

Republic of the Philippines  
MANAOAG WATER DISTRICT  
Manaoag, Pangasinan

**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	67,873,355.29	58,428,950.46
Investment-Local Currency	5	2,142,390.60	2,141,521.97
Receivables, Net	6	10,697,402.56	7,705,316.02
Inventories	7	5,114,548.62	4,069,285.27
<b>Total Current Assets</b>		<b>85,827,697.07</b>	<b>72,345,073.72</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment, Net	8	79,166,795.05	75,951,124.27
Other Assets	9	5,970,853.37	6,101,332.72
<b>Total Non-Current Assets</b>		<b>85,137,648.42</b>	<b>82,052,456.99</b>
<b>TOTAL ASSETS</b>		<b>170,965,345.49</b>	<b>154,397,530.71</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	10	468,081.18	40,345.69
Inter-Agency Payables	11	601,141.92	575,203.08
<b>Total Current Liabilities</b>		<b>1,069,223.10</b>	<b>615,548.77</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	12	4,306,144.53	5,734,192.53
Trust Liabilities	13	5,758,622.25	5,449,672.65
Deferred Credits	14	23,133.29	43,865.64
<b>Total Non-Current Liabilities</b>		<b>10,087,900.07</b>	<b>11,227,730.82</b>
<b>TOTAL LIABILITIES</b>		<b>11,157,123.17</b>	<b>11,843,279.59</b>
<b>EQUITY</b>			
Government Equity, Beginning	15	166,642.25	166,642.25
Retained Earnings	16	159,641,580.07	142,387,608.87
<b>TOTAL EQUITY</b>		<b>159,808,222.32</b>	<b>142,554,251.12</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>170,965,345.49</b>	<b>154,397,530.71</b>

*(See the Accompanying Notes to Financial Statements)*

Republic of the Philippines  
**MANAOAG WATER DISTRICT**  
 Manaoag, Pangasinan

**STATEMENT OF COMPREHENSIVE INCOME**  
 For the Year Ended December 31, 2021

	Note	2021	2020
<b>REVENUE/INCOME</b>		<b>#</b>	
Business Income	17	53,745,598.57	51,026,065.91
Other Non-Operating Income	18	251,244.80	275,720.50
<b>TOTAL INCOME</b>		<b>53,996,843.37</b>	<b>51,301,786.41</b>
 <b>EXPENSES</b>			
Personal Services	19	21,409,351.39	20,030,852.84
Maintenance and Other Operating Expenses	20	15,238,306.62	15,099,433.32
Non-Cash Expenses	21	3,429,734.01	3,133,528.48
Financial Expenses	22	418,474.00	529,634.00
Other Discounts	23	86,149.70	72,758.17
<b>TOTAL EXPENSES</b>		<b>40,582,015.72</b>	<b>38,866,206.81</b>
<b>NET INCOME</b>		<b>13,414,827.65</b>	<b>12,435,579.60</b>

*(See the Accompanying Notes to Financial Statements)*

Republic of the Philippines  
**MANAOAG WATER DISTRICT**  
 Manaoag, Pangasinan

**STATEMENT OF CHANGES IN EQUITY**

General Fund

For the Year Ended December 31, 2021

	2021	2020
<b>Government Equity</b>		
Balance at beginning of period	166,642.25	166,642.25
<b>Balance at end of period</b>	<b>166,642.25</b>	<b>166,642.25</b>
 <b>Retained Earnings</b>		
Balance at beginning of period	142,387,608.87	130,913,143.87
Prior period adjustment	3,839,143.55	(961,114.60)
Net Income/loss for the period	13,414,827.65	12,435,579.60
<b>Balance at end of period</b>	<b>159,641,580.07</b>	<b>142,387,608.87</b>
<b>TOTAL EQUITY</b>	<b>159,808,222.32</b>	<b>142,554,251.12</b>

Republic of the Philippines  
**MANAOAG WATER DISTRICT**  
 Manaoag, Pangasinan

**STATEMENT OF CASH FLOWS**

For the year Ended December 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Cash Flowa from Operating Activities</b>		
<b>Cash Inflows:</b>		
Collection of Waterworks System Fees	51,555,491.62	49,414,986.49
Collection of Fines and Penalties-Business Income	1,968,282.40	1,322,845.95
Collection of Interest Income, Net	26,922.78	38,048.40
Collection on other Busines Income	357,197.24	448,239.60
Collection on cost of Materials/Fittings	1,278,876.53	1,327,175.23
Collection of Guaranty Deposit	427,163.00	376,791.50
Collection of settlement of disallowances	1,022,699.40	-
Refund/Transfer of funds from Restricted to General Fund	798,386.70	116,585.14
<b>Total Cash Inflows:</b>	<b>57,435,019.67</b>	<b>53,044,672.31</b>
<b>Cash Outflows:</b>		
Payment of Salaries and Wages	6,898,360.80	8,378,134.43
Payment of operating expenses	14,039,306.34	15,106,411.61
Payment of Materials and Supplies Inventory	3,918,562.11	7,801,823.00
Receivables from Officers and Employees	2,559,150.67	2,697,832.17
Payment of Payables	7,301,837.66	2,312,142.28
Remittance of Franchise Tax	1,010,593.88	925,176.06
Remittances of GSIS/Pag-Ibig/Philhealth, Withholding Taxes	5,872,765.03	5,234,228.16
Other cash Disbursements	3,000.00	-
<b>Total Cash Outflows:</b>	<b>41,603,576.49</b>	<b>42,455,747.71</b>
<b>Total Cash Provided ( Used in) by Operating Activities</b>	<b>15,831,443.18</b>	<b>10,588,924.60</b>
 <b>Cash Flows from Investing Activities</b>		
<b>Cash Outflows:</b>		
Purchase/Construction of:		
Land/Buildings	427,875.00	-
Machinery & Equipment and Other Machinery Tools	677,000.00	225,503.65
Other Equipment/Furniture & Fixtures	56,983.00	289,266.00
Motor Vehicles	258,500.00	-
Information and comm. Technology Equipment	762,094.00	632,654.00
Communication Equipment	-	81,855.00
Other Property, Plant & Equipment	2,120,393.01	5,418,308.86
<b>Total Cash Outflows:</b>	<b>4,302,845.01</b>	<b>6,647,587.51</b>
<b>Total Cash Provided ( Used in) by Investing Activities:</b>	<b>(4,302,845.01)</b>	<b>(6,647,587.51)</b>

### Cash Outflows from Financing Activities

#### Cash Outflows:

Decrease in Net Assets	546,383.34	6,803.00
Cash Payment of Interest on Loans Payable	352,616.00	529,384.00
Payment of Domestic Loans	1,185,194.00	1,315,988.00
<b>Total Cash Outflows:</b>	<b><u>2,084,193.34</u></b>	<b><u>1,852,175.00</u></b>
<b>Total Cash Provided (Used in) by Financing Activities:</b>	<b><u>(2,084,193.34)</u></b>	<b><u>(1,852,175.00)</u></b>

#### NET CASH INFLOW (OUTFLOW)

#### PROVIDED BY OPERATING, INVESTING &

Add: Cash & Cash Equivalent - Beginning	58,428,950.46	56,339,788.37
Adjustments	-	-
<b>CASH &amp; CASH EQUIVALENT- ENDING</b>	<b><u>67,873,355.29</u></b>	<b><u>58,428,950.46</u></b>



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. I**  
CORPORATE GOVERNMENT SECTOR  
WATER DISTRICTS AND OTHER STAND ALONE AGENCIES  
City of San Fernando, La Union

**Office of the Audit Team Leader- Team 5**

**MEMORANDUM**

**FOR : MS. TERESITA A. PAJARA**  
OIC-Regional Director  
Commission on Audit  
Regional Office No. I

**THRU : ATTY. ROBERT V. OCAMPO, SR.**  
Supervising Auditor

**DATE : February 9, 2022**

In compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 (2) of Presidential Decree No. 1445, we conducted a financial and compliance audit on the accounts and operations of Manaoag Water District, Manaoag , Pangasinan for the year ended December 31, 2021.

The audit was conducted to ascertain the fairness of presentation of the financial statements and the propriety of financial transactions. We conducted the audit in accordance with generally accepted auditing standards and we believe that it provides a reasonable basis for the results of the audit. The audit was likewise aimed at determining whether the desired objectives were attained in an effective, efficient, and economical manner.

Our report consists of four parts. Part I is the audited financial statements, Part II contains the Observations with the corresponding Recommendations, which were discussed with Management in an exit conference, Part III presents the Status of Implementation by the Auditee of Prior Years' Audit Recommendations.

There is a reason to believe that the financial statements are free of material misstatement/s and are prepared in accordance with applicable laws, rules, and regulations and in conformity with generally accepted accounting principles.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Manaoag Water District as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

We discussed our observations and their corresponding recommendations with the agency officials and personnel during the exit conference last February 4, 2022. We are pleased to note their favorable reactions to our recommendations.

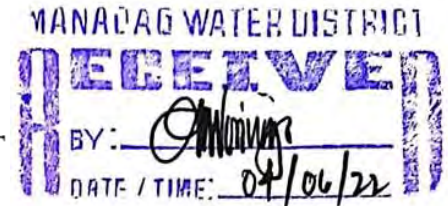
We acknowledge the cooperation extended to us by the Manaoag Water District personnel, particularly those of the Finance Division, through whose assistance and support the submission of this report was made possible.



**OFELIA T. CELI**  
State Auditor IV  
Audit Team Leader



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. I**  
City of San Fernando, la Union



April 4, 2022

**MS. LOURDES B. VELORIA**  
Chairman of the Board of Directors  
Manaoag Water District  
Manaoag, Pangasinan

**MS. FLORDELIZA N. TEJANO**  
General Manager  
Manaoag Water District  
Manaoag, Pangasinan

Dear **Director Veloria** and **Manager Tejano**:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 (2) of Presidential Decree No. 1445, otherwise known as the “Government Auditing Code of the Philippines,” and in line with this Commission’s efforts towards informing Management on how fiscal responsibility had been discharged, we are pleased to transmit the report of our auditors on the audit of the accounts and operations of the Manaoag Water District, Manaoag, Pangasinan, for the year ended December 31, 2021.

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

A qualified opinion was rendered on the fairness of the presentation of the financial statements in view of the significance of the exceptions of the matter described in the Basis of Qualified Opinion section of our report.

We request that the audit observations and recommendations contained in the report be appropriately acted upon and we will appreciate being informed of the actions taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation (AAPSI), form attached, within 60 days upon receipt hereof.



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

For the Commission on Audit:

By:

  
**TERESITA A. PAJARA**  
OIC-Regional Director

Copy furnished:

The President of the Republic of the Philippines  
Malacañan Palace Compound  
J.P. Laurel St., San Miguel, Manila

The Vice-President of the Republic of the Philippines  
Quezon City Reception House  
100 11<sup>th</sup> Street, Brgy. Mariana  
New Manila, Quezon City

The Senate President  
Senate of the Philippines  
GSIS Building, Financial Center  
Roxas Blvd., Pasay City

The Chairperson-Senate Finance Committee  
Senate of the Philippines  
GSIS Building, Financial Center  
Roxas Blvd., Pasay City

The Speaker of the House  
House of Representatives  
Constitutional Hills, Quezon City

The Chairperson –Committee on Appropriation  
Committee Office  
House of Representatives of the Philippines  
Basement, North Wing Building  
Constitutional Hills, Quezon City

The Secretary of the Department of Budget and Management  
General Solano Street, San Miguel, Manila

The Administrator  
Local Water Utilities Administration  
MWSS-LWUA Complex, Katipunan Avenue  
Balara, Quezon City

The Director  
The National Library of the Philippines  
T.M. Kalaw, Ermita, Manila

The Chief Office  
UP Law Center  
Bacobo Hall, UP Law Complex  
UP Diliman, Quezon City

The Director  
COA Commission Central Library  
Commission on Audit  
Commonwealth Avenue, Quezon City



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

# **ANNUAL AUDIT REPORT**

**on the**

**MANAOAG WATER DISTRICT  
Manaoag, Pangasinan**

**For The Year Ended December 31, 2021**

## EXECUTIVE SUMMARY

### A. Introduction

The Manaoag Water District (MANWAD) was organized by virtue of Sangguniang Bayan Resolution No. 34 dated May 26, 1980. It acquired autonomy of management from the municipal government of Manaoag when Conditional Certificate of Conformance (CCC) No. 128 was issued by the Local Water Utilities Administration (LWUA) on September 12, 1980 which entitled the District rights and privileges authorized under Presidential Decree (PD) No.198.

MANWAD is a Government-Owned and Controlled Corporation and is mandated by PD No. 198 to: a) acquire, install, improve, maintain and operate water supply and distribution system for domestic, industrial, municipal and agricultural uses for residents and land within the boundaries of the District; b) provide, maintain and operate wastewater collection, treatment and disposal facilities; and, c) conduct such other functions and operations incidental to water resource development, utilization and disposal within the District, as are necessary or incidental to said purpose.

The District, categorized as Category C Water District, has a total manpower complement of 47 composed of 30 permanent employees, 14 casual, and three Job Order personnel. It is headed by a General Manager.

The Board of Directors (BOD) which has a component of five members serves as the policy-making body of the District namely:

<b>Name of Director</b>	<b>Position</b>	<b>Sector</b>	<b>Term of Office</b>
Ms. Lourdes B. Veloria	Chairman	Women	January 1, 2015 to December 31, 2026
Mr. Patricio D. Bautista Jr.	Vice-Chairman	Civic	January 1, 2017 to December 31, 2022
Ms. Erlinda C. Tambaoan	Secretary	Professional	January 3, 2019 to December 31, 2022
Ms. Glady G. Giron	Member	Education	January 3, 2019 to December 31, 2024
Mr. Franklin Z. Cariño	Member	Business	October 1, 2019 to December 31, 2022

## B. Operational Highlights

Following were the targets vis-à-vis accomplishments of MANWAD for the calendar year 2021:

Programs/Projects/ Activities	Targets (₱)	Actual Accomplishments (₱)	Percentage
a. Installation of transmission Line (Bernal Project)	15,100,000.00	9,400,113.95	100
b. Installation of WYE connectors at Barangay Bisal, Leleman, Pao and Lipit Sur, all in Manaoag, Pangasinan.	390,646.44	367,375.04	100
c. Construction of garage and pipe storage	979,500.00	979,500.00	100
d. Installation of 4" pipeline at Barangay Oraan East.	190,063.65	190,063.65	100

## C. Financial Highlights

Presented below is the summary of financial highlights of the District as of December 31, 2021:

Particulars	Calendar Year		Increase /(Decrease)	
	2021	2020	Amount	Percentage
Assets	170,965,345.49	154,397,530.71	16,567,814.78	10.73
Liabilities	11,157,123.17	11,843,279.59	(686,156.42)	(5.79)
Government Equity	159,808,222.32	142,554,251.12	17,253,971.2	12.10
Total Income	53,996,843.37	51,301,786.41	2,695,056.96	5.25
Total Expenses	40,582,015.72	38,866,206.81	1,715,808.91	4.41
Net Income (Loss)	13,414,827.65	12,435,579.60	979,248.05	7.87

## D. Scope of Audit

A comprehensive audit was conducted on the accounts and operations of MANWAD for the year ended December 31, 2021. The audit was conducted to ascertain the propriety of financial transactions and compliance of MANWAD to prescribed laws, rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of the presentation of the financial statements in accordance with the Philippine Financial Reporting Standards (PFRS). A verification/validation on the implementation of prior years' audit recommendations was undertaken.

