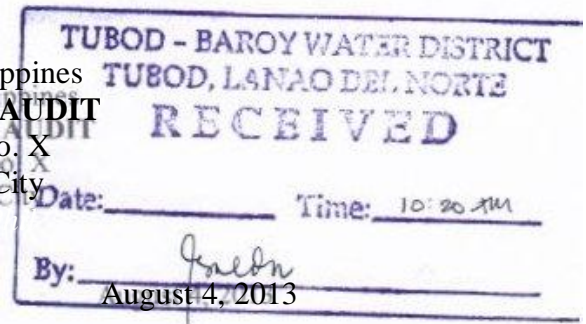




Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. X  
Cagayan de Oro City



**Engr. Elmer Olavides**  
General Manager  
Tubod, Water District  
Tubod, Lanaodel Norte

Dear Manager Olavides:

We are pleased to transmit the Annual Audit Report (AAR) of Tubod Water District, Tubod, Lanaodel Norte for the year ended December 31, 2012, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines.

The audit was aimed at ascertaining the propriety of financial transactions, compliance by the Corporation with prescribed laws rules and regulations, the accuracy of financial records and reports and ultimately the fairness of presentation of the financial statements. Further, the audit was conducted in accordance with the generally accepted auditing standards and we believe that it provides reasonable basis for the results of the audit.

The report consists of four (4) parts, Part I – Audited Financial Statements, Part II – Findings and Recommendations, Part III – Status of Implementation of Prior Year’s Audit Recommendations, which were discussed with concerned management officials and staff and Part IV – the Annexes.

We will appreciate being informed of the actions taken on the recommendations, contained in the report, within sixty (60) days from the date of receipt thereof.

We acknowledge the support and cooperation extended to our Audit Group by the officials and employees of the Tubod Water District.

Very truly yours,

  
**LYNN S.F. SICANGCO**  
Director IV  
Regional Director



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. X  
Cagayan de Oro City

August 04, 2013

The Chairman  
Board of Directors  
Tubod Water District  
Tubod, Lanaodel Norte

Gentlemen:

We are pleased to transmit the Annual Audit Report (AAR) of Tubod Water District, Tubod, Lanaodel Norte for the year ended December 31, 2012, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines.

The audit was aimed at ascertaining the propriety of financial transactions, compliance by the Corporation with prescribed laws rules and regulations, the accuracy of financial records and reports and ultimately the fairness of presentation of the financial statements. Further, the audit was conducted in accordance with the generally accepted auditing standards and we believe that it provides reasonable basis for the results of the audit.

The report consists of four (4) parts, Part I – Audited Financial Statements, Part II – Findings and Recommendations, Part III – Status of Implementation of Prior Year’s Audit Recommendations, which were discussed with concerned management officials and staff and Part IV – the Annexes.

We have requested the General Manager, Tubod Water District, for the information on the actions taken on the recommendations, contained in the report, within sixty (60) days from the date of receipt thereof.

We acknowledge the support and cooperation extended to our Audit Group by the officials and employees of the Tubod Water District.

Very truly yours,

  
**LYNN S.F. SIGANGCO**  
Director IV  
Regional Director



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. X  
Cagayan de Oro City

**OFFICE OF THE SUPERVISING AUDITOR**  
**Audit Group I -Water Districts**

August 04, 2013

**Ms. Lynn S.F. Sicangco**  
Regional Director  
Commission on Audit  
Regional Office No. X  
Cagayan de Oro City

Madam:

In compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we audited the accounts and operations of **Tubod Water District, Tubod, Lanao del Norte** for the year ended December 31, 2012.

The audit was conducted to ascertain the propriety of the agency's financial transactions; its compliance with laws, rules and regulations; and the efficiency of its operations. It was also conducted to ascertain the accuracy of the financial records and reports and the fairness of presentation of the financial statements.

Our report consists of four (4) parts, namely, Part I – Audited Financial Statements, Part II – Findings and Recommendations, Part III – Status of Implementation of Prior Years' Audit Recommendations and Part IV - Annexes. The observations and recommendations were communicated to Management thru Audit Observation Memorandum and discussed with management officials and staff. Their comments are included in the appropriate portion of this report.

There is reasonable assurance that the financial statements/records/reports are free of material misstatements and are prepared in accordance with Philippine Financial Reporting Standards (PFRS)/accounting principles generally accepted in the Philippines.

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

Very truly yours,

**EDWIN GAA CANIOS**  
State Auditor V  
Supervising Auditor



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

# **ANNUAL AUDIT REPORT**

**ON THE**

**TUBOD-BAROY WATER DISTRICT**  
Tubod,  
Province of Lanao del Norte

**For the Year Ended December 31, 2012**

## EXECUTIVE SUMMARY

### A. Brief Profile

The Tubod-Baroy Water District located at Tubod, Lanao del Norte was created and formed last November 1982 with the vision and mission of providing a safe, reliable, sound and economically viable water supply and wastewater disposal system in the area. The Board of Directors was composed by the Chairman and four(4) BOD members and it has a total manpower of twenty-one (21) which include thirteen(13) regular employees, seven (7) casual employees and one job order employee. To date the district was categorized as Class D and has a total service water connections of 2,841.

### A. Financial Highlights

	2012	2011	Increase / (Decrease)	% over last year
Assets	P15,794,253.04	P14,281,027.97	P1,513,225.07	9.58%
Liabilities	12,689,478.85	13,030,249.78	(340,770.93)	(2.68%)
Government Equity	3,104,774.19	1,250,778.19	1,853,996	59.71%
Revenue	13,195,114.33	11,190,179.89	2,004,934.44	15.19%
Expenses	11,336,648.26	11,027,599.27	309,048.99	2.72%
Income	1,858,466.07	162,580.62	1,695,885.45	91.25%

The district's assets, liabilities and equity as of December 31, 2012 were P15,794,253.04, P12,689,478.85 and P3,104,774.19, respectively.

The Agency's revenue amounted to P13,195,114.33 which increased by P2,004,934.44 or 15.19% compared with last year of P11,190,179.89.

For calendar year 2012, the district total expenditure of P11,336,648.26 was incurred, in which P4,920,466.68 was expended for Personal Services, P5,126,496.07 was utilized for Maintenance and Other Operating Expenses and P1,289,685.51 for Financial Expenses.

