



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

ANNUAL AUDIT REPORT

on the

POLOMOLOK WATER DISTRICT

Polomolok, South Cotabato

For the Year Ended December 31, 2014



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. XII
9600 Cotabato City, Philippines
Tel. No. (064)421-1973; Telefax (064)421-1701
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May 12, 2015

ENGR. SOLITO T. TORCUATOR

General Manager
Polomolok Water District
Polomolok, South Cotabato

Dear GM Torcuator,



We transmit herewith the Annual Audit Report on the audit of the accounts and operations of the Polomolok Water District, Polomolok, South Cotabato for the year ended December 31, 2014, in compliance with Section 2, Article IX-D of the Philippine Constitution and pertinent provision of Section 43 of Presidential Decree No. 1445. The audit was conducted in accordance with applicable legal and regulatory requirements and generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.

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 year's audit recommendations.

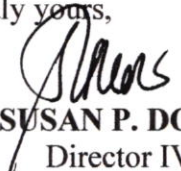
An unmodified opinion on the fairness of the presentation of the financial statements as of December 31, 2014 has been rendered.

It was observed that the effectiveness of the District's GAD programs and activities cannot be properly evaluated due to deficiencies in GAD Planning procedures and the inadequacy of GAD Budget. The details and other findings and observations as well as the corresponding recommendations are discussed in the audit observations and recommendations portion of the report.

We request that the observations and recommendations contained in the report be fully addressed, and we would appreciate being informed of the actions taken in this regard within sixty (60) days from the receipt hereof, using the attached Agency Action Plan and Status of Implementation (AAPSI) Form.

We acknowledge the cooperation extended to our Auditors by the officials and employees of Polomolok Water District.

Very truly yours,


ATTY. SUSAN P. DONALVO
Director IV
Regional Director

Copy Furnished:

1. **The Board of Directors**
Polomolok Water District, Polomolok, South Cotabato
2. **The Vice-President**
*7th Floor, PNB Financial Center,
Pres. Diosdado M. Macapagal Boulevard, Pasay City 1300*
3. **The Senate President**
GSIS Bldg., Financial Center, Roxas Boulevard, Pasay City
4. **The Chairman**
*Senate Finance Committee, GSIS Bldg., Financial Center
Roxas Boulevard, Pasay City*
5. **The Speaker of the House**
House of Representative, Quezon City 1126
6. **The Administrator**
*Local Water Utilities Administration, MWSS-LWUA Complex
Katipunan Ave., Balara, Quezon City*
7. **The Director**
*National Library of the Philippines,
T.M. Kalaw St., Ermita, Manila, Philippines. 1000 P.O. Box 2926*
8. **The UP Law Center**
*Bocobo Hall, UP Law Complex, University of the Philippines
Diliman., Quezon City, Philippines*

File

[Name of the Agency and Address]



**AGENCY ACTION PLAN and
STATUS of IMPLEMENTATION**
Audit Observations and Recommendations
For the Calendar Year 20XX
As of _____

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date			
					From	To		

Agency sign-off: _____

Name and Position of Agency Officer _____ Date _____

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

EXECUTIVE SUMMARY

Auditee's Information

The Polomolok Water District (PWD) was established thru Sangguniang Bayan Resolution No. 63 dated October 9, 1980 of the Sangguniang Bayan of the Municipality of Polomolok, province of South Cotabato with Presidential Decree No. 198, as amended, as the enabling law to the creation of water district. On June 9, 1981, the District was issued the Conditional Certificate of Conformance (CCC No. 153) by the Local Water Utilities Administration (LWUA). The Mandates of the District are:

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

The powers, privileges and duties of the District are exercised and performed by and through the Board of Directors, as the policy-making body composed of the following:

Chairman	- Engr. Andresito J. Degilla
Vice Chairman	- Engr. Alex C. Macabacyao
Members	- Erlinda H. Desullan
	- Ismael G. Verallo, Sr.
	- Algenib T. Aguirre, CPA

Overseeing the day-to-day operations of the District for calendar year 2014 was carried out by General Manager Engr. Solito T. Torquator. Currently, the District has seventy-five (75) regular employees and six (6) job orders who are manning the operations.

Audit Scope and Methodology

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Government Auditing Code of the Philippines (P.D. No. 1445), we have audited the accounts and operations of the District covering the period January 1 to December 31, 2014.

The audit was conducted in accordance with the generally accepted state auditing standards, and accordingly included such tests of the accounting records and other related documents and evaluation of the design and operating effectiveness of the controls and such other procedures, as necessary, in the audit.

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.

Deficiencies observed in the course of the audit were earlier communicated through the issuance of the Audit Observation Memoranda (AOMs) and discussed in an exit conference conducted with concerned officials and personnel of the District whose comments are incorporated in this report.

Financial Highlights

Comparative Financial Position

Particulars	2014	2013	Increase (Decrease)	Percentage
Total Assets	Php155,022,633.39	Php140,933,377.25	Php 14,089,256.14	10.00%
Total Liabilities	Php 70,155,983.71	Php 76,745,004.45	(Php 6,589,020.74)	(8.59%)
Total Equity	Php 84,866,649.68	Php 64,188,372.80	Php 20,678,276.88	32.21%

Results of Operations

Particulars	2014	2013	Increase (Decrease)	Percentage
Income	Php 82,145,001.09	Php 75,563,570.84	Php 6,581,430.25	8.71%
Expenses	Php 61,467,123.85	Php 61,794,726.44	(Php 327,602.59)	(0.53%)
Net Income (Loss)	Php 20,677,877.24	Php 13,768,844.40	Php 6,909,032.84	50.18%

Opinion of the Auditor

The Auditor rendered an unmodified opinion on the fairness of the presentation of the financial statements.

