



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

ANNUAL AUDIT REPORT

on the

**PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur**

For the Year Ended December 31, 2014



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

July 27, 2015

THE BOARD OF DIRECTORS
Partido Development Administration
Tigaon, Camarines Sur

Gentlemen:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Partido Development Administration, Tigaon, Camarines Sur, for the calendar year ended December 31, 2014, 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 Administration.

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.

PARTIDO DEVELOPMENT ADMINISTRATION
TIGAON, CAMARINES SUR

OFFICE OF THE ADMINISTRATOR

RECEIVED

DATE: _____ TIME: JAN 14 2016

BY: _____

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

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

July 27, 2015

ENGR. RAMON F. FUENTEBELLA

Acting Administrator
Partido Development Administration
Tigaon, Camarines Sur

Sir:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Partido Development Administration, Tigaon, Camarines Sur, for the calendar year ended December 31, 2014, 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.

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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 Implementation	Reasons for Partial/Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken	
					Action Plan	Person/ Dept. Responsible	Target Implementation Date				
							From				To
20											
CY	1.										
AAR, p.											

Agency sign-off:

[Name of Agency Officer]
[Position of Agency Officer]

[insert date]

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 Partido Development Administration (PDA) was created on November 18, 1994 by virtue of Republic Act (RA) No. 7820. It was, however, formally organized and operated on October 16, 1997.

The PDA, as a corporate body, has jurisdiction over the ten (10) municipalities of the Fourth Congressional District of Partido District, in the Province of Camarines Sur composed of Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Caramoan, Garchitorena, Tinambac and Siruma. It is under the supervision and direction of a Board of Directors, whose members are the ten incumbent Mayors of the said municipalities and ten Private Sector Representatives coming from each of the member municipalities.

The PDA is under the stewardship of Administrator Rosa B. Catolico who is assisted by three Division Chiefs/Managers for Planning, Evaluation and Monitoring, Administrative and Finance, and Operations. Its Rationalization Program took effect on February 1, 2007 and presently complemented with 59 personnel, 49 of which are either on permanent or co-terminus status and ten are casuals. Its manpower needs is augmented by hiring through job order contracts.

Among PDA's functions and powers are to:

- Make a comprehensive survey of physical and natural resources of the district;
- Prepare, undertake and implement a comprehensive and integrated development program for the district;
- Pass over all plans, programs, and projects in the district;
- Make recommendations to proper agencies on technical support, physical assistance and generally, the level of priority to be accorded;
- Encourage investments in the district;
- Help promote the economic zones and/or industrial estates established in the district; and,
- Establish, operate and/or contract to operate such agencies, functional units and instrumentalities; and exercise other functions necessary to attain the purpose for which it was created.

The PDA as a government corporate entity with a distinctly local and provincial character has enjoyed a high degree of autonomy in its operations and up to the present, has no National government budgetary support.

The current assistance being extended by the national government is the servicing of its foreign loan for the water system.

The main source of income is WATER. The Partido Water Supply System (PWSS) provides a 24-hour potable water system. It has nine (9) pumping stations and eight (8) collections centers. The other minor projects are Center for Human Resource Development (CHRD), the FM Radio Station (DZRP) and the Nato Port which is under the supervision of Philippine Port Authority (PPA).

The source of income is a subsidy from the Congressional Development Fund of Hon. Arnulfo Fuentesbella. For CY 2014 PDA did not receive any assistance from the Congressman of the 4th district of Camarines Sur.

With the creation of the Government Owned or Controlled Corporation (GOCC) Act of 2011 under RA No. 10149, the PDA is one of the 157 GOCCs which is under the Governance Commission for GOCCs (GCG).

B. FINANCIAL HIGHLIGHTS

The following are the financial highlights:

	2014	2013	Increase (Decrease)
Assets	₱ 459,011,913.13	₱ 463,322,062.28	₱ (4,310,149.15)
Liabilities	1,152,536,658.49	1,082,966,572.15	69,570,086.34
Equity	(693,524,745.36)	(619,644,509.87)	73,880,235.49
Gross Income	91,966,839.63	86,415,242.36	5,551,597.27
Expenses	90,731,898.22	95,068,308.33	(4,336,410.11)
Net Income	1,234,941.41	(8,653,065.97)	9,888,007.38

C. OPERATIONAL HIGHLIGHTS

During the Calendar Year 2014, PDA reported the following accomplishments as compared to its targets:

Indicators	Target	Accomplishment
<i>Major Final Output 1: Operation of Business Ventures</i>		
<i>Potable Water Services</i>		
1. Increase in the number of household water connection	₱ 14,126	₱ 18,683
2. Increase in the revenue generated (Including fines and penalties and other business income)	₱ 78,960,000.00	₱ 73,244,046.98
<i>Nato Port</i>		
Revenue generated	₱ 300,000.00	₱ 155,424.10
<i>Center for Human Resources Development</i>		
Revenue generated (Rental of CHRD Bldg.)	₱ 300,000.00	₱ 78,850.00

<i>DZRP Radio Station</i>		
Revenue generated	₱ 1,803,000.00	₱ 717,427.50
<i>Major Final Output 2: Development Planning and Resources Mobilization</i>		
1. No. of Programs formulated	4	4
2. Amount of funding mobilized from external sources	₱ 5,000,000.00	₱ 5,336,153.57
3. No. of trainings facilitated	100	108
4. No. of LGUs assisted in the formulation of resources management policies and programs	9	9

D. SCOPE OF AUDIT

The audit covered the financial transactions and operations of the Administration for CY 2014.

E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

F. SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

The significant audit findings that need immediate attention and action contained in the herein report, with the corresponding audit recommendations, are as follows:

1. The inability by Management to strictly enforce the policy on disconnection of water service of delinquent concessionaires caused the existence of past due accounts which are 60 days and over amounting to ₱8,640,853.14.

We recommended that Management:

- a) Ensure that the policy on disconnection is strictly enforced to prevent the accumulation of past due accounts;
- b) Take time to locate the whereabouts of concessionaires whose accounts are already dormant or inactive and enforce collection of their accounts;
- c) Employ mechanisms to enforce collection of long overdue accounts by sending demand letters or by resorting to legal remedies available;

2. The employer's share contributions remitted to the Pag-Ibig Fund were based on two percent (2%) of the basic salaries of the employees, thus resulted in the over remittance of ₱185,482.47 for CY 2014.

We recommended that Management:

- a) Require the strict compliance with the provisions of Section 1 of Rule VI of the Implementing Rules and Regulations of Republic Act 9679 (Home Development Mutual Fund Law of 2009);
 - b) Make representation with the management of Pag-Ibig Fund and request that over remittance of employer's share made by the PDA be deducted from future employer's contributions of each employee.
 - c) Consult first the DBM before any proposed increase in government and employee compulsory contributions are made as required under Section 45 of RA 10633.
3. The PDA paid the total amount of ₱325,000.00 as penalty charges for using the read and bill machines and the systems without permit from the Bureau of Internal Revenue in pursuance to the provisions of the National Internal Revenue Code, code contrary to Section 368(b) of the Government Accounting and Auditing Manual, Volume I, thus the Agency incurred unnecessary expenses.

We recommended that Management investigate and pinpoint the person/s/employee/s who caused the incurrence of the additional expenses and require him/her to give justification/explanation or charge the amount to his/her account to avoid the issuance of Notice of Disallowance.

4. Fuels purchased in CY 2014 for use by the different Water Treatment Plants (WTP) of the Administration totaling ₱2,089,909.91 were treated as outright expenses instead of recording them first as Inventory account contrary to Section 43 of Volume I of the Manual on New Government Accounting System thereby showing weak internal control on the custody of assets because of the possibility/susceptibility of loss wherein nobody could be pinpointed as accountable for items.

We recommended and the Management agreed to require:

- a) The Accountant to record first as inventory account the purchases of fuel and only the issuances supported with the RSMI shall be treated as expense. Further, to require her to prepare and maintain SLC.
- b) The Property/Supply Officer to prepare/maintain SC to monitor the movement of the consumption of the fuels per WTP.

G. STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2014 are as follows:

	Beginning Balance (As of December 31, 2013)	This Period January 1 to December 31, 2014		Ending Balance (As of December 31, 2014)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice of Disallowance	313,940.00	79,072.81	11,000.00	382,012.81
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱ 313,940.00	₱ 79,072.81	₱ 11,000.00	₱ 382,012.81

H. IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 20 audit recommendations incorporated in the prior years' Annual Audit Reports, which covered 2010 to 2013, eight or 40% were fully implemented, six or 30% were partially implemented, and six or 30% remained not implemented during the year 2014.

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Part I

Audited Financial Statements



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Partido Development Administration
Tigaon, Camarines Sur

Report on the Financial Statements

We have audited the accompanying financial statements of the Partido Development Administration, Tigaon, Camarines Sur, which comprise the statement of financial position as of December 31, 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 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, our audit disclosed, among others, that:

1. The correctness of the reported year-end balance of Accounts Receivable amounting to ₱30,159,067.65 was doubtful due to the variance between the balances per General Ledger and per Aging of Accounts Receivable/Subsidiary Ledger in the amount of ₱57,183.65.
2. The balance of the Inventory account was doubtful due to the existence of discrepancies of ₱111,146.34 between the General Ledger and Supplies Ledger Cards.
3. The Inventories accounts were understated while the Property, Plant & Equipment (PPE) accounts were overstated by ₱732,638.06 due to the recording of the semi-expendable/small tangible items as PPE instead as Inventories.
4. The balance of the Property, Plant and Equipment accounts amounting to ₱747,442,658.96 was doubtful due to the existence of discrepancy of ₱10,297,342.29 between the General Ledger balances and the Report on the Physical Count of PPE.
5. Several unserviceable PPE valued at ₱7,704,769.25 as of December 31, 2014 were still included in the PPE accounts thus resulted in the overstatement of the affected PPE and Depreciation Expense accounts and understatement of the Other Assets account.
6. The balance of the Due to National Treasury account amounting to ₱922,932,886.00 was unreliable due to the failure to reconcile it with the records of the Bureau of Treasury.
7. The liability account was understated and the equity account was overstated by ₱8,643,901.96 due to the non recording of the penalties billed by the National Water Resources Board.


Opinion

In our opinion, except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Partido Development Administration, Tigaon, Camarines Sur as of December 31, 2014, and its financial performance and its cash flows

for the year then ended, in accordance with the generally accepted state accounting principles.

COMMISSION ON AUDIT

By:


JOSEFA N. SEVERO
State Auditor V *NS*
Supervising Auditor

July 22, 2015



Partido Development Administration


Created Under Republic Act 7820

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Partido Development Administration is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2014 and the related Statements of Income and Expenses, Changes in Equity, and Cash Flows for the year then ended. The financial statements have been prepared in conformity with generally accepted state accounting principles and reflected amounts that are based estimates and informed judgment of management with an appropriate consideration to materiality.

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


MAGDALENA R. PORTEM
Accountant III


ROSA B. CATOLICO
Administrator I

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

CONDENSED BALANCE SHEET

As of December 31, 2014
(With Comparative Figures for 2013)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 3)	P 23,069,562.91	P 21,995,873.37
Receivables - Net (Note 4)	21,708,031.53	20,121,949.83
Inventories (Note 5)	2,947,070.98	6,332,142.54
Prepayments (Note 6)	712,688.08	709,345.54
Other Current Assets	6,521.74	6,521.74
Total Current Assets	<u>P 48,443,875.24</u>	<u>P 49,165,833.02</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment - Net (Note 7)	P 409,469,066.52	P 414,031,959.94
Other Assets	1,098,971.37	124,269.32
Total Non -Current Assets	<u>P 410,568,037.89</u>	<u>P 414,156,229.26</u>
TOTAL ASSETS	<u>P 459,011,913.13</u>	<u>P 463,322,062.28</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Payable Accounts (Note 8)	P 25,493,086.61	P 4,294,940.18
Inter-Agency Payables (Note 9)	924,173,208.29	806,660,904.32
Other Liability Account (Note 10)	1,214,873.84	1,411,926.56
Total Current Liabilities	<u>P 950,881,168.74</u>	<u>P 812,367,771.06</u>
NON-CURRENT LIABILITIES		
Loans Payable - Foreign (Note 11)	P 201,331,639.04	P 270,446,250.87
Deferred Credits (Note 12)	323,850.71	152,550.22
Total Non-Current Liabilities	<u>P 201,655,489.75</u>	<u>P 270,598,801.09</u>
TOTAL LIABILITIES	<u>P 1,152,536,658.49</u>	<u>P 1,082,966,572.15</u>
EQUITY		
Government Equity	P 48,027,921.30	P 48,027,921.30
Retained Earnings	(741,552,666.66)	(667,672,431.17)
Total Equity (Note 13)	<u>P (693,524,745.36)</u>	<u>P (619,644,509.87)</u>
TOTAL LIABILITIES AND EQUITY	<u>P 459,011,913.13</u>	<u>P 463,322,062.28</u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

CONDENSED STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2014
(With Comparative Figures for 2013)

	<u>2014</u>	<u>2013</u>
Income (Note 14)	₱ <u>76,768,260.71</u>	₱ <u>75,620,328.54</u>
Less: Operating Expenses		
Personal Services		
Salaries and Wages (Note 15)	₱ 12,674,150.23	₱ 13,136,694.94
Other Compensation (Note 16)	5,214,332.53	4,470,418.04
Personnel Benefits Contribution (Note 17)	1,817,133.09	1,859,960.56
Total Personal Services	₱ <u>19,705,615.85</u>	₱ <u>19,467,073.54</u>
Maintenance and Other Operating Expenses		
Travelling Expenses	₱ 2,408,483.68	₱ 2,742,304.46
Training Expenses	194,217.75	95,175.00
Supplies and Materials Expenses (Note 18)	8,711,214.31	7,991,890.47
Utility Expenses (Note 19)	8,795,065.13	7,045,955.09
Communication Expenses (Note 20)	683,378.74	767,258.12
Advertising Expenses	27,000.00	-
Printing and Binding Expenses	68,841.50	27,579.50
Rent Expenses	315,642.54	252,447.84
Representation Expenses	-	498,035.81
Transportation and Delivery Expenses	121,142.57	79,926.00
Rewards and Other Claims	-	6,000.00
Professional Expenses (Note 21)	8,608,965.72	8,563,867.07
Repairs and Maintenance Expenses (Note 22)	2,663,899.22	2,385,579.31
Donations	-	45,700.00
Extraordinary and Miscellaneous Expenses (Note 23)	88,759.80	195,316.81
Taxes, Insurance Premiums & Other Fees (Note 24)	1,782,150.07	1,664,737.89
Bad Debts Expenses	618,109.41	50,102.34
Depreciation (Note 25)	22,791,100.90	34,938,311.54
Loss of Assets	36,719.04	-
Other Maintenance and Operating Expenses	1,168,243.01	45,994.40
Total Maintenance and Other Operating Expenses	₱ <u>59,082,933.39</u>	₱ <u>67,396,181.65</u>
Financial Expenses (Note 26)	₱ <u>11,943,348.98</u>	₱ <u>8,205,053.14</u>
Total Operating Expenses	₱ <u>90,731,898.22</u>	₱ <u>95,068,308.33</u>

	<u>2014</u>	<u>2013</u>
Income (Loss) from Operation	P <u>(13,963,637.51)</u>	P <u>(19,447,979.79)</u>
Add(Deduct):Other Income/Expenses		
Gain/Loss on Foreign Exchange (ForEx)	P 15,018,395.61	P 10,350,354.41
Interest Income	<u>180,183.31</u>	<u>444,559.41</u>
Total Other Income/Expense	P 15,198,578.92	P 10,794,913.82
Net Income (Loss) for the Period	P <u><u>1,234,941.41</u></u>	P <u><u>(8,653,065.97)</u></u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2014
(With Comparative Figures for 2013)

	<u>2014</u>	<u>2013</u>
Government Equity, Beginning	₱ <u>48,027,921.30</u>	₱ <u>48,027,921.30</u>
Retained Earnings:		
Balance, Beginning	₱ (667,672,431.17)	₱ (708,213,977.59)
Net Income for the year	1,234,941.41	(8,653,065.97)
Prior Years' Adjustment	<u>(75,115,176.90)</u>	<u>49,194,612.39</u>
Balance, Ending	₱ <u>(741,552,666.66)</u>	₱ <u>(667,672,431.17)</u>
TOTAL EQUITY	₱ <u><u>(693,524,745.36)</u></u>	₱ <u><u>(619,644,509.87)</u></u>

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

CASH FLOW STATEMENT
For the Year Ended December 31, 2014
(With Comparative Figures for 2013)

	<u>2014</u>	<u>2013</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Inflows:		
Collection of Income	P 74,378,125.27	P 71,406,140.74
Refund of Overpayment of Expenses	112,805.98	228,101.02
Receipt of Performance/Bidders/Bail Bonds	59,793.65	34,420.00
Receipt from NGO/Trust Fund	424,975.07	390,751.16
Total Cash Inflows	<u>P 74,975,699.97</u>	<u>P 72,059,412.92</u>
Cash Outflows:		
Payment of Operating Expenses	P 40,015,148.88	P 35,059,806.49
Remittance to GSIS/PAG-IBIG/BIR/PHILHEALTH	9,432,893.31	9,862,053.43
Refund of Performance/Bidders/Bail Bonds	0.00	112,918.00
Payment of Payables	6,230,299.46	8,542,392.29
Purchase of Office Supplies and Other Inventories	3,189,535.47	5,363,060.69
Payment of Prepaid Expenses	88,743.58	140,819.73
Payment of Trust Fund	328,227.85	0.00
Payment to COA/Other GOCCs	0.00	584,762.50
Total Cash Outflows	<u>P 59,284,848.55</u>	<u>P 59,665,813.13</u>
Total Cash Provided (Used) by Operating Activities	<u>P 15,690,851.42</u>	<u>P 12,393,599.79</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows:		
Receipt of Interest on Deposit	P 159,947.73	P 225,839.93
Total Cash Inflows	<u>P 159,947.73</u>	<u>P 225,839.93</u>
Cash Outflows:		
Office Equipment, Furniture and Fixtures and Other Fixed Assets	P 1,877,109.61	P 1,984,901.00
Total Cash Outflows	<u>P 1,877,109.61</u>	<u>P 1,984,901.00</u>
Total Cash Provided (Used) by Investing Activities	<u>P (1,717,161.88)</u>	<u>P (1,759,061.07)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows:		
Payment of Domestic and Foreign Loans	P 12,900,000.00	P 12,000,000.00
Total Cash Outflows	<u>P 12,900,000.00</u>	<u>P 12,000,000.00</u>
Total Cash Provided (Used) by Financing Activities	<u>P (12,900,000.00)</u>	<u>P (12,000,000.00)</u>
Cash Provided by Operating, Investing and Financing Activities	P 1,073,689.54	P (1,365,461.28)
Cash & Cash Equivalents, Beginning	21,995,873.37	23,361,334.65
Cash & Cash Equivalents, End	<u>P 23,069,562.91</u>	<u>P 21,995,873.37</u>

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

NOTES TO FINANCIAL STATEMENTS
December 31, 2014

1. AGENCY BACKGROUND

The Partido Development Administration (PDA) was created on November 18, 1994 by virtue of Republic Act (RA) No. 7820. It was, however, formally organized and operated on October 16, 1997.