### B. Scope of Audit

The audit was conducted to ascertain the propriety of financial transactions and compliance of the agency with rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as fairness of the presentation of financial statements. It included review of operating procedures, inspection of programs and projects, verification, reconciliation, and analysis of accounts and such other audit procedures considered necessary under the circumstance.

### **C. Opinion on the Financial Statements**

The Auditor rendered a clean opinion on the fairness of the presentation of the financial statements of the District for the year ended December 31, 2012 with emphasis on the matter. Audit finding 1 and 2. District properties deemed unserviceable amounting to P619,873.66, not disposed/reclassified to other assets; payables due to GSIS, BIR, Pag-ibig and Philhealth amounting to P146,373.53 were not recorded on the appropriate account.

### **E. Significant Findings and Recommendations**

#### **Favorable Observations**

##### **a. Cash and Cash Accounts**

Cash collections were deposited intact and on a daily basis with the authorized government depository bank. As of December 31, 2012, the cash in vault and cash in bank accounts from all sources has balances of P2,192.09 and 2,602,704.38, respectively. All bank accounts were subjected to bank reconciliation and no significant deficiencies were noted in the bank reconciliation statements.

##### **b. Compliance with Tax Laws and Regulations**

The district had deducted and withheld, among others, 1) the required taxes from salaries/ compensations and other benefits of municipal officials and employees such as bonus, cash gifts above P30,000 as ceiling; 2) the required withholding tax for the purchases of goods, and services which is 1% and 2% of the gross amount, respectively and 3% of the gross amount as percentage tax for non-vat or person exempt from vat while 5% of the gross amount as percentage tax for vat registered; 3) the required 2% withholding tax and 5% percentage tax in the conduct of project, contract for goods and services. In support to the Comprehensive Tax Reform Act of 1997 and National Internal Revenue Code, the district deducted, withheld and remitted the same as required by tax laws and regulations.

However, in the conduct of audit of the accounts and transactions of the water district, the following are the deficiencies noted with the corresponding recommendations:

1. Unserviceable properties totaling P619,873.66 were not reclassified to other assets. This has resulted to the overstatement of the Utility Plant in Service (UPIS) account and rendering the Property, Plant and Equipment and Other and Other Assets account unreliable.

We have recommended and management agreed to reclassify the unserviceable/obsolete properties to the appropriate account and prepare an

Inventory and Inspection Report for Unserviceable Property and reclassify unserviceable properties from UPIS account to Other Assets account. In addition, we have also recommended that the items identified to be unserviceable/obsolete shall be disposed pursuant to existing regulations.

2. Incorrect reclassification of trust liabilities- Due to GSIS, Pag-ibig, Philhealth and BIR amounting to P146,373.53 from specific accounts to accounts payable could result to misleading information as regards their trusts liabilities balances as reported/ reflected in the financial statements at yearend.

We have recommended and management agreed to effect the following recommendation:

- Refrain from reclassifying trust liabilities from its respective specific accounts to another general liability accounts such as accounts payable. Adjust and reclassify the accounts to its appropriated accounts to determine the actual balances of these trust liabilities.
- Adopt preferably the NGAs Chart of Accounts for uniformity in accounting for government funds and property. Instead of using Account Payable accounts, use the expense and payable accounts provided under NGAs relative to GSIS, Pag-ibig, Philhealth and BIR.

3. Receivables-Customers inactive/closed accounts amounting to P1,880,191.20 and Accounts Receivable – others P321,154.73 with age ranging from 1 to 6 years are classified as current assets, contrary to accounting standard, resulting to overstatement of current assets and understatement of non-current assets accounts by the same amount.

We have recommended to the management to reclassify the inactive/closed account to non-current assets under the item other assets in compliance to paragraph 57 of PAS No. 1 for proper presentation of the receivables account in the financial statements.

4. The district has no absolute legal rights on two (2) lots wherein the construction of Baroy Pumping Station and Water Supply Project in Pigcarangan, Tubod, Lanao del Norte were located as of December 31, 2012. Consequently, the project improvements using government funds were not protected.

We have recommended and management assured to execute and facilitate the Deeds of Donation of the two lots wherein improvements were made thereon and facilitate also the transfer of Certificates of Title to ensure that no legal impediments may arise in the future.

5. The District did not adhere strictly with RA 9184 and IRR-A on the procurement of supplies, materials and equipment. In effect, determination of advantageous price favorable to the government is not assured.

We have recommended the following to the management:

- Procurement shall be done through bidding or, when applicable, through alternative methods of procurement;
- Instruct the Bids and Awards Committee should convene regularly to discuss matters related to procurement and obtain copy of the agency's Annual Procurement Plan.
- The Committee should prepare a BAC Resolution indicating the mode of procurement to be recommended for approval by the Head of the Procuring Entity (HOPE) in each procurement activity.
- Observe the regulations on repeat order that the quantity should not exceed 25% from the original purchase; and
- Strictly adhere to the provisions of RA 9184 in the procurement of equipment and materials and attach pertinent supporting documents to the disbursement voucher.

6. The Accountable Officers still do not prepare and submit the Report of Accountability of Accountable Forms (RAAF) as well as the maintenance of a permanent record of collections and deposits as of December 31, 2012 resulting to difficulty in tracing of their individual accountability.

We have recommended and management agreed the following recommendations:

- Teller and the cashier should maintain and keep separate cashbook footed monthly and reconciled at least every end of each quarter to ascertain the correctness of the cash account with the controlling account in the Accounting Section; and
- Require the Accountable Officers to render a report to the COA on their accountability for accountable forms at least once a month.

7. Designation of the Sr. Accounting Processor B as a regular member of the BAC is not in accordance with COA Circular No. 2003-04 dated July 30, 2003.

We have recommended the following to the management:

- Replace the Sr. Accounting Processor B as a regular member of the BAC, to comply with the provision of COA Circular No. 2003-004.



- Designate an officer from the accounting unit who is at least a 5<sup>th</sup> ranking permanent employee who may serve as provisional member only when the unit is the end-user of the items subject for bidding.

## TABLE OF CONTENTS

Page No.

