



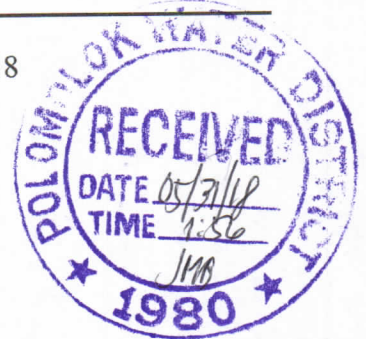
Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. XII
9506 Koronadal City, South Cotabato
Email: ord_coaxii@yahoo.com

May 21, 2018

THE BOARD OF DIRECTORS

Polomolok Water District
Polomolok, South Cotabato

Sirs/Mesdames,



We transmit herewith the Annual Audit Report on the audit of the accounts and operations of Polomolok Water District, Polomolok, South Cotabato for the year ended December 31, 2017, 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, 2017 has been rendered.

Summarized below are the significant findings noted during the audit. The details and other findings and observations as well as the corresponding recommendations are discussed in the audit observations and recommendations of the report.

1. Inactive concessionaires' accounts totaling P8,720,490.66 remained uncollected as of year-end.
2. The non-reconciliation of records between the Accounting and the Property Units resulted in the doubtful existence and accuracy of Inventories account in the aggregate amount of P9,133,187.90.
3. Areas of improvement exist along the District's gender mainstreaming dependencies that necessitate courses of action in order to effectively deliver the purpose of gender and development.

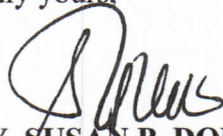
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4. The district was partially compliant with the regulations on the development and implementation of Water Safety Plan (WSP) for the assurance that the supplied water to its concessionaires are of safe quality.
5. The District foregone an aggregate amount of approximate revenue of ₱7,639,160.01 due to the high percentage of Non-Revenue Water (NRW) registered at 27.39 percent, which was 7.39 percent higher than the industry average of 20 percent.
6. A high collection efficiency of 97.01 percent or ₱103.03 million was attained by the Polomolok Water District on current years' water sales, however, only 18.49 percent collection efficiency or ₱2.77 million was realized on prior years' receivables of ₱14.9 million.

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:

*The President, Republic of the Philippines
The Vice-President, Republic of the Philippines
The Senate President, Senate of the Philippines
The Speaker, House of Representatives
The Chairperson, Senate Finance Committee
The Chairperson, Appropriation Committee
The Secretary, Department of Budget and Management
The Administrator, Local Water Utilities Administration
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Republic of the Philippines

COMMISSION ON AUDIT

Commonwealth Avenue, Quezon City

ANNUAL AUDIT REPORT

on

POLOMOLOK WATER DISTRICT

Polomolok, South Cotabato

For the Year Ended December 31, 2017

Polomolok Water District
AGENCY ACTION PLAN and STATUS of IMPLEMENTATION
 Audit Observations and Recommendations
 For the Calendar Year 2017
 As of July 31, 2018

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			
2017 AAR	1. The District foregone an aggregate amount of approximate revenue of P7,639,160.01 due to the high percentage of Non-Revenue Water (NRW) registered at 27.39%, which was 7.39% higher than the industry average of 20%.	We recommend that Management review regularly their Non-Revenue Water (NRW) program and investigate the causes of the high percentage of NRW of the district to be able to come up with a remedy to minimize, if not totally eliminate the incurrence of NRW.						
2017 AAR	2. Inactive concessionaires' accounts totaling P8,720,490.66 remained uncollected as of year-end, thus depriving the district of additional funds for their operations.	We recommend that Management: a) intensify its collection efforts by sending demand letters to concessionaires with long overdue accounts; b) review and analyze the individual concessionaire						

		<p>accounts and the responses to the demand letters; and c) for those accounts which prove to be beyond collectability, request for authority to write-off pursuant to COA Circular 97-001 in order to clean up the books of accounts with doubtful accounts.</p>										
2017 AAR	<p>3. A high collection efficiency of 97.01% or P103.03 million was attained by the Polomolok Water District on current years' water sales, however, only 18.49% collection efficiency or P2.77 million was realized on prior years' receivables of P14.9 million, thus depriving the District of additional funds to finance its programs and projects for its effective operation</p>	<p>We recommend that Management: a) adopt strategies/mechanism to improve its collection efficiency, especially on prior years' outstanding accounts; b)continue sending demand letters to defaulting concessionaires; and c) enforce legal action on outstanding accounts with material amount of balances.</p>										
2017 AAR	<p>4. The non-reconciliation of records between the Accounting and the Property Units resulted in the doubtful existence</p>	<p>We recommend that management cause the reconciliation of records between the Accounting and the Property Units,</p>										

	and accuracy of Inventories account in the aggregate amount of ₱9,133,187.90, thus affecting the fairness of presentation of this account in the financial statements.	determine the cause of the unreconciled difference and make necessary adjustments in their records								
2017 AAR	5. Areas of improvement exist along the District's gender mainstreaming that dependencies that necessitate courses of action in order to effectively deliver the purpose of gender and development.	We recommend that Management ensure that the District's gender mainstreaming dependencies are adequately managed through personnel capacity development and backstopping, mechanisms that assure availability of relevant GAD data and courses of actions that facilitate and exact responsibilities for inclusive GAD planning, implementation and monitoring to effectively and efficiently deliver the purpose of gender and development.								
2017 AAR	6. The District was partially compliant with the regulations on the development and implementation of Water Safety Plan (WSP) for the assurance that the supplied water	We commended Management for the partial compliance with the regulations on the development and implementation of Water Safety Plan (WSP) and the regular submission of								

	to its concessionaires are of safe quality.	their water samples for bacteriological tests. We recommend, however that once the WSP of the District is approved, strict implementation, monitoring and evaluation thereon should be undertaken by Management for the continuous assurance of a safe water quality.									
2015 AAR	7. The current level of corporate governance, with some areas of improvements, puts the District in better position towards realizing its purpose as envisioned by PD 198.	We recommended and Management agreed to refine its current risk management practice; enhance its internal control mechanisms by formal articulation of policies and procedures, and establishment of internal control unit; and create internal audit with appropriate manpower that is directly reporting to the governing board.									
2013 AAR	8. 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	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									

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

transfer of ownership.

Agency sign-off:

Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) On-going, (c) Not Implemented, (d) Partially Implemented, or (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	-	Ismael G. Verallo, Sr.
Members	-	Erlinda H. Desullan
	-	Dr. Maribel D. Acuesta
	-	Danilo A. Ramos

The day-to-day operation of the District is overseen by General Manager Engr. Solito T. Torcuator. The District has eighty-six (86) regular employees and five (5) job orders who are maintaining 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, 2017.

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	2017	2016	Increase (Decrease)	Percentage
Total Assets	Php209,286,006.25	Php200,949,661.79	Php 8,336,344.46	04.15%
Total Liabilities	Php 54,349,273.79	Php 71,171,070.61	(Php 16,821,796.82)	(02.36%)
Total Equity	Php154,936,732.46	Php129,778,591.18	Php 25,158,141.28	19.39%

Results of Operations

Particulars	2017	2016	Increase (Decrease)	Percentage
Income	Php107,811,747.61	Php104,445,857.17	Php 3,365,890.44	03.22%
Expenses	Php 82,893,050.82	Php 77,626,182.85	Php 5,266,867.97	06.78%
Net Income (Loss)	Php 24,918,696.79	Php 26,819,674.32	(Php 900,977.52)	(07.79%)

Opinion of the Auditor

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

Summary of Significant Observations and Recommendations

1. Inactive concessionaires' accounts totaling P8,720,490.66 remained uncollected as of year-end, thus depriving the district of additional funds for their operations..

We have recommended that Management: (a) intensify its collection efforts by sending demand letters to concessionaires with long overdue accounts; (b) review and analyze the individual concessionaire accounts and the responses to the demand letters; and (c) for those accounts which prove to be beyond collectability, request for authority to write-off

pursuant to COA Circular 97-001 in order to clean up the books of accounts with doubtful accounts.

2. The non-reconciliation of records between the Accounting and the Property Units resulted in the doubtful existence and accuracy of Inventories account in the aggregate amount of ₱9,133,187.90, thus affecting the fairness of presentation of this account in the financial statements.

We have recommended that Management cause the reconciliation of records between the Accounting and the Property Units, determine the cause of the unreconciled difference and make necessary adjustments in their records.

3. Areas of improvement exist along the District's gender mainstreaming dependencies that necessitate courses of action in order to effectively deliver the purpose of gender and development.

We have recommended that Management ensure that the District's gender mainstreaming dependencies are adequately managed through personnel capacity development and backstopping, mechanisms that assure availability of relevant GAD data, and courses of actions that facilitate and exact responsibilities for inclusive GAD planning, implementation and monitoring to effectively and efficiently deliver the purpose of gender and development.

4. The district was partially compliant with the regulations on the development and implementation of Water Safety Plan (WSP) for the assurance that the supplied water to its concessionaires are of safe quality.

