



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. I  
San Fernando City, La Union  
Tel No. (072) 888-5780/888-1320



March 20, 2019

**The Board of Directors**  
Mangaldan Water District  
Mangaldan, Pangasinan

Dear Sirs/Mesdames:

We transmit herewith the report on the financial and compliance audit of the accounts and operations of Mangaldan Water District, Mangaldan, Pangasinan, for the year ended December 31, 2018, in compliance with Section 2, Article IX-D of the Philippine Constitution of the Philippines and pertinent sections of Presidential Decree 1445.

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

The report consists of four parts: Part I – Audited Financial Statements, Part II – Detailed Observations and Recommendations, Part III – Status of Implementation of Prior Year’s Audit Recommendations and Part IV - Annexes. The observations and recommendations were discussed with concerned management officials and staff in an exit conference held on March 13, 2019. Management’s comments are included in the report, where appropriate.

We rendered a qualified opinion on the presentation of financial statements because the amount in the Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a net discrepancy of ₱6,975,073.92 thus, propriety and existence of the District’s PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I. Further, fully depreciated assets in the total amount of ₱12,264,879.93 and cannot be identified in the RPCPPE were not yet derecognized in the books, thus, overstating the PPE account and its related accumulated depreciation.

We recommended that Management immediately reconcile and investigate the causes of the discrepancy between the amounts reflected in the Report on Physical Count of PPE and Financial Statements, in compliance with Chapter 3 of the Philippine

Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I.

Aside from the audit observation which was used as a basis for qualified opinion, other significant observations and recommendations are the following:

1. Accounts Receivable (AR) from concessionaires amounting to ₱2,791,475.81 includes receivables of ₱654,683.31 from inactive water consumers, of which, ₱199,612.76 are dormant accounts, affecting the fair presentation of the account in the Financial Position of the District as provided under Chapter 3 of the Philippine Financial Reporting Standards (PFRS). Also, the AR balance is not reconciled with the Ageing of AR which also serves as the Subsidiary Ledger, having a discrepancy of ₱20,525.65 for the active and ₱20,414.70 for the inactive concessionaires.

We recommended that those in charge in the billing section make the necessary reconciliation of records by determining the correct and exact amounts of the active and inactive concessionaires based on their individual records in order that necessary adjustments/corrections be made.

We further recommended that Management file a request for Write-Off, to the Office of the Auditor, of the inactive or non-moving amount in the books of accounts following the guidelines and procedures under COA Circular No. 2016-005, dated December 19, 2016 which shall be supported by valid and verified documents.

2. Mobile allowances received by the General Manager, Division Heads and the GM's Secretary were excessive, with amounts at ₱3,500.00, ₱2,500.00 and ₱2,000.00, respectively, per month, in violation of COA Circular No. 2012-003 dated October 29, 2012.

We recommended that Management reduce the amount of mobile expenses that may be reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month in order to avoid excessive and unreasonable amounts of expenditures for the interest of the District. Monthly reimbursement of the cellphone load shall be supported by the corresponding official receipt.

3. The District granted and paid overtime benefit to its employees in violation of the policies and guidelines issued under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 and the directive to continuously adopt austerity measures in the government. For the period January-June 2018, the District incurred the total amount of ₱23,804.36 for the overtime services rendered which could be the subject of disallowance as provided under COA Circular No. 2012-003 dated October 29, 2012.

We recommended that the General Manager strictly enforce and implement the provisions under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 thru a careful assessment of the works to be undertaken by the employees whether

the rendition of overtime services is extremely necessary and to enforce and implement the non-monetary benefit under CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005 thru the compensatory time-off wherein an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.

4. Reimbursable expenses incurred by the Members of the Board of Directors in the discharge of their official duties of the District exceeded the twenty-five percent (25%) of the actual per diems received, contrary to Section 10 of Executive Order No. 65 dated January 2, 2012 in relation to Section 12 of EO 24, s. 2011, prescribing rules to govern the compensation of members of the BODs of Local Water Districts, hence disallowed in audit.

We recommended that Management monitor and limit the reimbursement of expenses of the members of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as prescribed under EO No. 65 in relation to Section 5 of EO 24 s. 2011.

We further recommended Management to require the members of the BOD to refund the total amount of ₱2,346.96 disallowed in audit.

We request that the comments and observations and recommendations contained in the said report be fully addressed and we would appreciate being informed of the action taken in this regard within sixty (60) days from date of receipt hereof, pursuant to Section 93 of the General Provisions of Republic Act No. 10964 otherwise known as General Appropriations Act of 2018, by accomplishing the Agency Action Plan and Status of Implementation attached herewith.

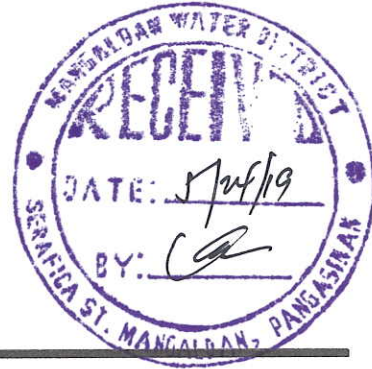
We acknowledge the support and cooperation extended to the audit team by the officials and staff of the agency.

Very truly yours,

  
**MICHAEL R. BACANI**  
Regional Director



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Regional Office No. I  
San Fernando City, La Union  
Tel No. (072) 888-5780/888-1320



March 20, 2019

**ENGR. MARCELO M. PETONIO**

General Manager  
Mangaldan Water District  
Mangaldan, Pangasinan:

Dear Engr. Petonio:

We transmit herewith the report on the financial and compliance audit of the accounts and operations of Mangaldan Water District, Mangaldan, Pangasinan, for the year ended December 31, 2018, in compliance with Section 2, Article IX-D of the Philippine Constitution of the Philippines and pertinent sections of Presidential Decree 1445.

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

The report consists of four parts: Part I – Audited Financial Statements, Part II – Detailed Observations and Recommendations, Part III – Status of Implementation of Prior Year’s Audit Recommendations and Part IV - Annexes. The observations and recommendations were discussed with concerned management officials and staff in an exit conference held on March 13, 2019. Management’s comments are included in the report, where appropriate.

We rendered a qualified opinion on the presentation of financial statements because the amount in the Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a net discrepancy of ₱6,975,073.92 thus, propriety and existence of the District’s PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I. Further, fully depreciated assets in the total amount of ₱12,264,879.93 and cannot be identified in the RPCPPE were not yet derecognized in the books, thus, overstating the PPE account and its related accumulated depreciation.

We recommended that Management immediately reconcile and investigate the causes of the discrepancy between the amounts reflected in the Report on Physical Count

of PPE and Financial Statements, in compliance with Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I.

Aside from the audit observation which was used as a basis for qualified opinion, other significant observations and recommendations are the following:

1. Accounts Receivable (AR) from concessionaires amounting to ₱2,791,475.81 includes receivables of ₱654,683.31 from inactive water consumers, of which, ₱199,612.76 are dormant accounts, affecting the fair presentation of the account in the Financial Position of the District as provided under Chapter 3 of the Philippine Financial Reporting Standards (PFRS). Also, the AR balance is not reconciled with the Ageing of AR which also serves as the Subsidiary Ledger, having a discrepancy of ₱20,525.65 for the active and ₱20,414.70 for the inactive concessionaires.

We recommended that those in charge in the billing section make the necessary reconciliation of records by determining the correct and exact amounts of the active and inactive concessionaires based on their individual records in order that necessary adjustments/corrections be made.

We further recommended that Management file a request for Write-Off, to the Office of the Auditor, of the inactive or non-moving amount in the books of accounts following the guidelines and procedures under COA Circular No. 2016-005, dated December 19, 2016 which shall be supported by valid and verified documents.

2. Mobile allowances received by the General Manager, Division Heads and the GM's Secretary were excessive, with amounts at ₱3,500.00, ₱2,500.00 and ₱2,000.00, respectively, per month, in violation of COA Circular No. 2012-003 dated October 29, 2012.

We recommended that Management reduce the amount of mobile expenses that may be reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month in order to avoid excessive and unreasonable amounts of expenditures for the interest of the District. Monthly reimbursement of the cellphone load shall be supported by the corresponding official receipt.

3. The District granted and paid overtime benefit to its employees in violation of the policies and guidelines issued under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 and the directive to continuously adopt austerity measures in the government. For the period January-June 2018, the District incurred the total amount of ₱23,804.36 for the overtime services rendered which could be the subject of disallowance as provided under COA Circular No. 2012-003 dated October 29, 2012.

We recommended that the General Manager strictly enforce and implement the provisions under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015

thru a careful assessment of the works to be undertaken by the employees whether the rendition of overtime services is extremely necessary and to enforce and implement the non-monetary benefit under CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005 thru the compensatory time-off wherein an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.

4. Reimbursable expenses incurred by the Members of the Board of Directors in the discharge of their official duties of the District exceeded the twenty-five percent (25%) of the actual per diems received, contrary to Section 10 of Executive Order No. 65 dated January 2, 2012 in relation to Section 12 of EO 24, s. 2011, prescribing rules to govern the compensation of members of the BODs of Local Water Districts, hence disallowed in audit.

We recommended that Management monitor and limit the reimbursement of expenses of the members of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as prescribed under EO No. 65 in relation to Section 5 of EO 24 s. 2011.

We further recommended Management to require the members of the BOD to refund the total amount of ₱2,346.96 disallowed in audit.

We request that the comments and observations and recommendations contained in the said report be fully addressed and we would appreciate being informed of the action taken in this regard within sixty (60) days from date of receipt hereof, pursuant to Section 93 of the General Provisions of Republic Act No. 10964 otherwise known as General Appropriations Act of 2018, by accomplishing the Agency Action Plan and Status of Implementation attached herewith.

We acknowledge the support and cooperation extended to the audit team by the officials and staff of the agency.

Very truly yours,



**MICHAEL R. BACANI**  
Regional Director



**Republic of the Philippines  
COMMISSION ON AUDIT**

**Commonwealth Avenue, Quezon City**

# **ANNUAL AUDIT REPORT**

**ON THE**

**MANGALDAN WATER DISTRICT  
Mangaldan, Pangasinan**

**For The Year Ended December 31, 2018**

## EXECUTIVE SUMMARY

### A. Agency Background

The MANGALDAN WATER DISTRICT (MAWAD) was first operated under the administration of the Municipality of Mangaldan under the name "Mangaldan Waterworks Authority". It was formed through Resolution No. 38, series of 1979, passed by the Sangguniang Bayan of Mangaldan, Pangasinan on May 12, 1979 pursuant to the provisions of Presidential Decree (PD) No. 198, as amended by PD No., 768 and R.A. 9286) also known and referred to as the "PROVINCIAL WATER UTILITIES ACT OF 1973".

On October 6, 1980, the Conditional Certificate of Conformance (CCC No. 139) was issued by the Local Water Utilities Administration (LWUA) to the District entitling it to have access to LWUA's technical, financial and institutional assistance to improve and develop the water supply system in the area. LWUA approved the re-categorization of MAWAD into Category "B" on February 23, 2015.

MAWAD was accredited by the Civil Service Commission, per Resolution No. 982649, dated October 6, 1998, the authority to take final action on appointments of personnel.

### B. Highlights of Financial Operation

Below is the summary of comparative financial highlights.

	2018	2017
Assets	₱ 139,953,928.75	₱ 124,941,993.09
Liabilities	6,667,328.42	5,460,553.82
Government Equity	133,286,600.33	103,517,522.53
Total Income	53,485,267.95	52,497,122.90
Budget	57,789,480.00	54,324,762.00
Actual Expenditure	41,796,768.30	39,755,979.95

### C. Operational Highlights

Presented below is the summary of operational highlights of the District for the period ending December 31, 2018.

	Budget	Actual	Variance
1 unit submersible pump SP14-10 and 1 unit submersible motor 7.5 hp 3 units submersible pump SP60-5	2,200,000.00	623,287.45	(1,576,712.55)



Drilling of 1 exploratory production well	2,300,000.00	2,155,620.00	(144,380.00)
Expansion of service area at Barangays: Malabago 2016 lms 2"; Don Necasio St., 326 lms 2"; Don Gerardo 200 lms 2"; Don Juan Soriano St. 138 lms 2"	2,000,000.00	220,859.06	(1,779,140.94)
Construction of ramp with handrails including refurbishing of the stairs	2,000,000.00	81,975.10	(1,918,024.90)
Construction of Pumphouse 1 unit electro magnetic flow meter 4"; 1 unbit elector magnetic flow 6"; 1 unit AVR for Genset; 1 unit 3 phase voltage protection relay; 1 unit direct online magnetic control system; 1 unit variable frequency controller 3 phase; 2 ubnits pressure transmitter	2,000,000.00	1,332,321.91	(667,678.09)
Construction of pumphouse and perimeter fence	1,600,000.00	1,320,313.00	(279,687.00)

#### D. Scope of Audit

A comprehensive audit was conducted on the accounts and operations of the Mangaldan Water District for the year ended December 31, 2018. The audit consisted of review of operating procedures, alignment of governing rules and regulations in the District's operations, analysis of non-revenue water, interview with concerned officials and employees, verification, reconciliation and analysis of accounts and such other procedures deemed necessary.