Summary of Significant Observation and Recommendation

1. The effectiveness of the District's GAD programs and activities cannot be properly evaluated due to deficiencies in GAD Planning procedures and the allocation of GAD Budget below 5% of the District's Corporate Operating Budget for the year.

We recommend that the agency:

- i. assess and identify gender and development issues within the organization (internal to the organization) and those of the outside stakeholders (outside the organization);
- ii. establish policies, strategies, and initiatives to address the identified gender and development issues whether within or outside the organization;
- iii. plan gender and development initiatives whether in the form of programs, project and activities that outlines synergy of the agency's mandate and objectives with the PPGD for 1995-2025 and Philippine MDGs;

- iv. allocate at least 5% of the total budget of the agency for the implementation of gender and development programs, project and activities for every fiscal year either by specific appropriation or by attribution;
- v. formulate annual GAD Plan and Budget within the context of the District's mandate and submit the same together with the GAD Accomplishment Report for the previous year to PCW for review and endorsement to DBM;
- vi. establish performance indicators which will serve as bases for evaluating gender and development programs, project and activities;
- vii. implement gender and development programs, project and activities within the bounds of economy, efficiency and effectiveness; and
- viii. evaluate implemented gender and development programs, project and activities using set performance indicators and existing standards on gender and development.

Status of Suspensions, Disallowances and Charges

As of December 31, 2014, the disallowance amounted to P 3,845,075.30 and still unrecorded in the books pending decision on its Petition for Certiorari. No Audit Suspensions and Charges as of December 31, 2014.

Status of Implementation of Prior Years' Audit Recommendations

Year	No. of Observations and Recommendation	Status of Implementation as of 31 December 2014			
		Fully Implemented	On-going	Partially Implemented	Not Implemented
2013	6	2	4	0	0
2012	4	1	3	0	0

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PART I:
AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. XII
CGS-A (Water Districts) and Other Stand-Alone Agencies
OFFICE OF THE SUPERVISING AUDITOR

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
Polomolok Water District
Polomolok, South Cotabato

We have audited the accompanying financial statements of Polomolok Water District as at December 31, 2014, which comprise the balance sheet, statement of income and expenses, statement of cash flows, and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with state accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


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

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Polomolok Water District as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with state accounting principles.

COMMISSION ON AUDIT

By:


VENCY T. VILLARIZA
State Auditor IV
OIC-Supervising Auditor



March 5, 2015



Republic of the Philippines
POLOMOLOK WATER DISTRICT (PoIWD)
National Highway, Polomolok, South Cotabato

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Polomolok Water District is responsible for all information and representations contained in the financial statements for the year ended December 31, 2014. The financial statements have been prepared in conformity with applicable laws and regulations and generally accepted accounting principles applied on a consistent basis and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration for materiality.

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


MARLENE C. CAGATA
Division Manager – Finance


ENGR. SOLITO T. TORCUATOR
General Manager



POLOMOLOK WATER DISTRICT

Balance Sheet

As of December 31, 2014

(With Comparative Figures for 2013)

			2014		2013
ASSETS					
Current Assets					
Cash and Cash Equivalents	Note 3	Php	24,413,064.17	Php	19,004,656.02
Receivables	Note 4		17,699,576.39		18,579,364.05
Inventories	Note 5		4,331,281.66		3,352,437.56
Prepayments	Note 6		320,774.76		500,669.43
Other Current Assets	Note 7		5,748.00		227,565.16
Total Current Assets		Php	46,770,444.98	Php	41,664,692.22
Non-Current Assets					
Property, Plant and Equipment	Note 8	Php	17,911,284.45	Php	18,600,242.83
Public Infrastructure	Note 9		79,178,637.02		77,316,079.44
Reforestation	Note 10		71,145.00		71,145.00
Construction in Progress	Note 11		9,712,017.87		2,081,631.39
Other Non-Current Assets	Note 12		1,379,104.07		1,199,586.37
Total Non-Current Assets		Php	108,252,188.41	Php	99,268,685.03
TOTAL ASSETS		Php	155,022,633.39	Php	140,933,377.25
LIABILITIES AND EQUITY					
Liabilities					
Current Liabilities					
Payables	Note 13	Php	13,328,027.97	Php	11,488,534.77
Total Current Liabilities		Php	13,328,027.97	Php	11,488,534.77
Non-Current Liabilities					
Loans Payable	Note 14	Php	56,827,955.74	Php	65,256,469.68
Total Non-Current Liabilities		Php	56,827,955.74	Php	65,256,469.68
Total Liabilities		Php	70,155,983.71	Php	76,745,004.45
Government Equity	Note 15	Php	84,866,649.68	Php	64,188,372.80
TOTAL LIABILITIES and EQUITY		Php	155,022,633.39	Php	140,933,377.25

(See accompanying Notes to Financial Statements)



POLOMOLOK WATER DISTRICT
Statement of Income and Expenses
 For the year ended December 31, 2014
 (With Comparative Figures for 2013)

		2014	2013
INCOME		Note 16	
Service Income	Php	1,686,432.36	Php 1,428,649.00
Business Income		80,320,128.48	73,685,489.28
Other Income		138,440.25	449,432.56
Total Revenue	Php	82,145,001.09	Php 75,563,570.84
LESS: EXPENSES		Note 17	
Personal Services	Php	29,935,724.06	Php 30,577,172.96
Maintenance and Other Operating Expenses		27,313,317.73	24,159,112.51
Financial Expenses		4,218,082.06	7,058,440.97
Total Expenses	Php	61,467,123.85	Php 61,794,726.44
NET INCOME (LOSS)	Php	20,677,877.24	Php 13,768,844.40

(See accompanying Notes to Financial Statements)