We have commended Management for the partial compliance with the regulations on the development and implementation of Water Safety Plan (WSP) and the regular submission of their water samples for bacteriological tests. We have recommended, however that once the WSP of the District is approved, strict implementation, monitoring and evaluation thereon should be undertaken by Management for the continuous assurance of safe water quality.

5. The District foregone an aggregate amount of approximate revenue of ₱7,639,160.01 due to the high percentage of Non-Revenue Water (NRW) registered at 27.39 percent, which was 7.39 percent higher than the industry average of 20 percent.

We have recommended that Management review regularly their Non-Revenue Water (NRW) program and investigate the causes of the high percentage of NRW of the district to be able to come up with a remedy to minimize, if not totally eliminate the incurrence of NRW.

6. A high collection efficiency of 97.01 percent or ₱103.03 million was attained by the Polomolok Water District on current years' water sales, however, only 18.49 percent collection efficiency or ₱2.77 million was realized on prior years' receivables of ₱14.9

million, thus depriving the District of additional funds to finance its programs and projects for its effective operation.

We have recommended that Management: a) adopt strategies/mechanism to improve its collection efficiency, especially on prior years' outstanding accounts; b) continue sending demand letters to defaulting concessionaires; and c) enforce legal action on outstanding accounts with material amount of balances.

Status of Suspensions, Disallowances and Charges

As of December 31, 2017, the disallowance amounted to ₱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, 2017.

Status of Implementation of Prior Years' Unimplemented Audit Recommendations

Of the five (5) prior years' audit recommendations embodied in the 2016 Annual Audit Report, two (2) were fully implemented, two (2) were partially implemented, and one (1) is on the ongoing status of implementation, as presented below:

Year	No. of Observations and Recommendation	Status of Implementation as of 31 December 2017			
		Fully Implemented	On-going	Partially Implemented	Not Implemented
2016	2	2	0	0	0
2015	2	0	0	2	0
2013	1	0	1	0	0
TOTAL	5	2	1	2	0

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PART I:

AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
OFFICE OF THE SUPERVISING AUDITOR
CGS-A, Water Districts and Other CGS Stand-Alone Agencies
Regional Office XII, Koronadal City

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, 2017, which comprise the statement of financial position, statement of comprehensive income, 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 Philippine Financial Reporting Standards (PFRS) and generally accepted 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

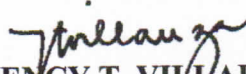

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Polomolok Water District as at December 31, 2017, 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 

May 08, 2018
CGS-A Water Districts



REPUBLIC OF THE PHILIPPINES
POLOMOLOK WATER DISTRICT

National Highway, Polomolok, South Cotabato
Tel Nos. (083) 500-9261 ; 500-9314 ; 500-9340
Telefax No. (083) 500-8008
Email Address : pol_wd@yahoo.com.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of the Polomolok Water District is responsible for the preparation of the financial statements as at 31 December 2017 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 statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

The Commission on Audit has audited the financial statements of the Polomolok 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.


ENGR. ANDRESITO J. DEGILLA

Chairman of the Board

3/1/18
Date Signed


MARLENE C. CAGATA
Division Manager B

2/26/18
Date Signed


ENGR. SOLITO T. TORCUATOR
General Manager B

2-28-2018
Date Signed



EVERY DROP COUNTS!



POLOMOLOK WATER DISTRICT
Statement of Financial Position
 As of December 31, 2017
 (With Comparative Figures for 2016)

		2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents and International Reserves	Note 3	Php 38,164,946.45	Php 34,380,751.88
Receivables	Note 4	13,979,444.98	15,465,863.89
Inventories	Note 5	9,133,187.90	13,835,427.11
Prepayments	Note 6	310,168.61	888,300.84
Other Current Assets	Note 7	14,748.00	18,022.33
Total Current Assets		61,602,495.94	64,588,366.05
Non-Current Assets			
Property, Plant and Equipment	Note 8	20,895,803.60	21,657,730.76
Public Infrastructure	Note 9	103,732,379.78	98,197,789.48
Land Improvements	Note 10	71,145.00	71,145.00
Construction in Progress	Note 11	19,967,333.92	10,116,188.63
Other Non-Current Assets	Note 12	3,016,848.01	6,318,441.87
Total Non-Current Assets		147,683,510.31	136,361,295.74
TOTAL ASSETS		Php 209,286,006.25	Php 200,949,661.79
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Payables	Note 13	Php 18,541,089.54	Php 24,285,794.72
Loans Payable (Current Portion)	Note 14	11,530,080.92	11,077,093.68
Total Current Liabilities		30,071,170.46	35,362,888.40
Non-Current Liabilities			
Loans Payable	Note 14	24,278,103.33	35,808,182.21
Total Non-Current Liabilities		24,278,103.33	35,808,182.21
Total Liabilities		54,349,273.79	71,171,070.61
Equity	Note 15	154,936,732.46	129,778,591.18
TOTAL LIABILITIES and EQUITY		Php 209,286,006.25	Php 200,949,661.79

(See accompanying Notes to Financial Statements)



POLOMOLOK WATER DISTRICT
Statement of Comprehensive Income
 For the year ended December 31, 2017
 (With Comparative Figures for 2016)

	2017	2016
INCOME	Note 16	
Business Income	Php 107,715,753.91	Php 104,379,650.47
Other Income	95,993.70	66,206.70
Total Revenue	107,811,747.61	104,445,857.17
LESS: EXPENSES	Note 17	
Personal Services	42,487,843.56	40,836,822.93
Maintenance and Other Operating Expenses	37,800,930.90	33,570,346.93
Financial Expenses	2,604,276.36	3,219,012.99
Total Expenses	82,893,050.82	77,626,182.85
PROFIT (LOSS)	Php 24,918,696.79	Php 26,819,674.32

(See accompanying Notes to Financial Statements)



POLOMOLOK WATER DISTRICT
Statement of Cash Flows
 For the year ended December 31, 2017
 (With Comparative Figures for 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows:		
Business and Service Income	Php 113,840,342.82	Php 110,719,595.58
Other Income	95,993.70	75,402.21
Other Receipts	-	-
Total Cash Inflows from Operating Activities	113,936,336.52	110,794,997.79
Cash Outflows:		
Payment of Personal Services	37,867,225.29	35,904,020.60
Payment of Maintenance and Operating Expenses	19,893,514.17	28,225,819.29
Payment of Payables	22,287,766.87	16,728,105.71
Total Cash Outflows from Operating Activities	80,048,506.33	80,857,945.60
Net Cash Provided (Used) in Operating Activities	Php 33,887,830.19	Php 29,937,052.19
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows:		
Equity - Prime World Construction/LGU Polomolok	Php 1,200,000.00	Php 2,805,750.00
Proceeds from LWUA Time Deposits	-	-
Total Cash Inflows from Investing Activities	1,200,000.00	2,805,750.00
Cash Outflows:		
Investments	-	-
Purchase of Property, Plant and Equipment	17,622,267.62	19,427,082.44
Total Cash Outflows from Investing Activities	17,622,267.62	19,427,082.44
Net Cash Provided (Used) in Investing Activities	Php (16,422,267.62)	Php (16,621,332.44)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Inflows:		
Loan Proceed (Amanah Bank)	Php -	Php -
Total Cash Inflows from Financing Activities	Php -	Php -

Cash Outflows:

Loan Amortization - Principal	Php	11,077,091.64	Php	10,462,355.01
Interest Payments on Loan		2,604,276.36		3,219,012.99
Others		-		-
Total Cash Outflows from Financing Activities	Php	13,681,368.00	Php	13,681,368.00
Net Cash Provided (Used) in Financing Activities	Php	(13,681,368.00)	Php	(13,681,368.00)
NET CASH PROVIDED (USED)	Php	3,784,194.57	Php	(365,648.25)
Add: Cash and Cash Equivalents, Beginning Balance		34,380,751.88		34,746,400.13
CASH AND CASH EQUIVALENTS, ENDING BALANCE	Php	38,164,946.45	Php	34,380,751.88



POLOMOLOK WATER DISTRICT
 Statement of Changes in Equity
 All Funds
 For the Year Ended December 31, 2017

	Retained Earnings/ (Deficit)	Contributed Capital	TOTAL
BALANCE AT JANUARY 1, 2016	Php 97,190,016.80	Php3,747,648.44	Php100,937,665.24
RESTATED BALANCE AT JANUARY 1, 2016	97,190,016.80	3,747,648.44	100,937,665.24
CHANGES IN EQUITY FOR 2016			
Add/(Deduct):			
Comprehensive Income for the year	26,819,674.32		
Dividends			
Other Adjustments	2,021,251.62		
BALANCE AT DECEMBER 31, 2016	Php126,030,942.74	Php 3,747,648.44	Php129,778,591.18
CHANGES IN EQUITY FOR 2017			
Add/(Deduct):			
Comprehensive Income for the year	24,918,696.79		
Dividends			
Other Adjustments	239,444.49		
BALANCE AT DECEMBER 31, 2017	Php151,189,084.02	Php3,747,648.44	Php 154,936,732.46



POLOMOLOK WATER DISTRICT

Notes to Consolidated Financial Statements

1.0 AGENCY PROFILE

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 are deposited to the authorized depository bank. The income of the district is 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	-	Ismael G. Verallo, Sr.