#### E. Auditor's Opinion on the Financial Statement

The Auditor rendered a qualified opinion on the presentation of the Financial Statements because the Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a net discrepancy of ₱6,975,073.92 thus, propriety and existence of the District's PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government

Accounting Manual, Volume I. Further, fully depreciated assets in the total amount of ₱12,264,879.93 and cannot be identified in the RPCPPE were not yet derecognized in the books, thus, overstating the PPE account and its related accumulated depreciation.

#### **F. Significant Audit Observations and Recommendations**

The Management was able to maintain its Non-Revenue Water (NRW) to 19.90%, within the performance criteria level of 30% set by LWUA.

However, the following are the significant Audit Observations and Recommendations that affected the performance and operations of the District. These were discussed with the Agency officials concerned during the exit conference and their corresponding comments were incorporated in Part II of the report, where appropriate:

1. The Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a net discrepancy of ₱6,975,073.92 thus, propriety and existence of the District's PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I.

We recommended that Management immediately reconcile and investigate the causes of the discrepancy between the amount reflected in the Report on Physical Count of PPE and Financial Statements, in compliance with Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I. We also recommend that Management update its depreciation schedule and provide complete records for the Report on Physical Count of PPE for each PPE Items.

2. Accounts Receivable (AR) from concessionaires amounting to ₱2,791,475.81 includes receivables of ₱654,683.31 from inactive water consumers, of which, ₱199,612.76 are dormant accounts, affecting the fair presentation of the account in the Financial Position of the District as provided under Chapter 3 of the Philippine Financial Reporting Standards (PFRS). Also, the AR balance is not reconciled with the Ageing of AR which also serves as the Subsidiary Ledger, having a discrepancy of ₱20,525.65 for the active and ₱20,414.70 for the inactive concessionaires.

We recommended that those in charge in the billing section make the necessary reconciliation of records by determining the correct and exact amounts of the active and inactive concessionaires based on their individual records in order that necessary adjustments/corrections be made.

We further recommended that Management file a request for Write-Off, to the Office of the Auditor, of the inactive or non-moving amount in the books of accounts

following the guidelines and procedures under COA Circular No. 2016-005, dated December 19, 2016 which shall be supported by valid and verified documents.

3. Mobile allowances received by the General Manager, Division Heads and the GM's Secretary were excessive, with amounts at ₱3,500.00, ₱2,500.00 and ₱2,000.00, respectively, per month, in violation of COA Circular No. 2012-003 dated October 29, 2012.

We recommended that Management reduce the amount of mobile expenses that may be reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month in order to avoid excessive and unreasonable amounts of expenditures for the interest of the District. Monthly reimbursement of the cellphone load shall be supported by the corresponding official receipt.

4. The District granted and paid overtime benefit to its employees in violation of the policies and guidelines issued under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 and the directive to continuously adopt austerity measures in the government. For the period January-June 2018, the District incurred the total amount of ₱23,804.36 for the overtime services rendered which could be the subject of disallowance as provided under COA Circular No. 2012-003 dated October 29, 2012.

We recommended that the General Manager strictly enforce and implement the provisions under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 thru a careful assessment of the works to be undertaken by the employees whether the rendition of overtime services is extremely necessary and to enforce and implement the non-monetary benefit under CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005 thru the compensatory time-off wherein an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.

5. Reimbursable expenses incurred by the Members of the Board of Directors in the discharge of their official duties of the District exceeded the twenty-five percent (25%) of the actual per diems received, contrary to Section 10 of Executive Order No. 65 dated January 2, 2012 in relation to Section 12 of EO 24, s. 2011, prescribing rules to govern the compensation of members of the BODs of Local Water Districts, hence disallowed in audit.

We recommended that Management monitor and limit the reimbursement of expenses of the members of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as prescribed under EO No. 65 in relation to Section 5 of EO 24 s. 2011.

We further recommended Management to require the members of the BOD to refund the total amount of ₱2,346.96 disallowed in audit.

#### **G. Status of Audit Suspensions, Disallowances and Charges**

As of CY 2018, the District has unsettled disallowances amounting to ₱8,069,457.50 and no outstanding suspensions and charges.

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

Out of the five prior year's audit recommendations, three were fully implemented, one was partially implemented and one was not implemented which is reiterated in the Part II of this Annual Audit Report.

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**PART I**  
**FINANCIAL STATEMENTS**



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

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## INDEPENDENT AUDITOR'S REPORT

**The Board of Directors  
Mangaldan Water District  
Mangaldan, Pangasinan**

### **Qualified Opinion**

We have audited the financial statements of Mangaldan Water District, which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Mangaldan Water District as at December 31, 2018, and its comprehensive income and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Qualified Opinion**

The Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a net discrepancy of ₱6,975,073.92 thus, propriety and existence of the District's PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I. Further, fully depreciated assets in the total amount of ₱12,264,879.93 which were fully depreciated and cannot be identified in the RPCPPE were not yet derecognized in the books, thus, overstating the PPE account and its related accumulated depreciation.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities of the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our ethical

responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

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

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

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


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

### **Auditor's Responsibility**

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

### **COMMISSION ON AUDIT**

**BY:**

  
**EVELYN A. NISPEROS**  
State Auditor V  
Supervising Auditor

March 15, 2019





Republic of the Philippines  
**MANGALDAN WATER DISTRICT**  
 Serafica St., Mangaldan, 2432 Pangasinan  
 Tel. Nos: (075) 523-5884; (075) 653-0574

**STATEMENT OF MANagements RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The Management of the **MANGALDAN WATER DISTRICT** is responsible for all information and representations contained in the accompanying Statement of Financial positions as of December 31, 2018 and the related Statement of Comprehensive Income for the year ended. The Financial Statements have been prepared in conformity Philippine Financial Reporting Standards (PFRS) and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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

The **MANGALDAN WATER DISTRICT** Board of Directors review the financial statements before such statements are approved and submitted to the Office of the Local Water Utilities Administration, Balara, Diliman, Quezon City.

The Commission on Audit, in pursuance of its mandate under Section 2, Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree 1445, has audited the financial statements of the Water District in accordance with laws COA and INTOSAI standards and International Standards of Supreme Audit Institutions and expressed its opinion on the fairness of the presentation upon completion of such examination in its report to Creditors.

**FORMER MAYOR PITO B. SARZABA, JR.**  
*Chairman of the Board*

DATE : Feb 01 2019

**ENGR. MARCELO M. PETONIO**  
*General Manager*

DATE : Feb. 01, 2019

**MS. VIOLETA B. GAYAGA**  
*Div. Manager B- Finance*

DATE : Feb 01, 2019



Management System  
 ISO 9001:2015



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**"Water is life..... Use it Wisely"**



**MANGALDAN WATER DISTRICT**  
Mangaldan, Pangasinan

**STATEMENT OF FINANCIAL POSITION**  
**as of December 31, 2018**  
(with comparative figures for 2017)

	Note	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash on Hand	1	127,413.75 ₱	-
Petty Cash Fund	2	5,000.00	5,000.00
<b>Cash in Bank - Local Currency</b>			
Cash in Bank - Current Account DBP		60,309,239.92	54,407,133.33
Cash in Bank - Current Account Landbank-EBCS		678,261.26	1,039,348.21
Cash in Bank - Time Deposit CD- DBP		3,703,166.44	3,669,264.42
Cash in Bank - Time Deposit LB -MSF		4,523,829.76	3,989,303.58
Total Cash in Bank	3	₱ 69,214,497.38	₱ 63,105,049.54
Total Cash		₱ 69,346,911.13	₱ 63,110,049.54
<b>Receivables</b>			
Account Receivables - General Customers	4	2,791,475.81	2,825,077.01
Allowance for Doubtful Accounts	5	181,726.43	496,814.49
Accounts Receivable - Net		2,609,749.38	2,328,262.52
Due from Officers & Employees		-	-
Other Receivables	6	134,000.00	377,296.03
Prepaid Insurance	7	113,121.32	127,341.79
Other Current Assets	8	401,434.35	401,434.35
<b>Inventories</b>			
Office Supplies Inventory		47,148.64	29,426.36
Accountable Forms Inventory		332,665.47	159,439.65
Fuel, Oil & Lubricants		40,761.30	48,999.67
Chemical & Filtering Materials		12,420.00	18,300.00
Construction Materials & Supplies		999,686.36	843,755.57
Opther Inventory - PPE		1,697,409.70	-
Total Inventories	9	₱ 3,130,091.47	₱ 1,099,921.25
<b>Total Current Assets</b>		₱ <u>75,735,307.65</u>	₱ <u>67,444,305.48</u>
<b>Non-Current Assets</b>			
Sinking Fund - LB		9,587,253.38	8,418,149.54
	10	<u>9,587,253.38</u>	<u>8,418,149.54</u>



**MANGALDAN WATER DISTRICT**  
Mangaldan, Pangasinan

**STATEMENT OF FINANCIAL POSITION**  
**as of December 31, 2018**  
(with comparative figures for 2017)

	Note	<u>2018</u>	<u>2017</u>
<b>Property Plant &amp; Equipment</b>			
Land		<u>2,535,535.00</u>	<u>2,535,535.00</u>
Land Improvements, net		<u>124,506.09</u>	<u>140,115.24</u>
<i>Land Improvements</i>		178,435.00	178,435.00
<i>Accumulated Depreciation - Land Improvements</i>		53,928.91	38,319.76
<i>Accumulated Imp.t Losses - Land Improvements</i>		-	-
Infrastructure Assets, net		<u>38,008,592.31</u>	<u>31,709,420.21</u>
<i>Infrastructure Assets</i>		62,156,844.46	53,986,725.79
<i>Accumulated Depreciation - Infrastructure Assets</i>		24,148,252.15	22,277,305.58
<i>Accumulated Imp. Losses - Infrastructure Assets</i>		-	-
Building and Other Structures, net		<u>5,807,979.43</u>	<u>6,002,582.53</u>
<i>Building and Other Structures</i>		9,307,254.72	9,225,279.62
<i>Accumulated Depreciation - Building and Other Structures</i>		3,499,275.29	3,222,697.09
<i>Accumulated Imp. Losses - Building and Other Structures</i>		-	-
Machinery & Equipment, net		<u>2,270,241.97</u>	<u>2,418,732.91</u>
<i>Machinery &amp; Equipment</i>		8,481,950.23	8,282,944.23
<i>Accumulated Depreciation - Machinery &amp; Equipment</i>		6,211,708.26	5,864,211.32
<i>Accumulated Impairment Losses - Machinery &amp; Equipment</i>		-	-
Furnitures & Fixtures, net		<u>194,740.71</u>	<u>231,607.36</u>
<i>Furnitures &amp; Fixtures</i>		702,461.11	684,568.11
<i>Accumulated Depreciation - Furnitures &amp; Fixtures</i>		507,720.40	452,960.75
<i>Accumulated Impairment Losses - Furnitures &amp; Fixtures</i>		-	-
Books, net		<u>70.00</u>	<u>70.00</u>
<i>Books</i>		3,400.00	3,400.00
<i>Accumulated Depreciation - Books</i>		3,330.00	3,330.00
<i>Accumulated Impairment Losses - Books</i>		-	-
Transportation Equipment, net		<u>1,089,980.89</u>	<u>1,247,781.85</u>
<i>Transportation Equipment</i>		3,318,108.67	3,318,108.67
<i>Accumulated Depreciation - Transportation Equipment</i>		2,228,127.78	2,070,326.82
<i>Accumulated Impairment Losses -</i>		-	-
Other Property Plant & Equipment, net		<u>2,379,563.16</u>	<u>1,941,283.97</u>
<i>Other Property, Plant &amp; Equipment</i>		9,004,020.47	7,991,262.03
<i>Accumulated Depreciation - Other Property,</i>		6,624,457.31	6,049,978.06
<i>Accumulated Impairment Losses - Other</i>		-	-
<b>Total Property Plant &amp; Equipment</b>	11 ₱	<u><b>52,411,209.56</b></u> ₱	<u><b>46,227,129.07</b></u>



MANGALDAN WATER DISTRICT  
Mangaldan, Pangasinan

STATEMENT OF FINANCIAL POSITION  
as of December 31, 2018  
(with comparative figures for 2017)

