformity with the Philippine Government Accounting Standards (PGAS).

b. Disbursements

The District uses the Imprest Fund System. Disbursements are paid through checks, except petty expenses, which were paid out of the Petty Cash Fund.

c. Recognition of Income and Expenses

The District adopts the concept of the accrual method of accounting, wherein revenues are recorded in period in which the services is given and expenses are recorded where the benefits are received.

d. Valuation of Inventory

Cost of issued items and ending balances of supplies and materials is computed at cost.

e. Asset Method of Accounting

The Asset Method is used in recording disbursement when the expenditures apply to more than one accounting period. The expense is recorded upon utilization and consumption. Purchases / payments are directly recorded as assets.

f. Accounting for Property, Plant and Equipment

The account Property, Plant and Equipment (PPE) is stated at cost, net of Accumulated Depreciation. Depreciation is computed using the straight-line method, cost less 10% residual value over the estimated useful life of the assets. Depreciation starts on the month following the purchase of the PPE. The useful lives of the assets were based on the estimated useful life prescribed by the COA for each group of PPE.

2. Cash and Cash Equivalents

The account consists of the following:

Code	Account Title	2011	2010	2009
102	Cash - Collecting Officers	103,143.67	39,324.41	60,373.43
111	Cash in Bank - LC, Current Account	6,693,354.41	2,214,722.12	2,403,307.10
112	Cash in Bank - LC, Savings Account	2,842,401.66	2,647,532.00	9,332,260.00
113	Cash in Bank - LC, Time Deposits	19,389,306.84	18,975,666.77	16,506,410.48
	Total	29,028,206.58	23,877,245.30	28,302,351.01

Cash - Collecting Officers account is the un-deposited collection of water bill as of the last day of year end transaction.

Cash in Bank - Local Currency, *Current Account* are the funds available for the general expenditure to meet the current obligations of the Water District. The Current Account (CA) is maintained at the PNB under CA # 417-8500029.

Cash in Bank – Local Currency, *Savings Account* is the Non-LWUA Initiative Fund (NLIF) grant intended for expansion and savings at DBP as security of long-term loan.

Cash in Bank – Local Currency, *Time Deposits* are funds and reserves specifically for Customers' Deposits, Operating Reserve and Benefit and Tax Reserve deposited in the following at PNB and LBP under the following accounts:

Bank / Account #	Particulars	2011	2010
LBP # 2771-132378	Meter & Guaranty Deposit	2,881,131.84	2,834,046.78
LBP # 2771-150783	Operating Reserve	250,408.09	265,588.19
PNB # 2191-0524-0060-0012	Benefit Reserve	14,460,036.79	13,908,106.65
	Tax Reserve	1,797,730.12	1,967,925.15
	Total	19,389,306.84	18,975,666.77

3. Receivables

Code	Account Title	2011	2010	2009
121	Accounts Receivable	7,418,185.08	7,141,335.15	6,248,330.46
301	Allowance for Doubtful Accounts	(337,911.05)	(265,716.13)	(133,878.53)
123	Due from Officers & Employees	59,849.48	49,689.86	22,716.79
	Due from GOCCs	17,160.00	6,715.40	-
149	Other Receivables	173,975.02	162,549.00	183,707.39
	Total	7,331,258.53	7,094,573.28	6,320,876.11

Accounts Receivable includes amount due on open accounts arising from water sales and penalties. Allowance for Doubtful Accounts is estimated to be uncollectible based on the age of the account.

Due from Officers and Employees are unliquidated cash advances as of year, but were liquidated January 2010 from the following officers and employees:

Accountable Officer	2011	2010	2009
Arcelynn C. Tanyag	11,672.22	7,215.22	1,082.57
Remeliza A. Moraleda	2,960.00	2,960.00	-
Gasdercio G. Asanza, Jr.	-	2,010.81	1,750.50
Fernando S. Berina, Jr.	2,960.00	2,960.00	-
Sofronio B. Magstrado	7,480.00	-	-
Ryan B. Nagrampa	-	1,440.00	-
Romulo M. Corporal, Jr.	10,725.17	16,671.11	-
Manuel S. Gonzales	20,901.64	7,341.64	19,874.72
Jose L. Ballester	3,150.45	2,611.08	-
Anecito N. Ronda	-	5,970.00	-
Claro Camila	-	255.00	-
Jose D. Vargas	-	255.00	-
Total	59,849.48	49,689.86	22,716.79

Other Receivables includes collectible from clients for new service connections and lost water meters, other government and private agencies and individuals broken down as follows:

Particulars	2011	2010	2009
New Service Connection on account	144,954.92	127,913.55	131,184.19
Lost Water Meters	5,564.25	6,208.25	24,096.00
San Antonio Subdivision	19,460.00	19,460.00	19,460.00
Ex-Kagawad Wilfredo Oliva	-	7,285.00	7,285.00
Ruben Garibal	1,002.20	1,682.20	1,682.20
Various Materials o/o Annalyn Tayag	1,938.15	-	-
Various Materials o/o Lina Lucena	1,055.50	-	-
Total	178,975.02	162,549.00	183,707.39

4. Inventories

These are Supplies and Materials used by the District in its operation that are unissued as of balance sheet date which includes chlorine and construction items.

Code	Account Title	2011	2010	2009
155	Office Supplies Inventory	107,012.03	93,966.94	105,158.90
156	Accountable Forms Inventory	20,991.20	24,068.00	10,545.79
165	Other Supplies Inventory	928.50	-	-
167	Spare Parts Inventory	-	-	11,652.00
168	Construction Materials Invty	1,956,260.91	2,196,582.81	1,551,904.02
161	Gasoline, Oil & Lub. Invty	-	-	-
	Chemical & Filt. Matls Invty	-	-	67,200.00
	Total	2,085,192.64	2,314,617.75	1,746,460.71

5. Prepayments

Prepaid Insurance is the amount paid for insurance premiums of insurable government property broken down as follows:

Code	Account Title	2011	2010	2009
178	Prepaid Insurance –	50,033.51	69,115.13	68,004.26
	Advances to Contractors	1,660,363.92	1,660,363.92	-
185	Other Prepaid Expenses	16,887.47	13,992.94	5,530.30
	Total	1,727,284.90	1,743,471.99	73,534.56

Other Prepaid Expenses includes registration of various service vehicles and fidelity bond.

6. Other Current Assets # 189

These are guaranty deposits made by the Water District for the following:

Code	Account Title	2011	2010	2009
	ITELCO Telephone Deposit	9,800.00	9,300.00	9,300.00
	Chlorine Tank	139,500.00	139,500.00	139,500.00
	Acetylene Tank	9,000.00	9,000.00	9,000.00
	CASURECO III	11,600.00	11,600.00	11,600.00
	Total	169,900.00	169,400.00	169,400.00

7. Investment

This amount is deposited at the LBP Iriga Branch under Savings Account No. 2771-0794-26.

Code	Account Title	2011	2010	2009
198	Sinking Fund	1,158,082.15	7,074,017.45	5,620,098.97

Sinking Fund account pertains to Joint Account LWUA & ICWD fund set aside for specific long-term purposes including a Debt Service Reserve for loan repayment, an Operation and Maintenance Reserve for repairs of damaged facilities due to natural calamities, public disorders, and the like, and a Capital Reserve for expansion of the Water District's facilities.

8. Property, Plant and Equipment - Net

For the calendar year 2010 and 2011, the District's fixed assets net of accumulated depreciation accounts totaled P93,251,475.48 and P88,361,688.00, respectively. Below is the detail of each account:

Code	Account Title	2011	2010	2009
201	Land	2,820,080.18	2,820,080.18	2,820,080.18
202	Land Improvement	51,324.50	51,324.50	51,324.50
302	Accum. Depn - Land Improvement	(27,714.32)	(23,095.85)	(9,238.37)
208	Irrig., Waterworks Syst. & Struct	91,244,846.63	89,955,240.61	87,662,747.12
308	Accum. Depn - IWSS	(28,476,080.95)	(24,948,618.51)	(22,019,987.25)
211	Office Building	3,789,135.79	3,789,135.79	3,789,135.79
311	Accum. Depn - Office Building	(1,567,156.40)	(1,413,761.27)	(1,274,515.86)
215	Other Structures	6,579,130.49	6,588,937.99	6,588,937.99
315	Accum. Depn - Other Structures	(2,097,973.05)	(1,818,189.78)	(1,541,142.31)
221	Office Equipment	585,242.71	553,248.71	520,918.21
321	Accum. Depn - Office Equipment	(414,144.56)	(370,026.16)	(359,391.91)
222	Furniture and Fixtures	1,798,633.62	1,546,956.45	1,325,056.45
322	Accum. Depn - Furn & Fixtures	(1,004,976.93)	(856,488.59)	(712,239.44)
223	IT Equipment & Software	2,709,796.65	2,191,899.44	1,717,725.81
323	Accum. Depn - IT Equipment	(1,539,845.41)	(1,344,126.06)	(1,142,850.53)
226	Machineries	19,812,299.18	18,977,979.18	18,436,169.18
326	Accum. Depn - Machineries	(11,410,460.37)	(9,624,069.55)	(8,354,540.95)
229	Communication Equipment	351,818.59	327,426.10	207,773.30
329	Accum. Depn - Comm. Equip	(215,907.24)	(192,239.57)	(178,555.27)
	Firefighting Equipment & Access	55,099.65	44,099.65	44,099.65
	Accum. Depn - Firefighting Equip	(41,174.68)	(39,689.68)	(40,661.60)
240	Motor Vehicles	4,780,441.54	4,709,278.38	4,709,278.38
340	Accum. Depn - Motor Vehicles	(3,631,646.54)	(3,328,255.77)	(2,971,308.82)
241	Other Transportation Equipment	17,600.00	17,600.00	17,600.00
341	Accum. Depn - Other Trans. Equip	(15,840.00)	(15,840.00)	(12,672.00)
250	Other Property, Plant & Equip	635,718.57	650,855.57	590,482.57
350	Accum. Depn - Other PPE	(422,743.90)	(367,010.51)	(323,571.28)
264	Const. in Progress-Agency Assets	3,996,184.25	3,442,758.80	128,962.63
	Property, Plant & Equipment - Net	88,361,688.00	91,325,410.05	89,669,616.17

Property, Plant and Equipment (PPE) includes properties of relatively permanent in character that are used in normal utility operations. It is carried at cost and had at least a life expectancy of more than one year such as land, buildings, office equipments, furniture and fixtures, communication and transportation equipments, pumping plant, source of supply, water treatment and transmission and distribution plant.

Accumulated Depreciation includes depreciation of fixed assets, from the very start of operation of the Water District up to the present. The Depreciation Expense is computed using the straight-line method over the estimated useful life of the assets with provision of 10% salvage value.

Construction in Progress – Agency Assets includes on-going service line expansion projects.

9. Other Assets

This account includes reclassification of existing items not in use and items awaiting disposal.

Code	Account Title	2011	2010	2009
290	Other Assets	1,926,065.43	1,926,065.43	1,926,065.43

10. Payable Accounts

These are obligations of the Water District that will mature within one year from balance sheet date.

Code	Account Title	2011	2010	2009
401	Accounts Payable	1,361,143.38	1,095,798.97	720,688.05
403	Due to Officers & Employees	17,057,232.69	16,081,998.64	13,953,677.59
	DBP Loan – Current Portion	3,038,942.26	-	-
	Total	21,457,318.33	17,177,797.61	14,674,365.64

Accounts Payable includes amount collected from customers for notarial fees of service connection contract. Due to Officers and Employees are due to employees and consist of service incentives, monetization of leave credits and others. Current Portion of DBP Loan consists of the amount payable for the following year 2012.

11. Inter-agency Payables

The account is composed of the following:

Code	Account Title	2011	2010	2009
412	Due to BIR	201,271.96	146,370.71	125,482.13
413	Due to GSIS	359,256.74	318,463.68	244,144.59
414	Due to Pag-ibig	89,362.92	79,023.33	87,718.30
415	Due to Philhealth	25,362.50	16,187.50	20,412.50
417	Due to Other GOCCs	6,715.40	-	3,726.00
	Due to Other NGAs	105,773.65	91,225.58	-
	Total	787,743.17	651,270.80	481,483.52

Due to Other GOCCs is the balance of cost of materials loaned from Nabua Water District used for mainline repair.

12. Other Liability Accounts

This consists of the following accounts:

Code	Account Title	2011	2010	2009
426	Guaranty Deposits Payable	2,761,208.30	2,761,708.30	2,761,708.30
427	Perform/Bidders Bond Payable	157,740.44	515,360.82	37,791.00
439	Other Payables	93,336.30	34,399.32	216,912.83
	Total	3,012,285.04	3,311,468.44	3,016,412.13

Guaranty Deposits Payable consists of meter and guaranty deposits for water bills.

13. Long-Term Liabilities – Loans Payable-Domestic

This account is the loan from LWUA but eventually bought-out by the Development Bank of the Philippines (DBP) and the non-LWUA Initiative Fund is a zero percent (0%) interest fund but payable in 40 years. Current Portion of the loan was classified as current liability.

Code	Particulars	2011	2010	2009
444	DBP Loan – Long Term Portion	79,534,081.74	85,365,662.27	94,303,922.75

14. Deferred Credits

Code	Account Title	2011	2010	2009
	Non-LWUA Initiative Fund	9,332,260.00	9,332,260.00	-

15. Government Equity

This account pertains to subsidies and donations given to the Water District since the time it assumed control over the utility, broken down as follows:

Code	Particulars	2011	2010	2009
	Subsidy from City Government	430,106.30	430,106.30	430,106.30
	Donated Pipes & Fittings-LWUA	16,956.44	16,956.44	16,956.44
	Flow Meter & Centrifugal Pump	23,327.68	23,327.68	23,327.68
501	Total Government Equity	470,390.42	470,390.42	470,390.42

16. Retained Earnings

This pertains to the cumulative earnings / losses of the Water District from the time it started operations.

Code	Particulars	2011	2010	2009
510	Retained Earnings, Beginning	19,215,951.71	20,881,828.50	18,819,184.47
	Net Income (Loss) for the period	(51,665.52)	(1,786,062.84)	1,642,498.50
	Financial Errors /PY Adjustments	(1,970,686.66)	120,186.05	420,145.53
	Total	17,193,599.53	19,215,951.71	20,881,828.50

17. Income

Code	Account Title	2011	2010	2009
	<i>Business Income:</i>			
639	Income from Waterworks System	59,306,242.85	57,837,370.05	53,294,205.40
648	Other Business Income	1,317,576.97	1,844,497.34	1,760,628.67
649	Fines & Penalties-Business Inc.	2,864,740.85	2,987,940.26	2,634,583.20
	<i>Other General Income:</i>			
664	Interest Income	609,547.79	734,430.45	631,181.18
678	Miscellaneous Income	73,568.75	93,040.18	20,357.87
679	Other Fines and Penalties	1,175.00	6,500.00	9,150.00
	Total	64,172,852.21	63,503,778.28	58,350,106.32

18. Expenses

Particulars	2011	2010	2009
Personal Services	22,296,248.26	20,084,415.82	18,318,261.57
Maint & Other Operating Expenses	34,177,040.90	29,837,809.65	25,106,901.42
Financial Expenses	7,751,228.57	15,367,615.65	13,282,444.83
Total	64,224,517.73	65,289,841.12	56,707,607.82

OBSERVATIONS AND RECOMMENDATIONS

I. Deficiencies noted in Cash in Bank account:

- a) Cash in Bank-Local Currency, Current Account was understated in the years 2010 and 2011 by P3,160.33 and P1,783.41, respectively, for failure of management to record the interest earned, bank charges and other errors in recording thus, balance of the account was incorrectly presented in the financial statements.

