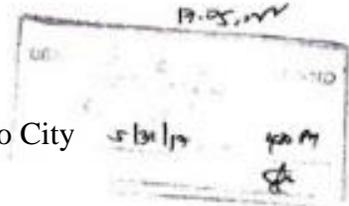




Republic of the Philippines  
**COMMISSION ON AUDIT**  
**Regional Office No 10**

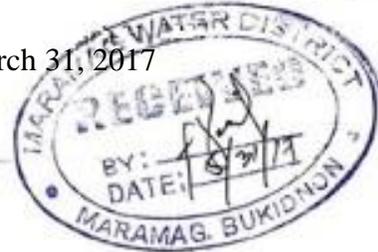
J.V. Serina Street, Carmen, Cagayan de Oro City



March 31, 2017

**MS. ROSEMARIE D. AGUSTIN, MGA**

General Manager  
Maramag Water District  
Maramag, Bukidnon



**Dear General Manager Agustin:**

We are pleased to transmit the Annual Audit Report (AAR) on the Maramag Water District, Maramag, Bukidnon, for the calendar year 2016 pursuant to Sec. 2, Article IX-D of the Philippine Constitution and pertinent provisions of Section 43 of the Presidential Decree No. 1445, otherwise known as the Government Audit Code of the Philippines.

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

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

We conducted our audit in accordance with applicable Philippine Public Sector Standards on Auditing (PPSSAs) and we believe it provides a reasonable basis for our opinion.

We rendered a qualified opinion on the fairness of presentation of the financial statements for the year then ended.

Among the significant findings and observations noted in audit are:

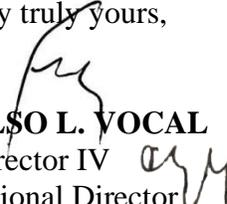
(1) The validity and existence of other Receivables amounting to P 329,940.13 could not be ascertained due to the absence of supporting documents to prove the legality and propriety of the District's claims against various creditors; (2) Inventory balances reported in the Financial Statements is higher by P744,851.11 than the balances reported in the Ledgers, causing doubt as to the existence and accuracy of the inventory accounts.

(3) Physical count of Property, Plant and Equipment (PPE) includes items not included in the list of PPE showing significant differences of the amounts as presented in the books contrary Philippine Accounting Standards (PAS) 1 and; (4) Various liabilities totaling P 243,019.93 remained outstanding for more than two years and lack supporting documents to support its validity contrary to Philippine Accounting Standards No. 37 and Section 98 of PD No. 1445 thus overstating the liability accounts. The details of these significant findings as well as other findings and observations are discussed in the Observations and Recommendations portion of this Report.

We appreciate the invaluable support and cooperation extended by the officials and staff of that Agency extended to the Audit Team during the audit engagement.

We request that a status report, by accomplishing the attached Agency Action Plan and Status of Implementation form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 96 of the General Provisions of the General Appropriations Act FY 2016.

Very truly yours,

  
**CELSO L. VOCAL**  
Director IV  
Regional Director

*Copy furnished:*

*The President of the Philippines  
Malacañang Palace, Manila*

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

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

*The Speaker of the House of Representatives  
HOR Complex, Constitution Hills, Quezon City*

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

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

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

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

*File*

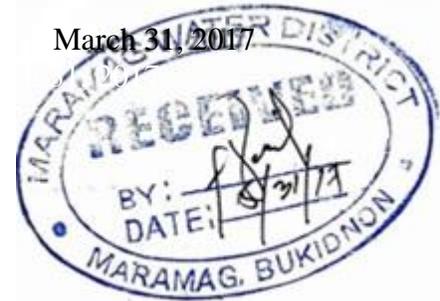


Republic of the Philippines  
**COMMISSION ON AUDIT**  
**Regional Office No 10**

J.V. Serina Street, Carmen, Cagayan de Oro City

March 31, 2017

**Beneforte Dy Tan Malack**  
Chairman, Board of Directors  
Maramag Water District  
Maramag, Bukidnon



**Dear Board Chairman Malack:**

We are pleased to transmit the Annual Audit Report (AAR) on the Maramag Water District, Maramag, Bukidnon, for the calendar year 2016 pursuant to Sec. 2, Article IX-D of the Philippine Constitution and pertinent provisions of Section 43 of the Presidential Decree No. 1445, otherwise known as the Government Audit Code of the Philippines.

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

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

We conducted our audit in accordance with applicable Philippine Public Sector Standards on Auditing (PPSSAs) and we believe it provides a reasonable basis for our opinion.

We rendered a qualified opinion on the fairness of presentation of the financial statements for the year then ended.

Among the significant findings and observations noted in audit are:

- (1) The validity and existence of other Receivables amounting to P 329,940.13 could not be ascertained due to the absence of supporting documents to prove the legality and propriety of the District's claims against various creditors;
- (2) Inventory balances reported in the Financial Statements is higher by P744,851.11 than the balances reported in the Ledgers, causing doubt as to the existence and accuracy of the inventory accounts.
- (3) Physical count of Property, Plant and Equipment (PPE) includes items not included in

the list of PPE showing significant differences of the amounts as presented in the books contrary Philippine Accounting Standards (PAS) 1 and; (4) Various liabilities totaling P243,019.93 remained outstanding for more than two years and lack supporting documents to support its validity contrary to Philippine Accounting Standards No. 37 and Section 98 of PD No. 1445 thus overstating the liability accounts. The details of these significant findings as well as other findings and observations are discussed in the Observations and Recommendations portion of this Report.

We appreciate the invaluable support and cooperation extended by the officials and staff of that Agency extended to the Audit Team during the audit engagement.

We request that a status report, by accomplishing the attached Agency Action Plan and Status of Implementation form, on the actions taken on the audit recommendations be submitted within 60 days from receipt of this report, pursuant to Section 96 of the General Provisions of the General Appropriations Act FY 2016.

Very truly yours,

  
**CELSO L. VOCAL**  
Director IV   
Regional Director

*Copy furnished:*

*The President of the Philippines  
Malacañang Palace, Manila*

*The Vice-President of the Philippines  
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*File*



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

*OFFICE OF THE SUPERVISING AUDITOR*  
**Audit Group, CGS – Water Districts & Other CGS Stand-Alone Agencies**

March 28, 2017

**The Regional Director**  
Commission on Audit  
Regional Office No. 10  
Cagayan de Oro City

Sir :

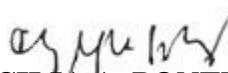
In compliance with Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we audited the accounts and operations of **Maramag Water District**, Maramag, Bukidnon, for the year ended December 31, 2016.

The audit was conducted to: (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

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

We conducted our audit in accordance with the Philippine Public Sector Standards on Auditing and we believe that these standards provided a reasonable basis for the audit results. We rendered a qualified opinion on the fairness of presentation of the financial statements.

Very truly yours,

  
**CECILIA A. PONTILLAS**  
Acting Supervising Auditor



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

OFFICE OF THE AUDIT TEAM LEADER  
**R10-03 CGS Water Districts & Other CGS Stand-Alone Agencies**

February 24, 2017

**MS. CECILIA A. PONTILLAS**

Supervising Auditor

Water District and Other CGS Stand Alone Agencies Group

This Region

Madam:

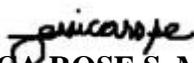
We are pleased to submit herewith the Annual Audit Report on the audit of the Maramag Water District for the calendar year 2016 in compliance with Section 43 of the Government Auditing Code of the Philippines (PD 1445).

The audit was conducted to: (a) ascertain the degree of reliance that may be placed on management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

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

We conducted our audit in accordance with the Philippine Public Sector Standards on Auditing and we believe that these standards provided a reasonable basis for the audit results.

Very truly yours,

  
**JENNICA ROSE S. MADELA**  
Acting Audit Team Leader



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

# **ANNUAL AUDIT REPORT**

**ON THE**

**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**

**For the Year Ended December 31, 2016**

## EXECUTIVE SUMMARY

### A. INTRODUCTION

The Maramag Water District (MWD) was given the Conditional Certificate of Conformance No. 496 approved by the Local Water Utilities Administration (LWUA) on June 11, 1991 and was granted an approved Water Permit No. 15268 per National Water Resources Board Resolution No. 01-0796 on July 23, 1996.

All Local Water Districts in the Philippines were declared as government-owned or controlled corporations (GOCC) with original charter (PD No. 198) in a case decided by the Supreme Court on September 13, 1991 docketed as GR No. 95237-38 entitled “Davao City Water District, et al. vs. Civil Service Commission, et al.”.

As of December 31, 2016, the District served a total population of 36,315 and has total service connections of 8,717 and was classified as Category C - Average water district (WD) pursuant to Local Water District – Manual on Categorization, Re-categorization and Other Related Matters (LWD – MaCRO).

### B. FINANCIAL HIGHLIGHTS

The comparative figures for CY 2016 and 2015 financial data showed an increase of the District’s total equity, operating expenses, and net income and a decrease in total assets, total liabilities and other deferred credits, gross income, other income and other expenses and charges as summarized below:

Particulars	2016	2015	Increase / (Decrease)
Total Assets	₱ 72,342,548.09	₱ 70,371,215.00	₱ 1,971,333.09
Total Liabilities & Other Deferred Credits	14,361,373.79	21,993,421.21	(7,632,047.42)
Total Equity	<b>₱ 57,981,174.30</b>	<b>₱ 48,377,793.79</b>	<b>₱ 9,603,380.51</b>

Service and Business Income	₱33,572,568.34	₱ 31,021,868.94	₱ 2,550,699.40
Operating Expenses	29,766,012.80	27,176,600.76	2,589,412.04
Other Expenses/Charges	537,634.00	837,500.26	(299,866.26)
Net Income/(Loss)	<b>₱ 3,268,921.54</b>	<b>₱ 3,007,767.92</b>	<b>₱ 261,153.62</b>

### C. OPERATIONAL HIGHLIGHTS

As of December 31, 2016, the District has a total active and metered service connections of 7,263. Total water sales billed was computed at ₱ 31,251,120.43 and

collected a total of ₱ 30,970,621.78. Thereby, the district registered 99.10% collection efficiency as at year-end under audit.

Total water production of the District was computed at 3,138,881 cubic meters of which 1,539,852 cubic meters or 49.06% were unaccounted water as of December 31, 2016.

The District is complemented with a total of 41 employees of which 22 are regular and 10 are casual. A total of 9 Job Order employees were hired to augment the present personnel complement.

#### **D. SCOPE OF AUDIT**

An audit examination was conducted on the CY 2016 accounts and operations of MWD. The audit aimed to: ascertain propriety of financial transactions and compliance of the District as to existing laws, rules and regulations; ascertain the accuracy of financial records and reports of the District; and ascertain the fairness of presentation of the financial statements for CY 2016.

#### **E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT**

A qualified opinion was rendered on the financial statements due to the following observations:

1. The validity and existence of other Receivables amounting to P 329,940.13 could not be ascertained due to the absence of supporting documents to prove the legality and propriety of the District's claims against various creditors.
2. Inventory balances reported in the Financial Statements is higher by P744,851.11 than the balances reported in the Ledgers, causing doubt as to the existence and accuracy of the inventory accounts.
3. Physical count of Property, Plant and Equipment (PPE) includes items not included in the list of PPE showing significant differences of the amounts as presented in the books contrary to Philippine Accounting Standards (PAS) 1 and;
4. Various liabilities totaling P 243,019.93 remained to be outstanding for more than two years and lacks supporting documents to support its validity contrary to Philippine Accounting Standards No. 37 and Section 98 of PD No. 1445 thus overstated the liability accounts.

## **F. SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

- 1. The validity and existence of other Receivables amounting to P 329,940.13 could not be ascertained due to the absence of supporting documents to prove the legality and propriety of the District's claims against various creditors.**

Require the Management to carry out the following remedial measures in compliance to Section 111(1) of PD 1445.

- Direct the Management to submit an explanation as to the efforts exerted towards reconstruction of the amounts recorded as Other Receivables, and to present all pertinent supporting documents.
- Conduct thorough evaluation if such accounts are uncollectible or not; and request for write-off, if proven uncollectible after submission of proof that these accounts are indeed uncollectible and needed to be written off.

- 2. Inventory balances reported in the Financial Statements is higher by P744,851.11 than the balances reported in the Ledgers, causing doubt as to the existence and accuracy of the inventory accounts.**

We recommended Accounting Office to maintain ledger cards for all its inventories and reconcile differences between reported inventory balances as per General Ledger and with the ledger cards in accordance with Chapter 5 of Handbook on property and supply Management.

