



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. 10
J.V. Serifa Street, Carmen, Cagayan de Oro City

OFFICE OF THE REGIONAL DIRECTOR

February 22, 2021

Mr. ANDRIAL C. KWAN
Chairperson, Board of Directors
Mr. GEOVANNI A. HERA
General Manager
Tubod-Baroy Water District
Tubod, Lanao del Norte



Sirs:

We are pleased to transmit the Annual Audit Report on the audit of **Tubod-Baroy Water District (TBWD)**, Tubod, Lanao del Norte as of December 31, 2020, pursuant to Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Section 43 of the Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the *Philippines*.

The audit was conducted to (a) ascertain the fairness of presentation of the financial statements; (b) ascertain the propriety of financial transactions and compliance with law, rules and regulations; (c) recommend agency improvement opportunities; and (d) determine the extent of implementation of prior years' audits recommendations.

The audit report consists of Part I- Audited Financial Statements, Part II-Observations and Recommendations and Part III- Status of Implementation of Prior Years' Audit Recommendations, which were discussed with the officials and staff concerned.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions and we believe that these standards provided a reasonable basis for the audit results.

A Modified-Qualified Opinion was rendered on the Financial Position of the Tubod-Baroy Water District as of December 31, 2020, and the results of operations and cash flows for the year then ended, as presented in the financial statements accompanying this report.

We expressed Modified-Qualified Opinion on the fairness of the presentation of the financial statements of Tubod-Baroy Water District for the year 2020 due to the following exceptions:

1. Physical count of Property, Plant and Equipment was not conducted as provided for in Section 5 of COA Circular No. 2020-006 thus placing the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱29,319,004.23 is of doubtful validity.


2. Non-submission of the Result of Physical Count of Inventory duly reconciled with Stock Cards kept by the Property and Supply Unit and Supplies Ledger Cards kept by the Accounting Unit as provided by Section D and E, Appendix 66, Volume II of the Government Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱ 3,951,593.81.

The above and other observations, together with the recommended courses of action which were discussed by the Audit Team with you and other officials of the agency in the exit conference are discussed in detail on Part II of the Report.

We request that a status report, by accomplishing the attached Agency Action Plan and Status of Implementation form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 89 of the General Provisions of the General Appropriations Act FY 2020.

We appreciate the invaluable support and cooperation extended by the officials of that Agency to the Audit Team which facilitated the completion of the report.

Very truly yours,


CEL SO L. VOCAL
Director IV
Regional Director

Copy furnished

*The President of the Philippines
Malacañang Palace, Manila*

*The Vice-President of the Philippines
Coconut Palace, F. Maria Guerrero St.
CCP Complex, Pasay City*

*The Chairman-Senate Finance Committee
Senate of the Philippines
Roxas Boulevard, Pasay City*

*The Chairman-Appropriations Committee
House of Representatives
HOR Complex, Constitutional Hills, Quezon City*

*The Secretary of the Budget and Management
Department of Budget and Management
G. Solano St., San Miguel, Manila*

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

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

*The Chief of Office
UP Law Center, UP, Diliman, Quezon City*

File



Republic of the Philippines
COMMISSION ON AUDIT
 Provincial Satellite Auditing Office
 Iligan City
 R10-05, Water Districts

TUBOD-BAROY WATER DISTRICT
 For Calendar Year 2020
 Agency Action Plan and Status of Implementation
 (AAPSI)

Ref.	Audit Observation	Audit Recommendation(s)	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation	Action to be Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
AOM – 2021-001	Physical count of Property, Plant and Equipment was not conducted as provided for in Section 5 of COA Circular No. 2020-006 thus placing the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱29,319,004.23 in of doubtful validity.	We recommended that the District comply strictly with Section 5 of COA Circular No. 2020-006 in the conduct of inventory taking for its PPE accounts.							
AOM – 2021-002	Non-submission of the Result of Physical Count of Inventory duly reconciled with Stock Cards kept by the Property and Supply Unit and Supplies Ledger Cards kept by the Accounting Unit as provided by Section D and E, Appendix 66, Volume II of the Government	We recommended the submission to the Office of the Auditor a copy of Report on the Physical Count of Inventory to the Office of the Auditor, duly reconciled with the Supply Ledger Cards maintained by the Accounting unit and Stock Cards maintained by the Property and							

Ref.	Audit Observation	Audit Recommendation(s)	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation	Action to be Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
	Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱ 3,951,593.81.	Supply unit as provided by Sections C, D and E of Appendix 66, Government Accounting Manual, Volume II.							
AOM 2021-003	The District did not adhere to Republic Act No. 656 (Property Insurance Law) to insure their properties with a book value or replacement value ₱ 26,908,581.93 thus exposing District property to unindemnifiable damage, loss due to fire, earthquake, storm, or other casualty brought by fortuitous events (Acts of God) and/or force majeure.	We recommended that adherence to Section 5 of RA 656 to protect the District against any damage or loss properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty. Submit yearly the Property Inventory Form to the Government Service Insurance System and to the Office of the Supervising Auditor/Audit Team Leader every 30th day of April.							
AOM 2021-004	Notices of Awards, Purchase Orders, Notices to Proceed and Inspection and Receiving Reports for purchases of goods, materials, and supplies amounting to ₱ 6,103,990.62 have blank date of receipt by the suppliers thus	We recommend that the date of receipt of Notices of Award, Purchase Orders and Notices to Proceed including its Inspection and Acceptance Reports should be indicated for the purpose of imposing liquidated damages in							

Ref.	Audit Observation	Audit Recommendation(s)	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation	Action to be Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
	circumventing imposition of liquidated damages in contravention to Section 3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184).	cases where delay was committed inclusive of duly granted extensions. Indicate a reasonable period of delivery for suppliers located outside the District's locality.							
AOM 2021-005	Delayed submission of copies of Contracts/Purchase Orders in violation Section 3 of COA Circular No. 2009-001 precluded the auditorial and technical review of the procurement transactions and prompt detection/correction of possible deficiencies.	We recommend that management furnish the Auditor copy of the purchase orders and contract documents not later than five (5) working days after the perfection of contracts/purchase orders together with duly accomplished supporting documents for technical review and evaluation in compliance with COA Circular No. 2009-001.							
AOM 2021-006	Liquidated Damages amounting to ₱13,168.07 was not imposed on purchases of goods, materials and supplies in contravention to Section	We recommend that strict adherence to Section 3.1 and 3.2 of Annex D - Contract Implementation Guidelines for the							

Ref.	Audit Observation	Audit Recommendation(s)	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation	Action to be Taken
			Action Plan	Person / Dept. Responsible	Target Implementation Date				
					From	To			
	3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184) despite of late delivery.	Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184). Justify why liquidated damages were not deducted on late deliveries of goods supplies, and materials and why Notices of Disallowance should not be issued for these purchases.							

Note: Status of Implementation may either be (a) Fully Implemented, (b) On-going, (c) Not Implemented, (d) Partially implemented or (e) Delayed

Prepared by:


Mr. GEOVANNI A. HERA
 General Manager



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. 10
Cagayan de Oro City

OFFICE OF THE SUPERVISING AUDITOR
CGS -Water Districts and Other CGS Stand-Alone Agencies

February 19, 2021

ATTY.CELSO L. VOCAL
Regional Director
COA - Regional Office No. X
Cagayan de Oro City

Sir:

We are submitting the Annual Audit Report on the Tubod-Baroy Water District for the year ended December 31, 2020 pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43(2) of Presidential Decree No. 1445.

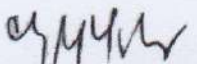
The audit was conducted to (a) verify the level of assurance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.

The audit report consists of three parts, namely: Part I - Audited Financial Statements; Part II - Observations and Recommendations; and Part III - Status of Implementation of Prior Year's Audit Recommendations. 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.

Except for the effects of the matters discussed in Part II of this Report, there is reasonable assurance that the financial statements are free from material misstatement(s) and were prepared in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles.

Our audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) and we believe these standards provide reasonable basis for the results of the audit.

Very truly yours,


CECILIA A. PONTILLAS
State Auditor V
Supervising Auditor



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. 10
Cagayan de Oro City

OFFICE OF THE AUDIT TEAM LEADER

R10-05, CGS – Water Districts and Other CGS Stand-Alone Agencies

February 19, 2021

Ms. CECILIA A. PONTILLAS

Supervising Auditor
CGS – Water Districts and Other CGS Stand-Alone Agencies
COA - Regional Office No. X
Cagayan de Oro City

Ma'am:

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 conducted a financial & compliance audit of **Tubod-Baroy Water District**, Tubod, Lanao del Norte, as of December 31, 2020.

