



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City

ANNUAL AUDIT REPORT
ON THE

PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

For the Year Ended December 31, 2011



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

July 19, 2012

MR. ANTERO S. LIM

Chairman
Board of Directors
Partido Development Administration
Caraycayon, Tigaon, Camarines Sur

Dear Mr. Lim:

In compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of P.D. 1445 otherwise known as the Government Auditing Code of the Philippines, we conducted a comprehensive audit on the transactions of Partido Development Administration, Tigaon, Camarines Sur for Calendar Year 2011.

The audit included analysis of accounts and review of certain transactions and test of compliance with applicable laws, rules and regulations aimed to ascertain the fairness and reliability of the agency's financial position and the results of its operations.

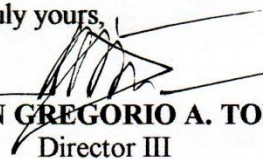
The attached report consists of three (3) parts: Part I – the Audited Financial Statements; Part II – Observations with the corresponding Recommendations which were discussed with concerned management officials and staff in an exit conference on June 13, 2012; Part III – Status of Implementation of Prior Years' Audit Recommendations; and the Annexes.

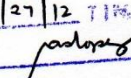
We conducted the audit in accordance with generally accepted auditing standards and we believe that it provides reasonable bases for the results of audit.

May we request that this Office be apprised on the actions taken by management to the Auditor's audit recommendations incorporated in this audit report within sixty (60) days from receipt hereof, pursuant to Section 95 of the General Provisions of the General Appropriations Act for FY 2011.

We acknowledge the assistance and cooperation extended by the agency officials and personnel to the audit team that made possible the early submission of this report.

Very truly yours,


ELWIN GREGORIO A. TORRE
Director III
Officer-in-Charge

PARTIDO DEVELOPMENT ADMINISTRATION
TIGAON, CAMARINES SUR
OFFICE OF THE ADMINISTRATOR
RECEIVED
DATE: 9/27/12 TIME: 2:15
BY: 

EXECUTIVE SUMMARY

Introduction

The Partido Development Administration (PDA) was created on November 14, 1994 by virtue of Republic Act No. 7820, otherwise known as the "Partido Development Administration Act of 1994". RA 8989 was enacted on December 31, 2000 to streamline its organization and amend certain provisions.

The PDA has jurisdiction over ten (10) municipalities of the Fourth Congressional District of Camarines Sur or also known as "Partido District". It is under the supervision and direction of the Board of Directors, whose members are the ten (10) incumbent municipal mayors, the incumbent Congressman, the Administrator and ten (10) Private Sector Representatives (PSR) from each of the member-municipalities selected from among duly organized non-government organizations (NGOs) and sectoral associations.

PDA is mandated 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; 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 in the district; establish, operate and/or contract to operate such agencies, functional units and instrumentalities; adopt a corporate seal; enter into contracts; alienate properties; to sue and to be sued; engage in agriculture, industry, commerce or other activities within the district; receive grants for its capitalization and operation; and exercise other functions necessary to attain the purpose for which it was created.

Financial Highlights

PDA's assets, liabilities and equity stood at P514,533,941.23, P1,164,032,907.60 and P(649,498,966.37), respectively, as of December 31, 2011. It sustained a net loss of P24,047,377.88 from its operations in 2011.

Sources of corporate funds as proposed by the administration and approved by DBM amounted to P102,566,294.00. Actual income generated totaled to P66,287,639.71 and the corporation received financial assistance from National Government amounting to P4,750,000.00. On the other hand, DBM approved expenditures totaled to P60,214,607.00, of which the amount of P58,953,035.64 was actually incurred.

Scope of Audit:

The audit covered the examination, on a test basis, of the accounts and financial transactions of the PDA for CY 2011 in accordance with Philippine Standards on Auditing. Our audit was also made to assess the propriety of financial transactions and the Administration's compliance with laws, rules and regulations.

Independent Auditor's Report

We rendered a qualified opinion on the fairness of the presentation of the financial statements due to the failure of the Corporation to submit the report on the physical count of Property, Plant and Equipment valued P468,338,385.58 which is 91% of the total assets, thereby casting doubt on its validity and physical existence; and the substantial discrepancy noted between the balance of the Administration's Due to National Treasury Account (411) as against the Bureau of the Treasury's balance of the reciprocal Due from GOCCs account (137) amounting to P84,554,034.25, renders the accuracy of the Administration's liability account as of December 31, 2011 as unreliable.

Further, receipt of financial assistance from National Economic and Development Authority (NEDA) in the amount of P4,750,000.00 was erroneously recorded as Due to other GOCCs account instead of Subsidy from Other NGAs account, resulting to overstatement/understatement of payable and income accounts.

Summary of Significant Audit Observations and Recommendations

1. The prescribed period of settlement on cash advances particularly for travel purposes and maintenance and other operating expenses (MOOE), was not strictly enforced by management, contrary to the provisions of COA Circular No. 97-002 dated February 10, 1997 resulting to unliquidated balances totaling P116,744.08 at year-end.

We are reiterating our previous recommendations that the Accountant should ensure that Sections 4.1.2, 4.1.3 and 5.1 prescribed in COA Circular No. 97-002 which pertain to the grant and liquidation of cash advance be strictly enforced. As the internal auditor of the Management in charge of the review of propriety of any transaction of her agency, she is reminded not to allow any cash advance of any official/employee without first ensuring that all previous cash advances of such official/employee has already been liquidated and settled.

2. The accuracy of the Cash-Collecting Officer account amounting to P1,305,594.27 could not be ascertained due to non-reconciliation of subsidiary ledger with general ledger as required under Sections 73 and 12 of Manual on New Government Accounting System (NGAS).

We recommended that Management a) Trace the difference immediately and prepare the necessary adjusting entries; b) Require the Accountant and Collecting officer to reconcile their records regularly to ensure the accuracy of the Cash-Collecting Officer account; and c) Require the cashier to record the amount of P108,806.37 representing collections for the period October 28 to 30, 2009 from Lagonoy collection center in the Cash Receipts and Deposit Record.

3. Inadequacy of disclosures in the Notes to Financial Statements was noted inconsistent with Manual on the New Government Accounting System (NGAS), thereby affecting the proper interpretation of the financial statements and the fairness of its presentation.

We recommended that the Accountant include in the Notes to Financial Statements all relevant information enumerated above. The economic substance of the accounts as shown in the Financial Statements should be completely and appropriately disclosed for proper interpretation and to provide adequate information.

4. The Accountant failed to submit disbursement vouchers and documents to the Office of the Auditor regularly, in violation of the provisions of paragraph 6.06 of COA Circular No. 95-006 and Section 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009, thus limiting the audit and examination of accounts and casting doubts on the legality and accuracy of these transactions.

We recommended that the Administrator require the Accountant, Cashier, and Disbursing Officer and all others who have a direct hand in the processing, approval, and payment of transactions to strictly comply with the rules and regulation on the submission of paid disbursement vouchers including their supporting documents to the Auditor as required under COA Circular Nos. 95-006 and 2009-006.

5. The actual existence and/or condition, validity and correctness of the recorded cost of Property, Plant and Equipment (PPE) valued in the books at ₱468,338,385.58 as of December 31, 2011 cannot be determined due to the failure by the Corporation to conduct physical count of all its properties and prepare report thereon as required under pertinent provisions of Manual on NGAS.

We recommended that Management 1) Create an Inventory Committee to conduct physical count, and an Appraisal Committee to assess the valuation of the existing PPE which cannot be traced and reconciled to existing records, in accordance with pertinent rules and regulations; 2) Regular reconciliation of property records should be undertaken to ensure that all discrepancies are immediately investigated, cleared and reconciled with the books of accounts; 3) Prepare a corresponding report thereof to establish the validity of the balances appearing in the financial statements and to facilitate the reconciliation with the General Ledger balances. This would also serve as basis for possible dropping of inexistent properties in the books of accounts; and 4) Ensure that duly reconciled and certified yearly inventory reports shall be submitted to the Auditor not later than 31 January of the succeeding year.

6. Substantial discrepancy noted between the balance of the Administration's Due to National Treasury Account (411) as against the Bureau of the Treasury's balance of the reciprocal Due from GOCCs account (137) amounting to ₱84,554,034.25, renders the accuracy of the Administration's liability account as of December 31, 2011 as unreliable.

We recommended that management promptly conduct reconciliation of the account with the Bureau of the Treasury to remedy the substantial discrepancy noted. Prepare the JEV to take up any adjustments or reconciling items to arrive at the correct balance of the account. Thereafter, conduct regular reconciliation of the accounts involved to avoid accumulation of reconciling items.

7. Receipt of financial assistance from National Economic and Development Authority (NEDA) in the amount of P4,750,000.00 was erroneously recorded as Due to other GOCCs account instead of Subsidy from Other NGAs account, resulting to overstatement/understatement of payable and income accounts.

We recommended that the Accountant make the necessary correcting entries so that the affected accounts are fairly presented in the financial statements.

8. Due to limited capital and continuous losses in its operations, the deficit of Partido Development Administration had accumulated to P697.5 million as of December 31, 2011, thereby posing serious concern to the corporation's viability.

We recommended that Management revisit its operational strategies to correct the declining cash position of the agency. Adopt cost-cutting measures while working out for strategies to enhance the revenue generation.

9. PDA's total expenses exceeded the total approved Corporate Operating Budget (COB) for CY 2011 by P2,506,443.82 or 5.07% for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE), contrary to Section 4(1) of PD 1445, thus incurring expenditures outside its statutory authority.

We recommended that Management incur expenditures within the limits of the Corporate Operating Budget (COB) as approved by the Department of Budget and Management. Any Increase in the approved COB in the course of the budget year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.

10. The Corporation had remitted a total of only P300,00.00 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 P2,914,554.00 as payables and appropriated in the Corporate Operating Budget (COB) contrary to Section 2 of EO No. 271 and COA-DBM Joint Circular No. 88-1, thus understating the Due to NGAs account of same amount as of December 31, 2011.

We recommended that Management comply with Sections 4.2 and 4.5 of COA-DBM Joint Circular No. 88-01 and Section 2 of EO No. 271 which require that government corporations include in their COB the cost of audit services assessed by COA. Set up accrual of audit fees from CY 2011 and previous years and the years thereafter and regularly remit the same to the Bureau of the Treasury.

11. 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 P1,204,000.00

We recommended that management comply with the provisions of RA 9184 particularly on the hiring of consultants. Discontinue the services of the consultants whose duties are mere duplication of those performed by regular employees and which do not meet the requirements set forth. Engage the legal services of lawyers with prior written conformity and acquiescence of the Office of the Government Corporate Counsel (OGCC) as well as the written concurrence of the COA in compliance with COA Circular No. 95-011.

12. 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, resulting to excess payments amounting to ₱97,940.00.

We recommended that the Management strictly adhere to the pertinent provisions of Budget Circular Nos. 2004-5A and 2007-3, to avoid excessive disbursements on honoraria of BAC members and possible audit disallowances. Refund the excess payments of honoraria and those personnel not entitled for CY 2011.

13. The Corporation had again procured goods and services including equipment and furniture and fixtures totaling ₱396,493.65 through reimbursement basis contrary to COA Circular No. 97-002, Section 93 of PD 1445 and RA 9184.