- 3. Physical count of Property, Plant and Equipment (PPE) includes items not included in the list of PPE showing significant differences of the amounts as presented in the books contrary to Philippine Accounting Standards (PAS) 1.**

Instruct the Accounting and Property sections to update the list of PPE and its lapsing schedule to reflect the correct amounts to recognize those assets found during the physical count and recognize the related Depreciation expenses for depreciable assets which are not included in the said list and to present fairly the said accounts in accordance with PAS 1.

- 4. Various liabilities totaling P 243,019.93 remained outstanding for more than two years and lacks supporting documents to support its validity contrary to Philippine Accounting Standards No. 37 and Section 98 of PD No. 1445 thus overstated the liability accounts.**

Instruct the Accounting personnel to expedite the reconciliation of the unremitted balances to other government agencies e.g BIR, GSIS and Pag-IBIG and to revert to Government Equity the Other Payables which has been outstanding in the books for more than two years in compliance to Section 98 of PD No. 1445.

5. **The District paid overtime services to regular, casual and job order employees from January to June 2016 amounting to P 318,987.94, contrary to the provisions of CSC and DBM Joint Circular No. 1 s. 2015.**

Management to observe the limitations on overtime services and overtime pay in conformity with CSC and DBM Joint Circular No.1 s. 2015.

6. **The district incurred expenses in the total amount of P120,171.93 during its General Assembly and Christmas Party for CY 2016 despite insufficient allocation for mandatory restricted asset as required under Title II Section 41 of PD 198 and despite Administrative Order No. 103 dated August 31, 2004 on adoption of austerity measure in government.**

We recommended Management to:

- a. Strictly comply with Section 41, Title II of PD 198 in the disposition of revenue by allocating at least 50% of the income after contractual & statutory deductions and current operating expenses; and
- b. Observe AO 103 series of 2004 by allocating and disbursing prudent amount for basic activities that do not fall under the core functions of the district.

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

Notice of Suspensions issued during the year amount to P258,833.94 and Notice of Disallowance issued amounted to P-266,636.00. Total settlements of disallowances made totaled P78,336.34. Remaining unsettled suspensions and disallowances as of year-end total P258,833.94 sand P497,329.00, respectively.

#### **H. IMPLEMENTATION OF PRIOR YEARS AUDIT RECOMMENDATIONS**

Of the 18 prior years' audit recommendations, four recommendations were fully implemented and fourteen were partially implemented.

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**PART I -  
AUDITED FINANCIAL  
STATEMENTS**



**COMMISSION ON AUDIT**  
**Regional Office No. 10**  
Cagayan de Oro City

**INDEPENDENT AUDITOR'S REPORT**

**MS. ROSEMARIE D. AGUSTIN, MGA**

General Manager  
Maramag Water District  
Maramag, Bukidnon

We have audited the accompanying financial statements of **Maramag Water District**, Maramag, Bukidnon which comprise the Statement of Financial Position as of December 31, 2016 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes of Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

***Auditor's Responsibility***

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

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

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

*Bases for Qualified Opinion*

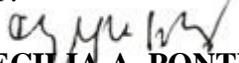
As discussed in Part II- Observations and Recommendations of this Report, a qualified opinion was rendered on the financial statements due to (a) The validity and existence of other Receivables amounting to P 329,940.13 could not be ascertained due to the absence of supporting documents to prove the legality and propriety of the District's claims against various creditors; (b) Inventory balances reported in the Financial Statements is higher by P744,851.11 than the balances reported in the Ledgers, causing doubt as to the existence and accuracy of the inventory accounts; (c) Physical count of Property, Plant and Equipment (PPE) includes items not included in the list of PPE showing significant differences of the amounts as presented in the books contrary to Philippine Accounting Standards (PAS) 1 and; (d) Various liabilities totaling P 243,019.93 remained outstanding for more than two years and lack supporting documents to support its validity contrary to Philippine Accounting Standards No. 37 and Section 98 of PD No. 1445 thus overstating the liability accounts.

*Qualified Opinion*

In our opinion, except for the effects of the matters described in the Bases for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Maramag Water District, Maramag, Bukidnon as of December 31, 2016 and of its financial performance and its cash flows for the year ended in accordance with state accounting principles.

**COMMISSION ON AUDIT**

BY:

  
**CECILIA A. PONTILLAS**  
State Auditor IV  
Acting Supervising Auditor 

February 24, 2017



**COMMISSION ON AUDIT**  
**Regional Office No. 10**  
Cagayan de Oro City

**INDEPENDENT AUDITOR'S REPORT**

**BENEFORTE DY TAN MALLACK**

Chairman, Board of Directors  
Maramag Water District  
Maramag, Bukidnon

We have audited the accompanying financial statements of **Maramag Water District**, Maramag, Bukidnon which comprise the Statement of Financial Position as of December 31, 2016 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

*Bases for Qualified Opinion*

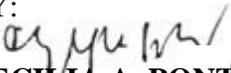
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*Qualified Opinion*

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**COMMISSION ON AUDIT**

BY:

  
**CECILIA A. PONTILLAS**

State Auditor IV  
Acting Supervising Auditor

February 24, 2017



Republic of the Philippines  
**MARAMAG WATER DISTRICT**  
Maramag, Bukidnon

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

The Management of Maramag Water District (MWD), Maramag, Bukidnon is responsible for all the information and representations contained in the accompanying Statement of Financial Position as of December 31, 2016 and the related Statements of Profit or Loss and Other Comprehensive Income, Cash Flows and Changes in Equity for the year then ended. The Financial Statements referred to have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) 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 transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

  
**ALBERT R. SEDENIO**  
Corporate Accountant

February 14, 2017  
Date

  
**ROSEMARIE D. AGUSTIN, MGA**  
General Manager

February 14, 2017  
Date



**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**  
**STATEMENT OF FINANCIAL POSITION**

For the year ended December 31, 2016  
(with comparative figures for CY 2015)

<u>ASSETS</u>	<u>NOTES</u>	<u>CY 2016</u>	<u>CY 2015</u>
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	1	₱ 3,417,024.22	₱ 2,696,166.58
Receivables	2	5,626,255.46	5,426,512.38
Inventories	3	3,010,849.15	1,801,414.88
Prepayments	4	52,299.04	43,560.00
<b>Total Current Assets</b>		<b>12,106,427.87</b>	<b>9,967,653.84</b>
<b>NON-CURRENT ASSETS:</b>			
Property, Plant & Equipment	5	51,200,906.33	52,589,513.20
Other Assets <sup>(note 6)</sup>	6	9,035,213.89	7,814,047.96
<b>Total Non-Current Assets</b>		<b>60,236,120.22</b>	<b>60,403,561.16</b>
<b>Total Assets</b>		<b>₱ 72,342,548.09</b>	<b>₱ 70,371,215.00</b>
 <b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES:</b>			
Current Financial Liabilities	7	₱ 3,464,651.85	₱ 2,584,766.00
Inter-Agency Payables <sup>(note 8)</sup>	8	122,286.73	13,565,651.28
Other Payables <sup>(note 9)</sup>	9	92,488.90	190,461.60
<b>Total Current Liabilities</b>		<b>3,679,427.48</b>	<b>16,340,878.88</b>
<b>NON-CURRENT LIABILITIES:</b>			
Non-current Financial Liabilities	10	10,232,522.49	5,203,118.51
Customer's Deposit	11	449,423.82	449,423.82
<b>Total Non-Current Liabilities</b>		<b>10,681,946.31</b>	<b>5,652,542.33</b>
<b>Total Liabilities</b>		<b>14,361,373.79</b>	<b>21,993,421.21</b>

**EQUITY:**

Government Equity	12	7,477,004.39	7,477,004.39
Retained Earnings / (Deficit)		<u>50,504,169.91</u>	<u>40,900,789.40</u>
<b>Total Equity</b>		<b>57,981,174.30</b>	<b>48,377,793.79</b>
<b>Total Liabilities and Equity</b>		<b>₱72,342,548.09</b>	<b>₱70,371,215.00</b>

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*(See accompanying Notes to Financial Statements)*



**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**  
**STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**For the year ended December 31, 2016**  
 (with comparative figures for CY 2015)

	NOTES	CY 2016	CY 2015
<b>Revenues:</b>			
Service and Business Income	13	33,572,568.34	31,021,868.94
<b>Total Income</b>		<b>33,572,568.34</b>	<b>31,021,868.94</b>
<b>Less: Expenses</b>			
Personnel Services	14	11,118,249.58	10,571,627.39
Maintenance & Other Operating Expenses	15	15,579,484.85	13,691,750.08
Non-cash Expenses	16	3,068,278.37	2,913,223.29
<b>Total Expenses</b>		<b>29,766,012.80</b>	<b>27,176,600.76</b>
<b>Net Income before Financial Charges</b>		<b>3,806,555.54</b>	<b>3,845,268.18</b>
Financial Charges	17	537,634.00	837,500.26
Other Comprehensive Income for the Period		-	-
<b>Comprehensive Income</b>		<b>₱ 3,268,921.54</b>	<b>₱ 3,007,767.92</b>

*(See accompanying Notes to Financial Statements)*



**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2016**  
 (with comparative figures for CY 2015)

Cash Flow from Operating Activities	CY 2016	CY 2015
<b><i>Cash Inflows:</i></b>		
Business Income	₱ 30,970,077.39	₱ 28,142,141.90
Other Business and Service Income	2,274,901.50	2,324,648.92
Other Income	31,102.07	8,245.88
Receivables	273,064.83	205,406.74
Other Receipts	586,764.77	186,040.91
<b>Total cash inflows</b>	<b>34,135,910.56</b>	<b>30,866,484.35</b>
<b><i>Cash Outflows:</i></b>		
Personal Services	11,118,249.58	10,571,627.39
Maintenance and Other Operating Expenses	13,323,196.89	12,036,673.43
Interest Expense	537,634.00	837,400.26
Purchase of Inventories	1,767,707.17	2,496,703.34
Payables	117,000.00	190,453.79
Other Disbursements	1,666,474.95	1,170,958.00
<b>Total cash outflows</b>	<b>28,530,262.59</b>	<b>27,303,816.21</b>
<b>Net cash from operating activities</b>	<b>5,605,647.97</b>	<b>3,562,668.14</b>
<b>Cash Flow from Investing Activities</b>		
<b><i>Cash Inflows:</i></b>		
<b>Total cash inflows</b>	-	-
<b><i>Cash Outflows:</i></b>		
Purchase / Acquisition of Property, Plant & Equipment	2,157,148.33	1,845,048.70
Grant of Loans	-	-
<b>Total cash outflows</b>	<b>2,157,148.33</b>	<b>1,845,048.70</b>
<b>Net cash from investing activities</b>	<b>(2,157,148.33)</b>	<b>(1,845,048.70)</b>

**Cash Flows from Financing Activities***Cash Inflows:*

**Total cash inflows** - -

*Cash Outflows:*

Loan Amortization 2,727,642.00 2,230,455.74

**Total cash outflows** 2,727,642.00 2,230,455.74

**Net cash from financing activities** (2,727,642.00) (2,230,455.74)

**Net increase in cash and cash equivalents** 720,857.64 (512,836.30)

**Cash and cash equivalents at beginning  
of the period** 2,696,166.58 3,209,002.88

**Cash and cash equivalents at the end  
of the period** **₱ 3,417,024.22** **₱ 2,696,166.58**



**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended December 31, 2016**  
 (with comparative figures for CY 2015)

	Government Equity	Retained Earnings
<b>Balance at January 1, 2015</b>		
Adjustments:	₱ 7,477,00.39	₱ 38,396,462.88
Additions ( Deductions)		
Prior Period Errors	-	(503,441.40)
Other Adjustments		
<b>Restated Balance at January 1, 2015</b>	7,477,00.39	37,893,021.48
<b>Changes in Equity for 2015</b>		
Additions ( Deductions)		3,007,767.92
Income for the year		
<b>Balance at December 31, 2015</b>	7,477,00.39	40,900,789.40
<b>Adjustments</b>		
Additions (Deductions)		
Prior Period Errors	-	6,334,458.97
Other Adjustments		
<b>Restated Balance at January 1, 2016</b>	7,477,00.39	47,235,248.37
<b>Changes in Equity for 2016</b>		
Additions ( Deductions)		3,268,921.54
Income for the year		
<b>Balance at December 31, 2016</b>	₱ 7,477,00.39	₱ 50,504,169.91



MARAMAG WATER DISTRICT  
Maramag, Bukidnon

**NOTES TO FINANCIAL STATEMENTS**  
Calendar Year 2016

**I- Brief Historical Background:**

The Maramag Water District (MWD) was given the Conditional Certificate of Conformance No. 496 approved by the Local Water Utilities Administration (LWUA) on June 11, 1991 and was granted an approved Water Permit No. 15268 per National Water Resources Board Resolution No. 01-0796 on July 23, 1996.