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

The audit report consists of three parts, Part I - Audited Financial Statements, Part II - details of our significant Observations and Recommendations which were discussed with concerned management officials and staff during exit conference held on March 15, 2021, and Part III - Status of Implementation of Prior Year's Audit Recommendations.

Except for the effects of the matters discussed in Part II of this Report, there is reasonable assurance that the financial statements are free from material misstatement(s) and were prepared in accordance with applicable laws, rules and regulations and in conformity with generally accepted state accounting principles.

Our audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) and we believe these standards provide reasonable basis for the results of the audit.

Very truly yours,

A handwritten signature in black ink, appearing to read "Amado Peter A. Garbanzos".

AMADO PETER A. GARBANZOS
State Auditor IV
Audit Team Leader



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. 10
Carmen, Cagayan de Oro City

ANNUAL AUDIT REPORT

ON THE

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

For the Year Ended December 31, 2020

EXECUTIVE SUMMARY

A. Introduction

The Tubod-Baroy Water District (TBWD) was created under a special law, Presidential Decree 198 as amended by PD Nos. 768 and 1479 better known as the "Provincial Water Utilities Act of 1973." TBWD was awarded with the Certificate of Conditional Conformance No. 228 by the Local Water Utilities Administration (LWUA) on November 8, 1982.

The TBWD is presently categorized as "Category D" Water District with 3,931 total service connections as of December 31, 2018.

The governing board is composed of directors representing the different sectors and organizations within the municipality of Tubod-Baroy who were appointed by the Provincial Chief Executive. They exercise corporate powers and determine policies for the operations of the District. They are as follows:

Chairperson: Andrial C. Kwan
Members: Aurora A. Zorilla
Evangeline M. Codilla
Demosthenes G. Secuya
Roldan Jonathan R. Gayta

All local water districts were declared as Government-Owned and Controlled Corporations (GOCC) by the Supreme Court on September 13, 1991 in the case docketed as GR Nos. 95237-38.

A financial and compliance audit was conducted on the accounts and operations of Tubod-Baroy Water District, Tubod, Lanao del Norte, for the Calendar Year 2020.

The audit consisted of testing the adequacy of the related systems and controls set by the agency, verification of the accuracy, legality and completeness of its financial transactions, and the application of the other audit procedures considered necessary under the circumstances.

It was also made to determine whether the district's financial statements present fairly its financial position and results of operations and cash flows, and whether applicable laws, rules and regulations were followed. Further, it was also conducted to determine whether the agency managed and utilized its resources economically, efficiently and effectively in the implementation of its programs, projects and activities.

B. Financial Highlights

Financial Condition

As of December 31, 2020, TBWD has reached ₱48.9 million, total liabilities of ₱16.3 million and Equities that amounted to ₱32.6 million:

	2020	2019	2020 vs. 2019 Increase/(Decrease)	
			Amount	Percentage
Assets	₱ 48,960,854.61	₱ 38,458,172.92	₱ 10,509,681.69	21.46 %
Liabilities	₱ 16,309,065.62	₱ 13,522,701.99	₱ 2,786,363.63	17.08%
Equities	₱ 32,651,788.99	₱ 24,935,470.93	₱ 7,716,318.06	23.63%

Results of Operation

The operation of TBWD for CY2020 yielded to overall net income of ₱6.8 million pesos as a net of sales revenue of ₱31.6 million and expenses of ₱24.7 million pesos.

	2020	2019	2020 vs. 2019 Increase/(Decrease)	
			Amount	Percentage
Sales	₱ 31,640,491.09	₱ 27,970,216.80	₱ 3,670,274.29	11.60%
Expenses	₱ 24,796,059.82	₱ 20,949,643.15	₱ 3,846,416.67	15.51%
Net Income	₱ 6,844,431.27	₱ 7,020,573.65	₱ (176,142.38)	(2.57%)

C. Independent Auditor's Report on the Financial Statements

A Modified-Qualified Opinion was rendered on the fairness of presentation of the financial statements due to:

- a) Physical count of Property, Plant and Equipment was not conducted as provided for in Section 5 of COA Circular No. 2020-006 thus placing the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱29,319,004.23 in of doubtful validity.
- b) Non-submission of the Result of Physical Count of Inventory duly reconciled with Stock Cards kept by the Property and Supply Unit and Supplies Ledger Cards kept by the Accounting Unit as provided by Section D and E, Appendix 66, Volume II of the Government Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱ 3,951,593.81.

D. Summary of Significant Observations and Recommendations

In addition to the aforementioned reasons for a Modified-Qualified Opinion, the following were noted:

1. The District did not adhere to Republic Act No. 656 (Property Insurance Law) to insure their properties with a book value or replacement value ₱ 26,908,581.93 thus exposing District property to unindemnifiable damage, loss due to fire, earthquake, storm, or other casualty brought by fortuitous events (Acts of God) and/or force majeure.

We recommended that adherence to Section 5 of RA 656 to protect the District against any damage or loss properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty. Submit yearly the Property Inventory Form to the Government Service Insurance System and to the Office of the Supervising Auditor/Audit Team Leader every 30th day of April.

2. Notices of Awards, Purchase Orders, Notices to Proceed and Inspection and Receiving Reports for purchases of goods, materials, and supplies amounting to ₱ 6,103,990.62 have blank date of receipt by the suppliers thus circumventing imposition of liquidated damages in contravention to Section 3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184)

We recommend that the date of receipt of Notices of Award, Purchase Orders and Notices to Proceed including its Inspection and Acceptance Reports should be indicated for the purpose of imposing liquidated damages in cases where delay was committed inclusive of duly granted extensions. Indicate a reasonable period of delivery for suppliers located outside the District's locality.

3. Delayed submission of copies of Contracts/Purchase Orders in violation Section 3 of COA Circular No. 2009-001 precluded the auditorial and technical review of the procurement transactions and prompt detection/correction of possible deficiencies.

We recommend that management furnish the Auditor copy of the purchase orders and contract documents not later than five (5) working days after the perfection of contracts/purchase orders together with duly accomplished supporting documents for technical review and evaluation in compliance with COA Circular No. 2009-001.

4. Liquidated Damages amounting to ₱13,168.07 was not imposed on purchases of goods, materials and supplies in contravention to Section 3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184) despite of late delivery.

We recommend that strict adherence to Section 3.1 and 3.2 of Annex D - Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184).

E. Summary of Total Suspension, Disallowance and Charges as of Year-End

Particulars	Balance, 12/31/2019	CY 2020 Issuances	Settlement	Balance, 12/31/2020
Suspensions	P 30,752.00	-	-	P 30,752.00
Disallowances	P 316,478.40	-	-	P 316,478.40
Charges	-	-	-	-

F. Status of Implementation of Prior Year's Audit Recommendations

Of the 7 audit recommendations presented in prior year's Annual Audit Report, 1 was fully implemented and 6 were partially implemented.

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**PART I –
AUDITED FINANCIAL STATEMENTS**



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. 10
Cagayan de Oro City

OFFICE OF THE SUPERVISING AUDITOR

Audit Group CGS - Water Districts and Other CGS Stand-Alone Agencies

INDEPENDENT AUDITOR'S REPORT

Mr. ANDRIAL C. KWAN

Chairperson, Board of Directors
Tubod-Baroy Water District
Tubod, Lanao del Norte

Mr. GEOVANNI A. HERA

General Manager
Tubod-Baroy Water District
Tubod, Lanao del Norte

Modified-Qualified Opinion

We have audited the financial statements of the **Tubod-Baroy Water District**, Tubod Lanao del Norte which comprise the Statement of Financial Position as at December 31, 2020 and the related Statements of Comprehensive Income, Cash Flows and Changes in Equity 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 Bases for Modified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Tubod-Baroy Water District as at December 31, 2020 and of its comprehensive income and its cash flows for the year ended in accordance with International Financial Reporting Standards. (IFRS).

Bases for Modified-Qualified Opinion

As discussed in Part II- Observations and Recommendations of this report, a modified opinion was rendered due to the following:

1. Physical count of Property, Plant and Equipment was not conducted as provided for in Section 5 of COA Circular No. 2020-006 thus placing the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱29,319,004.23 in of doubtful validity.
2. Non-submission of the Result of Physical Count of Inventory duly reconciled with Stock Cards kept by the Property and Supply Unit and Supplies Ledger Cards kept by the Accounting Unit as provided by Section D and E, Appendix 66, Volume II of the Government Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱ 3,951,593.81.

3. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the *Auditor's Responsibility for 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 other 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 modified opinion.

Key Audit Matters

Except for the matter described in the *Bases for Modified 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

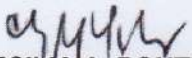
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain a 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 a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of the financial statements.