### **Part I - Audited Financial Statements**

* Independent Auditors Report	1
▪ Statement of Management's Responsibility for Financial Statements	3
▪ Balance Sheet	4
▪ Statement of Income and Expenses	5
▪ Statement of Cash Flows	6
▪ Statement of Changes in Government Equity	7
▪ Notes to the Financial Statements	8

### **Part II - Findings and Recommendations**

▪ Findings and Recommendations	12
--------------------------------	----

### **Part III - Status of Prior Year's Audit Recommendations** 20

### **Part IV - Annexes**

#### Annexes

• A - List of Unserviceable Properties	30
• B - List of Procurement with Deficiencies	31

PART I – AUDITED FINANCIAL STATEMENTS



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. X  
Cagayan de Oro City

## **INDEPENDENT AUDITOR'S REPORT**

### **The Board of Directors**

Tubod Water District  
Tubod, Lanao del Norte

We have audited the accompanying financial statements of Tubod Water District which comprise the balance sheet as of December 31, 2012, and the statements of income and cash flow for the year ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Tubod Water District as of December 31, 2012, and the results of its operation and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Philippines.

*Emphasis of Matter*

We draw attention to Audit Findings 1 and 2. Tubod Water District properties deemed unserviceable amounting to P619,873.66, not disposed/reclassified to other assets. Likewise payables due to GSIS, BIR, Pag-ibig and Philhealth amounting to P146,373.53 were not recorded on the appropriate account.

*Other Matters*

The exit conference for the results of the financial and compliance audit of the CY 2012 operations was conducted on June 20, 2013.

COMMISSION ON AUDIT

By:

**EDWIN GAA CANIOS**  
State Auditor V  
Supervising Auditor

August 4, 2013

# **TUBOD-BAROY WATER DISTRICT**

Provincial Trade Center, Sagadan, Tubod, Lanao del Norte 9209

Tel/Fax: (063)341-5313 Email: [tbwd07@yahoo.com](mailto:tbwd07@yahoo.com)

## **STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of the **Tubod-Baroy Water District, Tubod, Lanao del Norte** is responsible for all information and representation contained in the Balance Sheet as of **December 31, 2012** and the related Statement of Income and Expenses, Statement of Cash Flows and Statement of Changes in Government Equity for the period then ended. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration of materiality.

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

**JACKY LOU H. LAMDAGAN**

Sr. Accounting Processor B

**ENGR. ELMER L. OLAVIDES**

General Manager

**TUBOD-BAROY WATER DISTRICT**  
**Balance Sheet**  
**For the Year Ended December 31, 2012**  
**With Comparative Figures for December 31, 2011 )**

	Notes	2012	2011
<b>ASSETS</b>			
Current Assets			
Cash	1	2,604,896.47	1,275,214.59
Receivables	2	2,667,429.31	2,475,792.63
Inventories	3	322,410.35	127,161.89
Prepayments			
Other Current Assets			
Total Current Assets		5,594,736.13	3,878,169.11
Investments			
Investment in Securities			
Sinking Fund			-
Total Investments		-	-
Property, Plant and Equipment			
Land	4	47,000.00	47,000.00
Land Improvements		-	-
Buildings		15,585,792.71	15,217,668.68
Office Equipment, Furniture & Fixtures		500,215.45	492,732.45
Machineries and Equipment		4,055,151.52	4,055,151.52
Transportation Equipment		269,740.64	157,487.64
Other Property, Plant & Equipment			
Construction in Progress			
Accumulated Depreciation		(10,258,383.41)	(9,567,181.43)
Total Property, Plant and Equipment		10,199,516.91	10,402,858.86
Other Assets			
<b>TOTAL ASSETS</b>		15,794,253.04	14,281,027.97
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Current Liabilities	5	830,162.45	650,958.89
Long-Term Liabilities	6	11,859,316.40	12,379,290.89
Deferred Credits			-
Total Liabilities		12,689,478.85	13,030,249.78
<b>EQUITY</b>			
Government Equity			
Restricted Capital			
Donated Capital	7	32,000.00	32,000.00
Retained Earnings		3,072,774.19	1,218,778.19
Total Equity		3,104,774.19	1,250,778.19
<b>TOTAL LIABILITIES AND EQUITY</b>		15,794,253.04	14,281,027.97

See Accompanying Notes to Financial Statements

**TUBOD-BAROY WATER DISTRICT**  
**Statement of Income and Expenses**  
**For the Year Ended December 31, 2012**  
**(With Comparative Figures for December 31, 2011 )**

	2012	2011
Income		
Local Taxes		-
Permits and Licenses		-
Service Income		-
Business Income	13,174,169.52	11,177,724.27
Other Income	20,944.81	12,455.62
Total Income	13,195,114.33	11,190,179.89
Less: Expenses		
Personal Services	4,920,466.68	4,980,248.44
Maint. & Other Operating Expenses	5,126,496.07	4,706,374.09
Financial Expenses	1,289,685.51	1340976.74
Total Expenses	11,336,648.26	11,027,599.27
Net Operating Income	1,858,466.07	162,580.62
Add: Subsidies from Other LGUs		
Total	1,858,466.07	162,580.62
Less: Subsidies to Other LGUs		
<b>NET INCOME</b>	<b>1,858,466.07</b>	<b>162,580.62</b>



**TUBOD-BAROY WATER DISTRICT**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2012**  
**(With Comparative Figures for CY 2011)**

	2012	2011
Cash Flows from Operating Activities:		
Cash Inflows:		
Service Income		
Business Income	12,634,225.54	11,504,740.45
Permits and licenses		
Other Income	455,351.33	
Receivables		
Other Receipts	11,649.76	13,235.88
Total Cash Inflow	13,101,226.63	11,517,976.33
Cash Outflows:		
Personal Services	2,739,355.26	2,456,419.01
Maintenance & Other Operating Expenses	6,692,377.01	6,917,096.03
Interest Expense		
Prepayments, deposits & deferred charges		
Payables		
Other Disbursements		
Total Cash Outflows	9,431,732.27	9,373,515.04
Net Cash from Operating Activities	3,669,494.36	2,144,461.29
Cash Flows from Investing Activities:		
Cash Inflows:		
Sale of Property, Plant and Equipment		-
Sale of Investments		-
Interest and dividends	7,222.00	4,060.57
Total Cash Inflows	7,222.00	4,060.57
Cash Outflows:		
Investments		
To Purchase Property, Plant and Equipment	537,374.48	170,395.52
To Purchase Debt Securities of Other Entities		-
Total Cash Outflow	537,374.48	170,395.52
Net Cash from Investing Activities	(530,152.48)	(166,334.95)
Cash Flows from Financing Activities:		
Cash Inflows:		
From Acquisition of Loan	-	-
Total Cash Inflow	-	-
Cash Outflows:		
Payment of Loan Amortization	1,809,660.00	1,809,660.00
Retirement/Redemption of debt securities		-
Financial expenses		-
Total Cash Outflow	1,809,660.00	1,809,660.00
Net Cash from Financing Activities	(1,809,660.00)	(1,809,660.00)