All Local Water Districts in the Philippines were declared as government-owned or controlled corporations (GOCC) with original charter (PD No. 198) in a case decided by the Supreme Court on September 13, 1991 docketed as GR No. 95237-38 entitled "*Davao City Water District, et al. vs. Civil Service Commission, et al.*".

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

Chairman	-	Beneforte Dy Tan Malack
Vice Chairman	-	Pepito L. Pescadero
Secretary	-	Elma A. Estenzo
Treasurer	-	Demetrio G. Berondo, Jr.
Member	-	Menrado Y. Bonachita

The District is headed by General Manager Rosemarie D. Agustin with other twenty one (21) *permanent* employees, ten (10) *casual* employees and nine (9) *job orders* or a total of forty one (41) workforce.

**II- Summary of Significant Accounting Policies**

- a. Financial Statements were prepared in accordance with Generally Accepted Accounting Principles and Standards.
- b. The accounts were classified in conformity with the Revised Chart of Accounts (RCA) under COA Circular No. 2015 - 010 dated December 01, 2015.

- d. Imprest system was used in petty expenses.
- e. Depreciation was computed based on straight line method.
- f. Accounts Receivable - Customer was computed based on monthly billings plus penalties and last reading before cut-off connections less the bills collected and billing adjustments of the month.
- g. Supplies and materials purchased for inventory were recorded using the perpetual inventory system. Cost of issued items and ending balance of supplies and materials were computed using the moving average method.

### III- NOTES:

#### Note 1: Cash and Cash Equivalents

Particulars	2016	2015
Cash – Collecting Officer	₱ 47,538.73	₱ 3,262.84
Working Fund	-	-
Payroll Fund	-	-
Cash in Bank – Local Currency:		
LBP CA# 2012-0006-44 (GF)	2,030,421.09	1,329,413.97
LBP SA# 2101-0883-19 (MDPS)	10,070.05	37,295.08
LBP SA# 2102-0079-32 (NLIF)	1,318,956.26	1,316,177.91
LBP SA# 2101-0891-45 (BIR-EFPS)	10,038.09	10,016.78
<b>Total</b>	<b>₱ 3,417,024.22</b>	<b>₱ 2,696,166.58</b>

#### Note 2: Receivables

Particulars	2016	2015
Accounts Receivable-Concessionaires	4,654,076.80	4,394,002.48
Cash Advances:		
Engr. Wilfredo D. Cruz	-	5,000.00
Alexander M. Sabio	1,000.00	1,000.00
Dir. Alberto L. Balios	-	2,000.00
Dir. Jimmy C. Wong	1,500.00	2,000.00
Dir. Fr. Cirilo S. Sajelan	2,000.00	2,000.00
Dir. Anna Perla C. Malalang	27,000.00	29,705.00
Atty. Jose S. Malalang	-	2,900.00
Dir. Nephtali B. Enguito	16,899.00	16,899.00
Dir. Conrado G. Micayabas, Jr.	2,000.00	3,200.00
Dir. Antonio P. Carbonilla	700.00	3,400.00
Dir. Menrado Y. Bonachita	-	2,403.00

Receivable-Disallowances/Charges (COA)	538,052.37	578,975.61
Other Receivables (Prior Years):		
Materials	233,330.63	233,330.63
Construction	37,500.00	37,500.00
Dologon RWSA	17,568.65	17,568.65
Pedro R. Pacomios Jr./RWSA	6,468.85	6,468.85
Meter Installation	35,072.00	35,072.00
Pedro R. Pacomios Jr./XRM Yellow	44,237.16	44,237.16
Motorcycle		
Performance Bond – DPWH-DEO	8,850.00	8,850.00
<b>Total</b>	<b>₱ 5,626,255.46</b>	<b>₱ 5,426,512.38</b>

The Accounts Receivable-Concessionaires represents the billed amount from general consumers which includes the last reading before cut-off connections minus the billing adjustments and collections of the month, but does not include the penalties for the billings unpaid on due months.

DETAILS	2016	2015
Number of ACTIVE concessionaires (Dec. 31)	<b>7,263</b>	<b>6,779</b>

### Note 3: Inventories

Particulars	2016	2015
Office Supplies Inventory	₱ 527,174.79	₱ 188,818.63
Chemical & Filtering Supplies Inventory	24,232.67	9,231.57
Maintenance Supplies Inventory	835,107.69	983,750.34
Construction Materials Inventory	1,411,992.72	439,286.15
Other Inventories – Meters	212,341.28	180,328.19
<b>Total</b>	<b>₱ 3,010,849.15</b>	<b>₱ 1,801,414.88</b>

### Note 4: Prepayments

Particulars	2016	2015
Other Prepayments (Prior Years):		
30% payment of (2)units digital meter reading equip.	43,560.00	43,560.00
Input Tax	8,739.04	-
<b>Total</b>	<b>52,299.04</b>	<b>43,560.00</b>

**Note 5: Property, Plant, and Equipment**

<b>Particulars</b>	<b>2016</b>	<b>2015</b>
<b>Land <sup>(a)</sup></b>		
South Poblacion, Maramag, Buk.	150,000.00	150,000.00
Anahawon, Maramag, Bukidnon	65,000.00	65,000.00
Villafuerte Spring, San Miguel, Mar., Buk.	50,000.00	50,000.00
Lariosa Spring, Dologon, Maramag, Buk.	220,000.00	220,000.00
Danggawan Water System area, Danggawan, Maramag, Bukidnon	200,000.00	200,000.00
<b>Land Improvements</b>		
Fences and other Perimeters:		
Perimeter Fence @ Base Camp, Maramag, Buk.	1,143,374.50	1,143,374.50
<b>Infrastructure Assets</b>		
Power Supply Systems	712,435.14	546,531.14
Collecting & Impounding Reservoirs	5,591,934.30	5,591,934.30
Springs & Tunnels, Appurtenances	140,037.61	140,037.61
Trans. & Dist. Mains (Service Lines, Pipes & Acces.)	34,471,897.45	34,471,897.45
Trans. & Dist. Mains (Expansions, Extensions & etc.)	17,897,768.76	3,305,146.74
Services, Meter & Meter Installations	739,204.27	739,204.27
<b>Buildings and Other Structures</b>		
Source of Supply Plant Struct. & Improvements	250,114.74	250,114.74
Pumping Plant Structures & Improvements	1,217,792.70	1,217,792.70
Water Treatment Plant Struct. & Improvements	1,256,359.60	1,256,359.60
General Administrative Struct. & Improvements	6,578,511.79	6,488,907.30
<b>Machinery and Equipment</b>		
Office Equipment	1,688,670.15	1,563,749.10
Pumping Equipment	2,889,935.80	2,889,935.80
Water Treatment Equipment	596,868.00	443,868.00
Power Operated Machinery	1,410,750.00	1,410,750.00
Tools, Shops & Garage Equipment	37,747.00	37,747.00
<b>Transportation Equipment</b>		
Motorcycles & Motorcycle-Operated Vehicles & Access.	687,771.00	687,771.00
Four-Wheels Drive Vehicles & Appurtenances	3,387,181.84	3,387,181.84
<b>Furniture and Fixtures</b>		
Main Office - Furniture & Fixtures	424,320.82	385,440.82
<b>Construction in Progress (CiP) – Infrastructure Assets</b>		
NLIF Project @ Lariosa – Dologon	-	12,090,852.91
Encasement of 10” Steel Pipes @ Villafuerte	-	36,237.50

Spring, San Miguel		
3" Mainline Ext. @ Kalagutay, Base Camp, Maramag, Buk.	241,310.25	-
4" Mainline Ext @ Anahawon to Panadtalan Area, Mar., Buk.	160,050.00	-
<b>Construction in Progress (CiP) – Buildings and Other Structures <sup>(b)</sup></b>		
Paglaum (PF & Pumping) @ Paglaum Village, Base Camp	609,489.05	609,489.05
Extension Office @ MWD Main Office	203,410.00	
Enclosure of Cashier / Tellers Room @ MWD Main Office	11,550.00	
<b>Construction in Progress (CiP) – Furniture and Fixtures</b>		
Fabrication of Office Tables & Chairs @ Main Office	14,650.00	
<b>SubTotal</b>	<b>83,048,134.77</b>	<b>79,379,323.37</b>
Accumulated Dep'n.-Land Improvements	(373,366.96)	(331,442.56)
Accumulated Dep'n.-Infrastructure Assets	(21,436,972.58)	(17,620,451.25)
Accumulated Dep'n.-Bldg. & Other Structures	(3,176,541.08)	(2,814,046.12)
Accumulated Dep'n.-Mach. & Equipment	(3,615,122.59)	(3,072,689.11)
Accumulated Dep'n.-Transportation Equipment	(2,984,453.33)	(2,718,859.67)
Accumulated Dep'n.-Furniture & Fixtures	(260,771.90)	(232,321.46)
<b>Total</b>	<b>51,200,906.33</b>	<b>52,589,513.20</b>

- a. At the balance sheet date, all the purchased lots were not supported with Transfer Certificate of Title (TCT), and only the land situated at South Poblacion and Villafuerte had the Tax Declaration for the said lots.
- b. The Paglaum (PF & Pumping) under the CIP-Buildings and Other Structures was still in *pending status* waiting for the construction of additional house for the pumping station.

#### Note 6: Other Assets

Particulars	2016	2015
Sinking Fund – Joint Savings Account w/ LWUA <sup>(a)</sup>	5,517,812.76	4,551,746.08
LBP SA# 2101-0730-36		
Special Deposits – Customers' Deposits <sup>(b)</sup>	450,438.69	450,436.19
LBP SA# 2101-0835-70		
Miscellaneous Special Deposits – Tax Reserve Fund <sup>(c)</sup>	2,733,365.24	2,452,114.06

LBP SA# 2101-0797-60		
Miscellaneous Special Deposits – Earned Leave Fund <sup>(d)</sup>	333,597.20	359,751.63
LBP SA# 2101-0767-36		
<b>Total</b>	<b>9,035,213.89</b>	<b>7,814,047.96</b>

- a. The account represents the monthly deposits of 3% of gross billing (month) for the amount of water sales to guarantee payment of loans with LWUA. It cannot be withdrawn by the water district without the consent of LWUA. The signatories of the check are the General Manager of Maramag Water District and the LWUA Manager, WD-Mindanao.
- b. The account represents the “Special Deposits-Customer’s Deposits Account” – the collections of guaranty deposit’s for water installation from concessionaires which is backed-up by cash deposited at Land Bank of the Philippines under Account No. 2101-0835-70. The amount includes the interest earned for calendar year, but immediately transfers to General Fund account the first month following the end of the calendar year.
- c. This amount is intended for the earned leave due to pay for MWD employees upon their separation, resignation, and retirement.
- d. The amount is a reserve fund intended to pay the taxes assessed on the district by the Bureau of Internal Revenue. The district retains this fund for the purpose of settling the liabilities *that may occur* as per tax assessment by the Bureau of Internal Revenue. This is for the purpose of availability of fund if the BIR assessed the tax liabilities of the district for previous taxable years as the bureau (BIR) deemed necessary, to avoid cash shortages as to operations. Arbitrations, as to whether the local water district is exempted or not of its income tax, were still in progress as of date.