The Water District maintained two current accounts, one at Land Bank of the Philippines (LBP) and the other at the Philippine National Bank (PNB). For the years 2010 and 2011, the account had a net understatement of P3,160.33 and P1,783.41, respectively. The 2010 difference was already taken up in 2011, while the 2011 was taken up in 2012. The detail of the differences is shown below:

Bank / Current Account #	Particulars	Amount	
		2010	2011
PNB 4178500029	Over-recording of Deposit		(P 1.00)
	Interest Earned, 4 th quarter	P 4,387.91	2,230.51
LBP 2772-1055-01	Withholding Tax	(877.58)	(446.10)
	Cost of Checkbook	(350.00)	
	Net Understatement	P 3,160.33	P 1,783.41

To correct the amount presented in the financial statements, we recommended that Management make the necessary adjustment of the balance by the following accounting journal entry:

Code	Account Title	Debit	Credit
102	Cash-Collecting Officer	P 1.00	
111	Cash in Bank-LCCA	1,784.41	
5100891	Retained Earnings (Taxat.)	446.10	
5100664	Retained Earnings (Interest Income)		P 2,230.51
111	Cash in Bank-LCCA		1.00

*To take up interest earned for the 4th quarter
of 2011 and correct the over-recording of deposit.*

Management justified that it is an accepted procedure that the bank statement is received by clients several days after the end of every month, thus the company can only record the interest income and other reconciling items much late after the year-end.

However, it can be noted while there is a delay of recording, the accuracy and completeness of reflecting interest income and other reconciling items is highly maintained.

- b) Cash in Bank-Local Currency, Savings Account was understated in the year 2010 by P441.26, while in 2011, differences in posting by the bank was noted which totaled P43.69, that resulted to overstatement of the book balance, thus, the account was improperly presented in the financial statements.

The Water District was required to maintain an account with Development Bank of the Philippines (DBP) under savings account # 0630-025371-530, and deposited an amount not below the equivalent of three monthly amortizations under the loan agreement, which proceeds was used to buy out the loan from LWUA. The monthly loan amortization of P878,630.57 passed through this account.

The understatement of the account in CY 2010 was the unrecorded interest for the fourth quarter, which was taken up in CY 2011. The differences of P43.69 were errors in posting by the bank. The Accountant allegedly informed the bank of the error. These are the following:

Book		Bank		Difference
Date	Check Amount Credited by Bank	Date	Amount Debited	
05/10/11	P 878,630.57	05/17/11	P 878,630.60	P 0.03
09/12/11	878,630.57	09/19/11	878,674.24	43.67
12/06/11	878,630.57	12/19/11	878,630.56	(0.01)
Net Difference				P 43.69

With the differences noted and presented above, we recommended that the Management inform the Bank and facilitate immediate correction to avoid piling up of minimal errors and find difficulty reconciling the account in the future. The Cashier should always check the bank posting on the bank passbook every after a transaction transpired. Inform the bank of any difference noted and be acted upon immediately to maintain a correct and reliable balance.

Management justified that the District's record has maintained its certainty as this account is also reflected in the Daily Cash Position, there was previous information sent to the bank.

2. **The handling and custodianship of the Petty Cash Fund (PCF) was contrary to sound internal control principles and Section 50 of GAAM, Volume III, which could lead to embezzlement or improper disposition of government funds.**

Sound internal control principles dictate that no one person should have complete control of a transaction. The work of one should be so distributed that the work of one automatically checks the work of another.

Further, Section 50 of GAAM, Volume III provides that: "Key duties and functions such as authorization, custody and accounting shall be assigned to separate offices and individual to eliminate opportunities to conceal errors and irregularities.

The Water District maintained a Petty Cash Fund of ₱10,000.00. It is being replenished mostly twice or at times thrice a month. The designated PCF Custodian is at the same time the Procurement Officer. The payment and procurement were made by one and the same person. This is contrary on the sound internal control principles.

Post-audit of the replenishment of PCF for CYs 2010 and 2011 amounting to ₱414,973.70 and ₱433,844.98, respectively, disclosed the following deficiencies in supporting documents but paid by the PCF Custodian:

- a) Majority of the claims were recurring expenses such as reimbursement of travels which mostly if not all were without certificate of appearance, others were without travel orders / authority but paid traveling allowances including meals / snacks which do not serve the purpose;
- b) Contractual personnel which are not considered government employees were made to claim traveling allowances;
- c) Reimbursement of meals / snacks were without attendance or list of visitors attached, and
- d) Small / emergency purchases were paid out of the Petty Cash Fund were almost all without request and inspection by the supply or property custodian.

The Procurement Officer handles huge amount of cash advances for supplies, materials and equipment to be purchased in Manila. The PC Fund is being left to other personnel, while the PCF Custodian is out of town doing his procurement function. The handling of the PCF by Procurement Officer resulted ineffectiveness in the documentation of the procurement transactions and delayed liquidation of the cash advances. This procedure, if not properly addressed, could result to possible irregularity in the disposition of the fund.

We recommended to the Management the following:

- a) *Adhere to the cardinal principles of internal control over PCF transactions by re-aligning the work of each employee, so that there is an internal check over said transactions and avoid its improper disposition;*
- b) *Transfer the Petty Cash Fund to the Cashier for proper custody being the collecting and disbursing officer; and*
- c) *Unload the Procurement Officer in order to perform effectively the procurement function and provide the documentary requirements.*

Management had already complied the recommendation. The Petty Cash Fund was already transferred to the Cashier.

However, the demise of the precedent cashier created temporary assignment of her works to other employees.

3. Accounts Receivable balance of ₱7,418,185.08 for CY 2011 was of doubtful validity due to non-reconciliation with the detailed aging total of ₱7,438,716.97, or a difference of ₱20,531.89, contrary to sound accounting principle.

Sound accounting system dictates that balances of the subsidiary ledgers should reconcile with the controlling or general ledger balance. Likewise, under generally accepted accounting principles, subsidiary records shall always tally with the corresponding general ledger account since the former are merely detailed records of the latter. In case the two records do not tally and the discrepancy does not arise from error in footing, error in recording has undoubtedly occurred.

The Accounts Receivable from concessionaires were in the form of water bills, balances for new service connections and amount charged for lost water meters.

For the year 2010, the audit team commends the performance of the Commercial Division, for the first time, for all the receivable accounts from concessionaires were reconciled with the books.

Whereas in CY 2011, the detailed Aging of Accounts Receivable totaled ₱7,438,716.97, while the balance per books amounted to ₱7,418,185.08, or a difference of ₱20,531.89. The difference was due to the failure of the Accounting and Commercial Division to conduct reconciliation of its receivable accounts, contrary to the above-cited accounting principle.

Verification of the differences showed the following:

Month / 2011	Name of Concessionaires	Particulars	Amount
April	Various Customers	Water Bills payments erroneously charged to New Service Connection	(₱6,755.40)
May	Various Customers	New Service Connection payments erroneously charged to Water Bills	(5,751.35)
May	Iriga Central School	Billing Adjustment Memo – overstated bill	(1,753.40)
June	Meriam Marmol	Billing Adjustment Memo – overstated bill	(1,613.65)
June	Tirso Ibarrientos Jose Cortan, Jr. Aguil Anar	Water Bills payments erroneously charged to New Service Connection	(1,000.25) (0.66) (200.00)
July	Hall of Justice	Billing Adjustment Memo – understated bill	1,035.49
August	Masoso Pumping Station	Billing Adjustment Memo – overstated bill	(2,165.90)
December	Shiela Fajardo Edith Olaso Rene Oliva	Water Bills payments erroneously charged to New Service Connection	(615.15) (200.00) (1,450.00)
	Total Amount for adjustment		₱20,478.27
	Total Difference between Aging (SL) & per books (GL)		₱20,531.89
	Net Un-reconciled Difference / Overstatement per books		₱ 61.62

With the verified accounts above, we recommended that the Management prepare accounting entries to reconcile the general and subsidiary ledgers of the receivable account. For the remaining unreconciled balance of ₱61.62, exert extra effort to look into this difference, thereafter, prepare adjustment for total reconciliation of the account.

We recommended further, that the Management require the Commercial and Accounting personnel to conduct regular reconciliation to maintain a valid and reliable balance of the receivable account.

Management informed that the difference might be attributed to high risk of unintentional error in recording / posting due to thousands of subsidiary ledgers, thus there are times when the subsidiary may not equal the total of the general ledger account. Nonetheless, reconciliation shall be made regularly.

4. Cash Advances granted to officers and employees for official travels already undertaken with a balance in CYs 2010 and 2011 of P49,689.86 and P59,849.48, respectively, were liquidated beyond the prescribed period, contrary to COA Circular Nos. 97-002 and 96-004, Section 89 of PD No. 1445 and Section 16 of EO No. 248 as amended, resulting in the overstatement of Due from Officers and Employees account and understatement of related expense account.

Section 4.1 of COA Circular No. 97-002 dated February 10, 1997 and Section 89 of PD No. 1445 provide that: No cash advance shall be given unless for a legally authorized specific purposes; it shall be reported on and liquidated as soon as the purpose for which it was given has been served; and no additional cash advances shall be allowed to any official or employee unless the previous cash advance is first settled or a proper accounting thereof is made. (Underscoring supplied for emphasis)

Section 16 of EO No. 248 and COA Circular No. 96-004 state that: X x x within thirty (30) days after his return to his permanent official station in the case of official local travel, every official or employee shall render an account of the cash advance received by him in accordance with existing applicable laws and regulations and / or such rules and regulations as may be promulgated by COA for the purpose. Payment of the salary of any official or employee who fails to comply with the provisions of this Section shall be suspended until he complies therewith. (Underscoring supplied for emphasis)

Moreover, Section 3.3.2 of COA Circular No. 96-004 provides that the *Accountant shall monitor the liquidation of each cash advance and send written reminder within ten days before the lapse of 30 days period.* (Italics for emphasis)

Analysis of the account Due from Officers and Employees as of December 31, 2010 and 2011 showed that the officers and employees of the district still had an outstanding balances amounting to P49,689.86 and P59,849.48, respectively, which were drawn to cover traveling expenses for the years 2009, 2010 and 2011. They are the following:

Names	Outstanding Balance	
	2010	2011
<i>a) Board of Directors</i>		
Gaudencio O. Asanza, Jr.	P 2,010.81	
Fernando S. Berina, Jr.	2,960.00	P 2,960.00
Ryan B. Nagrampa	1,440.00	
Annalyn C. Tayag	7,215.22	11,672.22
Remelisa A. Alfelor	2,960.00	2,960.00
Sofronio B. Magistrado		7,480.00
<i>b) Employees</i>		
GM Romulo M. Corporal, Jr.	16,671.11	10,725.17
Ancito Ronda	5,970.00	
Jose L. Ballester	2,611.08	3,150.45
Jose D. Vargas, Jr.	255.00	
Claro R. Camila	255.00	
Manuel S. Gonzales	7,341.64	20,901.64
Total	P49,689.86	P59,849.48

The officers and employees were granted additional cash advances even if they have existing unliquidated cash advances and liquidation was very much delayed. There were cash advances without any movement for they did not go into travel but the amount was not refunded. Some were partial liquidation.

These practices were indications of poor internal control, aside from violating pertinent laws, rules and regulations on the granting, utilization and liquidation of cash advances, specifically, COA Circular No. 97-002 which stated that: *All cash advances shall be fully liquidated at the end of each year.*

The failure of the Accountant to monitor and issue a certification that the previous cash advance has been liquidated and accounted for in the books was the primary cause of the accumulation of cash advances.

This finding is a reiteration due to non-implementation of prior year's audit recommendation.

We recommended that the Management observe the guidelines set forth on cash advances in COA Circular Nos. 97-002, 96-004, Section 89 of PD No. 1445 and Section 16 of EO No. 248 in the granting and liquidation thereof as soon as the purpose for which it was given has been served.

Further, that the Management require the Accountant to closely monitor each cash advance and issue certification that the previous cash advance has been liquidated before another cash advance shall be granted. Send Letter Reminder when warranted by circumstances.

Management agreed for the observance of the guidelines on cash advances pursuant to COA Circular Nos. 97-002 and 96-004, Section 89 of PD No. 1445 and Section 16 of EO No. 248 shall be strictly complied with and followed and appropriate memorandum directives shall be issued to that effect.

5. Office Supplies Inventory account balance per books for CY 2011 amounting to P107,012.03 was overstated by P25,977.50 compared with the Report of Physical Count of Inventories (RPCI) total of P132,989.53, due to erroneous recording of CY 2009 COA audit adjustment, resulting to improper presentation of the account in the financial statement.

It is noteworthy that the Inventory balances per books of Accountable Forms, Other Supplies and Construction Materials were all reconciled with the RPCI. The Office Supplies Inventory account per books and RPCI had a balance of P107,012.03 and P132,989.53, or a noted difference of P25,977.50.

In CY 2009, the Water District had procured office supplies and two printers from the DBM Procurement Service. Unfortunately, when the payment was made at the DBM-PS, the two printers specified were not available, and later, exchange its cost for office supplies. An adjustment was only made in CY 2011 under JEV # 11-12-1638 when the supplies had already been consumed in CY 2010. The adjustment made was the following:

Acct Code	Account Title	Debit	Credit
155	Office Supplies Inventory	P25,977.50	
223	IT Equipment & Software		P25,977.50

The erroneous adjusting entry above, made the Office Supplies Inventory account overstated by P25,977.50 compared with the Inventory Report of Office Supplies, thus, a need to reconcile with the report, for proper presentation in the financial statement.

We recommended that the Management re-adjust the account to correct the balance and reconcile the books with the inventory report by the following journal entry:

Acct Code	Account Title	Debit	Credit
510	Retained Earnings (Office Supplies Expense)	P25,977.50	
155	Office Supplies Inventory		P25,977.50

Management justified that the erroneous adjusting entry was committed due to reason of a little confusion because the transaction is something different and seldom happens.

It took several months for DBM to find replacement for the defective printer orders and much later, DBM substituted it with office supplies time of which reaching the following period.

6. Unserviceable assets / assets awaiting final disposition booked up under Property, Plant and Equipment (PPE) accounts amounting P3,203,979.26 were still and remained undisposed resulting to the overstatement of PPE accounts, contrary to Section 79 of Presidential Decree (PD) No. 1445, exposing these properties to risks of loss, continued deterioration, decline in value of possible income from disposal of assets.