## E. Independent Auditor's Opinion

A qualified opinion was rendered on the fairness of presentation of the financial statements of Manoaag Water District for the year ended December 31, 2021 for the reason that the existence, validity, accuracy and reliability of the Property, Plant, and Equipment Machinery with a net book value of ₱33,288,242.72 could not be ascertained due to the unaccounted or missing properties totalling ₱1,292,689.77. The specific missing properties are as follows:

<b>Accounts</b>	<b>Unaccounted</b>
a. Machinery	778,349.77
b. Other Machinery and Equipment-Tools	219,102.00
c. Furniture & Fixtures	281,258.00
d. Communication Equipment	13,980.00
<b>Total</b>	<b>1,292,689.77</b>

## F. Summary of Significant Observations and Recommendations

Management was able to increase its revenue from waterworks system fees from ₱49,451,020.28 to ₱51,510,436.16, net of discounts, an increase of ₱2,059,415.88 or 4.2% of last year's income. Consequently, its net income from operation increased by ₱979,248.08 or 7.9% of last year's income of ₱12,435,579.60.

Also, the Management was compliant with the Tax Reform for Acceleration and Inclusion (TRAIN) Law under RA No. 10963. All taxes withheld have been fully remitted within the prescribed period set by the Bureau of Internal Revenue. The balance on each type of tax was remitted on January 10, 2022.

<b>Tax Type</b>	<b>Amount Remitted</b>
Income Taxes withheld on compensation	612,035.48
Value Added Tax and Other Percentage Taxes	705,953.02
Creditable Income Taxes withheld (Expanded)	323,746.35
<b>Total</b>	<b>1,641,734.85</b>

The following are the other significant observations and recommendations that affected the performance and operations of MANWAD. These were discussed with the agency officials and employees concerned during the exit conference and their corresponding comments were incorporated in Part II of the report, where appropriate:

1. The personnel of the Finance Division processed and allowed the disbursement of government funds despite the lack of proper supporting documents in the total amount of ₱11,144,421.17 contrary to Section 4 of PD No. 1445 and Commission on Audit (COA) Circular No. 2012-001, dated June 14, 2012, thus, affecting the validity and propriety of the financial reports of the District.

We recommended that Management require the accounting personnel to ensure that all transactions are properly documented before payment to establish the validity and propriety of claims.

2. Procurement of materials and fittings for water service connection were split into smaller quantity, contrary to Section 54.1 of 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 and COA Circular No. 76-41 dated July 30, 1976, hence transparency and competitive bidding to obtain the most advantageous price were not attained as required under the Procurement Law.

We recommended that Management direct the Property Supply Assistant B or the Storekeeper to refrain from splitting the purchase requests in the procurement of materials and fittings for water service connection to obtain the most advantageous price for the District, consistent with the policy of the government under the Procurement Law. We also recommended that Management require the BAC Secretariat to review comprehensively the APP prior to the procurement of materials and supplies, to faithfully enforce and adhere to laws, rules and regulations prescribed under RA No. 9184, the Government Procurement Law.

3. Forty-three (43) out of 154, or 27.9%, an increase from last year's 13.4% of the water samples submitted for microbial tests that were found as below the standard parameters and framework for a clean and safe water for drinking, hence, may affect the water services to the public as well as the health of the concessionaires.

We recommended that Management direct the personnel of the Water Production and the Engineering Division to look into the treatment that will provide a drinking water that must be clean, safe, and clear, and, must be free from all harmful organisms and chemical substances which may include total rehabilitation of old pipes, filtration and purification of all water lines.

The audit team has discussed the observations and recommendations with the Management and that comments were incorporated in the report where appropriate. The exit conference was conducted on February 4, 2022.

#### **G. Status of Implementation of Prior Year's Audit Recommendations**

Of the 28 prior year's audit recommendations, 16 were implemented and the 12 audit recommendations on property, plant and equipment; gender and development; and, the disaster risk reduction management program were reiterated in Part II of this report.

## H. Status of Settlement of Audit Suspensions, Disallowances and Charges

As of December 31, 2021, the District has unsettled disallowances amounting to ₱6,349,121.19 and no outstanding suspensions and charges as shown in detail below:

Nature of Transaction	Balance January 1, 2021 (₱)	Issuance during the Year (₱)	Settlement during the Year (₱)	Balance December 31, 2021 (₱)
Beginning Balance	6,348,371.90			
Payment of Annual Water Charges with the NWRB		21,020.00		
Payment of Extra Bonus for CY 2019 & 2020		1,224,818.00		
Adjustment During Reconciliation of Records		87,474.08		
Payment in cash by persons liable			1,332,562.79	
<b>Total</b>	<b>6,348,371.90</b>	<b>1,333,312.08</b>	<b>1,332,562.79</b>	<b>6,349,121.19</b>



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**PART I**

**AUDITED FINANCIAL STATEMENTS**



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. I**  
CORPORATE GOVERNMENT SECTOR  
WATER DISTRICTS AND OTHER STAND ALONE AGENCIES  
City of San Fernando, La Union

**INDEPENDENT AUDITOR'S REPORT**

**General Manager/Board of Directors**  
**Manoag Water District**  
**Manoag, Pangasinan**

**Qualified Opinion**

We have audited the financial statements of Manoag Water District which comprise the statement of financial position as at December 31, 2021, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Manoag Water District as at December 31, 2021, and its financial performance, its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

**Basis for Qualified Opinion**

The existence, validity, accuracy and reliability of the Property, Plant, and Equipment (PPE) with a total book value of ₱33,288,242.72 could not be ascertained due to the unaccounted properties totalling ₱1,292,689.77, thus, the PPE accounts were not fairly presented contrary to Section 1 of the Philippine Accounting Standards (PAS).

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Financial Statements section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

## **Responsibilities of Management and those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

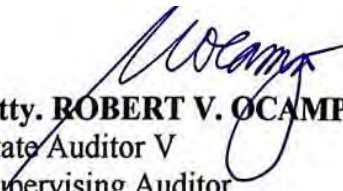
Those charged with governance are responsible for overseeing the Manaoag Water District financial reporting process.

## **Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **COMMISSION ON AUDIT**

**BY:**

  
**Atty. ROBERT V. OCAMPO, SR.**  
State Auditor V  
Supervising Auditor

February 9, 2022



REPUBLIC OF THE PHILIPPINES

# MANAOAG WATER DISTRICT

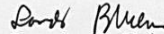
AQUINO STREET, POBLACION, MANAOAG 2430 PANGASINAN | TELEFAX 075 529 0754 | MOBILE 0917 508 7934 / 0977 859 3575 | manwad91380@yahoo.com

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of the Manaoag Water District is responsible for the preparation of the financial statements as at December 31, 2021, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

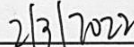
The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Manaoag Water District in accordance with the International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.



Lourdes B. Veloria

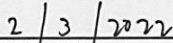
Chairman of the Board



Date Signed

  
RUSTY MARK Y. FLORES

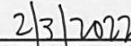
OIC - Division Manager,  
Finance and Commercial



Date Signed

  
FLORDELIZA N. TEJANO

OIC - General Manager



Date Signed

## NOTES TO FINANCIAL STATEMENTS

### 1. Agency Profile

MANWAD, located at Aquino Street, Barangay. Poblacion, Manaoag, Pangasinan, was organized by virtue of Sangguniang Bayan Resolution No. 34 dated May 26, 1980. It acquired autonomy of management from the municipal government of Manaoag when CCC No. 128 was issued by the LWUA on September 12, 1980 which entitled the District rights and privileges authorized under Presidential Decree (PD) No.198.

The District, categorized as Category C Water District, is headed by a General Manager and has a total manpower complement of 47 composed of 30 permanent employees, 14 casual, and three Job Order personnel.

As of December 31, 2021, the District has active water service connections of 7,668 from last year's 7,357, or an increase of 311 connections spread all over the 23 barangays of the Municipality of Manaoag, two barangays in the Municipality of Pozorrubio and two barangays in the City of Urdaneta, all of the Province of Pangasinan. Under PD No. 198, the District is mandated of the following services:

- a) To acquire, install, improve, maintain and operate water supply and distribution system for domestic, industrial, municipal and commercial uses for residents within the boundaries of the District;
- b) To provide, maintain and operate waste water collection, treatment and disposal facilities; and,
- c) To conduct such other functions and operations incidental to water resource development, utilization and disposal within the District, as are necessary or incidental to said purpose.

### 2. Basis of preparation

The financial statements of the District have been prepared in accordance with the PFRS. The financial statements are presented in Philippine Peso, which is the functional and reporting currency of the District.

### 3. Summary of significant accounting policies

#### 3.1. Basis of Accounting

The financial statements are prepared on an accrual basis in accordance with the PFRS prescribed by COA. Accounts were classified to conform to the Revised Chart of Accounts prescribed under COA Circular No. 2020-002 dated January 28, 2020.

## 3.2. Financial Instruments

### Financial Assets

#### *Initial recognition and measurement*

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables. The District determines the classification of its financial assets at initial recognition. It also includes cash and short-term deposits, trade, and, other receivables.

#### *Derecognition*

The District derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- a. The rights to receive cash flows from the asset have expired or is waived.
- b. The District has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the District has transferred substantially all the risks and rewards of the asset; or (b) the District has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### *Impairment of financial assets*

The District assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments; and,

#### *Financial assets carried at amortized cost*

For financial assets carried at amortized cost, the District first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the District determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it

includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the District. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities within the scope of PAS 32 and 39, and PFRS 37 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The District determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings. The District's financial liabilities include trade and other payables, and loans and borrowings.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification.

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

#### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### **3.3. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits and investments with an original maturity of three months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the



purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### **3.4. Inventories**

Inventory is measured at cost upon initial recognition and recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the District, moving-average unit cost method is used which provides a new unit cost after each purchase.

All procurement of materials were treated and recorded separately as materials held for consumption for operation and merchandise inventory which were sold with a minimum mark-up to cover the cost of handling.

### **3.5. Property, plant and equipment**

#### *Recognition*

An item is recognized as property, plant, and equipment (PPE) if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, and,
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the item can be measured reliably.

#### *Measurement at Recognition*

An item recognized as PPE is measured at cost.

Cost includes the following:

- Its purchase price,
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

### *Measurement after Recognition*

After recognition, all PPE are stated at cost less accumulated depreciation. When significant parts of PPE are required to be replaced at intervals, the MANWAD recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

### *Depreciation*

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognized as expense.

### *Initial Recognition of Depreciation*

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### *Depreciation Method*

The straight-line method of depreciation is adopted unless another method is more appropriate for agency operation.

### *Estimated Useful Life*

The District uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA. The District uses a residual value equivalent to ten percent (10%) of the cost of the PPE.

### *Derecognition*

The District derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

### **3.6. Revenue recognition**

#### **Revenue from exchange transactions**

##### *Rendering of services*

The District recognizes revenue from rendering of services upon delivery or completion thereof. Revenue is recognized in the accounting period in which the services are rendered and when the associated expenses for a transaction are incurred. Revenue is recognized only when it is probable that the economic benefits associated with the transactions will flow to the entity.

### **3.7. Changes in accounting policies and estimates**

The District recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The District recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

The District corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

### **3.8 Employee benefits**

The employees of the District are members of the Government Service Insurance System (GSIS), which provides life and retirement insurance coverage.

The District recognizes the employee benefits like salaries, wages, allowances, etc. as expense and as a liability after deducting the amount paid.

### **3.9 Related parties**

The District regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the District or vice versa. Members of key management are regarded as related parties and comprise the BOD and General Manager.

**4. Cash and other Cash Equivalents**

**a. Cash - Collecting Officers**

This pertains to cash collections in the custody of the collecting officers for remittance to the Cashier as of December 31, 2021.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Cash - Collecting Officers	25,045.70	143,220.23

**b. Petty Cash**

Petty Cash Fund is operated on an Imprest System. This consists of the cash for small expenditures of the Water District.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Petty Cash	-	20,000.00

**c. Cash in Bank - Local Currency, Current Account**

This account represents cash deposits maintained by the Water District in a current account with Authorized Government Bank (Land Bank of the Philippines). Cash in Bank earns interest based on the prevailing bank deposit rates.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Cash in Bank – LCA, CA	67,848,309.59	58,265,730.23

**5. Investment**

**a. Sinking Fund**

This a joint account between LWUA and the Water District consisting of amount set aside for, among others, debt service reserves which will be used for loan repayment.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Sinking Fund	2,142,390.60	2,141,521.97

**6. Receivables**

**a. Accounts Receivable**

This account represents the amount due from concessionaires arising mainly from the water sales.