We reiterated our audit recommendations that Management stop/refrain from procuring goods and services thru reimbursement basis. Purchases should be made directly to the supplier/creditor following the proper procurement rules and regulations in accordance with the provisions of RA 9184. Charge the corresponding taxes due, against the claims of officer/employee making the reimbursement in order to discourage such practice.

14. Withholding taxes on compensation and government money payments totaling ₱556,257.83 remained unremitted for years and/or were not remitted within the period prescribed under BIR Revenue Regulation (RR) No. 2-98, as amended, and Revenue Memorandum Circular No. 5-2006, thus depriving the national government of the immediate use of said funds.

We recommended that management cause the immediate remittance of all tax dues withheld including that of prior years to the BIR. Make necessary adjustments on records for those items that need corrections should be undertaken. The concerned officials including the head of agency should see to it that all taxes withheld should be remitted within the prescribed period in accordance with existing regulations in order not to deprive the government for its immediate use.

Status of Implementation by the Agency of Prior Years' Audit Recommendations

Out of the twelve (12) audit recommendations embodied in the 2010 AAR, two (2) were fully implemented, six (6) were partially implemented and four (4) were not implemented.

TABLE OF CONTENTS

	Page	
PART I	AUDITED FINANCIAL STATEMENTS	
	Independent Auditor's Report	1
	Statement of Management Responsibility For Financial Statements	3
	Balance Sheet	4
	Statement of Income and Expenses	5
	Statement of Changes in Equity	6
	Statement of Cash Flows	7
	Notes to Financial Statements	9
PART II	OBSERVATIONS AND RECOMMENDATIONS	18
PART III	STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS	41
PART IV	ANNEXES	48

PART I

FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Partido Development Administration
Caraycayon, Tigaon, Camarines Sur

Report on the Financial Statements

We have audited the accompanying financial statements of Partido Development Administration, which comprise the statement of financial position as of December 31, 2011 and the statement of income and expenses, changes in equity and 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making of 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 the accounting policies used and the reasonableness of the 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

The Corporation failed to submit the report on the physical count of Property, Plant and Equipment valued P468,338,385.58 at year-end, thereby rendering the validity and physical existence of the account as unreliable.

Substantial discrepancy noted between the balance of the Administration's Due to National Treasury Account (411) as against the Bureau of the Treasury's balance of the reciprocal Due from GOCCs account (137) amounting to P84,554,034.25, renders the accuracy of the Administration's liability account as of December 31, 2011 as unreliable.


Further, receipt of financial assistance from National Economic and Development Authority (NEDA) in the amount of P4,750,000.00 was erroneously recorded as Due to other GOCCs account instead of Subsidy from Other NGAs account, resulting to overstatement/understatement of payable and income accounts.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Partido Development Administration as of December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

COMMISSION ON AUDIT

By:


TITA B. EMBESTRO
State Auditor V
Supervising Auditor



May 9, 2012



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, 2011 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 on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure 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

PARTIDO DEVELOPMENT ADMINISTRATION

Balance Sheet

As of December 31, 2011

(With Comparative Figures for Year 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 3)	P 28,165,327.20	P 26,575,053.56
Trade and Other Receivables (Note 4)	14,298,244.68	11,660,301.08
Inventories (Note 5)	2,980,969.80	2,685,900.57
Prepaid Expenses (Note 6)	679,865.40	681,753.98
Total Current Assets	<u>P 46,124,407.08</u>	<u>P 41,603,009.19</u>
Non Current Assets		
Property, Plant and Equipment (Note 7)	P 468,338,385.58	P 494,347,893.90
Other Assets	71,148.57	71,148.57
Total Non-Current Assets	<u>P 468,409,534.15</u>	<u>P 494,419,042.47</u>
Total Assets	<u><u>P 514,533,941.23</u></u>	<u><u>P 536,022,051.66</u></u>
LIABILITIES AND EQUITY		
Current Liabilities		
Payable Accounts (Note 8)	P 2,491,428.40	P 2,624,663.44
Inter-Agency Payables (Note 9)	714,629,796.33	646,709,094.45
Intra-Agency Payables (Note 10)	802,062.03	655,062.03
Other Liability Accounts (Note 10)	253,475.41	233,002.40
Loans Payable- Foreign (Note 11)	52,222,532.78	52,222,532.78
Total Current Liabilities	<u>P 770,399,294.95</u>	<u>P 702,444,355.10</u>
Non-Current Liabilities		
Loans Payable- Foreign (Note 11)	P 393,633,612.65	P 458,359,413.63
Total Non-Current Liabilities	<u>P 393,633,612.65</u>	<u>P 458,359,413.63</u>
Total Liabilities	<u>P 1,164,032,907.60</u>	<u>P 1,160,803,768.73</u>
Deferred Credits	P 0.00	P 181,979.38
Equity		
Government Equity (Note 12)	P 48,027,921.30	P 48,027,921.30
Retained Earnings	(697,526,887.67)	(672,991,617.75)
Total Equity	<u>P (649,498,966.37)</u>	<u>P (624,963,696.45)</u>
Total Liabilities and Equity	<u><u>P 514,533,941.23</u></u>	<u><u>P 536,022,051.66</u></u>

(See accompanying Notes to Financial Statements)

PARTIDO DEVELOPMENT ADMINISTRATION

Statement of Income and Expenses

For the year ended 31 December 2011

(With Comparative Figures for Year 2010)

	<u>2011</u>	<u>2010</u>
INCOME (Note 13)	P 66,287,639.71	P 62,343,634.72
EXPENSES		
Operating Expenses		
Salaries and Wages (Note 14)	P 10,767,302.04	P 9,768,541.02
Personnel Benefits Contribution (Note 15)	1,522,492.85	1,371,210.38
Other Personnel Benefits	513,831.76	326,894.78
Other Compensation (Note 16)	5,080,451.44	4,479,418.45
Maintenance and Other Operating Expenses (Note 19)	66,826,043.72	61,714,559.98
Total	P 84,710,121.81	P 77,660,624.61
Financial Expenses		
Interest Expenses	P 13,581,795.15	P 24,602,260.70
Other Financial Charges	3,877,137.47	2,993,964.29
Bank Charges	547.44	1,923.89
Total	P 17,459,480.06	P 27,598,148.88
Total Expenses	P 102,169,601.87	P 105,258,773.49
LOSS FROM OPERATIONS	P (35,881,962.16)	P (42,915,138.77)
OTHER INCOME (EXPENSES)		
Gain (Loss) on Foreign Exchange	P 11,546,016.60	P 13,180,884.16
Gain/Loss on Sale of Disposed Assets	0.00	(278,599.00)
Interest Income	288,567.68	536,385.31
Total	P 11,834,584.28	P 13,438,670.47
NET INCOME (LOSS) FROM OPERATION	P (24,047,377.88)	P (29,476,468.30)

(See accompanying Notes to Financial Statements)

PARTIDO DEVELOPMENT ADMINISTRATION

Statement of Changes in Equity

As of December 31, 2011

(With Comparative Figures for Year 2010)

Particulars	<u>2011</u>	<u>2010</u>
Donated Capital:		
Balance at the beginning of the year	P <u>48,027,921.30</u>	P <u>48,027,921.30</u>
Balance at the end of the year	P <u>48,027,921.30</u>	P <u>48,027,921.30</u>
Retained Earnings:		
Balance at the beginning of the year	P (672,991,617.75)	P (641,981,285.24)
Correction of prior years' errors	(487,892.04)	(1,533,864.21)
Net Income(Loss) for the period	<u>(24,047,377.88)</u>	<u>(29,476,468.30)</u>
Balance at the end of the year	P <u>(697,526,887.67)</u>	P <u>(672,991,617.75)</u>
Government Equity, December 31, 2011	P <u>(649,498,966.37)</u>	P <u>(624,963,696.45)</u>

(See accompanying Notes to Financial Statements)

PARTIDO DEVELOPMENT ADMINISTRATION
Cash Flows Statement
As of December 31, 2011
(With Comparative Figures for the Year 2010)

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Income	P 60,911,181.91	P 48,516,189.59
Refund of overpayment of expenses	295,799.06	361,188.13
Receipt of financial assistance from NGA	4,750,000.00	10,000,000.00
Receipt of Performance/Bidders/Bail Bonds	883,401.95	418,968.60
Collection of Receivables	1,494,725.00	124,266.20
Receipt from LGU	300,000.00	0.00
Total Cash Inflows	<u>P 68,635,107.92</u>	<u>P 59,420,612.52</u>
Cash Outflows		
Payment of operating expenses	P 35,703,563.85	P 40,370,331.18
Remittance of GSIS/PAG-IBIG/withholding taxes	6,343,012.92	5,852,194.72
Payment of payables	930,318.77	7,042,809.91
Refund of Performance/Bidders/Bail Bonds	803,034.60	0.00
Purchase of office supplies and other Inventories	5,316,090.34	575,422.58
Payment of Other Payables	2,650,937.31	0.00
Payment of prepaid expenses	154,460.53	70,857.66
Total Cash Outflows	<u>P 51,901,418.32</u>	<u>P 53,911,616.05</u>
Net cash used from operating activities	<u>P 16,733,689.60</u>	<u>P 5,508,996.47</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Proceeds from maturing Treasury Bills	P 0.00	P 27,591,745.01
Receipt of interest on deposit	288,567.68	0.00
Receipt from repayment of loans by LGUs	0.00	1,511,440.00
Proceeds from the sale of Property, Plant and Equipment	0.00	9,180.00
Total Cash Inflows	<u>P 288,567.68</u>	<u>P 29,112,365.01</u>
Cash Outflows		
Office Equipment, Furniture and Fixtures, and other fixed assets	P 7,031,983.64	P 7,718,319.86
Loan Receivables (Interest Free Loan-LGUs)	0.00	626,793.28
Treasury Bills	0.00	9,999,294.48
Total Cash Outflows	<u>P 7,031,983.64</u>	<u>P 18,344,407.62</u>
Net cash used in investing activities	<u>P (6,743,415.96)</u>	<u>P 10,767,957.39</u>

CASH FLOWS FROM FINANCING ACTIVITIES**Cash Outflows**

Payment of domestic and foreign loans

P 8,400,000.00 P 5,000,000.00

Total Cash Outflows**P 8,400,000.00 P 5,000,000.00****Net cash used in financing activities****P (8,400,000.00) P (5,000,000.00)****Net increase in cash****P 1,590,273.64 P 11,276,953.86****ADD: Cash and Cash Equivalents-Beginning****26,575,053.56 15,298,099.70****Cash and Cash Equivalent, Ending****P 28,165,327.20 P 26,575,053.56**

(See accompanying Notes to Financial Statements)

**PARTIDO DEVELOPMENT ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2011**

1. AGENCY BACKGROUND

The Partido Development Administration (PDA) was created on November 18, 1994 by virtue of Republic Act 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, Sagnay, 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 (10) incumbent Mayors of the said municipalities and ten (10) 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 (3) 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 fifty nine (59) personnel, forty nine (49) of which are either on permanent or co-terminus status and ten (10) 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.

There are four (4) business venture operated by the agency which are the Nato Port, the Center for Human Resources Development (CHRD), DZRP and the Partido Water Supply System (PWSS) with eight (8) collection centers.

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 100% provision was set on accounts which are over 121 days.