- Members
- Erlinda H. Desullan
 - Dr. Maribel D. Acuesta
 - Danilo A. Ramos

The Board of Trustees is authorized to appropriate out of any 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 and cash deposits in banks. The details are:

Particulars		2017		2016
Cash - Collecting Officers	Php	110,033.86	Php	120,527.39
Cash in Bank – Local Currency, Current Account		23,300,552.46		20,251,358.85
Cash in Bank – Savings Account		11,181,155.18		12,459,980.69
Time Deposit – Local Currency – Amanah Bank		3,573,204.95		1,548,884.95
Total	Php	38,164,946.45	Php	34,380,751.88

4.0 Receivables

This includes the following:

Particulars		2017		2016
Accounts Receivable	Php	12,885,263.88	Php	14,989,163.75
Less: Allowance for Impairment-Accounts Receivable		464,457.61		590,684.98
Accounts Receivable, net		12,420,806.27		14,398,478.77
Due from NGAs		4,045.50		4,045.50
Due from LGU		13,480.24		16,246.36
Others		1,541,112.97		1,047,093.26
Total	Php	13,979,444.98	Php	15,465,863.89

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		2017		2016
Accountable Forms, Plates and Stickers Inventory	Php	58,476.37	Php	5,943.61

Particulars	2017	2016
Office Supplies Inventory	182,580.60	108,277.78
Medical, Dental & Laboratory Supplies	932.50	932.50
Fuel, Oil & Lubricants Inventory	110,768.15	126,332.67
Other Supplies and Materials Inventory	6,631,674.15	9,291,721.86
Chemical and Filtering Supplies Inventory	118,121.05	115,936.47
Construction Materials Inventory	2,029,866.68	4,184,911.55
Drugs and Medicine Inventory	768.40	1,370.67
Total	Php 9,133,187.90	Php 13,835,427.11

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 P 310,168.61 and P 888,300.84 as of December 31, 2017 and 2016 respectively.

7.0 Other Current Assets

This account includes Guaranty Deposit. This amounted to P 14,748.00 and P 18,022.33 as of December 31, 2017 and 2016, respectively.

8.0 Property, Plant and Equipment

This includes the following:

Particulars	2017	2016
Land	Php 1,324,538.13	Php 1,324,538.13
Power Supply System	523,016.31	1,443,331.54
Buildings	12,318,410.81	11,866,567.56
Other Structures	1,334,714.69	1,316,137.19
Office Equipment	2,285,129.48	2,199,646.48
Information and Communication Technology Equipment	7,808,943.84	7,078,650.17
Other Machinery and Equipment	1,050,000.00	1,050,000.00
Disaster Response and Rescue Equipment	824,610.34	815,610.34
Medical Equipment	265,500.00	173,000.00
Communication Equipment	949,967.80	814,912.80
Sports Equipment	105,484.25	105,484.25
Motor Vehicles	8,077,188.20	8,147,188.20
Furniture & Fixtures	1,472,580.82	1,192,777.82
Leased Assets Improvements, Buildings	133,865.07	133,865.07
Other Property, Plant & Equipment	5,183,188.64	4,412,379.89
Total	43,657,138.38	42,074,089.44
Less: Accumulated Depreciation	22,761,334.78	20,416,358.68
Total	Php 20,895,803.60	Php 21,657,730.76

9.0 Public Infrastructure

This includes the following:

Particulars	2017		2016	
Water Supply Systems	Php	174,064,969.22	Php	162,293,669.74
Less: Accumulated Depreciation		70,332,589.44		64,095,880.26
Total	Php	103,732,379.78	Php	98,197,789.48

10.0 Land Improvements

This includes the following:

Particulars	2017		2016	
Land Improvements, Reforestation Projects	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	2017		2016	
Construction in Progress-Infrastructure Assets	Php	19,967,333.92	Php	10,116,188.63
Total	Php	19,967,333.92	Php	10,116,188.63

12.0 Other Non-Current Assets

This includes the following:

Particulars	2017		2016	
Other Non-Current Assets	Php	3,016,848.01	Php	6,318,441.87
Total	Php	3,016,848.01	Php	6,318,441.87

13.0 Payables

This account is composed of the following:

Particulars	2017		2016	
Accounts Payable	Php	5,473,467.41	Php	12,034,661.93

Particulars	2017	2016
Leave Benefit Payable	7,874,968.36	7,726,525.29
Due to BIR	443,123.73	470,268.07
Due to GSIS	604,797.68	695,227.55
Due to Pag-ibig	129,856.56	130,324.22
Due to Philhealth	89,245.48	45,495.48
Due to Other Funds	386,420.00	386,420.00
Guaranty/Security Deposit	2,683,256.95	2,118,546.65
Other Payable	855,953.37	678,325.53
Total	Php 18,541,089.54	Php 24,285,794.72

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 P 24,278,103.33 as of December 31, 2017.

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:

Business Income

Particulars	2017	2016
Waterworks System Fee	Php 102,438,368.76	Php 99,173,623.50
Other Business Income	2,577,812.76	2,504,675.09
Fines & Penalties - Business Income	2,699,562.39	2,701,351.88
Total	Php 107,715,753.91	Php 104,379,650.47

Other Income

Particulars	2017	2016
Interest Income	Php 95,993.70	Php 66,206.70
Total	Php 95,993.70	Php 66,206.70

17.0 Expenses

This is composed of the following:

Personal Services

Particulars	2017	2016
Salaries and Wages	Php 23,484,590.13	Php 21,974,560.07

Other Compensation		
Personnel Economic Relief (PERA)	2,024,181.79	1,920,363.62
Representation & Transportation Allowance (RATA)	744,000.00	744,000.00
Productivity Incentive Allowance	1,805,403.38	1,140,000.00
Clothing / Uniform Allowance	420,000.00	385,000.00
Other Bonuses & Allowance	2,817,484.66	2,944,278.06
Overtime & Night Pay	517,737.84	566,317.73
Cash Gift	415,000.00	400,000.00
Year End Bonus	3,755,302.73	3,396,975.05
Personnel Benefits and Contributions		
Life & Retirement Insurance	2,760,353.24	2,513,708.36
Pag-ibig Contributions	101,500.00	96,200.00
Philhealth Contributions	256,912.50	234,312.50
ECC Contributions	101,500.00	96,200.00
Other Personnel Benefits		
Terminal Leave Benefits	1,022,377.29	1,250,364.58
Provident Fund Benefits	-	609,402.96
Other Personnel Benefit	111,500.00	464,140.00
Other Personnel Benefit - CNA Civilian	2,150,000.00	2,101,000.00
Total	Php 42,487,843.56	Php 40,836,822.93

Maintenance and Other Operating Expenses

Particulars	2017	2016
Traveling Expenses	490,781.11	879,310.25
Training Expenses	973,214.57	950,942.86
Supplies and Material Expenses		
Office Supplies	288,608.46	261,848.45
Accountable Forms	80,967.24	63,788.42
Drugs and Medicines	2,483.27	1,090.40
Laboratory Expenses	147,120.00	108,785.00
Gasoline, Oil and Lubricants	233,502.92	
Fuel, Oil and Lubricants	937,668.50	945,021.34
Other Supplies	588,088.43	536,470.44
Utility Expenses	13,269,463.35	11,810,160.51
Communication Expenses		
Postage and Deliveries	12,035.00	15,887.00
Telephone - Landline	123,040.14	120,121.60
Telephone - Mobile	262,813.24	241,116.03
Internet	94,236.17	88,734.05
Cable and Satellite	5,700.00	3,045.00
Membership Dues	63,963.50	88,572.75
Advertising Expenses	301,884.00	206,138.92
Printing and Binding Expenses	230,077.00	214,932.35
Rent Expenses	111,127.32	101,582.00

Particulars	2017	2016
Representation Expenses	288,994.50	304,123.28
Transportation and Delivery Expenses		-
Subscription Expenses	12,406.00	12,378.00
Professional Services		
Legal Services	120,000.00	95,100.00
Auditing Services	72,500.77	-
General Services	322,295.00	336,000.00
Security Services	1,089,547.85	850,750.78
Consultancy Services	199,590.00	91,218.04
Repair and Maintenance		
Power & Energy Structures	32,363.50	33,371.50
Office Building	193,371.12	221,229.55
Office Equipment	12,607.90	17,472.27
Furniture & Fixture	6,678.90	20,435.00
IT Equipment & Software	95,132.00	96,824.96
Machineries	45,645.00	14,768.00
Communication Equipment	8,884.54	573.00
Med. Dental & Lab. Equipt.	29,385.00	4,078.00
Sports Equipment	-	5,500.00
Other Machineries & Equipt.	52,961.50	13,970.70
Motor Vehicles	492,153.17	552,225.38
Other Property & Equipment		5,937.00
Artesian Wells	113,525.71	179,694.08
Waterways & Aqueduct	2,973,525.15	1,709,389.12
Reforestation - Upland	491,462.90	400,162.26
Subsidies and Donations	37,800.00	89,543.00
Extraordinary and Miscellaneous Expenses	261,886.49	210,242.21
Taxes, Insurance Premiums and Other Fees	2,656,823.82	2,611,604.12
Bad Debts Expense	464,457.61	-
Depreciation Expense		
Depreciation - Electrification, Power Energy	45,496.56	41,671.44
Depreciation - Office Building	364,133.17	350,086.45
Depreciation - Other Structure	51,117.99	50,490.96
Depreciation - Leasehold Improvement	28,955.76	26,542.78
Depreciation - Office Equipment	250,018.66	228,721.17
Depreciation - Furniture & Fixtures	119,398.55	95,463.59
Depreciation - IT Equipment	676,879.42	568,547.89
Depreciation - Machineries	94,500.00	94,500.00
Depreciation - Communication Equipment	43,989.08	18,132.00
Depreciation - Firefighting Equipment	39,068.31	53,113.68
Depreciation - Medical, Dental & Lab. Equipt.	18,408.75	15,570.00
Depreciation - Sports Equipment	9,493.92	5,721.18
Depreciation - Motor Vehicles	347,944.92	337,706.87
Depreciation - Others	272,821.01	311,291.23
Depreciation - Artesian Wells, Res.	1,129,524.22	1,054,529.10