<b>Account</b>	<b>2020</b>	<b>2020</b>
Accounts Receivable	3,516,406.08	4,208,721.17

**b. Allowance for Impairment - Accounts Receivable**

The District's Allowance for Impairment on Accounts Receivable computed for the year 2021 was in accordance with BOD Resolution No. 58 s. 2020. There is no Impairment Loss but a decrease of ₱301,807.06 in Allowance for Impairment on Accounts Receivable recognized in the year 2021.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Allowance for Impairment - AR	158,266.22	460,073.28

**c. Receivable - Disallowances/Charges**

Amount disallowed by COA to be refunded by MANWAD employees.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Receivable - Disallowances/ Charges	6,349,121.19	2,879,025.35

**d. Due from Officers and Employees**

Represent the amount of the personal telephone bills and other dues from officers and employees.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Unrecovered Deposits from Kaunlaran Bank	556,779.92	635,098.77
Penalty from EFPS late filing	-	20,000.00
Personal Telephone Bills	46,385.98	332.55
<b>Total Due from Officers and Employees</b>	<b>603,165.90</b>	<b>655,431.32</b>

**e. Other Receivables**

This account consists of the amount due from reimbursement of cost of materials and other dues from accountable personnel.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Unremitted collection of Danny Saplan (CY 2005)	40,541.96	40,541.96
Unliquidated Cash Advances by Engr. Renato J. Espejo, Jr. (CY 2007)	242,695.04	242,695.04
Judicial Land Titling c/o Atty. Edgardo Y. Pascua	-	80,000.00
Materials billed to Customers	103,738.61	58,974.46
<b>Other Receivables</b>	<b>386,975.61</b>	<b>422,211.46</b>

## 7. Inventory

### a. Office Supplies Inventory

This represents the cost of office supplies in the custody of the Property Custodian.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Office Supplies Inventory	438,458.25	324,982.78

### b. Other Supplies and Materials Inventory/Semi-Expendable Equipment

This represents the cost of materials and supplies purchased for reimbursement to customers or use in the normal operation of the district.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Inventory Held for Consumption - Construction materials inventory	2,388,181.20	3,062,533.81
Merchandise Inventory	1,394,686.74	-
Semi-Expendable-Other Machinery & Equipment	649,258.13	486,698.38
Semi-Expendable-Furniture and Fixtures	243,964.30	195,070.30
<b>Total Inventory</b>	<b>5,114,548.62</b>	<b>4,069,285.27</b>

## 8. a. Property, Plant and Equipment

This account pertains to those assets which are used in the normal utility operation and have expected lives of more than one year, which consists of:

<b>Account</b>	<b>2021</b>	<b>2020</b>
Land		
Aquino St. Poblacion	2,505,810.00	2,505,810.00
Pugaro	925,000.00	925,000.00
Leleman	570,500.00	-
Other Land Improvements	3,136,015.68	3,136,015.68
Buildings	7,546,792.37	6,296,662.37
Office Equipment	1,304,733.83	1,142,470.29
Information and Communications Technology Equipment	4,709,086.00	-
Communication Equipment	1,047,547.70	-
Sports Equipment	49,500.00	-
Motor Vehicles	2,777,649.00	2,519,149.00
Machinery	11,309,185.92	11,119,360.92
Other Machinery and Equipment	371,784.50	-
Furniture and Fixtures	219,972.10	714,634.60
Power Supply System	1,730,192.28	0.00

<b>Account</b>	<b>2021</b>	<b>2020</b>
Plant – Utility Plant in Services (UPIS)	15,742,625.78	22,585,942.97
Water Supply Systems	46,652,464.38	36,899,061.53
Water Plant, Structures and Improvement	11,612,994.66	11,592,394.66
Other Infrastructure Assets	146,380.76	146,380.76
Construction in Progress - Infrastructure Assets	-	8,330,309.37
<b>Subtotal</b>	<b>112,358,234.96</b>	<b>107,913,192.15</b>
Less: Total Accumulated Depreciation	33,191,439.91	31,962,067.88
<b>Property, Plant and Equipment, net</b>	<b>79,166,795.05</b>	<b>75,951,124.27</b>

## 9. Other Assets

### a. Advances to Officers and Employees

Cash advances are granted to officers and employees for official travels, emergency purchases and other expenditures necessary to carry out the affairs of the Water District.

### b. Prepayments

This consists of the following:

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
Deposit to DECORP for PS	102,025.94	102,025.94
BOT FAO DPWH-Work Permit	-	97,008.87
BIP Steadfast Ground, Inc.-Soil Testing	64,960.00	64,960.00
Clothing/Uniform allowance	38,610.00	-
<b>Total Prepayments</b>	<b>205,595.94</b>	<b>263,994.81</b>

### c. Guaranty Deposits and Restricted Funds

Deposit in bank where withdrawal is restricted which are reserved for the customers deposit payable account.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Guaranty Deposits	5,490,412.23	5,384,032.75
Restricted Funds	-	168,203.46
<b>Total</b>	<b>5,490,412.23</b>	<b>5,552,236.21</b>

**d. Other Assets**

This account includes various materials used in the water system operation.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Materials and equipment	274,845.20	285,101.70

**10. Financial Liabilities**

**a. Accounts Payable**

This includes the unpaid expenses and obligations incurred by the District.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Accounts Payable	468,081.18	40,345.69

**11. Inter-Agency Payables**

This account includes the amount for remittance to BIR, GSIS, Philhealth, Pag-IBIG and Landbank, as follows:

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
Due to BIR	103,233.36	134,687.75
Due to GSIS	377,600.65	199,128.83
Due to PagIBIG	57,910.78	69,814.96
Due to PhilHealth	27,509.13	26,681.54
Other payables	34,888.00	144,890.00
<b>Total Inter-Agency Payables</b>	<b>601,141.92</b>	<b>575,203.08</b>

**12. Loans payable-Domestic**

This consists of loans granted by LWUA for various expansion projects.

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
3-584-R	296,390.46	626,424.46
4-2108-A	4,009,754.07	5,107,768.07
<b>Total Loans Payable</b>	<b>4,306,144.53</b>	<b>5,734,192.53</b>

**13. Guaranty / Security Deposits Payable**

This comprises the amount paid by the customers normally before the extension of any service connections as security for the payments of delinquent water bill.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Guaranty/ Security Deposits Payable	5,758,622.25	5,449,672.65



**14. Deferred Credits**

This account is used to recognize the cost of paid and uninstalled construction materials available for release to customers.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Deferred Credits	23,133.29	43,865.64

**15. Government Equity**

This pertains to the difference between the utility's assets and liabilities at the time of turnover from NAWASA.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Government Equity	166,642.25	166,642.25

**16. Retained Earnings**

This consists of the cumulative results of normal and continuous operations of the District, including prior period adjustments, effects of changes in accounting policy and other capital adjustments.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Balance at beginning of period	142,387,608.87	130,913,143.87
Prior period adjustment	3,839,143.55	(961,114.60)
Net Income/loss for the period	13,414,827.65	12,435,579.60
<b>Balance at end of period</b>	<b>159,641,580.07</b>	<b>142,387,608.87</b>

**Revenue/Income**

**17. Business Income**

**a. Waterworks System Fees**

This pertains to revenue earned from the generation, transmission and distribution of water service connection to customers. Adjustments shown below are made to correct billing errors arising from erroneous water meter readings, defective water meter that registers incorrect water usage and other errors affecting the accuracy of water sales.

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
Waterworks System Fees (Gross)	51,565,719.70	49,532,916.90
Adjustments	30,866.16	(9,138.45)
<b>Waterworks System Fees, net</b>	<b>51,596,585.86</b>	<b>49,523,778.45</b>

**b. Fines and Penalties - Business Income**

This account is used to recognize income arising from the collection of penalties to customers for delinquent payment of their water bill.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Fines and Penalties – Service Income	1,979,516.48	1,323,787.90

**c. Other Business Income**

This pertains to the fees earned from registration, relocation, reconnection and disconnection of water service connections including a minimal mark-up of the materials used by new concessionaires to cover the cost of handling of the materials.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Other Business Income	139,700.00	135,567.12
Interest Income	29,796.23	42,932.44
<b>Total</b>	<b>169,496.23</b>	<b>178,499.56</b>

**18. Other Non-operating Income**

**a. Miscellaneous Income**

This pertains to the minimal markups from the reimbursement of cost of materials and charges arising from water loss and illegal connection of water service.

<b>Account</b>	<b>2021</b>	<b>2020</b>
Miscellaneous Income	251,244.80	275,720.50

<b>Total Revenue/ Income</b>	<b>53,996,843.37</b>	<b>51,301,786.41</b>
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**Expenses**

**19. Personnel Services**

**a. Salaries and Wages**

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Salaries, Wages-Regular	9,394,642.27	9,514,494.34
Salaries, Wages-Casual/Contractual	2,771,540.56	1,993,884.12
<b>Total Salaries and Wages</b>	<b>12,166,182.83</b>	<b>11,508,378.46</b>

**b. Other Compensation**

Personnel Economic Relief Allowance (PERA)	1,067,000.00	1,038,500.00
Representation Allowance (RA)	284,125.00	280,750.00
Transportation Allowance (TA)	284,125.00	280,750.00
Clothing Allowance	246,000.00	253,350.00
Honoraria	421,200.00	396,000.00
Year-End Bonus	1,000,522.10	935,012.00
Other Bonuses & Allowances	3,120,589.00	3,063,833.00
<b>Total Other Compensation</b>	<b>6,423,561.10</b>	<b>6,248,195.00</b>

**c. Personnel Benefit contributions**

Retirement Life and Insurance Contribution	1,477,090.19	1,404,247.70
Pag-Ibig Contribution	53,400.00	52,000.00
PhilHealth Insurance	171,867.19	159,088.40
<b>Total Personnel Benefit contributions</b>	<b>1,702,357.38</b>	<b>1,615,336.10</b>

**d. Other Personnel Benefits**

Other Personnel Benefits	716,478.62	658,943.28
Terminal Leave Benefits	400,771.46	-
<b>Total Other Personnel Benefits</b>	<b>1,117,250.08</b>	<b>658,943.28</b>
<b>Total Personnel Services</b>	<b>21,409,351.39</b>	<b>20,030,852.84</b>

**20. Maintenance and Other Operating Expenses****a. Maintenance and Other Operating Expenses**

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Travelling Expense - Local	147,300.00	133,754.00
Training Expense	67,800.00	8,360.00
Office Supplies	574,197.19	612,861.54
Fuel, Oil and Lubricants	323,868.31	208,619.16

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Semi-Expendable Furniture and Fixtures	2,145.00	-
Semi-Expendable Other Machinery & Equipment	40,987.00	15,535.00
Office supplies & Other Materials	230,400.00	96,000.00
Electricity	6,196,828.42	5,683,515.25
Postage and Deliveries	12,519.50	28,231.00
Telephone Expense	273,797.72	223,811.95
Internet Subscription Expense	114,240.00	120,381.93
Legal Services	60,100.00	60,100.00
Security Services	495,000.00	495,000.00
Repair & Maintenance-Infrastructure Assets	1,926,370.25	1,247,287.32
Repair & Maintenance-Buildings & Structures	4,030.00	268,226.84
Repair & Maintenance-Transportation Equipment	114,868.31	124,104.52
Repair & Maintenance-Machinery & Equipment	228,290.00	196,978.00
<b>Total Maintenance and Operating Expenses</b>	<b>10,812,741.70</b>	<b>9,522,766.51</b>

**b. Other Maintenance and Operating Expenses**

Advertising, Promotion & Marketing Expense	-	3,000.00
Taxes, Duties & Licenses	1,086,149.30	978,836.34
Insurance Expense	268,987.14	243,876.73
Representation Expense	1,619,236.32	1,395,115.12
Rent/Lease Expense	58,593.72	168,603.72
Generation, Transmission and Distribution Expenses	14,320.00	29,190.00
Extraordinary and Miscellaneous Expenses	22,000.00	-
Membership Dues & Cont. To Organization	7,380.00	14,249.00
Donations	20,040.00	16,870.00
Other Maintenance & Operating Expenses	1,328,858.44	2,726,925.90
<b>Total Other Maintenance and Other Operating Expenses</b>	<b>4,425,564.92</b>	<b>5,576,666.81</b>

<b>Total Maintenance and Other Operating Expenses</b>	<b>15,238,306.62</b>	<b>15,099,433.32</b>
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**21. Non-Cash Expenses**

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Depreciation Expense –Land Improvements	94,080.48	141,120.72
Depreciation Expense – Buildings & Structures	227,066.26	207,455.72
Depreciation Expense – Transportation Equipment	281,522.93	278,804.36
Depreciation Expense - Furniture & Fixtures	7,604.16	9,779.74
Depreciation Expense - Other Property, Plant and Equipment	2,819,460.18	2,496,367.94
<b>Total Non-Cash Expenses</b>	<b>3,429,734.01</b>	<b>3,133,528.48</b>

**22. Financial Expenses**

<b>Accounts</b>	<b>2021</b>	<b>2020</b>
Bank Charges	1,150.00	250.00
Interest Expense	417,324.00	529,384.00
<b>Total Financial Expenses</b>	<b>418,474.00</b>	<b>529,634.00</b>

<b>Total Operating Expenses</b>	<b>40,495,866.02</b>	<b>38,793,448.64</b>
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**23. Other Discounts**

This refers to the reduction of water bill to recognize the 5% discount given to senior citizen customers with water consumption range only within 10 to 30 cubic meters. Should the water consumption exceed beyond the consumption range limit, the customer will have to pay the gross amount of their water bill.

<b>Account</b>	<b>2021</b>	<b>2020</b>
<b>Other Discounts</b>	<b>86,149.70</b>	<b>72,758.17</b>

## **PART II**

# **OBSERVATIONS AND RECOMMENDATIONS**

## OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL AUDIT

#### *Unaccounted Property, Plant and Equipment*

1. The accuracy, reliability, and existence of the property of MANWAD in the total amount of **₱33,288,242.72** are doubtful due to the unaccounted or missing properties amounting to **₱1,292,689.77** recorded in the books of accounts of the District, thus, the PPE accounts were not fairly presented contrary to Section 1 of the Philippine Accounting Standards (PAS) and Section 73.a of the Government Accounting Manual, Volume I.

Further, unserviceable properties amounting to **₱3,336,351.00** which are no longer capable of providing the District with the expected benefits or service, remained not disposed of as of year-end contrary to Section 79 of Presidential Decree (PD) No. 1445, thereby causing its further deterioration and reduction of economic value.

- 1.1. PAS 1 on the Presentation of Financial Statements defines faithful presentation as:

“Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in PAS. The application of PAS, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.”

- 1.2. Section 73.a of the Government Accounting Manual, Volume I also states that:

“All financial data presented in the FS shall be accurate, reliable, and truthful xxx”

- 1.3. This is a reiteration of our previous report relative to the various properties in the total amount of **₱1,292,689.77** that were missing or cannot be located during the physical inventory conducted in December 2020. Details are shown below as follows:

a) Machineries	-	₱ 778,349.77
b) Other Machinery and Equipment-Tools	-	219,102.00
c) Furniture & Fixtures	-	281,258.00
d) Communication Equipment	-	<u>13,980.00</u>
Total	-	<u>₱ 1,292,689.77</u>

1.4. The missing PPE of ₱1,292,689.77 were under the accountability of the former Property Officer (PO) who was transferred to the other operational division of the District by its former General Manager. Section 105 of PD No. 1445 on the Measure of liability of Accountable Officers (AO) states that:

(1) Every officer accountable for government property shall be liable for its money value in case of improper or unauthorized use or misapplication thereof, by himself or any person for whose acts he may be responsible. He shall likewise be liable for all losses, damages, or deterioration occasioned by negligence in the keeping or use of the property, whether or not it be at the time in his actual custody.

1.5. Let it be noted that failure of the PO to find the missing properties would render him or any person for whose acts he may be responsible, liable for its money value in case of improper or unauthorized use or misapplication thereof, and proper sanctions will be imposed upon him if the case so warrants.