Net Increase in Cash	<u>1,329,681.88</u>	168,466.34
Cash at Beginning of the Period	<u>1,275,214.59</u>	<u>1,106,748.25</u>
<b>Cash at the End of the Period</b>	<b><u>2,604,896.47</u></b>	<b><u>1,275,214.59</u></b>

**TUBOD-BAROY WATER DISTRICT**  
**Consolidated Detailed Statement of Changes in Equity**  
**Year Ended December 31, 2012**  
**(With corresponding figures for 2011)**

	2012	2011
<b>Government Equity</b>		
Balance at beginning of period		
Additions (deductions)		
Balance at end of period		
<b>Restricted Capital</b>		
Balance at beginning of period		
Additions (deductions)		
Balance at end of period		
<b>Donated Capital</b>		
Balance at beginning of period	32,000.00	32,000.00
Additions (deductions)		
Balance at end of period	32,000.00	32,000.00
<b>Retained Earnings</b>		
Balance at beginning of period	1,218,778.19	1,121,914.54
Prior period adjustments	(7,470.07)	(76,216.97)
Changes during the period	3,000.00	10,500.00
Net income (loss) for the period	1,858,466.07	162,580.62
Balance at end of period	3,072,774.19	1,218,778.19
<b>TOTAL EQUITY</b>	<b>3,104,774.19</b>	<b>1,250,778.19</b>

**TUBOD-BAROY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the basis of Generally Accepted Accounting Principles and pertinent provisions contained in the Commercial Practices Manual for Local Water Utilities Administration and the New Government Accounting system (NGAS).

The accrual method of accounting is adopted for both income and expenses.

In recording expenditures, the voucher system is followed in which vouchers is credited prior to payment and debited when paid.

Property, Plant and Equipment is carried at cost minus salvage at 10% of the cost of the property. Depreciation is computed on a straight line method based on the estimated useful life ranging from five (5) to ten (10) years in accordance with COA Circular No. 2003-007 dated December 11, 2003.

Note 1. Cash

Cash and cash equivalents include cash in bank deposits to be used in the operation of the water district, cash on hand in the possession of the district cashier and working fund in the possession of a disbursing officer.

Bank balance as of December 31, 2012 was verified per bank statements and the cash accounts consist of the following :

Cash -Collecting Officers	2,192.09
Cash in Bank -GF savings account	1,807,784.87
Cash in Bank - Trust Fund Savings account	181,605.84
Cash in Bank - Joint Savings Account w/ LWUA	613,313.67
<b>TOTAL</b>	<b>2,604,896.47</b>

Note 2. Receivable

- Account Receivable - this account includes all amounts due on open accounts arising from the services rendered to customers for water sales and other incidental services.

As of December 31, 2012, this account is composed of receivable from customers as listed below.

Accounts receivable	-	P2,727,325.03
Accounts receivable- Others	-	321,154.73

Total	-	<u>P3,048,479.76</u>
Less: Allowance for Doubtful accounts	-	<u>412,389.55</u>
Total	-	P2,636,090.21
• Due from Officers and employees accounts	-	<u>31,000.00</u>
Total	-	<u>P2,667,090.21</u>

### Note 3. Inventories

This account consists of unissued materials and supplies which are kept in stock for future use in the operations of the district. Inventory accounts are carried in the books at cost net of spoilage, obsolescence and damaged items.

Materials and Supplies Inventory	-	<u>P322,410.35</u>
----------------------------------	---	--------------------

### Note 4. Property, Plant and Equipment

Properties relatively permanent in character are included under this account. It includes intangible plants, landed capital, source of supply plant, pumping plant, water treatment plant, transmission and distribution plant, general plant and other tangible assets.

Utility Plant Accounts are carried at cost less accumulated depreciation. Depreciation is computed using the straight line method over the estimated useful lives of the properties pursuant to Commission on Audit Circular No. 2003-007 dated December 11, 2003.

To date no land and building properties were recorded pending the transfer of land ownership to the district. The district's office space is currently on a rental basis since they do not have their own building for the purpose.

As of December 31, 2012, this account is composed of the following:

	<b>Cost</b>	<b>Depreciation</b>	<b>Net Book Value</b>
Land	47,000.00	-	47,000.00
Wells	2,505,465.00	1,196,890.56	1,308,574.44
Structures & improvements	95,000.00	30,637.50	64,362.50
Reservoir & Tanks	2,134,581.68	722,936.93	1,411,644.75
Transmission and Distribution Mains	7,776,718.71	2,541,565.25	5,235,153.46
Services	2,492,030.78	2,478,648.73	13,382.05
Hydrants	112,680.75	112,680.75	-
Other Plants	37,910.71	13,826.06	24,084.65
Land Transport Equipment	269,740.64	149,972.62	119,768.02
Power Production Equipment	73,243.00	51,982.39	21,260.61

Pumping Equipment	4,469,870.21	2,650,618.88	1,819,251.33
Water Treatment Equipment	27,730.00	23,381.10	4,348.90
Furniture and Fixtures	415,628.84	285,109.89	130,518.95
Tools, Shop and Garage Equipment	300.00	132.75	167.25
Total	<u>20,457,900.32</u>	<u>10,258,383.41</u>	<u>10,199,516.91</u>

Note 5. Current Liabilities

This account composed of the following :

Accounts Payable - P170,092.39

**OTHER CURRENT AND ACCRUED LIABILITIES**

COA	216,858.66
FEMCO	19,401.89
KWAN SHELL (FUEL)	5,261.73
TMSI (TELEPHONE)	2,071.36
LANECO(POWER)	<u>195,431.66</u>
	<u>P439,025.30</u>