Particulars	2017	2016
Depreciation - Waterways, Aqueducts	5,107,184.96	4,882,599.94
GAD and Discounts on Sr. Citizen and Amnesty Programs	731,291.11	720,782.57
Other MOOE - NSC Promo	179,931.86	200,738.46
Total	Php 37,800,930.90	Php 33,570,346.93

Financial Expenses

Particulars	2017	2016
Interest Expenses	Php 2,604,276.36	Php 3,219,012.99
Total	Php 2,604,276.36	Php 3,219,012.99

Part II:
AUDIT OBSERVATIONS AND RECOMMENDATIONS

I. FINANCIAL AND COMPLIANCE AUDIT

- 1. Inactive concessionaires' accounts totaling P8,720,490.66 remained uncollected as of year-end, thus depriving the district of additional funds for their operations.**

“Quarterly, each agency accounting unit shall prepare a statement scheduling overdue accounts receivable. The agency head, or his authorized representative, shall review and sign this statement as an indication that he has examined the list of overdue accounts and has instituted, or will institute, action for their collection.”¹

Based on the foregoing excerpt, the Commercial Services Division has prepared and submitted the ageing of Accounts Receivable as of December 31, 2017 derived from the system generated data of the 17,756 total concessionaires with unpaid accounts which showed that 68.68% of the total P12,885,263.86 AR were already inactive accounts and were aged as follows:

No. of Days Uncollected	Amount	Percentage
180 days	P 255,171.10	2.93%
1 year	96,088.44	1.10%
2 year	153,718.22	1.76%
3 year	388,670.09	4.46%
4 year	231,398.84	2.65%
Over 4 years	7,595,443.97	87.10%
Total	P 8,720,490.66	100%

Based on the above data, the P8,720,490.66 inactive accounts pertain to unpaid water bills whose water service connection were already disconnected as of year-end.

The audit team likewise observed that in 2017, the Management of PWD was efficient in the collection of their total current year billings having attained an audited collection efficiency rate of 98% which is above the minimum standard rate of 90% prescribed by LWUA. However, the said commendable accomplishment should be equated with further intensified collection effort on the P8,720,490.66 inactive accounts including those overdue active accounts for a more improved and efficient cash realization of accounts receivable because it could mean additional funds for the operation of the district.

¹ Section 64 paragraph 2 of GAAM, Volume I

The Management stated during the exit conference that the District's collection efforts have never waned in the course of time and further informed that sending of demand letters to concessionaires with long overdue accounts is a continued practice.

We recommended and Management agreed to:

- a) intensify its collection efforts by sending demand letters to concessionaires with long overdue accounts;
 - b) review and analyze the individual concessionaire accounts and the responses to the demand letters; and
 - c) for those accounts which prove to be beyond collectability, request for authority to write-off pursuant to COA Circular 97-001 in order to clean up the books of accounts with doubtful accounts.
2. **The non-reconciliation of records between the Accounting and the Property Units resulted in the doubtful existence and accuracy of Inventories account in the aggregate amount of P9,133,187.90, thus affecting the fairness of presentation of this account in the financial statements.**

For effective control of government property, the COA prescribes the following regulations: a) Chiefs of agencies are required to take a physical inventory of all equipment and supplies belonging to their respective offices at least once a year, unless otherwise determined by the COA Chairman in specific cases. In case of the regional offices, their equipment and supplies shall be inventoried by a committee composed of their respective administrative officers and property officers or custodians, to be witnessed by a representative of the Auditor concerned who will attest the inventory report, as certified correct by the members of the committee and approved by the director of the regional office concerned; b) Inventory of goods and/or supplies and materials shall be taken at least every six months, as of June 30 and December 31 of each year.²

For check and balance, the Property and Supply Office/Unit shall maintain Stock Cards (SC) for inventories. The balance in quantity per Stock Cards should always reconcile with the ledger cards of the Accounting Unit.³

Further, COA Circular No. 2016 -006 dated December 29, 2016 provides guidelines and procedures on the conversion from the Philippine Government Chart of Accounts (PGCA) per COA Circular No. 2004-008 dated September 20 2004, as amended, to the Revised Chart of Accounts (RCA) prescribed through COA Circular No. 2015-010 dated December 01, 2015 for use by Government Corporation (GCs), which consist of Government-Owned or controlled Corporations (GOCCs), Government Financial Institutions (GFIs), Government Instrumentalities with

² Section 490, GAAM Volume 1

³ Section 43, Volume 1 of NGAS Manual

Corporate Powers (GICPs)/Government Corporate Entities (GCEs) and their Subsidiaries and Water District.

As of December 31, 2017, inventories account showed an aggregate ending balance of **₱ 9,133,187.90**, as shown below:

Account Code	Account Title	Agency Books
1 04 04 010	Office Supplies Inventory	₱ 182,580.60
1 04 04 020	Accountable Forms, Plates and Stickers Inventory	58,476.37
1 04 04 060	Drugs and Medicines Inventory	768.40
1 04 04 070	Medical, Dental and Laboratory Supplies Inventory	932.50
1 04 04 080	Fuel, Oil and Lubricants Inventory	110,768.15
1 04 04 120	Chemical and Filtering Supplies Inventory	89,278.51
1 04 04 130	Construction Materials Inventory	2,029,866.68
1 04 04 990	Other Supplies and Materials Inventory	6,660,516.69
TOTAL		₱ 9,133,187.90

Audit of the above accounts disclosed variance of **₱2,713,489.74** between the Report on Physical Count of Inventories and the general ledger balances under the Agency Books, as shown below:

Account Code	Account Title	Per Report of Physical Count as of Dec. 31, 2017	Per GL as of Dec. 31, 2017	Variance
1 04 04 010	Office Supplies Inventory	₱187,103.04	₱182,580.60	₱4,522.44
1 04 04 020	Accountable Forms, Plates and Stickers Inventory	58,476.35	58,476.37	(0.02)
1 04 04 060	Drugs and Medicines Inventory	768.63	768.40	0.23
1 04 04 070	Medical, Dental and Laboratory Supplies Inventory	119,993.60	932.50	119,061.10
1 04 04 080	Fuel, Oil and Lubricants Inventory	90,947.43	110,768.15	(19,820.72)
1 04 04 120	Chemical and Filtering Supplies Inventory	-	89,278.51	(89,278.51)
1 04 04 990	Other Supplies and Materials Inventory	6,697,688.79	6,660,516.69	37,172.10
1 04 04 130	Construction Materials Inventory	4,691,699.81	2,029,866.68	2,661,833.13
TOTAL		₱11,846,677.65	₱9,133,187.90	₱2,713,489.75

The above variances existed due to non-reconciliation of records between the Accounting and the Property Units. In summary, the unreconciled difference of inventories under Agency Books totaled to **₱2,713,489.75**, hence resulting in the

doubtful existence and accuracy of Inventories accounts of P9,133,187.90, at year-end.

We recommended and Management agreed to cause the reconciliation of records between the Accounting and the Property Units, determine the cause of the unreconciled difference and make necessary adjustments in their records.

3. Areas of improvement exist along the District's gender mainstreaming dependencies that necessitate courses of action in order to effectively deliver the purpose of gender and development.

Gender and Development (GAD) is both a perspective and process that is participatory and empowering, equitable, sustainable, free from violence, respectful of human rights, supportive of self-determination and actualization of human potentials. It seeks to achieve gender equality as a fundamental value that should be reflected in development choices and contends that women are active agents of development, not just passive recipients of development. To effectuate actualization of gender and development, government agencies are prescribed by prevailing issuances⁴ to institutionalize gender mainstreaming as the strategy to identify, address, and manage gender issues within the confines of their operations (organization-focused) and those of the public (client-focused). Gender mainstreaming depends on the creation and strengthening of the GAD Focal Point System (GFPS); formulation of GAD Code for local government units; establishment and maintenance of relevant information in a GAD Database; and the planning, budgeting, execution, monitoring and evaluation activities of an agency for its GAD initiatives.