POLOMOLOK WATER DISTRICT
Statement of Cash Flows
 For the year ended December 31, 2014
 (With Comparative Figures for 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows:		
Business and Service Income	Php 82,278,440.68	Php 77,322,090.45
Other Income	150,691.25	186,603.26
Other Receipts	3,563,307.72	1,866,149.45
Total Cash Inflows from Operating Activities	Php 85,992,439.65	Php 79,374,843.16
Cash Outflows:		
Payment of Personal Services	Php 24,354,435.38	Php 26,317,037.28
Payment of Maintenance and Operating Expenses	21,549,756.95	14,879,656.75
Payment of Payables	16,227,716.82	10,821,757.34
Total Cash Outflows from Operating Activities	Php 62,131,909.15	Php 52,018,451.37
Net Cash Provided (Used) in Operating Activities	Php 23,860,530.50	Php 27,356,391.79
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows:		
Total Cash Inflows from Investing Activities	Php -	Php -
Cash Outflows:		
Purchase of Property, Plant and Equipment	Php 5,805,526.35	Php 5,412,177.52
Total Cash Outflows from Investing Activities	Php 5,805,526.35	Php 5,412,177.52
Net Cash Provided (Used) in Investing Activities	Php (5,805,526.35)	Php (5,412,177.52)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows:		
Total Cash Inflows from Financing Activities	Php -	Php -
Cash Outflows:		
Loan Amortization - Principal	Php 8,428,513.94	Php 7,175,686.04
Interest Payments on Loan	4,218,082.06	5,833,022.10
Others	-	339,039.94
Total Cash Outflows from Financing Activities	Php 12,646,596.00	Php 13,347,748.08
Net Cash Provided (Used) in Financing Activities	Php (12,646,596.00)	Php (13,347,748.08)
NET CASH PROVIDED (USED)	Php 5,408,408.15	Php 8,596,466.19
Add: Cash and Cash Equivalents, Beginning Balance	19,004,656.02	10,408,189.83
CASH AND CASH EQUIVALENTS, ENDING BALANCE	Php 24,413,064.17	Php 19,004,656.02



POLOMOLOK WATER DISTRICT
Statement of Changes in Equity
 For the year ended December 31, 2014
 (With Comparative Figures for 2013)

	2014		2013	
Restricted/Paid-In Capital, Beginning Balance	Php	3,747,648.44	Php	3,747,648.44
Add (Deduct):		-		-
Restricted/Paid-In Capital, Ending Balance	Php	3,747,648.44	Php	3,747,648.44
Donated Capital, Beginning Balance	Php	-	Php	-
Add (Deduct):		-		-
Donated Capital, Ending Balance	Php	-	Php	-
Retained Earnings, Beginning Balance	Php	60,440,724.36	Php	46,456,732.98
Add (Deduct): Prior Period Adjustment		399.64		215,146.98
Adjusted Opening Balance	Php	60,441,124.00	Php	46,671,879.96
Add (Deduct):				
Net Income (Loss) for the Period		20,677,877.24		13,768,844.40
Retained Earnings, Ending Balance	Php	81,119,001.24	Php	60,440,724.36
Government Equity, Ending Balance	Php	84,866,649.68	Php	64,188,372.80



Polomolok Water District NOTES TO FINANCIAL STATEMENTS

1.0 Agency Background

The Polomolok Water District (PWD) was established thru Sangguniang Bayan Resolution No. 63 dated October 9, 1980 of the Sangguniang Bayan of the Municipality of Polomolok, province of South Cotabato with Presidential Decree No. 198, as amended, as the enabling law to the creation of water district. On June 9, 1981, the District was issued the Conditional Certificate of Conformance (CCC No. 153) by the Local Water Utilities Administration (LWUA). The Mandates of the District are:

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

All monies belonging to the District were deposited to the authorized depository bank. The income of the district was disposed of according to the following priorities:

- **First**, to pay its contractual and statutory obligation and to meet its essential current operating expenses.
- **Second**, to allocate at least fifty percent (50%) of the balance exclusively as a reserve for debt service and operating and maintenance, to be used for such purposes only during period of calamities, force majeure or unforeseen events.
- **Third**, to allocate the residual as a reserve exclusively for expansion and improvement of its physical facilities.

The powers, privileges and duties of the District are exercised and performed by and through the Board of Directors, as the policy-making body composed of the following:

Chairman	- Engr. Andresito J. Degilla
Vice Chairman	- Engr. Alex C. Macabacyao
Members	- Erlinda H. Desullan
	- Ismael G. Verallo, Sr.
	- Algenib T. Aguirre, CPA

The Board of Directors is authorized to appropriate funds of the District, such amounts as it may deem necessary for the operational and other expenses of the District including the purchase of necessary equipment.

The Local Water Utilities Administration (LWUA) extends project-related assistance to the District in the form of loan assistance.

2.0 Summary of Significant Accounting Policies

2.1 Basis of Preparation

- 2.1.1 The financial statements have been prepared with the generally accepted accounting principles and standards and reflect amount that are based on best estimates and informed judgment of management with an appropriate consideration of materiality.
- 2.1.2 The District uses the chart of accounts under the New Government Accounting System in recording its transactions.

2.2 Accounting Policies

- 2.2.1 The District uses the accrual basis of accounting. Revenues are recorded during the period in which the services are given/rendered and expenses are recorded at the times there are incurred.
- 2.2.2 Receivables on trade are recorded at net realizable value. An allowance for doubtful account is set-up to provide for estimated loss due to non-collection of accounts from customers on past experiences.
- 2.2.3 Supplies purchased for inventory are recorded using the Perpetual Inventory System and the cost of issued items and ending balance is computed using the Moving Average Method.
- 2.2.4 Property and Equipment are carried at cost less accumulated depreciation. The straight-line method of depreciation is followed. The depreciation expenses are computed on the month following the purchase date.
- 2.2.5 Constructions in Progress are valued following the Construction Period Theory.
- 2.2.6 Serviceable assets which are no longer used are classified to "Other Assets" account and not subject to depreciation.
- 2.2.7 Payable accounts are recognized and recorded in the books of accounts at the time goods are accepted, services rendered and when supplier/creditor bills are required.