Section 79 of PD No. 1445 provides that: *When government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefor, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unsalable, it may be destroyed in their presence. If found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body in the presence of the auditor concerned or other duly authorized representative of the Commission, after advertising by printed notice in the Official Gazette, or for not less than three consecutive days in any newspaper of general circulation, or where the value of the property does not warrant the expense of publication, by notices posted for a like period in at least three public places in the locality where the property is to be sold. In the event that the public auction fails, the property may be sold at a private sale at such price as may be fixed by the same committee or body concerned and approved by the Commission. (Section 502 of GAAM, Volume I)*

Moreover, Philippine Accounting Standard No. 16 provides that assets no longer used in the operations such as those assessed as unserviceable and without economic benefits should be excluded from the property and equipment classification.

In CY 2011, it is noteworthy to mention that the balances per books and subsidiary records of the PPE accounts were reconciled. But, scrutiny of PPE accounts showed that several properties of the Water District which are unserviceable and already placed in storage were still included which resulted to the overstatement of PPE accounts by the same amount. The obsolete and unserviceable items are no longer considered fixed assets but should be included in the Other Asset account.

The non-disposition of the unserviceable properties may expose these items to risks of loss and / or further deterioration of properties, decline its money value and loss of income from disposal of assets and could clog the office space if these items remained undisposed. They are from the following accounts:

Acct #	Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
208	Irrig. Waterworks System & Struct	₱ 821,389.70	₱ 799,250.72	₱ 82,138.98
221	Office Equipment	129,585.20	116,626.68	12,958.52
222	Furniture and Fixtures	63,146.00	56,831.40	6,314.60
223	IT Equipment & Software	1,538,919.31	1,313,764.38	225,154.93
226	Machineries	380,740.00	232,563.60	148,176.40
229	Communication Equipment	202,503.80	182,253.42	20,250.38
241	Motor Vehicles	59,690.50	53,721.45	5,969.05
250	Other Property, Plant & Equipment	8,004.75	7,204.27	800.48
	Total	₱ 3,283,979.26	₱ 2,782,215.92	₱ 501,763.34

The unserviceable properties totaling ₱3,283,979.26 (*Annex A*) were taken from the Lapsing Schedule of Fixed Assets, Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and Inventory and Inspection Report of Unserviceable Properties (IIRUP).

We recommended to the Management the following:

- a) An Inventory and Inspection Report be prepared and to carry out disposal to drop from the books unserviceable properties carried in the fixed asset and inventory accounts.
- b) An appropriate reclassification of unserviceable properties to Other Assets should be undertaken and depreciation should no longer be recognized on assets classified for disposal by the following entry:

<u>Acct #</u>	<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
290	Other Assets	P 501,763.34	
308	Accum.Deprn – IWSS	739,258.72	
321	Accum.Deprn – Office Equipment	116,626.68	
322	Accum.Deprn – Furniture & Fixtures	56,831.40	
323	Accum.Deprn – IT Equip & Software	1,313,764.38	
326	Accum.Deprn – Machineries	232,563.60	
329	Accum.Deprn – Communication Equipment	182,253.42	
341	Accum.Deprn – Motor Vehicles	53,721.43	
350	Accum.Deprn – Other Prop., Plant & Equip.	7,204.27	
208	Irrigation, Waterworks System & Structures		P 821,389.70
221	Office Equipment		129,585.20
222	Furniture & Fixtures		63,146.00
223	IT Equipment & Software		1,538,919.31
226	Machineries		380,740.00
229	Communication Equipment		202,503.80
241	Motor Vehicles		59,690.50
250	Other Property, Plant & Equipment		8,004.75

To reclassify obsolete / unserviceable properties awaiting disposal to Other Assets.

- c) Further, expedite the disposal of unserviceable equipment to recover part of its cost and to stop the incurrence of cost in maintaining them.

Management justified that the Property, Plant and Equipment are the most complexed asset of the company. Thus, it requires the best possible ways of controlling, monitoring and disposing which the Water District commit to comply the recommendation.

Auditor's Rejoinder

Disposal Committee of the Water District should conduct immediate disposal of unserviceable properties in compliance with Section 79 of PD No. 1445

7. Payment of Year-End Bonus and Cash Gift to the General Manager for the year 2010 was overstated by P19,236.50 and in violation of Item 6.5, Budget Circular (BC) No. 2010-1 dated April 28, 2010, Rules and Regulations on the Grant of the Year-End Bonus and Cash Gift for FY 2010 and Years Thereafter.

Item 6.5, BC No. 2010-1 states that: *Personnel who rendered a total or aggregate of less than four months of service as of October 31 of the year shall be entitled solely to Cash Gift, prorated as follows, pursuant to Section 2 of R.A No. 8441.*

Length of Service	Percentage of P5,000.00	Corresponding Amount
3 months but less than 4 months	40%	P 2,000.00
2 months but less than 3 months	30%	1,500.00
1 month but less than 2 months	20%	1,000.00
Less than 1 month	10%	500.00

The General Manager assumed office on July 15, 2010, barely three and a half (3 ½) months as of October 31, 2010. The budget circular stated that if the service rendered is less than 4 months as of October 31 of the year, the personnel shall only be entitled for a prorated cash gift of P2,000.00. But, the payment to the aforesaid officer was half of the basic salary and cash gift, contrary to the above-mentioned circular. The half salary and cash gift paid amounted to P18,736.50 and P2,500.00, respectively, or a total of P21,236.50. The amount paid was overstated by P19,236.50 as compared to the 40% of P5,000.00 cash gift of only P2,000.00, that should have been paid.

We recommended that the Management adhere to existing laws, rules and regulations to avoid suspensions / disallowances in audit and to require the immediate refund of the subject overpayment of Year-End Bonus and Cash Gift amounting to P19,236.50. Subject overpayment shall be issued a Notice of Disallowance for payment in violation of BC No. 2010-1 dated April 8, 2010.

The General Manager justified that he served for one half month in the Local Government Unit of Iriga City from July 1, 2010 to July 14, 2010 until he assumed office as General Manager of Iriga City Water District (ICWD) on July 15, 2010. He presented a Service Record issued by the Office of the City Administrator, Human Resources Management Division duly signed by the Chief of the City HRMO.

He said that considering the one half month served at the LGU Iriga City and the three and one half months served at the ICWD from July 15, 2010 to October 31, 2010, the service rendered aggregated of at least four months for the period January 1 to October 31, 2010.

Based on the foregoing, he was entitled to the year-end bonus and cash gift pursuant to item no. 6.1, in relation to item nos. 6.3 and 6.9 of BC No. 2010-1 dated April 28, 2010.

Auditor's Rejoinder

The General Manager was formerly an elected City Councilor whose term ended on June 30, 2010. An elected official has no extension of term or services, thus the date gap claimed from July 1 - 14, 2010 could not be considered extension of services to the city.

The services of the General Manager at the Water District commenced July 15, 2010, the date of his appointment, which was merely three and a half months.

8. The district paid monetization of leave credits to its employees even if the required vacation leave were exhausted and charged to sick leave without valid and justifiable reasons as approved by the agency head, in violation of Sections 22 and 23 of CSC Memorandum Circular (MC) No. 41.

CSC-MC No. 41 series of 1998 provides for the amendments to Rules I and XVI of the Omnibus Rules Implementing Book V of the Administrative Code of 1987 (Executive Order V) of the Administrative Code of 1987 (Executive Order No. 292). Pertinent Sections of Rule XVI were amended to read as follows:

Section 22. Monetization of leave credits.

Officials and employees in the career and non-career service whether permanent, temporary, casual or coterminous, who have accumulated 15 days of vacation leave credits shall be allowed to monetize a minimum of ten days; Provided, that at least five days is retained after monetization and provided further that a maximum of 30 days may be monetized in a given year.

Section 23. Monetization of 50% or more of vacation / sick leave credits.

Monetization of fifty percent (50%) or more of the accumulated leave credits may be allowed for valid and justifiable reasons such as:

- a. Health, medical and hospital needs of the employee and the immediate members of his / her family;*
- b. Financial aid and assistance brought by force majeure events such as calamities, typhoons, fire, earthquake and accidents that affect the life, limb and property of the employee and his / her immediate family;*
- c. Educational needs of the employee and the immediate members of the family;*
- d. Payment of mortgages and loans which were entered into for the benefit or which were incurred to the benefit of the employee and his / her immediate family;*
- e. In case of extreme financial needs of the employee or his / her immediate family where the presents sources of income are not enough to fulfill basic needs such as food, shelter and clothing;*
- f. Other analogous cases as may be determined by the Commission.*

The monetization of 50% or more of the accumulated leave credit shall be upon the favorable recommendation of the agency head and subject to availability of funds.

Review of disbursements for the payment of monetization of CYs 2010 and 2011 amounting to P529,626.00 and P611,786.20, respectively, revealed that the water district had allowed and paid monetization of leave credits to its employees with an exhausted vacation leave credits and the balances were deducted from the sick leave credits. Some employees were granted regular monetization with below five days remaining vacation leave. There were also personnel who applied for the 50% monetization of accumulated leave credits, while, others opted to have it charged directly to sick leave credits without valid and justifiable reasons, but the same were all approved by the agency head.

Moreover, the application for monetization were either financial or educational needs, but there were no supporting documents attached showing urgency of need, e.g. enrollment form or matriculation assessment, hospital bills/doctor's prescription or notice of foreclosure of mortgages, while others were just silent of their purpose. Their applications were approved immediately without considering the condition that there shall remain five day vacation leave and ten days sick leave credits after monetization.

With this practice, Section 23 of the CSC-MC No. 41, Series of 1998, amendments to Rule I and XVI of the Omnibus Rules Implementing Book V of the Administrative Code of 1987 (EO No. 292), was not fully adhered to.

We recommended that the Management strictly comply with the requirements in the approval and payment of ten day vacation leave credits, and that five days leave credits remained pursuant to the provisions of Section 22 of Memorandum Circular of the Civil Service Commission.

Avail of the special monetization with valid and justifiable reasons after compliance of the required documents and approval by the agency head in accordance with Section 23 of the Memorandum Circular No. 41 to avoid audit suspensions and disallowances.

Management reasoned out that monetization of 50% or more of vacation / sick leave credits were allowed due to the following reasons, to wit:

- 1) Most of the reasons were due to extreme financial needs; and
- 2) Availment of big number of leave credits cautions the agency's payment of the retirees' leave credits in the future.

Auditor's Rejoinder

The provisions of Section 22 and 23 of Memorandum Circular No. 41 of the Civil Service Commission should strictly be adhered to and followed.

9. The contract of service personnel were granted employer's share for Pag-ibig and Philhealth contributions for CYs 2010 and 2011 amounting to P63,390.00 and P27,125.00, respectively, contrary to the Contract of Service entered into by and between the contractual personnel and the Water District and Republic Act (RA) No. 9679, or the Home Development Mutual Fund Law of 2009.

Item 8 of the Contract of Service signed between the contractual personnel (Second Party) and the General Manager representing the Water District (First Party) states: *That it is understood that this contract does not create and employer-employee relationship between the First Party and the Second Party, that the services rendered hereunder are not considered and will not be accredited as government service; and that the latter is not entitled to the benefits enjoyed by the regular personnel of the First Party.*

RA No. 9679, otherwise known as HDMF Law of 2009 stated that: *Membership to the Fund will be mandatory for all employees – including their employers – coverable by the Social Security System (SSS) or Government Service Insurance System (GSIS), regardless of status of employment or nature of appointment.*

Section 106 of PD No. 1445 states that: *The officer directing any illegal payment or disposition of funds or property shall be primarily liable for the loss while the accountable officer who fails to serve the required notice shall be secondary liable.*

Moreover, the Board of Directors adopted Resolution No. 21 dated August 10, 2010 requiring Philhealth insurance coverage of ICWD contractual personnel which serves as the basis for granting the benefit.

Post-audit of disbursement transactions for the CYs 2010 and 2011 disclosed that the contractual personnel of the District were granted employer's share of Pag-ibig and Philhealth contributions amounting to P63,390.00 and P27,125.00, respectively (*Annex B*), contrary to the above-cited terms of the contract of service and to the HDMF Law of 2009. The Pag-ibig benefit started in January 2010, while the Philhealth was in August 2010. The grant of said benefits to the JO personnel, tantamount to a violation of the terms and conditions signed by both parties.

It is very clear from the contract signed by and between the parties that there is no employer-employee relationship, thus, the grant of the Pag-ibig and Philhealth benefits has no legal basis. The HDMF Law of 2009 made its membership to be mandatory for all employees, but, to those covered by the SSS and the GSIS, while these contracts of service personnel are not covered by the same.

The General Manager who approves the payment, the Accountant who checks as to the legality of the transactions under the direction of the Division Manager, as well as the Cashier who pays the transaction were reminded of their liabilities as stated in the above-cited provision of Section 106 of PD No. 1445.

We recommended that the Management stop paying employer's share for Philhealth and Pag-ibig contribution of contractual personnel. Strictly adhere what is stipulated in the contract. Refund immediately the total employer's share amounting to P63,390.00 and P27,125.00, respectively, remitted to Pag-ibig and Philhealth. Otherwise, Notice of Disallowance shall be issued for granting the benefit without legal basis.

Moreover, we recommended that the Board of Directors adopt policies or directives within the bounds of applicable laws and regulations.

Management justified that employer's share for Pag-ibig and Philhealth were granted to contractual employees of ICWD because, although it is stated in and notwithstanding that it is stated in their contracts of service, that there is no employer-employee relationship and they are not entitled to benefits of regular employees, particularly their being hired and compensated by ICWD and the ICWD having the power, control and supervision over them, are present and they are thus for legal purpose considered as employees qualified under the Pag-ibig and Philhealth Laws.

Auditors' Rejoinder

The HDMF law of 2009 and the terms and conditions stipulated in the Job Order Contract should be adhered to. A mere Board Resolution will not suffice to violate the laws, rules and regulation.

The General Manager/Accountant who certifies that charges to budget are lawful and at the same time approves the transaction should be mindful of applicable government laws, rules and regulations for they are held personally responsible and liable for illegal and irregular disbursement of public funds.

- 10. Fuel consumption for CYs 2010 and 2011 amounting to P660,983.74 and P1,025,633.29, respectively, were not closely monitored and controlled, hence, reasonableness of fuel consumptions cannot be easily determined.**

COA Circular No. 75 dated November 7, 1975 provides that the use of government vehicles should be made through properly accomplished and approved trip tickets which should be serially numbered and summary of which shall be made at the end of the month in a Monthly Report of Official Travels.

Likewise, Manual on Audit for Fuel Consumption of Motor Transportation provides: *At the end of the month, a Monthly Report of Official Travels shall be prepared by the driver concerned summarizing in chronological order his trips for the month. The report shall be certified by the driver and approved by the Administrative Officer.*

Monthly, a report of fuel consumption shall be prepared and submitted by the Agency personnel concerned to the Auditor for verification purposes. The report shall show among others, the different types of motor vehicles utilized by the agency during the month, total distance travelled, total fuel used and the normal fuel consumption for each vehicle.

The approved trip ticket is the authority of the driver to take the district's vehicle out of the garage / office for official travel / trip. If the use of a government vehicle is not supported with a duly approved trip ticket, the use thereof could not be considered official and all the expenses incurred relative to the use thereof could not be charged against government funds.