The PDA, as a corporate body, has jurisdiction over the ten municipalities of the Fourth Congressional District of Partido District, in the Province of Camarines Sur, composed of Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Caramoan, Garchitorena, Tinambac and Siruma. It is under the supervision and direction of a Board of Directors, whose members are the ten incumbent Mayors of the said municipalities and ten Private Sector Representatives coming from each of the member municipalities.

The PDA is under the stewardship of Administrator Rosa B. Catolico who is assisted by three Division Chiefs/Managers for Planning, Evaluation and Monitoring, Administrative and Finance, and Operations. Its Rationalization Program took effect on February 1, 2007 and presently complemented with 59 personnel, 49 of which are either on permanent or co-terminus status and ten are casuals. Its manpower needs is augmented by hiring through job order contracts.

Among PDA's functions and powers are to:

- Make a comprehensive survey of physical and natural resources of the district;
- Prepare, undertake and implement a comprehensive and integrated development program for the district;
- Pass over all plans, programs, and projects in the district;
- Make recommendations to proper agencies on technical support, physical assistance and generally, the level of priority to be accorded;
- Encourage investments in the district;
- Help promote the economic zones and/or industrial estates established in the district; and,
- Establish, operate and/or contract to operate such agencies, functional units and instrumentalities; and exercise other functions necessary to attain the purpose for which it was created.

The PDA as a government corporate entity with a distinctly local and provincial character has enjoyed a high degree of autonomy in its operations and up to the present, has no National government budgetary support.

The current assistance being extended by the national government is the servicing of its foreign loan for the water system.

The main source of income is WATER. The Partido Water Supply System (PWSS) provides a 24-hour potable water system. It has nine pumping stations and eight collections centers. The other minor projects are Center for Human Resource Development (CHRD), the FM Radio Station (DZRP) and the Nato Port which is under the supervision of Philippine Port Authority (PPA).

The source of income is a subsidy from the Congressional Development Fund of Hon. Arnulfo Fuentesbella. In CY 2014, PDA did not receive any assistance from the Congressman of the 4th district.

With the creation of the GOCC Act of 2011 under R.A. No. 10149, the Partido Development Administration is one among the 157 GOCCs existing in the Philippines which is under the Government Commission for GOCCs (GCG).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Income and Expense Recognition***

The Administration adopts the accrual basis of accounting. All income are recognized when earned regardless of when collected, and all expenses are recognized when incurred regardless of when paid.

- ***Uncollectibility of Receivables***

Allowance for doubtful accounts is maintained at a level adequate to provide for potential uncollectibility of receivables. Policy on such provision was set depending on the age of the accounts. A maximum of 4% provision was set on accounts which are over 3 years.

A provision for doubtful accounts for the year was recorded using the new software/program which generated the Report of Aging of Receivables. Age brackets in the Aging Report are as follows:

Age of Receivables	Percent
Active Accounts & Inactive Accounts:	
0 to 180 days	0%
181 days to 1 year	1%
1 year to 2 years	2%

Age of Receivables	Percent
Active Accounts & Inactive Accounts:	
2 years to 3 years	3%
Over 3 years	4%

- **Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 25 years. Depreciation starts on the second month after purchase. A 10% residual value is set.

3. CASH AND CASH EQUIVALENTS

₱23,069,562.91

This account consists of:

Account	2014	2013
Cash in Bank	₱ 22,265,200.83	₱ 21,274,402.09
Cash - Collecting Officers	786,108.08	683,217.28
Cash - Disbursing Officers	18,254.00	18,254.00
Petty Cash Funds	-	20,000.00
Total	₱ 23,069,562.91	₱ 21,995,873.37

Cash in Bank account consists of cash deposits with Land Bank of the Philippines, Goa and Postal Bank, Tigaon, all in Camarines Sur under current and high yield savings account as follows:

Account	Amount
Cash in Bank-Local Currency, Current Account	₱ 4,181,685.38
Cash in Bank-Local Currency, Savings Account	18,083,515.45
Total	₱ 22,265,200.83

Cash - Collecting Officers represent collections with the collecting officers/field collectors in various water systems pending deposit.

Petty Cash Funds are cash granted to designated petty cash custodians in various water systems and divisions for payment of authorized petty or miscellaneous expenses which cannot be conveniently paid thru check.

4. RECEIVABLES – NET**₱21,708,031.53**

This account consists of:

Account	2014	2013
Accounts Receivable	₱ 30,159,067.65	₱ 28,058,180.99
Less: Allowance for Doubtful Accounts	(9,239,504.72)	(8,621,395.31)
Net Accounts Receivable	₱ 20,919,562.93	₱ 19,436,785.68
Due from Officers and Employees	-	33,390.00
Due from NGAs	234,252.45	35,250.00
Due from GOCCs	45,484.88	45,484.88
Due from LGUs	115,521.79	115,521.79
Receivables-Disallowances/Charges	216,000.00	-
Other Receivables	177,209.48	455,517.48
Net Receivables	₱ 21,708,031.53	₱ 20,121,949.83

Accounts Receivable are amounts due from customers/concessionaires arising from services rendered related to water, port, TV and radio ads, catering, dormitory, rental of facilities and printing/binding operations.

Due from Officers and Employees represents cash advances granted for travel and other expenses.

5. INVENTORIES**₱2,947,070.98**

This account consists of:

Account	2014	2013
Medical, Dental & Laboratory Supplies Inventory	₱ 394,320.70	₱ 1,191,712.93
Office Supplies Inventory	759,402.06	792,322.51
Accountable Forms Inventory	148,591.34	296,023.00
Gasoline, Oil & Lubricants Inventory	-	36,770.73
Other Supplies Inventory	1,644,756.88	4,015,313.37
Total	₱ 2,947,070.98	₱ 6,332,142.54

Medical, Dental & Laboratory Supplies pertain to the aluminum sulfate, chlorine granules and other supplies for use in the various water treatment plant operations. On the other hand, *Other Supplies* consist of supplies for use in household water services connections and leak repairs such as couplings, teflon tapes, saddle clamps, and the like.

6. PREPAYMENTS**₱712,688.08**

This account consists of:

Account	2014	2013
Prepaid Insurance	₱ 277,635.99	₱ 250,242.74
Prepaid Rent	274,642.70	304,642.70
Deferred Charges	5,949.29	-
Other Prepaid Expenses	154,460.10	154,460.10
Total	₱ 712,688.08	₱ 709,345.54

This account consist of prepaid insurance paid to GSIS motor vehicles and fidelity bonds of bonded employees and prepaid rent of PWSS collection office and prepaid rent for the land being occupied by the Goa Water Treatment Plant (WTP).

7. PROPERTY, PLANT AND EQUIPMENT (PPE) - NET**₱409,469,066.52**

This account is composed of the following:

For CY 2014

Account Title	Acquisition Cost	Accumulated Depreciation	Net
Land	₱ 4,488,933.00	₱ -	₱ 4,488,933.00
Land Improvements	21,052.63	7,105.21	13,947.42
Electrification, Power and Energy Structures	82,376,359.33	72,778,955.88	9,597,403.45
Office Buildings	40,131,275.87	23,760,689.23	16,370,586.64
Other Structures	105,595,216.14	51,742,581.24	53,852,634.90
Office Equipment	4,701,875.76	3,618,569.05	1,083,306.71
Furniture and Fixtures	1,879,410.47	1,258,155.81	621,254.66
IT Equipment and Software	14,515,872.92	11,769,196.59	2,746,676.33
Library Books	20,806.00	16,554.49	4,251.51
Machineries	517,557.55	427,503.79	90,053.76
Communication Equipment	8,497,951.97	3,368,990.80	5,128,961.17
Firefighting Equipment	120,500.00	59,807.13	60,692.87
Medical, Dental and Laboratory Equipment	1,748,812.13	1,330,184.64	418,627.49
Other Machineries and Equipment	30,769,921.89	25,679,840.20	5,090,081.69
Motor Vehicles	10,825,829.18	9,123,987.04	1,701,842.14

Account Title	Acquisition Cost	Accumulated Depreciation	Net
Watercrafts	1,043,748.23	815,763.29	227,984.94
Other Transportation Equipment	91,118.33	79,756.59	11,361.74
Other Property, Plant and Equipment	440,096,417.56	132,135,951.46	307,960,466.10
Total	₱ 747,442,658.96	₱ 337,973,592.44	₱ 409,469,066.52

For CY 2013

Account Title	Acquisition Cost	Accumulated Depreciation	Net
Land	₱ 4,488,933.00	₱ -	₱ 4,488,933.00
Land Improvements	21,052.63	5,596.35	15,456.28
Electrification, Power and Energy Structures	82,441,487.33	71,896,259.61	10,545,227.72
Office Buildings	40,131,275.87	22,105,536.39	18,025,739.48
Other Structures	105,410,216.14	47,047,721.50	58,362,494.64
Office Equipment	6,943,214.05	5,676,443.82	1,266,770.23
Furniture and Fixtures	2,035,904.59	1,402,653.82	633,250.77
IT Equipment and Software	15,696,704.89	12,180,586.52	3,516,118.37
Library Books	20,806.00	17,987.94	2,818.06
Machineries	902,003.35	796,041.11	105,962.24
Communication Equipment	8,404,095.97	7,139,327.46	1,264,768.51
Firefighting Equipment	120,500.00	44,314.26	76,185.74
Medical, Dental and Laboratory Equipment	1,831,389.13	1,345,328.95	486,060.18
Other Machineries and Equipment	34,697,693.72	29,351,025.17	5,346,668.55
Motor Vehicles	11,341,829.18	9,538,839.20	1,802,989.98
Watercrafts	1,043,748.23	810,672.42	233,075.81
Other Transportation Equipment	251,690.23	222,021.41	29,668.82
Other Property, Plant and Equipment	433,068,080.76	125,238,309.20	307,829,771.56
Total	₱ 748,850,625.07	₱ 334,818,665.13	₱ 414,031,959.94

Land consists of the following:

Particulars	Amount
PDA Main	₱ 3,600,000.00
WTP Presentacion Site	102,308.00
Tigaon, C.S. (10,000 sqm. From Vicente Estela)	563,625.00

Particulars	Amount
Water Source Lot – Tinambac (3 has.)	220,000.00
Donated Land of Mr. Tomas Riva (20sqm) – Garchitorena, C.S.	3,000.00
Total	₱ 4,488,933.00

Building and Other Structures include the cost of the construction of PDA Main Building, PWSS, QRT, CHRD and PTV4 Buildings. It also includes civil mechanical and electrical works for different water treatment plants.

The other property and equipment consists mainly of various fixed assets which are included in the water project cost such as pipelines, and related works; civil and electrical works; mechanical equipment and other facilities and equipment acquired before and after the water project.

8. PAYABLE ACCOUNTS ₱25,493,086.61

This account consists of:

Account	2014	2013
Trade Accounts Payable	₱ 24,603,121.21	₱ 3,349,322.08
Due to Officers and Employees	889,965.40	945,618.10
Total	₱ 25,493,086.61	₱ 4,294,940.18

Trade Accounts Payables are payables incurred arising from trade/business operations. Due to Officers and Employees are payable to employees.

9. INTER-AGENCY PAYABLES ₱924,173,208.29

This account consists of payables to the:

Account	2014	2013
National Treasury		
Advances re: Amortization	₱ 737,425,133.07	₱ 677,955,849.83
Interest on Advances	183,153,168.71	112,379,948.70
Guarantee Fees	64,704,260.42	63,942,593.10
Less: Partial Payments	(62,349,675.71)	(49,449,675.71)
	₱ 922,932,886.49	₱ 804,828,715.92
GSIS, PAG IBIG & PHILHEALTH	83,629.17	168,790.96
Bureau of Internal Revenue	33,666.54	96,559.77
National Government Agency	1,008,986.68	1,508,986.68
Government Owned/Controlled Corps.	44,771.12	7,582.70
Other Government Agencies-LGUs	69,268.29	50,268.29
Total	₱ 924,173,208.29	₱ 806,660,904.32

Due to National Treasury consists of the guarantee fee payable to the National Government including the advances it made as the guarantor for the first four (4) loan amortizations including cable charges, handling costs, and interests advanced/paid to ABN-AMRO as well as the interest for the advances made by the National Government.

Due to GSIS/PAG-IBIG/PHILHEALTH accounts pertain to the contributions due and loan amortizations withheld for remittance to the Government Service Insurance System, Home Development Mutual Fund and Philippine Health Insurance Corporation.

Due to BIR accounts pertain to the taxes due and the various amounts withheld for remittance to the BIR.

Due to Other NGAs represents the amount payable to COA for the cost of annual services up to CY 2012.

Due to Other GOCCs the amount of ₱7,582.70 represents Nato Port collection which will be remitted to Philippine Ports Authority.

10. OTHER CURRENT LIABILITIES

₱1,214,873.84

This account consists of the following:

Account	2014	2013
A. Intra- Agency Payables		
Due to Other Funds	₱ 817,290.10	₱ 1,024,062.03
B. Other Liability Accounts		
Guaranty Deposits payable	231,740.51	231,740.51
Performance/Bidders/Bail Bond Payable	151,356.85	136,856.85
Other Payables	14,486.38	19,267.17
Total	₱ 1,214,873.84	₱ 1,411,926.56

Due to Other Funds includes Congressman Arnulfo P. Fuentesbella's subsidy for certified seeds growers.

Guaranty Deposits Payable represents the 10% retention fee from Suppliers and Contractors.

Performance/Bidders/Bail Bonds Payable represents Bid Security paid by Bidders

Other Payables represents the amount deducted from employees for their salary loans granted by LBP, UCPB, Postal Bank and Quedancor.

11. LOANS PAYABLE - FOREIGN**₱201,331,639.04**

This account consists of:

Account	2014	2013
Current Portion (March 1 to September 1, 2014)	₱ 50,603,382.14	₱ 54,089,250.26
Add: Long Term portion (March 1, 2015 to September 1, 2018)	150,728,256.90	216,357,000.61
DANIDA Mixed Credit	₱ 201,331,639.04	₱ 270,446,250.87

The PDA contracted a mixed credit of EURO 7,806,869.40 and USD 7,504,611.56 with DANIDA and EKF GUARANTEE and the ABN AMRO Bank, N.V. Copenhagen Branch on December 18, 1999. This credit facility financed the construction of the Partido Water Supply System Project.

Each amortization amounts to EURO 260,228.98 and USD 250,153.72 payable every 1st day of March and September. Such amortization is inclusive of interest at the rate of 1.7% and 2%, respectively. Originally, the loan agreement provides for a zero interest but because of the lengthening of the repayment period by 5 years, interests were imposed. Amortization started on March 1, 2004. With the recommendation of the Department of Finance, the 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st and 22nd loan amortizations were advanced by the National Government through the Bureau of Treasury.

Loan paid was converted using the prevailing exchange rate at the date of transaction entered into the books (USD=₱55.70000 and EUR=₱70.81970).