Cutting across these dependencies of the gender mainstreaming strategy is the accountability of government agencies to ensure that resources are utilized with efficacy and efficiency. As an institutional mechanism, the Commission on Audit (COA) is entrusted with *the conduct of an annual audit on the use of the GAD budget for the purpose of determining its judicious use and the efficiency, and effectiveness of interventions in addressing gender issues towards the realization of the objectives of the country's commitments, plans, and policies on women empowerment, gender equality, and GAD.*⁵ To this end, the team assessed the delivery and management of GAD activities by the Polomolok Water District (PWD). Using COA's existing guidelines⁶, the team evaluated PWD's gender mainstreaming dependencies in order

⁴Executive Order No. 273: Approving and Adopting the Philippine Plan for Gender-Responsive Development, 1995 to 2025; PCW Memorandum Circular No. 2011-01: Guidelines for the Creation, Strengthening, and Institutionalization of the Gender and Development (GAD) Focal Point System; PCW-NEDA-DBM Joint Circular No. 2012-01: Guidelines for the Preparation of Annual Gender and Development (GAD) Plans and Budgets and Accomplishment Reports to Implement the Magna Carta for Women; and PCW-DBM-DILG-NEDA JMC No. 2013-01: Guidelines on the Localization of the Magna Carta for Women as amended by PCW-DBM-DILG-NEDA JMC No. 2016-01, among others.

⁵ Paragraph (a), Section 36, Chapter VI of Republic Act 9710 (An Act Providing for the Magna Carta of Women)

⁶COA Circular No. 2014-001: Revised Guidelines in the Audit of Gender and Development (GAD) Funds and Activities in Government Agencies

to identify and co-develop solutions for its susceptibilities or areas of improvements. The team employed interviews, discussions, and assessments of the gender-responsiveness of PWD's initiatives using the Harmonized Gender and Development Guidelines (HGDG) tool. The results of the team's appraisal of the performance of PWD along the delivery lines of GAD are discussed below.

On the strengthening of the GFPS, the team observed that the functioning of the District's GFPS was not robust. Delivery of accountabilities vital to the gender mainstreaming processes was relatively faint. In particular, the establishment of sex-disaggregated data and monitoring of GAD initiatives were not adequately done. When asked, management acknowledged that the GFPS indeed plays a vital role in process and that the concept of gender mainstreaming is not new to them. Management expressed that GFPS had adopted the processes it needs to perform recently. Recognizing the importance of a strengthened GFPS, management pointed that the District participates on capacity building activities related to GAD. On this note, the team would like to underscore that the GFPS serves as the front-runner in mainstreaming gender and development perspective in the District's initiatives. If this core GAD committee fails to deliver its duties, challenges for the entire spectrum of GAD processes will surely abound, not to mention that it will undermine the very essence of GAD.

On the establishment and maintenance of relevant information in a GAD Database, we have noted, as initially presented above, that PWD does not generate sex-disaggregated data vital to inclusive gender issue identification and responsive GAD initiatives planning since these data allow the measurement of differences between women and men on various social and economic dimensions. Although the management has presented a data pertaining to the inventory of their human resource personnel, such is not enough to be considered as sex-disaggregated data essential for gender analysis and issues identification. On this noted issue, the management explained that constraints on time and manpower to work caused its inability to generate and maintain the District's sex-disaggregated data. On this submission, the team would like to advance that the inadequacy or absence of such data precludes analysis crucial to the identification of gender issues and to the entire GAD delivery continuum. The availability of sex-disaggregated data, on the other hand, enables well-founded and comprehensive analysis and identification of gender issues. Otherwise, GAD activities will not serve gender equality and women empowerment being planned and executed on gender issues emanating from assumptions and pure speculation.

⁴PCW Memorandum Circular No. 2011-01: Guidelines for the Creation, Strengthening, and Institutionalization of the Gender and Development (GAD) Focal Point System

On the planning, budgeting, execution, monitoring and evaluation GAD initiatives, we recognize the District for appropriating the amount of ₱19,538,726.00 (₱600,000.00 thru specific allocation and ₱18,938,726.00 thru attribution) which is 17.81% of its total corporate operating budget of ₱109,679,755.22. However, actual disbursements as of December 2017 from this appropriation only amounted to ₱12,236,203.84 which is 62.63% of what is budgeted. The details of these are presented in the table below.

Table 1: Delivery of GAD Initiatives (Budgeted v. Actual) as of December 2017

GAD Initiatives		Approved Budget	Actual Delivery	Percentage Utilized
CLIENT-FOCUSED	Implement CSR activities as scheduled	-	-	-
	Conduct activities for workers and beneficiaries including their children during Government employees' week celebration, and various activities for children in relation to Christmas season	P 105,000.00	P 103,111.00	98.20%
	Support to education of public school pupils	95,000.00	61,144.85	64.36%
	Address the negative impact of crises, conflict and disaster on women & children by purchasing / donating relief goods (as the need arises)	50,000.00	24,523.53	49.05%
	Improvement of breastfeeding and changing area	10,000.00	1,918.75	19.19%
	Access to clean and adequate water supply	18,938,726.00	12,669,716.66	66.90%
	ORGANIZATION-FOCUSED	Capacity Building of GFPS	100,000.00	37,989.00
National Women's Month Celebration		95,000.00	90,769.35	95.55%
Training to disaster-risk reduction management and blood-letting activity		65,000.00	59,039.7	90.83%
Anti-dengue campaign & solid waste management		25,000.00	-	0%
Physical fitness activities		50,000.00	65,429.00	130.86%
Collaborate with POWDEA GAD activities to ensure employees participation		5,000.00	1,000.00	20.00%
TOTAL		P 19,538,726.00	P 13,114,641.84	67.12%

When asked about the reasons for these low-levels of delivery, management explained that on support to education of public school activity, the ₱15,000.00 budget from which covers the t-shirt for the brigade eskwela team was not provided and the cost of labor for the conduct of repair was not charged to GAD; moreover on the patubig sa eskwela program, 50.63% out of the ₱35,000.00 were utilized because only one public school was identified to be the recipient of the program for the year. On addressing the negative impact of crises, conflict and disaster on women & children by purchasing / donating relief goods related to the Marawi siege, the District was only able to donate once, hence not all budget was utilized. For the improvement of breastfeeding and changing area, the District initially planned to purchase TV and toys for mother and child corner however they opt to purchase pillows and linens because as they have stated, they find it more important than TV and toys. The District encountered issues with regard to the road right of way hence, hindering the implementation of some of its pipeline expansion projects. Some of its rehabilitation on its mainline are still ongoing and some had savings on procurement of materials through public bidding. The collaboration with POWDEA GAD activities to ensure employees participation happened only once hence the minimal utilization of the budget. The capacity building of its GFPS as reported on their 2017 Accomplishment Report has been fully accomplished with minimal utilization of its budget.

On the over-delivery for physical fitness activities, the management decided to replace zumba activity with Pinoy Olympics due to foreseen minimal support of employees. While on the no-delivery of its anti-dengue campaign & solid waste management activity, it has been implemented and was actively participated by PWD employees. Monthly judging/recognition of cleanest division or pump station were conducted but the budget for supposed prizes were not utilized. The management added that this is a sporadic implementation. On this, the team would like to press that it is imperative for the management to ensure that planned GAD initiatives are delivered with economy, efficiency and effectiveness. This responsibility highlights that appropriated GAD budget must be properly utilized and adequately monitored for timely and effective delivery. Factors that contributed to the above levels of delivery should be proactively managed. Otherwise, efforts and resources committed and expended would be of less value and significance.

Interestingly, the team's assessment using the HGDG Tool lead to the identification that 50% (6 out of 12) of the District's GAD initiatives are promising GAD prospects. These include the anti-dengue campaign & solid waste management, training to disaster-risk reduction management and blood-letting activity, physical fitness activities, collaboration with POWDEA GAD activities to ensure employees participation, implementation of CSR activities as scheduled, and conduct of activities for workers and beneficiaries including their children during Government employees' week celebration, and various activities for children in relation to Christmas season. Also, five (5) out of 12 or 41.67% of the initiatives are considered gender-sensitive. These are the capacity building of GFPS, National Women's Month

celebration, support to education of public school pupils, addressing the negative impact of crises, conflicts and disaster on women & children by purchasing/donating relief goods(as the need arises) (Marawi siege assistance), and access to clean and adequate water supply. Further, 8.33% (1 out of 12) of the initiatives is gender-responsive, that is the improvement of breastfeeding and changing area which integrated measures for promoting gender equality and women's empowerment, foster women's inclusion, and provide equal opportunities for women and men to derive social and economic benefits.

In fine, the efforts exerted by the GAD Focal Person of the District to spearhead the team in planning and crafting the above-mentioned initiatives that promote gender mainstreaming are worth noting. Despite the fact that PWD has issues on its GFPS, GAD database, GAD planning and execution, the District still managed to somehow deliver – a fair manifestation of interest and willingness to be an instrument of the government in promoting gender mainstreaming in the District. As presented above, the functions and responsibilities of the GFPS, the generation of sex-disaggregated data, the delivery of GAD initiatives, and the initiatives' gender-responsiveness still need actions moving forward. In a nutshell, these courses of actions should squarely address, inter alia, the carrying-out of the GAD processes, GAD competency of personnel; availability of GAD related information (database), inclusive identification of and planning for gender issues, and adequacy of monitoring mechanisms. Needless to say, if these issues remained unmanaged, the GAD initiatives undertaken by the District will not only be riddled with concerns on economy, efficiency and effectiveness, but will also shortchange the noble purpose of gender and development. To add value on these issues, this work advances the recommendation below.