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:	
0 to 120 days	0%
1 year	1%
2 years	2%
5 years to 10 years	4%
Inactive Accounts:	
0 to 120 days up to 10 years	100%

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

P28,165,327.20

This account consists of:

Account	2011	2010
Cash in Bank	P 26,832,614.73	P 25,212,912.03
Cash with Collecting Officer	1,305,594.27	1,002,975.38
Cash Disbursing Officers	26,679.00	330,641.75
Petty cash Funds	439.20	28,524.40
Total	P 28,165,327.20	P 26,575,053.56

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 100% provision was set on accounts which are over 121 days.

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:	
0 to 120 days	0%
1 year	1%
2 years	2%
5 years to 10 years	4%
Inactive Accounts:	
0 to 120 days up to 10 years	100%

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

P28,165,327.20

This account consists of:

Account	2011	2010
Cash in Bank	P 26,832,614.73	P 25,212,912.03
Cash with Collecting Officer	1,305,594.27	1,002,975.38
Cash Disbursing Officers	26,679.00	330,641.75
Petty cash Funds	439.20	28,524.40
Total	P 28,165,327.20	P 26,575,053.56

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	P 9,371,452.42
Cash in Bank-Local Currency, Savings Account	17,461,162.31
Total	P 26,832,614.73

Cash with 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. TRADE AND OTHER RECEIVABLES P14,298,244.68

This account consists of:

Account	2011	2010
Accounts Receivable	P 22,417,785.94	P 18,413,769.85
Due from LGUs	106,071.79	420,501.79
Due from Officers and Employees	90,065.08	210,206.28
Due from GOCCs	45,484.88	0.00
Other Receivables	164,428.20	0.00
Total	P 22,823,835.89	P 19,044,477.92
Allowance for Doubtful Accounts	(8,525,591.21)	(7,384,176.84)
Net Receivables	P 14,298,244.68	P 11,660,301.08

Accounts Receivable are amounts due from customers/concessionaires arising from services rendered related to water, port, TV 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 P2,980,969.80

This account consists of:

Account	2011	2010
Medical, Dental & Laboratory Supplies Inventory	P 369,077.03	P 491,206.10
Office Supplies Inventory	734,876.27	751,982.35
Accountable Forms Inventory	185,058.00	146,468.00
Gasoline, Oil & Lubricants Inventory	322,965.80	133,115.13
Other Supplies Inventory	1,368,992.70	1,163,128.99
Total	P 2,980,969.80	P 2,685,900.57

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

P679,865.40

This account consists of:

Account		2011		2010
Prepaid Insurance	P	216,044.50	P	190,433.08
Prepaid Rent		324,360.90		351,860.90
Other Prepaid Expenses		139,460.00		139,460.00
Total	P	679,865.40	P	681,753.98

PROPERTY AND EQUIPMENT

P468,338,385.58

This account is composed of the following:

PARTICULARS	LAND & ELECT., POWER & ENERGY STRUCTURES	BUILDING AND OTHER STRUCTURES	OFFICE EQUIPMENT/ FURNITURE & FIXTURE	TRANSPORTATION EQUIPMENT	OTHER PROPERTY PLANT & EQUIPMENT	TOTAL
December 31, 2010						
Cost	86,514,778.78	144,834,935.51	62,997,737.47	12,632,661.64	421,428,447.95	728,408,560.35
Accum. Dep'n.	49,691,983.87	49,571,033.80	37,931,427.14	9,910,418.57	86,955,803.07	234,060,666.45
Net Book Value	36,822,794.91	95,263,901.71	25,066,310.33	2,722,243.07	334,472,644.88	494,347,893.90
December 31, 2011						
Opening Book Value	36,822,794.91	95,263,901.71	25,066,310.33	2,722,243.07	334,472,644.88	494,347,893.90
Additions/ Deductions	221,052.63	(93,443.50)	4,559,540.95	1,304,605.00	950,378.26	6,942,133.34
Depreciation for the year	(7,383,726.43)	(6,507,119.430)	(4,978,899.91)	(120,421.26)	(12,653,284.63)	(31,643,451.66)
Reclassification/ Adjustment	0.00	0.00	(8,190.00)	(1,300,000.00)	0.00	(1,308,190.00)
Closing Net Book Value	29,660,121.11	88,663,338.78	24,638,761.37	2,606,426.81	322,769,738.51	468,338,385.58

Land consists of the following

Particulars	Amount
PDA Main	P 3,600,000.00
WTP Presentacion Site	102,308.00
Tigaon, C.S. (10,000 sqm. From Vicente Estela)	563,625.00
Water Source Lot – Tinambac (3 has.)	220,000.00
Donated Land of Mr. Tomas Riva (20sqm) – Garchitorea, C.S.	3,000.00
Total	P 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 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. ACCOUNTS PAYABLE **P2,491,428.40**

This account consists of:

Account	2011	2010
Trade Accounts Payable	P 2,453,199.56	P 2,332,337.27
Due to Officers and Employees	38,228.84	292,326.17
Total	P 2,491,428.40	P 2,624,663.44

Trade Accounts Payable are payables incurred arising from trade/business operations

9. INTER-AGENCY PAYABLE **P714,629,796.33**

This account consists of payables to the:

Account	2011	2010
National Treasury		
Advances re: Amortization	P 565,848,798.27	P 504,922,402.16
Interest on Advances	91,497,198.04	85,660,813.58
Guarantee Fees	58,096,577.19	54,220,640.76
Less: Partial Payments	(8,400,000.00)	0.00
	P 707,042,573.50	P 644,803,856.50
GSIS, PAG IBIG & PHILHEALTH	495,061.66	291,452.98
Bureau of Internal Revenue	955,578.75	576,681.13
National Government Agency	960,381.84	960,381.84
Government Owned/Controlled Corps.	4,797,413.84	12,341.80
Other Government Agencies-LGUs	378,786.74	64,381.20
Total	P 714,629,796.33	P 646,709,094.45

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 account pertains 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 pertains to the taxes due and the various amounts withheld for remittance to the BIR.

Due to Other Government Agencies – LGUs pertains to the charges of the provincial Health Office for various bacteriological tests of water samples submitted for analysis and issuance of certificates of water potability. This also includes rent expenses for the use of office space used as collection centers payable to the municipalities of Lagonoy and San Jose.

10. OTHER CURRENT LIABILITIES

P 1,055,537.44

This account consists of the following:

Account	2011		2010
A. Intra- Agency Payables			
Due to Other Funds	P 802,062.03	P	655,062.03
B. Other Liability Accounts			
Performance/Bidders/Bail Bond Payable	229,906.95		149,539.60
Other Payables	23,568.46		83,462.80
Total	P 1,055,537.44	P	888,064.43

Due to Other Funds includes the amount payable to REMCO, contractor for the Ilaw sa Barangay Project which remain unclaimed and deposit for house wiring. It also includes Congressman Arnulfo P. Fuentes certified seeds subsidy.

11. FOREIGN LOANS PAYABLE

P393,633,612.65

This account consists of:

Account	2011		2010
DANIDA Mixed Credit	P 445,856,145.43	P	510,581,946.41
Less: Current Portion (March 1 to September 1, 2011)	52,222,532.78		52,222,532.78
Long Term portion (March 1, 2012 to September 1, 2018)	P 393,633,612.65	P	458,359,413.63

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 and 14th 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=Php55.70000 and EUR=Php70.81970). The balance was restated at balance sheet date using year-end exchange rates are USD=Php43.62050 and EUR=Php58.40793 and USD=Php46.16620 and EUR=Php66.50700 for 2010 and 2009, respectively. The result of such restatement is a ForEx gain for 2010 and 2009. This account is then restated at the close of the year at balance sheet date to account for the effects of the changes on ForEx, as provided for under SFAS No. 8.

12. GOVERNMENT EQUITY/DONATED CAPITAL P(649,498,966.37)

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.

13. INCOME P66,287,639.71

This account consists of the following:

Account	2011	2010
Subsidy Income from National Government	P 0.00	P 10,000,000.00
Toll and Terminal Fees	141,108.79	165,840.59
Income from Communication Facilities	846,173.65	426,932.57
Income from Dormitory Operations	106,148.00	54,437.50
Income from Waterworks System	59,274,853.06	46,056,392.91
Rent Income	115,890.00	27,250.00
Other Business Income	2,353,276.82	3,042,442.95
Fines and Penalties-Business Income	3,377,629.39	2,550,053.20
Miscellaneous Income	72,560.00	20,285.00
Total	P 66,287,639.71	P 62,343,634.72

14. SALARIES AND WAGES P10,767,302.04

This account consists of the following:

Account	2011	2010
Salaries and Wages – Regular	P 9,399,311.04	P 8,493,473.05
Salaries and Wages – Casual	1,367,991.00	1,275,067.97
Total	P 10,767,302.04	P 9,768,541.02

15. PERSONAL BENEFITS CONTRIBUTION**₱1,522,492.85**

This account consists of the following:

Account	2011	2010
Life and Retirement Insurance Contributions	P 1,122,695.32	P 1,014,900.31
Pag-ibig Contributions	216,675.71	186,502.41
Philhealth Contributions	126,062.50	115,325.00
ECC Contributions	57,059.32	54,482.66
Total	P 1,522,492.85	P 1,371,210.38

16. OTHER COMPENSATION**₱5,080,451.44**

This account consists of the following:

Account	2011	2010
Personal Economic Relief Allowance (PERA)	P 1,400,506.50	P 1,383,545.45
Representation Allowance (RA)	184,000.00	216,000.00
Transportation Allowance (TA)	184,000.00	153,000.00
Clothing/Uniform Allowance	228,000.00	236,000.00
Productivity Incentive Allowance	110,000.00	110,000.00
Honoraria	1,072,200.00	680,000.00
Cash Gift	295,000.00	287,500.00
Terminal Leave Benefits	45,857.50	0.00
Longevity Pay	30,000.00	0.00
Overtime and Night pay	8,833.44	0.00
Year End Bonus	1,522,054.00	1,413,373.00
Total	P 5,080,451.44	P 4,479,418.45

17. MAINTENANCE AND OTHER OPERATING EXPENSES**₱66,826,043.72**

This account consists of the following:

Account	2011	2010
Traveling Expenses	P 1,861,668.97	P 1,888,007.82
Training and Scholarship Expenses	273,750.00	70,100.00
Supplies and Materials Expenses	9,309,710.00	7,285,563.27
Utility Expenses	7,092,591.40	5,378,329.99
Communication Expenses	616,179.88	575,302.97
Membership Dues and Contribution to Organizations	2,400.00	5,000.00
Advertising Expenses	8,600.00	73,442.47
Printing and Binding Expenses	45,804.94	30,838.50
Rent Expenses	234,165.63	219,552.08
Representation Expenses	1,299,330.60	929,958.49
Transportation and Delivery Expenses	77,451.00	47,247.00
Professional Services	8,876,707.69	8,037,300.07

Repairs and Maintenance	2,679,307.74	3,367,601.23
Subsidies and Donations	24,000.00	6,593.46
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses	124,121.34	98,589.19
Taxes, Insurance Premiums and other Fees	1,383,481.05	1,110,626.72
Bad Debts Expenses	1,141,414.37	694,586.14
Depreciation	31,647,656.62	31,656,551.45
Other Maintenance and Operating Expenses	127,702.49	239,369.13
Total	P 66,826,043.72	P 61,714,559.98

PART II

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS

- 1. The prescribed period of settlement on cash advances particularly for travel purposes and maintenance and other operating expenses (MOOE), was not strictly enforced by management, contrary to the provisions of COA Circular No. 97-002 dated February 10, 1997 resulting to unliquidated balances totaling ₱116,744.08 at year-end.**

Section 4.1.2 of COA Circular No. 97-002 states that, “No additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him, is first settled or a proper accounting thereof is made.”