3.0 Cash and Cash Equivalents

This account includes cash on hand of undeposited collection of collecting officers, unliquidated petty cash fund and others (change fund-P2,000), and cash deposits in banks. The details are:

Particulars	2014		2013	
Cash - Collecting Officers	Php	243,341.71	Php	211,306.10
Others		2,000.00		2,000.00
Cash in Bank - Current Account		12,269,330.00		8,525,380.38
Cash in Bank - Savings Account		6,060,950.23		4,541,533.07
Cash in Bank - Time Deposit Account		5,837,442.23		5,724,436.47
Total	Php	24,413,064.17	Php	19,004,656.02

4.0 Receivables

This includes the following:

Particulars	2014		2013	
Accounts Receivable	Php	16,743,045.99	Php	17,464,838.03
Less: Allowance for Doubtful Accounts		596,240.11		596,240.11
Accounts Receivable, net	Php	16,146,805.88	Php	16,868,597.92
Due from NGAs		4,045.50		4,045.50
Due from LGU		5,482.22		4,735.35
Advances to Officers and Employees		3,350.00		-
Others		1,539,892.79		1,701,985.28
Total	Php	17,699,576.39	Php	18,579,364.05

Accounts Receivable represents the amount due to open accounts arising from services rendered to customers from water sales and incidental services. Others are collectibles from customers for their unpaid application fee balances and materials' loan accounts.

5.0 Inventories

This includes the following:

Particulars	2014		2013	
Accountable Forms	Php	8,532.99	Php	10,495.30
Office Supplies		119,192.85		112,705.46
Gasoline, Oil & Lubricants		65,481.03		113,929.56
Other Supplies		1,987,201.01		2,083,212.52
Spare Parts		17,156.63		35,042.76
Construction Materials		2,133,698.09		997,051.96
Others		19.06		-
Total	Php	4,331,281.66	Php	3,352,437.56

Other Supplies Inventory includes cost of service connection and distribution lines materials on hand at the end of the year. Construction Materials are the turned-over materials from project implementation on hand at the end of the year.

6.0 Prepayments

This represents payment of insurance premiums to insurable properties of the District and others (advances to contractor and other prepaid expenses). This amounted to P320,774.76 and P500,669.43 as of December 31, 2014 and 2013 respectively.

7.0 Other Current Assets

This account includes Guaranty Deposit. This amounted to P5,748.00 and P227,565.16 as of December 31, 2014 and 2013, respectively.

8.0. Property, Plant and Equipment

This includes the following:

Particulars	2014		2013	
Land	Php	728,746.13	Php	716,584.51
Electrification, Power & Energy Structures		403,116.31		353,616.31
Office Building		10,626,999.36		10,598,746.36
Other Structures		1,316,137.19		1,241,635.57
Leasehold Improvements, Buildings		53,432.38		53,432.38
Office Equipment		1,491,623.22		1,316,734.47
Furniture & Fixtures		919,953.82		860,539.82
IT Equipment & Software		5,193,902.75		4,269,288.50
Machineries		1,050,000.00		1,050,000.00
Firefighting Equipment & Accessories		815,610.34		815,610.34
Medical, Dental & Laboratory Equipment		84,000.00		84,000.00
Communication Equipment		640,132.80		640,132.80
Sports Equipment		26,333.50		26,333.50
Motor Vehicles		7,162,857.66		7,149,857.66
Other Property, Plant & Equipment		3,688,559.14		3,544,058.14
Total	Php	34,201,404.60	Php	32,720,570.36
Less: Accumulated Depreciation		16,290,120.15		14,120,327.53
Total	Php	17,911,284.45	Php	18,600,242.83

9.0 Public Infrastructure

This includes the following:

Particulars	2014		2013	
Artesian Wells, Res., Pumping Station	Php	39,598,375.89	Php	37,989,469.89
Waterways, Aqueducts, Seawall		92,498,124.03		87,256,242.88
Total	Php	132,096,499.92	Php	125,245,712.77
Less: Accumulated Depreciation		52,917,862.90		47,929,633.33
Total	Php	79,178,637.02	Php	77,316,079.44

10.0 Reforestation

This includes the following:

Particulars	2014		2013	
Reforestation-upland	Php	71,145.00	Php	71,145.00
Less: Accumulated Depreciation		-		-
Total	Php	71,145.00	Php	71,145.00

11.0 Construction in Progress

This account is composed of the following on-going projects:

Particulars	2014		2013	
Artesian Wells, Res., Pumping Station	Php	-	Php	-
Waterways, Aqueducts, Seawall		9,598,526.83		2,030,763.14
Other Public Infrastructure		33,491.04		50,868.25
Other Public Infrastructure - Agency Asset / Public Infrastructure		80,000.00		-
Total	Php	9,712,017.87	Php	2,081,631.39

12.0 Other Assets

This includes the following:

Particulars	2014		2013	
Unserviceable Properties	Php	584,758.62	Php	584,758.62
Items in Transit		794,345.45		614,827.75
Total	Php	1,379,104.07	Php	1,199,586.37

13.0 Payables

This account is composed of the following:

Payables

Particulars	2014		2013	
Accounts Payable	Php	5,350,586.91	Php	4,375,541.50
Due to Officers & Employees		5,516,205.65		5,420,035.01
Due to BIR		412,797.34		315,671.11
Due to GSIS		511,077.48		476,322.64
Due to Pag-ibig		175,843.40		191,229.77
Due to Philhealth		38,757.98		36,520.48
Due to NGAs		6,975.01		6,399.22
Guaranty Deposit		18,430.18		14,580.00
Performance/Bidders Bond		960,582.44		406,563.25
Other Payable		336,771.58		245,671.79
Total	Php	13,328,027.97	Php	11,488,534.77

14.0 Loans Payable (Domestic)

This consists of loans availed from LWUA & Al Amanah Islamic Bank for the different water system projects with remaining balance of P56,827,955.74 as of December 31, 2014.