The loan was revalued last December 29, 2014 at 44.617 USD and 54.339 EUR resulting into Gain on FOREX of ₱15,018,395.17. The balance was restated at balance sheet date using year-end exchange rates USD=₱44.617 and EUR=₱54.339 for December 29, 2014

12. DEFERRED CREDITS**₱323,850.71**

This account represents taxes due to BIR which was temporarily lodged to deferred credits when the obligation was recognized but the withheld taxes will be remitted to BIR upon payment of Accounts Payables.

13. EQUITY/DONATED CAPITAL**₱(693,524,745.36)**

This account pertains to the cumulative results of operations. It also included the value of various properties and/or equipment provided by the Department of Interior and Local Government, Department of Trade and Industry, Department of Energy

and other government and private entities or individuals in addition to the Congressional Development Funds/Congressional Fund Incentives.

14. INCOME

₱76,768,260.71

This account consists of the following:

Account	2014	2013
Subsidy Income from National Government	₱ -	₱ 18,050.00
Toll and Terminal Fees	81,282.77	232,159.49
Income from Communication Facilities	627,778.37	634,708.39
Income from Waterworks System	69,116,683.51	67,404,814.51
Rent Income	78,850.00	90,066.24
Other Business Income	3,212,257.33	3,267,663.13
Fines and Penalties-Business Income	3,640,198.63	3,560,915.62
Income from Grants and Donations	-	390,751.16
Miscellaneous Income	11,210.10	21,200.00
Total	₱ 76,768,260.71	₱ 75,620,328.54

15. SALARIES AND WAGES

₱ 12,674,150.23

This account consists of the following:

Account	2014	2013
Salaries and Wages – Regular	₱ 11,315,554.90	₱ 11,547,946.44
Salaries and Wages – Casual	1,358,595.33	1,588,748.50
Total	₱ 12,674,150.23	₱ 13,136,694.94

16. OTHER COMPENSATION

₱5,214,332.53

This account consists of the following:

Account	2014	2013
Personal Economic Relief Allowance (PERA)	₱ 1,368,081.40	₱ 1,444,766.27
Representation Allowance (RA)	288,000.00	288,000.00
Transportation Allowance (TA)	60,000.00	30,000.00
Clothing/Uniform Allowance	285,000.00	309,574.00
Honoraria	149,875.00	132,900.00
Longevity Pay	10,000.00	-
Cash Gift	287,500.00	300,875.00
Terminal Leave Benefits	109,445.95	-

Account	2014	2013
Overtime and Night pay	16,136.67	10,009.90
Year End Bonus	2,080,018.00	1,395,763.65
Other Personnel Benefits	560,275.51	558,529.22
Total	₱ 5,214,332.53	₱ 4,470,418.04

17. PERSONNEL BENEFIT CONTRIBUTIONS

₱1,817,133.09

This account consists of the following:

Account	2014	2013
Life and Retirement Insurance Contributions	₱ 1,360,183.65	₱ 1,387,133.45
Pag-ibig Contributions	253,514.81	262,238.43
Philhealth Contributions	145,600.00	150,700.00
ECC Contributions	57,834.63	59,888.68
Total	₱ 1,817,133.09	₱ 1,859,960.56

18. SUPPLIES AND MATERIALS EXPENSES

₱8,711,214.31

This account is broken down as follows:

Account	2014	2013
Office Supplies Expenses	₱ 529,476.96	₱ 872,887.93
Accountable Forms Expenses	140,291.66	61,487.50
Food Supplies Expense	-	927,885.04
Medical, Dental and Laboratory Expenses	1,452,404.67	793,407.82
Gasoline, Oil and Lubricants Expenses	3,887,439.34	3,787,391.04
Other Supplies Expenses	2,701,601.68	1,548,831.14
Total	₱ 8,711,214.31	₱ 7,991,890.47

19. UTILITY EXPENSES

₱8,795,065.13

Account	2014	2013
Water Expenses	₱ 71,760.00	₱ -
Electricity Expenses	8,723,305.13	7,045,955.09
Total	₱ 8,795,065.13	₱ 7,045,955.09

20. COMMUNICATION EXPENSES**₱683,378.74**

Account	2014	2013
Postage and Deliveries	₱ 2,708.00	₱ 1,410.00
Telephone Expenses – Landline	205,469.40	255,479.69
Telephone Expenses – Mobile	413,099.34	452,122.92
Internet Expenses	59,777.00	52,626.51
Cable, Satellite, Telegraph, and Radio Expenses	2,325.00	5,619.00
Total	₱ 683,378.74	₱ 767,258.12

21. PROFESSIONAL EXPENSES**₱8,608,965.72**

Account	2014	2013
Auditing Services	₱ -	₱ 47,948.04
Consultancy Services	248,000.00	531,000.00
General Services	7,395,604.53	6,966,551.88
Janitorial Services	458,816.13	498,960.93
Security Services	390,676.85	501,072.96
Other Professional Services	115,868.21	18,333.26
Total	₱ 8,608,965.72	₱ 8,563,867.07

22. REPAIRS AND MAINTENANCE EXPENSES**₱2,663,899.22**

Account	2014	2013
Repairs and Maintenance – Electrification, Power and Energy Structures	₱ 420,004.56	₱ 168,358.10
Repairs and Maintenance – Office Buildings	53,215.94	49,222.78
Repairs and Maintenance – Other Structures	-	12,850.00
Repairs and Maintenance – Office Equipment	77,796.67	160,058.00
Repairs and Maintenance – Furniture and Fixtures	18,350.00	15,120.24
Repairs and Maintenance – IT Equipment and Software	27,218.35	-
Repairs and Maintenance – Other Machineries and Equipment	60,545.00	-
Repairs and Maintenance – Motor Vehicles	915,378.70	1,216,207.88
Repairs and Maintenance – Other Property, Plant and Equipment	1,091,390.00	763,762.31
Total	₱ 2,663,899.22	₱ 2,385,579.31

23. EXTRAORDINARY AND MISCELLANEOUS EXPENSES **₱88,759.80**

Account	2014	2013
Extraordinary Expenses	₱ 38,000.00	₱ 109,906.18
Miscellaneous Expenses	50,759.80	85,410.63
Total	₱ 88,759.80	₱ 195,316.81

24. TAXES, INSURANCE PREMIUMS AND OTHER FEES **₱1,782,150.07**

Account	2014	2013
Taxes, Duties and Licenses	₱ 1,720,007.51	₱ 1,540,493.62
Fidelity Bond Premiums	19,872.45	28,650.54
Insurance Expenses	42,270.11	95,593.73
Total	₱ 1,782,150.07	₱ 1,664,737.89

25. DEPRECIATION EXPENSES **₱22,791,100.90**

Account	2014	2013
Depreciation – Land Improvements	₱ 1,894.68	₱ 1,894.68
Depreciation – Electrification, Power and Energy Structures	1,048,403.02	7,415,359.80
Depreciation – Office Buildings	1,805,907.36	1,806,577.86
Depreciation – Other Structures	4,694,859.72	4,743,459.72
Depreciation – Office Equipment	369,851.47	441,812.56
Depreciation – Furniture and Fixtures	75,193.02	69,607.64
Depreciation – IT Equipment	667,271.00	729,609.29
Depreciation – IT Library Books	1,016.74	360.00
Depreciation – Machineries	2,664.00	81,180.36
Depreciation – Communication Equipment	721,798.58	3,021,992.76
Depreciation – Firefighting Equipment and Accessories	15,492.84	15,492.84
Depreciation – Medical, Dental and Laboratory Equipment	56,847.46	164,825.04
Depreciation – Other Machineries and Equipment	280,032.12	3,247,721.64
Depreciation – Motor Vehicles	7,663.68	167,735.04
Depreciation – Watercrafts	25,650.00	93,937.32
Depreciation – Other Transportation Equipment	2,250.00	22,652.16
Depreciation – Other Property, Plant and Equipment	13,014,305.21	12,914,092.83
Total	₱ 22,791,100.90	₱ 34,938,311.54

26. FINANCIAL EXPENSES**₱11,943,348.98**

Account	2014	2013
Bank Charges	₱ 60.00	₱ -
Interest Expenses	11,180,420.98	5,407,883.00
Other Financial Charges	762,868.00	2,797,170.14
Total	₱ 11,943,348.98	₱ 8,205,053.14

Part II

Observations and Recommendations

PART II – OBSERVATIONS AND RECOMMENDATIONS

I. Financial and Compliance Audit

1. The correctness of the reported year-end balance of Accounts Receivable amounting to ₱30,159,067.65 was doubtful due to the variance between the balances per General Ledger and per Aging of Accounts Receivable/Subsidiary Ledger in the amount of ₱57,183.65, which is contrary to Section 111 of Presidential Decree (PD) No.1445 and Section 64 of the Government Accounting and Auditing Manual (GAAM), Volume I, thus, providing misleading information to the readers of the financial statements.

Section 111 of PD No. 1445 provides - Keeping of accounts.

- (1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.
- (2) The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Whereas, Section 64 of GAAM, Volume I provides-

“Recording of receivables.-Each accounting unit with accounts receivables shall keep one or more subsidiary ledgers showing, for customers or other types of debtors, the amounts due and received from them and the balances of their accounts. These subsidiary records shall support the general ledger control account.

Quarterly, each agency accounting unit shall prepare a statement scheduling overdue accounts receivable. The agency head, or his authorized representative, shall review and sign this statement as an indication that he has examined the list of overdue accounts and has instituted, or will institute, action for their collection.”

Moreover, Generally Accepted Accounting Principles (GAAP) provide the maintenance of a Subsidiary Ledger (SL) which is a book of final entry containing the details or breakdown of the balances of controlling accounts appearing in General Ledger (GL). Postings to the SL generally come from the source documents. The totals of SL balances shall be reconciled with their respective control account regularly or at the end of each month. Schedules shall be prepared periodically to support the corresponding controlling GL accounts.

Verification of the Accounts Receivable for CY 2014 showed that the balance per GL does not reconcile with the Aging Schedule of Accounts Receivables/

Subsidiary Ledger (SL) for active and inactive accounts, with ₱57,183.65 discrepancy, computed as follows:

Per General Ledger	₱ 30,159,067.65
Per Aging Schedule- Subsidiary Ledger	30,101,884.00
Variance	₱ 57,183.65

Thus, the condition above failed to provide an accurate and correct information to the readers of the financial statements of the Agency.

We recommended and the Management agreed to require the Accounting and the Billing Sections to reconcile the general ledger and subsidiary ledgers of the said account and make the necessary adjustments for the noted difference.

- 2. The inability by Management to strictly enforce the policy on disconnection of water service of delinquent concessionaires as provided under Section 6 of the Utility Rules and Regulations Governing the Operations of Partido Water Supply System (PWSS) caused the existence of past due accounts which are 60 days and over amounting to ₱8,640,853.14.**

Section 6 of the Utility Rules and Regulations Governing the Operations of Partido Water Supply System (PWSS) provides the following:

“Water Bill is the amount of water consumed within the monthly billing cycle and other charges and/or obligations due and payable at the office of PWSS designated collecting center, or authorized PWSS collectors. Xxxxxx, whereas, if the payment is made after the due date, a 10% penalty shall be charged. Unpaid bills which are more than ₱1,000.00 or 2 months in arrears whichever comes first, from the due date shall be considered delinquent and as such, shall be subject for disconnection. If no payment is made or no agreement between the parties is reached, disconnection shall be made. Water service will not be re-connected until full payment of the amount due is made, including reconnection fee and other charges, xxxx.”

Review of the Aging of Accounts Receivable - Active as of December 31, 2014 in the amount of ₱13,449,455.79 showed the following details:

Age of Accounts Receivable	Amount	% to Total
1 to 60 days	4,808,602.65	
<i>Sub-total</i>	<i>4,808,602.65</i>	<i>35.75</i>
61 to 180 days	4,257,569.63	
181days to 1 year	2,207,390.91	
1 year to 2 years	1,161,833.88	
2 years to 3 years	376,422.50	
Over 3 years	637,636.22	
<i>Sub-total</i>	<i>8,640,853.14</i>	<i>64.25</i>

Age of Accounts Receivable	Amount	% to Total
Total	13,449,455.79	100.00%

As shown in the table above, of the total accounts receivable (Active) of ₱13,449,455.79, ₱8,640,853.14 or 64.25% were already past due or over 60 days old. Likewise, of this past due accounts, ₱4,383,283.51 or 50.73% were already over 181 days to over 3 years per Aging Schedule provided to us. This demonstrates Management's continued lapses in enforcing the policy on disconnection. Moreover, considering the length of time that these accounts have been outstanding, collection effort should have been intensified.

The money that may have been collected from this past due accounts could have been used by the Agency in its operation, implementation of projects and much more in the payment of its long overdue loans. Furthermore, had Management strictly enforced the policy on disconnection as provided for under Section 6 of the Utility Rules and Regulations Governing the Operations of PWSS, the accumulation of past due accounts could have been avoided or minimized.

We recommended that the Management:

- a) *Ensure that the policy on disconnection is strictly enforced to prevent the accumulation of past due accounts;*
- b) *Take time to locate the whereabouts of concessionaires whose accounts are already dormant or inactive and enforce collection of their accounts;*
- c) *Employ mechanisms to enforce collection of long overdue accounts by sending demand letters or by resorting to legal remedies available;*

Management commented that the policy on disconnection is being enforced however, if the other parties/delinquent customers issue promissory notes, they give them the chance. The economic status of the customers are being considered. However, they have commitment with the Governance Commission for Government Owned or Controlled Corporations (GCG) to intensify their collections.

We informed Management that they should review the Aging of Receivables/Subsidiary Ledger because some of the listed delinquent concessionaires are commercial establishments and government agencies. They should not practice too much leniency because their main source of income is water sales.

A. Inventory

- 3. Discrepancies of ₱111,146.34 exist between the General Ledger Balances and Supplies Ledger Cards both maintained by the Accounting Office due to lack of periodic reconciliation of the two records contrary to Section 111 of PD No. 1445 and Generally Accepted Accounting Principles on the Maintenance of Subsidiary Ledger, thus casting doubts on the propriety of the balances of Inventory accounts reported in the financial statements.**

Section 111 of PD No. 1445 provides - Keeping of accounts.

- (3) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.
- (2) The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Moreover, Generally Accepted Accounting Principles provide the maintenance of a Subsidiary Ledger (SL) which is a book of final entry containing the details or breakdown of the balances of controlling accounts appearing in General Ledger (GL). Postings to the SL generally come from the source documents. The totals of SL balances shall be reconciled with their respective control account regularly or at the end of each month. Schedules shall be prepared periodically to support the corresponding controlling GL accounts.

Subsidiary Ledgers/Supplies Ledger Cards for inventories shall be maintained by the Accounting Unit for control and establishment of accountability.

Review of the Inventory accounts disclosed that the balances per GL do not reconcile with the balances per Supplies Ledger Cards, showing a net difference of P111,146.34, as follows:

Inventory Accounts	Balances Per General Ledger	Balances Per Supplies Ledger Cards	Difference
Medical, Dental & Laboratory Supplies Inventory	P 394,320.70	P 330,683.66	P 63,637.04
Office Supplies Inventory	759,402.06	70,281.03	689,121.03
Accountable Forms Inventory	148,591.34	197,184.00	(48,592.66)
Other Supplies Inventory	1,644,756.88	2,460,068.63	(815,311.75)
Total	P 2,947,070.98	P 3,058,217.32	P(111,146.34)

The above figures were taken from the Notes to Financial Statements and Breakdown of Supplies Inventories for CY 2014 both provided by the Accounting Section.

As shown above, there was no reconciliation of both records although they were prepared in the same Section, thus the accuracy and propriety of the balances of the inventory accounts presented in the financial statements were doubtful.

We recommended and the Management agreed to require the Accountant to:

- a) Determine the causes of the noted differences and effect immediate adjustment, if warranted; and*
- b) Conduct periodic reconciliation of their records to avoid future variances in their reports.*

- 4. The semi-expendable/small tangible items were recorded in the books of the PDA as Property, Plant & Equipment (PPE) instead of as Inventories contrary to COA Circular No. 2005-002, thus resulted in the understatement of Inventories account and overstatement of PPE accounts by ₱732,638.06 as of December 31, 2014.**

COA Circular No. 2005-002 dated April 14, 2005 provides the policy by which government assets may be categorized as PPE and as Inventories. It states that small tangible assets/items with useful/serviceable life of more than one year but small enough to be considered as PPE shall be recorded as inventories upon acquisition and as expense upon issuance. A list of these items was attached to the Circular as Annex A. Other tangible assets not included in the list shall be classified as PPE, subject to depreciation. For monitoring control and accountability, an Inventory Custodian Slip (ICS) shall be prepared upon issuance of the small tangible items covered by approved Requisition and Issue Slip (RIS).

The Philippine Accounting Standard (PAS) 2/International Accounting Standard (IAS) 2 defines "Inventories" as "assets (a) held for sale in the ordinary course of business; (b) in the process of production for such sale, and (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services".