**Note 7: Current Financial Liabilities**

Particulars	2016	2015
Accounts Payables ( <i>delivered/incurred but yet not paid</i> ):		
Office Supplies Inventory	180,000.00	117,000.00
Advertising & Promotional	3,000.00	-
Construction Materials Inventory	68,565.98	-
Fuel	24,468.74	-
Rent / Lease	24,151.68	-
Retainer’s Fee	10,000.00	-
Securiyt Services	14,925.00	-
Due to Officers & Employees:		
Administrative Salaries & Wages	42,277.38	-
Overtime Pay	34,619.45	-
Accrued Lights & Power (FIBECO)	474,619.19	-

Loans Payable – Short Term:			
LWUA - LA # 4-1890 RL		1,944,764.43	2,165,454.00
LWUA - LA # 3-739 RL		328,056.00	302,312.00
LWUA - NLIF Project (9-0082 NL)		315,204.00	-
<b>Total</b>	<b>₱</b>	<b>3,464,651.85</b>	<b>₱ 2,584,766.00</b>

**Note 8: Inter-Agency Payables**

<b>Particulars</b>		<b>2016</b>		<b>2015</b>
Due to BIR:				
Tax Withheld – MWD employees	₱	36,405.64	₱	62,335.45
Tax Withheld – Suppliers		74,997.91		41,579.02
Tax Withheld – Prior Years (Vouchers Payable)		-		61,375.15
Tax Withheld – BOD		-		3,172.50
Due to GSIS		6,800.46		131,233.77
Due to Pag-IBIG		4,082.72		4,330.39
Due to LWUA – NLIF Project		-		13,261,625.00
<b>Total</b>	<b>₱</b>	<b>122,286.73</b>	<b>₱</b>	<b>13,565,651.28</b>

**Note 9: Other Payables**

<b>Particulars</b>		<b>2016</b>		<b>2015</b>
Other Current & Accrued Liabilities	₱	-	₱	62,244.60
Vouchers Payable (Prior Years)		-		108,217.00
Retention Fee – Noel Asuncion		13,770.00		-
Performance Bond – MMU Enterprises		58,718.90		-
Due to MCWD		20,000.00		20,000.00
<b>Total</b>	<b>₱</b>	<b>92,488.90</b>	<b>₱</b>	<b>190,461.60</b>

**Note 10: Non-Current Financial Liabilities**

<b>Particulars</b>		<b>2016</b>		<b>2015</b>
Loan Payable – Long-Term				
LWUA - LA # 4-1890 RL	₱	-	₱	1,944,764.43
LWUA - LA # 3-739 RL		2,930,298.08		3,258,354.08
LWUA - NLIF Project (9-0082 NL)		7,302,224.41		-
<b>Total</b>	<b>₱</b>	<b>10,232,522.49</b>	<b>₱</b>	<b>5,203,118.51</b>

**Note 11: Customers' Deposit**

This account pertains to the deposits made by customers normally before the extension of any service connections as security payment of subsequent bills or as a meter deposit. This was discontinued in *Calendar Year 2007* with the deposits treated as other revenues.

## Note 12: Government Equity

Particulars	2016	2015
Equity <sup>(a)</sup> :		
Sen. Rodolfo R. Biazon	₱ 6,000,000.00	₱ 6,000,000.00
Cong. Juan Miguel F. Zubiri	500,000.00	500,000.00
Brgy. South Pob., Maramag, Bukidnon	10,000.00	10,000.00
PTO – Malaybalay, Bukidnon	15,000.00	15,000.00
Prov. Gov't. of Bukidnon	110,000.00	110,000.00
Contributed Capital <sup>(b)</sup>	842,004.39	842,004.39
<b>Total</b>	<b>₱ 7,477,004.39</b>	<b>₱ 7,477,004.39</b>

- a. The Government Equity account, was formerly called “Capital Contribution – Government”
- b. This account was also called as Member's Equity, comprises the amount received from customers' as counterpart in transfer tapping from old distribution lines to new distribution lines.

## Note 13: Service and Business Income

Particulars	2016	2015
Waterworks System <sup>(a)</sup>		
Water Sales	₱ 31,251,120.43	₱ 28,523,542.00
Other Water Sales	-	-
Interest Income	25,319.34	22,068.26
Fines and Penalties <sup>(b)</sup>		
Penalty – Billing	1,219,848.95	1,169,435.93
Penalty – Illegal Tapping / Connection	23,000.00	23,918.00
Fines – Liquidated Damages & Returned Install. Fee	1,309.00	-
Other Service Income		
Miscellaneous Service Revenues <sup>(c)</sup>	961,075.00	1,016,406.04
Other Water Revenues <sup>(d)</sup>	68,102.55	245,498.71
Miscellaneous Income		
Rent / Lease – Equipment (MCWD)	-	20,000.00
Sale of Bid Documents	22,000.00	1,000.00
Return of Premium Payments/Rebates	793.07	-
<b>Total</b>	<b>₱ 33,572,568.34</b>	<b>₱ 31,021,868.94</b>

- a. The account pertains to sales of water thru metered connections; add the last reading before cut-off connections less billing adjustments due to stock-up meter, water leakages, and other adjustments for the current **billing** month.
- b. It is compose of the collected concessionaires' bill penalties for not paying on time before due date falls, and the penalties imposed to the concessionaires who committed illegal tapping of water service lines.
- c. This pertains to the collection of fees for reopening connections, labor charges and installation fees for new connections.
- d. This pertains to the collections of materials sold to customers, rentals of steel forms, and all other fees not specified under miscellaneous service revenues.

**Note 14: Personnel Services**

<b>Particulars</b>	<b>2016</b>	<b>2015</b>
Salaries and Wages		
Salaries to Regular Employees	₱ 5,209,557.00	₱ 5,060,969.00
Salaries to Casual Employees	1,229,943.90	1,022,937.10
Other Compensation		
Personnel Economic Relief Allowance (PERA)	764,000.00	752,000.00
Representation Allowance (RA)	222,000.00	252,000.00
Transportation Allow. (TA)	222,000.00	312,000.00
Clothing / Uniform Allowance	160,000.00	165,000.00
Year-end Bonus	560,587.00	521,160.60
Overtime and Night Pay	432,057.74	579,374.87
Productivity Enhancement Incentives	160,000.00	514,334.00
Milestones Years – Incentives	-	96,000.00
Loyalty Award	-	5,000.00
Cash Gifts	160,000.00	158,500.00
Mid-Year Bonus	559,808.00	-
Personnel Benefit Contributions		
Retirement & Life Insurance Premiums (GSIS)	865,193.04	682,299.24
Pag-IBIG Contributions (HDMF)	38,200.00	37,600.00
PhilHealth Contributions	71,787.50	69,062.50
Employees Compensation Insurance Premiums	41,300.00	34,500.00
Other Personnel Benefits		
Monetized - Vacation & Sick Leave	421,815.40	308,890.08
Benefits		
Pension / Retirement Benefits	-	-
<b>Total</b>	<b>₱ 11,118,249.58</b>	<b>₱ 10,571,627.39</b>

**Note 15: Maintenance and Other Operating Expenses**

<b>P a r t i c u l a r s</b>	<b>2016</b>	<b>2015</b>
Traveling Expenses		
Traveling Expenses – Local (BOD)            ₱	114,876.42	₱ 28,164.17
Traveling Expenses – Local (Employees)	178,637.54	213,040.45
Training and Scholarship Expenses		
Training Expenses – BOD	62,100.00	27,400.00
Training Expenses – Employees	118,250.00	94,900.00
Supplies and Materials Expenses		
Office Supplies Expenses	189,391.54	326,478.59
Fuel, Oil and Lubricants Expenses	385,606.66	324,610.48
Maintenance Supplies Expenses	59,568.34	8,437.00
Other Supplies Expenses	157,031.20	290,246.14
Utility Expenses		
Electricity Expenses - Administrative	529,728.23	417,021.44
Communication Expenses		
Telephone Expenses - Mobile:		
Mobile Expenses – GM Agustin	34,075.58	32,042.83
Mobile Expenses – Abriol (Div. Manager)	6,000.00	4,999.00
Mobile Expenses – Panganiban (Div. Manager)	2,000.00	775.00
Mobile Expenses – Others	450.00	245.00
Telephone Expenses – Landline	-	6,203.60
Postage & Deliveries	8,901.19	9,890.86
Internet Expenses	24,037.00	19,410.40
Cable, Satellite, Telegraph & Radio Expenses	4,200.00	4,600.00
Survey Expenses	5,000.00	15,000.00
Generation, Transmission and Distribution Expenses		
Power Purchased for Pumping	7,197,936.33	6,132,899.86
Fuel Purchased for Pumping	33,630.63	37,167.83
Chemical, Filtering & Laboratory Supplies Exp.	312,979.18	401,870.86
Transmission and Distribution Engineering Exp.	140,826.64	236,226.58
Misc. Customers Account Expense	282,589.97	236,166.09
Extraordinary and Miscellaneous Expenses	66,563.64	75,510.80
Professional and General Services		
Legal Services	61,100.00	7,250.00

Auditing Services	218,022.10	243,062.21
General/Janitorial Services	320.00	-
Security Services	297,998.90	233,387.00
Computer Data Processing Services	31,050.00	54,000.00
Other Professional Services	7,675.57	1,960.00
Repair and Maintenance		
Land Improvements	3,980.00	-
Plant (UPIS)	1,024,831.19	1,054,158.28
Buildings & Other Structures	18,392.00	2,480.00
Office Equipment	55,378.00	6,400.00
Land Transport Equipment	276,162.76	410,891.28
Other Machinery & Equipment	118,103.00	172,598.00
Furniture and Fixtures	4,631.00	48.00
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	22,047.78	51,131.41
Fidelity Bond Premiums	22,500.00	13,125.00
Insurances Expenses – Properties	109,512.16	51,168.96
Franchise Fees	686,408.83	560,481.39
Labor and Wages		
Wages for Job Order Employees	1,267,050.24	636,281.64
Wages for Project Workers - Non-Capitalizable	-	-
Other Maintenance and Operating Expenses		
Advertising, Promotional & Marketing Expenses	52,868.00	39,900.00
Representation Expenses	156,611.49	466,345.95
Rent / Lease Expenses	350,316.96	215,987.52
Directors' Fees & Remunerations	476,827.45	493,309.96
Cultural and Athletic Expenses	31,235.00	34,476.50
Other MOOE:		
Other Office Expenses	4,013.00	-
Excess Training & Seminar Fees	78,001.25	-
Gender & Development Expenses	8,000.00	-
Risk Reduction Expenses	331.05	-
MWD Anniversary Celebration Expenses	142,135.10	-
MWD General Assembly	139,601.93	-
<b>Total</b>	<b>₱ 15,579,484.85</b>	<b>₱ 13,691,750.08</b>

**Note 16: Non-Cash Expenses**

<b>P a r t i c u l a r s</b>	<b>2016</b>	<b>2015</b>
Depreciation		
Land Improvements	₱ 41,924.40	₱ 87,657.72
Infrastructure Asset	1,788,164.92	1,358,293.46
Buildings & Other Structures	362,494.96	534,905.66
Office Equipment	124,825.36	122,757.00
Other Machinery & Equipment	456,824.63	429,803.90
Transportation Equipment	265,593.66	350,096.74
Furniture and Fixtures	28,450.44	29,708.81
<b>Total</b>	<b>₱ 3,068,278.37</b>	<b>₱ 2,913,223.29</b>

**Note 17: Financial Charges**

<b>P a r t i c u l a r s</b>	<b>2016</b>	<b>2015</b>
Interest Expenses	537,634.00	837,400.26
Bank Charges	-	100.00
<b>Total</b>	<b>₱ 537,634.00</b>	<b>₱ 837,500.26</b>

**PART II –  
AUDIT OBSERVATIONS AND  
RECOMMENDATIONS**

## PART II – AUDIT OBSERVATIONS AND RECOMMENDATIONS

### A. Financial and Compliance

#### AUDIT ON MANDATORY ACCOUNTS

**1. The validity and existence of other Receivables amounting to P 329,940.13 could not be ascertained due to the absence of supporting documents to prove the legality and propriety of the District’s claims against various creditors.**

Section 111 (1) of P.D. No. 1445 states that the accounts of an agency shall be kept in such details as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government.

Review of the District’s General Ledger disclosed that P 329,940.13 or 81% of the Other Receivables amounting to P 408,356.29 was recognized without supporting documents, as shown below:

Account Code	Particulars	Balance	Remarks
149-A	Materials	233,330.63	Cost of materials incurred for the Dologon Rehabilitation  The concerned concessionaires during the turned-over from Rural Waterworks Sanitation Association (RWSA) to Maramag Water District were not willing to pay anymore.
149-B	Construction	37,500.00	DPWH for the damages on the pipelines (for further confirmation with DPWH)
149-C	Dologon RWSA	17,568.65	Part of the liability during the turned-over from Dologon RWSA to the District.
149-P	Pedro P. Pacomiso Jr./RWSA	6,468.85	Deceased – refers to the unremitted collection during the previous administration.
149-M	Meter Installation	35,072.00	Costs incurred on the meter installation for Dologon Rehabilitation Project.
Total		329,940.13	

Clarification with the previous Accounting In-charge revealed that the Other Receivables totaling P 329,940.13 was recognized even without supporting documents upon instruction of the administration. (The district’s administration was not stable during that time.)