COMMISSION ON AUDIT


CECILIA A. PONTILLAS
State Auditor V
Supervising Auditor

February 22, 2021



Republic of the Philippines
TUBOD-BAROY WATER DISTRICT
Tubod, Lanao del Norte

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of the **Tubod-Baroy Water District, Lanao del Norte** is responsible for the preparation of the financial statements as at December 31, 2020, 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 misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstance.

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 had audited the financial statements of the Tubod-Baroy Water District in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

ANDRIAL C. KWAN
Chairman of the Board
Date: February 11, 2021

GAY L. BONTUYAN
Accounting Processor A
Date: February 11, 2021

GEOVANNI A. HERA
General Manager
Date: February 11, 2021



TUBOD-BAROY WATER DISTRICT
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

ASSETS

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
Current Assets			
Cash and Cash Equivalents	1	₱ 6,541,796.41	₱ 8,055,359.91
Receivables	2	3,720,481.61	1,300,988.87
Inventories	3	3,951,593.81	4,875,514.26
Total Current Assets		₱ 14,213,871.83	₱ 14,231,863.04
Non-Current Assets			
Receivables		₱ 898,084.40	898,084.40
Property, Plant and Equipment	4	33,689,038.72	23,167,475.01
Other Non-Current Assets		78,303.21	70,105.58
Intangible Assets		81,556.45	90,644.89
Total Non-Current Assets		₱ 34,746,982.78	₱ 24,226,309.88
TOTAL ASSETS		₱ 48,960,854.61	₱ 38,458,172.92

LIABILITIES

Current Liabilities			
Financial Liabilities	5	₱ 4,298,110.07	₱ 1,488,693.98
Inter-Agency Payables	6	626,957.96	605,821.70
Total Current Liabilities		₱ 4,925,068.03	₱ 2,094,515.68
Non-Current Liabilities			
Financial Liabilities	7	₱ 8,339,234.40	₱ 9,680,499.39
Provisions	8	3,044,763.19	1,747,686.92
Total Non-Current Liabilities		₱ 11,383,997.59	₱ 11,428,186.31
TOTAL LIABILITIES		₱ 16,309,065.62	₱ 13,522,701.99

EQUITY

Government Equity

Government Equity	₱	0.00	₱	0.00
Retained Earnings/(Deficit)		32,651,788.99		24,935,470.93
TOTAL EQUITY	₱	32,651,788.99	₱	24,935,470.93
TOTAL LIABILITIES AND EQUITY	₱	48,960,854.61	₱	38,458,172.92

(See Accompanying Notes to Financial Statements)



**TUBOD-BAROY WATER DISTRICT
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>NOTE</u>	<u>2020</u>	<u>2019</u>
Income			
Service and Business Income	9	₱ 33,509,308.17	₱ 29,682,739.18
Other Non-Operating Income			0.00
Total Income		₱ 33,509,308.17	₱ 29,682,739.18
Expenses			
Personnel Services	10	₱ 12,223,764.54	₱ 10,051,008.75
Maintenance and Other Operating Expenses	11	10,817,676.23	8,984,215.85
Financial Expenses	12	548,853.00	665,327.79
Direct Costs		1,868,817.08	1,712,522.38
Non-Cash Expenses	13	1,205,766.05	1,249,090.76
Total Expenses		₱ 26,664,876.90	₱ 22,662,165.53
Profit/(Loss) Before Tax		₱ 6,844,431.27	₱ 7,020,573.65
Income Tax Expense/(Benefit)		0.00	0.00
Profit/(Loss) After Tax		₱ 6,844,431.27	₱ 7,020,573.65
Net Assistance/Subsidy/ (Financial Assistance/Subsidy /Contribution)		₱ 0.00	₱ 0.00
Net Income/(Loss)		₱ 6,844,431.27	₱ 7,020,573.65
Other Comprehensive Income/(Loss) for the Period		₱ 0.00	₱ 0.00
Comprehensive Income/(Loss)		₱ 6,844,431.27	₱ 7,020,573.65

(See Accompanying Notes to Financial Statements)



**TUBOD-BAROY WATER DISTRICT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Retained Earnings/ (Deficit)	Contributed Capital	TOTAL
Balance at January 1, 2019	₱ 18,577,860.43	₱ 236,659.00	₱ 18,814,519.43
ADJUSTMENTS:			
Add/(Deduct):			
Prior Period Errors	₱ 0.00	₱ 0.00	₱ 0.00
Other Adjustments	0.00	0.00	0.00
RESTATED BAL. AT JANUARY 31, 2019	₱ 18,577,860.43	₱ 236,659.00	₱ 18,814,519.43
CHANGES IN EQUITY FOR 2019			
Add/(Deduct):	₱ 0.00	₱ 0.00	₱ 0.00
Comprehensive Income for the year	7,020,573.65	0.00	7,020,573.65
Other Adjustments	(899,622.15)	0.00	(899,622.15)
BALANCE AT DECEMBER 31, 2019	₱ 24,698,811.93	₱ 236,659.00	₱ 24,935,470.93
CHANGES IN EQUITY FOR 2020			
Add/(Deduct):			
Donated Income	₱ 0.00	₱ 0.00	₱ 0.00
Comprehensive Income for the year	6,844,431.27	0.00	6,844,431.27
Other Adjustments	871,886.79	0.00	871,886.79
BALANCE AT DECEMBER 31, 2020	₱ 32,415,129.99	₱ 236,659.00	₱ 32,651,788.99



**TUBOD-BAROY WATER DISTRICT
CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Proceeds from Sale of Goods and Services	P 30,649,093.49	P 27,646,708.52
Collection of Income/Revenue	2,218,549.44	1,610,582.71
Collection of Receivables	25,568.78	51,877.81
Other Receipts	33,344.33	138,205.24
Total Cash Inflows	P 32,926,556.04	P 29,447,374.28
Adjustments	0.00	0.00
Adjusted Cash Inflows	P 32,926,556.04	P 29,447,374.28
Cash Outflows		
Payment of Expenses	P 21,370,820.82	P 19,035,224.60
Purchase of Inventories	5,934,461.72	3,901,277.99
Payments of Accounts Payable	599,694.65	922,212.63
Other Disbursements	270,153.15	142,085.84
Total Cash Outflows	P (28,175,130.34)	P 24,000,801.06
Adjustments	0.00	0.00
Adjusted Cash Outflows	P (28,175,130.34)	P 24,000,801.06
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	P 4,751,425.70	P 5,446,573.22
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Receipt of Interest Earned	P 4,817.71	P 8,456.82
Total Cash Inflows	P 4,817.71	P 8,456.82
Adjustments	0.00	0.00
Adjusted Cash Inflows	P 4,817.71	P 8,456.82
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment	P 4,363,666.91	P 3,042,325.99
Total Cash Outflows	P 4,363,666.91	P 3,042,325.99
Adjustments	P 0.00	P 0.00
Adjusted Cash Outflows	P 4,363,666.91	P 3,042,325.99
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	P (4,358,849.20)	P (3,033,869.17)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows		
Financing Activities	P 0.00	P 0.00
Total Cash Inflows	P 0.00	P 0.00
Adjustments	P 0.00	P 0.00
Adjusted Cash Inflows	P 0.00	P 0.00

Cash Outflows		
Payment of Long-Term Liabilities	₱ 1,348,195.00	₱ 1,117,694.00
Payment of Interest on Loans and Other Financial Charges	557,945.00	662,956.79
Total Cash Outflows	₱ 1,906,140.00	₱ 1,780,650.79
Adjustments	₱ 0.00	₱ 0.00
Adjusted Cash Outflows	₱ 1,906,140.00	₱ 1,780,650.79
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	₱ (1,906,140.00)	₱ (1,780,650.79)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	₱ 7,204,134.90	₱ 632,053.26
Effects of Exchange Rate Changes on Cash and Cash Equivalents	₱ 0.00	₱ 0.00
CASH AND CASH EQUIVALENTS, JANUARY 1	₱ 8,055,359.91	₱ 7,423,306.65
CASH AND CASH EQUIVALENTS, DECEMBER 31	₱ 6,541,796.41	₱ 8,055,359.91



TUBOD-BAROY WATER DISTRICT NOTES TO FINANCIAL STATEMENTS

I. Brief Historical Background:

The Tubod-Baroy Water District (TBWD) was created under a Special Law, Presidential Decree 198 as amended by PD Nos. 768 and 1479 better known as the "Provincial Water Utilities Act of 1973." TBWD was awarded with the Certificate of Conditional Conformance No. 228 by the Local Water Utilities Administration (LWUA) on November 8, 1982.

All Local Water districts were declared as Government-Owned and Controlled Corporations (GOCC) by the Supreme Court on September 13, 1991 in the case docketed as GR Nos. 95237-38.