Likewise, the Manual on the New Government Accounting System (NGAS) – Corporate defines Property, Plant and Equipment (PPE) as "tangible assets that are held by an enterprise for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one period. (IAS No. 16)

Analysis of the Report on the Physical Count of PPE as of December 31, 2014 revealed that some small tangible items amounting to ₱732,638.06 were recorded in the Agency books as PPE instead as inventories which resulted in the understatement of the Inventories accounts and overstatement of the PPE accounts. These are the following:

Particulars	Amount	Booked As
chrome hacksaw	100.00	Office Equipment
US Visegrip Wrench No. 12	450.00	Office Equipment
Ryder Visegrip Wrench No. 12	300.00	Office Equipment
Ryder Visegrip Wrench No. 10	250.00	Office Equipment

Particulars	Amount	Booked As
Stanley Hammer	200.00	Office Equipment
Woodsaw	200.00	Office Equipment
computer mouse	300.00	Office Equipment
50 pcs. plastic chair	10,000.00	Office Equipment
6 pcs. monoblock table square- plastic	4,791.00	Office Equipment
24 pcs. plastic chair	4,800.00	Office Equipment
6 pcs. monoblock chair	1,144.80	Office Equipment
various supplies	2,622.00	Office Equipment
tumbler, teaspoon, rice cooker, airpot	6,357.09	Office Equipment
materials for installation of curtains	3,627.30	Office Equipment
gathered curtain	3,297.25	Office Equipment
curtain rod	880.00	Office Equipment
flashdrive 4GB	443.77	Information Technology
Kingston flashdrive 4GB	785.00	Information Technology
matsfor kitchen cabinets	4,906.00	Building Structure
various hardware materials	3,116.00	Building Structure
office equipment	11,500.00	Office Equipment
rubber boots & raincoats	8,833.35	other machineries & equipment
various tools	4,643.75	other machineries & equipment
SV tools	16,766.00	other machineries & equipment
various tools purchased for WTP usage	8,786.25	other property, plant & equipment
various tools purchased for WTP usage	11,510.00	other property, plant & equipment
drum for storekeeping of consumables	3,500.00	other property, plant & equipment
semi-expendable items	618,528.50	other property, plant & equipment
Total	₱732,638.06	

We recommended and the Management agreed to require the Accountant:

- a) *To prepare the necessary adjusting entries to rectify the erroneous classification of the small tangible items listed above; and*
- b) *To reevaluate the categorization of the assets of the Agency and make the necessary adjustments, if warranted.*

5. **The discrepancy of ₱10,297,342.29 exists between the General Ledger balances and the submitted Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as of December 31, 2014 due to lack of periodic reconciliation of both records and failure by the Inventory Committee to reflect the complete values on the RPCPPE, which is contrary to Section 39b.3 of the GAAM, Volume III, and Sections 490 and 491 of the GAAM, Volume I thus, the balance of the PPE accounts amounting to ₱747,442,658.96 is doubtful.**

Section 39b.3 of the GAAM, Volume III, states that financial controls include the methods and procedures concerned with the safeguarding of assets and are designed to ensure that the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Likewise, Section 490 of the GAAM, Volume I prescribes that physical stock-taking is an indispensable procedure for checking the integrity of property custodianship. In all cases, the physical inventory-taking which is required semi-annually or annually should be regarded with importance. Moreover, Section 491 of the same Manual states that all discrepancies between physical and book inventories must be investigated and cleared immediately.

The General Ledger (GL) balances of the PPEs as of December 31, 2014 and the balances reflected in the submitted RPCPPE as of the same date prepared by the Inventory Committee and approved by the Former Administrator showed a difference/variance of ₱10,297,342.29, broken down as follows:

PPE Accounts	Balances Per General Ledger	Balances per RPCPPE	Difference/ Variance
Land	₱ 4,488,933.00	₱ 4,488,933.00	₱ -
Land Improvements	21,052.63	21,052.63	-
Electrification, Power & Energy Structure	82,376,359.33	82,553,165.33	(176,806.00)
Office Buildings	40,131,275.87	40,488,437.26	(357,161.39)
Other Structures	105,595,216.14	105,595,216.14	-
Office Equipment	4,701,875.76	8,919,942.57	(4,218,066.81)
Furniture & Fixtures	1,879,410.47	2,075,900.49	(196,490.02)
IT Equipment & Software	14,515,872.92	14,636,232.71	(120,359.79)
Library Books	20,806.00	18,899.00	1,907.00
Machineries	517,557.55	930,003.35	(412,445.80)
Communication Equipment	8,497,951.97	8,391,195.97	106,756.00
Firefighting Equipment	120,500.00	120,500.00	-
Medical, Dental & Laboratory Equipment	1,748,812.13	1,831,389.13	(82,577.00)
Other Machineries & Equipment	30,769,921.89	34,941,229.72	(4,171,307.83)
Motor Vehicles	10,825,829.18	11,341,829.18	(516,000.00)
Watercrafts	1,043,748.23	1,043,748.23	-
Other Transportation Equipment	91,118.33	251,690.23	(160,571.90)
Other Property, Plant & Equipment	440,096,417.56	440,090,636.31	5,781.25
Total	₱ 747,442,658.96	₱ 757,740,001.25	₱ (10,297,342.29)

This discrepancy was the result of the non reconciliation of the Accounting records and the RPCPPE, and the failure of the Inventory Committee to reflect the amounts/values of some of the PPEs in the RPCPPE.

Thus, the variance of ₱10,297,342.29 affected the fair presentation of the financial statement.

We recommended and the Management agreed to require:

- a.) The Accountant and the Acting Property Officer/Head of the Inventory Committee to exert extra effort to determine the causes of the discrepancy in the balances of the PPE accounts and to effect immediate adjustments in their respective records, if warranted;*
- b.) The Acting Property Officer/Head of the Inventory Committee to review the RPCPPE and look for the values/amounts of the PPEs which were not reflected in the report and correct the data thereon. If no value is obtained, cause the appraisal of the value of the item; and*
- c.) The Accountant and the Acting Property Officer/Head of the Inventory Committee to conduct periodic reconciliation of their records to avoid any discrepancies in the future.*

- 6. The submitted RPCPPE as of December 31, 2014 was not prepared in accordance with the prescribed format, contrary to Section 490 of the GAAM, Volume I and Annex B-7 of the NGAS-Corporate, thus, immediate information on the quantities, value, conditions, whereabouts and other relevant data relative to the PPE, for reconciliation purposes, were not provided.**

Section 490 of the GAAM, Volume I, provides that physical stock-taking is an indispensable procedure for checking the integrity of property custodianship. Chiefs of offices are required to take a physical inventory of all the equipment belonging to their respective offices at least once a year. The inventory taking shall be made as of December 31 and shall be in the charge of a committee of two or more employees designated by the chief of office, to be witnessed by a representative of the Agency Auditor. The report shall be submitted to the Auditor not later than January 31 of each year.

The required annual inventory shall be certified correct by the committee in charge thereof, and approved by the chief of agency.

Likewise, Annex B-7 of the New Government Accounting System-Corporate provides the instructions/procedures on how to fill up/accomplish the RPCPPE for the purpose of giving immediate and relevant information on the description, quantities, value, conditions and whereabouts of the property, plant and equipment. This shall be prepared yearly in four copies and shall be certified correct by the Inventory Committee and approved by the Head of the Agency, and distributed as follows:

Original - Accounting Unit for computation of cost and reconciliation with the controlling account

Duplicate Copy – Supply and Property Unit

Triplicate Copy – Inventory Committee file

Quadruplicate – copy for COA, which shall be submitted not later than January 31 of each year.

As of December 31, 2014, the Agency prepared a RPCPPE which was submitted to the Audit Team on February 26, 2015. Verification of the report disclosed that it was not properly and correctly accomplished in accordance with the instructions prescribed under Annex B-7 of the New Government Accounting System-Corporate. The "Article" column was filled-up with the Type of the PPE instead of the Type of the item or article, the "Description" column did not contain the complete and extensive description of the items/articles, not all items were assigned with Property Number, the "Unit Value" column was not completely filled-up. Likewise, the "Balance Per Card", "On Hand Per Count", and "Shortage/Overage" columns were not filled-up completely. Moreover, the "Remarks" column which should contain the whereabouts, conditions and other relevant information relative to the PPE was not comprehensively accomplished. Attached as Annex A is a Sample Page of the RPCPPE.

Thus, the condition above resulted in the failure of the RPCPPE to provide immediate information on the quantities, value, conditions, whereabouts and other relevant data relative to the PPE.

We recommended and the Management agreed to require the Inventory Committee to prepare and submit a properly accomplished/filled-up RPCPPE based on a physical count conducted in the correct/prescribed format.

- 7. Some of the issued PPE were not covered by Memorandum Receipt/Property Acknowledgement Receipt, contrary to Section 492 of the GAAM, Volume I, thus the liability/responsibility for the custody of government property could not be effectively pinpointed.**

Section 492 of the GAAM, Volume I, provides that equipment issued by the property officer for official use of officials and employees shall be covered by Memorandum Receipt (MR), now renamed as Acknowledgement Receipt for Equipment (ARE)/Property Acknowledgement Receipt (PAR), which shall be renewed every January of the third year after issue. MRs/AREs/PARs not renewed after three years shall not be considered in making physical count of the equipment.

Comparison of the data in the RPCPPE against the files of PARs maintained by the Acting Property Officer revealed that properties were covered by PARs. Likewise, the PARs were not also properly accomplished. The "Description" portion did not contain the complete descriptions of the items/articles issued to the concerned officers and employees. The brand names and serial numbers of the issued office, communication, IT and other equipment, as well as other PPE with brand names and serial numbers, were not stated in the PARs. The concerned employees may replace the items with any brand which maybe of poor quality than those issued to them.

We recommended and the Management agreed to require the Acting Property Officer:

- a.) To prepare ARE/PARs for the issued property and to renew them every January of the third year after issue. The ARE/PARs should contain the complete description of the property, including the brand name and the serial number; and*
- b.) To revise the prepared PARs in order to include the complete description of the issued properties.*

- 8. Several unserviceable PPE valued at ₱7,704,769.25 as of December 31, 2014 were still included in the PPE accounts and remain in the custody of the PDA contrary to the basic accounting policies provided in the NGAS – Corporate, the Philippine Accounting Standard No. 16, and Section 502 of the GAAM, Volume I, thus resulted in the overstatement of the affected PPE and Depreciation Expense accounts and understatement of the Other Assets account, and in the further deterioration and loss of value of the properties, respectively.**

The New Government Accounting System – Corporate provides that obsolete assets/serviceable assets which are no longer used shall be reclassified to “Other Assets” account and shall not be subject to depreciation.

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.

Further, Section 502 of the GAAM, Volume I 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 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 committee on award or similar body in the presence of the auditor or other duly authorized representative of the Commission on Audit.

Review of the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) for Calendar Year 2014 disclosed that there were several assets or items of Property Plant and Equipment (PPE) which as of the end of the year were already unserviceable, but were not yet reclassified as Other Assets, contrary to the above-mentioned regulations. This resulted in the overstatement of the PPE accounts and understatement of the Other Assets account by ₱7,704,769.25, broken down in the following page.

Type of Property	Amount
Electrification, Power & Energy Structure	₱ 200,000.00
Office Equipment	1,142,186.87
Furniture & Fixtures	197,286.12
Information Technology	2,203,650.63
Other Machineries & Equipment	3,285,073.73
Motor Vehicle	516,000.00
Other Transportation Equipment	160,571.90
Total	₱ 7,704,769.25

Further, the failure to reclassify the unserviceable PPE resulted also in the overstatement of the depreciation expenses for the year.

Moreover, random ocular inspection of the unserviceable PPE disclosed that several items were left exposed to natural elements and/or stored in unsafe storage areas which resulted in the further deterioration and loss of value of the PPE.

We recommended and the Management agreed to:

- a) *Require the Accountant to reclassify the above listed unserviceable properties from the affected PPE accounts to the Other Assets account.*
- b) *Cause the inspection and appraisal of these properties and eventually their disposal to prevent further deterioration and loss of value.*

9. The correctness of the computed depreciation expense for PPE accounts in the total amount of ₱22,791,100.90 cannot be validated in the absence of a lapsing schedule.

SFAS/IAS 16 defines depreciation as “the systematic allocation of the depreciable amount of an asset over its useful life.”

In order to properly compute the amount of depreciation to be charged as expense during an accounting period, three factors are necessary, namely:

- 1.) Depreciable amount;
- 2.) Residual value; and
- 3.) Useful life.

The depreciation lapsing schedule is a tool that allows an agency to monitor/keep track all its capital assets, their reported values and the amount of depreciation expense computed each year. This helps the agency to enter the correct data to the financial statements and determine how to depreciate newly acquired capital assets. It shows the details of the various PPE grouped per account and serves as the basis in the computation of the depreciation expense for the month/year.

The non-preparation of PPE lapsing schedule prevented the Auditor to determine the accuracy of the valuation of the net PPE as appearing in the Balance Sheet. Likewise, the computed depreciation expense stated in the Income Statement totaling to ₱22,791,100.90 could not be validated.

We recommended and the Management agreed to require the Accountant to prepare a depreciation lapsing schedule to ascertain the correctness of the reported depreciation expense in the Income Statement.

- 10. The failure of the Accountant to reconcile the records of the PDA with that of the records of the Bureau of Treasury resulted in the unreliable balance of the Due to National Treasury account amounting to ₱922,932,886.49 as of December 31, 2014, contrary to Section Sections 111(2) and 112 of PD No. 1445, thus affecting the fairness of the presentation of the account in the financial statements.**

Section 111(2) of PD No. 1445 provides that in the keeping of accounts the highest standards of honesty, objectivity and consistency shall be observed to safeguard inaccurate or misleading information.

Likewise, Section 112 states that each government agency shall record its financial transactions and operations conformably with generally accepted accounting principles (GAAP) and in accordance with pertinent laws and regulations.

The GAAP provides that reciprocal accounts should have the same balances at the end of any accounting period. However, this condition seldom exists in practice because of bookkeeping errors or time lag in the recording of the same transaction in the books. Thus, in monitoring the reciprocal accounts, reconciliation between the recorded account balances of the affected agencies or accounts should be undertaken regularly. Reconciliation of records is one of the effective means in determining the correct balances of the accounts in each other's books, in detecting errors that maybe committed by either agency, and allow both to adjust errors or discrepancies noted.

As of December 31, 2014, the Due to National Treasury account of the PDA disclose a balance of ₱922,932,886.49, whereas records of the Bureau of Treasury per Letter dated February 3, 2015 of Mr. Filemon D. Condino, Director III, Accounting Section, Bureau of Treasury, Intramuros, Manila, show a balance of ₱891,052,224.78, thereby resulting in a variance of ₱31,880,661.71, summarized as follows:

Particulars	Per Books	Per BTr Books	Variance
Advances	₱ 737,425,133.07	₱ 735,830,278.53	₱ 1,594,854.54
Interest on Advances	183,153,168.71	151,524,123.12	31,629,045.59
Guarantee Fees	64,704,260.42	66,047,498.84	(1,343,238.42)
Less: Payment	62,349,675.71	62,349,675.71	0.00
Balance	₱ 922,932,886.49	₱ 891,052,224.78	₱ 31,880,661.71

The failure of the Accounting Section to reconcile the records of the PDA with that of the records of the Bureau of Treasury resulted in unreliable balance of the Due to National Treasury account, thus affecting the fairness of the presentation of the account in the financial statements.

We recommended that the Management require the Accountant to reconcile the records/balance of the account Due to National Treasury with the records of the Bureau of Treasury in order to reflect the correct account balance in the financial statements.

Management informed us that they already reconciled with the BTR and adjusted their records on February 27, 2015.

- 11. Of the total amount of ₱28,046,598.48 billed by the National Water Resources Board (NWRB) to the PDA as supervision and regulations fees for CY 2005-2001, only ₱19,402,696.52 was recorded in the books as Accounts Payable, thus resulted in the understatement of liability account and overstatement of equity account by ₱8,643,901.96. Likewise, the recording of the amount as Accounts Payable instead of Due to Other NGAs is contrary to the provisions on the classification of accounts in the New Government Accounting System.**

The NGAS Manual states that “Liability shall be recognized at the time goods and services are accepted or rendered and when supplier/creditor bills are received.” Underline ours.

Likewise, International Accounting Standards (IAS) 37.10 defines liability as present obligation as a result of past events and settlement is expected to result in an outflow of resources (payment).

Moreover, NGAS Manual defines accounts payable as indebtedness arising from trade/business, whereas, Due to Other NGAs is payable/indebtedness to other national government agencies.

Pursuant to Section 40 of the Commonwealth Act No. 146, otherwise known as the Public Service Law, the National Water Resources Board (NWRB) is mandated to charge any public service the appropriate Supervision and Regulation Fees (SRF) payable on or before September 30 of each year with a penalty of fifty percent (50%) in case of delinquency including surcharges of 1% per month if not paid within 60 days from said date. This provision is reiterated in Item No. 7 of the modified standards rules and regulations in the operation of waterworks system of the NWRB.