It is evident that the supporting documents of the above accounts no longer existed or were recorded without legal basis. Failure of the Accounting to present the complete supporting documents of the other Receivables, the existence and validity of the recognized amount of P329,940.13 remained uncertain and doubtful.

### **Recommendations:**

Require the Management to carry out the following remedial measures in compliance to Section 111(1) of PD.1445.

1. Direct the Management to submit an explanation as to the efforts exerted towards reconstruction of the amounts recorded as Other Receivables, and to present all pertinent supporting documents.
2. Conduct thorough evaluation if such accounts are uncollectible or not; and request for write-off, if proven uncollectible after submission of proof that these accounts are indeed uncollectible and needed to be written off. The Audit Team encouraged Management to submit again a request for write-off to COA which will be endorsed by the team consequently.

### **Management Comment**

Management commented during the exit conference held last March 20, 2017 that the above observation pertains to a prior year receivable way back seven years ago during the turn-over of Dologon to the Maramag Water District. Due to unestablished internal control procedures by previous Management at that time, estimated amounts for the accounts receivable were forwarded to the District as initial balances in the books without the required supporting documents. The District already forwarded a request for write-off to COA but was not able to receive a reply from the Commission.

### **2. Inventory balances reported in the Financial Statements is higher by P744,851.11 than the balances reported in the Ledgers, causing doubt as to the existence and accuracy of the inventory accounts.**

Chapter 5 (Issuances and Utilization) of Handbook on Property and Supply Management System (PSMS) provides that the accounting function includes the maintenance of the supplies , equipment and property ledger cards aside from the keeping of the general and special books of accounts of the agency.

Section IV of the Manual on the NGAS – Corporate prescribes the use of Perpetual Inventory Methods in recording of supplies and materials purchased wherein detailed perpetual inventory records, in addition to the usual ledger accounts, are maintained for each inventory item, and an inventory control account is maintained in the general ledger on a current basis.

Comparison of the reported balances per Balance Sheet and aggregate amounts of the Ledger Cards revealed variances as shown below. Moreover, as of time of audit, no ledgers for the Construction Materials inventories were submitted.

Acct. No.	Account	Per Balance Sheet	Per Ledger	Difference
169-01	Other Inventories – Meters	65,751.28	9,250.00	(56,501.28)
	TOTAL	1,589,953.15	845,102.04	744,851.11

As per Inquiry from the Accounting unit, balances reported for inventories in Balance Sheet were just lump sum balances and without proper supporting ledgers due to the lack of proper records in the past years and no report on physical count was rendered to establish the correct balances of inventories.

Supplies and inventory ledger cards of Accounting Unit are reconciled monthly against the stock cards maintained by the property Officer/Storekeeper. However, maintaining of records for the construction materials inventory was vested to the Engineering Division and reports were not yet submitted for reconciliation as of this writing.

Difference between the General Ledger and inventory ledger cards cast doubt to the accuracy of the balances reported. Reconciliation of inventory report should have been one of the primary internal control measures to protect the Districts properties from risks of loss.

**Recommendation:**

We recommended Accounting Office to maintain ledger cards for all its inventories and reconcile differences between reported inventory balances as per General Ledger and with the ledger cards in accordance with Chapter 5 of Handbook on property and supply Management.

**Management Comment:**

Management during the exit conference confirms that they are still in an on-going physical count of inventories and are nearly finished. Reports will then be submitted to COA. The Audit Team emphasized that control measures should be observed by the Management to conduct physical count of inventories on schedule, such as conducting it every end of semester.

**3. Physical count of Property, Plant and Equipment (PPE) includes items not included in the list of PPE showing significant differences of the amounts as presented in the books contrary to Philippine Accounting Standards (PAS) 1.**

Philippine Accounting Standards (PAS) 1 prescribed that financial statements shall present fairly the financial position, financial performance and cash flows of the entity.

Chapter 4 of the handbook on Property and Supplies Management System (PSMS) describes the Inventory taking as an indispensable procedure for checking the integrity of property custodianship. The chief/head of agencies are required to take a physical inventory of all equipment and supplies of their respective agencies at least once a year.

The District conducted a physical count of its materials and supplies inventories as well as its PPE on August 4-5, 2016 with a member of this Audit team present as an observer. It was noted during the said physical count that several properties owned and operated by the District could not be found in the Lapsing Schedule of PPE.

The book values of the PPEs for the period are recognized after deducting the accumulated depreciation contained in its lapsing schedule. Some of the properties owned by the District which are not included in the list and lapsing schedule of PPE are as follows:

- Lot at Base Camp with an area of 1.8 hectares
- Lot in Paglaum, Base Camp with an area of 96 square meters with reservoir and pump
- Materials shade at Base Camp
- Generator set turned-over to the District (needed repairs)
- Reservoir at Dangawan
- Anahawon Reservoirs (Purok 5 & 7)
- Kiawal Lot

The lot at Barangay Base Camp with an area of 1.8 hectares was one of the first properties owned by the District. It was part of the properties turned-over on the creation of the District. The District only recognized Property, Plant and Equipment net of depreciation of ₱ 38,910,719.50. If the above-mentioned properties were included such as the lands and reservoirs that amount could have been higher, distorting the correct figures and significantly understating the PPE while understating the depreciation expenses due to non-recognition of such in relation to depreciable properties not included in the Lapsing schedule.

**Recommendation:**

Instruct the accounting and property sections to update the list of PPE and its lapsing schedule to reflect the correct amounts to recognize those assets found during the physical count and recognize the related depreciation expenses for depreciable assets

which are not included in the said list and to present fairly the said accounts in accordance with PAS 1.

**Management Comment:**

Management during the exit conference commented that as of present, Accounting Office already have subsidiary ledgers while the Property Section hired a personnel to assist in charge in updating the list of PPE but is not yet closely monitored by the in-charge. Physical Count of PPE on the other hand is not yet conducted as of calendar year 2016. Audit Team considers this observation not implemented.

**4. Various liabilities totaling P 243,019.93 remained outstanding for more than two years and lack supporting documents to support its validity contrary to Philippine Accounting Standards No. 37 and Section 98 of PD No. 1445 thus overstated the liability accounts.**

PAS No. 37 provides that a liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow of economic benefits. A liability can be recognized only when the entity has present obligation, it is probable that an outflow of resources will be required to settle the obligation and the reliable estimate can be made out of the amount of obligation.

Section 98 of PD 1445 requires of any unliquidated balance of accounts payable which has been outstanding for two years or more and against which no actual claims, administrative or judicial, has been filed or which is not covered by perfected contracts on record.

Analysis of the account balances of various liability accounts disclosed that various amounts remained to be outstanding for more than two years. These include liabilities to unknown creditors/suppliers and various items for remittances to other government agencies. Details shown below:

<b>Account Code</b>	<b>Particulars</b>	<b>Balance</b>
412-D	Due to NGA's (BIR) – Tax Withheld	61,375.15
413-1A	Due to GOCC (GSIS) - Premium	347/15
413-1B	Due to GOCC (GSIS) – Salary Loans	6,253.31
413-1C	Due to GOCC (GSIS) – Policy Loans	200.00
413-2D	Due to GOCC (Pag-ibig) – Salary Loans	4,382.72
	<b>Subtotal</b>	<b>72,558.33</b>
429-A	Other Payables- Other Current & Accrued Liabilities	62,244.60
429-B	Other Payables – Vouchers Payable	108,217.00

	<b>Subtotal</b>	<b>170,461.60</b>
	<b>Total</b>	<b>243,019.93</b>

Inquiry with the Accounting personnel revealed that the accounts are still for reconciliation process and there are no available sufficient records from prior years' transactions that would facilitate efficient tracing of these balances.

Non-reconciliation of obligations to other government agencies causes extended delay in remittance and may further cause problems in future claims of the concerned personnel. Moreover, continued reporting of obligations which remained to be unclaimed for more than two years result to overstatement of liability accounts.

**Recommendation:**

Instruct the Accounting personnel to expedite the reconciliation of the unremitted balances to other government agencies e.g BIR, GSIS and Pag-IBIG and to revert to Government Equity the Other Payables which has been outstanding in the books for more than two years in compliance to Section 98 of PD No. 1445.

**Management Comment:**

Management during the exit conference commented that they were able to revert around P62,000.00 and will still be remitting the remaining amounts aforementioned. The Audit Team considers this observation partially implemented.

AUDIT ON COMPLIANCE WITH LABOR LAWS

**5. The District paid overtime services to regular, casual and job order employees totaling P 318,987.94, contrary to the provisions of CSC and DBM Joint Circular No. 1 s. 2015.**

Civil Service Commission and Department of Budget and Management Joint Circular No. 1, s. 2015 dated November 15, 2015 granting flexibility to agencies to pay overtime services in cash, subject to certain conditions and limitations such as the nature of overtime work to be rendered, overtime payment limit, reportorial requirements and other pertinent measures to efficiently and effectively implement the grant of overtime pay. As a general rule, the remuneration for overtime services shall be through Compensatory Time Off, in accordance with the guidelines under the CSC-DBM Joint Circulars No. 2, s 2004 and No. 2-A s, 2005.

Priority activities that may warrant rendition of overtime services are as follows:

1. Priority programs and projects embodied in Presidential directives with specific dates of completion;

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;
3. Essential public services during emergency or critical situations that would require immediate or quick response;
4. Relief, rehabilitation, reconstruction, and other work services during calamities and disasters;
5. Seasonal work, such as but not limited to preparation of budgets and annual reports, in order to meet scheduled deadlines;
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 and Development Authority;
7. Services rendered by drivers and other immediate staff f officials when they are required to keep the same working hours as these officials; and
8. Such other activities as are needed to meet performance targets or deliver services to the public as may be determine by the agency head.

Verification of the payrolls showed payment of overtime services to regular, casual and job order employees totaling P 318,987.94 who performed regular works such as interconnection of mainline expansion, transfer of tapping at mainline, repair of leakages, installation of new water services, operating pump, securing and cleanliness of pumping stations which can be done in a regular office hours.

Scrutiny of the Daily Time Record revealed the following:

1. Employees claiming overtime pay has not rendered 8 hours of work a day for 5 days a week or a total of 40 hours a week per attached Daily Time Record (DTR) as shown as **Appendix E**;
2. Did not observe breaks for breakfast, lunch or supper and rest, and every 3 hours of continuous overtime service, or as may be necessary..
3. Entries in the DTR were not adequately filled up and has no corresponding entry in the logbook, in the absence of a bundy clock in the field. This information was supplied to the team by the designated time keeper, thus number of hours claimed is questionable; and;
4. Regular and casual employees doing routine works were paid overtime pay;

5. Job Orders were paid overtime instead of salaries/wages only. The payment of overtime is disallowable in audit (amount is still subject for computation and will be issued Notice of Disallowance).

The above deficiencies violate Section 10 of the same law on the limitation of overtime services particularly the following:

1. Only employees who arrive on or before the start of the work day shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered;
2. One-hour breaks shall be observed for breakfast, lunch, supper, rest and every 3 hours of continuous overtime service, or as may be necessary;
3. Rendering overnight overtime services shall be resorted to only when extremely necessary. No employees shall be allowed to render overnight service for more than 2 consecutive nights, for health reasons and to ensure employee productivity;
4. Period of overtime services shall not be used to offset undertime; and
5. Only a maximum of 12 hours of overtime services on a rest day or schedule day off, holiday, or special non-working day, shall be compensated through overtime pay, any excess over 12 hours shall be compensated through CTO.

Overtime work can be avoided by adequate planning of work activities. It shall not be resorted to in the performance of regular routine work and activities. Manual labor which requires 24/7 such as pump or reservoir operator can be done on rotation basis.

**Recommendation:**

We recommended Management to observe the limitations on overtime services and overtime pay in conformity with CSC and DBM Joint Circular No.1 s. 2015.