15.0 Government Equity

This is composed of restricted/paid-in government capital, donated capital, and the retained earnings account. Prior period adjustments are made to the beginning balance of retained earnings account.

16.0 Income

This is composed of the following:

Service Income

Particulars	2014		2013	
Inspection Fees	Php	132,650.00	Php	113,300.00
Other Service Income		1,553,782.36		1,315,349.00
Total	Php	1,686,432.36	Php	1,428,649.00

Business Income

Particulars	2014		2013	
Income from Waterworks System	Php	77,854,968.76	Php	71,552,194.27
Sales Revenue		227,239.23		-
Fines and Penalties - Business Income		2,237,920.49		2,133,295.01
Total	Php	80,320,128.48	Php	73,685,489.28

Other Income

Particulars	2014		2013	
Interest Income	Php	138,440.25	Php	184,678.82
Miscellaneous Income		-		264,753.74
Total	Php	138,440.25	Php	449,432.56

17.0 Expenses

This composed of the following:

Personal Services

Particulars	2014		2013	
Salaries and Wages	Php	17,325,176.18	Php	16,818,312.18
Other Compensation				
Personnel Economic Relief (PERA)		1,770,916.60		1,807,074.79
Representation and Transportation Allowance (RATA)		704,000.00		679,927.61
Productivity Incentive Allowance		149,000.00		152,000.00
Clothing / Uniform Allowance		375,000.00		380,000.00
Other Bonuses and Allowance		2,841,429.39		2,323,229.94
Overtime and Night Pay		303,300.24		327,496.68
Cash Gift		372,500.00		380,000.00
Year End Bonus		1,407,204.69		1,381,230.78
Personnel Benefits and Contributions				
Life and Retirement Insurance Contribution		2,023,855.81		1,988,034.96
Pag-ibig Contributions		88,900.00		331,339.15
Philhealth Contributions		198,662.50		195,725.00
ECC Contributions		88,900.00		90,600.00
Other Personnel Benefits				
Terminal Leave Benefits		896,850.72		938,113.82
Provident Fund Benefits		1,011,927.93		994,017.48
Other Personnel Benefit		378,100.00		1,060,000.00
Other Personnel Benefit - CNA Civilian		-		730,070.57
Total	Php	29,935,724.06	Php	30,577,172.96

Maintenance and Other Operating Expenses

Particulars	2014		2013	
Traveling Expenses	Php	601,723.18	Php	659,754.71
Training Expenses		494,332.05		778,138.15
Supplies and Material Expenses				
Office Supplies		271,120.65		265,662.95
Accountable Forms		44,472.73		60,593.18
Drugs and Medicines		986.94		1,027.92
Gasoline, Oil and Lubricants		1,060,008.32		991,928.02
Gasoline, Oil and Lubricants - Pumping		302,124.55		598,099.51
Fuel, Oil and Lubricants		9,570.00		24,062.80
Other Supplies		545,887.17		445,383.77

Utility Expenses	7,997,161.12	6,375,094.98
Communication Expenses		
Postage and Deliveries	9,620.00	4,273.00
Telephone - Landline	118,587.52	107,641.47
Telephone - Mobile	182,950.85	143,248.30
Internet	58,244.80	54,123.00
Cable and Satellite	3,007.00	4,244.25
Membership Dues	29,398.00	28,232.00
Awards and Indemnities	-	1,500.00
Advertising Expenses	117,371.60	161,683.75
Printing and Binding Expenses	191,185.00	247,053.00
Rent Expenses	60,936.00	53,913.88
Representation Expenses	279,223.18	256,826.35
Subscription Expenses	12,672.00	12,685.00
Rewards and Other Claims	3,720.00	-
Professional Services		
Legal Services	86,600.00	55,000.00
Auditing Services	-	-
General Services	350,780.00	348,648.38
Security Services	684,039.83	666,075.36
Repair and Maintenance		
Repairs and Maintenance - Power and Energy Structures	145,088.25	70,721.60
Repairs and Maintenance - Office Building	184,325.80	149,760.78
Repairs and Maintenance - Office Equipment	48,226.40	3,595.00
Repairs and Maintenance - Furniture and Fixture	5,060.00	2,150.00
Repairs and Maintenance - IT Equipment and Software	35,552.00	86,128.15
Repairs and Maintenance - Machineries	5,817.00	29,960.33
Repairs and Maintenance - Communication Equipment	7,611.00	9,265.00
Repairs and Maintenance - Med. Dental and Lab. Equip	1,021.50	9,146.50
Repairs and Maintenance - Other Machineries and Equip	9,784.80	19,851.89
Repairs and Maintenance - Motor Vehicles	511,246.19	380,649.67
Repairs and Maintenance - Other Property and Equipment	14,138.00	117,603.00
Repairs and Maintenance - Artesian Wells	67,184.56	23,113.55
Repairs and Maintenance - Waterways and Aqueduct	1,991,381.26	1,198,682.87
Repairs and Maintenance - Reforestation - Upland	707,951.50	685,138.45
Subsidies and Donations	65,720.00	80,940.94
Extraordinary and Miscellaneous Expenses	10,621.42	16,758.00
Taxes, Insurance Premiums and Other Fees	1,948,372.87	1,678,786.53
Depreciation Expense		
Depreciation - Electrification, Power Energy	31,825.44	31,825.44
Depreciation - Office Building	316,726.98	317,855.93
Depreciation - Other Structure	50,066.88	44,025.84
Depreciation - Leasehold Improvement	-	-
Depreciation - Office Equipment	129,735.78	134,996.53
Depreciation - Furniture and Fixtures	80,011.58	74,284.12
Depreciation - IT Equipment	458,031.20	376,912.19
Depreciation - Machineries	94,500.00	94,500.00
Depreciation - Communication Equipment	32,147.88	45,004.38
Depreciation - Firefighting Equipment	55,325.88	55,325.88