We recommended and Management agreed to ensure that the District's gender mainstreaming dependencies are adequately managed through personnel capacity development and backstopping, mechanisms that assure availability of relevant GAD data, and courses of actions that facilitate and exact responsibilities for inclusive GAD planning, implementation and monitoring to effectively and efficiently deliver the purpose of gender and development.

- 4. The district was partially compliant with the regulations on the development and implementation of Water Safety Plan (WSP) for the assurance that the supplied water to its concessionaires are of safe quality.**

The Department of Health (DOH) has issued on September 4, 2014, Administrative Order (AO) No. 2014-0027 declaring the development and implementation of Water Safety Plan (WSP) by all drinking water service providers as a national policy for drinking water quality management. In support to the objectives of the DOH and in compliance with AO, the LWUA issued on December 1, 2014, Memorandum Circular No. 010-14 directing all WDs, and rural waterworks and sanitation associations (RWSA) to develop and implement WSP and comply with

the provisions of DOH AO 2014-0027. Likewise, the LWUA requires the WDs and RWSA to adopt 11-step process of the World Health Organization (WHO) as the main guideline in developing the WSP. Moreover, the development and implementation of WSP shall become part of the institutional requirements that LWUA will be requiring from WD and will form part of the components in evaluating WD performance.

In compliance with the above-stated regulations, the PWD Board of Directors together with the management had been working hard to realize its desire to have a water supply with good quality to its constituents. On May 19, 2017, an Office Memo No. 17-05-01, series of 2017 was issued organizing a WSP Team which will develop a Water Safety Plan, as a reference and a management tool in the identification of hazards to the system and assess the risk associated with the hazard, and to serve as a guide to improve personnel as well as maintenance and operational procedures of the District. The Water Safety Plan (WSP) Manual composed of eleven (11) modules was submitted to Local Water District Administration (LWUA) for review and approval. At present, the implementation of the said manual is on-going to ensure that delivery of water services has met the standards and targets of the Department of Health and that the water supply being distributed is safe for human consumption. Moreover, as part of its WSP and its regular monitoring of the safe quality of its water productions, monthly laboratory test of samples of its water supply were undertaken during the year. Samples were submitted to the South Cotabato Provincial Hospital, Province of South Cotabato, Koronadal City. Verification of the bacteriological examination of water samples submitted was noted as "Passed." (**Appendix "A"**). Hence, the quality of the drinking water supplied by the water district to its concessionaires could be declared as safe.

We commended Management for the partial compliance with the regulations on the development and implementation of Water Safety Plan (WSP) and the regular submission of their water samples for bacteriological tests. We recommended, however and Management agreed that once the WSP of the District is approved, strict implementation, monitoring and evaluation thereon should be undertaken by Management for the continuous assurance of safe water quality.

II. PERFORMANCE AUDIT

- 5. Nineteen (19) Pipeline Extension Projects and Pipeline Rehabilitation Projects for CY 2017 with an aggregate cost of P6.8 Million were implemented and fully completed for the improvement of the District's delivery of water services for the benefit of its concessionaires, hence may increase customer's satisfaction.**

Polomolok Water District (PWD)) was able to accomplish vital projects for the Pipeline Extension Projects and Pipeline Rehabilitation Projects on different barangays of Polomolok. Below is the summary of projects implemented during the year which were verified and validated by the Audit Team, viz:

PROJECT/PROGRAM/ACIVITY	TOTAL COST	PROJECT STATUS
2017 PIPELINE EXTENSION PROJECT:		
1. Proposed 50mm PVC Pipeline expansion at LabaranSubd.	P121,696.00	Completed
2. Proposed 50mm Pipeline Extension at Hilltop Village	129,696.00	Completed
3. Proposed 50mm Pipeline Extension at PurokManatad	149,014.00	Completed
4. Proposed 75mm and 50mm Pipeline Extension at Cordova Subd, crossing Brgy. Sulit	1,469,148.00	Completed
5. Proposed 75mm and 50mm Pipeline Extension at Glenda,Hospiat,Obtial, Pagalungan	970,000.00	Completed
6. Proposed 50mm Pipeline Extension at Purok 4, Polo	396,378.00	Completed
2017 PIPELINE REHABILITATION PROJECT:		
7. Rehab of 19mm to 50mm PVC at Purok Vicente Fin	694,630.00	Completed
8. Rehab of 19mm to 50mm PVC at LeysonSubd.	202,000.00	Completed
9. Rehab of 19mm to 50mm PVC at Upper San Isidro	288,268.00	Completed
10. Rehab of 19mm to 50mm PVC at NorcosSubd.	270,068.00	Completed
11. Rehab of 19mm to 50mm PVC at PurokMalinawon	220,964.00	Completed
12. Rehab of 19mm to 50mm PVC at TinioSubd.	169,810.00	Completed
13. Rehab of 19mm to 50mm PVC at PurokManatad	238,000.00	Completed
14. Rahab of 19mm to 50mm PVC at Bayan Subd.	39,350.00	Completed
15. Rehab of 19mm to 50mm PVC at Purok San Agustin	265,980.00	Completed
16. Rehab of 19mm to 50mm at Public Market, Meat Section	220,000.00	Completed
17. Rehab of 19mm to 50mm at Tuazon Subd.	313,964.00	Completed
2017 WATER SYSTEM REHAB PROJECT		
18. Pipeline Rehab Project	683,365.00	Completed
19. Rehab of Service and transfer of tapping to new distribution main at Brgy. Palkan		
TOTAL	P6,842,331.00	

We commended Management for the 100% completion in the implementation of the District's nineteen (19) projects for CY 2017 which are vital in the improvement of its water services for the benefit of its concessionaires.

- The District foregone an aggregate amount of approximate revenue of P7,639,160.01 due to the high percentage of Non-Revenue Water (NRW) registered at 27.39 percent, which was 7.39 percent higher than the industry average of 20 percent.

One of the major issues affecting water utilities is the considerable difference between the amount of water put into the distribution system and the amount of water billed to consumers, which is the Non-Revenue Water (NRW). High levels of NRW reflect huge volumes of water being lost through leaks, not being invoiced to customers, or both. It seriously affects the financial viability of water utilities through lost revenues and increased operational costs.

To further improve effective and efficient management of the water source, it is required that at least 80% of the water production of water district either being pumped or through gravity should be revenue-producing waters. Conversely, a maximum of 20% of the water production is allowed to be non-revenue producing in consideration of some operating requirements like water used for installation of new service connection, flushing leak test, disinfection, pump testing, and in support to other government agencies' operations.⁷

In our audit, it was observed based on documents submitted that the billed water consumption of the Polomolok Water District (PWD) for CY 2017 recorded total receivables/billings of ₱105,137,931.15 representing 72.61% of the total water production of 5,300,808 cu. meters for the year. Details are shown below:

Month	Water Production/Pumped (m ³)	Billed Water Consumption (m ³)	Non-Revenue Water (NRW) (m ³)	Percentage of Losses
Jan 2017	434,259	315,455	118,804	27.36%
Feb 2017	434,649	306,648	128,001	29.45%
Mar 2017	393,604	282,382	111,222	28.26%
Apr 2017	446,991	328,031	118,960	26.61%
May 2017	436,372	324,958	111,414	25.53%
Jun 2017	450,177	336,268	113,909	25.30%
Jul 2017	431,383	315,997	115,386	26.75%
Aug 2017	442,927	324,963	117,964	26.63%
Sep 2017	454,557	332,654	121,903	26.82%
Oct 2017	451,147	318,448	132,699	29.41%
Nov 2017	468,710	332,538	136,172	29.05%
Dec 2017	456,032	330,753	125,279	27.47%
Total	5,300,808	3,849,095	1,451,713	27.39%

Had the water district sustained the 20% NRW industry standard, it could have earned an additional aggregate amount of ₱7,639,160.01 with the ₱195.10 per 10 cubic meters applied for domestic and government concessionaires of Polomolok Water District, computed as follows:

Actual NRW (m ³)	1,451,713
Less: Maximum Acceptable NRW (20% x 5,300,808)	1,060,162
Excess Non-Revenue Water	391,551

⁷LWUA Memorandum Circular No. 004-010

Multiplied by Meter rate per 10 cu. meter for Residential/Government concessionaires (P195.10)	P19.51
Approximate Foregone Sales Revenue	P7,639,160.01

The incurrance of non-revenue water losses of the water district can be attributed to the possibility of illegal connections, defective water meters and pipeline leakages which might be a result of inadequate safeguard and protection measures being adopted.

According to the Management, reduction of NRW has been a priority concern of the District. In fact, they have crafted a five (5) year NRW Program to address the problem. Management is also conducting regular schedule of testing of water meters to ensure that its efficiency is within the industry standard. In addition, they have allocated 1,000 units of water meters for 2017 Annual Budget and 2,000 units of water meters for 2018 Annual Budget for the replacement of inefficient and old water meters installed in the field.