Due to GSIS	-	(1,592.23)
Due to PHIC	-	50.00
Due to Pag-ibig	-	3,508.50
Due to BIR	-	( 302.47)
Due to NGAs	-	<u>.96</u>
Sub- total		<u>P1,664.76</u>

Guaranty Deposits - P 219,380.00  
**TOTAL CURRENT LIABILITIES P 830,162.45**

Note 6. Longterm Liabilities

Long-term Debts - P11,859,316.40

The Regular Loan under Loan Account No. 3-769 was also availed by the district with LWUA and the availed principal loan amount is P9,330,000 with interest rate of 8.5% per annum for the 1<sup>st</sup> P2M, 10.5% per annum for the next P5M and 12.5% interest per annum in excess of P2.33M. The principal and interest of the regular loan portion is payable within 25 years with monthly amortization of P88,036.00 per month. As of December 31, 2012, the outstanding loan balance is P11,859,316.40.

Note 7. Donated Capital

Donated Capital	-	<u>P32,000</u>
-----------------	---	----------------

## **PART II – FINDINGS AND RECOMMENDATIONS**



## DETAILED FINDINGS AND RECOMMENDATIONS

- 1. Unserviceable properties totaling P619,873.66 were not reclassified to other assets. This has resulted to the overstatement of the Utility Plant in Service (UPIS) account and rendering the Property, Plant and Equipment and Other Assets account unreliable.**

Philippine Accounting Standard No. 16 provides that plant, property and equipment as intangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Under existing guidelines the Inventory and Inspection Report shall be used as basis to record dropping from the books the unserviceable properties recorded in the properties recorded in the property, plant and equipment account.

As of December 31, 2012, the balance of Utility account posted a balance of P10,199,516.91. Verification disclosed that all unserviceable properties are still included per books in the total amount of P619,873.66, resulting to the overstatement of the account balance as of December 31, 2012 (**Annex A**). These items were not supported with Inventory and Inspection Report.

The non-reclassification of the unserviceable/obsolete properties overstated the Property, Plant and Equipment account and understated the Other Assets account which resulted in the unreliability of both accounts in the financial statements.

**We have recommended and management agreed to prepare an Inventory and Inspection Report for Unserviceable Property and reclassify unserviceable properties from UPIS account to Other Assets account with the following suggested adjusting entry:**

Other Assets	P619,873.66
UPIS	P619,873.66

**In addition to, we have recommended that items identified to be unserviceable/obsolete shall be disposed pursuant to existing regulations.**

- 2. Incorrect reclassification of trust liabilities - Due to GSIS, Pag-ibig, Philhealth and BIR amounting to P146,373.53 from specific accounts to accounts payable could result to misleading information as regards their unremitted trusts liabilities as reported/ reflected in the financial statements at yearend.**

*Pursuant to COA Circular No. 2003-001 dated June 17, 2003, the NGAs Chart of Accounts provides the specific accounts relative to trust liabilities accounts – Due to BIR, Due to GSIS, Due to Pag-ibig and Due to Philhealth as well as the expenses accounts – Life and Retirement Insurance Contributions, Pag-ibig Contributions, Philhealth Contributions and Employee Compensation Commission (ECC) Contributions.*

*Section 111 of PD 1445 states that –*

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

*Likewise, Section 112 of the same decree provides that –*

*“Each government agency shall record its financial transactions and operations conformably with generally accepted accounting principles and in accordance with pertinent laws and regulations.”*

Records showed that the trust liabilities such as Due to GSIS, Pag-ibig, Philhealth and BIR amounting to P146,373.53 from its specific accounts were transferred and reclassify to accounts payable which is another general liability account. Breakdown of these trust liabilities were as follows:

Accounts	Balance per FS 12/31/2012	Amount Transferred to AP	Total
Due to GSIS	P(1,592.23)	P96,961.96	P95,369.73
Due to BIR	(302.47)	22,896.83	22,594.36
Due to Philhealth	50.00	6,225.00	6,225.00
Due to HDMF	3,508.50	20,289.74	23,798.24
<b>TOTAL</b>	<b>P1,663.80</b>	<b>P146,373.53</b>	<b>148,037.33</b>

Said practice of recording and reclassifying these trust liabilities from its proper and specific accounts to accounts payable is inconsistent with the prescribed guidelines as embodied in the NGAS Chart of Accounts, COA Circular No. 2003-001 dated June 17, 2003. These could result to misleading information of their trust liabilities balances as reported/ reflected in their financial statements.

The concerned bookkeeper believed that reclassification of these trust liabilities would make to appear better their financial statements at yearend.

**We have recommended the management to refrain from reclassification of trust liabilities from its respective specific accounts to another general liability accounts such as accounts payable. Adopt preferably the NGAs Chart of Accounts for uniformity in accounting for government funds and property. Instead of using Account Payable accounts, use the expense and payable accounts provided under NGAs relative to GSIS, Pag-ibig, Philhealth and BIR.**

- 3. Receivables-Customers inactive/closed accounts amounting to P1,880,191.20 and Accounts Receivable – others P321,154.73 with age ranging from 1 to 6 years are classified as current assets, contrary to accounting standard, resulting to overstatement of current assets and understatement of non-current assets accounts by the same amount .**

Paragraph 57 of Philippine Accounting Standard (PAS) No. 1 entitled Presentation of Financial Statements states that:

“An asset shall be classified as current when it satisfies any of the following criteria:

- a) It is expected to be realized in, or is intended for sale or consumption in, the entity’s normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within twelve months after the balance sheet date; or
- d) It is cash or a cash equivalent (as defined in IAS 7 Cash Flow Statements) unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

All other assets should be classified as non-current.”

Analysis of the Receivables account balance revealed that accounts receivable-Customers inactive/closed accounts from 2002 to December 2009 totaling P1,880,191.29 and Accounts Receivable – others amounted to P321,154.73 with age ranging from 1 to 6 years are classified under current assets.

Non-classification of the above receivables to other assets (non-current) violated the aforementioned accounting standards, thereby resulting to overstatement of current assets and understatement of non-current assets.