TBWD operates as a Government Corporation with proprietary functions and is independent from the Local Government of Tubod and Baroy, Lanao del Norte. It is located at Provincial Trade Center, Sagadan, Poblacion, Tubod, Lanao del Norte.

In compliance with the guidelines provided in the DBM approved Revised Local Water District Manual on Categorization, Re-Categorization and Other Related Matters (LWD-MaCRO), Tubod- Baroy Water District was categorized as a Category "D" Water District on April 2013.

TBWD primarily provides adequate, safe, potable and affordable water to its concessionaires within Tubod and Baroy, LDN area with a total of 4,840 households served as of December 31, 2020.

The District has the following Objectives:

- a. To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial and agricultural uses for residents and land within the Municipalities of Tubod and Baroy, all of the Province of Lanao del Norte.
- b. To contribute to the economic growth and public health throughout as orderly and effective system of local utilities.

The powers, privileges and duties of the District are exercised and performed by the through the Board of Directors but the executive, administrative and ministerial power is delegated to the management. It has five (5) members who are appointed by the Provincial Governor.

The **policy-making body** composed of the following:

Chairman	- Mr. Andrial C. Kwan
Vice-Chairman	- Ms. Aurora A. Zorilla
Secretary	- Ms. Evangeline M. Codilla
Member	- Mr. Roldan Jonathan R. Gayta
Member	- Mr. Demothenes G. Secuya

Financial and Operational & Highlights for CY 2020

As of December 31, 2020, TBWD has reached ₱48.9 million, total liabilities of ₱16.3 million and Equities that amounted to ₱ 32.6 million:

	2020	2019	2020 vs. 2019 Increase/(Decrease)	
			Amount	Percentage
Assets	₱ 48,960,854.61	₱ 38,458,172.92	₱ 10,509,681.69	21.46%
Liabilities	₱ 16,309,065.62	₱ 13,522,701.99	₱ 2,786,363.63	17.08%
Equities	₱ 32,651,788.99	₱ 24,935,470.93	₱ 7,716,318.06	23.63%

Results of Operation

The operation of TBWD for CY2020 yielded to overall net income of ₱ 6.8 million pesos as a net of sales revenue of ₱31.6 million and expenses of ₱24.7 million pesos.

	2020	2019	2020 vs. 2019 Increase/(Decrease)	
			Amount	Percentage
Sales	₱ 31,640,491.09	₱ 27,970,216.80	₱ 3,670,274.29	11.60%
Expenses	₱ 24,796,059.82	₱ 20,949,643.15	₱ 3,846,416.67	15.51 %
Net Income	₱ 6,844,431.27	₱ 7,020,573.65	₱ (176,142.38)	(2.57%)

Cash Flows

Comparative **net cash outflow** of the District for CY2020 amounted to (Php1, 513,563.50). With the cash beginning of Php8, 055,359.91 the 2020 year-end cash in bank resulted to a net balance of Php6, 541,796.41.

Summary of Cash in Bank:

Cash –C.O.	₱	7.84
Cash in Bank - 0802-1037-86(General Fund)		4,356,394.06
Cash in Bank - 0801-0300-41(JSA)		1,385,540.82
Cash in Bank - 0801-1157-21(Trust fund)		799,853.69
TOTAL	₱	6,541,796.41

I. Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and the revised Chart of Accounts (RCA) for Government Corporations (GCs) classified as Government Business Entities (GBEs) prescribed under COA Circular No. 2015-010. The District's accounting policy

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

Property, Plant and Equipment is carried at cost minus salvage at 10% of the cost of the property. Capital Asset are depreciated using 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 and depreciation starts on the second month after purchase of the property, plant and equipment. Donated asset is recorded at fair value on the date donated. The cost of normal maintenance and repairs that do not add to the asset value or materially extend to the useful lives of an asset are not capitalized.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to Maintenance and Other Operating Expenses (MOOE) in the period in which the costs are incurred.

Other Non-current assets are Malingao Cooperative (MAWASCO) receivables that remained uncollected for years. Liabilities are only recognized when goods are delivered and/or services rendered together with the supplier's invoice.

Correction of prior year errors were recorded using Prior Year's Adjustment account while errors affecting current year's operations were affected to the current year accounts.

Note 1. Cash and Cash Equivalents

Cash and cash equivalents include cash in bank deposits to be used in the operation of the water district, Trust Fund created for the employees' Retirement Benefits, Reserve fund of TBWD & LWUA as per MOU for loans availed and cash on hand in the possession of the district Collecting Officer was due to closed Petty cash revolving fund and liquidation of Cashier that were issued official receipts on January 2020.

Bank balance as of December 31, 2020 was verified per bank statements and the cash accounts consist of the following:

Particulars	2020	2019
Cash- Collecting Officer	₱ 7.84	₱ 16,242.01
Cash in Bank- (Project Fund)	-	398,644.98
Cash in Bank - LCCA	4,356,394.06	5,579,091.94
Cash in Bank –LCSA (Trust Fund)	799,853.69	749,440.49
Cash in Bank - LCSA (JSA)	1,385,540.82	1,311,940.49
TOTAL	₱ 6,541,796.41	₱ 8,055,359.91

Note 2. Receivables

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, 2020, this account is composed of receivables from customers as listed below.

Particulars	2020	2019
Accounts Receivable- Customer	₱ 4,103,378.86	₱ 1,512,180.30

Particulars	2020	2019
Accounts Receivable- WMF	259,609.40	212,538.05
Receivables- Disallowances	272,789.70	276,689.70
Accounts Receivable –Others	173,018.38	269,230.91
Due from Officers and Employees	(7,520.12)	36,937.50
Total Current Receivable	₱ 4,801,256.22	₱ 2,307,576.46
Less: Allow. for impairment- A/R	(1,080,794.61)	(1,006,587.59)
Net Accounts Receivable	₱ 3,720,481.61	₱ 1,300,988.87

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. Inventories consist of expendable supplies or materials held for consumption stated on a first-in, first out basis. They are reported at cost which is recorded as expenditure at the time individual inventory items are used. These are grouped into Office Supplies Inventory, Accountable Forms and Materials Inventory.

Particulars	2020	2019
Merchandise Inventory	₱ 1,916,300.50	₱ 2,375,402.16
Accountable Forms Inventory	26,425.00	27,625.00
Office Supplies Inventory	57,606.56	60,337.97
Fuel, Oil & Lubricant Inventory	10,708.20	0.00
Chemical & Filtering Supply Inv.	47,832.04	118,132.04
Plant Inventory	1,792,721.51	2,294,017.09
TOTAL	₱ 3,951,593.81	₱ 4,875,514.26

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.

Property, Plant and Equipment 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.

The district's office space is currently on a rental basis since they do not have their own building for the purpose.

Particulars	Cost	Accumulated Depreciation	Balance
Property, Plant and Equipment	₱50,453,574.58	₱16,682,979.41	₱33,770,595.17
1 06 01 Land	3,281,659.00		3,281,659.00
1 06 02 Land Improvement	-		-
1 06 03 Infrastructure Assets	41,968,966.73	15,514,799.46	26,454,167.27

Particulars		Cost	Accumulated Depreciation	Balance
1 06 04	Building and Other Structures	-		-
1 06 05	Machinery and Equipment	-		-
1 06 06	Transportation Equipment	929,777.73	352,498.75	577,278.98
1 06 07	Furniture, Fixtures and Books	1,341,391.61	748,737.65	592,653.96
1 06 08	Leased Assets	-		-
1 06 09	Leased Assets Improvements	-		-
1 06 10	Heritage Assets	-		-
1 06 11	Service Concession-Tangible Assets	-		-
1 06 12	Exploration and Evaluation Assets	-		-
1 06 13	Bearer Trees, Plants and Crops	-		-
1 06 98	Other Property, Plant and Equipment	-		-
1 06 99	Construction in Progress	2,783,279.51		2,783,279.51
1 08 01	Computer Software	110,000.00	62,700.11	47,299.89
1 08 01	Websites	38,500.00	4,243.44	34,256.56

Note 5. Current Financial Liabilities

The Accounts Payable consists of TBWD's liabilities to suppliers in the amount of Php 3,627,110.07