Likewise, Section 4, paragraph 6 of PD No. 1445 states that claims against government funds shall be supported with complete documentation

Verification of the paid vouchers pertaining to fuel consumptions for CYs 2010 and 2011 amounting to P660,983.74 and P1,025,633.29, respectively, revealed that all travels of the vehicles were not fully supported with duly accomplished trip tickets, only issuance slip were attached wherein the data indicating therein the destination, purpose and date of travel, mileage, and personnel using the government vehicle were not provided, contrary to the aforementioned Circular.

It was also noted that from January to December 2010 and 2011, the Water District failed to prepare and submit the Monthly Reports of Official Travels and Monthly Fuel Consumption Report, hence there was no control on vehicle's fuel and lubricants utilization and the normal fuel consumption for each vehicle cannot be easily determined or monitored.

Further, fuel consumptions were not fully supported with driver's trip ticket as required under COA Circular No.75-6 dated November 7, 1975, thus, verification of the monthly fuel consumption could not be determined.

Moreover, the reasonableness of the claims could not be verified since most issuances of gasoline were not indicated what vehicles were issued with gasoline.

We recommended to the Management the following:

- a) Strictly require the drivers of the vehicle and motorcycle to prepare duly accomplished and approved trip tickets in all trips, including trips within the city before undertaking travel, stating passengers thereon;*
- b) Drivers be required to keep daily records of travel in order to easily monitor fuel consumption; and*
- c) Require the personnel concerned to prepare and submit the Monthly Reports of Official Travels and Monthly Fuel Consumption Report, pursuant to the above-stated regulation.*

Management agreed to prepare the required reports for close monitoring. However, the agency had no control in the fluctuation of prices in the year 2011 despite the monitoring in the quantity and controlling fuel consumption. For that year, increase in prices was recurring and prolonging.

11. **Traveling Expenses of officers and employees for CYs 2010 and 2011 were erroneously computed, unnecessary receipts and bills were included and other expenses charged were without receipts, in violation of Section 2, Executive Order (EO) No. 248 and Sections 4 and 5, EO No. 298, resulting to overstatement of travel claim by ₱180,276.10**

Under Section 2, EO No. 248 dated May 29, 1995 as amended by EO No. 248A dated August 14, 1995 and EO No. 298 dated March 23, 2004, *travels shall cover only those that are urgent and extremely necessary, will involve the minimum expenditures and are beneficial to the agency concerned.*

Section 4 of EO No. 298 amending Section 6 of EO No. 248 dealt on the allowable travel expense which states that: *The travel expenses of government personnel regardless of rank / position and destination shall be in the amount of ₱800.00 per day which shall be apportioned as follows: a) 50% for hotel / lodging, b) 30% for meals and c) 20 % for incidental expenses.*

Claims for reimbursement of actual expenses in excess of the travel expenses authorized herein may be allowed upon certification of the head of agency concerned as absolutely necessary in the performance of an assignment and presentation of bills and receipts. Provided, that, certification or affidavit of loss shall not be considered as appropriate replacement for the required hotel / lodging bills and receipts.

Entitlement to travel expenses shall start only upon arrival at the place of destination and shall cease upon departure therefrom at the following percentage: (Underscoring supplied for emphasis).

Particulars	Percentage	To Cover
Arrival not later than 12:00 noon	100%	50% Hotel / Lodging 30% Meals (Breakfast, Lunch & Dinner) 20% Incidental Expenses
Arrival after 12:00 noon	80%	50% Hotel / Lodging 10% Dinner 20% Incidental Expenses
Departure before 12:00 noon	30%	10% Breakfast 20% Incidental Expenses
Departure at 12:00 noon & later	40%	10% Breakfast 10% Lunch 20% Incidental Expenses

The Board of Directors of the Water District were allowed to claim actual expenses during their travels, but there was no certification by the head of the agency that the expenses were absolutely necessary in the performance of their assignment.

Besides, some of the charges were not supported with bills and receipts, while the other receipts presented were extravagant / unconscionable / unnecessary in the performance of the assignment and irrelevant to public service. Other travels were out of way with the approved itinerary. Expenses incurred out of way relative to study in Masteral Degree shall be disallowed in audit.

Traveling expenses claimed by some officers and employees were erroneously computed. The computation was not in conformity with the guidelines set forth in Section 4, paragraph 3 of EO No. 298 as cited above, had not consider the start of travel allowance upon arrival to destination and ceases upon departure from destination, resulting to overstatement of the claim by P180,276.10. (*Annex C*).

Claims of the officers/employees were excessive mostly for meals and incidental expenses. Even if departure from destination is before 12:00 noon, the claim was for the whole day, thus, an overpayment of meals. While the incidental expenses, instead of P160.00, the claim is P200.00, thus the excess of P40.00.

The total excess payment for travel due to erroneous computation and other deficiencies of the Board of Directors and employees amounted to P20,868.94 and P159,407.16 respectively, or a total of P180,276.10. Shown below is the summary of transactions charged of travel expenses:

Nature of Transaction	Amount		
	2010	2011	Total
Petty Cash Fund	P13,649.00	P 20,061.00	P 33,710.00
Liquidation – Travel Advances	53,654.86	81,177.29	134,832.15
Disbursement Vouchers	6,355.95	5,378.00	11,733.95
Total	P73,659.81	P106,616.29	P180,276.10

Aside from the excessive travel claims, there were deficiencies in documentation. Some travel claims were without travel orders, no certificates of appearance and others has no official receipts to support the claim. Prudence was not exercise by the officials and expenses were not from the standpoint of economy and efficiency by spending excessive amount for meals, hotels and other unnecessary expenses.

This finding is a reiteration for non-implementation of CY 2009 audit recommendation.

We recommended that the Management require the immediate refund of excess payment of travel expenses of the Board of Directors, Board Secretary, Legal Counsel and employees amounting to P179,740.15. Likewise, we require that Management adhere strictly to rules and regulations on travel to avoid suspensions / disallowances in audit. Subject excess payment of travel and deficiencies in documentation shall be issued corresponding Notices of Suspension / Disallowance.

Management justified that the actual expenses during travels for which claims for reimbursement were made, were necessary and connected to the performance of the assignments of the concerned officers and employees and they have already been duly certified to as such.

The actual expenses were likewise covered by receipts and bills which have already been submitted and actually received by the Corporate Accountant with the corresponding liquidations, hence the corresponding expenses have been approved and allowed by him to be paid or reimbursed and have actually been paid or reimbursed already. The Corporate Accountant should be in the possession and custody of and should be accountable for the same, and if the same are not with him, he should be the one held liable and accountable for their loss.

The expenses are not actually excessive, extravagant or unnecessary, as they were incurred under circumstances which require such expenses were incurred and the purpose and circumstances for which the expenses were made. Also, although the expenses may not be directly connected with the functions or assignments of the concerned officer and employees, they are indirectly related or necessary to said functions or assignments.

Auditor's Rejoinder

Section 2 of Executive Order No. 248 provides that travels should involve minimum expenditure and beneficial to the agency. Also, travels to be undertaken are only those which are urgent and extremely necessary.

12. The Board of Directors and its Secretary were paid Per Diems and Honoraria for CYs 2010 and 2011 in the total amount of ₱1,501,991.17 and ₱208,800.00, respectively, which were not fully supported with minutes of meetings as proof that board meetings have been held on specified dates which is not in accordance with Section 4(6) of Presidential Decree (PD) No. 1445, hence the propriety and authenticity of transactions were not ascertained.

Section 4(6) of PD No. 1445 states that: *Claims against government funds shall be supported with complete documentations.*

Post-audit of the liquidation of cash advances of the Cashier for the payment of per diems of the Board of Directors and honoraria of the recording Secretary revealed that some minutes of meetings were not attached to support the disbursements made. In CYs 2010 and 2011, the Board Secretary was paid ₱10,000.00 per month regardless of absences, while the Board of Directors held a maximum of four meetings per month and paid ₱4,419.00 per meeting. Record showed the following total payments net of taxes to the members of the Board and its Secretary for CYs 2010 and 2011, to wit:

Particulars	2010	2011	Total
Board of Directors	P 766,669.84	P 735,321.33	P 1,501,991.17
BOD Secretary	104,400.00	104,400.00	208,800.00
Total	P 871,069.84	P 839,721.33	P 1,710,791.17

Further verification of the payroll for the Board of Directors' per diems showed that per diems were paid without Minutes of Meeting presented / submitted by the Recording Secretary as proof that meeting has indeed occurred.

Of the scheduled dates of meetings in 2010, seven was without minutes of meeting, while in CY 2011, there were ten, but the Board of Directors and the Recording Secretary were paid in full. The per diems paid in CYs 2010 and 2011 amounted to P123,732.00 and P207,693.00, respectively, or a total of P331,425.00 as presented below:

Dates with no minutes of meeting	Names of Board of Directors & Amount of Per Diems Paid without Minutes of Meeting					Total
	Analya Tanyag	Guillermo Asanza	Edith C. Andalis	Renecha Morales	Ryan Nagrampa	
2010						
03/17/10		P4,419.00	P4,419.00	P4,419.00		P13,257.00
03/24/10		4,419.00	4,419.00	4,419.00		13,257.00
04/06/10	P4,419.00	4,419.00	4,419.00		P4,419.00	17,676.00
04/12/10	4,419.00	4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
05/21/10		4,419.00	4,419.00		4,419.00	13,257.00
11/12/10	4,419.00	4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
11/22/10	4,419.00	4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
?						
Total	P17,676.00	P30,933.00	P30,933.00	P22,095.00	P22,095.00	P123,732.00

Minutes of Meetings is a proof that a meeting was held once it provides the basic information such as the date and time, the agenda of the meeting, present attendees and absentees, and discussions / decisions made which shall support the payment of per diems and honoraria to the present attendees entitled to receive as such per diem. Likewise, the presence of attendees provided in the minutes of meetings will also justify for the meals and snacks charged.

2011	Analya Tanyag	Guillermo Asanza	Edith C. Andalis	Angel Nilo Supaneshad	Maria B. Quize	Sofronio Magistrado	Total
01/18/11	P4,419.00	P4,419.00	P4,419.00	P4,419.00			P17,676.00
02/18/11		4,419.00	4,419.00	4,419.00	P4,419.00		17,676.00
05/16/11	4,419.00	4,419.00	4,419.00	4,419.00	4,419.00		22,095.00
07/19/11	4,419.00	4,419.00	4,419.00	4,419.00	4,419.00		22,095.00
08/13/11	4,419.00		4,419.00	4,419.00		P4,419.00	17,676.00
08/19/11	4,419.00		4,419.00	4,419.00	4,419.00		22,095.00
10/28/11	4,419.00		4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
12/16/11	4,419.00		4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
12/17/11	4,419.00		4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
12/28/11	4,419.00		4,419.00	4,419.00	4,419.00	4,419.00	22,095.00
19							
Total	P30,771.00	P17,676.00	P44,190.00	P44,190.00	P35,352.00	P26,514.00	P207,693.00

We recommended that the Management require the presentation / submission of Minutes of Meeting before payment of Directors' per diems and recording Secretary's honoraria to ascertain the validity of the disbursements. Adhere to the rule that no disbursement shall be paid without complete supporting documents.

Management justified that the meetings of the ICWD Board of Directors have the corresponding minutes of meeting which minutes are in the custody of the board secretary being the legal custodian of the minutes and the existence of such minutes has been duly certified by the board secretary.

Auditor's Rejoinder

Section 4, paragraph 6 of PD No. 1445 states that claims against government funds shall be supported with complete documentation. Detailed scrutiny of the supporting document should be made before payment of any transaction.

13. The Board of Directors and its Secretary were granted Productivity Enhancement Incentive (PEI) for CYs 2010 and 2011 with aggregate amount of P60,000.00 and P54,000.00, respectively, or a total of P114,000.00, in violation of Administrative Order (AO) No. 3 of 2010, AO No. 24 of 2011 and Budget Circular (BC) No. 2011-4 dated December 5, 2011.

Administrative Order Nos. 3 and 24 by the President of the Philippines are both authorizing the grant of PEI to government employees for fiscal year 2010 and 2011, respectively.

Budget Circular No. 2011-4 prescribe the guidelines on the grant of Productivity Enhancement Incentive (PEI), to cover civilian **government employees**, occupying regular, casual, or contractual positions; appointive or elective; rendering services on full time or part-time basis. It was also specified on the same circular, the exclusion of those hired without employer-employee relationships and paid from non-Personal Services appropriations / budgets.

The Board of Directors are officers but not considered as government / organic employees, thus grant of PEI was without legal basis. Likewise, the Board Secretary is a Contract of Service which was specifically stipulated in the contract that there is no employer-employee relationship and corresponding services shall not be credited as government service.

For CYs 2010 and 2011, the Board of Directors and its Secretary were paid Productivity Enhancement Incentive totaling P60,000.00 and P54,000.00, respectively, or a total of P114,000.00. Listed below are the amounts received per year by the BODs and its Secretary, viz:

Names	2010	2011	Total
Gaudencio O. Asanza, Jr. - BOD	P 10,000.00	P	P 10,000.00
Edith C. Andalis - BOD	10,000.00	10,000.00	20,000.00
Remelisa A. Moralada - BOD	10,000.00		10,000.00
Annalyn C. Tayag - BOD	10,000.00	10,000.00	20,000.00
Ryan B. Nagrampa - BOD	10,000.00		10,000.00
Angel Nilo A. Bagamasbad-BOD		10,000.00	10,000.00
Maria B. Quite - BOD		10,000.00	10,000.00
Sofronio B. Magistrado - BOD		4,000.00	4,000.00
Reynel M. Berina - BOD Sec.	10,000.00	10,000.00	20,000.00
Total	P 60,000.00	P 54,000.00	P 114,000.00

The payment of the above PEI was covered by BOD Resolution Nos. 36 series of 2010 and 28 series of 2011 approving and authorizing the grant of PEI to all permanent and regular officers and employees of ICWD. These resolutions could not be gleaned as the legal basis for it is not within the bounds of laws, rules and regulations.

This is a reiteration for non-implementation of prior year's recommendation.

We recommended that Management desist / stop paying of bonuses and benefits which were not in consonance with applicable laws, rules and regulations to avoid suspension / disallowance in audit. Refund immediately subject payment of PEI P114,000.00, otherwise, subject payment shall be issued a Notice of Disallowance.

Management cited that Administrative Order of the Office of the President on Productivity Enhancement Incentive (PEI) provides the grant of PEI to employees, including those in the GOCC, whether permanent, casual, contractual, appointed or elected, and thus it was assumed in good faith that since the board of directors and board secretary are officers and are in the service of the government, particularly the ICWD, they were covered and qualified to the grant. Moreover, for the previous couple of years the grant of PEI to said directors and secretary was not disallowed in audit and thus in good faith it was assumed the grant of the PEI was in order. Nevertheless, from the time that the directors and secretary came to be informed that the grant of PEI was not allowed, they ceased to receive and have not received anymore the PEI and they will continue to comply with this.

14. Expenses charged to accounts Donations (878) and Other Maintenance and Operating Expense (969) amounting to P43,364.81 and P27,968.87, respectively, or a total of P71,273.68 for C/Ys 2010 and 2011 were donations, solicitations, financial assistance and contributions to public officers and private organizations whose activities were not in pursuance to the mandate of local water districts, a violation of the Section 29 (2) of the 1987 Philippine Constitution, Section 138 of GAAM Vol. I, and Administrative Order (AO) No. 103.