	Note	<u>2018</u>	<u>2017</u>
Construction Work in Progress		2,220,158.16	2,852,409.00
<b>Total Non Current Assets</b>		<u>64,218,621.10</u>	<u>57,497,687.61</u>
<b>TOTAL ASSETS</b>		<u><u>139,953,928.75</u></u>	<u><u>124,941,993.09</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Inter Agency Payables:			
Due to BIR	12 ₱	309,964.82 ₱	442,045.45
Due to GSIS	13	332,046.43	295,804.40
Due to Pag-Ibig	14	-	-
Due to Philhealth	15	22,866.92	18,575.00
<b>Other Liability Accounts</b>			
Customers Deposit - General Customers	16	3,388,342.80	3,393,757.90
Accounts Payable	17	1,579,169.12	680,773.08
Bail Bonds Payable	18	739,554.77	566,505.71
Other Deferred Credits	19	295,383.56	63,092.28
<b>Total Current Liabilities</b>	₱	<u>6,667,328.42 ₱</u>	<u>5,460,553.82</u>
<b>Equity</b>			
Contributed Capital	20	615,720.00	615,720.00
Accumulated Surplus/(Deficit)	21	132,670,880.33	118,865,719.27
<b>Total Equity</b>	₱	<u>133,286,600.33 ₱</u>	<u>119,481,439.27</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	₱	<u><u>139,953,928.75 ₱</u></u>	<u><u>124,941,993.09</u></u>

(See accompanying Notes to Financial Statements)



**MANGALDAN WATER DISTRICT**  
Mangaldan, Pangasinan

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended December 31, 2018  
(with comparative figures for 2017)

	<u>2018</u>	<u>2017</u>
Waterworks System Fees	₱ 53,485,267.95	₱ 52,497,122.90
Other Business Income	1,015,133.71	1,138,616.02
Fines and Penalties	1,909,051.50	1,871,622.00
<b>GROSS INCOME</b>	<b>₱ 56,409,453.16</b>	<b>₱ 55,507,360.92</b>
<b>Less: EXPENSES</b>		
<b>Personal Services</b>		
Salaries, Wages-Regular	₱ 11,467,253.43	₱ 9,783,977.37
Labor & Wages	526,587.00	343,480.67
Personnel Economic Relief Allowance (PERA)	946,005.42	909,556.80
Representation Allowance (RA)	305,328.00	305,328.00
Transportation Allowance (TA)	282,000.00	282,000.00
Clothing Allowance	228,000.00	190,000.00
Productivity Incentive Allowances	-	-
Other Bonuses & Allowances	1,755,854.00	3,738,979.51
Honoraria	578,340.00	716,850.00
Overtime Pay	56,270.14	75,930.06
Cash Gift	200,000.00	190,000.00
Year End Bonus	977,834.00	833,090.00
Retirement & Life Insurance Contribution	1,396,518.52	1,201,293.12
Pag-Ibig Contribution	47,400.00	45,600.00
Philhealth Contribution	136,193.47	104,300.00
Employees Compensation Insurance Premium (ECC)	47,400.00	45,611.63
Terminal Leave Benefits	370,196.30	316,973.41
<b>Total Personal Services</b>	<b>₱ 19,321,180.28</b>	<b>₱ 19,082,970.57</b>
<b>Maintenance &amp; Other Operating Expenses</b>		
Traveling Expense - Local	₱ 169,096.15	₱ 171,060.00
Training Expense	110,600.00	160,900.00
Office Supplies Expense	196,097.05	154,660.09
Accountable Forms Expense	377,070.68	351,494.05
Medical, Dental, Laboratory Supplies Expenses	129,667.50	160,400.00
Fuel, Oil & Lubricants Expenses	655,374.50	488,469.82
Chemical and Filtering Supplies Expense	749,715.00	713,200.00
Electricity Expense	13,312,660.85	10,401,547.19
Other Supplies and Materials Expense (Cooking Gas)	7,332.00	5,358.00
Postage and Courier Services	3,973.00	3,406.00
Telephone Expense - Landline/Mobile	373,156.45	302,803.97
Internet Subscription Expense	25,188.00	25,478.00
Cable, Satellite, Telegraph and Radio Expenses	5,409.00	4,950.00
Membership Dues & Cont. to Organization	12,403.00	11,662.00
Advertising Expense	3,000.00	6,000.00
Printing & Publication Expense	219,570.00	192,322.00



**MANGALDAN WATER DISTRICT**  
Mangaldan, Pangasinan

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended December 31, 2018**  
(with comparative figures for 2017)

	<u>2018</u>	<u>2017</u>
Rent/Lease Expense	9,600.00	9,600.00
Representation Expense	315,439.77	286,803.66
Transportation and Delivery expense	150.00	10.00
Subscription Expense	13,420.00	13,441.00
Survey Expense	-	14,000.00
Awards/Rewards Expense	45,835.40	71,121.81
Legal Services	28,300.00	32,250.00
Auditing Services	183,643.60	161,079.40
Consultancy Services	-	312,480.00
Other General Services	35,733.85	28,713.60
Security Services	687,775.00	700,375.00
Repair & Maintenance - Infrastructure Assets	142,609.94	545,527.08
Repair & Maintenance - Building and Other Structures	5,660.70	38,929.97
Repair & Maintenance - Machinery & Equipment	59,041.75	78,167.00
Repair & Maintenance - Furnitures, Fixtures	320.00	1,800.00
Repair & Maintenance - Transportation Equipment	45,185.17	32,192.00
Repair & Maintenance - Other P.P.E.	16,000.00	56,589.10
Donations	52,250.00	38,450.00
Extra Ordinary & Miscellaneous Expense (EME)	123,180.00	98,400.00
Miscellaneous Expense (GAD)	-	90,853.36
Taxes, Duties & Licenses	892,625.82	1,111,589.77
Fidelity Bonds Premium	13,481.25	13,481.25
Insurance Expense	157,351.87	126,232.08
Impairment Loss - Loans and Receivables	-	-
Impairment Loss - Infrastructure Assets	-	289,226.33
Depreciation - Land Improvements	15,609.15	15,609.12
Depreciation - Infrastructure Assets	1,870,946.57	1,721,482.90
Depreciation - Building and Other Structures	276,578.20	272,657.72
Depreciation - Machinery & Equipment	347,496.94	476,891.15
Depreciation - Furnitures, Fixtures	54,759.65	52,271.22
Depreciation - Transportation Equipment	157,800.96	163,111.45
Depreciation - Other P.P.E.	574,479.25	617,956.29
<b>Total Maintenance &amp; Other Operating Expenses</b>	<b>₱ 22,475,588.02</b>	<b>₱ 20,625,003.38</b>
<b>Financial Expenses</b>		
Bank Charges	-	-
Other Financial Charges (Documentary Stamps)	-	-
Interest Expense (Interest on Long Term Debts)	-	48,006.00
<b>Total Financial Expenses</b>	<b>-</b>	<b>48,006.00</b>
<b>TOTAL EXPENSES</b>	<b>₱ 41,796,768.30</b>	<b>₱ 39,755,979.95</b>
<b>Income(Loss) from Operations</b>	<b>14,612,684.86</b>	<b>15,751,380.97</b>
<b>ADD: Other Income</b>		
Interest from Savings Account	187,539.90	212,535.77
<b>NET INCOME (LOSS) BEFORE INCOME TAX</b>	<b>₱ 14,800,224.76</b>	<b>₱ 15,963,916.74</b>



**MANGALDAN WATER DISTRICT**  
**Mangaldan, Pangasinan**

**Statement of Changes in Net Assets/Equity**  
**As of December 31, 2018**  
(With Comparative Figures for 2017)

	<u>2018</u>	<u>2017</u>
<b>Government Equity</b>		
Balance at beginning of period	₱ 615,720.00	₱ 615,720.00
Reclassification of Capital Accounts	0.00	0.00
Additions/Deductions	0.00	0.00
<b>Balance at end of period</b>	<u>₱ 615,720.00</u>	<u>₱ 615,720.00</u>
<b>Retained Earnings</b>		
Balance at beginning of period	₱ 118,865,719.27	₱ 103,037,890.81
Prior period adjustment	(995,063.70)	(136,088.28)
Net Income/loss for the period	14,800,224.76	15,963,916.74
<b>Balance at end period</b>	<u>₱ 132,670,880.33</u>	<u>₱ 118,865,719.27</u>
<b>TOTAL EQUITY</b>	<u>₱ 133,286,600.33</u>	<u>₱ 119,481,439.27</u>



**MANGALDAN WATER DISTRICT**  
Mangaldan, Pangasinan

**STATEMENT OF CASHFLOWS**  
as of December 31, 2018  
(with comparative figures for 2017)

	2018	2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows:</b>		
Collection of Water Bills	₱ 55,331,970.80	₱ 54,118,459.50
Collection of Other Business Income	739,615.28	872,260.02
Interest Income (Net)	118,436.06	150,374.94
Guaranty Deposit	17,673.40	34,868.60
Sale of Materials, Other Fittings	2,387,836.55	2,679,995.87
Refund of Advances & Others	62,564.85	56,923.25
Other Miscellaneous (GSIS reimbursement & others)	364,324.39	214,629.81
<b>Total Cash Inflows</b>	<b>₱ 59,022,421.33</b>	<b>₱ 58,127,511.99</b>
<b>Cash Outflows:</b>		
Payment of Personal Services	14,154,843.39	12,767,202.55
Payment of Operating & Maintenance Expenses	17,126,847.19	14,886,531.24
Payment of Advances	370,000.00	275,000.00
Payment of Customers Deposit	23,088.50	20,156.30
Purchases of Office Supplies/ Materials	1,069,760.91	1,025,996.98
Prepayments	121,760.53	136,376.31
Payment of Payables	6,682,992.22	4,409,298.90
Remittances of GSIS/Pag-Ibig/BIR	6,099,659.79	5,614,679.79
<b>Total Cash Outflows</b>	<b>₱ 45,648,952.53</b>	<b>₱ 39,135,242.07</b>
<b>Total Cash Provided (Used) by Operating Act.</b>	<b>₱ 13,373,468.80</b>	<b>₱ 18,992,269.92</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflow:</b>		
Collection of Bid Document/Registration	₱ 44,000.00	₱ 33,000.00
<b>Total Cash Inflow</b>	<b>₱ 44,000.00</b>	<b>₱ 33,000.00</b>
<b>Cash Outflow</b>		
Const. Work in Progress	4,050,731.73	2,643,436.09
Property Plant & Equipment	2,529,875.48	1,729,968.39
<b>Total Cash Outflow</b>	<b>₱ 6,580,607.21</b>	<b>₱ 4,373,404.48</b>
<b>Total Cash Provided (Used) by Investing Act.</b>	<b>₱ (6,536,607.21)</b>	<b>₱ (4,340,404.48)</b>



**CASH FLOW FROM FINANCING ACTIVITIES**

Payment of Interest on loan	0.00	48,006.00
Payment of Domestic Loan	0.00	1,067,467.11
<b>Total Cash Provided (Used) by Financing Act.</b>	<b>₱ 0.00</b>	<b>₱ (1,115,473.11)</b>
Transfer for Reserve (SF)	(1,100,000.00)	1,000,000.00
Transfer to EBCS	500,000.00	
	<b>(600,000.00) ₱</b>	<b>(1,000,000.00)</b>

**Net Cash Inflow (Outflow) used by operating,  
investing & financing activities**  
**ADD: CASH AND CASH EQUIVALENTS - BEG.**  
**CASH AND CASH EQUIVALENTS - ENDING**

₱ 6,236,861.59	₱ 12,536,392.33
63,110,049.54	50,573,657.21
<b>₱ 69,346,911.13</b>	<b>₱ 63,110,049.54</b>

**Cash Balance Breakdown:**

Cash on Hand	₱ 127,413.75
Working Fund	5,000.00
CIB CA (DBP)	60,309,239.92
CA (LB-EBCS)	678,261.26
CIB TD CD (DBP)	3,703,166.44
CIB TD MSF (LB)	4,523,829.76
	<b>₱ 69,346,911.13</b>

## Notes to Financial Statements

### I. GENERAL INFORMATION

#### A. ACCOUNTING POLICIES

1. The Mangaldan Water District adopts the Philippine Financial Reporting Standards (PFRS) as prescribed by the Commission on Audit for its Financial Statements.
2. Revenue and Expenses Recognition - The accrual method of accounting for income and expenses is used, which means that income is recognized when earned regardless of when received and expenses are recognized when incurred regardless of when paid.
3. Depreciation - Provision for depreciation is computed based on the straight line method with partial implementation of COA Circular No. 2003-07 dated December 11, 2003.

#### B. BALANCE SHEET

##### Note 1 - Cash On Hand

This account represents undeposited collection by the Cashier.

	2018	2017
	₱127,413.75	₱0.00

##### Note 2 - Petty Cash Fund

This fund is intended to defray petty expenses and is operated on an imprest fund basis.

	2018	2017
	₱5,000.00	₱5,000.00

##### Note 3 - Cash in Bank

This pertains to the bank deposits maintained by the Water District broken down as follows:

	2018	2017
Current Account:		
DBP (CA-0535004056-030)	₱60,309,239.92	₱54,407,133.33
LB-EBCS (CA 2642-1030-94)	678,261.26	1,039,348.21

Time Deposit for Guaranty:		
DBP (0535-004056-160)	3,703,166.44	3,669,264.42
Time Deposit for Retirement Fund:		
Landbank (0495-09)	<u>4,523,829.76</u>	<u>3,989,303.58</u>
	<b>₱69,214,497.38</b>	<b>₱63,105,049.54</b>

**Note 4 - Accounts Receivables-Gen. Customers**

This includes all amounts arising from water bills rendered to the customers.