Name	Date Granted	Amount	Amount Due (In Pesos)			
			Less than 30 days	31-60 days	61-365 days	Over 1 year
COA	9/15/2020	₱468,386.78	-	-	₱468,386.78	
Summit Deep Well	3/28/2019	293,000.00	-	-		293,000.00
Jhaycor Industries	11/09/2020	599,001.00		₱599,001.00		
Mie Oro Plastic Corporation	12/02/2020	72,405.00	₱72,405.00			
Mindanao Laboratories	12/02/2020	37,500.00	37,500.00	-		
Mie Oro Plastic Corporation	12/28/2020	30,600.30	30,600.30			
CAMLAN Corporation	7/31/2020	55,703.27			55,703.27	
CAMLAN Corporation	8/31/2020	7,764.80			7,764.80	
RVB Electrical Supply	10/31/2020	56,286.60		56,286.60		
Arvin Rodrigo	12/29/2020	30,225	30,225	-		
CAMLAN Corporation	9/30/2020	14,171.82		14,171.82		
CAMLAN Corporation	12/29/2020	49,394.54	49,394.54			
Provincial Government	12/29/2020	9,403.43	9,403.43			
KGD Builders	12/29/2020	1,748,974	1,748,974			
San Francisco WD	12/29/2020	28,000	28,000			

Name	Date Granted	Amount	Amount Due (In Pesos)			
			Less than 30 days	31-60 days	61-365 days	Over 1 year
TMSI	12/29/2020	763.74	763.74			
GLOBE TELECOM	12/29/2020	1,111.99	1,111.99			
LANECO	12/29/2020	124,417.80	124,417.80			
TOTALS		₱3,627,110.07	₱2,132,795.80	₱669,459.42	₱531,854.85	₱293,000.00

Note 6. Current Inter-Agency Payables

The Statutory deductions withheld from government employees and government shares are current obligation of the District which will be remitted to the BIR, GSIS, Pag-ibig, and Philhealth on or before 10th day of the ensuing month.

Particulars	2020	2019
Due to BIR	₱ 277,263.62	₱ 311,874.46
Due to GSIS	303,786.72	246,105.44
Due to Pag-ibig	20,043.15	23,490.98
Due to Philhealth	14,933.34	12,444.81
Due to SSS	10,931.13	11,906.01
Total	₱ 626,957.96	₱ 605,821.70

Note 7. Non-current Financial Liabilities

The District availed a long term loan with LWUA. The principal and interest of the regular loan portion have monthly amortization of ₱158,845.00. Loan Account No. 3-305 RL will end amortization on December 2023, LA#3-305 SL will be amortized until December 2023, LA#3-732 RL will be amortized until September 2025, LA#4-2374 RL will end amortization on April 2024 and LA#4-2723 RL will end on December 2038, LA#4-2723 RL will end on November 2039. As of December 31, 2020, the outstanding LWUA loan balance is ₱8,559,345.39 with a difference of 220,110.49 compared to LWUA amortization schedules due to Engineering studies which was automatically deducted by LWUA from the net proceeds upon the release of loan account # LA 4-273RL. The loan was paid in accordance with the amortization schedule, thus, no penalties were imposed for delayed or non-payment.

Loan ID	Interest Rates		New Monthly Amortization	Outstanding Balance per LWUA	
	Old	New		2020	2019
3-732 RL	10.50%	8.20%	₱ 15,970.00	₱ 751,884.99	₱ 876,275.99
3-305 SL	10.50%	8.20%	38,149.00	1,213,886.92	1,556,716.92
3-305 RL	10.50%	8.20%	40,921.00	1,302,028.37	1,669,777.37
4-2374 RL	12.50%	8.20%	41,621.00	1,452,343.61	1,816,335.61
4-2723 RL	3%		22,184.00	3,839,201.50	3,987,807.50
Non-current financial liabilities			₱ 158,845.00	₱ 8,559,345.39	₱ 9,906,913.39

Note 8. Provisions

Accumulated leave credits of Employees are recorded to Leave Benefits Payable account gradually.

Particulars	2020	2019
Leave Benefits Payable	₱ 3,044,763.19	₱ 1,747,686.92
Other Provisions	671,000.00	-
Total Provisions	₱ 4,298,110.07	₱ 1,747,686.92

Note 9. Service and Business Income

Particulars	2020	2019
Registration Fees	₱ 734,304.48	₱ 729,634.95
Water works system fees	29,966,425.73	26,536,976.65
Income from Printing & Pub	15,000.00	30,000.00
Sales Revenue	2,116,324.00	1,750,964.50
Fines and Penalties	698,109.36	550,934.14
Interest Income	4,817.71	8,456.82
Other Business Income	3,634.04	113,445.50
Less: Sales Discounts	(30,307.15)	(37,673.38)
TOTAL INCOME	₱ 33,509,308.17	₱ 29,682,739.18

Note 10. Personnel Services

Particulars	2020	2019
Salaries & Wages- Regular	₱ 5,434,098.62	₱ 5,237,923.58
Sal & Wages-Casual	1,436,387.42	951,416.28
Personnel Econ. Relief Allow.	641,000.00	621,000.00
Representation Allowance	90,000.00	90,000.00
Transportation Allowance TA	103,184.00	102,830.00
Clothing Allowance	186,000.00	168,000.00
Overtime & Night Pay	284,488.02	432,008.29
Year End Bonus	1,033,600.00	1,001,961.33
Cash Gift	131,000.00	181,035.57
Retirement and Life Insurance	752,307.84	702,279.29
Pag-ibig Contributions	32,300.00	30,700.00
Philhealth Contributions	88,200.09	70,754.41
Emp. Compensation Insurance Cont.	32,300.00	31,100.00
Hazard Pay	141,000.00	-
Terminal Leave Benefits	633,717.70	-
Other Bonuses and Allowances	1,204,180.85	430,000.00
Total Personnel Services	₱ 12,223,764.54	₱ 10,051,008.75

Note 11. Maintenance and Other Operating Expenses

Particulars	2020	2019
Travelling Expenses-Local	₱ 192,040.60	₱ 431,863.86
Training Expenses	6,200.00	94,800.00
Office Supplies Expense	139,770.91	121,186.04
Accountable Forms Expense	104,700.00	103,017.00
Fuel, Oil, and Lubricants	178,387.87	210,608.23
Chemicals & Filtering	525,117.00	317,815.89
Electricity Expenses	7,676,252.95	5,974,217.00
Other Utility Expense	67,787.71	3,537.27
Postage and courier Services	11,804.53	8,313.63
Telephone Expense	37,834.45	23,117.69
Internet Expense	12,987.13	10,990.96
Cable, Satellite, Telephone & Radio Expense	5,187.00	3,990.00
Survey Expense	10,684.21	17,684.21
Gen Trans & Distribution Expenses	561,025.24	156,442.75
Extraordinary & Misc. Expenses	27,051.25	18,043.40
Legal Expense	18,851.05	6,006.65
Auditing Services	15,375.00	100,225.15
Other Professional Services	26,250.00	
Other General Services	500.00	500.00
Repairs & Maintenance- Infra Asset	27,422.00	127,977.24
Repairs & Maint.- Bldg & Other Structure	3,317.00	31,501.20
Repairs & Maintenance- Transportation. Equip	53,971.56	16,792.60
Repairs & Maintenance- Furniture & Fixtures	25,272.75	24,320.00
Repairs & Maintenance - Other PPE	2,722.00	2,530.50
Taxes, Duties & Licenses Expense	497,635.84	487,007.93
Fidelity Bond Premiums	22,380.00	17,625.00
Insurance Expense	14,838.25	10,015.40
Labor & Wages	21,000.00	40,805.00
Advertising, Promo & Marketing Expense	-	6,500.00
Printing & Pub. Expense	2,830.00	4,832.00
Representation Expense	153,462.00	314,632.21
Transportation & Delivery Expenses	-	8,614.29
Rent/Lease Expense	158,066.18	74,720.00
Membership Dues & Contribution to Org.	10,075.75	9,357.75
Subscriptions Expense	-	715.00
Directors & Comm. Member's Fee	201,876.00	196,808.00
Donations	5,000.00	6,682.00
TOTAL MOOE	₱ 10,817,676.23	₱ 8,984,215.85

Note 12. Financial Expenses

Particulars	2020	2019
Interest Expenses	₱ 548,633.00	₱ 664,727.79
Bank charges	220.00	600.00
TOTAL FINANCIAL EXP	₱ 548,853.00	₱ 665,327.79

Note 13. Non-cash Expenses

Particulars	2020	2019
Depreciation –Infra Asset	₱ 925,512.38	₱ 984,621.68
Depreciation –Transp. Equipment	76,878.36	79,659.06
Depreciation - F/F, books	110,093.39	105,732.32
Depreciation - Other PPE	9,986.46	4,100.35
Amortization-Intangible Asset	9,088.44	9,088.44
Impairment Loss- Loans & Rec.	74,207.02	65,888.91
Total NON-CASH EXPENSES	₱ 1,205,766.05	₱ 1,249,090.76

Events after Balance Sheet Date

Any post year-end events that provide additional information about the District's position at Balance Sheet date (adjusting events) are reflected in the financial statements. Any post year end event that is not adjusting event is disclosed in the notes to financial statements, when material.