Section 29 (2) of the 1987 Philippine Constitution states that: *No public money or property shall be appropriated, applied, paid or employed, directly or indirectly, for the use, benefit, or support of any sect, church, denomination, sectarian.*

or system of religion, or of any priest, preacher, minister, or religious teacher, or dignitary as such, except when such priest, preacher, minister, or dignitary is assigned to the armed forces, or to any penal institution, or government orphanage or leprosarium.

Moreover, Section 138 of GAAM Vol. 1, states that:

- a) No money shall be paid out of any public treasury or depository except in pursuance of an appropriation, law or other specific statutory authority; and*
- b) Government funds or property shall be spent or used solely for public purposes.*

On the other hand, Administrative Order No. 103 dated August 31, 2004, an order directing the continued adoption of austerity measures in the government suspends donations, contributions, grants and gifts, except said activities are undertaken pursuant to the mandate of the donor agency.

Audit of Donations and Other Maintenance and Operating Expense accounts revealed that a total of P71,273.88 (*Annex D*) were donated and contributed to public officer and private organizations for activities not in accordance with the mandate of local water districts which is to:

- a) acquire, install, maintain and operate water supply and distribution systems for domestic, industrial, municipal, and agricultural uses for residents and lands within the boundaries of such districts;*
- b) provide, maintain and operate waste water collection treatment and disposal facilities; and*
- c) conduct such other functions and operations incident to water resources development, utilization and disposal within such districts, as are necessary or incidental to said purpose.*

All of the transactions were in violation of the above-cited regulations on the fundamental principle on government financial transactions and operations resulting to unnecessary expenditures and putting the government into a disadvantageous position from the standpoint of economy.

We therefore recommended that Management only allow donations and contributions pursuant to the mandate of the Water District. Financial assistance should not be granted to similar transactions specified above even if authorized by a Board Resolution unless a law is specifically provided therein, for the Water District is not mandated to grant such undertakings so that the incurrence of disallowance is avoided.

Management justified that although some of the donations and other maintenance and other operating expenses incurred may not be strictly and directly in pursuance of the principal mandate of ICWD, they were indirectly related to the secondary purpose or power of the ICWD, which is to sell water to the public. In the same way as a private business engaged in the selling of merchandise, donations have to be made and expenses have to be incurred by the ICWD to maintain a good relationship with its consumers / clients to retain them as such, to encourage and attract potential consumers / clients to be consumers / clients of ICWD and to promote the image of ICWD and in doing so, it makes efficient and effective of its and power to sell water to the public.

Auditor's Rejoinder

Section 29 (2) of the 1987 Philippine Constitution, Section 138 of GAAM Volume I, and Administrative Order (AO) No. 103 should be adhered to before any payment be made.

- 15. The agency failed to prepare an Annual Procurement Plan for supplies, materials and equipment as basis for the procurement, contrary to pertinent provisions of the Implementing Rules and Regulation (IRR) of Republic Act (RA) No. 9184.**

Section 7.1 and 7.2 of the IRR of RA No. 9184 provides that: *All procurement should be within the approved budget of the procuring entity and should be meticulously and judiciously planned by the procuring entity concerned. No government procurement shall be undertaken unless it is in accordance with an approved Annual Procurement Plan (APP) of the procuring entity.*

Likewise, Section 7.3.2 of RA No. 9184 provides that the end-user units of the procuring entity shall prepare their respective Project Management Procurement Plan (PMPP) for their different programs, activities and projects. These PMPPs are then consolidated into an Annual Procurement Plan, the task of which is lodged with the BAC Secretariat.

Review of the Procurement documents attached in the disbursement vouchers disclosed that procurement of items such supplies, materials and equipment were made frequently or every time the need arises. This could be attributed to the failure of management/end-users to prepare and submit a Project Management Plan for the Supply Officer to consolidate and come up with an Annual Procurement Plan (APP). This manner of procurement is uneconomical in terms of time, effort and resources since it was being made as frequently as possible. Likewise, travels to Manila was frequently undertaken to procure the requested supplies and materials.

The Annual Procurement Plan may be revised as often as may be required by the Head of the Procuring Entity (HOPE). The agency must anticipate its annual supply needs and requirements as an essential phase of its procurement system.

The submission of an Annual Procurement Plan is imperative under the IRR of RA No. 9184. The preparation and updating of an APP for its procurement of supplies, material and equipment that shall include Project Procurement Plan (PPMP) shall be the responsibility of the respective Project Management Offices (PMOs) or end user units of the agency, while the consolidation of these PPMPs into an APP shall be lodged with the BAC Secretariat.

We recommended that Management direct all Heads of Division to prepare and submit the Project Procurement Management Plan for consolidation by BAC Secretariat in pursuance to the pertinent provisions of RA No. 9184. By following the schedules and frequency provided in the procurement plan would enhance the efficient operation of the District. Thus, granting of cash advance for the purchase supplies and materials could be controlled and minimized.

Management said that in the past years, the company had been dependent on the budgets prepared by each division. While there was no specific time of purchase for several materials, the company's basis was the time of necessity and availability of funds. The latest Annual Procurement Plan (APP) is in the process of final preparation.

16. The Head of the Procuring Entity (HOPE) designated a BAC member who is not a permanent employee of the district in violation of Section 11.2.2 of IRR of RA No. 9184.

Section 11.2.2 of IRR of RA No. 9184 provides that the BAC composed of the following Regular Members:

- a) Chairman, who is at least a **third ranking permanent official** of the procuring entity;
- b) An officer, who is at least a **fifth ranking permanent official**, with knowledge, experience and/or expertise in procurement who, to the extent possible, represents the **legal or administrative area** of the procuring entity, provided that in the case of bureaus, regional offices and sub-regional/district offices, BAC members shall be at least a third ranking permanent personnel; and
- c) An officer, who is at least a **fifth ranking permanent official**, with knowledge, experience and/or expertise in procurement who, to the extent possible, represents the **finance area** of the procuring entity, provided that in the case of bureaus, regional offices and sub-regional/district offices, BAC members shall be at least a third ranking permanent personnel.

Review of the documents for the BAC composition, revealed that the head of the procuring entity designated a BAC member who is not a permanent employee of the district. The term permanent shall refer to a plantilla position within the procuring

entity concerned. In 2010, one of the designated BAC members was the BOD Secretary who was a contract of service, without employer-employee relationship and paid honoraria as BAC member. While in 2011, another BAC member designated was the currently hired retained legal counsel of the Water District, both in violation of the above cited rules and regulations.

Moreover, all the BAC members, Technical Working Group and the BAC Secretariat were not issued office orders to the effect of the designations.

We recommended that Management strictly observe Section 11.2.2 of IRR of RA No. 9184 in designating the BAC members considering the position, rank and a permanent employee. The Head of Agency should issue Office Order or Memorandum as authority of their respective designation.

Management justified that as to the board secretary's and legal counsel's designations in the CYs 2010 and 2011, respectively, as BAC members and their receipt of honorarium, they were designated as "mandatory provisional members" of the BAC as provided for under the Government Procurement Act representing the "end user" or a representative from the ICWD which is the one requesting the procurement, in view of their legal experience and knowledge, especially that the ICWD has no legal department and there was no permanent officer or employee in the ICWD with legal experience and knowledge. They were also designated at that time that the BAC was just created in order to aid the BAC on addressing issues on bidding and procurement. Thus, when the BAC has been properly acquainted already of the requirements of the law on bidding and procurement, the respective designations of the board secretary and legal counsel as AC have been recalled.

The audit recommendation is however appreciated and noted.

- 17. All procurement of goods, supplies and materials made by the agency for CYs 2010 and 2011 in the amount of ₱3,555,154.68 and ₱4,530,065.79, respectively, were done not in accordance with RA No. 9184.**

Public bidding is the policy and medium of procurement adhered to in government contracts under existing laws and regulations and it is the accepted method for arriving at a fair and reasonable price in accordance with the provisions prescribed under Republic Act No. 9184, otherwise known as "The Government Procurement Law".

Likewise, the Generic Procurement Manual, Volume 2, states that the procurement in the government should generally be through public or competitive bidding. However, the law allows the use of alternative methods of procurement if it will promote economy and efficiency and the most advantageous price is obtained, provided it must be recommended by the BAC and approved by the head of the procuring agency and the required conditions provided by law are present.

Section 12.1 of IRR RA No. 9184, provides that The BAC shall have the following functions:

xxxx. In proper cases, the BAC shall also recommend to the head of the procuring entity the use of Alternative Methods of Procurement as provided in Rule XVI hereof.

Section 48.1 Subject to the prior approval of the head of the procuring entity of his duly authorized representative, and whenever justified by the conditions provided in this Act, the procuring entity may, in order to promote economy and efficiency, resort to any of the alternative methods of procurement provided in this Rule. In all instances, the procuring entity shall ensure that the most advantageous price for the Government is obtained.

Section 48.2 In accordance with Section 10 of IRR-A, as a general rule, the procuring entities shall adopt public bidding as the general mode of procurement and shall see to it that the procurement program allows sufficient lead time for such public bidding. Alternative methods shall be resorted to only in the highly exceptional cases provided for in this Rule.

Also, Section 8.1.1 of IRR RA No. 9184 states to promote transparency and efficiency, information and communications technology shall be utilized in the conduct of procurement procedures. Accordingly, there shall be a single portal that shall serve as the primary source of information on all government procurement. The PhilGEPS shall serve as the primary and definitive source of information on government procurement. The PhilGEPS shall serve as the primary and definitive source of information on government procurement. For this purpose, the Electronic Procurement System (EPS) established in accordance with Executive Order 322 series of 2000, and Executive Order No. 40, series of 2001 (E.O. 40), shall continue to be managed by the PS-DBM under the supervision of the GPPB, as the PhilGEPS, in accordance with this IRR-A.

Section 8.2.3 provides that a) The PhilGEPS shall have a centralized electronic catalogue of common and non-common use goods, supplies, materials and equipment. b) Procuring Entities shall procure common-use goods, supplies, materials and equipment from the Electronic Catalogue in the PhilGEPS. To be able to use the PhilGEPS, Procuring Entities shall be required to register and designate the officials or personnel authorized to transact with and operate the PhilGEPS from such Procuring Entities terminals.

Section 1.0 (1.1) of the DBM Circular Letter dated August 23, 2011 also states that:

1.0 RATIONALE

Consistent with the national government policy that procurement of government supplies and materials and equipment shall be done in the most transparent and competitive manner, President Benigno Aquino III issued Administrative Order No. 17 directing all government agencies:

1.1 to procure their common-use supplies from the Procurement Service (PS) without need for public bidding; and

1.2 to use the Philippine Government Electronic Procurement System (PhilGEPS) in all their procurement activities pursuant to the Government

Procurement Reform Act (RA No. 9184)

For the procurement of goods, the following alternative methods of procurement may be resorted to:

- a) Limited Source Bidding;
- b) Direct Contracting;
- c) Repeat Order;
- d) Shopping; and
- e) Negotiated Procurement.

Section 54.1 of IRR RA No. 9184 states that Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division of breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, especially the necessity of public bidding and the requirements for the alternative methods of procurement.

Review of the transactions for CYs 2010 and 2011 disclosed that all procurements of goods, supplies and materials amounting to ₱3,555,154.68 and ₱4,530,065.79, respectively, made by the agency were basically not in accordance with the RA No. 9184, and showed the following deficiencies:

- a) No public bidding was conducted. Alternative methods of procurement such as shopping and direct contracting sold by an exclusive dealer or manufacturer were used in all its procurement. These purchases vary from chemical supplies and materials, pipelines, spare parts, office equipment, furniture and fixtures as well as construction materials and other supplies for use of the district in their government operations;
- b) In all instances there were no BAC minutes / resolutions attached to the disbursement vouchers showing that such procurement were not subjected to BAC proceedings;
- c) The agency has not registered yet with PhilGEPS. All procurements were not posted to the PhilGEPS;
- d) Some disbursement vouchers of a Supplier, have so many PRs and POs attached to the voucher with the same items procured split into smaller quantities and amounts not to exceed ₱20,000.00 per PRs and POs. The

Audit Team was informed and Management admitted the splitting PRs and POs, due to the passage of the district's BOD Resolution No. 8, Series of 2009 that all disbursements and purchases exceeding P20,000.00 should be approved by the BODs. Interview with concerned personnel revealed that reviewing and approving by the board of such procurement documents will cause delay in the day to day maintenance operations of the district so they split PRs and POs which also contravenes to the provision of Section 12.1 and Section 34.1 of IRR RA No. 9184; and

- e) Most of the POs were not signed by the supplier, an indication that the POs were not served, documentation of the procurement process was made after the supplies and materials were already delivered and completion of supporting documents were upon payment.

The practice deprives the district from obtaining the most advantageous price and for the other supplier the opportunity to bid competitively in violation of the guidelines required in the procurement of goods pursuant to RA No. 9184 and Generic Procurement Manual, Vol. 2.

We recommended that Management adhere to the guidelines in the procurement of goods, supplies and materials, pursuant to RA No. 9184 and Generic Procurement Manual Volume 2, so that the most advantageous price in favor to the government could be attained.

Management justified that the agency's BAC has made resolutions for purchases requiring competitive bidding. The alternative mode of procurement, though without BAC resolutions, underwent procedures beneficial to the agency.

Measures have been adopted to comply with the proper procedures in procurement. Thus, the Annual Procurement Plan and PhilGEPS are gradually being complied.

18. Goods and Equipment purchased during the audit period CYs 2010 and 2011 amounting to P1,376,704.51 were not supported with Inspection and Acceptance Report and Report of Waste Materials in contravention with Section 465, 467 and 412 of the Government Accounting and Auditing Manual (GAAM) and National Government Accounting System (NGAS) for GOCCs.

Section 465 of the GAAM provides that purchases made by the agency must be inspected and verified by their authorized inspector for conformity with given specifications in the purchase order. All items to be inspected shall invariably be accepted first by the requisitioning or property officer.

Section 467 of GAAM also provides that all documents relating to the inspection and approval of supplies, materials and equipment received from suppliers

will be collected together for the transaction to which they relate, and they will be attached to, and become an integral part of the voucher prepared for payment. **No voucher may be paid until the evidence of satisfactory inspection by the agency has been attached to that voucher.**

Likewise, Section 412 c of GAAM provides that when upon the purchase of the equipment, a contract of maintenance is entered into between the agency and the supplier, a **Report of Waste Materials** (GF Form No. 64-A) must accompany the claim where the repair involves replacement of parts.

Vouching of disbursements revealed that several payments for purchases of goods and equipment for CYs 2010 and 2011 amounting to ₱712,728.95 and ₱663,975.56, respectively, were not supported with Inspection and Acceptance Report and Report of Waste Materials by its inspectorate team. Hence, there was no showing or clear indication that the goods and equipment purchased conforms the specifications contained in the related purchase orders.

We recommended that Management require the Procurement Officer to present all delivered / procured supplies, materials and equipment, regardless of amount, to the Property Officer of the District for the preparation of an Inspection and Acceptance Report (IAR) for all deliveries of procured items and Report of Waste Materials for replacement of parts by the authorized Inspection Officer who conducted the inspection and verification of the items to determine its conformity with given specifications in the purchase order.