Section 4.1.3 A cash advance shall be reported on as soon as the purpose for which it was given has been served.

Section 5.1 of same COA Circular prescribes that the Accountable Officer shall liquidate his cash advances as follows:

- 5.1.1 Salaries, wages, etc. – within five (5) days after each fifteen (15) day/end of the month pay period.
- 5.1.2 Petty Operating Expenses and Field Operating Expenses – within twenty (20) days after the end of the year; subject to replenishment as frequently as necessary during the year.
- 5.1.3 Official Travel – within sixty (60) days after return to the Philippines in the case of foreign travel or within thirty (30) days after return to his permanent official station in the case of local travel, as provided for in EO 248 and COA Circular No. 96-004.

Review and analysis of accounts Cash-Disbursing Officers and Due from Officers and Employees showed unliquidated balances amounting to ₱26,679.000 and ₱90,065.08, respectively or a total of ₱116,744.08 as of December 31, 2011.

It was also noted that the significant decrease of the balance of account “Due from Officers and Employees” was due to reclassification of last year’s balance amounting to ₱164,428.20 to account “Other Receivables” which collectability is uncertain. These balances were unliquidated cash advances from officers and employees who were no longer connected with PDA or have resigned from government service which remained uncollected/dormant for several years.

Cash advances were granted without first settling or a proper accounting thereof was made of the previous cash advance resulting in the accumulation of balances at year-end.

These deficiencies may be imputed on the non-adherence to the above-prescribed rules and regulations and failure to adopt control measures on the granting, utilization and liquidation of cash advances by the officials and employees of the Corporation who are in charge of the review and approval of this kind of transaction, specifically the Accountant.

We are reiterating our previous recommendations that the Accountant should ensure that Sections 4.1.2, 4.1.3 and 5.1 prescribed in COA Circular No. 97-002 which pertain to the grant and liquidation of cash advance be strictly enforced. As the internal auditor of the Management in charge of the review of propriety of any transaction of her agency, she is reminded not to allow any cash advance of any official/employee without first ensuring that all previous cash advances of such official/employee has already been liquidated and settled.

Management assured compliance with the audit recommendations in the ensuing year.

2. The accuracy of the Cash-Collecting Officer account amounting to P1,305,594.27 could not be ascertained due to non-reconciliation of subsidiary ledger with general ledger as required under Sections 73 and 12 of Manual on New Government Accounting System (NGAS).

Section 73, paragraph (1) of Manual on NGAS states that “All financial data presented shall be accurate, reliable and truthful xxx. All appropriate steps shall be taken to avoid bias, unclear facts and presentation of misleading information.”

Section 12 of MNGAS, Vol. II, states that subsidiary ledger (SL) is a book of final entry containing the details or breakdown of the balances of controlling accounts appearing in the general ledger. The totals of the SL balances shall be reconciled with their respective control account regularly or at the end of each month.

This is a reiteration of prior year’s audit observations which management failed to implement or take into consideration.

Our review disclosed that Cash-Collecting Officer account balance of P1,305,594.27 in the general ledger is not reconciled with that of subsidiary ledger

balance as of December 31, 2011, thus its reliability cannot be ascertained, the details hereunder presented:

Balance per General Ledger	P 1,305,594.27
Balance per Subsidiary Ledger	608,910.36
Difference	P 696,683.91

It was also noted that a discrepancy of P110,362.88 existed between the balance of Cash Collecting Officer account per subsidiary ledger (SL) and the balance per cash receipts and deposit record (CRDR) of the collecting officer as of year-end, as shown below:

Name of Collection Center	Per Subsidiary Ledger	Per Cash Receipts and Deposit Record (CRDR)	Difference
PWSS-Lagonoy	P 137,454.12	P 30,218.60	P 107,235.52
PWSS-San Jose	10,321.80	10,329.64	(7.84)
PWSS-Goa	42,037.35	42,041.63	(4.28)
PWSS-Tigaon/Sagriay	40,287.73	40,452.55	(164.82)
PWSS-Caramoan	208,703.63	205,311.94	3,391.69
PWSS-Garchitorena	80,179.31	80,179.31	0.00
PWSS-Presentation	70,189.23	70,189.56	(0.33)
PWSS-Siruma/Tinambac	7,048.66	17,218.66	(10,170.00)
Other Collections	12,688.73	2,605.79	10,082.94
TOTAL	P 608,910.56	P 498,547.68	P 110,362.88

The deficiencies noted were due to the following:

1. Unreconciled prior year's balances of cash collecting officer account per Subsidiary Ledger and Cash Receipts and Deposits Record.
2. The Agency has again failed to record the amount of P108,806.37 representing collections for the period October 28 to 30, 2009 from Lagonoy collection center which was allegedly lost thru theft.

We recommended that Management:

- a) Trace the difference immediately and prepare the necessary adjusting entries.
- b) Require the Accountant and Collecting officer to reconcile their records regularly to ensure the accuracy of the Cash-Collecting Officer account.

- c) Require the cashier to record the amount of ₱108,806.37 representing collections for the period October 28 to 30, 2009 from Lagonoy collection center in the Cash Receipts and Deposit Record.

The accountant assured that adjustments will be effected this CY 2012 including the unrecorded collections at Lagonoy collection center.

3. Inadequacy of disclosures in the Notes to Financial Statements was noted inconsistent with Manual on the New Government Accounting System (NGAS), thereby affecting the proper interpretation of the financial statements and the fairness of its presentation.

Manual on NGAS describes accounting policies and Notes to Financial Statements are integral parts of financial statements which pertain to additional information necessary for fair presentation in conformity with generally accepted accounting principles. These are used to report information that does not fit into the body of the statements in order to enhance the understandability of the statements.

It is an accountant's means of amplifying or explaining the items presented in the main body of the statements. These are explanatory notes on the accounts and/or accounting policies which will give additional information value to the financial statements.

The Notes to Financial Statements are usually presented in the following order:

1. The domicile and legal form of the enterprise, its country of incorporation and the principal place of business;
2. A description of the nature of the enterprise's operations and its principal activities;
3. Statement of compliance with IFRS/IAS;
4. Statement of measurement basis and accounting policies applied;
5. Supporting information or computation for line items presented and aggregated in the financial statements; and,
6. Other disclosures, such as commitments, contingencies, and other financial and non-financial disclosures.

Our review of the Notes accompanying the Financial Statements submitted by the Accountant as of year-end showed that the narrative description of the amounts shown

on the face of the financial statements as well as other relevant information affecting the agency operations that need to be disclosed were inadequate.

Said inadequacy of information not only affected the proper interpretation of the accounts in the financial statements but the fairness of its presentation as well. It likewise precluded the appropriate review of the affected accounts.

It was also noted that the Agency's financial statements and its accompanying Notes to Financial Statements are not in conformity with the suggested format of the Manual on NGAS, thus delaying not only its review but the preparation of report as well.

We recommended that the Accountant include in the Notes to Financial Statements all relevant information enumerated above. The economic substance of the accounts as shown in the Financial Statements should be completely and appropriately disclosed for proper interpretation and to provide adequate information.

The Accountant had provided us with revised Notes to Financial Statements but other relevant information affecting the agency operations that need to be disclosed were still inadequately stated. However, our audit recommendations are well taken and management assured us full compliance in the ensuing year.

4. The Accountant failed to submit disbursement vouchers and documents to the Office of the Auditor regularly, in violation of the provisions of paragraph 6.06 of COA Circular No. 95-006 and Section 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009, thus limiting the audit and examination of accounts and casting doubts on the legality and accuracy of these transactions.

Item 6.05 of COA Circular No. 95-006 dated May 18, 1995 directs that "the official involved in the daily recording of transactions in the books of accounts shall turn over the receipts and the disbursement records with all paid vouchers and documents evidencing the transaction to the Auditor within ten (10) days from receipt of said documents." This policy is in keeping with the Commission's power, for purposes of inspection, to require the submission of the original of any order, deed, contract or other documents under which any collection of, or payment from, government funds may be made, together with any certificate, receipt, or other evidence in connection therewith (Section 39, PD 1445).

Item 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009 also directs the Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency to ensure that:

- a) the reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first ten (10) days of the ensuing month; and
- b) financial records are made accessible at reasonable hours to the Auditor or his authorized representatives when needed.

Notwithstanding the above mandate, the Accountant had not submitted disbursement documents within the prescribed period thus delaying its timely audit and examinations, details are hereunder presented:

<i>Transaction Month (CY 2011)</i>	<i>Date Submitted to COA</i>
January	May 14, 2011
February	May 19, 2011
March	June 27, 2011
April	July 22, 2011
May	September 12, 2011
June	September 15, 2011
July	October 27, 2011
August	November 8, 2011
September	November 22, 2011
October	February 7, 2012
November	March 28, 2012

As of this writing, the transactions covering the month of December 2011 has not been submitted.

It is to be noted that the timely and complete submission of accounts is a condition precedent to audit and examination. Unless and until these accounts are fully submitted to COA and subsequently examined, the legality and accuracy of reported transactions will not be ascertained, and errors, if any, will not be detected to facilitate a subsequent and timely adjustment/correction in the books.

We recommended that the Administrator require the Accountant, Cashier, and Disbursing Officer and all others who have a direct hand in the processing, approval, and payment of transactions to strictly comply with the rules and regulation on the submission of paid disbursement vouchers including their supporting documents to the Auditor as required under COA Circular Nos. 95-006 and 2009-006.

Our audit observations are well taken and management promised timely submission of financial reports and disbursement documents.

5. **The actual existence and/or condition, validity and correctness of the recorded cost of Property, Plant and Equipment (PPE) valued in the books at P468,338,385.58, as of December 31, 2011 cannot be determined due to the failure by the Corporation to conduct physical count of all its properties and prepare report thereon as required under pertinent provisions of Manual on NGAS.**

Manual on New Government Accounting System (NGAS) provides that Agency shall prepare periodic physical inventories of supplies and property. Physical count of property, plant and equipment by type shall be made annually and reported on the Report on the Physical Count of Property, Plant and Equipment (RPCPPE). This shall be submitted to the Auditor concerned not later than January 31, of each year.

Physical stock-taking is an indispensable procedure not only to check the integrity of property custodianship but also to ascertain the reliability and propriety of the account balances. In all cases, the physical inventory taking should be regarded with utmost importance.

The stock taking activity does not end in the preparation of inventory reports. After the physical inventory taking, the Inventory Committee shall reconcile the results of the count with the property and accounting records. The inventory listing of the equipment shall be checked on the property cards maintained by the Property and supply Section as against the equipment ledger cards maintained by the Accounting Section, and the total thereon shall be compared with those in the general ledger. All discrepancies between the physical and book inventories must be investigated, cleared and reconciled immediately.