**PART II –
OBSERVATIONS AND
RECOMMENDATIONS**

AUDIT OBSERVATIONS AND RECOMMENDATIONS

A. FINANCIAL AND COMPLIANCE AUDIT

1. Physical count of Property, Plant and Equipment was not conducted as provided for in Section 5 of COA Circular No. 2020-006 thus placing the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱29,319,004.23 in of doubtful validity.

Section 5 of COA Circular No. 2020-006 prescribes the general guidelines and procedures on inventory taking which includes among other things:

1. Each government agency shall conduct physical count of all its PPE, whether acquired through purchase or donation, including those constructed by administration and found at station (*Section 5.1*).
2. The Head of the Agency shall create an Inventory Committee composed of adequate number of members to be able to complete the physical inventory in three months or less. The Inventory Committee shall have at least one member each from the Accounting and Property Divisions/Units of the agency (*Section 5.2*).
3. The entire inventory taking shall be witnessed by the Commission on Audit (COA) Auditor. The Audit Team Leader and/or any of his/her audit team members may be assigned for the purpose (*Section 5.3*).
4. The PIP shall be approved by the Head of the Agency (*Section 5.10*).
5. The Inventory Committee shall submit the approved PIP to the COA Audit Team at least ten (10) calendar days before the scheduled start of inventory (*Section 5.11*).
6. Property records shall be updated based on the results of the physical inventory and reconciled with accounting records to come up with the reconciled balances of PPE accounts to be considered as the correct balance of the agency's PPEs (*Section 5.12*).

The District have not undertaken inventory count as of on December 30-31, 2020 and failed to submit the PIP on the required deadline. In addition, there was no invitation from the District to the COA Auditor or his representative to witness the said inventory. The audit team have to resort to alternative means of validating the existence of the items in the PPE. Of the total PPE items amounting to ₱33,770,596.17, only ₱4,451,591.94 can be validated thus, ₱29,319,004.23 is of doubtful validity.

Due to non-submission/delayed submission of PIP, analysis of the accounts as to existence and propriety of items composing the respective asset accounts cannot be undertaken. Inquiry with the District personnel to ascertain the location of specific items cannot establish the existence of PPEs due to its inaccessibility.

The actual physical count of assets and its corresponding reconciliation with the accounting records is of paramount importance not only to comply with laws, rules and regulations but also to determine that assets recorded in the books actually exist. It also ensures that they are utilized and maintained properly.

As inventory taking is an indispensable procedure considering the materiality of the amount of the PPE Accounts, the presence of the COA Auditor or his representative to witness the inventory taking is necessary for the confirmation of the declared PPE account in the financial statements.

Recommendation:

We recommend that the District comply strictly with Section 5 of COA Circular No. 2020-006 in the conduct of inventory taking for its PPE accounts.

Management Comments:

During the transition of responsibilities of the retiring employee, Ms. Tamboboy, to the newly designated Prop. Custodian, Ms. Galda, documentations was gradually wrapped up also as the listing handed to her from Tamboboy is incomplete in details/location/amount which makes both accounting and property supply custodian to reconcile such inventories impossible. Also, it is not made known to the knowledge of the new property custodian that PAR needs to be renewed every three years as it was not informed to her by the previous custodian. It is only during audit the Ms. Galda was notified about it. This office will adhere to COA's recommendation and will make sure that Property Supply Unit and Accounting unit will always reconcile records in order to have proper valuation of the properties of the District.

2. Non-submission of the Result of Physical Count of Inventory duly reconciled with Stock Cards kept by the Property and Supply Unit and Supplies Ledger Cards kept by the Accounting Unit as provided by Section D and E, Appendix 66, Volume II of the Government Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱3,951,593.81.

In filling out the Report of Physical Count of Inventory (RPCI), Section C, D and E, Appendix 66 of Volume II of the Government Accounting Manual (GAM) states:

C. The report shall be reconciled with the Supply Ledger Cards (SLCs) and Stock Cards (SCs) maintained by the accounting Division/Unit and Proper and /or Supply Division/Unit, respectively. Any discrepancy shall be verified and/or adjusted accordingly.

D. The reports shall be prepared in four (4) copies and certified correct by the Inventory Committee, approved by the Head of Agency or his/her authorized representative, and verified by the COA Auditor. This shall be distributed as follows:

<i>Original</i>	-	<i>COA Auditor, through the Accounting Division/Unit</i>
<i>Copy 2</i>	-	<i>Supply and/or Property Division/Unit</i>
<i>Copy 3</i>	-	<i>Inventory Officer/Committee</i>
<i>Copy 4</i>	-	<i>Accounting Division/Unit</i>

E. The report shall be submitted to the COA Auditor concerned not later than July 31 and January 31 of each year for the first and second semesters, respectively.

As of December 31, 2020, the balance of Inventory as reflected in the financial statements amounted to ₱3,951,593.81 as shown below:

Merchandise Inventory	₱	1,916,300.50
Accountable Forms Inventory		26,425.00
Office Supplies Inventory		57,606.56
Fuel, Oil & Lubricant Inventory		10,708.20
Chemical & Filtering Supply Inventory		47,832.04
Plant Inventory		1,792,721.51
TOTAL	₱	3,951,593.81

The RPCI indicating therein the reconciliation made was not submitted to this office on the above-mentioned deadlines and therefore verification and analysis of the accounts as to valuation and propriety of items composing the respective inventory accounts cannot be undertaken.

The District maintains that they have indeed undertaken physical count of their inventory but because of intervening events or activities, they have not reconciled it to the individual SLC and PC and therefore did not submit it to the Office of the Auditor.

The actual physical count of inventory and its corresponding reconciliation with the accounting records and property/supply records is of paramount importance not only to comply with laws, rules and regulations, ensuring that they are utilized and maintained properly, but also to determine that assets recorded in the books actually exist. As inventory taking is an indispensable procedure for checking the integrity of property and supply custodianship, reconciliation of said RPCI with the Property and Supply Unit's PC and the Accounting Units SLC is equally indispensable for accuracy of the account and acts as check and balance or internal control to the said account. Considering the materiality of the amount of the inventory accounts in the financial statements and the risk of misstatement attached thereto, reconciliation of the inventory accounts should be given utmost importance in addition to its inventory taking.

Recommendation:

We recommended the submission to the Office of the Auditor a copy of Report on the Physical Count of Inventory to the Office of the Auditor, duly reconciled with the Supply Ledger Cards maintained by the Accounting unit and Stock Cards maintained by the Property and Supply unit as provided by Sections C, D and E of Appendix 66, Government Accounting Manual, Volume II.

Management Comment:

The Property Supply Unit is on process of turning over of responsibilities from Ms. Alicia A. Tamboboy to the currently designated Property Custodian, Ms. Anna Lysel Y. Galda during the last quarter of 2019. Ms. Galda, along with the inventory committee members was able to conduct annual physical inventory together with the actual comparison of the Accounting SL card of materials but submission of copies of inventory to Accounting unit was beyond the required period, rendering the reconciliation of the Supplies & Materials ledger card from

the actual inventory list remain unadjusted. Nonetheless, this office will follow COA'S recommendation and will make sure that proper inventory taking and schedules of submission of reports be followed.

3. The District did not adhere to Republic Act No. 656 (Property Insurance Law) to insure their properties with a book value or replacement value ₱26,908,581.93 thus exposing District property to unindemnifiable damage, loss due to fire, earthquake, storm, or other casualty brought by fortuitous events (Acts of God) and/or force majeure.

Section 5 of Republic Act 656 or the Property Insurance Law provides,

"Section 5. Every government, except a municipal government below first class, is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies: Provided, however, That the System reserves the right to disapprove the whole or a portion of the amount of insurance applied for: Provided, further, That such property or part thereof as may not be insurable or acceptable for insurance may be insured with any private insurance company. A municipal government below first class may upon application insure its properties in the Fund under such rules and regulations as the System may prescribe".

As can be gleaned from above, the Government Service Insurance System (GSIS) is the official government insurer and provides insurance coverage to government assets and properties that have government insurable interests. Insurable interest, as defined in RA No. 10607 (PD No. 612, as amended), otherwise known as the Insurance Code and Administrative Order No. 33 mean every interest in property, whether real or personal, or any relation, thereto, or liability in respect thereof, of such nature that a contemplated peril might directly damnify the insured.

In this connection, COA Circular 2018-002 dated May 31, 2018 was issued by the Commission reiterating adherence to RA No. 656 and to require government agencies to submit the Property Inventory Form (PIF) to the GSIS and to the Office of the Supervising Auditor/Audit Team Leader not later than April 30 of each year (Section 5.1e).