Management said that it could be noted that there were emergency purchases which result to deviation from the required procedures. For instance, accomplished PRs, POs and delivery receipts (DRs) are available before inspection and acceptance reports were prepared. Equipment and parts were installed even before the preparation of the IARs.

- 19. Disbursement vouchers for the period January 2010 to December 31, 2011 in the total amount of ₱112,231.00 were not supported with complete documentation as required under Section 138 (f) of the Government Accounting and Auditing Manual (GAAM), Volume I, thus validity and propriety of the expenditures could not be ascertained.**

Section 138 (f) of GAAM, Volume I states that: *Claims against government funds shall be supported with complete documentation.* [Section 4(6) of PD No. 1445]

Audit of the accounts and transactions for the year CYs 2010 and 2011 revealed that several transactions amounting to ₱112,231.00 were without complete supporting documents to ascertain the validity and propriety of the expenditures. Most of these transactions are the following:

- a) Travels charged to Petty Cash Fund were almost, if not all, without Certificates of Appearance, some were without Travel Order, while others, even not included in the Travel Order, go on travel and paid travel allowances;
- b) Purchases of supplies and materials charged to Petty Cash Fund were without Inspection and Acceptance Report;
- c) Some payments for Directors' Per Diems and Secretary's honorarium were without Minutes of Meeting;
- d) Purchases of gasoline were without accomplished Driver's Trip Tickets / Monthly Report of Gasoline Consumption
- e) Other disbursements with incomplete documents amounted to P112,231.00 (*Annex E*).

With the above observations, we recommended to Management that said disbursement vouchers be supported with complete documents to ascertain the validity of the transactions and in accordance with the above-stated regulation. Otherwise, Notices of Suspensions shall be issued on the above transactions.

Management agreed and promised to submit the following:

- a) Certificates of Appearance and Travel Orders for travels charged to Petty Cash Fund will be submitted and complied with.
- b) Inspection and Acceptance Reports for purchase of supplies and materials charged to Petty Cash Fund shall be submitted and complied.
- c) All meetings for which the directors' per diem and secretary's honorarium have been paid has the corresponding minutes and the minutes are in the custody of the board secretary as the legal and authorized custodian of the minutes and which have been certified by him to be in existence.
- d) Driver's Trip tickets / monthly reports of gasoline shall be submitted and complied.
- e) Certificates of Appearance, official receipts and other supporting documents have actually been submitted to and actually received by the corporate accountant with the corresponding liquidations and that is why the corresponding expenses have been approved and allowed by him to be paid or reimbursed and have already been actually paid or reimbursed. The corporate accountant should be in the possession and custody of and should be accountable for the same, and if the same are not with him, he should be the one held liable and accountable for their loss.

20. The Board of Directors, Board Secretary and Legal Counsel are engaged and exercised functions of management, contrary to Sections 18 of Presidential Decree (PD) No. 198 and 102 of PD No. 1445 and incurring additional expenses to management.

Section 18 of PD No. 198 states: *The function of the Board shall be to establish policy. The Board shall not engage in the detailed management of the district.*

Moreover, Sections 102 of PD No. 1445 and 487 of GAAM state the primary and secondary responsibility:

- 1) *The head of the agency of the government is immediately and primarily responsible for all government funds and property pertaining to the agency.*
- 2) *Persons entrusted with the possession or custody of the funds and property under the agency head shall be immediately responsible to him without prejudice to the liability of either party of the government.*

In the post-audit of the disbursement vouchers, we observed that the Board of Directors, Board Secretary and even the Legal Counsel were engaged in the detailed management of the Water District. The Board Secretary and Legal Counsel had a contract with specific terms and conditions regarding their functions. However, the following activities and functions were being performed by them contrary to existing rules and regulations, as follows:

a) Board of Directors

- *Engaged travel, paid travel allowance without any purpose*
- *Join employees to remit premiums to GSIS, HDMF and paid travel allowance*
- *Join employees to get result of bacteriological test and travel allowance*
- *Engaged travel, paid travel allowance for the repair of service vehicle*
- *Join employees during canvass of supplies and paid travel allowance*
- *Perform procurement function – purchase of supplies and materials in Manila charging travel allowance with hotel accommodation*
- *Signed Travel Orders, Appendix A and B*
- *Signed noted in the Certification for RATA of GM and DMs*

b) Board Secretary – Contract of Service

- *Designated in 2010 as BAC Member and paid honorarium of P2,450.00*
- *Join travel to Bacolod for WEAP incurring P6,800.00 travel expenses and no BOD meeting had transpired where his presence is required*

c) Legal Counsel – Retainer Contract

- *Join travel to GSIS for the reconciliation of premiums and paid travel allowance*
- *Designated in 2011 as BAC Member*

On the part of Water District, it is the General Manager who is primarily accountable and responsible. The practices, while violating the cited provisions of PD Nos. 198 and 1445, also contradict the limitation of the Board of Directors as policy makers. These activities had incurred additional expenses on the part of the Management.

This is a similar finding from the prior year's audit due to the continuous involvement by the Board of Directors in the detailed management of the Water District.

We recommended that the Board of Directors stop from discharging management functions. Focus its functions only on policy making and delegate management of fiscal transactions to the Water District's employees. The Board Secretary and Legal Counsel should limit their functions according to the terms and conditions stipulated in their supporting Contract.

Management commented that the activities or travels made by some directors which were considered in audit to be performance of management functions, such activities or travels were actually made by the concerned directors for the purpose of obtaining information and data to aid them in enacting appropriate policies for the ICWD and therefore were made in pursuance of their policy making function and not performance of management functions.

As to the board secretary's and legal counsel's designations in the 2010 and 2011 respectively as BAC members and their receipt of honorarium, they were designated as "mandatory provisional members" of the BAC as provided for under the Government Procurement Act representing the "end user" or a representative from the ICWD which is the one requesting the procurement, in view of their legal experience and knowledge, especially that the ICWD has no legal department and there was no permanent officer or employee in the ICWD with legal experience and knowledge. They were also designated at that time that the BAC was just created in order to aid the BAC on addressing issues on bidding and procurement. Thus, when the BAC has been properly acquainted already of the requirements of the law on bidding and procurement the respective designations of the board secretary and legal counsel as members of the BAC have been recalled.

Regarding the legal counsel's travel to GSIS, said travel was and has to be made because he has conferred with the GSIS legal counsel on legal concerns regarding the refusal of GSIS to credit the SSS premiums of ICWD employees.

The audit recommendations is however appreciated and noted.

Auditor's Rejoinder

The members of the Board of Directors should limit their functions to policy-making, while the Board Secretary concentrate on recording and preparation of minutes Board meeting.

21. All disbursement Vouchers (DVs) and their supporting documents were not stamped "PAID", in violation of COA Circular No. 92-389 dated November 3, 1992.

It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the Chief or Head of the government agency concerned. (Section 2, PD No. 1445)

Paragraph Q, Section 2 of COA Circular 92-389 provides that: *Paid vouchers, including its supporting documents, shall be perforated and conspicuously stamped PAID by the Cashier. The stamp shall provide space for the number of the check issued and date of actual payment.*

Basic control to prevent unauthorized payments consist of requiring valid documents in all request for payments and, thereafter cancellation marking said documents as "PAID" to prevent recycling of same documents for payments.

Post-audit of the disbursement transactions of the Water District for CYs 2010 and 2011 revealed that all the disbursement vouchers including its supporting documents were not stamped / marked "PAID" after payment or upon release of the checks, indicating weak internal control for all disbursement process of the agency. The condition may result to the possible use of the same supporting documents for future claims. If the supporting documents were not marked that they are already used, the possibility of irregularity, double payment or reusing the same is not remote.

We recommended that Management strengthen the internal control on transactions involving disbursements. The vouchers and the supporting documents should be marked /stamped "PAID" after payment or upon release of the check to avoid double payment using the same documents and safeguard government resources against loss or wastage.

**Parameters of Efficiency of the Water District based on amounts in the
Financial Statements as follows:**

Financial Efficiency:

Indicators	Standard		Actual		Remarks
	2011	2010	2011	2010	
<p>a) Operating Ratio</p> <p>The ratio of operating and maintenance cost, including depreciation and interest expenses to total revenues of which total Personal Services cost shall not exceed 35% of 75% of operating cost.</p> <p>2011 Operating Ratio: = Operating Cost / Operating Revenue x 100% = P64,224,517.73 / P64,172,852.21 x 100% = 100.08%</p> <p>2010 Operating Ratio: = Operating Cost / Operating Revenue x 100% = P65,289,841.12 / P63,503,778.28 x 100% = 102.81%</p> <p>2011 Personal Services Cost: = P64,224,517.73 x 75% = P48,168,388.30 = P22,296,248.26 / P48,168,388.30 = 46.29%</p> <p>2010 Personal Services Cost: = P65,289,841.12 x 75% = P48,967,380.84 = P20,084,415.82 / P48,967,380.84 = 41.02%</p>	75%	75%	100.08%	102.81%	<p>Unfavorable, the actual operating and maintenance cost is much higher than the revenue generated. Personal Services cost for 2011 and 2010 is 46% and 41%, respectively of 75% operating cost.</p>

Indicators	Standard		Actual		Remarks
	2011	2010	2011	2010	
<p>a) Profit Margin</p> <p>Balance of Revenues generated from operations after expenses including depreciation.</p> <p><i>2011</i> = Net Income / Operating Revenue = (P51,665.52) / P64,172,852.21 = (0.08%)</p> <p><i>2010</i> = Net Income / Operating Revenue = P1,642,498.50 / P57,689,417.27 = (2.81%)</p>	25%	25%	(0.08%)	(2.81%)	Unfavorable, the District is operating at a net loss for two (2) consecutive years.
<p>b) Acid Test Ratio</p> <p>Acid Test Ratio is a more stringent test of short-term liquidity. It is ratio of Quick Assets over Current Liabilities.</p> <p><i>2011</i> Quick Assets: = Current Assets - Inventories - Prepayments = P40,341,842.65 - P2,085,192.64 - P1,727,284.90 = P36,529,365.11</p> <p>Acid Test Ratio: = Quick Assets / Current Liabilities = P36,529,365.11 / P22,218,404.28 = 1.64</p>	0.75 - 2.0		1.64		Favorable, the agency has the ability to meet the demands for current assets.

Indicators	Standard		Actual		Remarks
	2011	2010	2011	2010	
<p>Acid Test Ratio</p> <p>2010</p> <p>Quick Assets: = Current Assets – Inventories – Prepayments = P35,199,308.32 – P2,314,617.75 – P1,743,471.99 = P31,141,218.58</p> <p>Acid Test Ratio: = Quick Assets / Current Liabilities = P31,141,218.56 / P21,140,536.85 = 1.47</p>		0.75 – 2.0		1.47	
<p>c) Current Ratio</p> <p>Measure the adequacy of working capital; primarily test of solvency to meet current obligations from current assets as a going concern. Ratio of Current Assets to Current Liabilities.</p> <p>2011</p> <p>= Current Assets / Current Liabilities = P40,341,842.65 / P22,218,404.28 = 1.82</p> <p>2010</p> <p>= Current Assets / Current Liabilities = P35,199,308.32 / P21,140,536.85 = 1.67</p>	1.0 – 3.0	1.0 – 3.0	1.82	1.67	Favorable, the agency has the ability to meet the demands for current assets.
<p>d) Debt Ratio</p> <p>Measures the ratio of Total Liabilities over the Total Liabilities and Equity. The lower the ratio the better.</p>					

Indicators	Standard		Actual		Remarks												
	2011	2010	2011	2010													
Debt Ratio 2011 = Total Liabilities / Total Liabilities & Equity = P104,791,428.28 / P131,787,678.23 = .80 2010 = Total Liabilities / Total Liabilities & Equity = P106,506,199.12 / P135,524,801.25 = .79	0.45 – 0.60		.80		Favorable. The proportion of assets financed with debt is relatively low.												
		0.45 – 0.60		.79													
e) Staff Productivity Index Total staff to total active service connections equals one (1) staff for every one hundred twenty (120) active service connections. <table style="margin-left: 40px;"> <thead> <tr> <th></th> <th><u>2011</u></th> <th><u>2010</u></th> </tr> </thead> <tbody> <tr> <td>a. Total active service connections</td> <td>9,703</td> <td>9,416</td> </tr> <tr> <td>b. Total Number of Personnel</td> <td>82</td> <td>78</td> </tr> <tr> <td>c. Ratio</td> <td>1:118</td> <td>1:121</td> </tr> </tbody> </table>		<u>2011</u>	<u>2010</u>	a. Total active service connections	9,703	9,416	b. Total Number of Personnel	82	78	c. Ratio	1:118	1:121	1 : 120	1 : 120	1 : 118	1 : 121	
	<u>2011</u>	<u>2010</u>															
a. Total active service connections	9,703	9,416															
b. Total Number of Personnel	82	78															
c. Ratio	1:118	1:121															

Part III

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

**STATUS OF IMPLEMENTATION OF PRIOR YEARS'
AUDIT RECOMMENDATIONS
CY 2009**

Our validation of the Management's implementation of audit recommendations showed that out of the 20 audit recommendations incorporated in the prior years' Annual Audit Report, which covered CY 2009, eight or 40% were fully implemented, six or 30% were partially implemented, and six or 30% were not implemented, as shown in the following table:

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken /Comments of Management
1.	<i>Cash Advances granted to officers and employees for official travels already undertaken with a balance of P22,716.79 were liquidated beyond the prescribed period, contrary to COA Circular Nos. 97-002 and 96-004, Section 89 of PD 1445 and Section 16 of EO 248 as amended, resulting in the overstatement of Due from Officers and Employees account and understatement of related expense account.</i>	We recommended that Management: a) strictly observe the guidelines set forth on cash advances in COA Circular Nos. 97-002, 96-004, Section 89 of PD 1445 and Section 14 of EO 298 in the granting and liquidation thereof as soon as the purpose for which it was given has been served; and b) Send Letter Reminder when warranted by circumstances.	Partially Implemented Not Implemented	Of the total unliquidated cash advances of P22,716.79 in CY 2009, only 63% or P14,249.90 was liquidated. Letter reminders were not sent.
2.	<i>Accounts Receivable had a discrepancy of P46,693.23 between its General Ledger and Subsidiary Ledger, contrary to Section 64 of GAAM, Volume I. Likewise, there was an increase from the last year's balance of P666,634.31.</i>	We recommended to Management the following courses of action: a) To require the Accounting Unit and the Commercial Division to investigate and reconcile the differences note between the General Ledger and the Subsidiary Ledger of Accounts Receivable to lend credence to the reported balance of the	Partially Implemented	Reconciliation of the account was conducted, thus CY 2010 balance of Accounts Receivable has no difference. But, for CY 2011 another unreconciled difference was