**We have recommended to the management to reclassify the inactive/closed account to other assets in compliance to paragraph 57 of PAS No. 1 for proper presentation of the receivables account in the financial statements.**

- 4. The district has no absolute legal rights on two (2) lots wherein the construction of Baroy Pumping Station and Water Supply Project in Pigcarangan, Tubod, Lanao del Norte were located as of December 31, 2012. Consequently, the project improvements using government funds were not protected.**

*Section 105 of PD 1445 states that, "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."*

Examination of the accounts for CY 2012 revealed that the Pumping Station costing P933,167.00 which was constructed in 1995 in Baroy, Lanao del Norte was registered to a couple who are both private persons. Another property was located in Pigcarangan, Tubod where the Water Supply Project costing P1,422,448.15 lies and was covered by a Memorandum of Agreement (MOA) entered into by and between the district and the lot owner.

The district should have ascertained first its ownership over the lots before making improvements to protect its interest. In effect, the claim for legal ownership is weak.

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

**We have recommended and management assured to execute and facilitate the Deeds of Donation of the two lots wherein improvements were made thereon and facilitate also the transfer of Certificates of Title to ensure that no legal impediments may arise in the future.**

- 5. The District did not adhere strictly with RA 9184 and IRR-A on the procurement of supplies, materials and equipment. In effect, determination of advantageous price favorable to the government is not assured.**

Republic Act No. 9184, the Government Procurement Reform Act provides for the modernization, standardization and regulation of the procurement activities of the government and for other purposes.

Generally, procurement should be through competitive bidding. In resorting to any of the alternative methods of procurement, the Procuring Entity must ensure that the method chosen promotes economy and efficiency and that the most advantageous price for the government is obtained.

Our review and examination disclosed that no public bidding was conducted by the District for the procurement of other supplies, materials and equipment as shown in **Annex B**. Details of the deficiencies as follows:

- Canvass/shopping method which is one of the alternative mode of procurement was frequently used by the district.;
- Repeat Order was made even the previous transaction was not done thru public bidding;

Audit interview revealed and noted that the Bids and Awards Committee (BAC) had no copy of the Annual Procurement Plan (APP).The Bids and Awards Committee hardly convened. Processing or opening of canvass was done by the BAC Chairman.

During the conference with the BAC and interview with the BAC Chairman, they commented that;

- They were not fully aware of the systems and procedures of government procurement as embodied under R.A. 9184.
- Personnel involved in the implementation process did not know the extent of their duties and responsibilities and the consequence of being held liable if warranted by circumstances.

The non-compliance to the rules and regulations prescribed under the Government Procurement Reform Act or R.A. 9184 and its IRR affected the efficient and effective implementation of the procurement process. The non-compliance would also subject the responsible officials to appropriate charges.

It can be construed that prudence was not observed in efficiently managing the resources of the District, a pre-requisite prior to embarking into any government undertaking.

**We have recommended the following to the management:**

- **Procurement shall be done through bidding or, when applicable, through alternative methods of procurement;**

- **Instruct the Bids and Awards Committee should convene regularly to discuss matters related to procurement and obtain copy of the agency's Annual Procurement Plan.**
  - **The Committee should prepare a BAC Resolution indicating the mode of procurement to be recommended for approval by the Head of the Procuring Entity (HOPE) in each procurement activity.**
  - **Observe the regulations on repeat order that the quantity should not exceed 25% from the original purchase; and**
  - **Strictly adhere to the provisions of RA 9184 in the procurement of equipment and materials and attach pertinent supporting documents to the disbursement voucher.**
  - **Personnel involved in the procurement process should attend seminar-workshop on R.A. 9184 for an efficient and effective implementation thereof.**
- 6. The Accountable Officers still do not prepare and submit the Report of Accountability of Accountable Forms (RAAF) as well as the maintenance of a permanent record of collections and deposits as of December 31, 2012 resulting to difficulty in tracing of their individual accountability.**

COA Circular No. 2002-002 implementing the New Government Accounting System used the Revised Cash Examination Manual which states:

*“That the Accountable Officer shall maintain and keep records of his property accountability and shall render accounts as prescribed by the Commission.”*

Report of Accountability for Accountable Forms (RAAF) shall be prepared by the Accountable Officer for the movement and status of Accountable forms in his possession. The Accountable forms include those with or without face value.

Actual observations disclosed that the cashier and the teller assigned at Tubod and Baroy water system were not preparing the RAAF monthly. They were only maintaining a record book for the issuances of official receipts from the Supply Officer.

In effect, the audit team finds difficulty in tracing issued official receipts to each Accountable officers and establishing their respective accountabilities. Despite prior recommendations of compliance to management, such deficiencies remained unaddressed.

**We have recommended and management agreed the following:**

- **Teller and the cashier should maintain and keep separate cashbook footed monthly and reconciled at least every end of each quarter to ascertain the correctness of the cash account with the controlling account in the Accounting Section; and**
- **Require the Accountable Officers to render a report to the COA on their accountability for accountable forms at least once a month.**

**7. Designation of the Sr. Accounting Processor B as a regular member of the BAC is not in accordance with COA Circular No. 2003-04 dated July 30, 2003.**

COA Circular No. 2003-04 dated July 30, 2003 provides for the prohibition of the Chief Accountant and personnel of accounting unit to be *regular* members of the Bids and Awards Committee. However, they may serve as *provisional* members when the unit is the end-user of the items subject of the bidding.

Our review of the composition of the Bids and Awards Committee (BAC) disclosed that based on the list submitted to the Team it was shown that the Sr. Accounting Processor B was designated as regular member of BAC, contrary to COA Circular No. 2003-04 dated July 30, 2003.

It was stressed that the Sr. Accounting Processor B, and the personnel under her are tasked to approve the voucher in payment of such goods and services procured and the infrastructure prosecuted. They will also certify to the availability of the funds for the project subject of the bidding. Thus, it becomes necessary to ensure that the procurement and payment functions are segregated in keeping with the rules and principles of good internal control and to avert the possibility of conflict of interest that may arise under the circumstance.