1.6. Further, review on the report of the Physical Count of Property, Plant and Equipment (RPCPPE) disclosed that unserviceable properties that are no longer needed and capable of providing the District of the expected benefits amounting to ₱3,336,351.00 remained not disposed of as of year-end contrary to Section 79 of PD No. 1445, which states that:

“When government property has become unserviceable for any cause, or is no longer needed, it shall upon application of the officer accountable therefore, be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned and, if found to be valueless or unsalable, it may be destroyed in their presence. If found to be valuable, it may be sold at public auction after advertising by printed notice in the Official Gazette, or for not less than three consecutive days in any newspaper of general circulation, or where the value of the property does not warrant the expense of publication, by notices posted for a like period in at least three public places in the locality where the property is to be sold. In the event that public auction fails, the property may be sold at a private sale at such price as may be fixed by the same committee or body concerned and approved by the Commission.”

1.7. The non-disposal of the unserviceable properties will cause further deterioration relatively affecting the appraised value of the properties that the District could have earned had it considered the early disposal of the same.



- 1.8. We recommended that Management require the former PO, to immediately identify and locate the missing properties which were held under his responsibility and accountability.**
- 1.9. We further recommended that Management require the property custodian/storekeeper to prepare an Inspection Report of the Unserviceable Properties and submit it to the Auditor for audit action.**
- 1.10. The new General Manager informed the audit team that the previous PO was already relieved from his present assignment to have adequate time to focus in locating the missing materials under his accountability. In addition, the PO asked to give him up to December, 2022 to fully account the unaccounted materials discussing in detail that there was no inventory report when he assumed the position.

### **Rejoinder**

- 1.11. The audit team gave the PO 15 days to locate the missing materials since this was the observation for the past two years and he did not exert extra efforts to locate those missing materials. Also, the PO was informed that it was his responsibility to account all the properties at the time he accepted the position.

### ***Lack of proper Documentation***

- 2. The personnel of the Finance Division processed and allowed the disbursement of government funds despite the lack of proper supporting documents in the total amount of ₱11,144,421.17 contrary to Section 4 of Presidential Decree (PD) No. 1445 and Commission on Audit (COA) Circular No. 2012-001, dated June 14, 2012, thus, affecting the validity and propriety of the financial transactions of the District.**

- 2.1. Section 4.6 of PD No. 1445 provides that:

Claims against government funds shall be supported with complete documentation.

- 2.2. COA Circular No. 2012-001, dated June 14, 2012, likewise prescribed the general and specific revised guidelines and documentary requirements of common government transactions such as the grant of cash advances for payroll fund for the salaries, wages, allowances, honoraria and other similar expenses that may be incurred in the operation of its business.
- 2.3. Review and verification of the transactions for the year under audit disclosed that various disbursement vouchers in the total of ₱11,144,421.17 were not properly supported with documents, thus, affecting the validity and propriety of the transactions, summarized below as follows:

<b>WP Ref.</b>	<b>Particulars</b>	<b>Deficiencies/ Lacking Documents</b>	<b>Frequency of non-compliance</b>	<b>Amount</b>
I.A	Cash advances for the salaries and wages of personnel	a. No Daily Time Record b. No Application for Leave (if any)	All monthly payments	6,955,429.84
I.B	Payment of monthly loan amortization with the Local Water Utilities Administration (LWUA)	No Official Receipts that the payments were received by LWUA.	All monthly payments of cellular expense	1,845,372.00
II.	Payment of office equipment (laptops, desktop, scanner, printer)	No Property Acknowledgement Receipt (PAR)	Various	1,056,533.25
III.	Payment of retainers fee	No Official Receipt and Accomplishment Report submitted by the lawyer	All monthly payments	54,000.00
IV.	Payment of hazard pay of employees who physically report to work while under MECQ	a. No authority to report to work. b. No Daily Time Records c. No report of accomplishments d. recorded as Other Maintenance and Operating Expenses	1 transaction	202,500.00
V.	Advance payment of lot purchase at Barangay Leleman, Manaoag, Pangasinan	a. Deed of Absolute Sale b. Transfer Certificate of Title in the name of the District c. Approved subdivision plan d. others	1 transaction	427,875.00
V.	Payment of other various transactions	Various	various	602,711.08
	<b>TOTAL</b>			<b>₱11,144,421.17</b>

- 2.4. As gleaned from the above table, various expenses amounting to ₱11,144,421.17 composed of salaries, wages, benefits and other expenses were paid despite the lack of required supporting documents contrary to Section 4.6 of PD No. 1445 and provisions of COA Circular No.2012-001 on the revised guidelines and documentary requirements of common transactions. The said practice is a clear violation of sound internal control on disbursements which may lead to the probable misuse in the utilization of government funds.
- 2.5. Further, the payment of hazard pay amounting to ₱202,500.00 was incorrectly recorded under the Other Maintenance and Operating Expenses (MOOE) account instead of directly recording to its proper Hazard Pay account in the Personnel Services Expenses prescribed under the Revised Chart of Accounts for Government-Owned or Controlled Corporations.
- 2.6. **We recommended that Management require the accounting personnel to ensure that all transactions are properly documented before payment to establish the validity and propriety of claims. All succeeding transactions without proper documentation will be properly issued with the Notice of Suspensions in accordance with the 2009 Revised Rules on Procedures of the Commission on Audit.**
- 2.7. **We recommended further that henceforth, the accounting personnel exercise diligence in recording transactions to the proper accounts in accordance with the Revised Chart of Accounts for GOCCs since adjustment is no longer possible.**
- 2.8. The new General Manager requested the accounting personnel to ensure that all succeeding disbursement transactions are properly supported by documents. Also, the Officer-in-Charge (OIC) of the Finance and Commercial Division (FCD) informed the audit team that some of the required documents like the Daily Time Records of personnel were immediately submitted in compliance with the audit observation.

### *Uncollected Receivables*

3. **Past due Receivables or inactive accounts of ₱120,386.82, representing 3.42% of the total outstanding receivables of ₱3,516,406.08, remained uncollected for over 10 years due to the lack of intensive collection efforts, thus, restraining the District from recovering its investment resources on water production and other costs of water services. The receivables are considered dormant pursuant to COA Circular No. 2016-005 dated December 19, 2016.**
  - 3.1. Section 5.4 of COA Circular No. 2016-005 dated December 19, 2016, defines Dormant Receivable as “Accounts which balances remained inactive or non-moving in the books of accounts for ten years or more and where settlement or collectability could no longer be ascertained.”

- 3.2. Review and analysis of the aging of AR of the District, as of December 31, 2021, disclosed that collectibles from water bills had a balance of ₱3,516,406.08 composed of active and inactive concessionaires amounting to ₱2,375,069.45 and ₱1,141,336.63, respectively. Details of the aging of the AR are shown below as follows:

<b>Age</b>	<b>Active Accounts (₱)</b>	<b>Inactive Accounts (₱)</b>	<b>Total Amount (₱)</b>
1- 60 days	2,331,895.30	74,417.45	2,406,312.75
61-180 days	38,942.50	87,027.65	125,970.15
181-365 days	4,169.50	27,837.53	32,007.03
1-3 years	62.15	432,937.00	432,999.15
3-5 years	-	130,345.28	130,345.28
5-8 years	-	133,399.35	133,399.35
8-10 years	-	134,985.55	134,985.55
10-12 years	-	53,357.35	53,357.35
12-15 years	-	24,241.60	24,241.60
Over 15 years	-	42,787.87	42,787.87
<b>Total</b>	<b>2,375,069.45</b>	<b>1,141,336.63</b>	<b>3,516,406.08</b>

- 3.3. The table above shows the AR of ₱120,386.82, or 3.42% of the total AR that have been non-moving for more than 10 years thus, considered dormant account under COA Circular No. 2016-005, dated December 19, 2016.
- 3.4. Considering that the accounts remained inactive for ten years or more, the District must have exhausted all possible remedies to collect the receivables and have verified and determined the cause/s for the non-payment of the AR. The result of verification must be supported with documents as proof of the existence of the condition to support the request for the write-off, if warranted, such as:
- a. Death of the accountable officer;
  - b. Unknown whereabouts of the accountable officer and that he/she could not be located despite diligent efforts to find him/her;
  - c. Incapacity to pay or insolvency.
- 3.5. Section 8.2 of COA Circular No. 2016-005 dated December 19, 2016, states that “the Head of the government entity shall file the request for authority to write-off dormant receivable accounts, unliquidated cash advances, and fund transfers to the COA Audit Team Leader (ATL) and/or Supervising Auditor (SA)”. Such request for write off is supported with the following documents:
- a. Schedule of dormant accounts by accountable officer/debtor/government entity and by account, certified by the accountant and approved by the head of the government entity;

- b. Certified relevant documents validating the existence of the conditions, where applicable.

**3.6. We recommended that Management require the Division Manager of the Finance and Commercial Division to verify the status of delinquent concessionaires and validate the present conditions for the non-settlement of dormant accounts to provide the necessary documents needed for the request for write-off following the guidelines of the above-mentioned COA Circular.**

**3.7. We recommended further that Management require the Commercial Division personnel to exhaust all possible remedies to collect the past due receivables of the District.**

3.8. The OIC of the FCD commented that they are continuously facilitating the settlement of the AR which can be requested for write-off since CY 2020. He further added that the non-moving receivables were already reduced from ₱591,840.18 in CY 2018 to ₱120,386.82 as of December 31, 2021.

## **B. COMPLIANCE AUDIT**

### ***Splitting in the Procurement of materials and water fittings***

**4. Procurement of materials and fittings for water service connection were split into smaller quantity, contrary to Section 54.1 of 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 and COA Circular No. 76-41 dated July 30, 1976, hence, transparency and competitive bidding to obtain the most advantageous price were not attained as required under the Procurement Law.**

4.1. Section 54.1 of 2016 Revised IRR of RA No. 9184, provides that “Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and this IRR, particularly the necessity of competitive bidding and the requirements for the alternative methods of procurement.”

4.2. While COA Circular No. 76-41 dated July 30, 1976, provides the prohibition against splitting of requisitions, purchase orders, vouchers and others. It states that:

Splitting, in its literal sense, means dividing or breaking up into separate parts or portions, or an act resulting in a fissure, rupture,

breach. Within the sphere of government procurement, splitting is associated in three forms as follows:

- 1) Splitting of requisitions consists in the non-consolidation of requisitions for one or more items needed at or about the same time by the requisitioner.
- 2) Splitting of Purchase Orders (PO) consists in the issuance of two or more purchase orders based on two or more requisitions for the same or at about the same time by different requisition personnel; and
- 3) Splitting of Payment consist in making two or more payments for one or more items involving one purchase order.

4.3. Audit of transactions of MANWAD disclosed that procurement of materials and fittings for water service connections were split into smaller quantity as shown below:

<b>Purchase Order No.</b>	<b>Date</b>	<b>Materials/Fittings</b>	<b>Qty (pc /set )</b>	<b>Unit Price</b>	<b>Amount</b>
1693	1-8-21	Flow meter, 2"	2	28,747.00	57,494.00
1695	1-14-21	GI pipe, 8", std 40	3	20,121.00	60,363.00
		GI pipe, 3", std 40	3	6,958.65	20,875.95
1700	1-22-21	PE tubing, ½" x 300 mts, SDR 11	30	5,334.60	160,038.00
1701	1-25-21	Brass ball valve, 1/2	400	245.00	98,000.00
1705	2-3-21	Brass union coupling, 1"	200	573.50	114,700.00
		GI coupling 1", std	100	39.00	3,900.00
		GI coupling, ½", std	100	19.00	1,900.00
		GI elbow, 2"	10	187.00	1,870.00
		GI nipple 1" x 5mts, HG	300	234.00	70,200.00
		GI nipple 1/2" x 5mts, HG	300	98.00	29,400.00
		GI busing red. 1" x ¾" HG	150	32.00	4,800.00
1706	2-4-21	CI sleeve type coupling 6"	20	3,400.00	68,000.00
1711	2-10-	Brass Adaptor, 1"	300	282.00	84,600.00

Purchase Order No.	Date	Materials/Fittings	Qty (pc /set )	Unit Price	Amount
	21	Brass Adaptor, 3/4"	100	220.00	22,000.00
		CI cross tee 1", std	50	229.00	11,450.00
		GI st. elbow 1/2" std	300	35.00	10,500.00
		Hacksaw blade 24 TPI	50	49.50	2,475.00
1726	3-25-21	Submersible pump and motor	1	584,000.00	584,000.00
		Submersible cable #4/3c	30m	1,000.00	30,000.00
1718	3-5-21	Arad, octave ultrasonic flow meter, 4" complete	1	147,200.00	147,200.00
1721	3-12-21	GI tee, 1" std	300	86.00	25,800.00
		GI cap, 1/2" std	200	25.00	5,000.00
1732	4-15-21	GI st. elbow 1" std	300	63.00	18,900.00
		Brass gate valve, 1"	200	502.00	100,400.00
		Brass gate valve, 2"	10	1,465.00	14,650.00
		Brass gate valve, 3"	10	4,845.00	48,450.00
		GI bushing red. 3/4" x 1/2", std	100	24.00	2,400.00
		GI cap 2"	20	108.00	2,160.00
1743	4-16-21	Mechanical gate valve 4"	1	15,300.00	15,300.00
1744	5-5-21	Flow meter 2 1/2" ARAD, complete	2	34,153.85	68,307.70
1809	6-11-21	Stainless steel top/bottom adaptor, 6' diam.	1	42,850.00	42,850.00
		Upvc riser pipes, threaded, 6' diam	24	18,500.00	444,000.00
		Stainless steel inc./dec. red., 6' adaptor, male/female, 5 x 12", sch 40	2	21,800.00	43,600.00
		Duraflex submersible cable	60	930.00	55,800.00

Purchase Order No.	Date	Materials/Fittings	Qty (pc /set )	Unit Price	Amount
		# 4			
1813	6-21-21	CI saddle clamp 4" x 1"	20	492.00	9840.00
		Sleeve type mechanical coupling 2" long	20	1252.00	25,040.00
		Sleeve type mechanical coupling 10" long	6	9,290.00	55,740.00
		Brass vertical 100l chaeck valve ½"	400	214.00	85,600.00
		GI cross tee 1" std	100	199.00	19,900.00
1839	9-14-21	GI elbow red. 3" x 2 ½", HD	1	1,710.00	1,710.00
		GI elbow, 2 ½ 90 deg. HD	3	610.00	1,830.00
		Brass gate valve, 2 ½	2	3,700.00	7,400.00
		GI pipe, 2 ½ x 20 ft, s. 40	1	3,300.00	3,300.
		GI cap, 2 ½ HD	1	430	430.00
1856	11-9-21	BI pipe 150 mm x 6m, sch 40	3	16,200.00	48,600.00
		BI pipe, 75 mm x 6m, sch 40	3	7,350.00	22,050.00
1858	11-17-21	Dosing pump	1	71,000.00	71,000.00
1867	12-9-21	Brass adaptor, 1"	400	324.00	129,600.00
		Brass Gate Valve, 2"	10	1,428.00	14,280.00
		CI Saddle clamp, 3" x 1"	30	345.00	10,350.00
		CI Saddle clamp, 2" x 1"	20	245.00	4,900.00
		GI coupling, ½"	50	23.50	1,175.00
		GI plug ¾", std	150	22.50	3,375.00
		Sleeve type mechanical coupling, 2" long body	14	1,100.00	15,400.00
		<b>TOTAL</b>			<b>3,002,903.65</b>



4.4. As gleaned from the above table, the procurement of materials and fittings for water service connections were split into smaller quantity to conform within the benchmark of the Alternative Mode of Procurement (AMP) under Section 52.1, Rule XVI of the 2016 Revised IRR, thus:

52.1 Shopping is a method of procurement of Goods whereby the Procuring Entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. This method of procurement shall be employed in any of the following cases:

a) When there is an unforeseen contingency requiring immediate purchase: Provided, however, that the amount shall not exceed the thresholds prescribed in Annex “H” of this IRR.

b) Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds prescribed in Annex “H” of this IRR.