For CY 2011, the recorded cost of Property, Plant and Equipment amounted to P468,338,385.58 broken down as follows:

Property, Plant and Equipment Account	Recorded Value
Land	₱ 4,488,933.00
Land Improvements	19,245.64
Office Buildings	21,638,224.70
Electrification, Power and Energy Structures	25,151,941.47
Other Structures	67,025,114.08
Office Equipment	1,697,668.77
Furniture and Fixtures	506,917.88
IT Equipment and Software	3,504,225.53
Library Books	2,408.48
Machineries	268,322.96

Communication Equipment	7,103,593.81
Firefighting Equipment	107,171.42
Medical, Dental and Laboratory Equipment	815,710.26
Other Machineries and Equipment	10,632,742.26
Motor Vehicles	2,110,503.22
Watercrafts	420,950.45
Other Transportation Equipment	74,973.14
Other Property, Plant and Equipment	322,769,738.51
Total	P 468,338,385.58

For the year under review, it was alleged that conduct of physical count of all its assets was undertaken but corresponding report has not been completed. Consequently, the prevailing condition precluding the auditor from determining the actual physical existence and/or condition, as well as the validity and correctness of the valuation of such assets as presented in the financial statements.

This requirement is significant to the auditor, and more importantly to the management. This regulation is intended to secure and safeguard the assets of the agency and the required reports could be a reliable basis in decision making.

We recommended that Management:

1. Create an Inventory Committee to conduct physical count, and an Appraisal Committee to assess the valuation of the existing PPE which cannot be traced and reconciled to existing records, in accordance with pertinent rules and regulations. Regular reconciliation of property records should be undertaken to ensure that all discrepancies are immediately investigated, cleared and reconciled with the books of accounts.
2. Prepare a corresponding report thereof to establish the validity of the balances appearing in the financial statements and to facilitate the reconciliation with the General Ledger balances. This would also serve as basis for possible dropping of inexistent properties in the books of accounts.
3. Ensure that duly reconciled and certified yearly inventory reports shall be submitted to the Auditor not later than 31 January of the succeeding year.

Management assured compliance with the audit recommendations in the ensuing year. Inventory Committee was created to conduct annual physical count and prepare corresponding Inventory Report.

6. Substantial discrepancy noted between the balance of the Administration's Due to National Treasury Account (411) as against the Bureau of the Treasury's balance of the reciprocal Due from GOCCs account (137) amounting to P84,554,034.25, renders the accuracy of the Administration's liability account as of December 31, 2011 as unreliable.

The *Due to National Treasury account (411)* pertains to the guarantee fee payable to the national government for the advances it made as 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.

Verification, however, disclosed that balance of the Administration's *Due to National Treasury account (411)* was not reconciled with the balance of the reciprocal *Due from GOCCs account (137)* of the Bureau of the Treasury, reflecting substantial amount of discrepancy totaling to P84,554,034.25, hereunder detailed as follows:

Particulars	Advances	Guarantee Fees	Total
Outstanding Balance per books, 12/31/2011 under Due to National Treasury Account 411	₱ 648,945,996.31	₱ 58,096,577.19	₱ 707,042,573.50
Outstanding Balance per Bureau of Treasury, 12/31/2011 under Due from GOCC Account 137*	565,978,395.15	56,510,144.10	622,488,539.25
Unreconciled Amount	₱ 82,967,601.16	₱ 1,586,433.09	₱ 84,554,034.25

* Amount per Request for Confirmation on the Receivables and Payables of the National Government by the COA Auditor, Bureau of the Treasury, Intramuros, Manila dated March 5, 2012.

The prevailing condition casts doubt on the accuracy of the balance of the Administration's Due to National Treasury Account as of December 31, 2011.

We recommended that management promptly conduct reconciliation of the account with the Bureau of the Treasury to remedy the substantial discrepancy noted. Prepare the JEV to take up any adjustments or reconciling items to arrive at the correct balance of the account. Thereafter, conduct regular reconciliation of the accounts involved to avoid accumulation of reconciling items.

The accountant mentioned that they will reconcile records with that of the Bureau of Treasury and take up any adjustments to arrive at the correct account balance.

7. Receipt of financial assistance from National Economic and Development Authority (NEDA) in the amount of P4,750,000.00 was erroneously recorded as Due to other GOCCs account instead of Subsidy from Other NGAs account, resulting to overstatement/understatement of payable and income accounts.

The Philippine Chart of Accounts under the New Government Accounting System classified financial assistance received from National Government Agencies as Subsidy from Other National Government Agencies ((Account 652).

Due to other GOCCs (Account 417) is defined as amount received from other Government Owned and Controlled Corporations (GOCCs) for specific projects other than the GSIS, HDMF and PHIC.

Our review disclosed that the Accountant misclassified receipt of financial assistance from NEDA amounting to P4,750,000.00, to cover requirements for the implementation of on-going projects of the Partido Development Administration, as Payables-Due to other GOCCSs account instead of Income-Subsidy from NGAs account. This fund was released by Department of Budget and Management (DBM) to NEDA through SARO No. C-11-00276 dated February 8, 2011 and transferred to PDA on May 26, 2011, subject to liquidation.

This misclassification or the failure to record the correct account classification in accordance with the Manual on NGAS resulted to overstatement/understatement of Payable and Income accounts.

We recommended that the Accountant make the necessary correcting entries so that the affected accounts are fairly presented in the financial statements.

The accountant had admitted her error to classify receipt of financial assistance as subsidy income and committed that adjustments will be effected immediately.

8. Due to limited capital and continuous losses in its operations, the deficit of Partido Development Administration had accumulated to P697.5 million as of December 31, 2011, thereby posing serious concern to the corporation's viability.

PDA was created on November 18, 1994 under Republic Act No. 7820 and formally organized on October 16, 1997. Its principal functions, among others, are to (1) make a comprehensive survey of physical and natural resources of the fourth congressional district of Partido, comprising the ten (10) municipalities of Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Caramoan, Garchitorena, Tinambac and

Siruma; and (2) prepare, undertake and implement a comprehensive and integrated development program for the district;

Section 6 of RA 7820 also provides that:

The Administration shall have an authorized capital stock of fifty million pesos (P50,000,000.00) to be subscribed and paid by the member-municipalities. The amount necessary for the implementation of this Act shall be charged against the member-municipalities and against the special fund provided for under Section 12 of PD 1869, as amended, in addition to the projects therein.

The Corporation contracted a mixed credit of EURO 7,806,869.40 and USD7,504,611.56 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. This is government guaranteed loan and the amortizations were advanced by the National Government through the Bureau of Treasury.

For the past years, PDA has suffered losses that resulted in the accumulation of deficit to P697.5 million as of December 31, 2011. The corporation's business income has not been sufficient to cover its expenditures. The financial expenses and personal services accounted for 26% and 27%, respectively of its income, and such condition has adversely affected the financial condition and greatly contributed to a negative cash flow from its operation.

At present, there are four (4) business ventures operated by the agency that are designed to generate revenues to finance its operations; the Nato Port, the Center for Human Resources Development (CHRD), DZRP Radio and the Partido Water Supply System (PWSS).

Similarly, these three (3) operating units except the PWSS had poor collection performance thus contributed to tremendous increase of its deficit. The PWSS had absorbed the operating expenses of the other business ventures:

Operating Units	Operating Income	Operating Expenses	(Net Loss)
Nato Port	P 141,108.79	P 239,793.07	P (98,684.28)
DZRP Radio	846,173.65	1,851,239.18	(1,005,065.53)
CHRD	222,038.00	251,004.11	(28,966.11)
PWSS	65,366,886.95	88,281,548.91	(22,914,661.96)
Total	P 66,576,207.39	P 90,623,585.27	P (24,047,377.88)

The highest cash expenditures for its four (4) operating units were the salaries and other personal services, electricity, general janitorial and security services and interest expenses. For CY 2011, the operating expenses of these units exceeded their recorded income or a total registered loss of P24,047,377.88.

We recommended that Management revisit its operational strategies to correct the declining cash position of the agency. Adopt cost-cutting measures while working out for strategies to enhance the revenue generation.

Management offered no justification on the noted deficiency but assured us of compliance with our audit recommendations.

9. PDA’s total expenses exceeded the total approved Corporate Operating Budget (COB) for CY 2011 by P2,506,443.82 or 5.07% for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE), contrary to Section 4(1) of PD 1445, thus incurring expenditures outside its statutory authority.

Perusal of the approved Corporate Operating Budget and its Statement of Operations for the year ended December 31, 2011, disclosed that the aggregate actual expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) excluding non-cash expenses, exceeded the budgeted limits for the same expense classifications by P2,506,443.82 or 5.07%, hereunder computed as follows:

Particulars	Actual Expenses	Per DBM Approved Budget	Variance Over	%
Personal Services (PS)	P 17,884,078.09	P 17,073,983.00	P 810,095.09	4.74
Maintenance and Other Operating Expenses(MOOE)	34,036,972.73	32,340,624.00	1,696,348.73	5.25
Total	P 51,921,050.82	P 49,414,607.00	P 2,506,443.82	5.07

The variances noted may be attributed to lapse of budget planning preparation which resulted to unprogrammed expenditures indicating that the limits of disbursements as authorized by the Department of Budget and Management (DBM) approved COB were not strictly observed by Management, the details of which are presented hereunder:

Expenses		Actual Expenses	Per DBM Approved Budget	Variance Over
PS	Longevity Pay	₱ 30,000.00	₱ 0.00	₱ 30,000.00
	Other Personnel Benefits/ Provident Fund	513,831.76	0.00	513,831.76
	Overtime and Night Pay	8,833.44	0.00	8,833.44
	Terminal Leave Pay	45,857.50	0.00	45,857.50
	Year-End Bonus	1,522,054.00	963,468.00	558,586.00
	Honoraria (BOD, BAC and Municipal Planning and Dev't. Coordinators)	1,072,200.00	300,00.00	772,200.00
	Total	₱ 3,192,776.70	₱ 1,263,468.00	₱ 1,929,308.70
MOOE	Communication Expenses	₱ 611,441.80	₱ 550,000.00	₱ 61,441.80
	Other Services (Consultancy and Job Orders)	8,835,719.81	8,636,496.00	199,223.81
	Rent Expenses	234,166.00	160,000.00	74,166.00
	Supplies and Materials	7,101,758.00	5,897,264.00	1,204,494.00
	Taxes, Duties and Licenses	1,254,631.94	150,000.00	1,104,631.94
	Training and Seminar Expenses	273,750.00	150,000.00	123,750.00
	Traveling Expenses	1,861,668.97	1,800,000.00	61,668.97
	Water, Illumination and Power Services	7,090,466.45	4,750,000.00	2,340,466.45
Total	₱ 27,263,602.97	₱ 22,093,760.00	₱ 5,169,842.97	

The bulk of the excess expenditures for PS pertain to year-end bonus, other personnel benefits (programmed for the Provident Fund of Employees but disapproved by DBM for no legal basis and expended instead for payment of monetization of leave), and honoraria of the Board of Directors, Board Committee, Municipal Planning and Development Coordinators (MPDC) and Bids and Awards Committee (BAC). The payment of honoraria for MPDC was also disapproved for reasons that these were not in accordance with existing DBM guidelines. Payment of honoraria for BAC members was supposedly charged against the proceeds from the sale of bid documents

The variances for MOOE include expenses for payment of consultancy services, communication, procurement of supplies and materials, taxes and duties; and utility expenses.

This is a reiteration of last year's audit observation which management failed to implement.