**We have recommended the following to the management:**

- **Replace the Sr. Accounting Processor B as a regular member of the BAC, to comply with the provision of COA Circular No. 2003-004.**
- **Designate an officer from the accounting unit who is at least a 5<sup>th</sup> ranking permanent employee who may serve as provisional member only when the unit is the end-user of the items subject for bidding.**

**PART III - STATUS OF IMPLEMENTATION  
OF PRIOR YEAR'S AUDIT IMPLEMENTATION**



**PART III - Status of Implementation of Prior Year's Audit Recommendations**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
<p><b>1. Cashbook for cash advances for salaries and wages, honoraria, and other personnel benefits was not maintained by the cashier thus, cash and cash on hand balances at a given period during the year could not be ascertained.</b></p>	<p>Direct the cashier to maintain separate cashbook for cash- disbursing officer in order to determine the accountability of the AO particularly on her remaining unliquidated cash advances.</p> <p>Require the AO and the Accountant to reconcile</p> <p>a) their records (the cashbook and the subsidiary/ general ledger) at least at the end of each quarter.</p> <p>b) Deficiency noted in recording transactions in the cashbook should be</p>			<p align="center">Implemented</p>	

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
	<p>corrected and improve as useful reference to the cashier and other future end user.</p> <p>Adhere strictly with the use of NGAs Chart of Accounts to avoid misclassification of accounts under NGAs and thereby, affecting the fair presentation of financial statements at year-end.</p>				

Audit Observation	Recommendation	Ref	Management Action	Status of Implementation	Reason for Partial/Non-Implementation
<p><b>2.Cash advances granted to the district’s cashier/disbursing officer for salaries and wages, honoraria, and other personnel benefits of the district amounting to P3,060,915.38 were debited under the Advances to Officers and Employees Account (127) instead of classifying them under the account resulting to misclassification of accounts pursuant to COA Accounting Circular No. 2006-001 dated November 9, 2006.</b></p>	<p>Stop the practice of debiting <i>Advances to Officers and Employees Account</i> and instead use the <i>Payroll Fund Account</i> in recording cash advances granted to cashier/disbursing officer for the payment of salaries and wages, honoraria and other personnel benefits of the district in accordance with COA Circular No. 2006-001 dated November 9, 2006;</p> <p>Adhere strictly with the use of NGAs Chart of Accounts to avoid misclassification of accounts under NGAs and thereby, affecting the fair presentation of financial statements at year-end</p>			Implemented	

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
3..Disbursements applicable for cash advances in the total amount of P202,346.00 were charged outright or recorded to an expense account in violation to Section 112 of PD 1445.	We recommended that management should take-up cash advances on disbursements falling under the category or applicable as cash advances in pursuant to Section 112 of PD 1445 and COA Circular No. 97-002. Stop the practice of treating said transactions as outright expenses.			Implemented	
4. Unauthorized use of receipts as payments of water bills.	We recommended that management should buy the authorize receipts ahead of time. So that chances of using receipts not prescribed by the government will be avoided. Stocks of receipts should always be readily available in the supply office at that time it is needed.			Implemented	
5. Book reconciling items in the Bank Reconciliation Statements (BRS) were not taken-up in the book, thereby affecting the accuracy of cash in bank as of December 31, 2010	We have recommended that management reconcile carefully and properly the “unidentified reconciling items” of P131, 594.54 and		The deficiency noted was taken into consideration by the management.	Partially Implemented	The bookkeeper has no complete data for the reconciling items. Since no proper turnover of records of the former

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
	prepare bank reconciliation statements using the Adjusted Method and effect the necessary entries.				administration.
6. <b>The amounts of P80,652.73 as a difference of account due to GSIS, Pag-ibig, Philhealth, and BIR per general ledger were recorded erroneously to Other Accrued Liabilities account thus, resulting to misstatement of affected accounts as of December 31, 2011 contrary to Section 111 of PD 1445</b>	We have recommended that management to direct the Accounting Processor to effect adjustments and reclassify the accounts to its appropriated account to determine the actual balances of Trust Liabilities.		The deficiency noted remains to be practice by the district.	Not Implemented	The bookkeeper justified that due to her heavy workload, proper recording of accounts were not strictly followed.
7. <b>The balance of Accounts Receivable Account per Accounting Records differed with the Billing Division by P567, 511.21 contrary to Section 114 of PD 1445.</b>	We have recommended that management should reconcile accounting records with the billing report prepared by the Billing Section to reflect accurate balances. Moreover, update and maintain the individual ledger card of the concessionaire to facilitate that monitoring and validating the reported receivables from customers.		No action was made by the management to correct the deficiency noted.	Not Implemented	The bookkeeper and the billing section did not coordinate properly and on a regular basis.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
<p><b>8. The Physical Count of property, Plant and Equipment of the District had remained not conducted despite prior year's audit recommendation, and which is contrary to the provision of Section 490, GAAM Volume I; thus, the correctness of the amount of P10,402,858.86</b></p>	<p>We have recommended to management to implement the following:</p> <ol style="list-style-type: none"> <li>1. Create a task force to conduct the physical count of property compose of the Following:               <ol style="list-style-type: none"> <li>a) Two (2) permanent representatives from the Supply Office.</li> <li>b) One (1) permanent representative from the Accounting Unit</li> <li>c) One (1) representative from the COA to act as witness.</li> </ol> </li> <li>2. The task force created must conduct physical count and render complete inventory report duly signed by the members and submit the said report to the Head of Office; copy furnished the Accounting Office and to the COA.</li> </ol>		<p>The deficiency noted remains to be visible during the year.</p>	<p>Not Implemented</p>	<p>The district did not exert effort to comply with the recommendation to achieve correctness and reliability of records.</p>

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
	<p>3. The task force/committee to renew all the AREs based the concerned accountable personnel. In case, those properties are no longer found but are still in the Supply Office records, advise the concerned accountable personnel to request for relief of accountability in accordance with P.D. 1445.</p> <p>4. Based on the duly signed Report on the Physical Count of Property Plant and Equipment (RPCPPE), the Accounting Office to prepare Equipment Ledger Cards by classification and reconcile these with its owned record maintained for that purpose.</p>				

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
	<p>5. completion of the Physical Count, the Supply Officer to prepare the soft copy of the inventory Report and submit the same to the COA. In succeeding years, only the changes (deductions and additions) are reported in the Inventory and Inspection Report for unserviceable property (IIRUP) and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) be submitted to save effort and cost.</p> <p>6. The IIRUP for condemned properties which are already approved by the Head of Office upon the recommendation of the Property Inspector and/or the Appraisal Committee shall be deleted from the RPCPPE and the</p>				