Examination of records reveals that the District has properties that have insurable interest having a book value or replacement value in the amount of ₱ 27,446,459.67 as shown below:

Infrastructure Assets, net (Dams and Reservoirs)	₱	21,447,319.79
Transportation Equipment, net		537,877.74
Furniture, Fixtures and Books, net		585,747.88
Inventories		4,875,514.26
Total	₱	27,446,459.67

Of the above-mentioned properties, only the vehicles or transportation equipment was insured. The rest of the properties of the District with a book value of amounting to ₱26,908,581.93 were not covered by insurance.

Inquiry revealed that the District did not know about insuring properties with the GSIS other than the transportation equipment/vehicle as it is required when renewing the registration of the said vehicles or the submission of PIF to GSIS and COA.

In these times of uncertainty, adherence to Section 5 of RA 656 by the District is important not because it is in compliance with laws, rules and regulations and provides the GSIS additional premium income for the General Insurance Fund (GIF), but it also protects the District against any damage or loss properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty.

Recommendation:

We recommended that adherence to Section 5 of RA 656 to protect the District against any damage or loss properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty. Submit yearly the Property Inventory Form to the Government Service Insurance System and to the Office of the Supervising Auditor/Audit Team Leader every 30th day of April.

Management Comment:

The District is currently processing the titling of the lot where the said Properties (Reservoirs/Tanks/Pump Stations) were erected. Most of the properties were supported only by Deed of Donations. Upon visit of the GSIS personnel to conduct ocular inspection of the properties, the management was informed that one of the requirements in insuring those improvements is Title of the Lot. Once the requirements will be completed, this office will make sure to insured the properties including the inventories. The head of inventory committee was also notified on the submissions of the reports using Property Inventory Form on the specified periods.

4. Notices of Awards, Purchase Orders, Notices to Proceed and Inspection and Receiving Reports for purchases of goods, materials, and supplies amounting to ₱ 6,103,990.62 have blank date of receipt by the suppliers thus circumventing imposition of liquidated damages in contravention to Section 3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184).

In the procurement of goods, materials, and supplies, the purchase order (PO) is the contract between the procuring entity and the supplier. Section 3.1 and 3.2 of Annex D of the implementing rules and regulation of RA 9184 which relates to contract implementation guidelines for the procurement of goods, supplies, and materials provides that liquidated damages must be imposed when the supplier fails to satisfactorily deliver goods under the contract within the specified delivery schedule, inclusive of duly granted time extensions, if any, the supplier shall be liable for damages for the delay and shall pay the procuring entity liquidated damages, not by way of penalty, an amount equal to one-tenth (1/10) of one per cent (1%) of the cost of the delayed goods scheduled for delivery for every day of delay until such goods are finally delivered and accepted by the procuring entity concerned. The procuring entity need not prove that it has incurred actual damages to be entitled to liquidated damages. Such amount shall be deducted from any money due or which may become due to the supplier, or collected from any securities or warranties posted by the supplier, whichever is convenient to the procuring entity concerned. In no case shall the total

sum of liquidated damages exceed ten per cent (10%) of the total contract price, in which event the procuring entity concerned shall automatically rescind the contract and impose appropriate sanctions over and above the liquidated damages to be paid.

Review of Tubod-Baroy Water District's Disbursement Vouchers with its accompanying supporting documents of Purchase Orders (POs) for the purchase of supplies and materials revealed that it includes the provision for liquidated damages. The POs also indicate the delivery period which is usually "7 days after receipt of PO" regardless whether the said supplier was within locality of the District or in Metro Manila. Further review also revealed that POs, with an aggregate amount of ₱ 6,103,990.62, do not indicate the date it was accepted or signed by the supplier. Notices of Award (NOA), Notices to Proceed (NTP), and Inspection and Acceptance Reports (IAR) also does not indicate the date of receipt by the District.

Inquiry revealed that it is the practice of the District to just indicate in the procurement of goods, materials and supplies the period that it must be delivered to coincide with the delivery period indicated in their post to the PHILGEPS. As to the date when the supplier received the NOA, PO, and NTP, they stated that were not very strict on the date as to its receipt in consideration to the supplier as the country was still under national state of calamity because of the pandemic.

It is understandable that the District is lenient to its suppliers due to the economic situation that the whole nation is in now experiencing but information such as the date of receipt of NOA, PO, and NTP must be indicated. The lack of information as to the date of receipt of PO, NOA and NTP circumvents Section 3.1 and 3.2 of Annex D of the IRR of RA 9184 as liquidated damages cannot be computed or determined. Liquidated damages can be used as savings to be utilized by the District for other projects, personnel benefits and honoraria to BAC Members if they are entitled to it. If the supplier cannot deliver the goods, supplies and materials on the date as indicated in the PO, NOA and NTP they can ask for an extension on the date of delivery as provided by Section 3.1 of Annex D of the RA 9184 IRR, which should not be more than the period as indicated in the contract.

Recommendation:

We recommend that the date of receipt of Notices of Award, Purchase Orders and Notices to Proceed including its Inspection and Acceptance Reports should be indicated for the purpose of imposing liquidated damages in cases where delay was committed inclusive of duly granted extensions. Indicate a reasonable period of delivery for suppliers located outside the District's locality.

Management comment:

The district was lenient to our suppliers given the pandemic we are experiencing today. The BAC was reminded of the importance of the date of receipt of the purchases order, Notice of Award, Notice to proceed and also to specify the date of Inspection and Acceptance Report and assured the strict compliance of the matter.

5. Delayed submission of copies of Contracts/Purchase Orders in violation Section 3 of COA Circular No. 2009-001 precluded the auditorial and technical review of the procurement transactions and prompt detection/correction of possible deficiencies.

Section 3 of COA Circular No. 2009-001 dated February 12, 2009 provides that Within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract/purchase orders and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned irrespective of their amount.

On June 4, 2020, this Office reminded the District about their duty to submit their monthly, quarterly, semi-annual reports as travel is limited due to the pandemic and the said submission could be done electronically. Audit disclosed that copies of contracts as well as purchase orders were not submitted on time, thus, evaluation on the reasonableness of costs and compliance with the provisions of Republic Act No. 9184 were not immediately conducted.

The non-submission of the purchase orders and contract documents precluded the audit team prior review of these procurement transactions in its entirety as intended by the regulations, and further hindered the conduct of the review of propriety and compliance of the transactions to provisions of R.A. No. 9184 until the disbursement vouchers covering these transactions are finally submitted for post-audit several months later. As a result, evaluation of the reasonableness of costs as well as auditorial review of compliance to applicable rules and regulations was not done and in effect, detection and/or correction of possible defects and deficiencies were not permitted.

Attention is hereby invited to Section 4 of COA Circular 2009-001 that provides that any unjustified failure of the officials and employees concerned to comply with the requirement herein imposed shall be subject to the administrative disciplinary action provided in (a) Section 127 of PD 1445; (b) Section 55, Title I-B, Book V of the Revised Administrative Code of 1987 and Section 11 of R.A. No. 6713.

Recommendation:

We recommend that management furnish the Auditor copy of the purchase orders and contract documents not later than five (5) working days after the perfection of contracts/purchase orders together with duly accomplished supporting documents for technical review and evaluation in compliance with COA Circular No. 2009-001.

Management comment:

The management will adhere to the recommendations. Timely submission of the completed contracts together with the duly accomplished supporting documents will be sent electronically.

6. Liquidated Damages amounting to ₱13,168.07 was not imposed on purchases of goods, materials and supplies in contravention to Section 3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184) despite of late delivery.

Section 3.1 and 3.2 of Annex D of the implementing rules and regulation of RA 9184 which relates to contract implementation guidelines for the procurement of goods, supplies, and materials provides that liquidated damages must be imposed when the supplier fails to

satisfactorily deliver goods under the contract within the specified delivery schedule, inclusive of duly granted time extensions, if any. The supplier shall be liable for damages for the delay and shall pay the procuring entity liquidated damages, not by way of penalty, an amount equal to one-tenth (1/10) of one per cent (1%) of the cost of the delayed goods scheduled for delivery for every day of delay until such goods are finally delivered and accepted by the procuring entity concerned. The procuring entity need not prove that it has incurred actual damages to be entitled to liquidated damages. Such amount shall be deducted from any money due or which may become due to the supplier, or collected from any securities or warranties posted by the supplier, whichever is convenient to the procuring entity concerned. In no case shall the total sum of liquidated damages exceed ten per cent (10%) of the total contract price, in which event the procuring entity concerned shall automatically rescind the contract and impose appropriate sanctions over and above the liquidated damages to be paid.