Section 4(1) of PD 1445 provides the fundamental principle governing financial transactions and operations of any government agency, which states that:

“No money shall be paid out of public treasury or depository except in pursuance of an appropriation law or other specific statutory authority”.

The Budget Officer submitted the 2011 Budget Variance Report which contained Comparative Analysis of Budget against actual expenses. It was argued that the 2011 actual expenditures were again within the approved budget ceiling wherein the variances for PS and MOOE were charged against savings from other expenses.

We reiterated our last year’s recommendations that:

Management incur expenditures within the limits of the Corporate Operating Budget (COB) as approved by the Department of Budget and Management. Any increase in the approved COB in the course of the budget year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.

Management explained that the DBM approved their COB after the budget year and there were deductions/disallowances totaling P4.15 million from their proposed budget for CY 2011.

10. The Corporation had remitted a total of only P300,00.00 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 P2,914,554.00 as payables and appropriated in the Corporate Operating Budget (COB) contrary to Section 2 of EO No. 271 and COA-DBM Joint Circular No. 88-1, thus understating the Due to NGAs account of same amount as of December 31, 2011.

Our review revealed that the corporation was provided with a yearly COA assessment of the cost of audit services, however, these were not subsequently recorded in the books as payables in the Due to National Government Agencies (NGAs) account. The assessments totaled P3,214,554.00 for CY 2011 and previous years.

It was also noted that only P300,000.00 was remitted by the corporation to the Bureau of the Treasury, thereby with an unremitted balance of P2,914,554.00 and understating the payables account by same amount as of year-end, hereunder presented below:

Calendar Year	Assessments	Remittances	Balance as of December 31, 2011
2003	₱ 511,663.00	₱ 100,000.00	₱ 411,663.00
2004	521,257.00		521,257.00
2006	215,352.00		215,352.00
2007	426,595.00		426,595.00
2008	248,736.00		248,736.00
2009	403,258.00		403,258.00
2010	413,154.00		413,154.00
2011	474,539.00*	200,000.00	274,539.00
Total	₱ 3,214,554.00	₱ 300,000.00	₱ 2,914,554.00

* The assessed Cost of Audit Services for CY 2011 was only transmitted to PDA on January 19, 2012

Further, the corporation has not included these payables in their Corporate Operating Budget, thus the same was not remitted to the Bureau of Treasury as required under the above-cited regulations.

This is a reiteration of last year’s audit observation which the corporation failed to implement.

Section 2 of Executive Order No. 271 dated January 1, 1987 prescribes that:

“The cost of audit services rendered to government agencies by the Commission on Audit shall be covered by the fund sources provided in Section 24 of PD 1445 which shall be incorporated in the national government budget and included in the annual Appropriations Law. Provided, That in the case of government-owned and/or controlled corporations and its subsidiaries, the cost of audit services shall be based on the actual cost of the audit function in the corporation concerned, plus a reasonable rate to cover overhead expenses. The actual audit cost shall include personal services, maintenance and other operating expenses, depreciation on capital and equipment and out-of the pocket expenses.”

Sections 4.2 and 4.5 of COA-DBM Joint Circular No 88-01 dated July 29, 1988 prescribes that:

Government corporations should include in their COB the cost of regular audit services assessed by COA. The same is to be remitted to the Bureau of Treasury in six equal installments, furnishing DBM and COA copy of proof or certificate of remittance made.

We reiterated our previous recommendations that:

Management comply with Sections 4.2 and 4.5 of COA-DBM Joint Circular No. 88-01 and Section 2 of EO No. 271 which require that government corporations include in their COB the cost of audit services assessed by COA. Set up accrual of audit fees from CY 2011 and previous years and the years thereafter and regularly remit the same to the Bureau of the Treasury.

The Accountant will book the unpaid/remitted balance of Cost of Audit Services as payables and include them in their Corporate Operating Budget for CY 2013. It was also assured that payment will be made in installment basis.

11. 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 P1,204,000.00

The Revised IRR of RA 9184, otherwise known as the Government Procurement Reform Act, defines consultancy services as “services for infrastructure and other types of projects or activities of the GOP requiring adequate external and professional expertise that are beyond the capability and/or capacity of the government to undertake”. It defines the procedures in processing consultancy services which should be done competitively.

Furthermore, RA 9184 states that the services of consultant may be engaged by any procuring entity for government projects or related activities of such magnitude and/or scope as would require a level of expertise or activities beyond the optimum in-house capability of the processing entity concerned and consistent with the government policy not to compete with the private sector. Moreover, consultants shall be hired on the basis of proven expertise, experiences and capability.

In the case of individual consultants hired to do work that is (i) highly technical or proprietary; or (ii) primarily confidential or policy determining, where trust and confidence are the primary consideration for the hiring of the consultants and the term shall be on a six (6) month basis, renewable at the option of the appointing head of the procuring entity.

For Calendar Year 2011, eleven (11) individual consultants were hired on legal matters, port and radio operation, agriculture, web design, financial matters, marketing and information; and public relations without observing the provisions of RA 9184. A total amount of P1,204,000.00 was expended for consultancy services by the Corporation.

This is a reiteration of last year's audit observation which management failed to implement.

Further review of the operations during the period showed that the necessity of the consultants' services was not determined. The bulk of the projects and the magnitude of the activities of PDA could be reasonably performed by the in-house capability of the corporation's present officials and employees. The hiring of consultancy services on functions which could be performed by the regular personnel could be considered unnecessary, thus failing to meet the requirements set forth under RA 9184, hereunder presented as follows:

Name of Consultant	Nature of Functions	Total Amount Paid
1. Atty. Emilia Q. Bueza	Legal Matters	₱ 162,000.00
2. Benjamin A. Geronimo	Policy Formulation/Financial	240,000.00
3. Amelia T. Perez	Information and Monitoring	180,000.00
4. Joanne M. Adaque	Information and Monitoring	180,000.00
5. Abraham H. Acompañado	Agriculture	180,000.00
6. Rolly D. Fernandez	Radio and Broadcasting	36,000.00
7. Michael A. Marfega	Radio Advertising	30,000.00
8. Sevedeo J. Malate	Web Design	30,000.00
9. Anderson E. Sical	Operation (PWSS)	84,000.00
10. Maximo C. Encinas	Port Security and Maintenance	72,000.00
11. Kristine F. Guadalupe	Bookkeeping/Accounting	10,000.00
Total		₱ 1,204,000.00

It was also noted that PDA hired the services of a private lawyer whose legal services were engaged without the prior written conformity and acquiescence of the Office of the Government Corporate Counsel (OGCC)) as well as the written concurrence of the Commission on Audit (COA), contrary to COA Circular No. 95-011 dated December 4, 1995, quoted as follows:

“This indicates that “where a government agency is provided by law with a legal officer or office who or which can handle its legal requirements or cases in courts, it (agency) may not be allowed to hire the services of private lawyers for a fee, chargeable against public funds, unless exceptional or extraordinary circumstances obtain. Accordingly and pursuant to (COA’s) exclusive authority to promulgate accounting and auditing rules and regulations, including for the prevention and disallowance of irregular, unnecessary, excessive, extravagant and/or unconscionable expenditure or uses of public funds and property (Sec. 2-2, Art. IX-D, Constitution), public funds shall not be utilized for payment of the services of a private legal counsel or law firm to represent government agencies

in court or to render legal services for them. In the event that such legal services cannot be avoided or is justified under extraordinary or exceptional circumstances, the written conformity and acquiescence of the Solicitor General or the Government Corporate Counsel, as the case may be, and the written concurrence of the Commission on Audit shall first be secured before the hiring or employment of a private lawyer or law firm.”

We also noted that consultants were hired to operate and maintain the daily technical operations of the radio station run by PDA. They were hired as radio technicians; to supervise and assist in the production of jingles, spiels, advertisements and writing news.

The defective procurement process of consultancy services resulted to additional expenses for consultants, whose duties were mere duplications of functions of regular employees that could have been used to finance for more important expenses of the corporation.

We recommended that management comply with the provisions of RA 9184 particularly on the hiring of consultants. Discontinue the services of the consultants whose duties are mere duplication of those performed by regular employees and which do not meet the requirements set forth. Engage the legal services of lawyers with prior written conformity and acquiescence of the Office of the Government Corporate Counsel (OGCC) as well as the written concurrence of the COA in compliance with COA Circular No. 95-011.

Management commented that only four (4) consultancy services were contracted in January 2012. The requirements for acquiescence as well as concurrence of legal services of a private lawyer are being prepared for submission to the OGCC and COA, respectively.

12. Contrary to Budget Circular Nos. 2004-5A and 2007-3, the Corporation paid honoraria to members of Bids and Awards Committee (BAC) totaling P170,500.00 disproportionately with the total funds/collections of P72,560.00 from procurement activities as of year-end, resulting to excess payments amounting to P97,940.00.

Department of Budget and Management (DBM) Budget Circular No. 2004-5A dated October 7, 2005, provides the Guidelines on the Grant of Honoraria to Government Personnel Involved in Government Procurement. Honoraria is a form of compensation granted to individuals for the performance of tasks or involvement in activities beyond their regular functions

Applicable to all national government agencies (NGAs), and its instrumentalities, including state universities and colleges (SUCs), government-owned or controlled corporations (GOCCs) and local government units (LGUs), this regulation provides among others:

- 5.5 To be entitled to honoraria, personnel should be duly assigned as chair or member of the BAC or the TWG by the head of the department/agency concerned.
- 5.6 The members of the BAC Secretariat who are performing the attendant functions in additions to their regular duties in other non-procurement units of the agency may likewise be paid honoraria at the same rate as the Technical Working Group (TWG) Chair and Members, subject to the same regulations. The members of the BAC Secretariat whose positions are in the Procurement Unit of the agency shall not be entitled to honoraria. The payment of overtime services may be allowed, subject to existing policy on the matter.

Budget Circular No. 2007-3 dated November 29, 2007 amends the item no. 6.1 of BC 2004-5A, which provides the funding source for payment of honoraria and overtime pay to government personnel involved in government procurement, provides the following:

- 3.1.1 The amount necessary for the payment of the honoraria and overtime pay authorized herein shall be sourced only from the following:
 - a. proceeds from sale of bid documents; xxx
- 3.1.2 In the case of GOCCS, savings from the DBM-approved corporate operating budgets (COB)
- 3.2.1 Savings refer to portion or balances of COB, free from any obligations or encumbrances which are still available after the completion, or final discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized.
- 3.3 In the use of saving, priority shall be given to augmentation of the amounts set aside for mandatory expenditures xxx. It is understood that the use of agency savings for payment of honoraria and overtime pay for procurement activities shall be made only after satisfying said mandatory expenditure items.

- 3.4 The manner of payment of same to be charged against the collections from successfully completed procurement projects shall be in accordance with item no. 6.2 of BC No. 2004-5A which provides that:

“All agencies are authorized to treat collections from the sources as trust receipts to be used exclusively for the payment of honoraria and overtime pay herein authorized. Agencies may utilize up to one hundred percent (100%) of the said collections for the payment of same. Any excess in the amount collected, in the case of GOCCs, it shall form part of their corporate funds”

- 3.5 In case of deficiency in collections from procurement activities and availability of agency savings, the amount of honoraria and overtime pay shall be adjusted proportionately for all those entitled thereto.