4.5. Review and analysis of the agency procurement, however, disclosed that a piecemeal requisition was a clear indication of non-compliance to existing rules and regulations, therefore, vulnerable to irregularities. Such practice is contrary to the above-cited provisions of the Procurement Law, thus, the most advantageous price may not have been obtained when compared with competitive bidding, which is open to the participation by any interested party. Also, there was no unforeseen contingency requiring immediate purchase that requires only the submission of RFQs.

4.6. The total amount in the procurement of materials and fittings under audit of ₱3,002,903.65 should have been under a competitive bidding had the procedures under RA No. 9184 and its 2016 Revised IRR been strictly observed and followed by Management.

**4.7 We recommended that Management direct the Property Supply Assistant B or the Storekeeper to refrain from splitting the purchase requests in the procurement of materials and fittings for water service connection to obtain the most advantageous price for the District, consistent with the policy of the government under the Procurement Law.**

**4.8. We also recommended that Management require the Division Managers to prepare their respective Project Procurement Management Plan (PPMP), in detail, with specific information on the procurement methods to be adopted, time schedule for each procurement activity and contract implementation as a guide on the entire procurement activity that the District may undertake. The PPMP is consolidated in the Annual Procurement Plan (APP).**

**4.9. Moreover, we recommended that Management require the BAC Secretariat to review comprehensively the APP prior to the procurement of materials and supplies, to faithfully enforce and adhere to laws, rules and regulations prescribed under RA No. 9184, the Government Procurement Law, to ensure economy and efficiency in the use of the MAWAD's resources.**

4.10. Management justified that some of the materials and fittings were purchased in smaller quantities because the facility could not store large volumes of various materials. Moreover, pipes, saddle clamps and sleeve type mechanical coupling are only used during repairs and these materials have rubber gaskets that may deteriorate or become brittle when stored at a longer period of time.

#### *Payment of Overtime Services*

**5. The District paid the overtime services of employees in the Production Division who rendered works similar to the assigned duties contrary to the policies and guidelines prescribed under Civil Service Commission (CSC) and Department of Budget and Management (DBM) Joint Circular (JC) No. 02, s. 2015, dated November 25, 2015, and Section 1(d) of Administrative Order (AO) No. 103 directing the continued adoption of austerity measures in the government, thus, the continued cash payment of the overtime services instead of applying the non-monetary remuneration encourages the employees to render unnecessary overtime services.**

5.1. Section 3 of CSC-DBM Joint Circular No. 02, s. 2015, dated November 25, 2015 provides the general policies on overtime services as follows:

3.1 The rendition of overtime services shall be authorized only when extremely necessary, such as when a particular work or activity cannot be completed within the regular work hours and that non-completion of the same will: a) cause financial loss to the government or its instrumentalities; b) embarrass the government due to its inability to meet its commitments; or c) negate the purposes for which the work or activity was conceived.

3.2 As a general rule, the remuneration for overtime services shall be through compensatory time-off (CTO), in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A, s. 2005.

3.3 The payment in cash of overtime services through Overtime Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.

- 5.2. Also, Section 1(d) of AO 103 directing the continued austerity measures in the government provides that, “Adoption of a scheme that will allow employees rendering overtime to be compensated through time/days off work in lieu of overtime pay, in accordance with guidelines jointly issued by the Department of Budget and Management (DBM) and the Civil Service Commission (CSC)”.
- 5.3. In the review of transactions pertaining to the payment of overtime services, it was noted that employees of the Production Division were authorized to render overtime, regularly, on the routine works, purportedly due to the exigency of service such as: a) continuous duty during special non-working holidays; b) when the assigned pump operator filed a leave of absence, c) maintaining chlorine during holiday.
- 5.4. Section 4 of the CSC-DBM Joint Circular specifically enumerated the priority activities that may warrant the rendition of overtime services such as:
- a) Implementation of special or priority programs and projects embodied in Presidential directives with specific dates of completion;
  - b) Completion of infrastructure and other projects with set deadlines when due to unforeseen events the deadline cannot be met without resorting to overtime work;
  - c) Essential public services during emergency or critical situations that would require immediate or quick response;
  - d) Relief, rehabilitation, reconstruction, and other work or services during calamities and disasters; and
  - e) Others
- 5.5. The details of the overtime services rendered by the employees are as follows:

<b>DV No.</b>	<b>Date</b>	<b>Period of Overtime</b>	<b>Purpose</b>	<b>No. of Hrs.</b>	<b>Amount (₱)</b>
01-21-23584	1-5-2021	Jan. 1, 2021	a. Maintenance of chlorine; b. continuous duty due to holiday	24	15,146.78
03-21-23747	3-19-2021	Feb. 12 and 25, 2021	a. Pump operator. b. Continuous during holiday. c. Maintenance of chlorine	64	6,034.78
06-21-23938	6-18-2021	April-June, 2021	a. continuous duty during holiday b. Maintenance of chlorine,	276	27,444.84

<b>DV No.</b>	<b>Date</b>	<b>Period of Overtime</b>	<b>Purpose</b>	<b>No. of Hrs.</b>	<b>Amount (₱)</b>
10-21-24161	10-08-2021	July 20; Aug. 21 and 30, 2021	a. continuous duty during holiday b) Maintenance of chlorine	96	9,202.66

- 5.6. Based on the above-enumerated priority activities of the CSC-DBM JC, the works rendered by the District's pump operators did not qualify for the cash payment since there were no exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency, thus, the remuneration for overtime services should have been through CTO in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A. s. 2005.
- 5.7. The CTO refers to the accrued number of hours, and/or those rendered on Saturdays, Sundays, holidays or scheduled days off without the benefit of Overtime Pay.
- 5.8. We recommended that Management strictly enforce and implement the provisions of CSC-DBM Joint Circular No. 2, s. 2015, dated November 25, 2015, on the remuneration for overtime services which shall be through CTO upon careful assessment and evaluation of the works to be undertaken whether the rendition of overtime services are extremely necessary in the operation of water services.**
- 5.9. Management commented that it will strictly implement and adhere to the provisions of CSC-DBM Joint Circular No. 2, s. 2015. Moreover, the General Manager informed the audit team that a shifting schedule of the pump operators was arranged to prevent the occurrence of unnecessary overtime services.

***Unreliable Annual Procurement Plan***

- 6. The APP of the District, which served as a tool and a link with the budget of the agency, was defective and unreliable for the reason that this was not prepared in accordance with the prescribed form and substance required by the Government Procurement Policy Board (GPPB), thus, its procurement activities were not effectively and efficiently achieved resulting in a piecemeal procurement contrary to Section 7.1, Rule II of the 2016 Implementing Rules and Regulations (IRR) of Republic Act No. 9184.**

**Further, no Procurement Monitoring Report (PMR), as well as the Agency Procurement Compliance and Performance Indicator (APCPI), results were prepared and submitted in defiance with GPPB Resolution No. 11-2020 dated May 20, 2020.**

- 6.1. Section 7.1, Rule II of the 2016 Implementing Rules and Regulations (IRR) of RA 9184 provides that, “All procurement shall be within the approved budget of the Procuring Entity and should be meticulously and judiciously planned by the Procuring Entity (PE). Consistent with government fiscal discipline measures, only those considered crucial to the efficient discharge of governmental functions shall be included in the Annual Procurement Plan (APP). A procurement project shall be considered crucial to the efficient discharge of governmental functions if it is required for the day-to-day operations or is in pursuit of the principal mandate of the Procuring Entity concerned.”
- 6.2. Section 7.2 of the IRR further states that, “No procurement shall be undertaken unless it is in accordance with the approved APP, including approved changes thereto. The APP must be consistent with the duly approved yearly budget of the Procuring Entity.”
- 6.3. Review of documents disclosed that the APP of the District for CY 2021 was defective and unreliable on the following grounds:
- a. The District did not comply with the form prescribed by the GPPB, (see Annex B of the form), to determine whether the procurement is an early activity or not; the modes of procurement were not indicated whether thru competitive bidding, alternative mode, etc.; the schedule for each procurement activity and the estimated budget of every item were all not indicated. The APP of the District comprised only the listing of items, quantity, unit cost and the amount of items.
  - b. The detailed budget projection varies in amounts with the APP as shown on a few selected items:

<b>Particulars</b>	<b>Budget (₱) (a)</b>	<b>APP (₱) (b)</b>	<b>Difference (₱) (a – b)</b>
Land/buildings	4,740,000.00	6,740,000.00	₱(2,000,000.00)
Motor vehicles	8,680,000.00	2,300,000.00	6,380,000.00
Machinery/Equipment	1,227,000.00	1,147,000.00	80,000.00
Office Equipment /Furniture & Fixtures	905,000.00	385,000.00	520,000.00
Information Equipment	2,254,000.00	2,324,000.00	70,000.00
<b>Total</b>	<b>17,806,000.00</b>	<b>12,896,000.00</b>	<b>4,910,000.00</b>

- c. The APP for the procurement of materials for use in the water service connection was only ₱5,857,154.00 or a discrepancy by ₱714,190.00 when recomputed, hence, may result in over procurement of materials.

- d. There were no Procurement Monitoring Report (PMR) and the Agency Procurement Compliance and Performance Indicator (APCPI) results submitted to GPPB.
  - e. No APP for the office supplies and materials.
  - f. The end-user units of the procuring entity did not prepare their respective Project Procurement Management Plan (PPMP) for the different programs, activities, and (PAPs) of the District.
- 6.4. The PPMP serves as a guiding document in the procurement and contract implementation process, as well as a vital reference in procurement monitoring. Moreover, it serves as an important tool in resource and financial management, allowing the Procuring Entity (PE) the flexibility to optimize the utilization of scarce resources. Well-planned procurement will significantly minimize the practice of doing short-cuts to ensure that the PE can purchase its requirements for the delivery of public services.
- 6.5. On the other hand, the APP is the document that consolidates the various PPMPs submitted by the various end-user units. It reflects the entirety of the procurement activities that will be undertaken by the Procuring Entity within the calendar year. Thus, the absence of PPMP would imply that the APP is not accurate and reliable on the programs, projects and activities indicated therein hence no direct link with the annual budget.
- 6.6. Further, the non-compliance in the submission PMR and the APCPI would suggest that the necessary information on the procurement of goods and services and the infrastructure programs that the District planned to undertake within the calendar year were not monitored, thereby, the District may not have optimized the utilization of its resources.
- 6.7. Section 12.2 of the 2016 IRR of RA No. 9184, as amended, provides that:

The Bids and Awards Committee (BAC) shall be responsible for ensuring that the Procuring Entity abides by the standards and set forth by the Act and this IRR, and it shall prepare a PMR in the form prescribed by the GPPB. The PMR shall cover all procurement activities specified in the APP, whether ongoing and completed, from the holding of the pre-procurement conference to the issuance of notice of award and the approval of the contract, including the standard and actual time for each major procurement activity. The PMR shall be approved and submitted by the Head of the Procuring Entity (HOPE0 to the GPPB in electronic format within 14 calendar days after the end of each semester in accordance with Executive Order No. 662, s. 2007, as amended.

- 6.8. We recommended that Management require and oblige the heads of the different sections to prepare their respective PPMP as reference and guide by the BAC in the preparation of the APP using the prescribed form, including the approved changes thereto, that must be consistent with the duly approved budget of the Procuring Entity pursuant to the provisions of the Implementing Rules and Regulations of RA No. 9184 and the GPPB.**
- 6.9. We also recommended that Management require the BAC to comply with the preparation and submission of the PMR and the APCPI results by following the specific guidelines and the prescribed format of the GPPB. These procurement reports must be duly approved and signed by the head of the PE or his/her duly designated second- ranking official.**
- 6.10. The Management assured the audit team that it will comply with the recommendations on the preparation of APP using the prescribed form required by GPPB.

*Unused Forced Leave not Forfeited*

- 7. Five (5) days Forced Leave (FL) or mandatory leave of the 11 personnel of the District were not properly deducted from their accumulated vacation leave (VL) in violation of Section 25 (a & b) of the Civil Service Commission (CSC) Omnibus Rules on Leave (ORL), Rule XVI, Book V of Executive Order (EO) 292, hence, the economic measures of the government being the main purpose in allowing the mandatory leave of absence for all government personnel may not be attained to which may therefore require the payment of the cash value of the FL not forfeited.**
- 7.1. Section 25 of the Omnibus Rules on Leave, Rule XVI, Book V of EO 292, states that, “All officials and employees with 10 days or more vacation leave credits shall be required to go on vacation leave whether continuous or intermittent for a minimum of five (5) working days annually under the following conditions:
- a. The head of the agency shall, upon prior consultation with the employees, prepare a staggered schedule of the mandatory five-day vacation leave of officials and employees, provided that he may, in the exigency of the service, cancel any previously scheduled leave.
  - b. The mandatory annual five-day vacation leave shall be forfeited if not taken during the year. However, in cases where the scheduled leave has been cancelled in the exigency of the service by the head of the agency, the scheduled leave not enjoyed shall no longer be deducted from the total accumulated vacation leave.”
- 7.2. Review of documents and the ILC of the personnel of the District revealed that there was no staggered schedule of the mandatory leave of the officials and

employees for the year under audit. Further review was noted that 11 of the District's personnel have unused FL or mandatory leave as of December 31, 2021. Details on the list of personnel with unused FL are as follows:

NAME	Position	Total FL Used (day)	Unused FL (day)	VL Balance as of 12-31-21
1. Charlie D. Lorilla, Jr.	Cashiering Asst. C	4	1	40.599
2. Arturo C. Genita, Jr.	Water/Sewerage Manintenance Man C	None	5	29.832
3. Joana F. Manaois	Engineer B	None	5	20.903
4. Michael C. Mancilla	Adm. Services Aide	None	5	13.750
5. Jennifer E. Misagal	Data Encoder	3	2	13.996
6. Cristoffer P. Ramos	Water/Sewerage Manintenance Man C	2	3	19.984
7. Felipina L. Soriano	Utilities/Customer Service Asst. D	4	1	22.157
8. Arliza C. Sotto	Corporate Budget Analyst A	4	1	23.552
9. Menardo R. Sotto	Water Resources Facilities Tender A	None	5	48.989
10. Dominador M. Yaranon	Plant Equipment /Mechanic B	None	5	18.896
11. Flordeliza N. Tejano	OIC-General Manager	None	5	67.240

7.3. As gleaned from the table above, the employees have sufficient earned leaves at the end of the year where the unused number of days of the FL can be properly deducted in compliance with the above-cited provision of the ORL. Should there be a staggered schedule of the FL, cancellation of the scheduled leave for reason of the exigency of the service should have been effected.