	<b>2018</b>	<b>2017</b>
	₱2,791,475.81	₱2,825,077.01

**Note 5 - Allowance for Doubtful Accounts**

Represents the amount of Accounts Receivables which is probable to become uncollectible.

	<b>2018</b>	<b>2017</b>
	₱181,726.43	₱496,814.49

**Note 6 - Other Receivables**

This amount represents collectible from CENPELCO.

	<b>2018</b>	<b>2017</b>
	₱134,000.00	₱377,296.03

**Note 7 - Prepaid Insurance**

Amount of advanced for insurance premiums of insurable government property.

	<b>2018</b>	<b>2017</b>
	₱113,121.32	₱127,341.79

**Note 8 - Other Current Assets**

The account composed of some other current assets such as equipment considered unserviceable but not totally scrap.

	<b>2018</b>	<b>2017</b>
	₱401,434.35	₱401,434.35

#### Note 9 - Inventories

This represents the amount of unissued office supplies and materials.

	2018	2017
Office Supplies	₱47,148.64	₱29,426.36
Accountable Forms	332,665.47	159,439.65
Fuel, Oil & Lubricants	40,761.30	48,999.67
Other Supplies Inventory	12,420.00	18,300.00
Const. Materials Inventory	999,686.36	843,755.57
Other Inventory-PPE	<u>1,697,409.70</u>	<u>0.00</u>
<b>Total</b>	<b>₱3,130,091.47</b>	<b>₱1,099,921.25</b>

#### Note 10 - Sinking Fund

This fund is intended for specific long term purposes. It includes, among others debt service reserve, which will be used for loan payments and operation and maintenance reserve for repairs of damaged WD's facilities.

	2018	2017
Sinking Fund (LBP # 2641-0465-42)	₱9,587,253.38	₱8,418,149.54

#### Note 11 - Property, Plant & Equipment

This pertains to the assets of the Water District which are used or expected to be used in its normal business operations and have expected useful lives of more than one (1) year, broken down as follows:

	2018	2017
Land	₱2,535,535.00	₱2,535,535.00
Land Improvements	178,435.00	178,435.00
Infrastructure Assets	62,156,844.46	53,986,725.79
Building & Other Structures	9,307,254.72	9,225,279.62
Machinery & Equipment	8,481,950.23	8,282,944.23
Furniture & Fixtures	702,461.11	684,568.11
Books	3,400.00	3,400.00
Transportation Equipment	3,318,108.67	3,318,108.67
Other PPE	<u>9,004,020.47</u>	<u>7,991,262.03</u>
<b>TOTAL</b>	<b>95,688,009.66</b>	<b>86,206,258.45</b>
Accumulated Depreciation	<u>43,276,800.10</u>	<u>39,979,129.38</u>
<b>Net Property, Plant and Equipment</b>	<b>₱52,411,209.56</b>	<b>₱46,227,129.07</b>

**Note 12 - Due to BIR**

Amount of taxes for the period including documentary stamp tax, withheld tax on compensation and other taxes.

2018	2017
₱309,964.82	₱442,045.45

**Note 13 - Due to GSIS**

This amount represents employer/employee share contributions and other amount withheld for remittance to the GSIS.

2018	2017
₱332,046.43	₱295,804.40

**Note 14 - Due to Pag-ibig**

This amount represents employer/employee share contributions and other amount withheld for remittance to Pag-ibig.

2018	2017
₱0.00	₱0.00

**Note 15 - Due to Philhealth**

Employer/employee contributions withheld to be remitted to Philhealth Insurance.

2018	2017
₱22,866.92	₱18,575.00

**Note 16 - Customers Deposit-Gen. Customers**

This comprises the deposit made by the customer's before the extension of any service connections as security for the payment of subsequent bill.

2018	2017
₱3,388,342.80	₱3,393,757.90

**Note 17 - Accounts Payable**

Amount of indebtedness to suppliers and others.

2018	2017
₱1,579,169.12	₱680,773.08

**Note18 - Bail Bonds Payable**

Receipts of cash bond guarantee the performance of the contract.

2018	2017
₱739,554.77	₱566,505.71

**Note 19 - Other Deferred Credits**

Represents reconciliation of other payables.

2018	2017
₱295,383.56	₱63,092.28

**Note 20 - Contributed Capital**

This account represents the cost of lot donated by private citizens.

2018	2017
₱615,720.00	₱615,720.00

**Note 21 - Accumulated Surplus/Deficit**

This represents the accumulated earnings or losses of the Water District.

2018	2017
₱132,670,880.33	₱118,865,719.27

**PART II**  
**AUDIT OBSERVATIONS AND**  
**RECOMMENDATIONS**

## AUDIT OBSERVATIONS AND RECOMMENDATIONS

### I. FINANCIAL AND COMPLIANCE AUDIT

#### *Unreconciled Property, Plant and Equipment*

1. The Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a discrepancy of ₱6,975,073.92 thus, propriety and existence of the District's PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I.

Further, fully depreciated assets in the total amount of ₱12,264,879.93 and cannot be identified in the RPCPPE were not yet derecognized in the books, thus, overstating the PPE account and its related accumulated depreciation.

Chapter 3 of the Philippine Financial Reporting Standards details the qualitative characteristics of useful information which defines faithful presentation as:

*“The PFRS makes clear that to be a perfectly faithful representation, these should have three characteristics. The Financial Statements should be complete, neutral and free from error.”*

Further, Section 73.a of Government Accounting Manual, Volume I states that:

*“Fairness of presentation. All financial data presented in the FS shall be accurate, reliable, and truthful. The requirement for accuracy does not rule out the inclusion of reasonable estimates when the making of precise measurements is impracticable, uneconomical, unnecessary, or conducive to delay. All appropriate steps shall be taken to avoid bias, unclear facts, and presentation of misleading information.”*

Verification of the financial statements showed that the Property, Plant and Equipment of the District with a total cost of ₱95,688,009.66 and a net book value of ₱52,411,209.56 consists of Land, Land Improvements, Infrastructure Assets, Building & Other Structures, Machinery & Equipment, Furniture & Fixtures, Books, Transportation Equipment and Other PPE. Analysis and observations for each PPE account are shown below:

PPE Classification	Balance per Financial Statements			Remarks
	Acquisition Cost	Accumulated Depreciation	Net Book Value	
1. Land	₱ 2,535,535.00	₱ 0.00	₱ 2,535,535.00	-



2. Land Improvement	178,435.00	53,928.91	124,506.09	-
3. Infrastructure Assets	62,156,844.46	24,148,252.15	38,008,592.31	No RPCPPE
4. Building & Other Structures	9,307,254.72	3,499,275.29	5,807,979.43	No RPCPPE
5. Machinery & Equipment	8,481,950.23	6,211,708.26	2,270,241.97	Discrepancy found as compared with RPCPPE
6. Furniture & Fixtures	702,461.11	507,720.40	194,740.71	Discrepancy found as compared with RPCPPE
7. Books	3,400.00	3,330.00	70.00	Semi-expendable expense
8. Transportation Equipment	3,318,108.67	2,228,127.78	1,089,980.89	Discrepancy found as compared with RPCPPE
9. Other PPE- Pumping Equipment	9,004,020.47	6,624,457.31	2,379,563.16	Provided with RPCPPE, however, no cost was provided for each PPE in the said report
<b>GRAND TOTAL</b>	<b>₱95,688,009.66</b>	<b>₱43,276,800.10</b>	<b>₱52,411,209.56</b>	

Gleaned from the above data, the following deficiencies and errors were noted:

1. Infrastructure Assets and Buildings & Other Structures with the total cost of ₱71,464,099.18 were not provided with Report on Physical Count of Property, Plant and Equipment (RPCPPE), therefore validation of their existence could not be established. (Items 3 & 4)
2. Other PPE-Pumping Equipment with a cost of ₱9,004,020.47 reflected in the FS was provided with RPCPPE, however, no individual cost were specified/ provided for every item in the said RPCPPE, thus, correct valuation of PPE counted could not be identified. (Item 9)
3. Machinery & Equipment, Furniture & Fixtures, and Transportation Equipment with a total cost of ₱12,502,520.01 posted a discrepancy of ₱6,975,073.92 as compared against the RPCPPE, due to erroneous recording and/or non-inclusion of the PPE items in the RPCPPE, as shown in Annex A and summarized below as follows.

Type of PPE	Amount per FS	Amount per RPCPPE	Discrepancy
a) Transportation Equipment	₱ 3,318,108.67	₱ 3,234,531.67	₱ (83,577.00)
Furniture & Fixtures	702,461.11	2,292,914.42	6,891,496.92
Machinery & Equipment	8,481,950.23		
<b>Total</b>	<b>₱ 12,502,520.01</b>	<b>₱ 5,527,446.09</b>	<b>₱6,975,073.92</b>

Further, verification of various assets recorded in the depreciation schedule of the accounting unit showed that several assets in the total amount of ₱12,264,879.93 were fully depreciated and cannot be identified in the RPCPPE, were not yet derecognized in the books, thus, overstating the PPE account and the related accumulated depreciation (See Annex B).

The Subsidiary Ledger (SL) is the book of final entry containing the details or breakdown of the balance controlling account appearing in the GL. Postings to the SL generally come from the source documents. The General Ledger of PPE shall be reconciled with its respective control documents and reports such as the Depreciation Schedule and Report on physical Count of PPE regularly or at the end of each month in order to avoid the lumping of several discrepancies that may not be detected at the end of the year.

Failure of the District to reflect the proper/correct amount of Property, Plant and Equipment in the Report on Physical Count of PPE, as well as, in the Depreciation Schedule, affected the propriety and proper valuation of properties reflected in the Agency's Financial Statements.

**We recommended that Management immediately reconcile and investigate the causes of the discrepancy between the amounts reflected in the Report on Physical Count of PPE and Financial Statements, in compliance with Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I. We also recommended that Management update its depreciation schedule and provide complete records for the Report on Physical Count of PPE for each PPE Items.**

Management commented that they are now in the process of reconciling the PPE items between Financial Statements (FS) and Report on Physical Count of PPE (RPCPPE). They also commented that they will comply with other recommendations of the audit team with regards to proper preparation of the Depreciation Schedule and RPCPPE.

*Dormant Accounts Receivable not written off*

2. Accounts Receivable (AR) from concessionaires amounting to ₱2,791,475.81 includes receivables of ₱654,683.31 from inactive water consumers, of which, ₱199,612.76 are dormant accounts, affecting the fair presentation of the account in the Financial Position of the District as provided under Chapter 3 of the Philippine Financial Reporting Standards (PFRS).

Further, the AR balance is not reconciled with the Ageing of AR which also serves as the Subsidiary Ledger, having a discrepancy of ₱20,525.65 for the active and ₱20,414.70 for the inactive concessionaires.

Section 5.4 of COA Circular No. 2016-005 dated December 19, 2016 defines Dormant Receivable Accounts as “accounts which balances remained inactive or non-moving in the books of accounts for ten (10) years or more and where settlement/collectivity could no longer be ascertained”.

Also, Chapter 3 of the Philippine Financial Reporting Standards details the qualitative characteristic of faithful presentation which states that “The PFRS makes clear that to be perfectly faithful represented, these should have three characteristics. The Financial Statements should be complete, neutral and free from error.”

Review of the Financial Statements of the District, as of December 31, 2018, disclosed that Accounts Receivable-Customer Account (AR) has a balance of ₱2,791,475.81 composed of active and inactive concessionaires amounting to ₱2,157,207.20 and ₱634,268.61, respectively, as shown on the Summary of Accounts Receivable (SAR).

However, verification and analysis of the AR by comparing the SAR with the individual account balances of concessionaires per zone, showed that the total active and inactive concessionaires’ balance of ₱2,136,681.55 and ₱654,683.31, respectively, have different amounts with that of the SAR, or a discrepancy of ₱20,525.65 and ₱20,414.70, respectively, as shown below:

Age of A/R	Active	Inactive
1-30 day	₱ 1,578,132.45	₱ 6,903.35
31-60 days	551,991.60	4,525.70
61-90	5,862.00	9,386.05
91-120	137.50	13,177.45
121-150	558.00	16,111.45
151-180		20,334.35
181-365		30,360.85
Over 1 year		92,144.60
Over 2 year		55,476.00
Over 3 year		45,922.25

Over 4 year		39,475.85
Over 5 year		35,426.60
Over 6 year		12,621.80
Over 7 year		48,426.25
Over 8 year		12,456.60
Over 9 year		12,321.40
Over 10 year	}	<b>16,481.60</b>
11-15 yrs		<b>173,945.96</b>
16-20 yrs & up		<b>9,185.20</b>
<b>Total per Ageing</b>	<b>₱ 2,136,681.55</b>	<b>₱ 654,683.31</b>
<b>Per Summary of AR</b>	<b>₱ 2,157,207.20</b>	<b>₱ 634,268.61</b>
<b>Difference</b>	<b>₱ 20,525.65</b>	<b>₱ 20,414.70</b>

Also, the above table showed collectibles amounting to ₱199,612.76, which is considered as dormant accounts, pursuant to Section 5.4 of COA Circular No. 2016-005 dated December 19, 2016. Therefore, the head of the agency should have filed the request for write-off following the guidelines under Section 8.3 of the same Circular so as to have a fair presentation of the Financial Position of the District pursuant to Chapter 3 of PFRS.