**Management Comment:**

Management during the exit conference commented currently pump operators or those that are in the field are given overtime pay because of the urgency of work required. Rendering also overtime are supported with Authority duly signed by concern officials. Audit Teams considers this observation partially implemented upon submission of management comment.

**6. Various Fuel consumption of motor vehicles totaling P 44,335.94 were not duly supported with necessary documents resulting to irregular disbursement of government funds as required by COA Circular 77-61.**

The District paid fuel procured thru credit billed by El Elyon Shell Station, located at Maramag, Bukidnon for the period covered November 2015 to May 2016 amounting to P149,048.72 However, various official receipts included in the billed amount were not supported with driver's trip ticket in the total amount of P 44,335.94. (**Appendix A**).

COA Circular 77-61 prescribes the use of Manual for Audit of Fuel Consumption of Government Motor Vehicles in order to minimize wasteful, excessive and unnecessary expenditures for fuel consumption of government vehicles.

The manual provides that the use of government vehicle should be controlled through properly accomplished and duly approved Driver's Trip Tickets (Form A) (**Appendix A.1**) which should be serially numbered, a summary of which shall be made at the end of the month in a Monthly Report of Official Travels (Form B) (**Appendix A.2**), for audit purposes. It also provides that the fuel consumption of government motor transportation shall be properly controlled and accounted for through approved Requisition and Issue Voucher or equivalent.

In our audit of the payment of the fuel consumption revealed lacked of trip tickets as shown in Appendix A. This will be suspended in audit pending submission of the same.

Likewise, there were driver's trip tickets attached that were not duly filled up, not serially numbered as required in the above stated Circular. Additionally passenger/s did not affix their name and signature, purpose of the trip not indicated and more so, the necessary information that the driver should fill-up in the trip ticket below were not indicated such as:

- Arrival (Date, Time Place)
- Odometer Reading
- Balance in tank
- Purchased outside
- Gasoline used during the trip
- Total distance travelled

This is an indication of lack of internal control measure in the payment of fuel consumption.

Nevertheless, Management reasoned out that the driver's trip ticket cannot be fully filled up due to defective Odometers because of its obsolescence hence beginning balance could not be determined except for the Ford Everest and Mitsubishi L-300.

Lack of internal control in the requisition of fuel and use of motor vehicles exposes the District to risks of wasteful, excessive and unnecessary expenditures of fuel consumption. The use of government motor vehicles with an improperly accomplished trip tickets may result to irregular use vehicles.

**Recommendations:**

1. Segregate billed amount which were not supported with the required supporting documents and not to be included in the payment;
2. Strictly monitor the usage of fuel of motor vehicles by implementing sound internal control in the requisition of fuel as well as the use thereof;
3. Use serially numbered trip tickets and strictly require the drivers to secure duly accomplished and approved trip tickets before using the motor vehicles;
4. Instruct the drivers to indicate the name and signature of the passengers and date on the certification that he/she use the vehicle on official business.
5. Implement logbook of the use of motor vehicles using the serial number of trip tickets as reference to monitor the leave and return of vehicles in the office premise;
6. Require the drivers to submit their trip tickets before payment of the billed amount from the supplier of fuel; and
7. Strictly adhere to the provisions of COA Circular 77-61

**Management Comment:**

Management during the exit conference commented that they are already using the new format as prescribed also by the recommendations aforementioned. Audit team considers this observation fully implemented.

**7. Disbursements for travel of District official and members of the Board of Directors were contrary to COA Circular No. 97-002 as amended by COA Circular No. 2006-005 and the Travel Law.**

COA Circular 97-002 as amended by COA Circular 2006-005 provides for the rules and regulations on the granting, utilization and liquidation of cash advances. Section 4.1.1 specifies that no cash advance shall be given unless for a legally specific purpose.

Section 4 of Executive Order (E.O.) No. 298 also known as the Travel Law allows the claim of ₱ 800.00 per diem apportioned as fifty percent for hotel/lodging;

thirty percent for meals and twenty percent for incidental expenses. The said E.O. also allows for reimbursements of actual travel expenses in excess of the rates authorized subject to the certification by the head of agency concerned as absolutely necessary in the performance of an assignment and presentation of bills/receipts.

Section 4.3.3 of COA Circular 97-002 provides for the supporting documents for the grant of the cash advance which includes the authority by the Agency head, in the case of actual travel to be issued by the Chairman of the Board in the absence of the delegated authority to the General Manager.

District official and members of the Board of Directors (BOD) were granted cash advances amounting to ₱ 7,000.00 each to attend the PAWD National Convention on February 3-5, 2016, a supporting estimate of the cash advance was an itemized list which includes PAWD registration of ₱3,600.00 and Miscellaneous of ₱ 3,400.00 without specifying for what purpose the said miscellaneous estimate is needed. (**Appendix B**).

Another cash advances were granted to the said official and members of the BOD as traveling allowance to include the four days lodging, meals and incidental expenses as provided by the travel law (**Appendix C**).

Audit of liquidation disclosed that the said District official and three members of the BOD were reimbursed for the actual amount paid for the hotel/lodging without deducting the amount already claimed when they were granted the cash advances which were already included their hotel/lodging at ₱ 400.00 per day. The non-deduction of the amount already claimed for hotel/lodging tantamount to double payment for the same claim. (**Appendix D**).

**Recommendation:**

We recommended that management refund the amount of ₱ 6,400.00 and adheres to the provisions of COA Circular 97-002 as amended by COA Circular 2006-005 in the grant, utilization and liquidation of cash advances and the prescribed rules and regulations of Executive Order 298.

**Management Comment:**

Management commented that the Cash Advance of the Officers and Board of Directors amounting to ₱ 7,000.00 per participants was itemized as Registration Fee ( ₱ 3,600.00) and Extra Miscellaneous Expenses (P 3,400.00) which was charged to the GM's EME). The Reimbursement for the travel expenses (room accommodation) was the actual expenses of the Officers and Board of Directors during the PAWD Convention, and the Cash Advance amounting to ₱ 3,600.00 was already deducted in the reimbursement of the GM & Board of Directors, thus, there was no double payment of the claim. The Management already prepared the authority to claim actual expenses during the said travel.

**8. Purchased of plane tickets for the travel of the District official and members of the Board of Directors (BOD) were from the travel agency owned and managed by one of the members of the BOD creating conflict of interest.**

Section 108 of PD 1445 Prohibits against pecuniary interest of any accountable or responsible officer to engage directly or indirectly, in any contract or transaction of the agency in which he is such an officer.

The District procured plane tickets for its official and members of the BOD for their travel to attend the PAWD National Convention in Clark, Pampanga and seminar on Basic and Advance Policy Making in Baguio City. The District transacted with 3G Travel and Tours which is owned and managed by Elma A. Estenzo. She is currently a member of the BOD and a recipient of the said travel and participated in the convention and seminar.

The said tickets were procured without conducting a canvass through submission of request for price quotation (RFQ). The attached billings clearly showed her name as she signed as the owner/manager. The official receipts likewise showed her as the proprietor of 3G Travel and Tours.

In the absence of said canvass the District is not assured of the most advantageous price for the transaction. Likewise, her position as a member of the BOD created a conflict of interest being the owner of the travel agency which benefited from the transaction being one of the recipients of the said travels.

**Recommendation:**

We recommended that Management refrain from conducting business with establishment which creates a conflict of interest.

**Management Comment:**

Management commented that they have already stopped conducting business, particularly purchasing of plane ticket with the Travel Agency owned by the BOD member.

**9. The District incurred expenses in the total amount of P120,171.93 during its General Assembly and Christmas Party for CY 2016 despite insufficient allocation for mandatory restricted asset as required under Title II Section 41 of PD 198 and despite Administrative Order No. 103 dated August 31, 2004 on adoption of austerity measure in government.**

Title II Section 41 of Presidential Decree 198 referred to as the Local Water District law states the disposition of income for water districts as follows:

*“The income of the district shall be disposed of according to the following priorities:*

*First, to pay its contractual and statutory obligations and to meet its essential current operating expenses.*

*Second, to allocate at least fifty percent (50%) of the balance exclusively as a reserve for debt service and operating and maintenance, to be used for such purposes only during periods of calamities, force majeure or unforeseen events.*

*Third, to allocate the residue as a reserve exclusively for expansion and improvement of its physical facilities.”*

Furthermore, Section 1. Item A.7 of Administrative Order No. 103 dated August 31, 2004 on Directing the continued adoption of Austerity Measures in the Government, specifically prescribed the suspension of Conduct of celebrations and cultural or sports activities not related to the core function of the agency.

Audit of the December 2016 transaction showed that the district incurred expenses in the total amount of P120,171.93 during its General Assembly and Christmas Party on December 17, 2016 at Maramag, Bukidnon. Details of the charges made are as follows:

DATE	CN	PARTICULARS	AMOUNT
12/14/2016	1614574	Purchase of Christmas Party Give-Aways (Towels, kitchen wares)	₱25,441.00
12/15/2016	1614585	Purchase of Christmas Party Give-Aways (Planner & Assorted Groceries)	18,239.25
12/19/2016	1614602	Tarpaulin for General Assembly/ Christmas Party	1,365.00
12/19/2016	1614593	Payment for the catering services (160pax)	33,280.00
12/19/2016	1614594	Payments of lights & sounds Services	7,368.42
12/19/2016	1614595	Payment of snacks	1,608.84
12/19/2016	1614596	Purchase of Give-aways (Food Groceries)	16,811.50
12/22/2016	1614622	Various petty expenses related to Christmas Party	2,557.92
12/22/2016	1614623	3 pieces of letson baboy for Christmas party and other activities	13,500.00
		<b>TOTAL</b>	<b><u>₱120,171.93</u></b>

Moreover, review of composition of restricted assets showed that the district was not able to reach at least fifty percent (50%) on the allocation of the balance after contractual & statutory obligations and current operating expenses as shown below:

Conservative Computation of 50% allocation for Restricted Assets			% from Net Income
Net Income for the period December 31, 2016		<u>₱3,767,692.41</u>	
Required 50% restricted assets		<u>1,883,846.21</u>	50%
Restricted Assets			
As of December 31, 2016	9,035,213.89		
As of December 31, 2015	(7,814,047.96)	1,221,165.93	32%
Lacking allocation for restricted assets		<u><b>₱662,680.27</b></u>	<b>18%</b>

As any other government agency that conducts conferences, assemblies and Christmas Parties during December, the Maramag Water District approved and authorized the appropriation of P164,000.00 budget for its General Assembly and Christmas Party for CY 2016 under Board resolution 66 Series of 2016.

Provided that these conferences, assemblies and Christmas parties strengthens and promote camaraderie and harmonious relationship between and among the employees of the district but nonetheless this must not rise above the core activities of the water district as a provider for public utility.

Had the District observed prudence in government spending, savings could have been generated from these activities that could help cover the insufficient allocation for mandatory restricted assets.

**Recommendation:**

We recommended Management to:

- a. Strictly comply with Section 41, Title II of PD 198 in the disposition of revenue by allocating at least 50% of the income after contractual & statutory deductions and current operating expenses; and
- b. Observe AO 103 series of 2004 by allocating and disbursing prudent amount for basic activities that do not fall under the core functions of the district.

**Management Comment:**

The Management during the exit conference commented that the aforementioned findings will be properly observed.

**COMPLIANCE WITH TAX LAWS, RULES, AND REGULATION**

Pertinent provisions of tax laws, rules, and regulations were strictly observed as the district withheld taxes from employees and suppliers, and remitted the same to the BIR.

**GENDER AND DEVELOPMENT (GAD)**

The compliance to E.O. 273, otherwise known as the Philippine Plan for Gender Responsive Development was adhered to as the district undertook activities to address women and gender issues within the 5% allocated budget for GAD.