For non-payment of its annual SRF for CYs 2005 to CY 2011, an order under Certificate of Public Convenience (CPC) Case No. 03-895 dated July 22, 2011 from Mr. Vicente S. Paragas, CESO III, Executive Director of the NWRB was received by the PDA for the settlement of the accumulated annual SRF for the operation of the

waterworks system, which was already due and demandable as of June 1, 2011 per Statement of Account No. WUD-SRF 06-2011-01, in the amount of ₱28,046,598.48, summarized as follows:

Year Covered	Amount
2005-2006	₱5,508,735.00
2007	3,162,154.41
2008	2,930,466.41
2009	2,765,456.66
2010	2,600,446.90
2011	2,435,437.14
Sub-Total	₱19,402,696.52
Penalty 2006-2010	8,643,901.96
Total (Due Immediately)	₱28,046,598.48

In the same order, the PDA was reminded by the NWRB that should it fail to comply with the directive, the Board shall be constrain not act on the renewal of the CPC of the Administration and appropriate legal sanctions maybe further imposed.

Our audit disclosed that the Accounting Unit booked only the amount of ₱19,402,696.52 on September 26, 2014 as Accounts Payable to the NWRB. Interview with the Accountant revealed that the penalty in the amount of ₱8,643,901.96 was not booked up since they have a pending request from the NWRB for the condonation of the penalty being imposed because of the current financial condition of the PDA. Further, out of the total payable, only the amount of ₱1,000,000.00 was made on October 1, 2014 under Check No. 16268 dated September 26, 2014.

Therefore, since per Statement of Account issued by the NWRB the amount of ₱28,046,598.48 was its collectible from the PDA, the whole amount of ₱28,046,598.48 should have been taken up in the books as liability as provided for under NGAS-Corporate and IAS 37-10. Thus, the non-recognition of penalties from 2006 to 2010 amounting to ₱8,643,901.96 as liability resulted in the understatement of liability account and overstatement of equity account.

Likewise, the erroneous recording of the payable to the NWRB as Accounts Payable instead of Due to Other GOCCs resulted in the over/understatements of the affected accounts.

We recommended and the Management agreed to:

- a) *Require the Accountant to record in the books the amount of ₱8,643,901.96 as liability as provided for under NGAS – Corporate and IAS 37.*

- b) *Require the Accountant to reclassify the indebtedness from the Accounts Payable account to the Due to Other GOCCs account to reflect the proper classification of accounts in the financial statements.*
- c) *Cause the payment of the payable to the NRW to avoid the further accumulation of penalties and surcharges, and the disapproval for the renewal of the CPC and other legal sanctions that maybe imposed.*

12. The employer's share contributions remitted to the Pag-Ibig Fund were based on 2% of the basic salaries of the employees contrary to Section 1 of Rule VI of the Implementing Rules and Regulations of RA No. 9679 (Home Development Mutual Fund Law), thus resulting in the over remittance of ₱185,482.47 for CY 2014.

Section 1 of Rule VI of the Implementing Rules and Regulations of RA No. 9679 (Home Development Mutual Fund Law of 2009) provides that:

“Section 1. Rate of Contributions. Covered employees and employers shall contribute to the Fund based on the monthly compensation of covered employees as follows:

- a. Employees earning not more than One thousand five hundred pesos (₱1,500.00) per month – one percent (1 %).
- b. Employees earning more than One thousand five hundred pesos (₱1,500.00) per month -two percent (2%).
- c. All employers – two percent (2%) of the monthly compensation of all covered employees.

The maximum monthly compensation to be used in computing employee and employer contributions shall not be more than Five thousand pesos (P5,000.00); Provided, that this maximum and the contribution rates may be fixed from time to time by the Board through rules and regulations adopted by it, taking into consideration actuarial calculations and rates of benefits. Provided further, that the foregoing rates shall likewise be the same for the self-employed and voluntary members.

A member may, however, be allowed to contribute more than what is required herein should he or she so desires. The employer, however, shall only be mandated to contribute what is required under these Rules unless the employer agrees to match the member's increased contribution.”

Moreover, Section 45 of RA No. 10633 or the General Appropriations Act of CY 2014 provides “That any proposed increase in government and employee compulsory contributions may only be made after consultation by the agency concerned with the DBM in order that the budgetary implications of such proposal be duly considered.”

Review of transactions disclosed that the Agency deducted 2% from the basic salaries of each employee as their personal contribution to Pag-Ibig Fund and remitted the same to the Home Development Mutual Fund. Likewise, the same percentage/amount was remitted to the Fund as employer's share of the Agency. Further, it was also revealed that the basis for the 2% deduction was the basic salaries of the employees and not the maximum ceiling of ₱5,000.00 contrary to Section 1 of Rule VI of RA No. 9679 that provides that the maximum monthly compensation to be used in computing employee and employer contribution shall not be more than Five Thousand Pesos (₱5,000.00) or One Hundred Pesos (₱100.00) for each employee.

For CY 2014, the total amount of ₱253,982.47 was remitted by the Agency as employer's share resulting in the incurrence of over remittance of ₱185,482.47. See Annex B for the computation.

We recommended that the Management:

- a) *Require the strict compliance with the provisions of Section 1 of Rule VI of the Implementing Rules and Regulations of Republic Act 9679 (Home Development Mutual Fund Law of 2009);*
- b) *Make representation with the management of Pag-Ibig Fund and request that over remittance of employer's share made by the PDA be deducted from future employer's contributions of each employee.*
- c) *Consult first the DBM before any proposed increase in government and employee compulsory contributions are made as required under Section 45 of RA 10633.*

Management informed us that they started already the adjustments for the months of January, February, March and April 2015.

- 13. The PDA paid the total amount of ₱325,000.00 as penalty charges for using the read and bill machines and the systems without permit from the Bureau of Internal Revenue, in pursuance to the provisions of the National Internal Revenue Code, contrary to Section 368(b) of the Government Accounting and Auditing Manual, Volume I, thus the Agency incurred unnecessary expenses.**

Section 368(b) of the GAAM, Volume I, states that – “Repayments and interest charges shall be remitted on time as stipulated to avoid penalties and the payment of additional interests. If the interest and penalties are due to negligence of an official/employee, the same shall be charged to his account.”

Post audit of the disbursement transactions of the Administration disclosed that a total amount of ₱325,000.00 was paid to the Bureau of Internal Revenue (BIR) as penalty charges for the use of the read and bill machines and the systems being used by the Partido Water Supply System (PWSS) collecting centers without permit

from the BIR from CY 2010 to 2014. Details of the penalty charges are as follows:

Date	Check No.	Payee	Particulars	Amount
9/29/14	45283	BIR	Penalty for the use of read & bill without permit	₱ 125,000.00
9/29/14	45284	BIR	Penalty for the use of the system without permit	78,125.00
9/29/14	16269	BIR	Penalty for the use of read & bill without permit	25,000.00
9/29/14	16270	BIR	Penalty for the use of the system without permit	15,625.00
9/29/14	395829	BIR	Penalty for the use of the system without permit	15,625.00
9/29/14	395830	BIR	Penalty for the use of read & bill without permit	25,000.00
9/29/14	395831	BIR	Penalty for the use of the system without permit	15,625.00
9/29/14	395832	BIR	Penalty for the use of read & bill without permit	25,000.00
Total				₱ 325,000.00

Interview with the Accountant disclosed that they were surprised by the penalties imposed by the BIR considering that they have been using the system without any permit from the BIR. They were unaware that they have to secure first the permit before allowing the different collecting centers to use the read and bill machines and the system. They were forced to pay the penalties because they were told that if they would not pay, the Administration/agency would not be given an authority to print.

The payment of the above expenses as penalties is considered as unnecessary expenses of the PDA. Had the responsible official/employee of the Administration exercised due diligence, additional expenses like these could have been avoided. Thus, pursuant to Section 368(b) of the GAAM, Volume I, the additional expenses incurred should be treated as a personal liability of the employee/s that caused the penalty charges and should not be charged against government funds.

We recommended that the Management investigate and pinpoint the person/s/employee/s who caused the incurrence of the additional expenses and require him/her to give justification/explanation or charge the amount to his/her account to avoid the issuance of Notice of Disallowance.

Management asked for COA's consideration. They justified that they were unaware of the BIR regulations on the matter. The BIR did not disseminate extensively the said regulations. Further, they informed us that the employees responsible are no longer connected with PDA.

We informed Management, however, that they should try their best to look for the government laws, rules and regulations. They could obtain them from the websites of the concerned government agencies.

Regarding their request for COA's consideration, they should wait for the issuance of the Notice of Disallowance and make an appeal thereon.

14. Fuels purchased in CY 2014 for use by the different Water Treatment Plants (WTP) of the Administration totaling ₱2,089,909.91 were treated as outright expenses instead of recording it first as Inventory account contrary to Section 43 of Volume I of the Manual on NGAS thereby showing weak internal control on the custody of assets because of the possibility/susceptibility of loss wherein nobody could be pinpointed as accountable for items.

Section 43 of Volume I of the Manual on NGAS provides that under the perpetual inventory method, purchases of supplies and materials for stock, regardless of whether or not they are consumed within the accounting period, shall be recorded as Inventory account. Under the perpetual inventory method, an inventory control account is maintained in the General Ledger on a current basis. Regular purchases shall be recorded under the Inventory account and issuance thereof shall be recorded bases on the Report of Supplies and Materials Issued (RSMI). The Accounting Unit shall maintain perpetual inventory records such as Supplies Ledger Cards (SLC) for each inventory stock. For check and balance, the Property and Supply Officer/Unit shall maintain Stock Cards (SC). The balance in quantity per SC should always reconcile with the SLC.

Further, Section 53 of the GAAM, Volume III provides that – Accountability for the custody and use of an asset is to be assigned and maintained and periodic comparison shall be made of the existing asset with the recorded accountability and appropriate action taken on any differences. Assigning and maintaining accountability for custody and use of asset involves directing and communicating the responsibility to specific individuals within an agency.

During the year, the Administration purchased on various dates a total of 46,900 liters of fuel amounting to ₱2,089,909.91 for use of its different WTPs, summarized as follows:

Water Treatment Plant	Number of Liters	Amount
Caramoan	13,600	₱676,679.88
Garchitorena	16,200	690,929.95
Presentation	1,250	52,434.99
Siruma	2,200	93,050.15
Lagonoy	13,450	568,019.94
Tigaon	100	4,410.00

Goa	100	4,385.00
Total	46,900	₱2,089,909.91

Review of the transactions disclosed that the above purchases were recorded outright to Gasoline, Oil and Lubricants Expenses account upon purchase. Fuel consumption reports were attached to the disbursement vouchers showing the following information: Fuel balance in the tank before operation; Gen-set run hours with corresponding fuel consumed in liters; Fuel delivery/purchased in liters; and Fuel balance in the tank after the operation.

As of December 31, 2014, the following WTPs reported the following fuel balances stored in their respective tanks, as follows:

Water Treatment Plant	Number of Liters
Caramoan	609.10
Garchitorena	566.27
Presentation	137.10
Siruma	75.62
Lagonoy	814.88
Tigaon	109.85
Goa	124.56
Total	2,437.38

The practice of outright recording to expense account the purchases of fuel instead of taking them first as inventory account shows weak internal control on the custody of assets because of the possibility/susceptibility of loss wherein nobody could be pinpointed as accountable for the items. As shown above, balances still existed in the custody of the designated custodian/end users as of year-end, but per accounting records they were already treated as expenses for the year.

We recommended and the Management agreed to require:

- a) *The Accountant to record first as inventory account the purchases of fuel and only the issuances supported with the RSMI shall be treated as expense. Further, to require her to prepare and maintain SLC.*
- b) *The Property/Supply Officer to prepare/maintain SC to monitor the movement of the consumption of the fuels per WTP.*

15. Contracts and Purchase Orders (PO) attached to the Disbursement Vouchers (DV) for the procurement of infrastructure projects, services, and supplies and materials of the Agency in CY 2014 were not properly and completely filled-up contrary to COA Circular No. 96-010 and the NGAS Manual for Corporation, which provide the basic data and the instructions in accomplishing the Contract/PO, thus, penalties/liquidated damages for failure to make the full

delivery/accomplishment within the time specified could not be computed and imposed.

COA Circular No. 96-010 dated August 15, 1996 lists down the basic data which should invariably appear in the PO. Likewise, the NGAS Manual for Corporation provides the instructions on how to accomplish the PO form.

The above-mentioned regulations provide the following salient features/data which should appear on every Contract/PO:

- Complete name/address/TIN/telephone and fax number of supplier/contractor
- Mode of procurement
- Place/Date of delivery or Intended Completion Date - place and definite date/s of delivery/completion date. If not stated, the place of delivery shall mean the office of the official making the order and the time of delivery shall be seven days after receipt of the PO by the supplier. The Intended Completion Date refers to the date when the Contractor is expected to have completed the Works. The Intended Completion Date may be revised only by the Procuring Entity's Representative by issuing an extension of time or an acceleration order.
- Delivery term – delivery term i.e., FOB destination, FOB shipping point, etc. In the absence of such term, it shall mean FOB destination.
- Payment term – specified period when the delivered goods shall be paid and discounts allowed, if any.

Likewise, to complete the information on the PO, the quantity, description, the unit of measure, unit cost and total amount of the items to be purchased shall be reflected on its face.

Further, it is also stated in the penalty clause of the PO that “In case of failure to make the full delivery within the time specified above, a penalty of one-tenth (1/10) of one percent for every day of delay shall be imposed.”

Finally, to make the PO a legally binding agreement between the supplier and the buyer, which is the government agency concerned, the signature over printed name of the supplier or his authorized representative and the date when the signature was affixed should appear on the “Conforme” portion, while the signature of the authorized official of the agency should likewise be affixed as the person preparing the PO. Moreover, the signature of the agency accountant certifying that funds is available should also appear on the face of the PO.

Similarly, the contracts entered into by and between the contractor and the government agency should contain the signatures of the contracting parties and that of the accountant certifying the availability of funds. To document the notice to the contractor requiring him to begin the commencement of the work not later than a

specified or determinable date and the intended completion date, a Notice to Proceed is issued by the procuring entity or the procuring entity's representative to the contractor.

Review of the POs attached to the disbursement vouchers for the purchases of supplies and materials showed that some important portions of the POs were not duly accomplished. The places and dates of delivery were not provided, the delivery and payment terms portions were not filled-up. Likewise, some POs had no signature of suppliers on the "Conforme" portion. Further, for some POs which were signed by suppliers, the dates when the signatures were affixed or when the POs were received were not stated. Attached as Annex C is a sample PO.

In similar way, review of the Contracts of Service for infrastructure projects disclosed that no Notices to Proceed were issued by the Agency which contain the definite number of days to execute and the date to commence the work. Section/Provision No. 6 of the Contract of Service states that "That the Second Party shall perform work at a time and schedule to be agreed upon by both parties". Attached as Annex D is a Sample Contract of Service and Accomplishment Report.

The above-stated deficiencies resulted in the non computation and imposition of the penalties/liquidated damages for failure to make the full delivery/accomplishment within the time specified.

We recommended that the Management:

- a) *Require the Acting Property Officer or the person assigned to prepare the POs, and the suppliers to accomplish all the pertinent portions in the POs so that penalty charges could be computed and imposed in case of delayed or incomplete delivery of items being purchased.*
- b) *Cause the revision of Section/Provision No. 6 of the Contract of Service to include the data on the definite date to commence the work and the specific time to finish. A Notice to Proceed should be issued to contain these provisions. This will facilitate the computation and imposition of penalties for delayed completion of the projects.*

Management informed us that compliance was already effected starting July 22, 2015.

B. Compliance with Gender and Development (GAD) Laws, Rules and Regulations

- 16. Only a total of ₱2,500,000.00 or 3.67 percent of the total appropriations of ₱68,181,458.00 for CY 2014 was allotted for GAD projects and activities, instead of at least ₱3,409,072.90 or five percent required under Section 33 of the General Provisions of RA No. 10633 and PCW-NEDA-DBM Joint Circular No. 2012-01. Further, the submitted GAD Plan and Budget and Accomplishment Report were**

not in the formats/templates prescribed in Joint Circular 2012-01 and not submitted to the Philippine Commission on Women for review and Department of Budget and Management for approval.

Pursuant to Section 33 of the General Provisions of RA No. 10633, the General Appropriations Act (GAA) for FY 2014, all agencies of the government are tasked to formulate a GAD Plan designed to address gender issues within their concerned sectors or mandate and implement applicable provisions under RA No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the Millennium Development Goals (2000-2015), the Philippine Plan for Gender-Responsive Development (1995-2025), and the Philippine Development Plan (2011-2016). The GAD Plan shall be integrated in the regular activities of the agencies, which shall be at least 5% of their budgets. The activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfillment of women's human rights, and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.

Joint Circular No. 2012-01 issued by the Philippine Commission on Women (PCW), the National Economic and Development Authority (NEDA), and the Department of Budget and Management (DBM) provides the guidelines for the preparation of Annual Gender and Development (GAD) Plans and Budgets and Accomplishment Reports to implement the Magna Carta of Women. It superseded the DBM-NEDA-NCRFW Joint Circular No. 2004-1 dated April 5, 2004, and took effect beginning 2013 for the GAD planning and budgeting process of FY 2014 and the ensuing years until repealed.