Review of Tubod-Baroy Water District's Disbursement Vouchers with its accompanying POs, revealed that no liquidated damages was deducted from the following purchases despite its late delivery before and after the declaration of nationwide general community quarantine revealed:

PO Date	PO Number	Contract Price	Supplier	Date PO Received by Supplier	Date Delivered	Days Delayed	Liquidated Damages
1/17/2020	2019-12-220	₱ 95,125.00	Constech Asia corporation	1/7/2020	1/20/2020	6	₱ 570.75
2/3/2020	2020-01-016	161,772.00	Jessel & Jojo Trading	2/4/2020	3/11/2020	29	4,691.39
2/14/2020	2020-02-033	167,700.00	Constech Asia Corporation	2/18/2020	3/9/2020	13	2,180.10
2/21/2020	2020-02-036B	58,125.00	Constech Asia Corporation	2/24/2020	3/25/2020	23	1,336.88
2/24/2020	2020-02-038	185,000.00	Uni-Field Enterprise Incorporated	2/24/2020	3/9/2020	7	1,295.00
9/17/2020	2020-09-158	162,421.00	Walden Trading	9/17/2020	10/8/2020	14	2,273.89
9/25/2020	2020-09-168	42,995.00	Mie Oro Plast Corporation	9/28/2020	10/15/2020	10	429.95
12/16/2020	2020-10-181	32,509.82	Constech Asia corporation	11/6/2020	11/25/2020	12	390.12
TOTAL		₱905,647.82					₱13,168.07

These POs for these goods, supplies and materials, which are usually various fittings, pipes and water meters, consistently includes the provision for liquidated damages and also indicate the delivery period which is usually "7 days after receipt of PO" regardless whether the said supplier was within locality of the District or in Metro Manila. Of the above-stated suppliers, only Mie Oro Plast Corporation is located at Cagayan de Oro City, all other suppliers are located at Metro Manila. Further review also revealed that there was no attached written request from these suppliers for the extension of delivery period so that liquidated damages may not be imposed on their late delivery.

Inquiry revealed that the District was lenient due to the existing state of national calamity although said deliveries are before and after the imposed nationwide general quarantine

Liquidated damages can be used as savings to be utilized by the District for other projects, personnel benefits and honoraria to BAC Members if they are entitled to it. If the supplier cannot deliver the goods, supplies and materials on the date as indicated in the PO, NOA

and NTP they can ask for an extension on the date of delivery as provided by Section 3.1 of Annex D of the RA 9184 IRR. Non-imposition of liquidated damages is disadvantageous not only to the District but to its personnel as well. Notices of Disallowance for non-imposition of liquidated damages will be issued.

Recommendation:

We recommend that strict adherence to Section 3.1 and 3.2 of Annex D - Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184).

Justify why liquidated damages were not deducted on late deliveries of goods supplies, and materials and why Notices of Disallowance should not be issued for these purchases.

Management comment:

The Delivery Term indicated in the Purchase Order was usually 7 days upon receipt of PO regardless of the location of the supplier. It was the practice of the district since then not just to coincide with the PhilGEPS Posting but also to avoid further delay especially on important goods and services. In addition, the district observes buffer system on our inventory thus we have ample time to consider delay just for specific materials only.

The district does not strictly require written Request of Extension of Delivery. We usually coordinate through phone calls for any updates and follow ups. The district is also lenient of the delivery especially because of the nationwide pandemic we consider the stricter rules to travel due to lockdown and quarantine protocols that affect courier services from faraway places. Now that our attention was caught on the matter, we will strictly abide to the rules and regulations regarding liquidating damages. We will consider all terms and conditions of both parties as long as the delay is manageable and will not hinder the districts operation.

Considering the above stated arguments, we would like to ask for your consideration on the matter but not to taken as precedence.

**PART III –
STATUS OF IMPLEMENTATION OF PRIOR
YEARS' AUDIT RECOMMENDATIONS**

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

We made a follow-up on the action taken by the District to implement the recommendations of CY 2019 AAR and noted the following:

<u>Status of Implementation</u>	<u>No. of Recommendations</u>
Fully Implemented	1
Partially Implemented	6
Not Implemented	0

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AOM No. 2020-001 (TBWD)	The failure of the District to collect long outstanding and inactive Accounts Receivables amounting to ₱919,407.18 contravenes Sec. 7 of the District's Water District Water Service Contract and unfavorably affects the Water District operations.	We recommended that Management closely monitor the receivables and intensify its collection, otherwise, file the appropriate request for authority to write-off for the dormant accounts duly supported with the relevant documents.	Partially Implemented Some accounts were collected, some were merged to those with active multiple accounts or with other active heirs of the deceased owner
AOM No. 2020-002 (TBWD)	Water sales for the month of December 2019 amounting to P74,181.97 were not accrued and recognized as income contrary to the Philippine Accounting Standards (PAS) 1 and PAS 18, thus resulting to understatement of income from water sales and related accounts receivable accounts.	We recommended that Management start recognizing their accrued income from water sales and to adjust the necessary accounts to reflect a more accurate and reliable balance in the financial statements.	Fully Implemented JEV was made but realizing that accounts to be adjusted are only year-ends reading or the reading posted in the first 15days of January of the following year

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AOM No. 2020-003 (TBWD)	Non-submission of the Report on Physical Count of Property, Plant and Equipment as duly reconciled with records kept by the Supply Unit and Accounting Unit as mandated by Section 38 and 42, Volume I of the Government Accounting Manual (GAM), was not adhered to thus placing the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱23,219,239.90 in of doubtful validity.	We recommended that reconciliation of Report on the Physical Count of Property Plant and Equipment (RPCPPE) to the Accounting unit's Property Plant and Equipment Ledger Card (PPELC) and the Property and Supply unit's Property Card (PC) be conducted and its results be submitted to be submitted to the Office of the Auditor as provided by Section 38 and 42, Volume 1 of the Government Accounting Manual. Property Accountability Receipt for these assets should be renewed every three (3) years.	Partially Implemented Submitted report as of June 30, 2020 to the office of COA on July 24, 2020
AOM No. 2020-004 (TBWD)	Non-submission of the Result of Physical Count of Inventory duly reconciled with Stock Cards kept by the Property and Supply Unit and Supplies Ledger Cards kept by the Accounting Unit as provided by Section D and E, Appendix 66, Volume II of the Government Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱ 4,875,514.26.	We recommended the submission to the Office of the Auditor a copy of Report on the Physical Count of Inventory to the Office of the Auditor, duly reconciled with the Supply Ledger Cards maintained by the Accounting unit and Stock Cards maintained by the Property and Supply unit as provided by Sections C, D and E of Appendix 66, Government Accounting Manual, Volume II.	Partially Implemented Submitted report as of June 30, 2020 to the office of COA on July 24, 2020

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
AOM No. 2020-005 (TBWD)	The District did not adhere to Republic Act No. 656 (Property Insurance Law) to insure their properties with a book value or replacement value ₱ 26,908,581.93 thus exposing District property to unindemnifiable damage, loss due to fire, earthquake, storm, or other casualty brought by fortuitous events (Acts of God) and/or force majeure.	We recommended that adherence to Section 5 of RA 656 to protect the District against any damage or loss properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty. Submit yearly the Property Inventory Form to the Government Service Insurance System and to the Office of the Supervising Auditor/Audit Team Leader every 30 th day of April.	Partially implemented Waiting for Update on titling of lots where reservoir/Pump Stations located. Those with complete title were subject to insurance but the Board decided to insure on the 1 st month of the succeeding year for the budgetary requirement.
2019-003 (TBWD)	Guidelines in Inventory-taking as stated in COA Circular 80-124 dated January 31, 1980 was not followed thus the existence and veracity of Property, Plant and Equipment Account as of September 31, 2018 in the amount of ₱ 33,112,593.90 cannot be ascertained.	Reconciliation between accounting and property custodian should be performed to ascertain the accuracy of the District records. Management should prepare Memorandum Receipt for the personnel who receive and in possession of the said District property. Property number should be assigned to the District's PPE items. This property number should be indicated in the inventory report and Memorandum Receipt. Property tags should be used whenever possible for easy inventory-taking. An invitation to the Office of the Auditor should be sent so that he or a representative can be present during inventory-taking.	Partially Implemented District is cautiously reconciling the PPE items.

Ref.	Audit Observations	Audit Recommendations	Status of Implementation
TBWD 2016-07 Finding No.7	The District granted Performance-Based Incentive (PBI) amounting to ₱72,576.00 to its BODs without complying with all the requirements and conditions set forth under Local Water Utilities Administration (LWUA) Memorandum Circulars 001-2017 and 002-2017 dated January 18, 2017.	Require the BODs to refund the amount of PBI received and ensure strict compliance with existing laws, rules and regulations on the grant of PBI pursuant to LWUA Memorandum Circular Nos. 001-16 and 002-16 prior to payment to prevent incurrence of irregular expenditures.	Partially Implemented