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken /Comments of Management
		<p>account in the books of the agency. A periodic reconciliation between the General Ledger and the Subsidiary Ledger balances should be made to allow fair presentation of the account in the financial statements,</p> <p>b) To require the Commercial and Technical Division to strictly implement the policy of disconnecting the water service connection of concessionaire with unpaid water bills equivalent to two months. Management should strictly follow the rules and regulations in the collection of receivables and promulgate a policy in collecting in active accounts; and</p> <p>c) To add the provision in the Consumers Application Contract - "reinstallation of service connection of delinquent consumer will not be allowed unless the unpaid water bill is paid."</p>	<p>Partially Implemented</p> <p>Not Implemented</p>	<p>noted.</p> <p>Policies on disconnection were not uniformly and strictly implemented but only for certain concessionaires.</p> <p>No changes were made on the Consumer's Application Contract.</p>
3.	<i>Other Receivables account balance of P28,427.20 was unreliable and could not be ascertained for being long</i>	We recommended that Management exert extra collection efforts in recovering the long	Partially Implemented	One debtor was written-off due to death, another had partial

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken /Comments of Management
	<i>outstanding, non-moving and debtors were non-existing resulting in the inaccurate presentation of the accounts in the financial statements.</i>	outstanding account by sending collection letters to the concerned debtors and make follow-ups. After performing adequate collection efforts whereby no positive result was achieved, prepare and submit a request for write-off to the Commission on Audit for proper disposition citing the reasons thereof.		payment, while another remained long outstanding.
4.	<i>The Report of Physical Count of Office Supplies Inventory as of December 31, 2009 amounting to P92,304.50 did not reconcile with the recorded balance of Office Supplies Inventory account per general ledger (GL) of P105,158.90, thereby showing discrepancy of P12,854.40, hence, reliability and correctness of the account balance could not be ascertained.</i>	We recommended that the General Manager require the Accountant and Property Officer to verify the discrepancy and reconcile their records of the office supplies inventory account. Thereafter, prepare the necessary adjustments, if any.	Fully Implemented Fully Implemented	
5.	<i>Items with serviceable life of more than one year but small enough to be considered as PPE amounting to P41,240.25 were improperly as PPE classified contrary to COA Circular No. 2005-002 dated April 14, 2005, while other PPE items were erroneously charged to other accounts, resulting to</i>	We recommended Management take up adjustment to correct the balances of the accounts and for proper presentation in the financial statements.	Fully Implemented	

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken /Comments of Management
	<i>differences in account balance per audit.</i>			
6.	<i>Depreciation Expense and Accumulated Depreciation accounts both had net overstatement amounting to P431,755.63 and P977,970.71, respectively due to differences in the computation and improper classification of some PPE items.</i>	We recommended that Management compute depreciation expense on the following month after its acquisition. Likewise, to prepare adjustment to correct the balances of the accounts and for proper presentation in the financial statements.	Fully Implemented Fully Implemented	
7.	<i>Some interest on bank deposits were recorded net of withholding taxes, and interest for the last quarter of 2009 were not taken up in the books, contrary to International Accounting Standards (IAS) 8 provided in the NGAS Manual, thus understating the Interest Income, Tax Expenses and Cash in Bank account by P125,206.25, P122,989.55 and P2,217.30, respectively.</i>	We recommended Management recording of interest posted by bank at gross and recognize taxes withheld thereon in compliance with NGAS provision. Further, prepare adjustment for proper financial statement presentation.	Fully Implemented Fully Implemented	
8.	<i>Payment of Salary and other Allowances to Substitute General Manager were in violation of Sections 2 and 5, Rule XVII of Executive Order (EO) No. 292, Budget Circular (BC) No. 12 dated April 7, 1997, Section 12 of Republic Act (RA) No. 6758 and Corporate Compensation Circular (CCC) No. 10, Sub-paragraphs 5.4 and 5.5, resulting to</i>	We recommended Management immediate refund of the excess payment in salary, PERA and illegal payment of rice allowance to the Substitute General Manager. Subject over / illegal payment shall be issued a Notice of Disallowance. Further, Management stop paying allowances to newly hired employees without	Not Implemented	Neither refund or appeal on the issued notice of disallowance were made.

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken /Comments of Management
	<i>overpayment of salary, Personnel Economic Relief Allowance (PERA) and Rice Subsidy amounting to P168,110.26, P15,835.70 and P9,590.95, respectively, or a total of P193,536.91.</i>	legal basis.		
9.	<i>Reimbursement of expenses of the Substitute General Manager for CY 2009 amounting to P38,214.78 were in violation of COA Circular No. 96-004 dated April 19, 1996, Section 4.6 of PD No. 1445 and other pertinent laws and regulations.</i>	We recommended Management immediate refund of the amount reimbursed in violation of COA Circular No. 96-004, Section 4.6 of PD 1445, and other pertinent laws and regulations. Subject reimbursement of expenses shall be issued a Notice of Disallowance (ND) for being disallowed in audit.	Not Implemented	No refunds were made.
10.	<i>Traveling Expenses of officers and employees were erroneously computed, unnecessary receipts and bills were included and other expenses charged were without receipts, in violation of Sections 4 and 5, Executive Order (EO) No. 298, resulting to overstatement of travel claim by P15,250.30.</i>	We recommended Management immediate refund of excess payment of travel expenses of the Board of Directors and employees amounting to P15,250.30. Likewise, we require management to adhere strictly to rules and regulations on travel to avoid suspension / disallowances in audit. Subject excess payment of travel and deficiencies in documentation shall be issued corresponding Notices of Suspension / Disallowance.	Partially Implemented Partially Implemented	Several employees had made their refunds, while the Board of Directors has none. Partial compliance to the regulations.
11.	<i>The Board of Directors and its Secretary were granted</i>	We recommended Management the		

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken /Comments of Management
	<p><i>Anniversary Bonus and Productivity Enhancement Incentive (PEI) with aggregate amount of P50,000.00 and P18,000.00, respectively, or a total of P68,000.00, in violation of Section 13 of Presidential Decree (P.D.) No. 198, as amended by Republic Act (R.A.) No. 9286.</i></p>	<p>following:</p> <p>a) Submit document approving the payment of bonuses / benefits to the BODs and Secretary from the LWUA, otherwise, require immediate refund of the benefit / bonus received by them amounting to P68,000.00.</p> <p>b) Desist / stop payment of bonuses and benefits which are not in consonance with applicable laws, rules and regulations to avoid suspension / disallowance of the transaction.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>No relevant document was submitted.</p> <p>The Board of Directors and its Secretary continue to receive the benefit.</p>
12.	<p><i>The Collecting Officer / Cashier A and Property Officer failed to render a report of accountability for accountable forms (RAAF) at least once a month in the prescribed form and failed to maintain a Permanent Record Book for Accountable Forms, respectively, not in compliance with Sections 95 and 98 of the Government Accounting and Auditing Manual (GAAM), Volume I.</i></p>	<p>We recommended that the General Manager should require the Collecting Officer / Cashier A to prepare a Report of Accountability for Accountable Forms in the prescribed format and the Property Officer to maintain a Permanent Record Book for all accountable forms.</p>	Fully Implemented	

Part IV

ANNEXES

LIST of UNSERVICEABLE PROPERTIES INCLUDED in the PPE ACCOUNTS
For Calendar Year 2011

Acct Code	Description	No. of Units	Total Cost	Accumulated Depreciation	
208	Services Materials	various	112,176.36	100,958.72	
	Assorted Water Meters	1,419	709,213.34	638,292.00	
	<i>Sub-total</i>		821,389.70	739,250.72	
221	Olympia Typewriter	1	24,000.00	21,600.00	
	Olympia Typewriter	1	7,000.00	6,300.00	
	Check Writer	1	4,998.00	4,498.20	
	Camera	1	14,295.00	12,865.50	
	Cash Register	1	12,100.00	10,890.00	
	Casio Printing Calculator	3	10,180.00	9,162.00	
	Digital Video Camera	1	41,599.00	37,489.10	
	Automatic Numbering Machine	1	4,320.00	3,888.00	
	Printing Calculator	1	1,243.20	1,118.88	
	Printing Calculator	2	2,850.00	2,565.00	
	Printing Calculator	2	7,000.00	6,300.00	
	<i>Sub-total</i>			129,585.20	116,676.68
	222	GE Aircondition	1	15,921.00	14,328.90
Colored TV		1	15,800.00	14,220.00	
Jr. Executive Chair with Gas Lift		15	31,425.00	28,282.50	
<i>Sub-total</i>			63,146.00	56,831.40	
223	Computer Set, Pentium III	3	113,350.00	102,015.00	
	Epson Printer	3	59,607.00	53,646.30	
	Computer Printer	1	24,795.00	22,315.50	
	Computer Set, with accessories	1	29,300.00	26,370.00	
	Computer Set, Pentium IV with UPS	2	45,849.00	41,264.10	
	Computer Set, Pentium IV	1	28,000.00	25,200.00	
	Celeron CPU with Chassis Fan	1	16,500.00	14,850.00	
	Handspring Visor Platinum with Printer	5	218,000.00	198,200.00	
	Epson Printer FX 2180	1	27,750.00	24,875.00	
	Intel Pentium IV 2.4 GHz	1	37,250.00	33,525.00	
	E-Max CRT 52	1	2,720.00	2,448.00	
	D Link 16 Post	1	8,400.00	7,560.00	
	Epson Printer FX 2180	1	27,750.00	24,475.00	
	Handspring Visor Platinum with Printer	2	74,100.00	66,690.00	
	Computer Set	1	39,500.00	35,550.00	

Acct Code	Description	No. of Units	Total Cost	Accumulated Depreciation
223	Computer Set	1	32,000.00	28,000.00
	Epson Printer	1	27,995.00	25,195.00
	UPS	1	6,250.00	5,625.00
	DVD Writer	1	7,900.00	7,110.00
	Computer Set	2	59,150.00	53,235.00
	APC UPS 500	2	5,100.00	4,590.00
	Maxtor Harddrive 40GB	1	3,750.00	3,375.00
	Scanner	1	2,350.00	2,115.00
	APC UPS 500	1	2,500.00	2,250.00
	Pentium IV Processor 2.8 GHZ	1	18,395.20	16,555.68
	PALM 515 with back-up Card, PPD Printer & Pouch	2	100,000.00	90,000.00
	Pentium IV 2.8 E GHZ	1	40,500.00	36,450.00
	Keyboard	1	728.00	655.20
	Kinetic Rechargeable Battery	3	9,105.00	6,194.50
	4D GB Excelstone Harddisk	1	2,990.00	2,691.00
	Computer Monitor 15"	1	4,575.00	4,117.50
	Computer Monitor 15"	1	4,675.00	4,207.50
	Computer Printer, LX 300+	1	7,734.00	6,960.00
	Brother 115C, Multi-function Printer, Scanner & Copie	1	5,469.00	4,922.10
	Printer, Automatic Data Processing	1	34,619.20	31,157.28
	Printer, IP600 Canon	1	3,960.00	3,564.00
	Printer, IP600 Canon	1	2,471.00	2,223.90
	PALM Meter Reading Charger, PP50	4	7,112.44	6,401.20
	Intel Motherboard Jacket	1	3,980.00	3,582.00
	Pen Drive	1	699.00	618.74
	Keyboard & 2 mouse pad	1	890.00	774.30
	UPS	1	1,554.00	1,328.67
	Printer Automatic Data Processing	1	35,946.90	28,752.41
	Computer Monitor	1	4,590.00	3,511.35
	PALM Tungsten E2Q PP55 Pocket	6	281,524.00	207,379.17
	Edimax Wireless LAN PGI, WI-FI	1	2,408.00	1,733.76
	D-Link D - 524	1	2,188.00	1,575.36
	UPS	1	2,397.00	1,725.96
	Computer Monitor 17"	1	4,590.00	3,167.10
	Hard Disk 80GB	1	2,390.00	1,649.10
	Printer HP 91D - 4,989.37/ DDR 512 - 845	2	5,834.37	3,588.24
	Computer Set	2	38,682.40	21,468.83
	Printer and Scanner	1	7,292.80	3,938.06
	Canon Printer 193D	1	2,203.00	991.47
	<i>Sub-total</i>		<i>1,538,919.31</i>	<i>1,313,764.38</i>

Acct Code	Description	No. of Units	Total Cost	Accumulated Depreciation
229	ATYA Amplifier with Trumpet & Microphone	1	7,230.00	6,507.00
	Panasonic Wireless Phone	1	6,600.00	5,940.00
	Trunkline System	1	53,900.00	48,510.00
	NOKIA Cellphone, 6600	2	26,773.58	24,096.22
	NOKIA Cellphone, 8030	2	19,738.32	17,754.79
	NOKIA Cellphone, 3230	5	80,890.00	72,801.00
	Facsimile Transceiver	1	5,871.90	5,284.71
	Telephone Set	1	1,500.00	1,350.00
	<i>Sub-total</i>		202,503.80	182,253.42
241	YAMAHA Wonder Bike	1	59,690.50	53,721.45
250	Gas Stove	1	850.00	765.00
	Cash Box	1	2,999.75	2,699.77
	Weighing Scale	1	1,350.00	1,215.00
	Residual Test Kit	2	1,870.00	1,683.00
	Residual Test Kit	1	935.00	841.50
	<i>Sub-total</i>		8,004.75	7,204.27
	<i>Grand Total - Unserviceable Properties</i>		3,203,979.26	2,702,215.92

**LIST OF JOB ORDER (CONTRACTUAL) PERSONNEL GRANTED PAG-IBIG
AND PHILHEALTH BENEFIT WITH EMPLOYER'S SHARE**
For C'Ys 2010 and 2011

Names	ER share Pag-ibig		ER share Philhealth		Total
	2010	2011	2010	2011	
Alanis, Benito N.	1,200.00	1,200.00	250.00	750.00	3,400.00
Ampongan, Marlon B.	1,200.00	1,200.00	250.00	750.00	3,400.00
Bagacina, Julian Jr. P.	1,200.00	1,200.00	250.00	750.00	3,400.00
Belmonte, Sedney J.	1,200.00	1,200.00	250.00	750.00	3,400.00
Benosa, Enrique I.	1,200.00	1,200.00	250.00	750.00	3,400.00
Cervas, Jerry C.	1,200.00	1,200.00	250.00	750.00	3,400.00
Corporal, Joel G.	900.00				900.00
De Villa, Eamil Benedict V	1,200.00	1,200.00	250.00	750.00	3,400.00
Lancao, Christopher D.	1,200.00	1,200.00	250.00	750.00	3,400.00
Laniog, Johnlery N.	1,200.00	1,200.00	250.00	750.00	3,400.00
Martinez, Juliet P.	500.00	1,200.00		750.00	2,450.00
Negrete, Darry N.	1,200.00	1,000.00	250.00	625.00	3,075.00
Oliva, Rene D.	1,200.00	1,200.00	250.00	750.00	3,400.00
Relente, Diogenes B.	500.00				500.00
Sario, Dionolito C.	1,200.00	1,200.00	250.00	750.00	3,400.00
Tibi, Hiram I.	1,100.00	1,200.00	250.00	750.00	3,300.00
Atoli, Delfin B.	1,000.00	1,200.00	250.00	600.00	3,050.00
Espirita, Sheryl M.	1,000.00	1,200.00	250.00	600.00	3,050.00
Arnido, Anthony Nino C.	600.00	1,200.00	250.00	600.00	2,650.00
Barr, Janlou T.	300.00				300.00
Beatriz, Jacinto F.	600.00	1,200.00	250.00	600.00	2,650.00
Laurente, Jose G.	600.00	1,200.00	250.00	600.00	2,650.00
Ornido, Bernardo Jr. F.	600.00	1,200.00	250.00	600.00	2,650.00
Abano, Israel D.	500.00	1,200.00	250.00	600.00	2,550.00
Ampongan, Crizzel L.	500.00	1,200.00	250.00	600.00	2,550.00
Borromeo, Neil Adrian S.	500.00	1,200.00	250.00	600.00	2,550.00
Dorosan, Joy M.	500.00	1,200.00	250.00	600.00	2,550.00
Manaog, Domino L.	500.00	1,200.00	250.00	600.00	2,550.00
Rivera, Raffy M.	500.00	1,200.00	250.00	600.00	2,550.00
Cuebillas, Randy T.	200.00	1,200.00	250.00	600.00	2,250.00
Sanchez, Kharin D.	200.00	1,200.00	250.00	600.00	2,250.00
Asis, Rona Sherlene C.		1,100.00		550.00	1,650.00
Lucena, Lowell Jun I.		900.00		450.00	1,350.00
Prima, Marlon C.		900.00		450.00	1,350.00
Azansa, Katherine Rose B.		534.00		200.00	734.00
Nadal, Rochelle Solange R.		556.00			556.00
Borromeo, Nikki Joy L.		400.00		200.00	600.00
Idioma, Analene A.		100.00		50.00	150.00
Total	25,900.00	37,890.00	6,450.00	20,675.00	90,515.00