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

As of December 31, 2016, Notice of Suspensions issued during the year amount to ₱258,833.94 and Notice of Disallowance issued amount to ₱266,636.00. Total settlements of disallowances made totaled ₱78,336.34. Remaining unsettled suspensions and disallowances as of year-end total ₱258,833.94 and ₱497,329.00, respectively. **(Appendix F).**

**PART III –  
STATUS OF  
IMPLEMENTATION  
OF PRIOR YEAR’S AUDIT  
RECOMMENDATIONS**

### PART III - STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the 18 prior years' audit recommendations four was fully implemented and fourteen were partially implemented as shown below:

Ref.	Audit observations	Audit Recommendations	Status of Implementation	Auditor's Validation
<b>CY 2015</b>				
1.	Accounts Receivable amounting to P 4,394,002.48 as at year-end was not stated at net realizable value due to non-provision for allowance for doubtful accounts contrary to Philippine Accounting Standards (PAS) I and Section 66 of the New Government Accounting System (NGAS) Manual Volume I.	We recommended and management agreed to provide allowance for doubtful accounts of the accounts receivables based on the percentage and ageing of accounts in order to present the account fairly in the financial statement in compliance with PAS I and Section 66 of the NGAS Manual Volume I.	<i>Partially Implemented</i>	Management Programmer is on call basis and not yet available to re-format the aging of accounts receivable computer software.
2.	Accounts Receivable – customers amounting to P 4,394,002.48 as of December 2015 was doubtful due to unreconciled balance of P 100,670.70 between the Accounting and Commercial divisions, contrary to Philippine Accounting Standards (PAS) I.	We recommended to management to instruct the Accounting/Commercial Divisions to reconcile the difference of P 100,670.70 and adhere strictly to the provisions of (PAS) I.	<i>Partially Implemented</i>	On-going reconciliation of commercial and accounting records
3.	Property, Plant and Equipment (PPE) and Accumulated Depreciation accounts amounting to P 79,379,323.37 and P 26,789,810.17 respectively were	We recommended and management agreed to require the accounting unit to strictly adhere to the provisions of PAS 16 in assigning the correct estimated useful life of the asset and make the	<i>Fully Implemented</i>	

	doubtful due to inaccurate assignment of the estimated useful life of some assets contrary to Philippine Accounting Standards (PAS) 16.	necessary adjustment in the current and prior period which was affected by the inaccuracy.		
4.	The District failed to conduct the annual physical count of the property, plant, equipment and inventories contrary to Philippine Accounting Standard (PAS) No. 2 and Section 490 of the Government Accounting and auditing Manual Volume 1.	<p>We recommended and management agreed to strictly comply with PAS No. 2 and Section 490 of the GAAM Volume 1 to conduct physical count on all the District's PPE including Inventory of Supplies and Materials at least once a year.</p> <p>Prepare the RPCPPE and RPCI after conducting the year-end inventory and submit the same to the audit team. It is likewise recommended that the Inventory Accounts section be required to conduct immediate reconciliation for every variance noted during the physical inventory of PPE and Materials and Supplies.</p>	<i>Partially Implemented</i>	Conducted physical count on all the District's PPE including Inventory of Supplies and Materials but Due to Lack of Manpower, preparation of RPCPPE and RPCI was not submitted to COA.
5.	Contract of security services undertaken by the District have not subjected to public bidding or alternative mode of procurement and payments of such were not subjected to withholding taxes.	We recommended and management agreed that procurement of the security services shall be subjected to public bidding or alternative mode of procurement, in which case is applicable, in accordance with the provisions of IRR of RA 9184 and GPPB Resolution No.24-2007 (Prescribing the Guidelines on the Procurement of	<i>Partially Implemented</i>	Adhere to COA's recommendation, and RFQ's were already sent to security agencies.

		<p>Security and Janitorial Services) which should not exceed three years.</p> <p>Submit a copy of the memorandum of agreement or contract signed by both the District and the security agency which should prove the agreement of both parties in the terms and conditions in the procurement of security services. Submit also the following:</p> <ul style="list-style-type: none"> <li>a. Copy of the original contracts or Memorandum of Agreements signed between the District and the security services.</li> <li>b. DTR</li> <li>c. Proof of remittance to concerned government agencies.</li> </ul> <p>Instruct the accounting to withhold taxes from the agency fees paid to the security agency in compliance with applicable BIR Rulings e.g. RMO Circulars No. 23-2014 and 39 - 2007.</p>		
6.	The District is not compliant with DBM National Payroll System (NPS) in paying the salaries of its employees,	We recommended and management agreed to comply with the DBM National Payroll System and implement it in 2016 to	<i>Fully Implemented</i>	

	thus depriving itself of a more accurate payroll related activities.	ensure better efficiency in payroll payment. This will also reduce the workload in the accounting and cashiering section.		
7.	The District paid Travelling Allowance more than the allowable rate in violation of Executive Order No. 298 dated March 23, 2004.	We recommended and management agreed to Stop granting P400.00 for per diem of the officials and employees of MWD effective in the year 2016 and strictly follow the rules and regulations provided in EO 298.	<i>Fully Implemented</i>	
8.	The District inadvertently reported operating income from water sales from January to December 2015 net of taxes equivalent to the taxes withheld by government and other various concessionaires instead of gross sales that resulted to understated income of ₱ 41,490.95, contrary to Philippine Accounting Standards (PAS) 18.	<p>We recommended and management agreed to the following:</p> <p>Management to consider communicating with the Bureau of Internal Revenue (BIR) office to request the application as tax credit of the 3% income taxes withheld and remitted by the government concessionaires and other business establishment to the District's franchise tax on the subsequent payment;</p> <p>Make representation to the withholding payors to deduct 2% franchise tax only excluding the non VAT of 3% which affected the reduction of the operating income of the district;</p> <p>Require the Cashier/Tellers to secure copies of the BIR Form</p>	<i>Fully Implemented</i>	

		<p>2307 from the withholding government agencies and other business establishment upon payment/settlement of the latter's account; and</p> <p>Require the Accounting Section to observe PAS No. 18 in compliance to Section 121 of PD 1445. Prepare a summary of all taxes withheld from water sales from January to July and make an adjusting entry:</p> <p>Input Tax (181) xxxx Sales Revenue (571) xxxx</p> <p>To record taxes withheld from government offices and business establishments.</p>		
9.	Excessive Cost of registration fees in Conventions, Seminars, Conferences, Symposia, Similar Non-Training Gatherings and seminars of the same nature, totaling ₱ 25,100.00 contrary to National Budget Circular No. 486 dated March 26, 2003.	We recommended and management agreed to discontinue payment of registration fee in excess of P1,200 per day in conformity with NBC No. 486 dated March 26, 2003.	<i>Partially Implemented</i>	Adhere to COA's recommendation
	The District's Non - Revenue Water (NRW) representing the unaccounted water from January to December 2015 was registered at 49.98 percent is way above the 20 percent acceptable level prescribed by LWUA	We recommended and management agreed to continue exerting effort through its programs and make it a priority to reduce its NRW to an acceptable level as provided for by LWUA Memorandum Circular No. 004-10.	<i>Partially Implemented</i>	Management continue to exert effort to identify the causes of NRW

	Memorandum Circular No. 004-10.			
	<b>CY 2014</b>			
11.	Construction in Progress (CIP) account includes various completed projects amounting to P1,232,484.10 thus, failing to account for the depreciation charges and affecting the income and expense account for CY 2014 contrary to Section 41 of the New Government Accounting System (NGAS).	Record the completed projects and record the corresponding depreciation expenses one month after the final acceptance of the completed project; and the Engineering Division to maintain record for materials requisitioned and used for the project.	<i>Partially Implemented</i>	On-going
12.	The Loans Payable account - Non-LWUA Initiated Fund (NLIF) of P13,261,625.00 was overstated due to the inclusion of the whole as payable despite one half or P 6,630,812.50 was in a form of grant and having been completed but not transferred to appropriate PPE account thus failing to account for the related accumulated depreciation resulting to understatement and overstatement of expense and income accounts respectively.	Make representation with LWUA to obtain relevant documents to validate the Loans Payable and related accounts pertaining to NLIF, including the certificate of work completion; and direct the Senior Corporate Accountant to make the necessary adjustments based on valid document in order to come up with fair presentation of the Loans Payable-NLIF and CIP Accounts in the FS.	<i>Partially Implemented</i>	Ongoing reconciliation since copy of signed MOA between MWD and LWUA was missing
	<b>CY 2013</b>			

13.	The book balance of Materials and Supplies Inventory (Account 131) remained unreconciled with the inventory report having a variance of ₱587,867.46 as of December 31, 2013 due to discrepancy in the recording of deliveries/receipts and issuances/ withdrawals of materials and supplies inventory.	Require the personnel in the Accounting and Property Sections to reconcile regularly the balance per book and that of the monthly stock status report taken into consideration the report on the actual physical count of materials and supplies inventory. Also, require monthly reconciliation on the recording of adjustments, deliveries/receipts and issuances/withdrawals affecting the said account. Effect necessary adjustments either in the books or physical inventory report to have a fair presentation of account balance.	<i>Partially Implemented</i>	Conducted physical count on all the District's PPE including Inventory of Supplies and Materials but Due to Lack of Manpower, preparation of RPCPPE and RPCI was not submitted to COA.
14.	Various claims of foreign travel expenses totaling ₱219,906.00 incurred by the district officials to attend international seminar/conference in Jakarta, Indonesia in CY 2012 and Tachikawa, Japan in CY 2013 organized by EROPA were not supported with the required authority to travel abroad and without complying other conditions as detailed in the Office of the President Memorandum Circular No. 7 series of 2010 and LWUA Memorandum Circular	Require the concerned district officials to submit the required authority to travel. Strictly comply the conditions set as detailed in LWUA Memorandum Circular No. 010-10 and Memorandum Circular No. 7 series of 2010 of the Office of the President in sending participants to international conventions/conferences.	<i>Partially Implemented</i>	Management stopped foreign travels and COA Audit Team issued ND – 2016 – 01 and 02 (CY 2013)

	No. 010-10.			
15.	Payments of financial assistance and cash gift to the board of directors totaling P52,875.00 for CY 2013 were made without legal basis.	Strictly observe the pertinent provisions of EO Nos. 24 and 65 and LWUA Memorandum Circular No. 015-12 in approving payments of incentives which should be supported with valid authority. Require the members of the board to refund the CNA received on or before May 31, 2014.	<i>Partially Implemented</i>	COA Audit Team issued COE dated March 3, 2016
	<b>CY 2012</b>			
16.	The district has an unliquidated cash advances totaling P135,855.26 as of December 31, 2012.	<p>a. Require the concerned officer and employees of the district to facilitate submission of liquidation reports and supporting documents on or before August 15, 2013.</p> <p>b. Submit a letter-request to the Commission on Audit for possible write off of cash advances of government employees who are already deceased or those that remained unliquidated for more than ten years subject to certain conditions as detailed in COA Resolution No. 80-122 dated April 23, 1980.</p>	<i>Partially Implemented</i>	Unliquidated Cash advance of some of the Officers and Employees were partially collected and are willing to pay on installment basis

17.	Land and land rights with a value of ₱485,000.00 were not supported with legal documents of ownership.	Make representation with the DENR Regional Office to clarify the conditions set by certain DENR personnel. The non-titling of purchased lots should be properly disclosed as part of the notes to the financial statements.	<i>Partially Implemented</i>	On going – Long process of Tax Declaration at BIR Office
18.	₱1.929 million or 58% of the total balance per aging schedule of the accounts receivables-customers was considered inactive accounts and the same were included as part of the current assets	Conduct a thorough investigation on the whereabouts of concessionaires whose accounts were classified as dormant or inactive and determine as to its collectability of their respective accounts. Further, direct the Accounting Section to reclassify the inactive accounts as Other Assets. Also, submit a request for possible write-off of inactive accounts with nil probability of collection to the Commission on Audit.	<i>Partially Implemented</i>	Management already requested write – off of dormant and inactive accounts, but no response yet. Classification and reconciliation of In-active accounts were already on the process.