Depreciation - Medical, Dental and Lab. Equipt	7,560.00	7,560.00
Depreciation - Sports Equipment	2,370.00	2,370.00
Depreciation - Motor Vehicles	500,278.21	560,922.00
Depreciation - Others	441,462.84	458,094.64
Depreciation - Artesian Wells, Res.	1,091,281.44	1,040,153.71
Depreciation - Waterways, Aqueducts	3,896,948.13	3,585,226.52
GAD and Discounts on Sr. Citizen and Amnesty Programs	678,927.96	422,909.34
Other MOOE -NSC Promo	171,292.49	-
Total	Php 27,313,317.73	Php 24,159,112.51

Financial Expenses

Particulars	2014	2013
Interest Expense	Php 4,218,082.06	Php 7,058,440.97
Total	Php 4,218,082.06	Php 7,058,440.97

Part II:

AUDIT OBSERVATIONS AND RECOMMENDATIONS

1. **The effectiveness of the District's GAD programs and activities cannot be properly evaluated due to deficiencies in GAD Planning procedures and the allocation of GAD Budget below 5% of the District's Corporate Operating Budget for the year.**

All government agencies, departments, bureaus, offices, and instrumentalities, including government owned and controlled corporations at the national, sub-national, and local levels, are directed to institutionalize Gender and Development (GAD) efforts by incorporating GAD issues/concerns, as spelled out in their planning, programming and budgeting process, but more specifically to include/incorporate GAD concerns in the formulation, assessment and updating of their annual agency plans, in their agency performance commitment contracts indicating key result areas for GAD, and annual agency budget proposals and work and financial plans.¹

PCW-NEDA-DBM Joint Circular No. 2012-01 provides among others the following guidelines for the preparation of Annual Gender and Development (GAD) Plans and Budgets and Accomplishment Reports to implement the Magna Carta for Women, viz:

"5.0 STEPS IN FORMULATING THE GAD PLAN

5.1 Set the GAD agenda or identify priority gender issues and/or specific GAD mandates and targets to be addressed over a one-year or three-year term x x x. This GAD agenda shall be the basis for the annual formulation of programs, activities and projects (PAPs) to be included in the GAD Plan and Budget (GPB) x x x.

5.2 Identify appropriate PAPs to address priority gender issues that are included in the GPB. PAPs may be client-focused or those addressing gender mainstreaming in major programs and other GAD-focused activities for agency clients. It may also be organization-focused or those addressing identified gender issues of the agency and its personnel.

5.3 Agencies are encouraged to assess the gender-responsiveness of their major programs and projects using the Harmonized Gender and Development Guidelines (HGDG) tool. The result of assessment will guide them in identifying areas for improvement.

5.4 Fill out the templates on GPB and GAD accomplishment reports (AR) x x x.

6.0 COSTING AND ALLOCATION OF THE GAD BUDGET

¹ Executive Order (EO) No. 273 dated September 8, 1995

6.1 *At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. Xxx*

8.0 *SUBMISSION, REVIEW AND ENDORSEMENT OF AGENCY GAD PLANS AND BUDGETS*

8.2 *The Gender Focal Point System (GFPS) of the agency shall review all submitted GPBs and as needed, provide comments or recommendations for revision. Agency review of GPBs shall focus on the alignment of the GAD plan with the GAD agenda and the correctness and alignment of the entries in each column of the GPB template, x x x. The GFPS shall then submit the final GPBs and the corresponding GAD ARs to PCW for review and endorsement to DBM.*

8.7 *Agencies shall submit their PCW-endorsed GPB to DBM along with their annual GAD AR for the previous year in accordance with the budget call."*

In its effort to implement GAD, an amount of P500,000.00 was specifically allotted for gender and development programs by Polomolok Water District (PWD) for the year 2014. Management proffered that the programs and activities comprising the P500,000.00 GAD Plan and Budget were products of the solicited ideas from all departments. Management expressed that these ideas were from individual departments' own assessments and identification of gender and development issues.

However, the team observed that the current GAD planning can be further enhanced. GAD Planning and GAD Plan should be structured and made to set policies, strategies, and initiatives to address the identified gender and development issues whether within or outside the organization, to establish performance indicators which will serve as bases for evaluating whether or not programs, project and activities for GAD are implemented effectively, to attain synergy for the agency's mandate and objectives and the PPGD for 1995-2025 and Philippine MDGs, as well as to clearly identify activities and programs which are attributed to gender and development.

The team also observed that the budget of P500,000.00 is only 0.63% of PWD P79,379,992.00 2014 Corporate Operating Budget. Programs and activities costing only P462,648.04 or 92.53% of the total GAD budget were undertaken by the agency. Conversely, the amount of P37,351.96 or 7.47% of the GAD budget was unutilized as at reporting date. It was further observed that evaluation was not done by PWD to ascertain whether or not implemented GAD programs and activities were effective.

Agency management admitted that the P500,000.00 is way off the 5% GAD funding requirement and expressed that it is still unclear to them how to implement GAD properly because of the intricacies involved.

The agency's current GAD implementation has gaps or areas of possible improvement that if not addressed would undermine the very purpose why laws, rules and regulations, conventions, and standards for gender and development are made.