Section 3 of said Circular provided that the request for write off shall be supported by the following documents:

- a. Schedule of dormant accounts by accountable officer/debtor/government entity and by account, certified by the accountant and approved by the head of the government entity;
- b. Certified relevant documents validating the existence of the conditions, as applicable, such as:
  - b.1 Death certificate issued by the Philippine Statistics office;
  - b.2 Proof of insolvency;
- b.3 Certification from the Department of Trade and Industry that the debtor has no registered business, and others.

**We recommended that those in charge in the billing section make the necessary reconciliation of records by determining the correct and exact amounts of the active and inactive concessionaires based on their individual records in order that necessary adjustments/corrections be made.**

**We further recommended that Management file a request for Write-Off, to the Office of the Auditor, of the inactive or non-moving amount in the books of accounts following the guidelines and procedures under COA Circular No. 2016-005, dated December 19, 2016 which shall be supported by valid and verified documents.**

Moreover, we also recommended that Management prepare the Ageing of Dormant Receivables to support the request for write-off and indicate in the remarks column the existence of the applicable conditions such as absence of records, unknown whereabouts of the accountable officers and other applicable conditions.

Management commented that they will file a request for write-off for the inactive or non-moving accounts receivable in the books and will comply with the audit team's other recommendations.

### *Incomplete Documentation on Property, Plant and Equipment*

3. The Report of Physical Count of Property, Plant and Equipment (RPCPPE) and other Property Records were maintained by the Accounting Division instead of the Property Supply Officer contrary to Section 42, Chapter 10, Government Accounting Manual (GAM), Vol. 1, thus, check and balance for the inventories cannot be established.

Further, Property Acknowledgement Receipts (PAR) were not issued to officers or employees who received or who are in actual possession of the District's properties amounting to ₱20,276,883.04 contrary to Section 21, Chapter 10, of GAM, Vol. 1, therefore, proper accountability for the asset cannot be determined especially in case of loss.

Section 42, Chapter 10, of the GAM, Vo. 1, states that:

*"The Chief Accountant shall maintain the PPELC for each category of PPE including work and other animals, livestock etc. The PPELC shall be kept to record promptly the acquisition, description, custody, estimated useful life, depreciation, impairment loss, disposal and other information about the asset. For check and balance, the Property and Supply Office/Unit shall likewise maintain PC for PPE in their custody to account for the receipt and disposition of the same. The balance per PC shall be reconciled with PPELC maintained by the Accounting Division/Unit. They shall also be reconciled with other property records like PAR".*

In the physical count witnessed by the audit team, it was noted that the report of physical count of PPEs and other Property Records were maintained by the Accounting Division instead of the Property Supply Officer. As a result therefor, validity, existence, and completeness of the property cannot be determined and established.

Likewise, the Property Acknowledgement Receipts (PARs) were maintained by and in the custody of the Accounting Division instead of having them under the control of the Property Supply Officer. Also, no copies of PARs were issued to the end-user as per confirmation and interview conducted with the concerned personnel contrary to Section 21, Chapter 10 of GAM, Vol. I which states that:

*“Based on the approved RIS, the supply and or/ property custodian shall prepare the **Property Acknowledgement Receipt (PAR)** (Appendix 71) to support the issue of property to end-user. The PAR shall be renewed at least every 3 years or every time there is a change in accountability/ custodianship of the property.”*

*Appendix 71 “Property Acknowledgement Receipt” also specifies that:*

*C. The PAR shall be prepared in two copies distributed as follows:*

*Original – Supply and/or Property Division/ Unit for file  
Copy 2 – Recipient or user of the property*

Moreover, the PARs were not updated every time there are changes in the custodianship of properties as emphasized under Section 21 of GAM.

There were no unserviceable properties found during the physical inventory.

**We recommended that Management:**

- 1. Require the Property/Supply Officer to prepare and maintain Property Cards in all existing properties found during the inventory in compliance with Section 42, Chapter 10 of the GAM, Vol. 1.**
- 2. Require the Property/Supply Officer to maintain, update and issue Property Acknowledgement Receipts (PAR) to end users to establish proper accountability of the property and renew the same every three years unless cancelled or transferred to other end-user.**

Management commented that they are already in the process of preparing the Property, Plant and Equipment Ledger Cards and Property Cards to be maintained by the Accounting Division and Property Officer respectively. They also commented that the Property Acknowledgement Receipts (PAR) were already maintained by the Property Officer.

#### ***Excessive Mobile Allowances***

- 4. Mobile allowances received by the General Manager, Division Heads and the GM’s Secretary were excessive, with amounts at ₱3,500.00, ₱2,500.00 and ₱2,000.00, respectively, per month, in violation of COA Circular No. 2012-003 dated October 29, 2012.**

COA Circular No. 2012-003 dated October 29, 2012 defines excessive as:

*The term “excessive” signifies unreasonable expense or expenses incurred at an immoderate quantity and exorbitant price. It also includes expenses which exceed what is usual or proper, as well as expenses which are*

*unreasonably high and beyond just measure or amount. They also include expenses in excess of reasonable limits.*

Review of the disbursement transactions of the District disclosed that the General Manager and the Division Heads received a monthly mobile allowance of ₱3,500.00 and ₱2,500.00, respectively, or a total of ₱156,000.00, as shown below as follows:

Name	Position/Designation	Monthly Mobile Allowance	Total for CY 2018
Engr. Marcelo M. Petonio	General Manager	₱ 3,500.00	₱ 42,000.00
Marlyn C. de Guzman	Div. Manager- Admin	2,500.00	30,000.00
Violeta B. Gayaga	Div. Manager B- Finance	2,500.00	30,000.00
Violeta O. Garcia	Div. Manager- Commercial	2,500.00	30,000.00
Terry Marticio	BOD Sec. (Exec. Asst. B)	2,000.00	24,000.00
<b>Total</b>			<b>₱ 156,000.00</b>

The approval and issuance of the Board Resolution No. 33, series 2017 dated November 28, 2017 allowing the grant of mobile allowance to the aforesaid General Manager (GM) and its Division Heads and the GM's Secretary (Executive Assistant B) is not a blanket authority to consider the allowance as a necessity and legal.

In the absence of any regulation setting the threshold of the amount to be received as mobile allowances or reimbursement of the same, one logical mind would dictate that the aforesaid amounts being received were excessive. The amount of ₱3,500.00 mobile allowance for the GM; ₱2,500.00 each of the Division Head and ₱2,000.00 for the GM's Secretary every month is more than what is reasonable amount of mobile allowance that they could incur. Besides, cellphone networks offered various attractive and cost cutting products such as those unlimited calls and unlimited texts in all networks at a very low cost on a monthly basis. It is then doubtful why large amount of mobile allowances are being charged every month.

The District personnel are only allowed to receive allowances which are authorized by law, and this does not include the subject mobile allowances. It would be more appropriate therefore, that the cost of cellphone load may be reimbursed by the said Division Heads at a certain amount monthly but at an amount considered as reasonable and just. In such case, a corresponding official receipt shall be attached to the claim as a basis for the reimbursement.

**We recommended that Management reduce the amount of mobile expenses that may be reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month in order to avoid excessive and unreasonable amounts of expenditures for the interest of the District. Monthly reimbursement of the cellphone load shall be supported by the corresponding official receipt.**

Management committed to comply with the audit team's recommendation and will reduce the load allowances of the GM, the GM's secretary and the three Division Managers by ₱500.00 each.

*Payment of overtime benefit*

- 5. The District granted and paid overtime benefit to its employees instead of compensatory time-off amounting to ₱23,804.36 in violation of the policies and guidelines issued under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 and the directive to continuously adopt austerity measures in the government.**

The Civil Service Commission (CSC) and the Department OF Budget and Management (DBM) jointly issued Circular No. 1 s. 2015, dated November 25, 2015, prescribing the policies and guidelines on overtime services and overtime pay for government employees in relation to Section 1(d) of Administrative Order (AO) No. 103 dated August 31, 2004 on the compensatory time-off as an alternative to overtime pay or the non-monetary remuneration for overtime services rendered.

Section 3 of the Joint Circular (JC) provides the following:

- 3.1 *The rendition of overtime services shall be authorized only when extremely necessary, such as when a particular work or activity cannot be completed within the regular work hours and that non completion of the same will:*
- a) *cause financial loss to the government or its instrumentalities;*
  - b) *embarrass the government due to its inability to meet its commitments;*
  - or*
  - c) *negate the purposes for which the work or activity was conceived.*
- 3.2 *As a general rule, the remuneration for overtime services shall be through CTO, in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A. s. 2005.*
- 3.3 *The payment in cash of overtime services through Overtime Pay may be authorized only in exceptional cases when the application of CTO for all overtime hours would adversely affect the operations of the agency.*

Section 4 of the same JC also prescribes priority activities that may warrant rendition of overtime services which include the following:

- 4.1 *Implementation of special or priority programs and projects embodied in Presidential directives with specific dates of completion;*



- 4.2 Completion of infrastructure and other projects with set deadlines when due to unforeseen events the deadline cannot be met without resorting to overtime work;
- 4.3 Essential public services during emergency or critical situations that would require immediate or quick response;
- 4.4 Relief, rehabilitation, reconstruction, and other work or services during calamities and disasters;
- 4.5 Seasonal work, such as but not limited to, preparation of budgets and annual reports, in order to meet scheduled deadlines;
- 4.6 Preparation of financial and accountability reports required by oversight agencies like Congress of the Philippines, Office of the President, Commission on Audit, Department of Budget and Management, and National Economic and Development Authority;
- 4.7 Services rendered by drivers and other immediate staff of officials when they are required to keep the same working hours as these officials; and
- 4.8 Such other activities as are needed to meet performance targets or deliver services to the public as may be determined by the agency head.

Review of payroll for the period under audit disclosed that some employees were authorized to render overtime on the works that are routine in nature purportedly due to exigency of work and during special non-working holiday. The works do not fall under the priority activities that may warrant the rendition of overtime services provided on the above-cited JC. Below is the table showing the employees who were paid overtime services:

Name	Feb., 2018	Mar., 2018	April, 2018	June, 2018	Total
Agbanlog, Bernardo M	₱1,018.50	₱1,018.50	₱1,222.20	₱1,018.50	₱4,277.70
Embuido, Archie V.	720.10	900.13	1,080.15	720.10	3,420.48
Ocay, Darwin P	915.00	732.00	915.00	915.00	3,477.00
De Guzman, Jose	1,173.36				1,173.36
Fabia, Edross Ian P.	892.92				892.92
Malanum, Ernie V	871.20				871.20
Serafica, Rodolfo P. Jr.	1,010.40				1,010.40
Billosillo, Gerald L.			597.20	746.50	1,343.70
Ganaden, Peter John T			1,709.88		1,709.88
Cendana, Modesto S. Jr.		611.10	916.65		1,527.75
Cuison, Rodel F.		943.88	1,415.81		2,359.69

De Vera, Julius L			481.50		481.50
De Vera, Leonardo M.			738.41		738.41
Pinlac, Marcos Z.			520.37		520.37
<b>TOTAL</b>	<b>₱6,601.48</b>	<b>₱4,205.61</b>	<b>₱9,597.17</b>	<b>₱3,400.10</b>	<b>₱23,804.36</b>

Section 3.2 of the CSC-DBM Joint Circular No. 1 s. 2015 provides that, “*As a general rule, the remuneration for overtime services shall be through CTO, in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s. 2004 and No. 2-A, s. 2005*”. This JC was issued to provide a uniform application and understanding on the rendition of overtime services pursuant to Section 1(d) of Administrative Order No. 103 directing the continued adoption of austerity measures in the government. The compensatory time-off (CTO) refers to the number of hours or days an employee is excused from reporting for work with full pay and benefits.

The above rules and regulations of the CSC-DBM were not observed by the District which can be the subject of disallowance under COA Circular No. 2012-003 dated October 29, 2012 on the updated guidelines for the prevention and disallowance of irregular, unnecessary, excessive, extravagant and unconscionable expenditures. Section 4.0 of the Circular provides that, The term pertains to expenditures which could not pass the test of prudence or the diligence of a good father of a family, thereby denoting non-responsiveness to the exigencies of the service. Unnecessary expenditures are those not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation.

**We recommended that the General Manager strictly enforce and implement the provisions under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 thru a careful assessment of the works to be undertaken by the employees whether the rendition of overtime services is extremely necessary and to enforce and implement the non-monetary benefit under CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005 thru the compensatory time-off wherein an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.**

**Also, we recommended that the General Manager stop allowing employees to render overtime with pay unless within the purview of the above-cited Joint Circulars of the CSC-DBM on the rendition of overtime services; otherwise, payments will be the subject of disallowance as provided under the above-cited COA Circular No. 2012-003 dated October 29, 2012.**

Management commented that the District has only four pump operators monitoring seven pumping stations on a 24 hour service operation. Although the pump operators worked on a shifting basis, still it incurred two hours overtime, a week, or eight hours per month. It further explained that if compensatory time-off (CTO) will be followed, no other personnel can perform the work as pump operators once the trained operators are on CTO.