Pertinent Guidelines under the Joint Circular are the following:

- At least five percent (5%) of the total agency budget appropriations shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.
- Pursuant to Section 37A.1 of the Magna Carta for Women Implementing Rules and Regulations (MCW-IRR), all agencies, offices, bureaus and all government instrumentalities and others concerned shall formulate their annual GAD plans and budgets (GPBs) within the context of their mandates. The GPBs shall be submitted to the PCW for review. The reviewed GPBs shall be endorsed back to the agency for submission to the DBM for approval. A template on GPB and the instruction/ guide in filling it up is attached as Annex A to the Circular.

- Upon receipt of the letter of endorsement from the PCW, the agency head shall issue an appropriate policy directive, copy furnished PCW, to disseminate and implement the GPB. All agencies shall endeavour to integrate GAD indicators into their existing monitoring and evaluation system.
- The GAD Accomplishment Report (GAD AR) shall be prepared by all agencies based on the PCW-endorsed GPB following the form prescribed in Annex B of the Circular.

Based on the copy of CY 2014 GAD Plan and Budget furnished to the Audit Team, it was revealed that only a total of ₱2,500,000.00 was allotted for GAD projects and activities for the year. This was only equivalent to 3.67 percent of the total appropriations of ₱68,181,458.00 for CY 2014, instead of at least ₱3,409,072.90 or five percent required under Section 33 of the General Provisions of RA No. 10633 and PCW-NEDA-DBM Joint Circular No. 2012-01.

Further, the submitted GPB and AR were not in the formats/templates prescribed in Joint Circular 2012-01 but rather they were still patterned from the formats prescribed under Joint Circular 2004-1. Likewise, the GPB was not submitted to the PCW for review and to the DBM for approval. Attached as Annex E is the FY 2014 Annual GAD Plan and Budget of PDA.

Moreover, from the submitted AR, we could not determine whether the expenses incurred in the implementation of the GAD programs/activities were reasonable and within the GAD budget since the AR had no column/data on the actual cost/expenditure incurred per activity. Attached as Annex F is the prepared and submitted FY 2014 Annual GAD Accomplishment Report.

We recommended that the Management:

- a) *Allocate at least five percent (5%) of the total agency budget appropriations for activities supporting GAD plans and programs;*
- b) *Require the GAD Focal Person to prepare the GAD PB and AR in accordance with the formats/templates prescribed in Joint Circular 2012-01. Amounts of budget and actual costs incurred should be reflected;*
- c) *Submit the GPB to the PCW for review and to the DBM for approval;*
- d) *Cause the implementation of the PCW-endorsed and DBM- approved GPB.*

Management accepted our recommendation. However, they informed us that they are unaware of the existence of PCW-NEDA-DBM Joint Circular No. 2012-01. Likewise, they also accepted that they still lack knowledge about the compliance with GAD laws, rules and regulations.

C. Status of Audit Suspensions, Disallowances and Charges

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2014 are as follows:

	Beginning Balance (As of December 31, 2013)	This Period January 1 to December 31, 2014		Ending Balance (As of December 31, 2014)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice of Disallowance	313,940.00	79,072.81	11,000.00	382,012.81
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱ 313,940.00	₱ 79,072.81	₱ 11,000.00	₱ 382,012.81

Part III

**Status of Implementation of Prior Years'
Audit Recommendations**

PART III – Status of Implementation of Prior Years’ Audit Recommendations

Our validation of management’s implementation of audit recommendations showed that out of the 20 audit recommendations incorporated in the prior years’ Annual Audit Reports, which covered 2010-2013, 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	<p><u>CY 2013</u></p> <p>Collections were not deposited daily and intact contrary to Section 69 of Presidential Decree No. 1445 and item 7, MNGAS for CGAs, thereby exposing government funds to undue loss through theft or misappropriation.</p>	<p>We recommended that Management require the Collecting Officers of Tinambac, Garchitorena, Presentacion, Caramoan and Siruma collecting centers to deposit daily and intact their collections. Where daily deposit thereof becomes costly and impractical, require the deposit of collections at least once a week, or as soon as the collection reach ₱10,000.00, to prevent the loss of funds due to theft or misappropriation.</p>	Partially Implemented	<p>Except for Garchitorena, Presentacion and Siruma, all deposits are being deposited daily.</p>
2	<p>Other Receivables as well as the Interest Income account were overstated by ₱216,000.00, while Receivables – Disallowances/Charges was understated by the same amount due to erroneous accounting entries to take up the</p>	<p>We recommended that the necessary Adjusting Journal Entry (AJE) be prepared to correct the error made, and accordingly reflect the audit disallowances under the proper account.</p>	Fully Implemented	

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No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
	audit disallowance which has become final and executor, contrary to COA Circular No. 2004-002, Annex A, which prescribes the Chart of Accounts under the NGAS for CGAs.			
3	The correctness of the Inventories account balance of ₱6,332,142.54 as of year-end and the reliability of the corresponding custodian's accountability are doubtful due to non-conduct the periodic physical count of inventories and non-recording of inventory items issued to end users from July to December 2013, contrary to Section 490 of the Government Accounting and Auditing Manual, Vol. I, and Section 46 of the NGAS Manual, Vol. 1.	<p>We recommended that the Administrator require the conduct of the physical inventory taking of all Inventory items at least every six months, as of June 30 and December 31 of each year, to be reported on appropriate forms applicable to each type of property involved.</p> <p>We also recommended that the Accounting Unit record all inventories issued during the year and prepare adjusting journal entry (AJE) to recognize the expense incurred, for a fair presentation of the Inventories account balance at year end.</p>	Not Implemented	Reiterated under Finding No. 3.
4	Unserviceable Property, Plant and Equipment (PPE) which were no longer used in the operations with a total amount of	We recommended that the Accountant reclassify the above items of PPE to the Other Assets account for a fair presentation	Not Implemented	The amount of ₱9,747,020.51 was already booked; but, we could not identify the total amount in the

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
	<p>₱9,747,020.51 were still included in the recorded PPE accounts, contrary to the basic accounting policies adopted in the NGAS-GOCCs and the Philippine Accounting Standard No. 16. Their non-disposal deprive the Agency from earning additional income from sale thereof, prevent it from using the space that these properties occupy and expose the latter to elements causing their further deterioration, and diminished value.</p>	<p>of the PPE and Other Assets accounts in the financial statements.</p> <p>We also recommended that the Administrator direct the Disposal Committee to immediately segregate and appraise all unserviceable properties/equipment and if found to be of value, sell the same at public auction to generate additional funds, and make available the use of the storage space occupied by these properties.</p>		<p>physical count report.</p> <p>Reiterated in Finding No. 8.</p>
5	<p>Non-compliance with the provisions of COA Circular No. 75-6 and Section 46 of RA 10352 pertaining to the use of government motor vehicles resulted in unregulated operation of the same, thus casting doubt on the propriety of its utilization as well as the corresponding gasoline and oil expenditure.</p>	<p>We recommended that Management strictly comply with the requirements of COA Circular No. 75-6 pertaining to the use of government motor vehicles. Otherwise, expenses related thereto are disallowable in audit and the official found responsible for the unauthorized use or misuse of said vehicles shall be held liable for the expenditures arising therefrom, and for administrative, criminal or civil charges as maybe</p>	Fully Implemented	<p>1.All vehicles are now marked "For Official Use Only" with the name and logo of Partido Development Administration.</p> <p>2.The use of SEH 341 was already discontinued and it is no longer assigned to an employee below the COD level.</p>

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
		warranted by the circumstances.		
6	PDA Management failed to set aside a Sinking Fund to provide for the liquidation of its long term foreign debt, resulting in huge unpaid overdue loan amortization which has become a financial burden to the National Government being the guarantor of the loan.	We recommended that PDA Management find ways to be able to allocate portion of its funds as Sinking Fund for the purpose of paying its loan amortizations.	Not Implemented	We are making use of Current Account No. 3592-1000-10 maintained at LBP Tigaon, Camarines Sur.
7	PDA failed to reconcile the book balance of its Due to National Treasury account amounting to ₱804,828,715.92 with the book balance of the Bureau of the Treasury (BTr) recorded at ₱837,373,222.57, or a variance of ₱32,544,506.65, thus the validity and accuracy of the former is doubtful.	We recommended that PDA Management require its Accountant to coordinate with the BTr for the reconciliation of the book balance of Due to National Treasury account with the BTr records, to clear the difference between the two records and present an accurate balance of the account.	Not Implemented	We have reconciled our figure with BTR but due to human error, we have adjusted twice or booked twice the advances and interest. Reiterated under Finding No. 10.
8	The peso equivalent of the foreign loan of PDA was overstated by ₱1,081,860.96 due to erroneous foreign currency exchange rates applied on the revaluation made at the Balance Sheet date.	We recommended that the necessary AJE be prepared to reflect the correct balances of the affected accounts.	Fully Implemented	

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
9	<p>The conditions set forth under the Revised Implementing Rules of RA 9184 and the necessity of consultancy services were not carefully considered in engaging the services of three (3) consultants whose duties and functions were not highly technical and could be done by available regular employees. This resulted in additional Professional Services expense amounting to ₱531,000.00</p>	<p>We recommended that Management discontinue hiring consultants whose functions/duties are mere duplication of the functions/duties being performed by regular employees. Likewise, in hiring consultants, strictly comply with the requirements and procedures stipulated under RA 9184 and its RIRR.</p>	Fully Implemented	We have stopped the service of the three consultants, effective October, 2014.
10	<p>The agency could have avoided overspending and misspending had Management exercised prudence in the use of its corporate funds in accordance with COA Circular Nos. 85-55-A and 2013-003 dated Sept. 8, 1985 and Oct. 29, 2012, respectively.</p>	<p>We recommended that Management observe prudence and frugality in the utilization of the Agency's funds and property in accordance with the provisions of COA Circular Nos. 85-55-A and 2012-003 to prevent further depletion of the source fiscal resources of PDA.</p> <p>We also recommended that persons liable for the excess EME refund the amount disallowed.</p>	Partially Implemented	Use of mobile phones are now limited. The hiring of consultants was already stopped.

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
11	The PDA erroneously charged cost of meals served during trainings, workshops, conferences and meetings with a total amount of ₱927,885.93 against the Food Supplies Expense account.	We recommended that the agency accordingly provide for trainings and other activities in their budget, and accordingly reflect corresponding expenses under the appropriate accounts.	Fully Implemented	
12	Enormous operational losses and over reliance on borrowings threaten the PDA's viability as well as the ability to attain its vision of a district where the quality of life is comparable with the more advanced districts in the country. Further, the non-settlement of its maturing foreign loan obligations to ABN AMRO bank in accordance with the repayment provisions on the Loan Agreement has caused its liability to balloon to an unprecedented book balance of ₱1,075,274,966.79.	<p>We recommended that Management seek for effective measures to remedy the financial distress that PDA is going through, through the following:</p> <p>a. Make representation with proper authorities to implement Section 6 of RA 7820 which provides that the member-municipalities shall take charge of the amount necessary for the capitalization of PDA to be charged against their respective Internal Revenue Allotment.</p> <p>b. Make representation with proper authorities to source fund from the government share on the proceeds earned by</p>	Partially Implemented	<p>Due to budgetary constraints, the member-municipalities cannot give this huge amount to PDA.</p> <p>We are sourcing funds from other NGOs and government agencies like NEDA, DSWD & BFAR.</p>

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
		<p>PAGCOR from granting franchise to operate gambling enterprises, as provided for under Section 12 of PD 1869.</p> <p>c. Implement cost cutting measures by eliminating excessive/unnecessary expenditures such as provision of several mobile phones and load to a single officer and to other employees, lavish celebration of induction or any occasion for that matter, immoderate utilization of motor vehicles, hiring of consultants whose functions can be done by regular employees, etc.</p> <p>d. Intensify collection of outstanding Accounts Receivables by referring the same to the Legal Officer of the Agency who shall implement legal actions against defaulting concessionaire. Disconnect water service connection of all concessioners with unpaid water bills.</p>		<ol style="list-style-type: none"> 1. The cost of cell phone allowance was already reduced. 2. The services of the 3 consultants were already stopped. 3. Vehicles are assigned to the Administrator & CODs only. <p>Instead of disconnection, we also accept promissory notes. However, commitment with CGC on intensification of collections was made.</p>

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
		<p>e. Privatize the FM radio station and relinquish the management of Nato Port to the PPA.</p> <p>f. Prioritize the payment of foreign and domestic loans to minimize incurrence of interest and other charges.</p> <p>g. The PDA Management find ways to settle its foreign loan amortization to ABN AMRO Bank on or before the due dates and repay the BTr for the advances made to ABN AMRO Bank to prevent the incurrence of additional interest charges as well as lighten the financial burden of the National Government.</p>		<p>Privatization of FM Radio was not yet complied. Nato Port is no longer operational.</p> <p>We are saving ₱1.1 Million per month for loan repayment.</p> <p>We are trying our best to increase our collections so that we can pay our loan.</p>
13	<p>The PDA Management failed to obtain the optimal level of collection from its water service operation resulting in substantial amount of uncollected receivables, thus depriving the Agency of the monetary</p>	<p>We recommended that Management exert more efforts to collect its receivable accounts and take measures and strategies, like cutting immediately the connection of water facilities of defaulting concessionaires, and</p>	<p>Partially Implemented</p>	<p>The Disconnection Team is very active now, however, promissory notes are being considered.</p> <p>Reiterated under Finding No. 2.</p>

**REPORT OF PHYSICAL OF INVENTORIES
OTHER SUPPLIES
AS OF JUNE 30, 2014**

Annex A

(AAR page 02)

For which JEAN T. MORANA / CATHERINE C. PADIN, Acting Property Officer, PDA-PWSS, is accountable, having assumed such accountability on Jan. 1-April 20 & April 21, 2014 respectively


ARTICLE	DESCRIPTION	STOCK NO.	UNIT	UNIT VALUE	BALANCE PER CARD	ON HAND PER COUNT-	SHORTAGE/OVERAGE		REMARKS
							QTY	VALUE	
WATER METER	ACTARIS 1/2	000-052	ROLL		50	50			
METAL PRIMER	RED	000-088	RED		18	18			
ODE PAINT	BLUE	000-090	BLUE		34	34			
RUST REMOVER		000-096	0		2	2			
ELBOW	1/2	000-105	1/2		176	176			
ELBOW REDUCER	3/4 X 1/2	000-106	3/4 X 1/2		30	30			
UNION PATENTE	1/2	000-107	1/2		19	19			
UNION PATENTE	3/4	000-108	3/4		15	15			
COUPLING	1/2	000-109	1/2		213	213			
COUPLING REDUCER	3/4 X 1/2	000-110	3/4 X 1/2		1141	1141			
TEFLON TAPE	1/2	000-111	1/2		38	38			
STOP COCK/GATE VALVE	1/2	000-112	1/2		32	32			
PLUG	1/2	000-113	1/2		268	268			
TEE REDUCER	1 X 3/4	000-116	1 X 3/4		0	0			
STRAIGHT COUPLING ADAPTOR	1/2	000-118	1/2		28	28			
DRESSER COUPLING	100/110 MM 4"	000-129	100/110 MM 4"		11	11			
DRESSER COUPLING	50 MM (2")	000-130	50 MM (2")		15	15			
DRESSER TYPE COUPLING/STC	150/160 MM (6")	000-131	150/160 MM (6")		0	0			
DRESSER COUPLING	75 MM (3)	000-137	75 MM (3)		41	41			
DRESSER COUPLING	315 MM (12")	000-138	315 MM (12")		16	16			
G1 TEE	1/2	000-148	1/2		6236	6236			
CHLORINE TEST KIT	OTO	000-149	OTO		0	0			
SADDLE CLAMP	4"	000-151	4"		16	16			
SADDLE CLAMP	3"	000-153	3"		6	6			
DRESSER COUPLING	250 MM (10")	000-154	250 MM (10")		10	10			
PE PIPE	3/4	000-155	3/4		2	2			
SADDLE CLAMP	50 MM (2")	000-159	50 MM (2")		67	67			
PLUG	3/4	000-160	3/4		61	61			
ELBOW REDUCER	1 X 3/4	000-161	1 X 3/4		725	725			

Partido Development Administration
Tignon, Camarines Sur
Schedule of Pag-Ibig Fund Employers Contribution
As of December 31, 2014