Our review disclosed that as of December 31, 2011, the corporation had disbursed a total of ₱170,500.00 in excess of the total funds/collections of ₱72,560.00 from the proceeds of sale of bid documents by ₱97,940.00, for payment of honoraria of BAC members and TWG. Per record, there was a deficiency in collections from the procurement activities and availability of agency savings. Relatively, PDA had incurred expenditures outside its statutory authority under DBM approved COB for CY 2011.

The agency should have adjusted proportionately the available funds for the payment of honorarium services among BAC members to avoid expenditures beyond the requirements and audit disallowance contrary to COA Circular No. 85-55A, which defines irregular expenditures as:

“The term "irregular expenditure" signifies expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in law. Irregular expenditures are incurred without conforming to prescribed usages and rules of discipline. There is no observance of an established pattern, course, and mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular.”

It was also noted that a member of the BAC Secretariat who was assigned at the Procurement Unit or in charge of the procurement activities of the Agency was also paid honoraria. Honorarium was likewise given to a Broadcast Operation technician hired as consultant wanting of legal basis.

We recommended that the Management strictly adhere to the pertinent provisions of Budget Circular Nos. 2004-5A and 2007-3, to avoid excessive disbursements on honoraria of BAC members and possible audit disallowances. Refund the excess payments of honoraria and those personnel not entitled for CY 2011.

Management offered no justifications but assured strict compliance with the above-cited regulations in the ensuing year.

13. The Corporation had again procured goods and services including equipment and furniture and fixtures totaling P396,493.65 through reimbursement basis contrary to COA Circular No. 97-002, Section 93 of PD 1445 and RA 9184.

Review of transactions for Calendar Year 2011 showed that reimbursements had again been resorted to in most of the procurement of goods and services by PDA which was not in accordance with the prescribed procurement rules and regulations. Equipment, furniture and fixtures and other equipment were also procured through reimbursement basis contrary with the general rule that payments shall be made thru direct payments to suppliers and creditors.

It was also noted that appropriate withholding taxes were not applied to these disbursements totaling P396,493.65, thus depriving the government of the taxes due from suppliers/creditors that could be levied from the procurement of goods and services directly paid to them. (Annex A)

COA Circular No. 97-002 dated February 10, 1997 requires that all payments must be made by check. Only payments in small amounts may be made through the petty cash fund and replenishment of the same shall be equal to the total amount of expenditure made therefrom.

Likewise, Sec. 93 of PD 1445 provides that “warrants chargeable to revenue or trust funds of the national government or checks drawn against the treasury Checking Account for Agencies maintained with any authorized government depository bank shall be made payable either directly to the creditor to whom the money is due or to a disbursing officer for official disbursement.”

The Government Procurement Reform Act (RA 9184) requires that all procurement shall be done through competitive bidding, except in certain cases where the appropriate alternative methods maybe used such as Shopping, Negotiated procurement, Direct Contracting, Limited Source Bidding and Repeat Order.

This is a reiteration of prior year's audit observation which the management failed to implement fully our recommendation.

These purchases were on piecemeal basis instead of having them procured regularly in accordance with the programmed requirements as contained in the Annual Procurement Plan using the appropriate mode of procurement.

We reiterated our audit recommendations that Management stop/refrain from procuring goods and services thru reimbursement basis. Purchases should be made directly to the supplier/creditor following the proper procurement rules and regulations in accordance with the provisions of RA 9184. Charge the corresponding taxes due, against the claims of officer/employee making the reimbursement in order to discourage such practice.

Management committed to strictly comply with the prescribed procurement procedures in the ensuing year.

14. Withholding taxes on compensation and government money payments totaling P556,257.83 remained unremitted for years and/or were not remitted within the period prescribed under BIR Revenue Regulation (RR) No. 2-98, as amended, and Revenue Memorandum Circular No. 5-2006, thus depriving the national government of the immediate use of said funds

BIR Memorandum Circular No. 5-2006 dated November 2, 2005, requires the monthly remittance/payment of taxes withheld at source by BIR authorized withholding agents on the sale of goods and services to the government or to any of its political subdivision, including GOCC using prescribed forms to be filed on or before the 10th day of the month following the month in which the withholding was made.

BIR RR No. 2-98 issued May 17, 1998 prescribes the regulations to implement Republic Act (RA) No. 8424 relative to the Withholding on Income subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value- Added Tax and Other Percentage Taxes.

Audit of account Due to BIR as of December 31, 2011 showed that it has an unremitted balance of P955,578.75. This includes withheld taxes on compensation and government money payments totaling P556,257.83 for taxable years 2004 to 2010, contrary to the above-cited revenue regulations.

We recommended that management cause the immediate remittance of all tax dues withheld including that of prior years to the BIR. Make necessary adjustments on records for those items that need corrections should be undertaken.

The concerned officials including the head of agency should see to it that all taxes withheld should be remitted within the prescribed period in accordance with existing regulations in order not to deprive the government for its immediate use.

Management noted our audit observations and assured compliance with tax laws.

GENDER AND DEVELOPMENT

PDA had undertaken various activities in line with its Gender and Development (GAD) Plan during CY 2011. However due to its limited finances, it failed to allot budget equivalent to five percent of its total approved budget contrary to DBM/NEDA/NCRFW Joint Circular No. 2004-1 dated April 5, 2004 for the same purpose.

STATUS OF ISSUANCES OF NOTICES OF SUSPENSIONS, DISALLOWANCES AND CHARGES

As of December 31, 2011, the Audit Team had not issued Notices of Suspensions, Disallowances and Charges. The findings and recommendations reported above were communicated to management through issuances of Audit Observation Memoranda.

PART III

**STATUS OF IMPLEMENTATION
OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS
Partido Development Administration
As of December 31, 2011

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>The accounting records were not reconciled regularly with that of the collecting officer as required under Section 12 of the Manual on New Government Accounting System (NGAS) thereby resulting to a discrepancy of collections totaling P220,562.62 from the different collecting centers of Partido Water Supply System (PWSS).</p>	<p>Management should:</p> <ul style="list-style-type: none"> a. Require the Accountable Officer and the Accountant to reconcile regularly the balances of the Cash-Collecting Officer account per General Ledger/ Subsidiary Ledger and Cash Receipts and Deposit Record to ensure the accuracy of the account. b. Instruct the collecting officer to record the amount of P108,806.37 in the Cash Receipts and Deposit Record. c. Cause the submission of Request for Relief of Accountability for the lost collections, adequately substantiated with the basic requirements set forth under COA Memorandum No. 	<p>AAR CY 2010</p>	<p>Not Implemented</p>	<p>Similar audit observations are discussed in this Report.</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>Collections were not remitted/deposited daily and intact to the Authorized Government Depository Banks (AGDBs) contrary to Section 69 of Presidential Decree (PD) No. 1445 and the Manual on New Government Accounting System (NGAS), thus exposing it to misappropriation and risk of loss.</p> <p>Cash Advances under Cash-Disbursing Officer account (103) and Due from Officers and Employees account (123) amounting to P330,641.75 and P210,206.28, respectively, remained unliquidated at year end contrary to the provisions of COA Circular No. 97-002.</p>	<p>92-751 dated February 21, 1992 and in accordance with 2009 Revised Rules of Procedures of the Commission on Audit.</p> <p>Require the Roving Teller to regularly pick up all collections from the mainland collection centers and weekly from the coastal areas and deposit them intact to avoid misappropriation and risk of loss.</p> <p>Management should:</p> <ol style="list-style-type: none"> a. Strictly adhere to the provisions of Section 174 of GAAM, Volume I and COA Circular No. 97-002 dated February 10, 1997 b. Fully liquidate/collect all long outstanding cash advances in pursuance to existing rules and regulations. c. Reclassify the 	<p>AAR CY 2010</p> <p>AAR CY 2010</p>	<p>Fully Implemented</p> <p>Partially Implemented</p>	<p>Similar audit observation is discussed in this Report. Account balances significantly decreased as of December 31, 2011.</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>4. Balance of Accounts Receivable-Trade pertaining to the Partido Water Supply System</p>	<p>amount of P164,428.20 representing receivables of the former employees to Other Receivables (149) account.</p> <p>d. Require all officers and employees to liquidate travel advances strictly within <u>30</u> days after <u>return</u> to official station, otherwise, suspend salary until liquidation has been done. Refund of unused cash advance should be made immediately and simultaneously with the liquidation. Within <u>10</u> days before expiration of the 30 day period, the Accountant must sent written reminder enjoining the official or employee concerned to liquidate his travel advances, in compliance with COA Circular No. 96-004 dated April 19, 1996.</p> <p>Management should trace the difference immediately to avoid accumulation of</p>	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>Adjustments were effected in CY 2012.</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>(PWSS) of P18,332,019.85 was not reconciled with supporting schedules and included inactive, non-current, long outstanding and/or dormant accounts, rendering the accuracy and validity of its account balance as unreliable.</p>	<p>unreconciled items in the books. Establish the collectivity of long outstanding receivables. Accounts aging 10 years or more and determined to be uncollectible should be requested for write-off from COA and written off in the books upon receipt of authority pursuant to COA Resolution No. 2003-002.</p>			
<p>Discrepancies noted in the reported balances of Inventory Accounts totaling P71,990.57 render the accuracy of the accounts as unreliable.</p>	<p>Management should resolve the deficiencies/errors noted in the Breakdown of Inventory Report. Investigate the occurrence of such amount of discrepancy, and conduct reconciliation of the balances of the inventory accounts.</p>	<p>AAR CY 2010</p>	<p>Fully Implemented</p>	
<p>Material discrepancies noted in the reported balances of Property, Plant and Equipment totaling P501,175,901.03, and the inclusion of damaged/ unserviceable items cast doubt on the accuracy and validity of the accounts.</p>	<p>Management should 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</p>	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>Similar audit observation is discussed in this Report. The Report of Physical Count of PPE (RCPPE) for CY 2011 was not submitted on the prescribed time.</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>7. Procurement of goods and services totaling P642,254.64 were mostly made through reimbursement basis contrary to COA Circular No. 97-002, Section 93 of Presidential Decree (PD) No. 1445 and Republic Act (RA) 9184.</p>	<p>Property, Plant and Equipment (RPCPPE).</p> <p>Management should:</p> <p>a. Stop/ refrain from procuring goods and services thru reimbursement basis. Purchases should be made directly to the supplier/creditor following the proper procurement rules and regulations in accordance with the provisions of RA 9184.</p> <p>b. Charge the corresponding taxes due, against the claims of officer/employee making the reimbursement in order to discourage such practice.</p>	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>Similar audit observation is discussed in this Report. Reimbursements of expenses significantly decreased in CY 2011.</p>
<p>8. The Partido Water Supply System's (PWSS) 43.90% average unaccounted water for Calendar Year 2010 exceeded the 40% allowable rate set by the Department of Budget and Management (DBM), thereby undermining the administration's operational efficiency.</p>	<p>Plans and programs should be immediately undertaken by management to significantly reduce unaccounted water, thereby improving the existing operational efficiency.</p>	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>The average unaccounted water for CY 2011 reduced or within the allowed 40% rate set by DBM. However, the pumping stations of Tigaon/Sangay, Tinambac and Goa recorded</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>Cost of audit services for CY 2010 and prior years totaling P1,679,633.16 were not set-up as payables and appropriated in their Corporate Operating Budget (COB) contrary to Section 2 of EO No. 271 and COA-DBM Joint Circular No. 88-1, thereby understating the Due to NGAs account and has an unremitted balance of P2,640,015.00 to the Bureau of Treasury as of year-end.</p>	<p>Management comply with Sections 4.2 and 4.5 of COA-DBM Joint Circular No. 88-01 and Section 2 of EO No. 271 which require that government corporations include in their COB the cost of audit services assessed by COA. Set up accrual of audit fees from CY 2010 and previous years and the years thereafter and regularly remit the same to the Bureau of the Treasury.</p>	<p>AAR CY 2010</p>	<p>Not implemented</p>	<p>water losses beyond the allowable limit for last quarter of 2011. Reiterated audit observations.</p>
<p>The procurement process in the hiring of thirteen (13) consultants with the total cost of P849,750.00 during the year was not in accordance with the provisions of Republic Act (RA) 9184 and its Implementing Rules and Regulations (IRR) and whose duties were not highly technical and/or mere duplication of functions being performed by regular employees.</p>	<p>Management comply with the provisions of RA 9184 particularly on the hiring of consultants. Discontinue the services of the consultants whose duties are mere duplication of those performed by regular employees and which do not meet the requirements set forth.</p>	<p>AAR CY 2010</p>	<p>Not Implemented</p>	<p>Similar audit observation is discussed in this Report.</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation
<p>11. Contrary to Section 4(1) of PD 1445, the Administration's total expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) for CY 2010 exceeded the Department of Budget and Management (DBM) approved Corporate Operating Budget (COB) by P4,053,834.68, thereby incurring expenditures outside its statutory authority.</p>	<p>Management should incur expenditures within the limits of the Corporate Operating Budget (COB) as approved by the Department of Budget and Management. Any Increase in the approved COB in the course of the budget year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.</p>	<p>AAR CY 2010</p>	<p>Not Implemented</p>	<p>Similar audit observation is discussed in this Report.</p>
<p>12. The Agency has not fully implemented the activities for its Gender and Development (GAD) program in Calendar Year 2010 contrary to the Department of Budget and Management, National Economic Development Authority and National Commission on the Role of Filipino Women (DBM-NEDA-NCRFW) Joint Circular No. 2004-1 dated April 5, 2004.</p>	<p>Management should:</p> <ul style="list-style-type: none"> a. Prepare an annual GAD Plan pursuant to DBM/NEDA/NCR FW Joint Circular No. 2004-01 dated April 5, 2004. b. Allot at least five percent (5%) of the total budget appropriations for the cost of implementing the GAD Plan. 	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>PDA had allotted P1Million for GAD-related activities for CY 2012.</p>