### **Auditor's Rejoinder:**

To avoid the payment of overtime benefit, Management should practice the use of compensatory time-off instead of paying overtime. It was also suggested that Management should consider the hiring of additional personnel considering that Mangaldan District is under Category B Water District.

The audit team explained further that while the District operates well, compliance to the LWUA requirement on the ratio of concessionaires to personnel of 120:1 was not complied with. The District has only 45 regular employees while it has 13,120 concessionaires which require at least 109 personnel to perform essential functions to operate the system.

### ***Board of Directors' reimbursable expenses beyond 25% limitation***

- 6. Reimbursable expenses incurred by the Members of the Board of Directors in the discharge of their official duties of the District exceeded the twenty-five percent (25%) of the actual per diems received, contrary to Section 10 of Executive Order No. 65 dated January 2, 2012 in relation to Section 12 of EO 24, s. 2011, prescribing rules to govern the compensation of members of the BODs of Local Water Districts, hence disallowed in audit.**

Section 10 of EO 65 on Reimbursable Expenses provides that, *"All necessary expenses of the members of the Board of Directors of LWDs to attend Board and other meetings and discharge their official duties shall be paid directly by the LWD. Any claim for reimbursement of necessary expenses by members of the Board of Directors of LWDs shall be subject to compliance with Section 12 of EO No. 24, provided that such expenses shall not exceed twenty-five percent (25%) of the actual per diems received for Regular and Special Board meetings. [ ]."*

Section 12 of EO 24 s. 2011 provides the Reimbursable Expenses– *"All necessary expenses of members of the Board of Directors/Trustees to attend Board and other meetings and discharge their official duties shall be paid directly by the GOCC. However, when due only to the exigency of the service and subject to the submission of receipts, it is necessary for the members of the Board of Directors/Trustees to advance the same, they may be reimbursed but only for the following items incurred in the performance of official functions subject to budgeting, accounting, and auditing rules and regulation:*

- a) Transportation expenses in going to and from the place of meetings;*
- b) Travel expenses during official travel;*
- c) Communication expenses; and*
- d) Meals during business meetings.*

The reimbursable expenses incurred by the four BODs amounting to ₱60,666.74 has exceeded by ₱2,346.96 on the 25% limitation of the actual per diem received,

contrary to EO 65 in relation to Section 12 of EO 24 s. 2011, hence, disallowed in audit as shown below:

Name of BOD	Actual Per diem	Total expenses	25% limitation of Per diem	Excess (Disallowed)
Linda S. Ang	₱ 58,320.00	₱ 15,166.74	₱ 14,580.00	₱ 586.74
Teresita G. Cera	58,320.00	15,166.74	14,580.00	586.74
Cesar C. Dizon	58,320.00	15,166.74	14,580.00	586.74
Francisco M. Evangelista, Jr.	58,320.00	15,166.74	14,580.00	586.74
<b>Total</b>	<b>₱233,280.00</b>	<b>₱ 60,666.96</b>	<b>₱ 58,320.00</b>	<b>₱2,346.96</b>

We recommended that Management monitor and limit the reimbursement of expenses of the members of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as prescribed under EO No. 65 in relation to Section 5 of EO 24 s. 2011.

We further recommended Management to require the members of the BOD to refund the total amount of ₱2,346.96 disallowed in audit.

Management commented that the Water District will adopt the recommendation of the Audit Team to strictly monitor and limit the reimbursement of expenses of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as prescribed under EO No. 65 in relation to Section 5 of EO 24 s.2011 and will require the BODs to refund the excess amount collected.

*Accountable officer not bonded*

- 7. The District allowed a job order employee to collect water bills payments and other forms of collections, thus, funds of the District are exposed to risk of loss or misappropriation.**

Section 101 of P.D 1445 provides that: “1) every Officer of any government agency whose duties permit or require possession or custody of government funds or property shall be accountable therefore and for the safekeeping thereof in conformity with law; 2) every accountable officer shall be properly bonded”.

During cash examination, it was observed that one of the accountable officers, Ms. Venus B. Senin, a job order (JO) employee of the District, was assigned as office bill collector to handle the custody of funds of the District despite the absence of employer-employee relationship.

Management, allowing JO personnel the custody or control of funds exposes funds to risks of non-recovery in cases of loss or misappropriation.

We recommended that Management assign a permanent employee to handle funds of the District and thereafter file an application for fidelity bond in accordance with the guidelines and procedures provided under Bureau of Treasury circular No. 02-2009 dated August 6, 2009.

Management assured the Audit Team that all funds of the Water District shall be strictly handled with utmost care. They also commented that for the year 2019, they will already apply a fidelity bond for the said employee once appointed as permanent employee of the District.

## II. VALUE FOR MONEY AUDIT

### *Non-Revenue Water within the prescribed level rate*

8. The Management was able to maintain its Non-Revenue Water (NRW) to 19.90%, within the performance criteria level of 30% set by LWUA.

The NRW of 19.90%, see Annex C, was attributed to Management's conscientious in monitoring their pipe lines and the immediate fixing of defects and leakages. Other personnel and operators were always on guard for any illegal tapping and connections by conducting a round the clock inspection of any causes of water loss.

We commended Management on their effort of maintaining the NRW within the performance level set by LWUA.

### *Remittance of taxes withheld on time*

9. The District dutifully complied with the prevailing tax laws and regulations, remitting on time all of its taxes due amounting to ₱2,800,296.96 for CY 2018.

For the CY 2018, the District yielded a total tax collection of ₱2,800,296.96 composed of various taxes such as Tax Withheld from Suppliers and Tax Withheld from the salaries and wages of Employees, of which, ₱2,490,332.14 was remitted to BIR as of December 31, 2018 and the balance of ₱309,964.82 was remitted on January 7, 2019.

We commended Management for dutifully complying with the prevailing tax laws, rules and regulations, remitting/paying on time all of its taxes due and to keep the good work.

## III. GENDER AND DEVELOPMENT (GAD)

### *Non-compliance with the guidelines on GAD*

10. The District allocated only the amount of ₱2,000,000.00 for its GAD programs and projects which is below the required allocation of at least 5% of the

agency's annual budget of ₱57,789,480.00 contrary to Section 2.3 of PCW-NEDA-DBM Joint Circular 2012-01.

Furthermore, the GAD Accomplishment Report was not prepared in accordance with Section 10 of the said circular, thus evaluation of the program and project implementation could not be performed. It was also noted that the GAD Plans and Budget was not submitted to LWUA for review.

*Section 2.3 "Pursuant to the MCW and the General Appropriations Act (GAA), all government departments, including their attached agencies, offices, bureaus, state universities and colleges (SUCs), government-owned and controlled corporations (GOCCs), local government units (LGUs) and other government instrumentalities shall formulate their annual GPBs within the context of their programs and projects. GAD Planning shall be integrated in the regular activities of the agencies, the cost of the implementation of which shall be at least five percent (5%) of their total budgets. The computation and utilization shall be implemented in accordance with the specific guidelines provided therein."*

The GAD Focal Point Person prepared the annual Gender and Development Plan and Budget for 2018 with an allocation of ₱2,000,000.00, or 3.46% of the agency budget of ₱57,789,480.00 (See Annex A of the GAD Plan and Budget for 2018). The activities were focused on its organization and client gender issues by adopting mainstreaming as a strategy to promote women's rights and eliminate gender discrimination in their structure. The GAD plan and budget, however, was not submitted to LWUA for its review and submission to PCW for approval.

Verification of documents related to the District's GAD program and project implementation disclosed that the accomplishments were not in accordance with the plans and programs to address gender issues. Also, no amount has been specified in the specific activity undertaken.

*Section 10.1. Attached agencies, attached government-owned and controlled corporations (GOCCs), bureaus and regional offices and all other concerned shall submit their annual GAD Accomplishment Reports (ARs) to their respective line departments or central offices. The agency GAD Focal Point System (FPS) shall prepare the annual GAD AR based on the PCW- endorsed GAD Plans and Budget (GPB) adjusted to the approved General Appropriations Act (GAA) following the form prescribed in Annex B. Activities completed until the end of the year may be included in the final GAD AR of agency submitted to PCW in January.*

*10.3 Accomplishments on the implementation of GAD PAPs funded under ODA projects, including the amount spent for such shall also be reflected in the agency GAD AR.*

Section 10.4. *The Annual GAD AR shall be accompanied by the following: (1) brief summary of the reported program or project; (2) copies of reported policy issuances; (3) actions taken by agency on the COA finding and recommendations, if any.*"

Further review of the GAD activities disclosed that under organization-focused gender issue, health and wellness program, such as check-up of employees of any medical in nature, are examples of activities under Annex A of the PCW-NEDA-DBM Joint Circular No. 2012-01 that may not be charged to the GAD budget unless they are justified as clearly addressing a specific gender issue.

**We recommended that Management direct the GAD focal person to prepare its GAD Plans and Budget in accordance with PCW-NEDA-DBM Joint Circular No. 2012-01 and to allocate funds thereto. Furthermore, we recommend that the GAD focal person prepare its accomplishment report in accordance with Section 10 and Annex B of the said joint circular which provides the guidelines in completing the AR template.**

Management commented that they will comply with the audit team's recommendation for the year 2019.

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

##### ***Non-preparation of Disaster Risk Reduction Management Plan***

- 11. The District has not prepared and developed its Disaster Risk Reduction Management (DRRM) Plan contrary to Section 35 of the General Provisions of the General Appropriations Act (GAA) of FY 2018, thus the District may not be able to respond in case of calamities relative to their operation.**

Section 35 of the General Provisions of the GAA for FY 2018 provides that:

*"Sec.35. Disaster Risk Reduction and Climate Change Adaptation and Mitigation Measures Incorporated in All Agency Projects. All agencies of the government should implement projects incorporating risk reduction, climate change adaptation, and where feasible, climate change mitigation.*

*Agencies shall likewise integrate energy-saving solutions and consider climate resilience in the planning and implementation of all infrastructure projects, office programs, and activities, as well as assess their organizational carbon footprint and pursue appropriate emission reduction measures, to mitigate and adapt to the effects of climate change pursuant to the provisions of R.A. 9729."*

The District was not able to comply with the requirement under Section 35 of the GAA for 2018 which requires the preparation of DRRMP to provide precautionary measures or to strengthen the operation of the District in cases of calamities/disasters. The plan should also provide clear designation of responsible persons and/or units to respond to such events to avoid delays and non-performance of a specific function.

**We recommended that Management establish and develop a DRRM Plan to provide continuous supply of safe water to its concessionaires even in times of calamities. We recommend further that Management assign responsible persons/units to form a skeletal workforce to promptly respond in those situations.**

Management commented that they will comply with the audit team's recommendation.

#### **STATUS OF SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of CY 2018, the District has a total disallowance of ₱8,069,457.50, all under appeal, and no outstanding suspensions and charges.



**PART III**

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

**MANGALDAN WATER DISTRICT**

**STATUS OF PRIOR YEAR'S AUDIT RECOMMENDATIONS  
As of December 31, 2018**

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
<p>1. The District continued to grant Year End Financial Assistance to its officials and employees in a total amount of ₱813,128.00 for CY 2017 despite the Audit Team's previous findings and recommendations pertaining to the same. The grant of the incentive is considered irregular as enumerated under the provision of COA Circular No.2013-003 dated January 30, 2013, hence shall be grounds for disallowance in audit.</p> <p>We recommended that Management require all officers and employees of the District to refund the amount of ₱813,128.00 Year-End Financial Assistance disbursed without legal basis and to stop the granting of the same so as to avoid the filing of appropriate case against the erring officials.</p>	<p>Management already stopped granting Year End Financial Assistance to its officials and employees.</p>	X			
<p>2. The District continued to grant Rice allowance of ₱1,500.00 per month to each officer/employee. The grant is considered unauthorized and illegal as embodied in Section 9.6 of COA Circular No. 2012-003 dated October 29, 2012 and as enumerated under Section 3.6 and 3.12 of Annex B of same Circular, hence not allowed in audit.</p> <p>We recommended that Management</p>	<p>Management already stopped granting rice allowance to its employees.</p>	X			

Observations and Recommendations	Management Action/s	Status of Implementation			Reason for Non Implementation
		FI	PI	NI	
stop the practice of paying the monthly rice allowance to each officer/employee, pursuant to COA Circular No. 2012-003 dated October 29, 2012.					
<p>3. The activities for the Gender and Development for CY 2017 did not address the goals and objectives of the District's GAD Program and were not in consonance with the original GAD budget and plans submitted to the Local Water Utilities Administration (LWUA). Moreover, Accomplishment Report as to its implementation was not prepared by the District not in conformity with Section 10 of Joint Circular 2012-01 of PCW-NEDA-DBM.</p> <p>We recommended that Management:</p> <p>a. Utilize the GAD budget for the year in accordance with the GAD plan to significantly address gender issues while improving the mandates of the District; and</p> <p>b. Coordinate with the Budget Officer and prepare the accomplishment report for the year containing actual accomplishments as well as the corresponding financial resources utilized in compliance with par.2 of Memorandum Circular No. 2015-03 of Philippine Commission on Women (PCW).</p>			X		The Management explained that it was not able to implement the plans and programs during the year for the reason that the submitted GAD activities to LWUA were not returned to them, thus, the district has no idea on the specific activities to be undertaken.