	Particulars	Monthly Salary	Chk No. 37677, 01-292 January	Chk No. 37911, 02-301 February	Chk No. 38129, 03-288 March	Chk No. 38368, 04-306 April	Chk No. 38591, 05-338 May	Chk No. 42243, 06-356 June	Chk No. 42521, 07-352 July	Chk No. 42761, 08-314 August	Chk No. 45216, 09-330 September	Chk No. 45525, 10-362 October	Chk No. 45697, 11-337 November	Chk No. 16398, 12-590 December	Total Remittance	Correct Employer's Share	Net Over Remittance
1	Abajero, Marilou	17,602.00	352.04	352.04	352.04	352.04	352.04	352.04	352.04	352.04	352.04	352.04	352.04	352.04	4,224.48	1,200.00	3,024.48
2	Abiog, Joey	13,312.00	266.24	266.24	266.24	266.24	266.24	266.24	266.24	266.24	266.24	266.24	266.24	266.24	3,194.88	1,200.00	1,994.88
3	Alde, Ronwald	13,050.00	261.00	261.00	261.00	261.00	261.00	261.00	261.00	261.00	261.00	261.00	261.00	261.00	3,132.00	1,200.00	1,932.00
4	Arcilla, Prospero	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04
5	Asug, Sem	11,181.00	223.62	223.62	223.62	223.62	228.06	225.84	225.84	225.84	225.84	225.84	225.84	225.84	2,703.42	1,200.00	1,503.42
6	Atole, Marjorie	25,161.00	508.70	503.22	503.22	503.22	503.22	503.22	503.22	503.22	503.22	503.22	503.22	503.22	6,044.12	1,200.00	4,844.12
7	Atole, Naty	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04
8	Azor, Antonino	9,181.00	-	-	-	-	459.05	-	-	-	-	-	-	-	459.05	100.00	359.05
9	Bajamunde, Gina	17,778.00	355.56	355.56	355.56	355.56	355.56	355.56	355.56	355.56	355.56	355.56	355.56	355.56	4,266.72	1,200.00	3,066.72
10	Balagtas, Charlie	31,696.00	633.92	633.92	633.92	633.92	633.92	633.92	633.92	640.88	647.84	640.88	640.88	640.88	7,648.80	1,200.00	6,448.80
11	Banday, Ma. Tirisa	13,890.00	277.80	277.80	277.80	277.80	277.80	277.80	277.80	277.80	277.80	277.80	277.80	277.80	3,333.60	1,200.00	2,133.60
12	Bolina, Carlos	11,292.00	225.84	225.84	225.84	225.84	225.84	230.29	228.10	228.10	228.10	228.10	228.10	228.10	2,728.09	1,200.00	1,528.09
13	Brosula, Sonny	9,181.00	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	187.30	185.46	2,208.96	1,200.00	1,008.96
14	Buena, Isidoro	12,261.00	245.22	245.22	245.22	245.22	245.22	245.22	245.22	245.22	245.22	245.22	245.22	245.22	2,942.64	1,200.00	1,742.64
15	Caballero, Rommel	10,401.00	208.02	208.02	208.02	208.02	212.18	210.10	210.10	210.10	210.10	210.10	210.10	210.10	2,514.96	1,200.00	1,314.96
16	Camano, Girlie	15,081.00	301.62	301.62	301.62	301.62	301.62	301.62	301.62	301.62	301.62	301.62	301.62	301.62	3,619.44	1,200.00	2,419.44
17	Caracas, Anthony	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04
18	Carbonell, Joseph	11,405.00	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	2,737.20	1,200.00	1,537.20
19	Catolico, Rosa	67,684.00	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,353.68	1,378.97	16,269.45	1,200.00	15,069.45
20	Celestial, Melissa	25,438.00	508.76	508.76	508.76	508.76	508.76	508.76	508.76	508.76	508.76	508.76	508.76	508.76	6,105.12	1,200.00	4,905.12
21	Cleofe, Nicolas	10,610.00	212.20	212.20	212.20	212.20	212.20	212.20	212.20	212.20	212.20	212.20	212.20	212.20	2,546.40	1,200.00	1,346.40
22	Competente, Marichu	11,405.00	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	2,737.20	1,200.00	1,537.20
23	Contante, Bonifacio	10,716.00	214.32	214.32	214.32	214.32	214.32	214.32	214.32	214.32	214.32	214.32	214.32	214.32	2,571.84	1,200.00	1,371.84
24	Delfino, Yves	18,549.00	370.98	370.98	370.98	370.98	370.98	370.98	370.98	370.98	370.98	370.98	370.98	370.98	4,451.76	1,200.00	3,251.76
25	Franco, Cesar	11,405.00	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	2,737.20	1,200.00	1,537.20
26	Froyalde, Maricris	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04
27	Fuentebella, Ferdinand	9,090.00	181.80	181.80	181.80	181.80	181.80	181.80	181.80	181.80	181.80	181.80	181.80	181.80	2,181.60	1,200.00	981.60
28	Fuentebella, Ramon	44,075.00	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	10,578.00	1,200.00	9,378.00
29	Gonzales, Sandy	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04
30	Imperial, Francisco	20,341.00	406.82	406.82	406.82	406.82	406.82	406.82	406.82	410.90	414.98	410.90	410.90	410.90	4,906.32	1,200.00	3,706.32
31	Lalaguna, Armando	20,958.00	419.16	419.16	419.16	419.16	419.16	419.16	419.16	419.16	419.16	419.16	419.16	419.16	5,029.92	1,200.00	3,829.92
32	Leelin, Glenda	27,473.00	549.46	549.46	549.46	549.46	549.46	549.46	549.46	549.46	549.46	549.46	549.46	549.46	6,593.52	1,200.00	5,393.52
33	Lopez, Rolando Florentino	9,000.00	-	-	-	-	-	-	-	180.00	360.00	180.00	180.00	180.00	1,080.00	500.00	580.00
34	Manjares, Melchor	10,931.00	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	2,623.44	1,200.00	1,423.44
35	Maranan, Socorro Gregoria	23,044.00	460.88	460.88	460.88	460.88	460.88	460.88	460.88	460.88	460.88	460.88	460.88	460.88	5,530.56	1,200.00	4,330.56
36	Maravilla, Maruth	12,921.00	258.42	-	-	-	-	-	-	-	-	-	-	-	258.42	100.00	158.42
37	Medina, Armando	11,405.00	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	2,737.20	1,200.00	1,537.20
38	Moraña, Jean	20,140.00	402.80	402.80	402.80	402.80	402.80	402.80	402.80	402.80	402.80	402.80	402.80	402.80	4,833.60	1,200.00	3,633.60
	sub-total		12,687.10	12,423.20	12,423.20	12,423.20	12,890.85	12,431.95	12,429.76	12,620.80	12,811.84	12,620.80	12,624.48	12,647.93	151,035.11	42,700.00	108,335.11

	Particulars	Monthly Salary	Chk No. 37677, 01-292 January	Chk No. 37911, 02-301 February	Chk No. 38129, 03-288 March	Chk No. 38368, 04-306 April	Chk No. 38591, 05-338 May	Chk No. 42243, 06-356 June	Chk No. 42521, 07-352 July	Chk No. 42761, 08-314 August	Chk No. 45216, 09-330 September	Chk No. 45525, 10-362 October	Chk No. 45697, 11-337 November	Chk No. 16398, 12-590 December	Total Remittance	Correct Employer Share	Net Over Remittance	
	<i>sub-total forwarded</i>		<i>12,687.10</i>	<i>12,423.20</i>	<i>12,423.20</i>	<i>12,423.20</i>	<i>12,890.85</i>	<i>12,431.95</i>	<i>12,429.76</i>	<i>12,620.80</i>	<i>12,811.84</i>	<i>12,620.80</i>	<i>12,624.48</i>	<i>12,647.93</i>	<i>151,035.11</i>	<i>42,700.00</i>	<i>108,335.11</i>	
39	Muit, Jofe	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04	
40	Navarro, Hilario Ursus	10,931.00	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	218.62	2,623.44	1,200.00	1,423.44	
41	Nitollano, Ronnie	11,405.00	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	228.10	2,737.20	1,200.00	1,537.20	
42	Obias, Christine	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04	
43	Pablico, Renato	11,751.00	235.02	235.02	235.02	235.02	235.02	235.02	235.02	235.02	235.02	235.02	235.02	235.02	2,820.24	1,200.00	1,620.24	
44	Padin, Catherine	13,180.00	263.60	263.60	263.60	263.60	263.60	263.60	263.60	263.60	263.60	263.60	263.60	263.60	3,163.20	1,200.00	1,963.20	
45	Pagal, Roger	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04	
46	Palma, Mario	32,044.00	640.88	640.88	640.88	640.88	640.88	640.88	640.88	640.88	640.88	640.88	640.88	640.88	7,690.56	1,200.00	6,490.56	
47	Peñaflorida, Jasmin	31,351.00	627.02	627.02	627.02	627.02	627.02	627.02	627.02	627.02	627.02	627.02	627.02	627.02	7,524.24	1,200.00	6,324.24	
48	Peñaflorida, Oscar Borafico Jr.	20,341.00	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	4,881.84	1,200.00	3,681.84	
49	Pesimo, Arlene	15,232.00	304.64	304.64	304.64	304.64	304.64	304.64	304.64	304.64	304.64	304.64	304.64	304.64	3,655.68	1,200.00	2,455.68	
50	Portem, Magdalena	33,859.00	677.18	686.54	684.62	684.62	684.62	684.62	684.62	684.62	684.62	684.62	684.62	371.56	453.72	7,665.96	1,200.00	6,465.96
51	Primavera, Vicente III	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04	
52	Quinn, Recha Isabel	44,075.00	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	881.50	10,578.00	1,200.00	9,378.00	
53	Regondola, Angelica	42,652.00	853.04	853.04	853.04	853.04	853.04	853.04	853.04	853.04	853.04	853.04	853.04	853.04	10,236.48	1,200.00	9,036.48	
54	Rellora, Elreen	12,921.00	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	258.42	3,101.04	1,200.00	1,901.04	
55	Renoria, Eddie	10,823.00	216.46	216.46	216.46	216.46	216.46	216.46	216.46	216.46	216.46	216.46	216.46	216.46	2,597.52	1,200.00	1,397.52	
56	Sabio, Necita	13,180.00	263.60	263.60	263.60	263.60	263.60	131.80	-	-	-	-	-	-	1,449.80	600.00	849.80	
57	San Juan, Edwin	33,113.00	662.26	662.26	662.26	662.26	662.26	662.26	662.26	662.26	662.26	662.26	662.26	662.26	7,947.12	1,200.00	6,747.12	
58	Sancho, Manuel Glenn	20,341.00	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	406.82	4,881.84	1,200.00	3,681.84	
59	Serra, Jelson	19,940.00	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	398.80	4,785.60	1,200.00	3,585.60	
60	Texon, Edwin	9,181.00	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	183.62	2,203.44	1,200.00	1,003.44	
	Total		<i>21,447.18</i>	<i>21,192.64</i>	<i>21,190.72</i>	<i>21,190.72</i>	<i>21,658.37</i>	<i>21,067.67</i>	<i>20,933.68</i>	<i>21,124.72</i>	<i>21,315.76</i>	<i>21,124.72</i>	<i>20,815.34</i>	<i>20,920.95</i>	<i>253,982.47</i>	<i>68,500.00</i>	<i>185,482.47</i>	

Prepared By:


SUSANA U. TAN
 State Auditor III
 Audit Team Member

Reviewed By:


MAREDDITH A. BRAZAL
 State Auditor IV
 Audit Team Leader

PURCHASE ORDER
 Partido Development Administration
 AGENCY

Annex C
 (AAR page 44)

Supplier: ACCUCEL TEKLOGIX CORPORATION	P.O. 2014-04-115
Address: Quezon City	Date 4/14/2014
TIN:	PR no. 2014-04-128
Mode of Procurement: SHOPPING	Date 4/11/2014

Gentlemen:
 Please furnish this office the following articles subject to the terms and conditions contained herein:

Place of Delivery:	Delivery Term
Date of Delivery:	Payment Term

STOCK NO.	UNIT	DESCRIPTION	QTY	UNIT COST	AMOUNT
	roll	THERMAL PAPER 57mm x 18mm x 1/2"	700	24.00	16,800.00

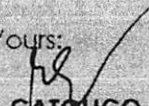
COMMISSION ON AUDIT
 PARTIDO DEVELOPMENT ADMINISTRATION
 TIGAON, CAM. SUR

RECEIVED

DATE/TIME: 4/15/14 09:00 AM
 BY: [Signature]

Total Amount in ~~SIXTEEN~~ **SEVENTEEN** THOUSAND EIGHT HUNDRED PESOS ONLY 16,800.00

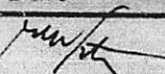
In case of failure to make the full delivery within the time specified above, a penalty of one-tenth (1/10) of one percent for every day of delay shall be imposed.

Very Truly Yours:

ROSA B. CATOLICO
 Authorized Official

Conforme: **ACCUCEL TEKLOGIX CORPORATION**

 Signature Over Printed Name of Supplier

 Date

FUNDS AVAILABLE:

MAGDALENA R. PORTEM
 Chief Accountant

RECEIVED

BY: [Signature]
 DATE: 4/15/14

CONTRACT OF SERVICE

KNOW ALL MEN BY THESE PRESENTS:

This contract made and entered by between

COS # 2014-10-032

PARTIDO DEVELOPMENT ADMINISTRATION, a government-owned and controlled corporation with office address at Caraycayon, Tigaon, Camarines Sur, herein represented by **ROSA B. CATALICO**, Administrator herein referred to as the "FIRST PARTY".

And

NACHOR AGUIRRE PITALLANO, both of legal age, Filipino and with residence address at San Isidro Street, Goa, Camarines Sur, herein referred to as "SECOND PARTY".

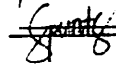
WITNESSETH

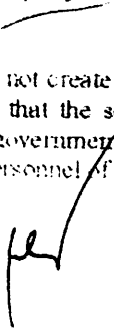
1. That the first party is in need of the services of the second party who shall perform the services that cannot be perform by the regular personnel of the "First Party"
2. That the second party has signified his intention, to which the first party has accepted, to provide the service needed by the latter
3. That the second party hereby possesses the education, experience and skills required to perform the job described herein.
4. That in view hereof, the second party is hereby contracted as a **Job Order Contractor for "Supply of Labor & Materials for Rehabilitation & Improvement of Various WTP (PHASE 2)"**. Total contract cost is *One Hundred Eighty Five Thousand Pesos Only (P 185,000.00)*.
5. That as for Job Order Contractor the second party is expected to perform the following functions.
 1. Repainting of Roof Cptrs. Qtr. & Treatment Plant & Repair of door jamb, ceiling & Install glass pane for steel window grills in Presentacion WTP
 2. Repainting of roof of Cptrs. Qtr. & Treatment Plant & Repair of Perimeter Fence of WTP & Reservoir in Garchitorena WTP
 3. Repainting of Roof Cptrs. Qtr. & Treatment Plant & EW Pump Intake Lifting Platform & cement finish EW Pump elevated platform in Chumaoan WTP
6. That the Second Party shall perform work at a time and schedule to be agreed upon by both parties.
7. That the Second party shall be solely and fully responsible for the safety of his labor contingent while involved in this specific contract and shall in no way obligate the First Party to indemnify the same for any and all injury or accident occurring during the whole duration of this contract, nor involve the First party in any legal claims whatsoever relative to this premises
8. That it is understood that this contract does not create an employer-employee relationship between the First party and 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 benefits enjoyed by the regular personnel of the First party.

COMMISSION ON AUDIT
PARTIDO DEVELOPMENT ADMINISTRATION
TIGAON, CAM. SUR

RECEIVED

DATE/TIME: 10-15-14 @ 10:52 AM

BY: 



IN WITNESS WHEREOF, both parties have hereunto set their hands this 8th day of OCTOBER, 2014 at Caraycayon, Tigaon, Camarines Sur.

[Signature]
ROSA B. CATOLICO
Administrator

[Signature]
NACHOR A. PITALLANO
Job Order Contractor

Signed in the presence of

[Signature]
Engr. Ramon H. Fuentebella
Sr. Division Manager

[Signature]
Francisco P. Imperial
Production Section Engr.

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
Province of Camarines Sur) S.S.
Municipality of GOA)

BEFORE ME, a Notary Public for and in the above jurisdiction, personally appeared the following

NAME	COM.TAX CERT. NO.	DATE/PLACE ISSUED
ROSA B. CATOLICO	<u>17281746</u>	<u>1-3-14 / MTO TIGAON</u>
NACHOR A. PITALLANO	<u>32009272</u>	<u>3-12-14 / MTO GOA</u>

Known to me to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their own free will and voluntary act and deed.