In order to address the gaps and improve the current GAD implementation, we recommended and management agreed that the agency:

- i. assess and identify gender and development issues within the organization (internal to the organization) and those of the outside stakeholders (outside the organization);
- ii. establish policies, strategies, and initiatives to address the identified gender and development issues whether within or outside the organization;
- iii. plan gender and development initiatives whether in the form of programs, project and activities that outlines synergy of the agency's mandate and objectives with the PPGD for 1995-2025 and Philippine MDGs;
- iv. allocate at least 5% of the total budget of the agency for the implementation of gender and development programs, project and activities for every fiscal year either by specific appropriation or by attribution;
- v. formulate annual GAD Plan and Budget within the context of the District's mandate and submit the same together with the GAD Accomplishment Report for the previous year to PCW for review and endorsement to DBM;
- vi. establish performance indicators which will serve as bases for evaluating gender and development programs, project and activities;
- vii. implement gender and development programs, project and activities within the bounds of economy, efficiency and effectiveness; and
- viii. evaluate implemented gender and development programs, project and activities using set performance indicators and existing standards on gender and development.

Status of Suspensions, Disallowances and Charges

As of December 31, 2014, the disallowance amounted to P 3,845,075.30 and still unrecorded in the books pending decision on its Petition for Certiorari.

The said amount was per COA Decision No. 2012-222 dated November 26, 2012 affirming the disallowances but said total amount is "subject to review/finalization by COA Regional Office No. XII due to the aggregate disallowed amount of P3,845,075.30 indicated in the appealed COA Region XII Decision No. 09-05 differs from the combined amount of P1,701,410.96 of the four NDs, or a difference of P2,143,664.34. Review of the records of the case showed that the amount of P3,845,075.30 was sourced from the three Audit Observation Memoranda and the Audit Query issued by the ATL of PWD and the then RCD, then Cluster III-Public Utilities, CGS, COA ROXII".

No Audit Suspensions and Charges as of December 31, 2014.

Compliance with tax laws

Pursuant to Revenue Regulations No. 2-98 dated April 17, 1998, Polomolok Water District had performed faithfully its role as a withholding agent for the Bureau of Internal Revenue and had remitted the withheld taxes.

**PART III:
STATUS OF IMPLEMENTATION OF PRIOR YEAR'S UNIMPLEMENTED AUDIT
RECOMMENDATIONS**

Of the ten prior year's audit recommendations embodied in the 2013 Annual Audit Report, three were fully implemented and seven are on the ongoing status of implementation, as detailed below:

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, Ongoing or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>1. The FY 2013 Budget of the agency was not in accordance with DBM Corporate Budget Memorandum No. 33 dated December 29, 2011 and without due consideration to the Philippine Development Plan (PDP), FYs 2011-2016 which resulted to a weak linkage between development planning and budgeting as indicated by the absence of (a) data and reports statistics against performance targets; (b) efficient and value for money in spending its resources to fulfil the President's Social Contract and focus on the 5 Key Results Areas (KRAs) as laid out in Executive Order (E.O.) No. 43, s. 2011; (c) Programs/Activities/ Projects (PAPs) with corresponding budget estimates to align with their Major Final Outputs (MFOs).</p> <p>We recommended and management agreed to prepare its FY 2014 Budget on the basis of DBM Corporate Budget Memorandum No. 34 dated December 28, 2012 or the Policy Guidelines and Procedures in the Preparation and Submission of the FY 2014 Budget Proposals to strengthen the linkage between development planning and budgeting and for the COA to be able to monitor and evaluate the accuracy of departments/agencies' reported performance against its approved targets with due consideration to the efficient implementation of PAPs that are aligned with MFOs, KRAs, and sector outcomes in the PDP Results Matrices.</p>	<p>2013 AAR</p>	<p>PWD budget is prepared using the standard format of LWUA including their performance parameters. PDP has already been cascaded to LWDs by LWUA and the same have been incorporated in our institutional targets to which our MFOs and KRAs are aligned based on the IATF format.</p> <p>As to submission of PWD budget to DBM, this has been deferred by DBM for their definite answer as stated in their letter dated December 23, 2014.</p>	<p>On-going</p>	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, Ongoing or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>2. Management's assertion on ownership for three (3) Pump Stations and Reservoir cannot be established due to the absence of a Torrens Title drawn in its favor over the land where these stations were constructed which is not in accordance with Section 49, Article 11 of the GAAM and may result to risk of losses on the part of the government. Moreover, the recording of these land overstated the Property, Plant and Equipment (Land) account by P410,031.78</p> <p>We recommended and management agreed to give preferential attention on the titling of lands and secure other documents evidencing its ownership to prevent possible losses of government property. Exert extra effort to secure the needed documents required to facilitate transfer of ownership.</p>	2013 AAR	<p>The management is securing the ownership of the subject Pump Stations.</p> <p>Secured lot title of PS6. PS7 is on-going negotiation with the previous owner. PS5 is on-going negotiation with DARBC. Reservoir is still on process</p>	On-going	
<p>3. The Polomolok Water District contributed and remitted an excess HDMF (Pag-IBIG) premium contributions of employer's share totaling P240,739.16 representing the 2% of the employees' salary for the period January 2 to December 31, 2013 contrary to Section 7 of Republic Act No. 9679 Home Development Fund Law of 2009.</p> <p>We recommended and they agreed that the General Manager should instruct those in charge of the payroll preparation and those in charge for the computation of mandatory deductions to properly compute the Pag-IBIG premiums at P100.00 for employer's share per employee.</p> <p>We recommended to strictly follow the maximum ceiling of Five Thousand Pesos (P5,000.00) monthly to be used in the computation of employer share as provided under Section 7 of RA 9679, otherwise known as the HDMF Fund Law of 2009, unless amended.</p>	2013 AAR	The agency currently pays Pag-IBIG premiums at P100.00 for employer's share per employee.	Fully Implemented	
4. The uncertainty in the collection of long overdue receivables from	2013 AAR	Request for write-off was already	On-going	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, Ongoing or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>cessionaires amounting to P14,159,681.27 ranging from 1 year to more than one year misrepresented the real valuation of agency's current assets as of yearend.</p> <p>We recommended and management agreed to (a) intensify the collections of these accounts; (b) establish an updated subsidiaries of individual customers and set up an ageing of accounts receivable from one year and above; (c) set-up a record of individual accounts receivable wherein which recovery or collectability is no longer probable and (d) for accounts whose collectability is already nil, request for write-off to the Commission On Audit as per Section 19 of the Rules and Regulations of Settlement of Accounts and Rule VI, Section 4 of the 2009 Revised Rules of Procedures of the COA, as amended by COA Resolution No. 2012-001 dated March 22, 2012.</p>		<p>submitted to COA dated September 5, 2014. However, said request was returned thru the Audit Team Leader and PWD was advised to hand-carry the documents to Commission Proper to expedite approval.</p>		
<p>5. Lapses in adopting sound internal control procedures and practices in the management of inventories established opportunities for losses of government property due to the agency's failure to establish adequate storeroom facilities and set-up clearly defined policies on segregation of duties handling its inventories.</p> <p>We recommended and management agreed to install a sound internal control system on the management of its inventories to eliminate material misstatements of accounting information, ensure appropriate segregation of duties and adequate provisions for safeguarding assets.</p>	2013 AAR	<p>The installation of computerized inventory system in 2008 is seen as part of establishing an internal control system for both the storeroom and accounting sections. However, the observation of COA as regards segregation of duties of the storeroom in-charge is well-taken. Despite of this, the drafting of storeroom policies is under way to make sure that provisions for safeguarding of assets are clearly defined. As regards structural or physical improvement, shelves for proper</p>	On-going	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, Ongoing or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
		storing have been budgeted for 2014. The extension of storeroom building is planned to be materialized in 2015.		
<p>6. The format of the Electronic Official Receipt (E-OR) issued by management thru their computerized system on Billing and Collection does not conform with the minimum data content as required under COA Circular No. 2013-076 dated September 18, 2013 or the Guidelines for the use of electronic official receipts (eORs) to acknowledge collection of income and other receipts of government.</p> <p>We recommended and management agreed to comply with the requirements set forth in Paragraph 3 of COA Circular No. 2013-076 dated September 18, 2013.</p>	2013 AAR	E-ORs of the agency are now formatted in conformance with prevailing guidelines.	Fully Implemented	
<p>7. The existence, valuation and propriety of the Inventory Account totaling P3,385,059.16 are doubtful due to unreconciled balances with the Supply Section Records as a result of the non-submission of the Reports and Supplies of Materials Issued (RSMIs) to the Accounting Section and non-preparation of the Report on the Physical Count of Inventories which is not in pursuance to Sections 62 and 65 of the Manual on NGAS, Volume II.</p> <p>We recommend that management should require the Property Officer to conduct actual physical count of Inventories and prepare the report in the prescribed form in the NGAS Manual. Moreover, the property unit should be required to prepare and submit to the accounting updated RSMI as basis for the preparation of the JEV, thus, ensure the veracity of the balances.</p>	2012 AAR	Actual Physical Count of Inventories is conducted twice a year (June & December).	Fully Implemented	
<p>8. The Property, Plant and Equipment accounts totaling P31,607,272.94 is not supported with subsidiary ledgers, a complete Report on the Physical Count</p>	2012 AAR	Actual physical count of PPE conducted phase by phase. As of	On-going	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, Ongoing or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>of Property, Plant and Equipment (RPCPPE) and updated Property Cards in the Property Division contrary to Par. V of the Manual on the New Government Accounting System for Government-Owned and/or controlled Corporations (GOCCs), Section 114 of PD 1445, Sections 43 and 66 of the New Government Accounting System (NGAS) Manual, Volumes I, and II, respectively.</p> <p>Moreover, the Notes to Financial Statements did not disclose, for each class of Property, Plant and Equipment account, a reconciliation of the carrying amount at the beginning and end of the period in accordance with International Public Sector Accounting Standards (IPSAS) 17, as drawn from IAS 16.</p> <p>We recommend that management should require the Property Officer to conduct actual physical count of PPE and prepare the report in the prescribed form in the NGAS Manual. Moreover, the property unit should be required to prepare and maintain an updated Property Cards as basis of reconciliation to ensure the veracity of the balances.</p>		<p>December 31, 2014 records of PPE under each Pump stations were already updated and reconciled with the General Ledger.</p> <p>Property Cards are no longer utilized instead a computerized updated record of PPE is maintained and available upon request.</p>		
<p>9. The uncertainty in the collection of long overdue receivables amounting to P7,900,786.65 ranging from 5 years and above grossly misrepresented the real valuation of agency's current assets as of year-end and with due disregard to the provisions of COA Circular 97-001 dated February 5, 1997.</p> <p>We recommended and management agreed to document the collection efforts made for a period of more than five years and request from the Commission on Audit for the writing-off of worthless receivables from the books of accounts and comply the necessary supporting documents to prove that collection is nil to be able correct misstatement of asset in the financial statements prescribed under COA</p>	2012 AAR	Documents requesting for write-off are ready to be hand-carried to Commission Proper to expedite its approval within this year.	On-going	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, Ongoing or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>Circular Nos. 97-001 and 93-404.</p> <p>10. Various unserviceable properties costing P584,758.62 were reported as unserviceable, however no Inventory and Inspection Report was prepared by the Property Officer and no action was taken by the Disposal Committee, thus, disposal could not be facilitated as required under Section 502, Volume I, of the Government Accounting and Auditing Manual (GAAM).</p> <p>We recommended and management agreed to comply and to expedite the appraisal and undertake immediate disposal of the unserviceable properties to prevent further deterioration and loss of value of the assets as mandated under Section 502, Volume I of GAAM.</p>	2012 AAR	<p>Reconciliation of records is under way.</p> <p>Portion of unserviceable properties was already disposed on 2012.</p> <p>Necessary adjusting entries will be prepared to take up its disposal.</p>	On-going	