IRIGA CITY WATER DISTRICT
Iriga CitySCHEDULE OF EXCESS TRAVEL CLAIM
(Transactions for Issuance of Notice of Disallowance)
For the period January 2010 to December 31, 2011

No.	Name of Officer / Employ	Nature of Transactions - TRAVEL						Excess Travel Claim
		Petty Cash Fund		CA Liquidation		Disbursement		
		2010	2011	2010	2011	2010	2011	
1	Gaudencio O. Asanza, Jr.	1,769.00	320.00	3,719.99	1,366.00	240.00	240.00	7,654.99
2	Benjamin Epres			1,200.00				1,200.00
3	Ryan B. Nagrampa	120.00		4,105.95		1,960.00		6,185.95
4	Nilo Angel Bagamasbad		40.00				360.00	400.00
5	Edith C. Andalis					120.00	160.00	280.00
6	Maria Quite						160.00	160.00
7	Atty. Remelisa A. Alfelo	40.00						40.00
8	Atty. Annalyn C. Tayag			1,188.00			120.00	1,308.00
9	Arch. Sofronio Magistrado						240.00	240.00
10	Atty. Reynel M. Bersina				3,280.00			3,280.00
11	Atty. Ferdinand I. Dino	40.00				40.00	40.00	120.00
12	Engr. Pablo B. Bercilla			3,880.00				3,880.00
13	Romulo M. Corporal, Jr.	560.00	2,080.00	23,034.00	63,836.29	1,100.00	1,469.00	92,079.29
14	Marietta H. Cruzata	160.00	200.00	1,080.00		80.00	360.00	1,880.00
15	Maribeth O. Marzan	120.00				120.00	80.00	320.00
16	Amalia D. Rariza			1,160.00	3,880.00	280.00	1,069.00	6,389.00
17	Leda V. Gonzaga	1,040.00	1,000.00	40.00		80.00	80.00	2,240.00
18	Juliet Annabelle H. Turallo			400.00	1,375.00	40.00		1,815.00
19	Salvador D. Alcomendas	120.00	120.00	40.00		40.00	280.00	600.00
20	Annie S. Padayao	120.00	120.00	40.00		40.00	40.00	360.00
21	Evelyn I. Francia			40.00		40.00		80.00
22	Jose L. Ballester	920.00	2,000.00	3,286.92	1,440.00	40.00		7,686.92
23	Mario D. Valle	1,840.00	160.00	40.00		80.00	80.00	2,200.00
24	Albert Salvadora	280.00	40.00	200.00	640.00			1,160.00
25	Manuel S. Gonzales	2,160.00	3,021.00	3,560.00	4,800.00	615.95	120.00	14,276.95
26	Anecito Ronda	640.00	680.00	560.00				1,880.00
27	Billy Gozum	480.00	80.00					560.00
28	Juan Cerillo, Jr.			1,040.00				1,040.00
29	Ramon Avila			1,040.00				1,040.00
30	Jose Vargas, Jr.			720.00				720.00

No	Name of Officer / Employ	Nature of Transactions - TRAVEL						Excess Travel Claim
		Petty Cash Fund		CA Liquidation		Disbursement		
		2010	2011	2010	2011	2010	2011	
31	Claro Camila			720.00				720.00
32	Gilbert B. Ignao	80.00						80.00
33	Manny Montanez		40.00	160.00	(80.00)			120.00
34	Wilfredo Paz			40.00		40.00		80.00
35	Francisco Hilario Vargas	120.00	160.00	40.00		40.00		360.00
36	Paulino Lagazon	40.00				240.00		280.00
37	Roger Turiano	120.00		1,200.00		240.00		1,560.00
38	Jonel Feliciano Femis, Jr.	80.00	120.00	360.00	560.00	320.00		1,440.00
39	Joseph Ulysses Fucio		40.00	40.00		40.00		120.00
40	Lina D. Lucena	40.00						40.00
41	Lawrence Rombaon		40.00					40.00
42	Rafael Padayao	800.00		200.00				1,000.00
43	Rebecca O. Monte		360.00	40.00	80.00	40.00		520.00
44	Perpetou Jay N. Esplana	40.00		40.00		40.00	120.00	240.00
45	Jerry T. Taduran			40.00		40.00		80.00
46	Raffy Rivera **	1,920.00	8,200.00				360.00	10,480.00
47	Katherine B. Asanza **		840.00					840.00
48	Antonio Arnido **		200.00					200.00
49	Sidney Belmonte **		200.00					200.00
50	Julian Bagacina, Jr. **			200.00		200.00		400.00
51	Jacinto Beatriz **			200.00		200.00		400.00
	Total	13,649.00	20,061.00	53,654.86	81,177.29	6,355.95	5,378.00	180,276.10

** Job Order Personnel

**SCHEDULE OF DONATIONS & CONTRIBUTIONS TO PUBLIC OFFICERS
& PRIVATE ORGANIZATIONS
For CYs 2010 and 2011**

Acct	Date	Check	Payee	Particulars	Amount
878	02/19/10	25907	Lina D. Lucena	2 bouquets-Our Lady of Perpetual Help	P 500.00
	05/26/10	34848	Lina D. Lucena	Wreath-Father of Jose Paz, employee	1,000.00
	07/16/10	34963	BIWADA	FA-Chemo-Elena Barbudo, Dunga WD	3,000.00
	08/24/10	35072	Summer Joy Catering	Lechon -USANT Tennis Club	6,000.00
	11/26/10	49391	Tau Gamma Phi/Sigma	Sponsorship - Basketball Tournament	500.00
	12/01/10	49413	Leda V. Gonzales	25 kls.Rice -Missionaries of the Poor	715.00
	12/23/10	49476	E. Larcena	Solicitation - Mag Dance Showdown	500.00
	02/01/11	49558	Rotary Club of Iriga City	Donation - Tinagba Beer Plaza	5,000.00
	02/16/11	49588	Dama O Rama	Solicitation - Tournament	500.00
	02/14/11	49652	J. Mamano	Solicitation-Volleyball Tournament Brgy. La Anunciacion	500.00
	03/16/11	49665	The Shop Boys	Solicitation-Brgy.Fiesta, San Jose,Iriga	1,000.00
	04/19/11	49746	A. Magistrado	Sponsor-Summer Basketball, Brgy. San Miguel, Iriga City	500.00
	04/29/11	49779	A. Molina	Sponsor-Summer Basketball, Brgy. LaTrinidad, Iriga City	500.00
	04/29/11	49779	Parish Pastoral Council	Solicitation - Holy Week activity	200.00
	05/06/11	49791	KALUPI	Sponsorship - Kantahan, Brgy. San Miguel, Iriga City	1,000.00
	05/23/11	60608	Jose L. Ballester	Grocery items- wake Ex-Mayor Emmanuel R. Alfelor	14,663.00
	05/25/11	60648	Ramir L. Lingas	Grocery items - Death mother of Juvenal B. Neri, employee	994.00
	06/17/11	60680	Jose L. Ballester	Donation - School Supplies, Sta. Teresita Elem. School- wife of GM	935.00
	06/17/11	60680	Jose L. Ballester	Donation - Crayons, Sta.Teresita Elem. School- wife of GM	165.00
878	07/08/11	60730	Ngo & Sons Trading	Donation - Ceiling Fan, Sta.Teresita Elem. School- wife of GM	1,482.11
	08/05/11	60814	Juliet P. Martinez	Donation -late J. Vargas, employee	815.00
	08/05/11	60814	Antonio Arnido	Donation - 6 packs Nescafe for late J. Vargas, employee	928.80
	08/20/11	60814	Juliet P. Martinez	Grocery items - Death Father of Lawrence Romboon, employee	970.00
	09/02/11	60949	Jose L. Ballester	Donation in kind-Death Father of Israel Abano, contractual	996.90
Sub-total Donations 2010 & 2011					P 43,364.81

969	06/03/10	34867	Juliet Martinez	Special Mass Celebration- St. Anthony De Padua	1,000.00
	06/03/10	34867	Jose L. Ballester	Mass Offering – 1 tray eggs	156.00
	06/03/10	34867	Lina D. Lucena	Mass Offering – Groceries	761.90
	06/03/10	34867	Lina D. Lucena	Mass Offering – 1 dozen Roses	340.00
	06/03/10	34867	Lina D. Lucena	Mass Offering – Candle Ribbon	230.00
	06/03/10	34867	Rev. C. De Villa	Token to the Mass Celebrant	1,000.00
	06/03/10	34867	Mario D. Valle	Mass offering – Fruits	200.00
	06/03/10	34867	Juliet Martinez	5 pcs Misalote for mass celebration	100.00
	06/03/10	34867	Juliet Martinez	Mass Organist	400.00
	06/16/10	34887	Perpetous Jay Esplana	Sponsor – Novena Masses	500.00
	06/16/10	34887	Delfin Atoli	Sponsor – Mass, June 7-13, 2010	886.92
	06/16/10	34887	Mario D. Valle	Mass offering – St Anthony de Padua Feast	200.00
	10/16/10	49306	Sheryl Espiritu	Mass Offering	870.55
	10/16/10	49306	Perpetous Jay Esplana	Mass Sponsorship	800.00
	12/01/10	49413	J. Saman	Sponsor - Singing Contest, Brgy. Francia, Iriga City	1,000.00
	12/08/10	49426	Jose L. Ballester	Sponsor – 9 masses 12/16-24/10 Aguinaldo Mass	700.00
	12/17/10	49463	Antonio Armido	Sponsor–9 masses 12/17-25/10 Holy Family	800.00
	12/29/10	49486	E. Espiritu	Mass offering – 12/20/10	817.50
	12/29/10	49486	M. Lozano	Mass offering – Fruit tray	80.00
	12/29/10	49486	R. Aberan	Solicitation – Lantern Contest	500.00
	12/29/10	49486	E. Hapa	Donation	590.00
	02/16/11	49588	Joy Dorosan	Mass Offering – Tinagba	795.25
	03/03/11	49627	Joey Sarcia	Donation	200.00
	04/19/11	49724	DWIR /FM Radyo	Sponsor – 7 Last Word	1,000.00
	06/08/11	60648	Perpetous Jay Esplana	Sponsor – Mass & Novena St. Anthony	1,000.00
	06/09/11	60658	Antonio Armido	Flower offering – visit of St. Anthony	300.00
	06/09/11	60658	R. Lentayao	Solicitation – Anthonians HS Batch 87	500.00
	06/17/11	60674	Juliet Martinez	Mass offering – Grocery items	932.45
	07/15/11	60745	R. Asyao	Solicitation-Pa Basketball Tournament Brgy. Sto. Domingo, Iriga City	1,000.00
	07/29/11	60786	Junior Chamber	FA – 1 run Iriga	5,000.00
	08/24/11	60852	Jose L. Ballester	Sponsor – Novena Mass	800.00
	09/23/11	60916	RPN DZKI Iriga	Sponsor – Radio coverage	1,000.00
	12/06/11	61083	Tau Gemma Phi	Solicitation-Fun Run, Francia, Iriga	400.00
	12/06/11	61086	St. Anthony of Padua Parish	Sponsor- Simbang Gabi, 12/16-24/11	1,200.00
	12/16/11	66533	Bigg's Diner	Solicitation	500.00
	12/19/11	66533	K. Asanza	Mass Offering – Assorted Groceries	500.00
	12/23/11	66533	Civil Security Unit (CSU)	Solicitation	848.30
Sub-total Other Maintenance & Other Operating Expenses					P 27,908.87
GRAND TOTAL – Donations & OMOE of 2010 & 2011					P 71,273.68

SCHEDULE OF OTHER DISBURSEMENTS WITH INCOMPLETE SUPPORTING DOCUMENTS
For C/Ys 2010 and 2011

Date	DV#	Check #	Payee	Particulars	Amount	Deficiency
09/08/10	10-09-625	35110	Gaudencio O. Asanza, Jr.	Liquidation of Cash Advance travel to LWUA Executive Meeting, 9/12-14/10	P 27,600.00	No Certificate of Appearance
09/08/10	10-09-626	35111	Romulo M. Corporal, Jr.	Liquidation of Cash Advance travel to LWUA Executive Meeting, 9/12-14/10	24,000.00	No Certificate of Appearance
12/29/10	10-10-763	49334	Romulo M. Corporal, Jr.	Meals, Liga ng Barangay and SK Snacks	1,042.00	No Official Receipt / No Attendance attached
11/04/10	10-11-780	49351	Jose L. Ballester	Liquidation of Cash Advance travel to Manila, 11/4-7/10	8,220.00	No Official Receipt for Gasoline - P2,166.92
01/19/11	11-01-037	49525	Romulo M. Corporal, Jr.	Meals, BOD Meeting 1/18/2011	1,720.00	No Official Receipt
02/01/11	11-02-071	49557	Juliet A. H. Turallo	Meals, BOD Meeting 1/28 & 31/2011	3,900.00	No Official Receipt
03/16/11	11-03-173	49655	Juliet A. H. Turallo	Liquidation of Cash Advance World Water Day, 3/22/11	25,800.00	No Official Receipt Snacks - P7,005.00
05/31/11	11-05-351	60625	Juliet A. H. Turallo	Meals, BOD Meeting 5/23/2011	1,972.00	No Official Receipt
08/12/11	11-08-550	60816	Rise & Shine Travel	Plane ticket, Legazpi-Manila 8/14/2011	1,977.00	No Ticket / Official Receipt
09/27/11	11-09-663	60926	Atty. Ferdinand I. Dino	Liquidation of Cash Advance travel to attend hearing 9/28 - 10/1/11	16,000.00	No hearing schedule / No Certificate of Appearance
			Total		P 112,231.00	