**7.4. We recommended that Management direct the Division Manager of the Administrative Division to strictly enforce and implement the provisions of Section 25 of the CSC ORL, Rule XVI, Book V of Executive Order (EO) 292 on the implementation of the FL of the officials and employees of the District.**

**7.5. We further recommended that Management require the personnel in-charge of leave to deduct the unused mandatory vacation leave of personnel from their leave balance.**

7.6 The Division Manager of the Administrative and General Services assured the audit team to monitor regularly the use or unused FL. She added that the unused



FL for CY 2021 will be forfeited and deducted on the individual leave cards of the concerned employees.

### C. PERFORMANCE AUDIT

#### *Quality of drinking water*

**8. Forty-three (43) out of 154, or 27.9%, an increase from last year’s 13.4% of the water samples submitted for microbial tests that were found as below the standard parameters and framework for a clean and safe water for drinking, hence, may affect the water services to the public as well as the health of the concessionaires.**

8.1. The Local Water Utilities Administration (LWUA) issued Memorandum Circular (MC) No. 003-18, dated January 22, 2018, requiring the local water districts to submit monthly a water quality monitoring report in consonance with the parameters issued by the Department of Health (DOH) Memorandum Circular (MC) No. 2017-0010, dated June 23, 2017, the Philippine National Standards for Drinking Water (PNSDW) of 2017. The DOH MC provides the standard values, methods of detection and points of compliance for microbiological quality of drinking water. The parameter includes the total coliform, thermotolerant coliform/E.coli, and, the heterotrophic plate count (HPC) where a local water District has to conform to the standards to provide a clean and safe drinking water for the concessionaires and the general public.

8.2. The standard values as per PNSDW 2017 are as follows:

- Total coliform (MPN/100ml) - less than (<) 1.1
- Thermotolerant Coliform (MPN/100 ml) - less than (<) 1.1
- HPC (CFU/ml) - less than (<) 500
- MPN - Most Probable Number
- HPC - Heterotrophic Plate Count
- CFU - Colony Forming Units

8.3. During the year, the District has collected a total of 154 treated water samples from among its active concessionaires for bacteriological analysis by using a multiple tube fermentation technique done by an accredited laboratory. From the total samples, 43 or 35.8% were found as below the standard values or were marked FAILED as shown below:

No.	Date Analyzed	Source/Laboratory No.	Location	Total Coliform	Thermotolerant Coliform	Heterotrophic Plate Count (HPC)
1	1/11/2021	021-0112	Brg. Sta Ines	1.1	< 1.1	8
2	1/11/2021	021-0110	Brgy. Oraan West	1.1	< 1.1	4

No.	Date Analyzed	Source/ Laborator y No.	Location	Total Coliform	Thermotolerant Coliform	Heterotrophic Plate Count (HPC)
3	1/11/2021	021-0109	Brgy. Cabanbanan	>8.0	< 1.1	15
4	1/22/2021	021-0293	Brgy. Baguinay	1.1	< 1.1	1
5	2/17/2021	021-0594	Brgy. Pugaro	< 1.1	< 1.1	> 6,500
6	2/17/2021	021-0592	Brgy. Poblacion	1.1	< 1.1	Less than 1
7	2/11/2021	021-0590	Brgy. Poblacion	< 1.1	< 1.1	> 6,500
8	6/03/2021	021-1848	Brgy. Pugaro	< 1.1	< 1.1	> 6,500
9	6/17/2021	021-1983	Brgy. Pantal	< 1.1	< 1.1	> 6,500
10	5/19/2021	021-1638	Brgy. Poblacion	>8.0	>8.0	> 6,500
11	7/16/2021	021-2378	Brgy. Matulong	< 1.1	< 1.1	> 6,500
12	8/06/2021	021-2535	Brgy. Sapang	< 1.1	< 1.1	> 6,500
13	8/06/2021	021-2533	Brgy. Pao	>8.0	>8.0	> 6,500
14	8/06/2021	021-2531	Brgy. Pao	8.0	< 1.1	> 6,500
15	8/06/2021	021-2529	Brgy. Tebuel	>8.0	>8.0	> 6,500
16	8/06/2021	021-2527	Brgy. Calaacan	8.0	8.0	> 6,500
17	8/18/2021	021-2743	Brgy. Poblacion	< 1.1	< 1.1	> 6,500
18	8/18/2021	021-2742	Brgy. Poblacion	< 1.1	< 1.1	> 6,500
19	8/18/2021	021-2741	Brgy. Vinuya St.	1.1	< 1.1	> 6,500
20	8/18/2021	021-2739	Brgy. Pugaro	< 1.1	< 1.1	> 6,500
21	8/18/2021	021-2738	Pob. Pugaro	>8.0	8.0	> 6,500
22	8/18/2021	021-2737	Brgy. Pugaro	< 1.1	< 1.1	> 6,500
23	8/18/2021	021-2736	Brgy. Pugaro	< 1.1	< 1.1	> 6,500
24	8/18/2021	021-2735	Brgy. Matulong	1.1	< 1.1	> 6,500
25	8/18/2021	021-2734	Brgy. Calaacan	< 1.1	< 1.1	> 6,500
26	8/18/2021	021-2733	Brgy. Tebuel	< 1.1	< 1.1	> 6,500
27	8/18/2021	021-2732	Brgy. Pao	< 1.1	< 1.1	> 6,500
28	8/18/2021	021-2730	Brgy. Sapang	< 1.1	< 1.1	> 6,500
29	9/03/2021	021-2845	Pob. Sapang	1.1	< 1.1	Less than 1
30	9/03/2021	021-2843	Brgy. Pao	2.6	1.1	675
31	10/11/2021	021-3204	Brgy. Sta. Ines	1.1	< 1.1	> 6,500
32	10/11/2021	021-3203	Brgy. Sta. Ines	>8.0	8.0	> 6,500
33	10/11/2021	021-3201	Brgy. Oraan East	8.0	8.0	140
34	10/11/2021	021-3200	Brgy. Cabanbanan	4.6	< 1.1	100
35	10/11/2021	021-3199	Brgy. Cabanbanan	1.1	< 1.1	39
36	10/11/2021	021-3198	Brgy. Oraan West	2.6	1.1	13

No.	Date Analyzed	Source/Laboratory No.	Location	Total Coliform	Thermotolerant Coliform	Heterotrophic Plate Count (HPC)
37	10/11/2021	021-3197	Brgy. Oraan West	4.6	4.6	235
38	10/11/2021	021-3196	Brgy. Nalsian	>8.0	>8.0	31
39	10/11/2021	021-3195	Brgy. Nalsian	1.1	< 1.1	38
40	11/03/2021	021-3574	Brgy. Cabanbanan	>8.0	< 1.1	430
41	12/03/2021	021-3950	Brgy. Lipit Sur	< 1.1	< 1.1	830
42	12/03/2021	021-3946	Brgy. Pao	1.1	< 1.1	1
43	12/10/2021	021-4021	Brgy. Poblacion	1.1	< 1.1	Less than 1

- 8.4. As gleaned from the above results of the total coliform, thermotolerant coliform and the HPC of the 43 water samples tested showed that the water extracted from the wells of the District were extremely contaminated, thus, were not potable and safe for drinking.
- 8.5. Coliform bacteria are present in the environment and feces of all warm-blooded animals and humans. Coliform bacteria are unlikely to cause illness. However, their presence in drinking water indicates that disease-causing organisms (pathogens) could be in the water system. Most pathogens that can contaminate water supplies come from the feces of humans or animals.
- 8.6. Escherichia coli (E. Coli) is a type of Thermotolerant Coliform bacteria and is nearly always present in the gut of humans and warm-blooded animals. Faecal coliforms can enter the water through environmental contamination such as waste from mammals or birds, agricultural runoff and untreated human sewage.
- 8.7. Heterotrophic plate count (HPC) is a method that measures colony formation on culture media of heterotrophic bacteria in drinking water. Thus the HPC test (also known as Standard Plate Count) can be used to measure the overall bacteriological quality of drinking water in public, semi-public and private water systems. Heterotrophs are a group of microorganisms (bacteria, moulds and yeasts) that use organic carbon sources to grow and can be found in all types of water.
- 8.8. This is a reiteration of the previous year's audit observation because of the increase of water samples that failed in the standard of a safe and potable water of the DOH.
- 8.9 We recommended that Management direct the personnel of the Water Production and the Engineering Division to look into the treatment that will provide a drinking water that must be clean, safe, and clear, and, must be free from all harmful organisms and chemical substances which may**

include total rehabilitation of old pipes, filtration and purification of all water lines.

**8.10 We also recommended that Management direct the personnel under the water quality division to effectively and efficiently conduct a regular flushing of water pipes and blow-offs to remove any harmful organisms and chemical substance present in the water system. Regular application of chlorine must be conducted.**

8.11 The GM commented that the head of the Production and Water Quality Division will closely monitor and supervise the regular flushing of water pipes to ensure that safe drinking water can be provided to its concessioners. Moreover, the Management assured the audit team that it will review the quality of its chlorine and ensure that the chlorinator is open and functioning during the evening.

*Non-Revenue Water Beyond the Acceptable level*

**9. NRW of the District of 25.05% was beyond the maximum acceptable level rate of 20% prescribed by LWUA under Memorandum Circular No. 004-10, dated February 23, 2010, thus, resulting in a production loss equivalent to ₱324,203.87 based on the 5.05% excess of the acceptable level. Further, the District could have earned additional potential revenue of ₱2,923,149.68 had the District complied with the prescribed acceptable level rate prescribed by LWUA.**

9.1 LWUA Memorandum Circular No. 004-10, dated February 23, 2010 on the Acceptable NRW Percentage provides the reduction of the maximum acceptable NRW from the existing 25% to 20%, which applies to all Water Districts.

9.2 A review of the Monthly Data Sheets (MDS) for the year 2021 disclosed that the NRW of the District was 25.05% or 5.05% beyond the allowable rate prescribed by LWUA.

9.3 Moreover, of the total water production of 2,631,361.80 m<sup>3</sup> during the year, the District incurred pumping production costs of ₱6,398,299.42, from the following expenses:

Particulars	Amount (₱)
a) Pumping Cost (power consumption for 5 wells)	5,849,421.46
b) Energy cost for pumping	347,406.26
c) Chemicals (chlorine)	213,900.00
Total	6,410,727.72

or

$$\text{Cost per m}^3 \frac{(\underline{₱6,410,727.72})}{2,631,361.80 \text{ m}^3} = \underline{₱2.44}$$

9.4 Thus, the cost of production of the 5.05% excess amounted to ₱324,203.87 which is considered as the production loss of the District computed as follows:

Total Unaccounted Water	659,142.80 m <sup>3</sup>
Allowance of 20% NRW (2,631,361.80 m <sup>3</sup> x 20%)	(526,272.36 m <sup>3</sup> )
Excess of the 20% allowable rate	<u>132,870.44 m<sup>3</sup></u>
Production cost per m <sup>3</sup>	2.44
Actual production loss	<u>₱324,203.87</u>

9.5 In addition, the District could have earned additional potential revenue of ₱2,923,149.68 from water sales had it complied with the acceptable level rate of 20% by using the District's domestic minimum charge of ₱22.00 per cubic meter as shown below:

Excess of the 20% Unaccounted Water	132,870.44 m <sup>3</sup>
Domestic minimum water charge per cu.m	22.00
Additional Potential Revenue	<u>₱2,923,149.68</u>

**9.6 We recommended that Management direct the personnel of the Production and Water Quality Division to conduct a periodic inspection of water meters and pipelines to detect leakages and to undertake massive rehabilitation of transmission or distribution lines.**

**9.7 Further, we recommended that Management conduct a periodic calibration or replacement of the water meters being used by customers to enhance its operational efficiency to address or minimize the NRW to the allowable level of 20% pursuant to LWUA Memorandum Circular No. 004-10, dated February 23, 2010.**

9.8 The Management assured the audit team that it will investigate whether there are existing illegal connections that are contributing to the increase in the NRW of the District.

## **D. OTHER AREAS**

### **GENDER AND DEVELOPMENT**

#### *Non-gender issues*

**10. The Gender and Development (GAD) budget of the District of ₱931,000.00 was 1.62% only of the total agency budget of ₱57,296,819.52, or ₱1,933,840.95 lower than the required allocation of at least 5% of the total budget contrary to Section 6.a of the Joint Circular (JC) No. 2012-01 of the Philippine Commission on Women (PCW), National Economic and Development authority (NEDA), and the Department of Budget and Management (DBM) and Section 32, paragraph**

**2, of the General Appropriations Act (GAA) of 2020 under Republic Act (RA) No. 11518.**

**Further, only ₱160,719.00 or 17.26% of the GAD budget was utilized in the implementation of its gender related activities, thus, the efficiency and effectiveness in addressing gender issues towards the realization of the objectives of the country’s commitments have not been achieved contrary to PCW Memorandum Circular (MC) No. 2015-03 dated May 19, 2015.**

10.1 Section 6(a) of the JC No. 2012-01 of PCW, NEDA, and DBM provides that, “At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency’s maintenance and other operating expenses MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency’s total budget appropriations”.

10.2 Also, Section 32, paragraph 2, of the GAA of 2021, RA No. 11518, provides that “The GAD plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their budget. For this purpose, activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfillment of women’s human rights, and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.”