**PART IV**  
**ANNEXES**

Mangaldan Water District  
Mangaldan, Pangasinan  
**Discrepancy between RPCPPE and Financial Statements**  
as of December 31, 2018

Division	PPE Included	Amount as per Report on Physical Count of PPE (at cost) A	Amount as per Financial Statements & Depreciation Schedule (at cost) B	Discrepancy between RPCPPE and FS (Overage/Shortage) C=A-B	Remarks
Existing Vehicles	Motor Vehicles and Transportation vehicles	3,234,531.67	3,318,108.67	(83,577.00)	a. 5,000.00 - Isuzu crosswind recorded as 920,000.00 in the Depreciation Sched but reported in the RPCPPE as 915,000.00 b. 61,930.00 - fully depreciated assets still recorded in the depreciation schedule and FS but not included in the RPCPPE c. 16,647.00 - unit side car for motorcycle service included in the depreciation schedule but not included in the RPCPPE <b>TOTAL: (83,577.00)</b>
Office of the General Manager	Furnitures & Fixtures, IT Equipment & Office Equipment	376,411.37	Furnitures & Fixtures-702,461.11 Machinery & Equip-8,481,950.23	(6,891,496.92)	a. 183,146.00 - all communication equipment, except for megaphone, were not included in the RPCPPE c. 6,708,350.92 - furnitures & fixtures, machinery & equipment not reconciled with the RPCPPE <b>TOTAL: (6,891,496.92)</b>
Commercial Division & Paying Section	Furnitures & Fixtures, IT Equipment & Office Equipment	313,335.65			
Accounting Division	Furnitures & Fixtures, IT Equipment & Office Equipment	319,242.90			
Administrative Division	Furnitures & Fixtures, IT Equipment & Office Equipment	328,319.05			
Administrative Division (Conference Room)	Furnitures & Fixtures, Office Equipment	15,478.00			
Administrative Division (Function Hall)	Furnitures & Fixtures, Office Equipment	328,555.13			
Administrative Division (Storeroom)	Furnitures & Fixtures, Office Equipment, Communication Equipment	611,572.32			
<b>GRAND TOTAL</b>		<b>5,527,446.09</b>	<b>12,502,520.01</b>	<b>-6,975,073.92</b>	

Reviewed by:

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

Prepared by:

*JOSE DIROSE D/FERRER*  
JOSE DIROSE D/FERRER  
State Auditor I  
Audit Team Member

**MANGALDAN WATER DISTRICT**  
 Mangaldan, Pangasinan

**List of Fully Depreciated PPE**

	<b>Date Acquired</b>	<b>Original Cost</b>
<b>Electrification, Power Energy Structures</b>		
1 unit motor control system 15kw model P18 Danfoss	Nov-08	P 188,000.00
2 units transformer 15 kva	Dec-99	46,450.00
10 KVA dist.transformer	Jan-05	14,000.00
3 phase power supply installed at Brgy. Guilig	Jun-00	40,900.00
installation of electrical service PH # 8	Nov-04	63,616.70
3 units KVA transformer	Nov-04	74,000.00
10 KVA transformer - others	Oct-01	27,500.00
Power Equipt.	Sep-94	17,830.87
2 pcs. Lightning arester	Apr.09	5,000.00
Labor & materials of electric power at PH # 7-	Sep-02	195,160.00
supply of labor & materials for the replacement of rotten	Mar-07	34,835.36
electric power lines for pump house	Feb-99	17,385.00
installation of electrical service at Bahay Kubo	Feb-07	3,500.00
distribution transformer & lighting arester	Mar-06	24,240.00
1 unit cut out 100 amp	May-05	3,500.00
system at Ph # 7 (upgrading)	Sep-08	40,000.00
<b>TOTAL</b>		<b>607,917.93</b>
<b>Office Building</b>		
Proposed plan for the const., of admin. Bldg.	Dec-98	42,000.00
MAWAD sign plate	Dec.09	9,400.00
Perspective Plan for the proposed Admin.bldg. 3	Feb-04	40,000.00
2 units accordion door	Oct-92	12,000.00
<b>TOTAL</b>		<b>103,400.00</b>
<b>Other Structures</b>		
fabrication & installation of fench & steel gate at PH # 4	Feb-98	15,800.00
Const. of MAWAD fence	Mar-87	10,486.00
Const., of pavement & drainage	May-90	6,299.00
concrete pavement for genset	Nov-07	8,916.00
Sand & Gravel used in constructing post	Jan-90	4,315.00
Const. of fench w/ steel (iron grills) PH # 2	Jul-93	13,060.00
steel gate for Mawad building	Sep-94	8,900.00
restoration of aspahalt w/ concrete pavement	Sep-05	10,000.00
<b>TOTAL</b>		<b>77,776.00</b>

Annex B (Page 2 of 8)  
Observation No. 1, Page 19

Office Equipment		
G.E. single door ref.	May-98	8,100.00
3 units air con	Aug-99	127,000.00
1 unit Kyocera Mita Digital Copier		50,000.00
2 pcs. filing cabinet	Oct-02	9,200.00
1 unit cannon camera	Feb-03	5,185.00
1 electric air pot	Mar-03	1,647.00
1 moon trolley AS-108	Mar-03	2,000.00
2 units split type air con - carrier	Mar-03	52,384.00
1 water dispenser	Aug-03	4,895.00
Hermaco Filing Cabinet	Mar-04	16,725.00
fabrication of steel cabinet	Jul-04	8,310.00
1 std. # 18 electric fan used in storage room	Apr-06	1,300.00
2 split type air con - carrier installed at new bldg.	Jul-06	77,985.00
x'mas décor	Nov-06	7,824.53
gas stove w/ tank	Nov-06	1,940.00
1 filing cabinet 4 drawers	Feb-07	5,668.00
1 sony tinitron colored TV 21"	Mar-07	11,800.00
1 sharp digital copier	Jul-07	63,650.00
upgrading billing & collection software	Aug-07	326,263.00
1 kodak digital camera	Oct-08	6,995.00
1 unit kyocera KM 1820 brand new (trade in)	Nov-08	36,450.00
1 unit JVC colored TV 14"	Jul-09	6,840.00
1 digital camera samsung ES60	Dec. 09	8,540.50
5 unit wall fan standard color blue 12"	Dec. 09	3,870.00
1 unit sound system	Dec. 09	32,340.00
1 floor polisher	Jan.10	13,147.76
CCTV camera 8 pcs.	Dec.10	74,405.00
samsung 32" t.v including wall mount bracket	Dec.10	20,700.00
1 unit AC/DC rechargeable multi fun	Mar-11	3,600.00
2.5 hp split type air con installed at commercial bldg.	Jun-11	49,138.00
1 casio calculator	Sep-11	2,950.00
1 water dispenser	Jan-12	4,185.00
1 pc aluminum ladder	Feb-12	2,250.00
1 unit carrier split type aircon	Jun-12	45,526.00
1 epson projector	Oct-12	22,788.00
1 unit kyocera FS-1135 MFP copier	May-13	39,000.00
<b>TOTAL</b>		1,154,601.79

**Annex B (Page 3 of 8)**  
**Observation No. 1, Page 19**

<b>Furnitures and Fixtures</b>		
6 pcs. Office tables	Sep-98	24,000.00
Junior Executive Chairs	Oct-02	22,200.00
1 computer table CT109	Feb-02	2,000.00
1 perfect Office Table	Mar-03	2,737.00
8 pcs. Narra chair for conference table	June-03	10,160.00
computer table	Feb-04	1,837.00
2 pcs. Office curtains for GM's room	Aug-04	7,500.00
2 Junior Office Tables	Dec-05	4,450.00
20 pcs. Uratex chairs/ 6 executive chair	Jun-06	19,864.00
16 sets aluminum blinds	Jun-06	23,552.00
hermaco filling cabinet	Jun-06	6,500.00
2 office tables (junior)	Jul-06	5,580.00
2 sets office curtains	Mar-07	4,500.00
1 roll up blinds installed in the office	Aug-08	8,000.00
2 pcs. Computer chairs with arms	May-09	2,800.00
1 junior office table	Oct-09	4,700.00
1 filing cabinet	Oct-09	9,350.00
16 panel window mini blinds	Dec.09	61,201.85
1 office table-junior (paying section)	Jan.10	1,899.05
1 sofa bed, 1 magazine rack, 8 visitor chairs, & 2 small	Jan.10	21,205.90
1 oval table	Jan.10	6,250.00
1 filing cabinet, & 1 olympia typewriter - recon	Feb.10	12,000.00
100 pcs. Uratex chairs	Feb.10	23,500.00
1 executive chair for GM (imported executive chair)	Aug-12	27,900.00
1 oval top glass 36 x 72 for conference table	Aug-11	3,500.00
6 pcs. Monoblock round table	Dec-12	12,900.00
fabrication of 2 steel beds - motorpool	July'12	5,092.00
fabrication of 1 office table	Nov-11	2,985.75
1 office table for administrative division	Nov-13	1,836.00
<b>TOTAL</b>		340,000.55



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**Observation No. 1, Page 19**

<b>IT Equipment</b>		
1 unit computer w/ program	Sep-97	84,500.00
1 set computer w/o system	Jan-98	45,000.00
1 unit computer ( CPU, monitor, keyboard, speaker)	Feb-02	32,660.37
15 LG Colored Monitor	Jan-03	4,300.00
EPSON LX 300+ printer	Feb-04	6,615.00
EPSON FX 1170 printer	Apr-04	18,690.00
UPS V. A for Computer	Sept-04	2,467.50
2 computer sets pentium 4 Asrac	Oct-05	58,466.46
hard disk UPS & floppy dsik	May-06	4,850.00
windows home edition computer licensed	Jun-06	5,724.00
telephone line & extension line for new offoco building	Aug-06	5,227.61
LX 300+ printer	Feb.09	7,850.00
1 unit dual core intel computer	May-09	18,000.00
4 sets cpu complete w/ accessories	Oct-09	84,175.00
1 unit AVR for xerox machine & computer (GM's	Feb.'11	3,600.00
1 printer with ink issued to admin.	Feb.'11	3,550.00
2 pcs UPS small battery, 2pcs UPS big battery	Jul-11	2,660.00
1 computer monitor with 1 speaker	Oct-11	4,155.00
1 printer and 1 computer	Nov-11	19,981.00
2 units cpu for commercial & admin use	Jan-12	20,048.00
1 lenovo laptop	Mar-12	34,240.00
1 LX310 dot matrix printer	Mar-13	9,530.00
1 samsung 15.6" LED monior for commercial division	Nov-13	3,392.00
1 pc AVR heavy duty for computer issued to Finance	Mar-14	4,150.00
<b>TOTAL</b>		483,831.94
<b>Library Books</b>		
1 vol. English - Filipino Dictionary	Mar-04	2,700.00
grammar book 1 pc.	Jul-08	700.00
<b>TOTAL</b>		3,400.00
<b>Machinery</b>		
genset - Salay	Dec-96	375,000.00
1 genset PH # 4 - perkins 50	Oct-98	450,000.00
wilson perkins - gen set	Dec-02	600,000.00
1 genset FG wilson perkins installed at PH # 8	Apr-04	678,800.00
1 lot perkins genset (perkins)	Dec-07	658,118.00
1 lot genset installed at Bari FG Wilson	Dec-08	691,898.00
<b>TOTAL</b>		3,453,816.00
<b>Communication Equipment</b>		
4 units 2 way radio	Oct-00	80,000.00
1 unit 3510i cellphone	Sept-03	6,880.00
1 unit nokia 6680	Jun-06	14,950.00
5 units nokia 1600 cell phone	Nov-06	3,200.00
1 unit nokia N 70 issued to GM	Oct-08	9,850.00
4 units cell phones 1680	Jan.09	11,450.00
megaphone	Mar.09	5,899.75
4 units Nokia Asha 301 for B.O.D's & iphone 5s for GM	Feb-14	56,816.00
<b>TOTAL</b>		189,045.75