ANNEXES

Partido Development Administration
Schedule of Reimbursement of Expenses
January 1, 2011 to December 31, 2011

Date	Check No.	Amount	Payee	Particulars
1/14/2011	291658	Php 8,269.00	Rosa B. Catolico	Office Supplies per PR No. 2010-12-434
1/21/2011	291807	1,087.00	Ruby Ann Lopez	Photocopying of PDA Master Plans Hand Outs
1/21/2011	291810	3,000.00	Angelica P. Regondola	Services/ labor for pictorial of 7th BOD Members
1/21/2011	291824	1,100.00	Edwin F. San Juan	Office Supplies/Repair and mIntenance of motor vehicles and other MOOE
1/24/2011	291827	15,749.50	Girlie O. Camano	Purchase of parker pen with engrave
1/25/2011	291860	3,000.00	Angelica P. Regondola	labor & materials for Repair/maintenance of WPF 520
2/7/2011	291964	6,400.00	Francisco P. Imperial	labor for sludge removal @ PWSS, Caramoan WTP
2/15/2011	292029	4,647.75	Maricris Basilla	Other Supplies for CHRD Office
2/16/2011	292049	10,000.00	Rosa B. Catolico	Purchase of 20 pcs Epson Ink per PR # 11-01-050 dtd. 1/25/2011
2/16/2011	292050	12,980.00	Angelica P. Regondola	Office Equipment for Admin Office Use, PR No. 201101-048
2/16/2011	292051	20,000.00	Catherine C. Padin	1 set of computer per PR # 2011-01-049
2/16/2011	292063	4,800.00	Francisco P. Imperial	labor for cleaning of reservoir @ PWSS WTP Lagonoy
2/16/2011	292064	3,700.00	Vicente Primavera III	Fuel consumption
2/23/2011	292099	1,200.00	Ramon F. Fuentebella	CP charges dtd 12/25/10-1/24/11
3/3/2011	292173	2,900.00	Vicente Primavera III	Fuel consumption
3/4/2011	292197	20,000.00	Rosa B. Catolico	Meals per or # 0683 dtd 3/4/2011
3/7/2011	292210	28,500.00	Magdalena R. Portem	Furniture and Fixture, IT Equipment & Software, and Office Supplies
3/9/2011	292228	5,120.00	Rosa B. Catolico	Repair/maintenance of Motor Vehicle
3/9/2011	292235	1,440.00	Recha Isabel P. Quinn	Printing and Binding
3/9/2011	292245	3,700.00	Ramon F. Fuentebella	Fuel consumption
3/9/2011	292246	9,200.00	Ramon F. Fuentebella	Repair/maintenance of motor vehicle
3/10/2011	292268	6,295.00	Socorro Maranan	1 unit of refrigerator per SI # 8750 dtd 3/9/2011
3/14/2011	292284	4,500.00	Leopoldo Dela Cruz	Repair/Maintenance of of motor vehicle
3/22/2011	292328	1,200.00	Ramon F. Fuentebella	CP charges
3/22/2011	292329	2,840.00	Edwin F. San Juan	Repair/Maintenance of motor vehicle
3/28/2011	292385	2,084.85	Maricris Basilla	Office Supplies-CHRD
4/1/2011	292436	2,200.00	Vicente Primavera III	Fuel consumption
4/1/2011	292439	4,810.00	Vicente Briones	Repair/Maintenance of motor vehicle
4/4/2011	292448	8,991.00	Maricris Basilla	Other Maintenance and Operating Exp.
4/5/2011	292457	465.00	Carl Sanoy	Gasoline Expenses
4/5/2011	292464	600.00	Magdalena R. Portem	Office supplies expenses si # 718955
4/8/2011	292500	475.50	Jan Buera	Fuel consumption
4/12/2011	292521	800.00	Magdalena R. Portem	labor for book binding for general ledger
4/18/2011	292552	36,110.00	Rosa B. Catolico	Repair/Maintenance of motor vehicle
4/20/2011	292586	5,168.50	Maricris A. Basilla	various expenses
4/28/2011	292620	3,575.00	Rosa B. Catolico	representation expenses
5/3/2011	292649	1,500.00	Ramon F. Fuentebella	Repair/Maintenance of motor vehicle
5/3/2011	292652	160.00	Carl Sanoy	meals per ps # 2011-04-190
5/5/2011	292678	500.00	Oscar Benecio Peñafloida	Fuel consumption
5/11/2011	292723	1,800.00	Vicente Primavera III	Fuel consumption
5/16/2011	292775	2,234.00	Manuel Glenn Sancho	Repair/Maintenance of motor vehicle
5/19/2011	292802	7,142.50	Angelica P. Regondola	various expenses
5/30/2011	292855	7,805.00	Ramon F. Fuentebella	Repair/Maintenance of IT equipment and motor vehicle
5/30/2011	292857	500.00	Mario V. Palma	Reimbursement re: Fuel consumption
6/10/2011	292950	1,800.00	Vicente Primavera III	Reimbursement re: Fuel consumption
6/14/2011	292960	3,108.50	Mario V. Palma	other supplies expenses
6/14/2011	292961	509.00	Necita R. Sabio	various expenses

6/15/2011	293004	1,704.00	Maricris A. Basilla	various expenses
6/17/2011	293007	10,000.00	Mario V. Palma	resource speaker honoraria Q ed program
6/17/2011	293012	1,200.00	Recha Isabel P. Quinn	laptop repair per or # 26745
6/28/2011	293091	949.75	Ronnie Nitollano	various expenses
6/28/2011	293103	920.00	Armando Lalaguna	fuel consumption
6/29/2011	293114	10,000.00	Rosa B. Catolico	ink for epson or # 60145
7/6/2011	293150	2,640.00	Francisco P. Imperial	Gasoline & Lubricant
7/12/2011	293210	9,942.89	Armando Lalaguna	Gasoline & Lubricant
7/12/2011	293212	2,199.00	Francisco P. Imperial	Repair/Maintenance of motor vehicle
7/12/2011	293213	1,025.00	Vicente Briones	office supplies,Repair/maintenance of motor vehicle
7/13/2011	293232	2,310.00	Gerardo Bergonio	reimbursement re: transportation & Delivery expenses
7/14/2011	293246	9,536.00	Rosa B. Catolico	reimbursement re:Gasoline & Fuel expense
7/18/2011	293256	2,250.00	Melissa Celestial	reimbursement re: training expenses
7/19/2011	293268	267.00	Mario V. Palma	reimbursement re: fuel expenses
7/25/2011	3432	3,499.25	Maricris A. Basilla	gasoline expenses,other supplies, cooking gas
7/27/2011	42899	7,235.00	Rolando Lopez	Repair/Maintenance of motor vehicle
7/27/2011	42903	1,800.00	Vicente Primavera iii	fuel consumption
7/27/2011	42918	954.00	Marichu Competente	representation expenses
7/28/2011	0004	2,665.00	Francisco P. Imperial	Repair/Maintenance of motor vehicle
7/28/2011	,0007	595.00	Christine Obias	other supplies expenses
8/3/2011	3445	1,800.00	Vicente Primavera III	fuel consumption
8/4/2011	3474	2,175.00	Oscar Benecio Peñafiorida	Repair/Maintenance of motor vehicle
8/9/2011	42959	500.00	Mario V Palma	fuel consumption
8/18/2011	43012	487.00	Jose Bolante	repair/maintenance of motor vehicle; other supplies; office supplies
8/24/2011	43028	3,600.00	Francisco P. Imperial	sludge removal
8/24/2011	9221	3,500.00	Ramon F. Fuentesbella	fabrication of 6 pcs plastic base
8/31/2011	9251	18,854.45	Angelica P. Regondola	representation expenses re : meals
9/9/2011	9336	3,180.00	Roweno Alvaran	purchase material installation of transmitter
9/14/2011	9357	1,952.00	Mario V. Palma	fuel consumption
9/14/2011	9363	450.00	Sem B. Asug	hauling expenses
9/26/2011	9427	2,700.00	Rosa B. Catolico	Repair/Maintenance of motor vehicle
9/28/2011	9445	600.00	Vicente Primavera III	fuel consumption
9/29/2011	9470	700.00	Edwin F. San Juan	1 pc adaptor acer wiring
10/5/2011	9506	4,944.21	Angelica P. Regondola	meals and snacks
10/19/2011	9600	450.00	Sem Asug	hauling expenses
10/20/2011	9624	3,592.00	Ramon F. Fuentesbella	Repair/Maintenance of motor vehicle
11/8/2011	9729	450.00	Sem B. Asug	hauling expenses
11/24/2011	9858	450.00	Sem B. Asug	hauling expenses
12/12/2011	10038	450.00	Sem B. Asug	hauling expenses
	TOTAL	Php 396,493.65		



Manufactured By:
VECO PAPER CORPORATION
Concepcion St., Buli, Muntinlupa City