<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
	<p>corresponding AREs shall also be cancelled. Copy of approved IRUP shall be furnished to the COA. However, the Accounting Office shall not drop the approved IRUP from the accounting records until such time the Auction Sale is complete.</p> <p>7. Conduct physical inventory of the agency assets at least once a year pursuant to Section 490, GAAM, Volume I to check the existence, accuracy and correctness of the accounts recorded in the school books of accounts.</p> <p>8. Property Custodian should maintain the Property Card while Accounting Unit should also maintain the Property Plant and Equipment Ledger Card. Reconcile these records with the Physical Inventory</p>				

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref</b>	<b>Management Action</b>	<b>Status of Implementation</b>	<b>Reason for Partial/Non-Implementation</b>
	<p>Report of Property Plant and Equipment.</p> <p>9. Put high regard and importance to physical inventory taking as it is an indispensable procedure in checking the integrity of property custodianship and a management tool for sound decision-making.</p>				

## **PART IV - ANNEXES**

**LIST OF UNSERVICABLE MATERIALS AND OFFICE EQUIPMENT  
 FOR CY 2012**

Articles	Description	Quantity	Unit Price	Amount
1	Franklin Submersible Motor 20HP	1 unit	P 81,368.00	81,368.00
2	Franklin Submersible Motor 20HP	1 unit	115,000.00	115,000.00
3	Franklin Submersible Motor 20HP	1 unit	61,368.00	61,368.00
4	Shakti Submersible Pump 3HP	1 unit	59,192.00	59,192.00
5	Submersible Pump 20HP	1 unit	43,458.00	43,458.00
6	Submersible Pump 20HP	1 unit	48,027.66	48,027.66
7	Butterfly Valve with counter weight 4"	1 unit	8,960.00	8,960.00
8	Flow Meter 4"	1 unit	11,370.00	11,370.00
9	Flow Meter 4"	1 unit	11,370.00	11,370.00
10	Cast Iron Gate Valve 2"	1 unit	14,000.00	14,000.00
11	Cast Iron Gate Valve 2"	1 unit	14,000.00	14,000.00
12	Assorted Pipe from old Pumping Station		6,000.00	6,000.00
13	Chlorinator	1 unit	21,330.00	21,330.00
14	Chlorinator	1 unit	21,330.00	21,330.00
15	Bulk Multicab Accessories	1 Bulk	32,000.00	32,000.00
16	Computer Set	1 unit	62,000.00	62,000.00
17	Empty Gallons	11 pcs.	1,100.00	1,100.00
18	Tire	10 pcs.	8,000.00	8,000.00

**LIST OF PROCUREMENT WITH DEFICIENCIES**  
 As of December 31, 2012

DATE	CHECK NO.	DVs NO>	DATE OF PO	NAME OF SUPPLIER	PARTICULARS	AMOUNT	Mode of Procurement	Remarks
01/19/2012	689669	01.2900	01/24/2012	Edson Plast	Pipes	15,661.79	SHOPPING	No Minutes of the BAC.No copy of BAC Resolution
02/07/2012	689686	02.2917	02/08/2012	A&Z ENT.	demolition/restoration	24,864.29	-do-	
02/22/2012	689698	02.2928	02/23/2012	Interlock	submersible pump	23,660.72	-do-	
03/02/2012	689709	03.2940	03/05/2012	CARAGA	various materials	37,885.06	-do-	No minutes of the BAC. No copy BAC Resolution
03/02/2012	689710	03.2941	03/07/2012	CROWN	office supplies	18,902.17	-do-	
03/22/2012	689738	03.2969	03/23/2012	J. Agliones	multicab repair	18,000.00	-do-	
03/28/2012	689739	03.2970	03/28/2012	Auto surplus	multicab engine	22,000.00	-do-	No Minutes of the BAC. No copy BAC Resolution
04/12/2012	689761	04.2992	04/19/2012	XD EVER	water meter	44,482.15	-do-	NoMinutes of the BAC. No copy BAC Resolution
05/09/2012	689792	05.3023	05/10/2012	Virgin Grace	Materials	7,589.41	-do-	
05/25/2012	689806	05.3037	05/25/2012	RBV	multicab repair	25,110.00	-do-	
06/07/2012	689820	06.3052	06/07/2012	F. Cuizon	vehicle upholstery	11,357.15	-do-	No Minutes of the BAC. No copy BAC Resolution
06/20/2012	689839	06.3070	06/22/2012	Edson Plast	p.e. pipes	35,301.97	Repeat order	No Minutes of the BAC. No copy BAC Resolution
06/20/2012	689845	06.3076	07/09/2012	Crown Paper	office supplies	9,761.94	Shopping	No Minutes of the BAC. No copy BAC Resolution

07/11/2012	689872	07.3102	07/13/2012	ELK hardware	vehicle parts	24,678.13	-do-	No Minutes of the BAC. No copy BAC Resolution
09/11/2012	689947	09.3179	09/13/2012	CARAGA	various materials	24,819.37	Repeat order	No Bidders Bond & Minutes of the BAC. No copy of advertisement/invitation to bid tender of winning bidder & No BAC abstract proposal, Bidders Bond, Minutes of the BAC resolution.
09/11/2012	689949	09.3181	09/13/2012	Interlock	submersible pump	166,874.28	shopping	No Minutes of the BAC. No copy BAC Resolution
09/11/2012	689950	09.3182	09/13/2012	Interlock	Gate valve	19,966.80	Repeat order	No, Minutes of the BAC. No copy BAC Resolution
09/11/2012	689951	09.3183	09/13/2012	Edson Plast	p.e. pipes	11,137.94	Repeat order	No Bidders Bond & Minutes of the BAC. No copy of advertisement/invitation to bid tender of winning bidder & No abstract proposal, Bidders Bond, Minutes of the BAC.
10/23/2012	689999	10.3231	10/29/2012	Pall Rocas	Chlorinator	70,982.15	Shopping	No Minutes of the BAC. No copy BAC Resolution
11/28/2012	769352	11.3284	12/10/2012	Edson Plast	P.E. pipes	42,430.28	Repeat order	No Minutes of the BAC. No copy BAC Resolution

Prepared by:

**MACRINA M. GENTILES**  
State Auditor III/Audit Team Leader