**Annex B (Page 5 of 8)**  
**Observation No. 1, Page 19**

<b>Motor Vehicle</b>		
1 3SM Motolite battery for crosswind	Dec-14	4,600.00
1 unit Isuzu Crosswind - febble beige	Jul-04	920,000.00
fabrication of side car for Honda TMX 155	Jul-10	11,307.00
1 Honda MC TMX 155	Jun-08	68,500.00
1 Honda MC TMX 155 & Honda Wave 125	Mar-03	125,951.67
Mitsubishi L-200 double cab Pick up silver gray	May-93	460,000.00
<b>TOTAL</b>		1,590,358.67
<b>Transportation Equipment</b>		
Fabrication of side car for TMX Motorcycle service	Nov-03	13,013.00
2 dunlop tire for L-200 service	Dec-03	5,250.00
2 pcs. Dunlop tire 195 R1418SP175	Aug-06	6,400.00
3 sm motolite battery for L-200 service	Aug-08	4,100.00
2 pcs maxmiller tire	Dec.10	6,900.00
<b>TOTAL</b>		35,663.00
<b>Pumping Equipment</b>		
s.pump complete with standard accessories	Mar-98	559,000.00
chlorinator equipment f fittings used as replacement	Mar-98	27,961.00
fittings used in genset PH # 4	Aug-98	8,675.00
3 pcs. Marvels	Nov-98	7,500.00
d. well submersible pump	Feb-99	175,000.00
one set chlorinator system	Mar-99	28,000.00
chlorinator system	Jun-99	19,000.00
Various fittings & equipt., used in pumping	Dec-99	116,220.00
intervalve butterfly	Aug-01	15,660.00
fittings used at PH #5 Pogo	Nov-01	8,850.00
hypochlorinator equipment	Nov-01	23,500.00
1 unit hypochlorinator equipment	Dec-01	22,850.00

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Observation No. 1, Page 19

2 hp submersible pump SP 8 A7 Brgy. Lanas	Apr-02	120,703.00
repair & rehabilitation of Jacussi pump	May-02	13,000.00
1 set metering pump for Lanas pumping station	May-02	23,500.00
1 unit flow meter 2" w/ 2 comp.flange	May-02	25,500.00
1 metering pump installed at PH # 1	Jul-02	23,500.00
flow meter	Sept-02	63,000.00
grandfos submersible pump	Sept-02	192,219.00
1 Assy 1 EC Standard reduced Voltage Auto Transformer	Oct-02	67,800.00
1 set hypochlorinator installed at PH # 7	Oct-02	38,000.00
Grandfos submersible pump	Dec-02	191,947.00
stainless shafting/coupling & rubber ring	Jan-03	12,550.00
1 pc. C.I. Check Valve installed at PH # 2	Jan-03	9,667.40
1 set sacket wrench and 9 open & clos wrench	Mar-03	2,800.00
3 pcs. Sm battery	Aug-03	6,810.00
1 pc. Radiator installed at PH # 2	Aug-03	4,500.00
2 pcs. Pipe wrench 24"10" & 2pcs.coil flat spring 34" etc.	Nov-03	28,170.00
materials & fittings for the installation of pump at PH # 8	Feb-04	132,475.00
IEC Standard reduced Voltage Auto Transformer PH # 8	Feb-04	81,700.00
pump rubber bushing 1/2 & 1"	Feb-04	3,600.00
butterfly valve 6",2pcs C.I. Check Valve 6" PH # 8	Feb-04	36,200.00
1 unit electromatic phase reversal relay,1 pressure gauge	Mar-04	6,300.00
1 prominent metering pump model Beta 4A0708	Apr-04	39,500.00
automatic air release valve	Apr-04	4,877.00
installation of 2 riser pipe & replacement of defective tee	May-04	7,500.00
installation of submersible pump motor	May-04	39,000.00
1 unit flow meter 6" (ABB Kent w/ FBNG)	May-04	65,000.00
2 pcs.pipe wrench 10", & 2 pcs. Pipe wrench 12"	Jul-04	8,600.00
8 1/2 x 13; 4 stainless marker pinned in 4 pumping units	Aug-04	7,880.00
submersible motor Franklin USA 5hp installed at PH # 5	Sept-04	27,268.00
1 unit allen bradly magnetic contractor	Feb-05	7,400.00
1 unit submersible pump 1"diameter	May-05	5,500.00
1 unit Johnson Vertical pump	Sept-05	85,000.00
grundfos submersible pump model SP60-5 at PH #3	Nov-06	186,841.00
6 sm battery 2 pcs. PH # 4 & PH # 3	Sept-05	5,200.00
3 sm battery installed at PH # 7	Aug.08	3,400.00
2 pcs. GSm battery installed at PH # 7	Dec-05	7,100.00
4 pcs. Stainless steel shafting 1" w/ coupling	Feb-06	39,600.00
1 prominent liquid plexiglass (for chlorinator equipt.)	Jul-05	10,700.00
centrifugal pump model AP40-32 PS # 1	Jul-08	49,751.00
2 pcs.air release valve model S-050 3/4	Jul-08	16,816.50
3 sets SM battery 2 Brgy. Banaoang, 1 admin. Office	Jul-10	3,650.00
AB magnetic contractor	Jul-10	5,000.00
grandfus denmark submersible pump(deepwell)&	Jul-08	187,942.00
1 Franklin USA Submersible pump	Mar-07	37,123.00
grundfos submersible deepwell pump # 5 SP14A-8	Dec-06	45,935.35
1 pc. Flow meter 4" w/fbng installed at PH # 9	Nov..08	41,424.75
1 unit prominent germany metering pump Model	Nov..08	40,300.00
various materials & fittings used for the construction of	Nov..08	168,472.48

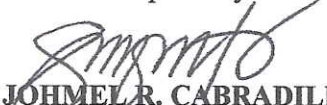
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3 sets SM battery 2 Brgy. Banaoang, 1 Brgy Guilig	Oct-09	12,950.00
1 electron battery PH # 4	Nov-11	3,100.00
1 jackhammer	Oct-11	76,149.00
1 unit 12SM battery for crosswind service vehicle	Apr-13	3,300.00
1 unit electric motor	Apr-12	136,450.00
1 unit dosatron dosing pump installed PH # 2	Dec-06	57,000.00
grandfus submersible deepwell pump, franklin	Dec.08	187,942.00
25 hp submersible motor -Salay PH # 3	Dec-11	114,058.00
installation of electronic system for automatic	Dec-11	42,000.00
pipe wrench 1 pc. 10". 1pc. 12", pressure gauge 4"	Feb.11	9,040.00
air release valve 1"	Feb-11	10,822.50
1 pc. Prominent diaphragm installed at PH # 3 Salay	Feb-12	3,900.00
1 pc 3 SM battery for L200	Feb-12	4,100.00
Johnston Vertical Turbine Pump 3 stages	Dec-11	319,475.00
1 unit concrete cutter machine 10hp w/ blade	Feb-13	33,920.00
pipe wrench 1 pc. 10". 1pc. 12", 14" and threader 1 1/2"	Feb-13	17,800.00
1 enduro battery for PH # 7	Jan.'11	3,525.00
1 unit grinder (makita 9553 BKX	Jul-12	3,949.75
construction complete with cable guard & built in check		
- 1", 1 set electric drill (makita)	Jul-07	32,000.00
1 genset for jackhammer	Jun-12	36,785.00
Franklin Submersible motor installed at Jewelville Subd.	Jun-13	22,500.00
2 pcs. Air release valve	Jun-07	17,582.40
1 set screw driver for crosswind	Mar.11	1,245.00
1 pc flow meter 6" Banaoang	May-12	75,075.00
1 set prominent liquid end assembly for chlorinator	May-12	13,950.00
1 unit Allen Bradley solid state overload relay	May-05	6,200.00
grandfus submersible deepwell pump, franklin	Nov-11	363,625.00
metering pump w/ accessories & PE white tank	Nov-11	43,505.00
1 set 6SM battery for genset	Sep-11	3,900.00
2 units SMF battery installed at PH no. 2 (replacement)	Mar-13	8,300.00
guard & built in check valve driven by Franklin USA	Aug-13	218,765.00
fishing out of turbine pump # re casing of well 10"	Aug-13	488,900.00
1 lot combination variable frequency speed drive motor	Aug-13	156,000.00
3 phase heavy duty automatic regulator 220 volts	Nov-13	40,000.00
2 pointed chisel & 1 pc narrow flat chisel	Oct-13	8,115.40
pump and motor at PS # 2	Oct.-13	53,703.64
Franklin (USA) sub motor 20hp 3 phase, grundfos	Sep-13	218,765.00
1 3SM battery for Alterra service vehicle	Apr-15	4,800.00
1 unit iwaki metering pump (chlorinator set) PH # 8	Mar-14	28,000.00
3 SM Enduro Battery ( Genset MAWAD Bldg.	Mar-14	4,500.00
Flowmeter elster 4" w/ FBNC installed at PH # 9 Bari	Nov.11	43,600.00
extension of pump house & repainting PH # 3	Oct-04	14,827.50
2 pcs. CI gate valve 4" dia FF w/ handwheel	Sep.06	20,100.00
wood jalousies installed at PH # 8	April -04	10,600.00
const. of small pumping station at Brgy. Anolid	Jul.-13	32,203.25
2 set injection valve (prominent)	June-12	7,700.00
mobilization/demobilization PH # 2	Jun-00	110,000.00
galvanized door & steel fence PH # 7	Sept-02	26,574.00
const. of pump house # 6	May-02	20,240.46
<b>TOTAL</b>		2,132,061.65

Annex B (Page 8 of 8)  
Observation No. 1, Page 19

<b>Waterways, Aqueducts,etc</b>		
Hydrants	Jan-84	29,145.00
AWASS INC.	84	27,115.26
AWASS INC.	Jan-84	46,598.75
Structures & Improvements	84	10,100.74
Anolid - Buenlag Expansion	Dec-85	224,813.79
Structures & Improvements by Admin.	Jan-87	10,954.00
Anolid Expansion	Mar-87	51,810.40
Expansion by Admin.	Dec-87	155,989.36
Amansabina-Gueguesangen & Binobonan	Jun-88	127,736.10
Amansabina - David - Landas Const.,by Admin	Jan-89	69,558.80
David Expansion (Add'l. 750 lms)	Feb-89	57,142.80
Salay-Slaughterhouse 1081 St.,P. De Guzman	Jul-89	90,130.93
Buenlag East 207 lms	Sep-89	5,256.00
Nibaliw - Matabang Expansion	Mar-Apr.90	75,977.00
Fittings installed for repiping of mainline at Brgy. Salay	Jan-03	3,418.56
Materials used for repiping of mainline infront of church	Apr-04	37,993.10
excavation for interconnection of service line	Jan-98	7,615.00
Labor for Expansion	Jan-00	13,885.00
Excavation /backfilling of 995 lms Brgy. Guilig	Mar-98	14,167.00
Pogo GI 2"	Mar-01	4,565.00
1 pc. Air release valve	Mar-09	9,240.75
Pavement demolition/restoration	May-98	38,596.60
Installation for Dist., Mains	Sep-95	33,463.00
Fittings/Materials	Sep-95	63,768.90
Installation of fire hydrants head	Sep-01	7,052.50
Re-piping of dist., mains	Aug-01	7,344.85
gatevalve 2" installed at the public cemetry	Apr-10	4,158.00
butterfly valve 6" installed at PH # 2	Jun-11	26,517.86
interconection line from MAWAD mainline to Jewelville	July-13	166,337.20
interconection line from MAWAD mainline to Jewelville		484,554.40
<b>TOTAL</b>		1,905,006.65
<b>GRAND TOTAL</b>		<b>P 12,264,879.93</b>

Prepared by:

  
**JOHEMEL R. CABRADILLA**  
 State Examiner II

Reviewed by:

  
**OCELLIA T. CELI**  
 State Auditor IV

MANGALDAN WATER DISTRICT  
Mangaldan, Pangasinan  
CY 2018


ANNEX C (page 1 of 1)  
Audit Observation No.8, Page 30

Pop. Served -63,630                      No. of Wells - 12  
Total Service - 14,155  
Total Active - 13,126  
Total Billed - 13,126

**SCHEDULE OF NON-REVENUE WATER AND COST OF WATER LOST**

MONTH	WATER PRODUCED	METERED BILLED ACCOUNTED	WATER UNACCOUNTED	NRW	Excess of 30%
January	354,039.00	291,058.00	62,981.00	0.17789	0.00
February	312,369.00	256,673.00	55,696.00	0.17830	0.00
March	364,463.00	291,563.00	72,900.00	0.20002	0.00
April	363,328.00	291,040.00	72,288.00	0.19896	0.00
May	362,549.00	289,429.00	73,120.00	0.20168	0.00
June	369,830.00	288,878.00	80,952.00	0.21889	0.00
July	353,829.00	277,739.00	76,090.00	0.21505	0.00
August	348,785.00	272,291.00	76,494.00	0.21932	0.00
September	367,072.00	295,064.00	72,008.00	0.19617	0.00
October	321,116.00	249,444.00	71,672.00	0.22320	0.00
November	355,841.00	307,537.00	48,304.00	0.13575	0.00
December	333,047.00	258,630.00	74,417.00	0.22344	0.00
<b>Total</b>	<b>4,206,268.00</b>	<b>3,369,346.00</b>	<b>836,922.00</b>	<b>0.19897</b>	<b>0.00</b>

Prepared by:

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