This instrument consists of two (2) pages including this page wherein this acknowledgement is written, and is signed by the parties and their instrumental witness on each and every page hereof

WITNESS MY HAND AND SEAL, this 08 day of OCT 2014 at GOA, Camarines Sur, Philippines

[Signature]
ATTA ERNESTO CALACOR
Notary Public
FOR THE PROVINCE OF CAM. SUR
UNTIL DECEMBER 31, 2014
IBP ROLL NO. 45828
IBP NO. 818178 12-30-10 NABA
PTR NO. 1071388 PILL. CAM. SUR
Rm. GRANCE ST GOA CAM. SUR

Doc No. 1324
Page No. 245
Book No. 1
Series of 2014

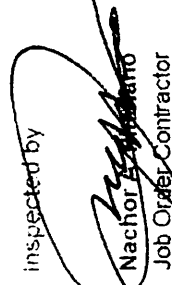
Partido Development Administration
 Partido Water Supply System
 Created Under R.A. 7820
 Caraycayon, Tigaon, Camarines Sur

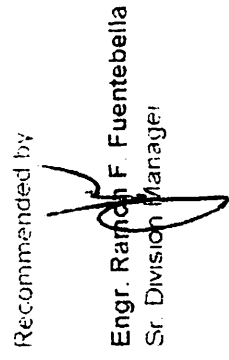
STATEMENT OF WORK ACCOMPLISHMENT, PROJECT INSPECTION & ACCEPTANCE

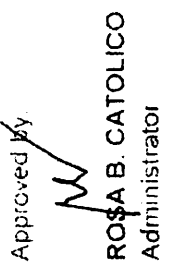
Project Location: **REHABILITATION/IMPROVEMENT OF VARIOUS WTP BLDG., & FACILITIES (PHASE 2)**
 Date Accomplished: **VARIOUS LOCATION (PRESENTACION, GARCHITORENA & CARAMOAN)**
November 28, 2014

Scope of Work	Amount	Weight	Present Accomp	Unit	Previous Accomp	Previous Collection	Present Collection
SUPPLY OF LABOR & MATERIALS FOR THE REHABILITATION & IMPROVEMENT OF VARIOUS WTP (PHASE 2) PER APPROVED POW# 2014-06-001 DATED JUNE 13, 2014 1. Repainting of roof Optir Qtrr & Treatment plant & repair of door jamb & installation of glass pane for window grill @ Presentacion WTP 2. Repainting of roof Optir Qtrr & Treatment Plant & Repair of Perimeter Fence @ Garchitorena WTP 3. Repainting of roof Optir. Qtrr /Treatment Plant & RVV pumps Lifting Platform & TW pump elevated platform @ Caramoan WTP	185,000.00	100%	100%	LOT			185,000.00
	185,000.00	100%	100%				185,000.00

WE HEREBY CERTIFY that the physical accomplishment of the said project is 100% It is therefore recommended that the payment be effected

inspected by

 Nachor
 Job Order Contractor

Recommended by

 Engr. Rainald F. Fuentebella
 Sr. Division Manager

Approved by

 ROSA B. CATOLICO
 Administrator

FY 2014 ANNUAL GAD PLAN AND BUDGET

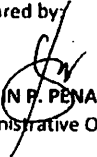
DEPARTMENT:
CORPORATION: PARTIDO DEVELOPMENT ADMINISTRATION

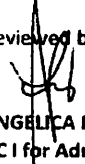
PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD BUDGET
	<i>Enjoins PDA employees to participate in all PDA Capability building and Advocacy</i>	<i>1. Orientation on anti-sexual harassment shall be organized by PDA</i>	<i>Continuous Seminar on Sexual Harassment Program</i>	<i>June</i>	<i>100% attendance of all PDA employees</i>	<i>5,000.00</i>
		<i>2. Employees shall have to begin looking forward to the Celebration of Women's Month in March</i>	<i>This activities include physical check-up (pap smear for women and prostate exam for men), mass callisthenics, parenting workshop, film showing, and "piknik ng kababaihan</i>	<i>All PDA employees regardless of appointment Status</i>	<i>100% attendance of all PDA employees</i>	<i>25,770.00</i>
		<i>3. Proficiency and expertise enhancement shall be given preferential attention for effective public service</i>	<i>a. Training on Frontline Services Ethics and Accountability</i>	<i>All PDA employees regardless of appointment Status</i>	<i>All PDA employees with SG 12 and above regardless of appointment status -P1,000.00 per head for 5 days as required by CSC</i>	<i>25,000.00</i>
			<i>b. Supervisory Development Course In-house Training</i>	<i>All PDA employees with SG 12 and above regardless of appointment Status</i>	<i>10 employees with SG 12 and Above @ P2,000 for 5 days</i>	<i>100,000.00</i>
			<i>c. Values Orientation Workshop In-house Training</i>	<i>All PDA employees regardless of appointment Status</i>	<i>100% attendance of all PDA employees</i>	<i>100,000.00</i>
		<i>ISO Registration</i>	<i>To promote awareness, generate support, harness resources and develop organizational capabilities in the establishment, implementation and continuing improvement of quality management systems.</i>	<i>Training on ISO Registration/Certification</i>	<i>PDA Employees Involved in the ISO Registration</i>	<i>10 employees regardless of status involved in ISO Registration</i>
Subtotal A						1,555,770.00


PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD BUDGET	
B. POLICY DEVELOPMENT AND STRENGTHENING	<i>The program shall make PDA Employees abreast of CSC policies and Issuance</i>	<i>CSC Policies and Issuances provides PDA a better position to assess and suggests appropriate plans and programs that are responsive to PDA Employees.</i>	<i>I. Implementation of CSC mandated Monthly Celebration</i>				
			<i>a. BRIGADA AHENSIYA MC 12 s. 2009</i>	All PDA employees regardless of appointment Status	161 employees @ P285.00/head	45,885.00	
			<i>b. CSC Anniversary</i>	All PDA employees regardless of appointment Status	20 employees regardless of status @ P200 per day for 5 days	15,000.00	
			<i>II. Implementation of CSC Memorandum Circulars</i>				
			<i>a. Health Awareness Program (MC 38 s. 1992 and MC 8 s. 2011)</i>				
			<i>a.1 Sayaw Hataw (CSC MC 21 s. 2009 & CSC MC No. 8 s. 2011)</i>	All PDA employees regardless of appointment Status	Aerobic instructor P30.00 per head per session, 2 sessions per week with 2 classes, 30 heads per class, 8 sessions per month	86,400.00	
<i>a.2 Summer Sports Activity</i>	All PDA employees regardless of appointment Status	161 employees @ P245.00/head	39,445.00				
<i>sub-total b</i>						186,730.00	

PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD BUDGET
	Comprehensive and balanced Personnel System and programs	Promote morale, integrity, efficiency, responsiveness, progressiveness and courtesy, in the implementation of government wide personnel management programs	<i>I. It is the priority of PDA to Safeguard its employees' morale and efficiency, and become a courteous citizen who are responsive to the needs of its constituents</i>	<i>All PDA employees regardless of appointment Status</i>	<i>As Scheduled</i>	
			<i>a. PDA Anniversary</i>	<i>All PDA employees regardless of appointment Status & PDA BOARD</i>	<i>161 employees+24 BOD + 50 guests @ 100/head</i>	23,500.00
			<i>b. Operation Reach-Out</i>	<i>Assigned Employees</i>	<i>30 doctors + 30 Nurses and 20 PDA Staff @ 250/day for 6days</i>	120,000.00
			<i>c. Christmas Activity</i>	<i>All PDA employees regardless of appointment Status & PDA BOARD</i>	<i>161 employees + 24 BOD+ 2 consultants</i>	374,000.00
			<i>d. Ceremonial & Cultural Development Activities</i>	<i>Ceremonial and Launching of Newly Implemented PDA Programs and Projects</i>	<i>5 new PDA Programs and Projects @ P20,000 per programs and projects</i>	100,000.00
			<i>II. Human Resource Capability Enhancement</i> <i>a. MC No. 8 s. 1999 - Policy on Equal Representation of Women and Men in Third Level Positions in Government</i> <i>b. Directory of Women on the Move - a database pf deserving women who pre qualified to occupy executive positions in government</i>	<i>"7 habits of highly effective people - FranklnCovey"</i>	<i>All PDA employees with SG 12 and above regardless of appointment Status</i>	140,000.00

Sub-total C 757,500.00
Grand Total 2,500,000.00

Prepared by:

SM N P. PENAFLORES
Administrative Officer V

Reviewed by:

ANGELICA P. REGONDOLA
DCI for Admin & Finance

Attested by:

ROSA B. CATOLICO
Administrator I

FY 2014 ANNUAL GAD PLAN ACCOMPLISHMENT REPORT

Annex F
(AAR page 46)

DEPARTMENT:
CORPORATION: PARTIDO DEVELOPMENT ADMINISTRATION

PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	RESULTS	GAD PERFORMANCE INDICATOR	REMARKS
A. CAPABILITY BUILDING ADVOCACY	Enjoins PDA employees to participate in all PDA Capability building and Advocacy	1. Orientation on anti-sexual harassment shall be organized by PDA	Continuous Seminar on Sexual Harassment Program	June	100% attendance of all PDA employees	implemented
		2. Employees shall have to begin looking forward to the Celebration of Women's Month in March	This activities include physical check-up (pap smear and mammogram exams for women and prostate exam for men), mass callsthenics, parenting workshop, film showing, and "piknik ng kababaihan	All PDA employees regardless of appointment Status	100% attendance of all PDA employees	implemented held last March 19, 2014
		3. Team Building	To encourage creativity & improve decision making skills.	All PDA employees regardless of appointment Status	100% attendance of all PDA employees	implemented held last May 9 10, 2014
B. POLICY DEVELOPMENT AND STRENGTHENING	The program shall make PDA Employees abreast of CSC policies and issuance	CSC Policies and Issuances provides PDA a better position to assess and suggests appropriate plans and programs that are responsive to PDA Employees.	i. Implementation of CSC mandated Monthly Celebration			
			a. BRIGADA AHENSIYA MC 12 s. 2009	All PDA employees regardless of appointment Status	161 employees @ P285.00/head	All PDA Employees joined the activity, held last August 9, 2014
			ii. Implementation of CSC Memorandum Circulars			
			a. Policy at Workplace -MC 33 s. 1997)	All PDA Workstation	100 % Implemented	100%implemented
		b. Health Awareness Program (MC 38 s. 1992 and MC 8 s. 2011				

PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	RESULTS	GAD PERFORMANCE INDICATOR	REMARKS
			b.1 Sayaw Hataw (CSC MC 21 s. 2009 & CSC MC No. 8 s. 2011)	All PDA employees regardless of appointment Status	Aerobic instructor P20.00 per head per session, 2 sessions per week with 2 classes, 30 heads per class, 8 sessions per month Magnetic Treadmill Manual Stationary Bike 4-in-1 Weight bench Dumbbell set Barbell set	non availability of Fitness Instructor
			b.2 Summer Sports Activity	All PDA employees regardless of appointment Status	161 employees @ P155.00/head	Inter-Agency Basketball Tournament held last April 25, 2014
			<i>c. Project Talaan and Checklist of Reasonable Working Condition in the Public Sector - MC 30 s. 1994</i>	<i>All PDA Workstation</i>	<i>100 % Implemented</i>	implemented
			<i>d. Special Leave Privileges (CSC MC 6 s. 1996 and MC 6 s. 1999)</i>	<i>All Permanent, Co-Terminuous and Casual Employees</i>	<i>100 % Implemented</i>	implemented
			<i>e. Flexible Working Arrangements (MC 14 s. 1989)</i>	<i>Upon the Discretion of the Administrator</i>	<i>Approved Flexible Working hours</i>	not applicable, Government Working hours only
			<i>f. Modified Maternity Leave (Sec. 4 Rule XVI of the Omnibus Rules)</i>	<i>All Married Female PDA Employees</i>	<i>100 % Implemented</i>	100% implemented per Officer Order No. ___
			<i>g. Policy on Sexual Harassment in the Workplace (CSC Res. # 95-6161, MC 19 s. 1994)</i>	<i>All PDA employees regardless of appointment Status</i>	<i>100 % Implemented</i>	implemented

PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	RESULTS	GAD PERFORMANCE INDICATOR	REMARKS
	<i>Comprehensive and balanced Personnel System and programs</i>	<i>Promote morale, integrity, efficiency, responsiveness, progressiveness and courtesy, in the implementation of government wide personnel management programs</i>	<i>1. It is the priority of PDA to Safeguard its employees' morale and efficiency, and become a courteous citizen who are responsive to the needs of its constituents</i>	<i>All PDA employees regardless of appointment Status</i>	<i>As Scheduled</i>	
			<i>a. MC No. 8 s. 1999 - Policy on Equal Representation of Women and Men in Third Level Positions in Government</i>	<i>"7 habits of highly effective people - FranklinCovey"</i>	<i>All PDA employees with SG 12 and above regardless of appointment Status</i>	<i>attended Leadership Program - "Critical Thinking " & Power Principle Course (CLCI)</i>
			<i>b. Directory of Women on the Move - a database pf deserving women who are qualified to occupy executive positions in government</i>	<i>Updated Directory</i>	<i>100% updated</i>	<i>100% updated</i>

Prepared by:

ANGELICA P. REGONDOLA
DC I - Administrative & Finance

Approved:


ROSA B. CATOLICO
Administrator I

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
	benefits that may be derived therefrom.	restoration of their lines only upon full payment of outstanding water bills to prevent occurrence of more past due accounts. Likewise, refer the past due accounts to the Legal Officer for legal action to be taken against defaulting concessionaires.		
14	<u>CY 2012</u> Collections were not deposited daily and intact contrary to item no. 7 of the Manual on the NGAS for Corporate Government Agencies.	Management require all officers accountable for the collection of money to strictly observe daily deposit of collections, to avoid its accumulation to preclude the possibility of loss of the amount, be it thru theft, robbery, or misuse/ misappropriation. Only permanent and duly bonded employees be designated as collecting officers.	Partially Implemented	Except for Garchitorena, Presentation and Siruma, all deposits are being deposited daily.
15	Trust Liabilities amounting to ₱3,005,146.98 and ₱556,257.83 remained in the books and unremitted as of	Remit immediately the withheld amounts to the concerned agencies.	Fully Implemented	

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
	December 31, 2012 and December 31, 2011, respectively contrary to Section 69 (1) of PD 1445 and other pertinent laws, rules and regulations, thereby posing risk to misappropriation or misuse of cash and possible incurrence of penalties that may be imposed by government agencies.			
16	<u>CY 2011</u> Due to limited capital and continuous losses in its operations, the deficit of Partido Development Administration had accumulated to ₱697.5 million as of December 31, 2011, thereby posing serious concern to the Agency's viability.	Management should revisit its operational strategies to correct the declining cash position of the agency. Adopt cost cutting measures while working out for strategies to enhance revenue generation.	Not Implemented	Management is trying to improve its operation.
17	The Corporation had remitted a total of only ₱300,000.00 to the Bureau of Treasury for the assessed cost of audit services for CY 2011 and prior years, failed again to set the total unremitted balance of ₱2,914,554.00 as payables and appropriate in the COB	Management should strictly comply with the provisions of Section 2 of EO 271 dated January 1, 1987 and Section 4.2 and 4.5 of COA-DBM Joint Circular No. 88-1 dated July 29, 1988.	Partially Implemented	To date, PDA had already paid/remitted ₱1,850,000.00 to the Bureau of Treasury.

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
	contrary to Section 2 of EO 271 and COA – DBM Joint Circular No. 88-1, thus understating the Due to NGAs account of the same amount as of December 31, 2011.			
18	The necessity of consultancy services was not carefully considered and the proper procedures were not adopted in engaging the services of eleven (11) consultants whose duties/functions were not highly technical and/or mere duplications of functions performed by regular employees contrary to RA 9184 and its IRR, resulting to additional expenses of ₱1,204,000.00.	Management should comply with the provisions of RA 9184 particularly on the hiring of consultants. Discontinue the services of consultants whose duties are mere duplication of those performed by regular employees. Engage the legal services of lawyers with prior written conformity of the Office of the Government Corporate Counsel (OGCC) and the COA.	Fully Implemented	
19	Contrary to Budget Circular Nos. 2004-5A and 2007-3, the Corporation paid honoraria to members of Bids and Awards Committee (BAC) totaling ₱170,500.00 disproportionately with the total funds/collections of ₱72,560.00 from procurement activities as of year-end,	Management should strictly adhere to the pertinent provisions of Budget Circular Nos. 2004-5A and 2007-3, to avoid excessive disbursements of honoraria. Refund the excess payments of honoraria.	Fully Implemented	The appeal was granted by COA.

No.	Audit Observations	Audit Recommendations	Status of Implementation	Action Taken/Comments of Management
	resulting to excess payments amounting to ₱97,940.00.			
20	<p><u><i>CY 2010</i></u></p> <p>Material discrepancies noted in the reported balances of PPE totaling to ₱501,175,901.03, and the inclusion of damaged/unserviceable items cast doubt on the accuracy and validity of the accounts.</p>	<p>Management reconcile the noted discrepancy in the balances of the PPE accounts. Reclassify cost of damaged/ unserviceable items to Other Assets account pending its proper disposition. And finally, resolve the deficiencies/errors noted in the Report on the Physical Count of Property, Plant and Equipment (RPCPPE).</p>	Not Implemented	<p>Management promised to reconcile.</p> <p>Reiterated in Finding No. 8.</p>

Part IV

Annexes

List of Annexes

ANNEX	DESCRIPTION
A	Sample page of Report on Physical Count in Property, Plant and Equipment (RPCPPE)
B	Schedule of Over Remittance of PAG-IBIG
C	Sample of Purchase Order
D	Sample Contract of Service and Accomplishment Report
E	FY 2014 Annual GAD Plan and Budget of PDA
F	FY 2014 Annual GAD Accomplishment Report