During the exit conference, the Management mentioned the efforts and improvement done by the District through budgeting a total of P7.1M for the continued implementation of NRW program, from which it has reduced the NRW to an average of 1.03% from January-April 2018. The Management added that the District also periodically sends its NRW Committee members to trainings, benchmarking and capacity building.

We recommended and Management agreed to review regularly their Non-Revenue Water (NRW) program and investigate the causes of the high percentage of NRW of the district to be able to come up with a remedy to minimize, if not totally eliminate the incurrance of NRW.

- 7. A high collection efficiency of 97.01 percent or P103.03 million was attained by the Polomolok Water District on current years' water sales, however, only 18.49 percent collection efficiency or P2.77 million was realized on prior years' receivables of P14.9 million, thus depriving the District of additional funds to finance its programs and projects for its effective operation.**

The district shall have the power to sell water, pursuant to generally applicable rules and regulations, to any person for use within the water district. As a condition of such sale, the district may require the filling of a written application for service, payment of established charges or deposits and execution of a water service contract.⁸

A District may sell water under its control, under schedule of rates and charges as may be determined by the Board, to any and all water users within the

⁸ Section 27, Chapter VII of Presidential Decree (PD) No. 198

district. Xxxx. The District, as far as practicable, shall fix such rates and charges for water as will result in revenues which will:

- a) Xxxx;
- b) Xxxx;
- c) Pay the operating expenses of the District;
- d) Provide for the maintenance and repairs of the works;
- e) Xxxx;
- f) Xxxx.⁹

For calendar year 2017, audit shows that Polomolok Water District (PWD) had a commendable collection efficiency of 97.01 per cent on its billing for the year, or a collection of Php102,033,828.44 of the total water receivables of Php105,182,407.20, whereas from the prior years' total accounts receivable of Php14,989,163.75, only 18.49 per cent or Php2,771,212.09 was collected. Details of the actual collection during the year as compared to the receivables for both current year and prior year are presented as follows:

Month	Accounts Receivable-Water Sales	Collection-Current Year	Collection-Prior Year	Total
Prior Years Balance 12/31/2016 per GL	14,989,163.75			
Current Year:				
Jan. 2017	8,616,412.50	7,502,948.95	1,611,377.37	9,114,326.32
Feb. 2017	8,385,862.66	7,828,247.43	200,425.29	8,028,672.72
Mar. 2017	7,671,492.34	7,798,546.29	211,369.32	8,009,915.61
Apr. 2017	8,974,126.73	8,427,524.79	138,850.60	8,566,375.39
May 2017	8,858,557.97	9,286,243.36	180,216.44	9,466,459.80
Jun 2017	9,302,227.65	8,806,791.11	110,776.50	8,917,567.61
Jul. 2017	8,706,442.58	8,860,956.37	171,894.28	9,032,850.65
Aug.2017	8,939,134.54	8,524,550.78	164,187.52	8,688,738.30
Sep.2017	9,109,518.34	8,907,116.21	198,955.52	9,106,071.73
Oct.2017	8,761,459.82	8,755,109.78	100,458.05	8,855,567.83
Nov.2017	8,930,863.33	8,883,480.03	88,936.54	8,972,416.57
Dec.2017	8,926,308.74	8,452,313.34	(406,235.34)	8,046,078.00
Total Current Year (2017)	105,182,407.20	102,033,828.44	2,771,212.09	104,805,040.53
		97.01%	18.49%	

As can be gleaned from the above table, the PWD achieved a high collection efficiency of 97.01 per cent on its current years' water sales which met the WDs projected cash flow for the collection from water sales, however, it has to improve its collection efficiency on its prior years' receivables. The low collection rate on the prior years' receivables affected the overall collection efficiency of the District which

⁹ Section 37, Chapter IX of Presidential Decree (PD) No. 198

consequently deprived them of additional funds to finance its various programs and projects for its effective operation. The District has to intensify and improve its collection efficiency to be able to sustain its operation and finance its projects for the improvement of its services.

The Management commented during the exit conference that for improved collection efficiency, the District has an ongoing program on sending demand letters to defaulting concessionaires and the writing-off of doubtful accounts. As regards to legal action, they have resorted to out-of-court settlement but the District finds it not feasible and advantageous because the docket fee is expensive while the collection, which is dependent upon the concessionaires' capacity to pay, is low.

We recommended and Management agreed to: a) adopt strategies/mechanism to improve its collection efficiency, especially on prior years' outstanding accounts; b) continue sending demand letters to defaulting concessionaires; and c) enforce legal action on outstanding accounts with material amount of balances.

Compliance to Tax Laws

Taxes withheld from the salaries and benefits of employees, payment for the purchase of materials and services, franchise tax and other related taxes amounting to ₱7,133,564.38 in CY 2017 were regularly withheld and remitted to the BIR in compliance with Revenue Regulations No. 2-98 dated April 17, 1998.

Polomolok Water District has complied with all taxes on withholding of income tax from employees compensation and has also paid the franchise tax due on PWD as seller of water and the Extended Value Added Tax (EVAT) on goods and services purchase in 2017 in the total amount of ₱7,133,564.38. Details of tax remittances to the Bureau of Internal Revenue (BIR) are shown on **Appendix "B"** and summarized as follows:

Tax Classification	Amount
1. Franchise Tax	₱1,983,381.29
2. EVAT Withheld on Supplier	1,769,937.98
3. Withholding Tax on Compensation	2,942,894.39
4. Expanded Withholding Tax (EWT)	437,350.72
TOTAL	₱7,133,564.38

Compliance to GSIS Laws

The District complied with the obligation to deduct from officers and employee's compensation the mandatory employee's contribution and the corresponding employer's share for CY 2017 and remitted the same to the GSIS pursuant to Section 5 and 6, respectively, of RA No. 8291 or the Revised Government Service Insurance Act of 1997.

In 2017, PWD complied with the Implementing Rules and Regulations of R.A. No. 8291 on the collection and remittance of contributions to GSIS as follows:

- a. Mandatory monthly contribution of covered employees and employer in accordance with Rule III Section 3.1 and 3.3;
- b. Remittance of employees' and employer's contributions and employees' compensation premium within the due date pursuant to Rule III, Section 3.4; and
- c. Schedule of contributions and remittances are shown on **Appendix "C"**.

Transaction covered by Remittance	Amount
GSIS Contribution:	
Government Share	P 2,764,201.41
Personal Share	2,070,264.96
ECC	101,500.00
GSIS Loan Repayment:	
Policy Loan	36,450.00
Salary Loan	3,642,423.65
Housing Loan	51,934.8
TOTAL	P 8,666,774.82

Compliance to HDMF Laws

The District substantially complied with the provisions of Rule VII of IRR 9679 dated July 21, 2009 and HDMF Circular No.275 dated January 22, 2010.

Polomolok Water District has consistently deducted from the salaries of their employees the mandatory Pag-IBIG Fund Contribution and repayments of loan amortization in accordance with the schedules prescribed in Republic Act (RA) No. 9679 and the loan agreements. Payment of the Pag-IBIG fund contributions and repayment of loan amortizations are timely remitted by the district to the Pag-IBIG Fund. Details of remittances for the year 2017 are shown on **Appendix "D"** and summarized as follows:

Transaction covered by Remittance	Amount
Pag-IBIG Fund Contribution:	
Government Share	P 101,500.00
Personal Share	460,058.88

Pag-IBIG Loan Repayment:	
Multi Purpose Loan	886,623.02
Housing Loan	134,481.24
HDMF II	72,000.00
TOTAL	P 1,654,663.14

Status of Suspension, Disallowances and Charges

As of December 31, 2017, the disallowance amounted to P3,845,075.30 and still unrecorded in the books pending decision on its Petition for Certiorari. No Audit Suspensions and Charges as of December 31, 2017

PART III:

STATUS OF IMPLEMENTATION OF PRIOR YEARS' UNIMPLEMENTED AUDIT RECOMMENDATIONS

Of the five (5) prior years' audit recommendations embodied in the 2016 Annual Audit Report, two (2) were fully implemented, two (2) were partially implemented, and one (1) is on the ongoing status of implementation, as detailed below:

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, On-going or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>1. The amount of ₱38,302.24 representing government contribution to PWD Provident Fund has no legal basis being given prior to the issuance of DBM Budget Circular No. 2008-03.</p> <p>We recommended and Management agreed, through coordination with the Officers of the PWD Provident Fund, to revert the amount totaling to P38,302.24 to the District.</p> <p>Management and Officers of the PWD Provident Fund were also encouraged moving forward to continuously take actions within the bounds of propriety to ensure the growth and sustainability of</p>	2016 AAR	Refunded the amount of P 38,302.24 thru OR No. 1693428 dated March 27, 2017.	Full	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, On-going or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
the fund.				
<p>2. The current level of internal controls and the management of fraud risk necessitate improvements to better position the District in realizing its mandate as envisioned by PD 198.</p> <p>Hence, moving forward, we recommended and Management agreed to ensure effective and efficient delivery of the District's mandate through courses of actions that will formalize, further enhance and embed internal controls in the management of its processes and delivery of responsibilities along accountability lines. We also recommended and Management agreed that the District manage fraud risks through fraud control measures that increase perception of detection, reinforce</p>	2016 AAR	<p>The District has established the following internal control measures to manage fraud risks:</p> <p>a.) Procurement-Inventory-Budgeting (PIB) Computer System</p> <p>b.) Integrated Utility Management System (Billing & Collection)</p> <p>c.) Enterprise Resource Planning (ERP) Computer System to include Meter History Records, Repair & Maintenance , Text blasts for information dissemination</p> <p>d.) Computerized Accounting System</p> <p>e.) Internal Audit and documentation processes for ISO</p>	Full	