10.3 The GAD Focal Point Person prepared the annual GPB for 2021 with an allocation of ₱931,000.00 or 1.62% of the agency budget of ₱57,296,819.52. The activities were focused on its client and organization gender issues by adopting mainstreaming as a strategy to promote women’s rights and eliminate gender discrimination in their structure. Details of the District’s GPB and accomplishments are presented as follows:

<b>GAD Activity</b>	<b>GAD Budget (₱)</b>	<b>Amount Utilized (₱)</b>	<b>Variance (₱)</b>	<b>Output</b>
<b>Organization-Focused</b>				
1. Send male and female personnel to different GAD and work-related trainings, seminars and conventions.	100,000.00	52,400.00	47,600.00	Sent 55% of the employees to 18 online trainings.
2. (a) Involvement in	80,000.00	-	80,000.00	Not implemented

<b>GAD Activity</b>	<b>GAD Budget (₱)</b>	<b>Amount Utilized (₱)</b>	<b>Variance (₱)</b>	<b>Output</b>
sportsfest and other sponsored sports activities. (b) Installation of sports equipment facilities. (c) Provides first aid medicines for employees. (d) Team Building				
3. MANWAD Family Day / Participation in PAWD and LGU yearly activities.	350,000.00	-	350,000.00	Not implemented
<b>Client-Focused</b>				
4. (a) Place a gender and development corner in the conspicuous place in the District. (b) Posting and uploading of RA No. 9710 (magna Carta for Women) as well as updates on GAD related programs and activities in the agency website. © Printing and distribution of flyers, leaflets to the concessionaires containing information on RA No. 9710.	70,000.00	45,350.00	24,650.00	Installation of temperature scanner for customers.  Installation of air purifier within the office premises.
5. Observance of women's month by hanging tarpaulin, support the purple Fridays.	1,000.00	689.00	311.00	Implemented

<b>GAD Activity</b>	<b>GAD Budget (₱)</b>	<b>Amount Utilized (₱)</b>	<b>Variance (₱)</b>	<b>Output</b>
6. • Observance of Philippine Civil Service Month. • Building a citizen-centric government with clients.	300,000.00	600.00  61,680.00	237,720.00	• Implemented  • Outreach program
7. Anti-violence against women and their children (RA 9262)	5,000.00	-	5,000.00	Not implemented
8. Need of water supply on the terrain areas of the District.	25,000.00	-	25,000.00	Not implemented
<b>TOTAL</b>	<b>₱931,000.00</b>	<b>₱160,719.00</b>	770,281.00	
<b>Percentage of the total amount used against GAD Budget</b>		<b>17.26%</b>		

10.4 From the above listed plans, the District utilized ₱160,719.00 or 17.26% only of the total GPB of ₱931,000.00, hence, the efficiency and effectiveness in addressing gender issues towards the realization of the objectives of the country's commitments have not been achieved. Likewise, the activities undertaken were not gender-related issues.

10.5 Paragraph 1 of PCW MC No. 2015-03 also provides that:

“In the formulation of their GPBs, water districts shall prioritize the institutionalization of the essential elements for GAD planning and budgeting. These shall include (1) the creation and/or strengthening of the GFPS in accordance with PCW MC No. 2011-01, (2) the establishment of GAD database containing sex-disaggregated data and/or gender statistics, (3) capacity building on GAD and (4) conduct of gender audit.”

**10.6 We recommended that Management direct the GAD focal person to develop and formulate a realistic GAD Plans and Programs in compliance with PCW-NEDA-DBM Joint Circular No. 2012-01 and PCW MC No. 2015-03 dated May 19, 2015 since most of the activities were not implemented showing a minimal 28.5% accomplishment.**

**10.7 We further recommended that Management, thru the GFPS, conduct a gender analysis by using tools such as gender further mainstreaming evaluation framework, harmonized gender and development guidelines and**



**the analysis of sex-disaggregated data and other relevant information to arrive at a gender related issues aligned with the agency's mandate that will focus on client and organization gender related issues.**

- 10.8 Management commented that the audit recommendations will be implemented. They also commented further that the GAD activities are difficult to implement during this pandemic.

## **DISASTER RISK AND REDUCTION MANAGEMENT (DRRM)**

### ***Non-preparation of DRRM***

**11. The District did not prepare and develop its DRRM Plans and Programs for the current year, contrary to Section 37 of the General Provisions of the General Appropriations Act (GAA) of Fiscal Year (FY) 2021, thus exposing the agency's resources to possible loss in case of disaster/ calamity.**

- 11.1 Section 37 of the General Provisions of the GAA for FY 2021 provides the Disaster Risk Reduction and Climate Change Adaptation and Mitigation Measures in All Agencies Projects. That all agencies of the government should implement projects incorporating risk reduction, climate change adaptation, and where feasible, climate change mitigation.

- 11.2 Inquiries with the District personnel at the PQD revealed that no DRRM Plan has been prepared for the current year because of the lack of time and personnel due to pandemic. They added, however, that personnel are immediately assigned in times of emergencies and or during calamities, just like in previous years.

- 11.3 This is a reiteration of prior year audit observation.

**11.4 We recommended that Management require the personnel at the ED prepare its DRRM Plan and Program in conformity with the guidelines and identify precautionary measures/ activities that should be implemented in case of calamities/disasters and taking into consideration the necessary actions to adapt to and mitigate climate change.**

- 11.5 The General Manager instructed the Division Manager of the Production and Quality Division to prepare reports on risk reduction program of the District.

## WATER SAFETY PLAN

### *Prepared Water Safety Plan*

**12. The District has prepared a Water Safety Plan (WSP) required under Department of Health (DOH) Administrative Order No. 2014-0027 dated September 4, 2014 in relation to PD No. 856, the Sanitation Code of the Philippines, thus protecting the health of the consumers.**

12.1 The Department of Health's Administrative Order (AO) No. 2014-0027, dated September 4, 2014 requires all drinking water service providers to develop and implement WSP to ensure the delivery of safe drinking water. Under the AO, all drinking water service providers, like water districts, are mandated to secure an approved WSP from the DOH or its authorized office as provided under Section 9, Chapter II of PD No. 856, the Sanitation Code of the Philippines.

12.2 Upon inquiry and verification, the audit team noted that the District has prepared a water safety plan sometime in 2018 which comprised a comprehensive approach encompassing all steps in detail, from the water sources to consumers, the treatment process, and, the distribution networks to protect the health of consumers.

12.3 However, no report can be verified as to the implementation of the approaches in the treatment process to determine whether the water safety water plan works and could assure the public of safe and potable water for drinking.

12.4 This is a reiteration of prior year audit observation.

**12.5 We recommended that Management instruct the DM-AD update its records in adhering to DOH AO No. 2014-007 on the policy of the government requiring all water service providers to develop and implement water safety plan to ensure the delivery of safe drinking water to its consumers.**

**12.6 We further recommended that Management direct the ED personnel assess its water safety plan whether it was able to address and serve its concessionaires safe water consumption.**

## E. COMPLIANCE WITH TAX LAWS

13. MANWAD has complied with the rules and regulations on the withholding and remittances of taxes from the compensation of its officers and employees and its payment on procurement of goods and services including infrastructure projects, as required under RA No. 8424 or "The Tax Code of 1997" and BIR Regulations No. 4-

2002 dated March 6, 2002, as amended. For the years 2021 and 2020, the following taxes were remitted to BIR:

<b>Taxes</b>	<b>2021</b>	<b>2020</b>
Franchise Tax	1,010,593.88	924,219.65
Income Tax Withheld on Compensation, Income Tax Withheld – Expanded (EWT) and VAT Withheld	1,677,989.07	2,074,115.38
<b>Total</b>	<b>2,688,582.95</b>	<b>2,998,335.03</b>

#### **F. REMITTANCES TO GSIS, PHILHEALTH AND PAG-IBIG**

14. The MANWAD dutifully and timely remitted its mandatory contributions to GSIS, PhilHealth and PAG-IBIG comprising employer’s and employees’ share and loan repayments for 2021 and 2020.

<b>Particulars</b>	<b>2021</b>	<b>2020</b>
GSIS	2,559,414.17	3,486,896.92
PhilHealth	342,904.95	313,323.09
Pag-IBIG	679,962.79	662,282.74
<b>Total</b>	<b>3,852,281.91</b>	<b>4,462,502.75</b>

#### **G. STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES**

15. As of CY 2021, the District has unsettled disallowances amounting to ₱6,349,121.19 and no outstanding suspensions and charges. The details of the disallowances are the following:

Disallowance, January 1, 2021	-	₱6,348,371.90
Add: Issued during the year	-	1,245,838.00
Adjustments	-	<u>87,474.08</u>
Total	-	7,681,683.98
Less: Settlement during the year	-	<u>1,332,562.79</u>
<b>Balance of Disallowance, December 31, 2021</b>	-	<b><u>₱6,349,121.19</u></b>

**PART III**

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

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

Of the 28 prior year's recommendations, 16 were implemented and 12 were not implemented as detailed below:

Observation and Recommendation	Reference	Action Taken by Management	Result of Auditor's Validation
<p>1. Various properties of the District in the total amount of ₱1,292,689.77 were found missing during the conduct of physical inventory in the calendar year 2020. Also, the Machinery and Other Equipment Account and the Office Equipment Account with a total book balance of ₱12,261,831.21 differ from the Report of Physical Count of Property, Plant and Equipment (RPCPPE) with a balance of ₱17,130,089.42, or a discrepancy amounting to ₱4,868,258.21, thus, the PPE accounts were not fairly presented contrary to Section 1 of the Philippine Accounting Standards (PAS) and Section 73.a of the Government Accounting Manual (GAM), Volume I.</p> <p>We recommended that Management direct the AO immediately locate the missing properties which were held under his responsibility and liability. Failure to find the missing properties would render him or any person for whose acts he may be responsible, liable for its money value in case of improper or unauthorized use</p>	<p>2020 AAR Finding No. 1</p>	<p>Management continues exerting effort in determining the causes of the discrepancies to come up with the journal entry to reconcile the total of the subsidiary with the balance in the general ledger of PLANT (UPIS) in accordance with the</p>	<p><b>Not Implemented.</b> Observation on the discrepancy of the turned-over properties was included under 2021 AAR Finding No. 1.</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>or misapplication thereof, thus, the AO will be charged accordingly for his failure to account the properties.</p> <p>We recommended further that Management direct the Accountant determine the correctness of the unrecorded properties found during the physical count and reconcile both the accounting and the property records by identifying the specific items to be included in a particular account for easy monitoring and control on the succeeding conduct of physical inventory. Thereafter, prepare an adjustment of the Machinery and Equipment accounts, when necessary.</p>		Revised Chart of Accounts.	<p><b>Not Implemented.</b> Included in the recommendation under Finding No. 1.</p>
<p>2. The Impairment Loss of ₱431,837.10 on the Accounts Receivable (AR) from the inactive concessionaires was not recognized in the books as Allowance for Impairment account, thus, affecting the reliability of the AR account in the Financial Statements (FS) contrary to Section 39 of the PAS. Consequently, the Allowance for Impairment-AR was understated and the FS do not reflect the correct net realizable value of the AR.</p> <p>We recommended that Management require the Accountant draw a Journal</p>	2020 AAR Finding No. 2	The discrepancy of the Allowance for Impairment-AR was	<p><b>Implemented.</b></p>

Observation and Recommendation	Reference	Action Taken by Management	Result of Auditor's Validation
<p>Entry Voucher (JEV) and record the Allowance for Impairment-AR of ₱431,837.10 to arrive at a net realizable value of the AR presented in the FS of the District.</p>		<p>due to the new policy under BOD Resolution No. 58 s 2020 by reducing the rates of the allowance for impairment effective Calendar Year 2020.</p> <p>Based on the new policy rates, there was no Impairment Loss but only a decrease of ₱382,391.74 in Allowance for Impairment on Accounts Receivable.</p>	
<p>3.The Construction in Progress-Infrastructure Assets (CIP-IA) Account of ₱8,330,309.37 includes unused materials and cost of surveying services in the total amount of ₱275,780.58 of completed projects, thus, affecting the reliability of the account in the Financial Statements contrary to Sections 1 of the PAS.</p> <p>We recommended that Management require the Accountant to make proper adjustment of the remaining cost of the unused materials recorded as CIP-IA to the construction materials inventory account. Correspondingly, close to the proper infrastructure asset account those identified as completed projects and make proper adjustment of the</p>	<p>2020 AAR Finding No. 3.</p>	<p>Prepared adjusting journal entries under JEV No. 21-01-698 dated January 2021.</p>	<p><b>Implemented.</b> JEV No. 21-01698 (January, 2021) was verified.</p>

Observation and Recommendation	Reference	Action Taken by Management	Result of Auditor's Validation
survey expenses as addition to the cost of the lots purchased.			
<p>4.Construction Materials Inventory Account (CMIA), the materials held for consumption, with a balance of ₱3,062,533.81 is deficient by ₱255,639.06 as compared with the report on the physical count with an inventory balance of ₱3,318,172.87 at the end of the year. These materials were used for repairs and for new water service connections with a minimal mark-up to cover the cost of handling.</p> <p>We recommended that Management require the Accountant review and verify all records pertaining to the acquisition and issuance of the CMIA to determine and arrive at a correct balance of the inventory account. Thereafter, prepare an adjustment in the books of accounts drawing a journal entry voucher (JEV) to recognize the discrepancy of the inventory of ₱255,639.06, if necessary, and submit the same to the audit team for verification.</p> <p>We further recommended that Management direct the Property Officer determine and segregate the</p>	2020 AAR Finding No. 4.	<p>Necessary adjustment to recognize the discrepancy in the books of Construction Materials Inventory Account has already been effected under JEV No. 21-10-900 dated October 2021.</p>	<p><b>Implemented.</b> JEV No. 21-10-900 was verified. Management was required to submit the corrected/revised CMIA held for consumption particularly the deficient amount of ₱255,639.06 together with the list of the discrepancy of the inventory items.</p> <p><b>Implemented.</b></p>



<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
procurement of materials that are intended for sale and for those intended for consumption to properly identify the inventory accounts.			
<p>5. Due from Officers and Employees (DOE) Account of ₱655,431.32 includes unrecovered deposit of ₱635,098.77 from a closed Rural Bank which remained not refunded by the officer or employee of the District identified as liable persons.</p> <p>We recommended that Management require the DM-AD identify all liable officials or employees involved in the deposit of the District's guaranty fund at the closed bank including those who authorized the deposit of the fund so that a possible recovery can be undertaken.</p> <p>We recommended further that Management require the Accountant retrieve all records pertaining to the active concessionaires as of CY 2009 and identify from among the existing concessionaires the exact amount that could have been included on the foreclosed bank account for proper charging and determination on the extent of liability of the concerned official or employee.</p>	2020 AAR Finding No. 5.	<p>Partial refund was made by the late General Manager of the District taken from her terminal pay.</p> <p>The audit recommendation was complied with by sending the Subsidiary Ledger of the Guaranty Deposits Payable as of December 31, 2009 thru e-mail dated February 18, 2021.</p>	<p><b>Implemented.</b> Verified as to compliance with the recommendation.</p> <p><b>Implemented.</b> Concessionaires entitled to the guaranty deposits payable are identified.</p>