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, On-going or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>segregation of incompatible functions, ensure safeguarding of resources and affirm compliance with regulations</p>		<p>Certification. f.)MOA with LBP for provision of armored car to handle daily cash deposits g.)Maximum use of technology thru online collection with LBP Electronic Payment Portal (EPP) and implementation of WE-ACCESS with LBP.</p>		
<p>3. The current level of corporate governance, with some areas of improvements, puts the District in better position towards realizing its purpose as envisioned by PD 198.</p> <p>We recommended and Management agreed to refine its current risk management practice; enhance its internal control mechanisms by formal articulation of policies and</p>	<p>2015 AAR</p>	<p>Retitling of position of Budget Analyst to Internal Control Officer within the year and under the Office of the General Manager (OGM).</p>	<p>Partial</p>	<p>The implementation is subject to DBM's approval of 2018 Plantilla. Meantime, the proposed re-alignment of positions has already been presented to the Board for their approval and subsequent passage of Board Resolution.</p>

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, On-going or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>procedures, and establishment of internal control unit; and create internal audit with appropriate manpower that is directly reporting to the governing board.</p>				
<p>4. The District's 25.81% non-revenue water of the total production falls short to the requirement of LWUA Memorandum Circular No. 004-10.</p> <p>We recommended and Management agreed to deliver the required levels of both revenue and non-revenue waters through effective and efficient implementation of its planned courses of actions.</p>	2015 AAR	Continued strengthening of NRW Reduction Programs.	Partial	<p>NRW Reduction Programs are continuously implemented. Currently, we are requesting for clarification and possible harmonization of LWUA Memorandum Circular No. 004-10 and Joint LWUA-DBM 2017-014-17.</p>
<p>5. Management's assertion on ownership for three (3) Pump Stations and Reservoir cannot be established due to the absence of a Torrens Title drawn</p>	2013 AAR	<p>Lot ownership for PS6 with TCT No. 145-2014000524.</p> <p><u>Lot ownership for PS 7</u> : TCT for release</p>	On-going	Due for release this year.

OBSERVATION AND RECOMMENDATION	REF	MANAGEMENT ACTION	STATUS OF IMPLEMENTATION (Full, Partial, On-going or Not-implemented)	REASON FOR PARTIAL/NON-IMPLEMENTATION
<p>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>		<p>this year or early next year.</p>		

PART IV:

APPENDICES

APPENDIX

PARTICULARS

- | | |
|---|--|
| A | Bacteriological Examination of Water Samples |
| B | Schedule of BIR Remittances |
| C | Schedule of GSIS Contributions and Loan Repayments |
| D | Schedule of Pag-Ibig Contributions and Loan Repayments |



Republic of the Philippines
Province of South Cotabato
South Cotabato Provincial Hospital
Koronadal City

"TEST REPORT"

Requesting Party: POLOMOLOK WATER DISTRICT
Address: H. VALERO, DOLE GAWAD HOUSING
Accession No. 3705
Sample source: LOCAL WATERWORKS
Location: FAUCET

Date/Time: 12/11/17
Collection: 9:45
Receipt: 12:30
Examination: 12:30
Reported:
Release: 12/15/17

BACTERIOLOGICAL EXAMINATION OF WATER SAMPLES

Physical characteristics: CLEAR

Sample Code	Result of Analysis			Remarks
	Total coliform (MPN/100ml)	Fecal coliform (MPN/100ml)	HPC (CFU/ml)	
3705	<1.1	<1.1	3CFU/ml	PASSED
PNSDW 2007 AO 2006-0024	<1.1	<1.1	<500	

LEGEND: Total method used a/=Multiple Tube Fermentation Technique, SMEW 19th Edition 1995

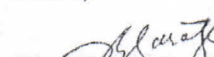
Note:

Result of examination specifically related to sample as received
Test results shall not be reproduced except in full without the written approval of the examining laboratory.

Analyst:


EMVA. SANTILLAN, RMT, RN

Noted by:


VITA B. GASATAYA, MD, FPSP
Pathologist

**Schedule of BIR Remittances
For Calendar Year 2017**

	Withholding Tax	EVAT	EWT	Franchise Tax	Total
January	₱ 238,559.99	₱ 205,841.76	₱ 42,144.63	₱ 161,951.60	₱ 648,497.98
February	236,894.19	151,480.36	34,149.01	157,493.65	580,017.21
March	239,678.77	212,166.91	60,656.44	148,382.65	660,884.77
April	237,930.03	81,622.90	15,504.40	168,746.49	503,803.82
May	238,140.58	116,271.82	35,008.14	161,277.09	550,697.63
June	240,846.66	75,246.64	16,550.54	179,731.31	512,375.15
July	244,974.29	239,023.47	65,664.13	159,472.84	709,134.73
August	244,817.65	104,580.15	23,948.72	172,016.74	545,363.26
September	248,295.20	170,688.95	32,775.23	172,925.43	624,684.81
October	252,227.41	114,473.23	23,700.15	165,151.77	555,552.56
November	254,888.92	100,821.06	22,673.57	170,216.93	548,600.48
December	265,640.70	197,720.73	64,575.76	166,014.79	693,951.98
TOTAL	₱ 2,942,894.39	₱1,769,937.98	₱437,350.72	₱ 1,983,381.29	₱7,133,564.38

**Schedule of GSIS Contributions and Loan Repayments
For Calendar Year 2017**

	Employee Share	ECC	Policy Loan	Salary Loan	Housing Loan	Employer Share	Total
January	₱ 171,467.09	₱ 8,400.00	₱ 5,100.00	₱ 295,199.52	₱ 5,039.38	₱ 228,622.78	₱ 713,828.77
February	172,266.66	8,400.00	4,900.00	295,447.01	5,039.38	229,688.88	715,741.90
March	172,266.66	8,400.00	3,000.00	296,195.70	5,039.38	229,688.88	714,590.60
April	172,192.14	8,400.00	2,500.00	298,183.55	5,039.38	229,589.51	715,904.60
May	172,004.18	8,400.00	2,500.00	293,841.59	5,039.38	229,338.91	711,124.10
June	170,954.28	8,400.00	2,300.00	301,943.14	5,039.38	227,939.04	716,575.80
July	172,603.00	8,400.00	2,900.00	359,785.88	5,039.38	230,137.32	778,865.60
August	176,223.95	8,700.00	2,900.00	309,595.43	5,039.38	234,965.26	737,424.00
September	175,152.69	8,600.00	2,700.00	298,526.93	5,039.38	233,536.92	723,555.90
October	172,984.78	8,500.00	2,700.00	297,681.75	2,193.46	230,646.38	714,706.40
November	171,669.73	8,400.00	2,700.00	295,929.35	2,193.46	228,892.97	709,785.50
December	170,479.80	8,500.00	2,250.00	300,093.80	2,193.46	231,154.56	714,671.60
TOTAL	₱2,070,264.96	₱101,500.00	₱ 36,450.00	₱3,642,423.65	₱ 51,934.80	₱2,764,201.41	₱ 8,666,774.82

**Schedule of PagIbig Contributions and Loan Repayments
For Calendar Year 2017**

	Employee Share	HDMF II	Multi Purpose Loan	Housing Loan	Employer Share	Total
January	₱ 38,103.80	₱ 6,000.00	₱ 78,249.45	₱ 11,206.77	₱ 8,400.00	₱ 141,960.02
February	38,281.48	6,000.00	79,394.47	11,206.77	8,400.00	143,282.72
March	38,281.48	6,000.00	75,763.41	11,206.77	8,400.00	139,651.66
April	38,264.92	6,000.00	76,645.43	11,206.77	8,400.00	140,517.12
May	38,223.15	6,000.00	80,532.82	11,206.77	8,400.00	144,362.74
June	37,989.84	6,000.00	81,613.93	11,206.77	8,400.00	145,210.54
July	38,356.22	6,000.00	74,362.05	11,206.77	8,400.00	138,325.04
August	39,160.88	6,000.00	63,091.73	11,206.77	8,700.00	128,159.38
September	38,922.82	6,000.00	66,373.14	11,206.77	8,600.00	131,102.73
October	38,441.06	6,000.00	73,993.84	11,206.77	8,500.00	138,141.67
November	38,148.83	6,000.00	65,351.28	11,206.77	8,400.00	129,106.88
December	37,884.40	6,000.00	71,251.47	11,206.77	8,500.00	134,842.64
TOTAL	₱460,058.88	₱72,000.00	₱886,623.02	₱134,481.24	₱101,500.00	₱1,654,663.14