Observation and Recommendation	Reference	Action Taken by Management	Result of Auditor's Validation
<p>6. The Other Receivables Account of ₱422,211.46 includes an amount of ₱283,237.00 where the recovery or collection may not be possible considering that the amount has not been moving for 10 years or more, thus, considered dormant accounts as defined under COA Circular No. 2016-005, dated December 15, 2016. Also, the account includes an unsettled advance payment of ₱80,000.00 for the titling of lots of the District.</p> <p>We recommended that Management direct the Officer-in-Charge (OIC) of the Finance and Commercial Division (FCD) file a request for write-off of the cash advances incurred by the former GM by following the guidelines under COA Circular No. 2016-005 dated December 15, 2016 with the Office of the Regional Director of COA Region 1.</p> <p>We further recommended that Management instruct the DM-AD make a proper demand of the cash shortage of ₱40,541.96 from the former collecting officer or his relatives. Exert more effort that the shortage will be refunded otherwise sanctions will be formally charged against any identified liable</p>	<p>2020 AAR Finding No. 6.</p>	<p>Three (3) demand letters addressed to the former collecting officer, Mr. Danny Saplan, were delivered in the following dates, March 10, 2021; April 13, 2021; and May 06, 2021 respectively. However, no response has yet been received from Mr. Saplan as of September 30, 2021.</p>	<p><b>Implemented.</b> The request for write off of the cash advance incurred by the former GM will be forwarded to the Regional Office following the guidelines of the Commission.</p> <p><b>Implemented.</b> However, still included in the 2021 AAR under Finding No. 5 since there are still AR beyond 10 years.</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>persons.</p> <p>Lastly, we recommended that Management require the Accountant to submit documents in the titling of the lot and close the expense account incurred several years ago for the fair presentation of the accounts.</p>		<p>Titling of the lot is still under court decision.</p>	<p><b>Implemented.</b> Documents were submitted to the audit team. Just waiting for the court decision.</p>
<p>7. The Receivables-Disallowance /Charges Account recorded was only ₱2,879,025.35 compared to the total disallowance which became final and executory amounting to ₱4,901,350.46 or a discrepancy of ₱2,022,325.11. The total disallowance as of December 31, 2020 amounted to ₱6,348,371.90.</p> <p>We recommended that Management direct the Accountant make proper adjustment of the disallowance with finality to the Receivable-Disallowance/Charge Account by drawing a JEV of the discrepancy.</p>	<p>2020 AAR Finding No. 7.</p>	<p>Necessary adjustment to recognize the discrepancy in the books of Receivables-Disallowance/Charges Account has already been effected under JEV No. 21-08-881 dated September 2021.</p>	<p><b>Implemented.</b> Records were already reconciled with COA report on disallowance.</p>
<p>8. Checks amounting to ₱25,369.75 remained outstanding in the books of accounts for over six months, hence considered stale as per banking practice and will no longer be accepted for encashment by any authorized</p>	<p>2020 AAR Finding No. 8.</p>		

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>depository bank as prescribed under Section 97 of PD No. 1445, thus, casting doubt on the propriety and reliability of the Cash in Bank balance as at end of the year.</p> <p>We recommended that Management direct the OIC-FCD send notices to the payees regarding the checks that have become stale and outstanding which can no longer be presented to the bank for payment. Thereafter, prepare a replacement of the stale checks if found valid in accordance with the guidelines under COA-MOF-OBFI Joint Circular No. 8-85 dated October 31, 1985.</p>		<p>Necessary adjustment to recognize the cancellation of stale checks has already been effected under JEV No. 21-02-738 dated February 2021.</p>	<p><b>Implemented.</b></p>
<p>9. The employees of the District assigned at the Engineering and Construction Division (ECD) and at the Production and Quality Division (PQD) claimed reimbursement of meals amounting to ₱39,547.26 while on regular duty conducting the maintenance of the District's water system. Likewise, the payment was recorded as a representation expense contrary to the guidelines on the description of the account under the Revised Chart of Accounts.</p> <p>We recommended that Management require the Accountant stop processing</p>	<p>2020 AAR Finding No. 9</p>		<p><b>Not Implemented.</b> Notices of</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>the payment of meals of employees who are conducting works related to their official duties and responsibilities required in their positions. Otherwise, a notice of disallowance will be properly issued to the concerned employees.</p>			<p>Disallowance No. 2022-01(2021) to 2022-06(2021) were issued on the continuous claims of meals in CY 2021.</p>
<p>10. The District paid the overtime services of six employees amounting to ₱108,472.55 contrary to the policies and guidelines prescribed under Civil Service Commission (CSC) and DBM JC No. 02, s. 2015, dated November 25, 2015, and Section 1(d) of Administrative Order (AO) No. 103 directing the continued adoption of austerity measures in the government. The continued cash payment of the purportedly overtime services instead of applying the non-monetary remuneration encourages the employees to render unnecessary overtime services.</p> <p>We recommended that Management require the DM-AD strictly enforce and implement the provisions of CSC-DBM JC No. 2, s. 2015, dated November 25, 2015 thru a careful assessment and evaluation of the works to be undertaken by the pump operator employees whether</p>	<p>2020 AAR Finding No. 10</p>	<p>Claims of overtime services were still granted by the previous GM.</p>	<p><b>Not Implemented.</b> Shifting of schedules of the pump operators was implemented only in 2022 under the new GM of the District.</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>the rendition of overtime services is extremely necessary for the operation of water services.</p> <p>We further recommended that Management instruct the DM implement the non-monetary remuneration thru the compensatory time-off where an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.</p>			<p>Reiterated under Finding No. 5.</p> <p><b>Not Implemented.</b></p>
<p>11. The monetization of 50% of the vacation and sick leave credits of the District's employees was granted contrary to the guidelines set forth under Sections 22 and 23 of the Omnibus Rules on Leaves of Executive Order (EO) No. 292 and its amendments to Rule XVI embodied in the CSC Memorandum Circular (MC) No. 41, s. 1998, dated December 24, 1998. Further, there was no specific agency policy as to the period an employee can be qualified for monetization. Finally, the leave balance indicated in the application for monetization was incorrectly applied and cannot be determined whether the employee has met the required number of days being applied for.</p> <p>We recommended that Management instruct the DM strictly adhere to the</p>	<p>2020 AAR Finding No. 11</p>	<p>Application of monetization shall be filed within the 3<sup>rd</sup></p>	<p><b>Implemented.</b> Applications for monetization of</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>provision set forth under Sections 22 and 23 of the Omnibus Rules on Leaves and its amendments to Rule XVI embodied in the CSC MC No. 41, s. 1998, dated December 24, 1998, in the monetization of 50% of leave credits. Also, require the personnel in-charge of leave to thoroughly review all applications whether the employee qualifies for the monetization.</p> <p>Further, we recommended that Management require the DM set a clear guideline on the period where an employee can be entitled to monetization whether at every end of December of the prior year or June 30 of the current year.</p> <p>Finally, we recommended that Management direct the DM set deadlines on the filing of applications for monetization so that the processing of payment would be facilitated thru the payroll system. Likewise, the certification of leave balance should indicate the balance before monetization for easy monitoring.</p>		<p>week of each month and be taken up for payment after the scheduled 2<sup>nd</sup> Board Meeting within the month.</p> <p>The HR personnel shall indicate the leave balance on the leave application and monetization based on Revised Leave Application (CS Form No. 6 s. 2020).</p>	<p>10 days and 50% of the earned leaves were verified.</p> <p><b>Implemented.</b></p> <p><b>Implemented.</b></p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>12. The District paid the salaries and wages, bonuses, and other benefits of more or less ₱12.6 million to its 44 regular and casual employees by stuffing cash in envelopes every payday instead of availing the bank services thru the use of automated teller machines (ATM) of its depository bank to minimize the operating costs and to save time in the cash disbursement of funds of the agency. With the old payroll system, the fund may be at high risk of loss or misapplication of funds as well as exposing the health and safety of personnel to risks of contamination during this pandemic.</p> <p>Also, the internal control was weakened when the accounting officer was named as the payee in some cash advances for the salaries and wages of employees while the cashier was on a leave of absence.</p> <p>We recommended that Management require the DM-AD pay the salaries and wages of employees twice a month to minimize the paper works and require the employees to prepare and submit their daily time records every end of the month only. Apply for the use of ATM of your servicing bank which is both</p>	<p>2020 AAR Finding No. 12</p>	<p>Simplified preparation of salaries and wages have already been made and implemented</p>	<p><b>Not Implemented.</b> Management justified that the use of ATM in their area is not possible since only one (1) machine has been installed by the Land Bank of the Philippines, their</p>



Observation and Recommendation	Reference	Action Taken by Management	Result of Auditor's Validation
<p>convenient for the management and the employees. Request the assistance of your depository bank for efficient, accurate, and reliable banking with them.</p>			<p>depository bank. Further, the audit team was informed that the machine is regularly on offline status.</p>
<p>13. Twenty-seven out of the 202, or 13.4%, of the water samples submitted for microbial tests were found as below the standard parameters and framework for clean and safe water for drinking affecting the social responsibility of the District which is mandated to provide potable water services to the public. The contaminated water also poses health hazard to the concessionaires.</p> <p>We recommended that Management instruct the ED personnel provide drinking water that must be clean, safe, and clear, free from all harmful organisms and chemical substances which could constitute hazard to the health of the concessionaires and the general public by directing the personnel under the water quality division to effectively and efficiently conduct a regular flushing of water pipes and blow-offs to remove any harmful organisms and chemical substances present in the water system.</p>	<p>2020 AAR Finding No. 13</p>	<p>Regular monitoring and testing if sufficient dosage of chlorine is being injected through the water systems.</p>	<p><b>Not Implemented.</b> Regular monitoring and flushing were being undertaken but still found with harmful organisms.</p> <p>Included in the 2021 audit findings under Finding No. 8.</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>Further, we recommended that Management direct the ED personnel replace the old pipes with leakages because this could be a source where waste of human nature and pollutants could contaminate the water.</p> <p>Lastly, we recommended that Management advise the DM-AD provide immediate advisory to the affected concessionaires, on waters found contaminated and or with bacteria which can be harmful to human health, as part of transparency and accountability.</p>		<p>On-going replacement of the old pipes with leakages is being undertaken.</p> <p>Accordingly, the affected concessionaires were properly notified.</p>	<p><b>Implemented.</b></p> <p><b>Implemented.</b></p>
<p>14. The District incurred a loss of ₱1,145,554.80 or 20% of the total water production cost of ₱5,738,756.77 in producing the unaccounted water or the Non-Revenue Water (NRW) of 477,314.50m<sup>3</sup> thereby affecting the efficiency and performance of the personnel involved in the production of water and the District in general in its public service.</p> <p>We recommended that Management require the personnel at the ED utilize the allocated resources in the production of water by adopting strategic measures and control to address the unaccounted water or the NRW to avoid wastage and</p>	<p>2020 AAR Finding No. 14</p>	<p>On-going leak detection and repairs of old pipelines were undertaken to arrive at the desired 20% level prescribed by LWUA.</p>	<p><b>Not Implemented.</b></p> <p>The NRW increased. Included under Finding No. 9.</p>

Observation and Recommendation	Reference	Action Taken by Management	Result of Auditor's Validation
<p>loss of fund. Further, the energy consumption must be optimized by regularly checking the water system operation while keeping the overall water production cost at a reasonable level.</p>			
<p>15. The Gender and Development (GAD) activities of the District included an outreach program, "Ayuda sa Eskwela", amounting to ₱1,201,930.40, a non-gender issue, contrary to the revised guidelines prescribed under Philippine Commission on Women (PCW) Memorandum Circular (MC) No. 2018-04 dated September 19, 2018, in relation to PCW-NEDA-DBM Joint Circular (JC) No. 2012-01 and PCW MC 2015-03 dated May 19, 2015. Also, the GAD budget of ₱741,550.00 was only 1.32% of the total agency budget of ₱56,135,782.27 lower than the required allocation of at least 5% of the total agency budget.</p> <p>We recommended that Management require the designated GAD focal point system (GFPS) to develop and formulate measurable GAD Plans and Programs in compliance with PCW-NEDA-DBM JC No. 2012-01 and PCW MC No. 2015-03 dated May 19, 2015.</p>	<p>2020 AAR Finding No. 15</p>	<p>GAD Focal persons prepared the GAD plans and budget. However, limited GAD activities were conducted and implemented amidst the COVID-19 pandemic.</p>	<p><b>Not Implemented.</b> See Finding No. 10.</p>

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>We further recommended that Management require the GFPS conduct a gender analysis by using tools such as gender further mainstreaming evaluation framework, harmonized gender, and development guidelines, and the analysis of sex-disaggregated data and other relevant information to arrive at gender-related issues aligned with the agency's mandate that will focus on client and organization gender-related issues.</p> <p>Lastly, we recommended that Management instruct the GFPS prioritizes the most relevant and urgent gender issues in the GPB that will affect the significant number of stakeholders and employees within the timeframe of the GPB. Include only activities that are included in the agency budget since the GAD budget is drawn from it.</p>			<p><b>Not Implemented.</b> See Finding No. 10.</p>
<p>16. The District did not prepare and develop its DRRM Plans and Programs for the current year, contrary to Section 36 of the General Provisions of the General Appropriations Act (GAA) of Fiscal Year (FY) 2020, thus exposing the agency's resources to possible loss in case of disaster/ calamity.</p>	<p>2020 AAR Finding No. 16</p>		

<b>Observation and Recommendation</b>	<b>Reference</b>	<b>Action Taken by Management</b>	<b>Result of Auditor's Validation</b>
<p>We recommended that Management require the personnel at the ED prepare its DRRM Plan and Program in conformity with the guidelines and identify precautionary measures/activities that should be implemented in case of calamities/disasters and taking into consideration the necessary actions to adapt to and mitigate climate change.</p>			<p><b>Not Implemented.</b> See Finding No. 11.</p>
<p>17. The District has prepared a Water Safety Plan (WSP) required under Department of Health (DOH) Administrative Order No. 2014-0027 dated September 4, 2014 in relation to PD No. 856, the Sanitation Code of the Philippines, thus protecting the health of the consumers.</p> <p>We recommended that Management instruct the DM-AD update its records in adhering to DOH AO No. 2014-007 on the policy of the government requiring all water service providers to develop and implement water safety plan to ensure the delivery of safe drinking water to its consumers.</p> <p>We further recommended that Management direct the ED personnel assess its water safety plan whether it was able to address and serve its concessionaires safe water consumption.</p>	<p>2020 AAR Finding No. 17</p>		<p><b>Not Implemented.</b> See Finding No. 12.</p>