## **PART IV – APPENDICES**

<b>APPENDIX</b>	<b>TITLE</b>	<b>AAR Page No.</b>
<b>A</b>	<b>Fuel Consumption</b>	<b>31</b>
<b>A.1</b>	<b>Form A- Driver's Trip Ticket</b>	<b>31</b>
<b>A.2</b>	<b>Form B- Monthly Report of Official Travels</b>	<b>31</b>
<b>B</b>	<b>Cash Advance for PAWD Convention</b>	<b>33</b>
<b>C</b>	<b>Cash Advance for Travel to attend PAWD convention</b>	<b>33</b>
<b>D</b>	<b>Summary of reimbursement for Hotel Expenses during PAWD Convention</b>	<b>33</b>
<b>E</b>	<b>Summary of Overtime Pay</b>	<b>29</b>
<b>F</b>	<b>Summary of Notices of Charge, Disallowance, Suspension</b>	<b>37</b>

**MARAMAG WATER DISTRICT**  
**FUEL CONSUMPTION WITH DRIVER'S TRIP TICLET**  
**From November 2015 to May 2016**

<b>Name of Vehicle</b>		<b>OR No.</b>	<b>Amount</b>
Mitsubishi L-300 AA-230	11/16/15	194426	1,480.10
	11/25/15	196297	1,278.88
	11/30/15	196909	951.19
	2/10/16	199737	1,213.80
	2/23/16	162717	1,216.26
	3/03/16	163177	1,233.21
	3/07/16	163375	974.99
	3/28/16	164689	713.60
	4/01/16	164963	1,228.83
	4/15/16	164963	1,263.25
Ford Everest SHJ 329	12/11/15	195003	1,443.30
	12/13/15	197440	723.30
	12/16/15	195902	1,491.87
	1/04/16	195291	1,391.24
	1/14/16	198636	940.24
	1/21/16	198234	1,485.35
	1/29/16	199864	1,037.62
	2/01/16	197794	347.62
	2/05/16	197679	1,261.49
	2/09/16	199640	1,267.97
	2/17/16	199120	1,146.09
	3/14/16	163836	1,426.29
	3/17/16	163845	826.68
	3/22/16	164382	1,476.19
	4/04/16	164786	1,337.21
	4/12/16	167411	1,402.37
	4/18/16	165299	557.55
	4/21/16	166867	1,435.15
	4/26/16	167044	1,431.48
	5/03/16	165996	783.86
	5/05/16	166157	578.17
	5/10/16	166329	1,482.23
	5/11/16	166191	415.11
Isuzu Fuego SFP 550	12/11/15	195601	1,200.19
	1/05/16	195298	1,433.23
	4/14/16	167493	1,126.25
XRM RS RED SK 9283	12/28/15	195203	128.90
	12/18/15	195985	128.51
XRM RED SN 1345	1/05/16	195284	160.08
	2/01/16	199319	147.56
	2/06/16	199621	147.56
		198781	126.02
	3/21/16	164369	166.41
	3/28/16	164694	158.68
	5/05/16	166094	161.40
	5/10/16	166353	160.40
MULTIVAN SJJ 797	2/16/16	199008	1,353.87
	2/29/16	162979	1,317.65
	3/14/16	163323	440.00
<b>Total</b>			<b>P 44,335.94</b>

Form A

Republic of the Philippines  
 Department of \_\_\_\_\_

\_\_\_\_\_  
 (Name of Bureau or Office)

\_\_\_\_\_  
 (Date)

**DRIVER'S TICKET**

**A. To be filled by the Administrative Official Authorizing Official Travel:**

1. Name of driver of the vehicle \_\_\_\_\_
2. Government car to be used, Plate No. \_\_\_\_\_
3. Name of authorized passenger \_\_\_\_\_
4. Place or places to be visited/inspected \_\_\_\_\_
5. Purpose \_\_\_\_\_

**B. To be filled by the Driver:**

1. Time of departure from Office/garage \_\_\_\_\_ A.M./P.M.
2. Time of arrival at (per No. 4 above) \_\_\_\_\_ A.M./P.M.
3. Time of departure from (per No. 4) \_\_\_\_\_ A.M./P.M.
4. Time of arrival back to office/garage \_\_\_\_\_ A.M./P.M.
5. Approximate distance traveled (to and from) \_\_\_\_\_ A.M./P.M.
6. Gasoline issued, purchased and consumed:
  - a. Balance in tank \_\_\_\_\_ liters
  - b. Issued by office from stock \_\_\_\_\_ liters
  - c. Add-Purchased during trip \_\_\_\_\_ liters

T O T A L \_\_\_\_\_ liters
7. Gear oil issued \_\_\_\_\_ liters
8. Lub. Oil issued \_\_\_\_\_ liters
9. Grease issued \_\_\_\_\_ liters
10. Speedometer readings, if any:
 

At beginning of trip	_____	miles/kms.
At end of trip	_____	miles/kms.
Distance travelled (per 5 above)	_____	miles/kms.

11. Remarks:

I hereby certify to the correctness of the above statement of record of travel.

\_\_\_\_\_  
 (Driver)

I hereby certify that I used this car on official business as stated above.

\_\_\_\_\_  
 (Name of Passenger)

\_\_\_\_\_, 19 \_\_\_\_\_  
 (Date)

Form B

Republic of the Philippines  
 Department of \_\_\_\_\_  
 \_\_\_\_\_  
 (Name of Bureau or Office)

**MONTHLY REPORT OF OFFICIAL TRAVELS**  
 (To be accomplished for each motor vehicle)

Vehicle Plate No. \_\_\_\_\_ Date \_\_\_\_\_  
 Driver's Name \_\_\_\_\_

Date	Distance Traveled (inKms.)	Gasoline Consumed (in liters.)	Oil Used (in liters)	Grease Used	Remarks
<b>TOTALS</b>					

I hereby certify to the correctness of the above statements and that the motor vehicle was used on strictly official business only.

\_\_\_\_\_  
 Driver

Approved by:

\_\_\_\_\_  
 Administrative Officer

Note: This report should be accomplished in triplicate the original of which, supported by the originals of duly accomplished Driver's Record of travel (Form A) should be submitted, thru the Administrative Officer or his equivalent, to the Auditor concerned.

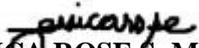
**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**

**APPENDIX B**  
**Finding No. 7**  
**AAR Page No. 33**

Summary of Cash advance for PAWD convention registration fee and Miscellaneous  
 January to May 2016

Check		DV No./ Payroll	Payee	Nature of Payment	Amount		PAWD Registration	Miscellaneous
Date	Number							
02/01/16	1546097	2016-02-08	GM Rosemarie D. Agustin	C/A for registration & other miscellaneous expenses for the travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	7,000.00		3,600.00	3,400.00
02/01/16	1546098	2016-02-09	Dir. BeneforteDy Tan Malack	C/A for registration & other miscellaneous expenses for the travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	7,000.00		3,600.00	3,400.00
02/01/16	1546099	2016-02-10	Dir. Pepito L. Pescadero	C/A for registration & other miscellaneous expenses for the travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	7,000.00		3,600.00	3,400.00
02/01/16	1546100	2016-02-11	Dir. Elma A. Estenzo	C/A for registration & other miscellaneous expenses for the travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	7,000.00		3,600.00	3,400.00
02/01/16	1546101	2016-02-12	Dir. Msgr. Demetrio G. Berondo, Jr.	C/A for registration & other miscellaneous expenses for the travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	7,000.00		3,600.00	3,400.00
02/01/16	1546102	2016-02-13	Dir. Menrado Y. Bonachita	C/A for registration & other miscellaneous expenses for the travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	7,000.00		3,600.00	3,400.00
<b>TOTALS</b>					<b>42,000.00</b>		<b>21,600.00</b>	<b>20,400.00</b>

Noted by:

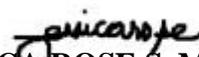
  
**JENNICA ROSE S. MADELA**  
 State Auditor I  
 Acting Audit Team Leader

**MARAMAG WATER DISTRICT**  
**Maramag, Bukidnon**

Summary of cash advance for travel to attend PAWD National Convention on Feb. 3-5, 2016  
January to May 2016

Check		DV No./ Payroll	Payee	Nature of Payment	Amount
Date	Number				
02/01/16	1546091	2016-02-02	GM Rosemarie D. Agustin	C/A for travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	3,600.00
02/01/16	1546092	2016-02-03	Dir. BeneforteDy Tan Malack	C/A for travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	3,600.00
02/01/16	1546093	2016-02-04	Dir. Pepito L. Pescadero	C/A for travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	3,600.00
02/01/16	1546094	2016-02-05	Dir. Elma A. Estenzo	C/A for travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	3,600.00
02/01/16	1546095	2016-02-06	Dir. Msgr. Demetrio G. Berondo, Jr.	C/A for travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	3,600.00
02/01/16	1546096	2016-02-07	Dir. Menrado Y. Bonachita	C/A for travel to Pampanga, Phils. to attend in the 37th PAWD National Convention held on Feb. 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	3,600.00
				<b>Total</b>	<b>21,600.00</b>

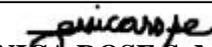
Noted By:

  
**JENNICA ROSE S. MADELA**  
State Auditor I  
Acting Audit Team Leader

MARAMAG WATER DISTRICT  
Maramag, Bukidnon  
Summary of reimbursement for hotel expenses during PAWD National convention  
January to May 2016

Check		DV No./ Payroll	Payee	Nature of Payment	Amount	Amount for hotel/lodging granted (4 days)	Excess
Date	Number						
02/19/16	1546150	2016-02-61	GM Rosemarie D. Agustin	Reimbursement for travel expenses (room accommodation) during the travel to Pampanga, Philippines to attend in the 37th PAWD National Convention held on February 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	9,293.75	1,600.00	7,693.75
02/19/16	1546151	2016-02-62	Dir. Pepito L. Pescadero	Reimbursement for travel expenses (room accommodation) during the travel to Pampanga, Philippines to attend in the 37th PAWD National Convention held on February 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	9,293.75	1,600.00	7,693.75
02/19/16	1546152	2016-02-63	Dir. Elma A. Estenzo	Reimbursement for travel expenses (room accommodation) during the travel to Pampanga, Philippines to attend in the 37th PAWD National Convention held on February 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	9,293.75	1,600.00	7,693.75
02/19/16	1546153	2016-02-64	Dir. Menrado Y. Bonachita	Reimbursement for travel expenses (room accommodation) during the travel to Pampanga, Philippines to attend in the 37th PAWD National Convention held on February 03 - 05, 2016 at Fortona, Clarkfield, Pampanga.	9,293.75	1,600.00	7,693.75
<b>Totals</b>					<b>37,175.00</b>	<b>6,400.00</b>	<b>30,775.00</b>

Noted By:

  
**JENNICA ROSE S. MADELA**  
State Auditor I  
Acting Audit Team Leader

**MARAMAG WATER DISTRICT**

**Schedule of Paid Overtime Services to Employees  
January to June, 2016**

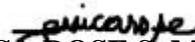
Name of Employees		No. of Hours December		No. of Hours January		No. of Hours February		No. of Hours March		No. of Hours April		No. of Hours May		No. of Hours June		TOTAL
Ancog, Rodolfo G.	R	20	1,270.55					16	1,059.80	8	529.90	20	1,324.75	8	529.90	<b>4,714.90</b>
Babasol, Roberto R.	R	208	13,613.34	200	13,089.75	196	12,827.95	204	13,897.50	192	13,080.00	204	13,897.50	184	12,535.00	<b>92,941.04</b>
Carreon, Ramil Y.	R	4	261.79					8	545.00					4	272.50	<b>1,079.29</b>
Dumale, Rolando L.	R	16	1,016.44							8	529.90					<b>1,546.34</b>
Magallanes, Marlito	R	96	6,283.08	88	5,759.49	80	5,235.90	80	5,450.00	72	4,905.00	80	5,450.00	64	4,360.00	<b>37,443.47</b>
Sales, Manuel P.	R	96	6,283.08	88	5,759.49	80	5,235.90	80	5,450.00	72	4,905.00	80	5,450.00	64	4,360.00	<b>37,443.47</b>
Sotero, Pascual G.	R	96	6,283.08	88	5,759.49	80	5,235.90	80	5,450.00	72	4,905.00	80	5,450.00	64	4,401.04	<b>37,484.51</b>
Tandog, Hermogenes D.	C	8	508.22					16	1,059.80	16	1,059.80	20	1,324.75	12	794.85	<b>4,747.42</b>
Lariosa, Gilbert Q.	JO	251	10,981.25	155	6,781.25	145	6,343.75	155	6,781.25	150	6,562.50	155	6,781.25	150	6,562.50	<b>50,793.75</b>
Lariosa, Nora S.	JO	251	10,981.25	155	6,781.25	145	6,343.75	155	6,781.25	150	6,562.50	155	6,781.25	150	6,562.50	<b>50,793.75</b>
<b>Total Amount</b>			<b>57,632.08</b>		<b>30,368.22</b>		<b>28,535.65</b>		<b>32,912.10</b>		<b>29,914.60</b>		<b>32,897.00</b>		<b>27,253.29</b>	<b>318,987.94</b>

*Note: Starting January 2016 the supposed-overtime pay of Lariosa, Gilbert and Lariosa, Nora are NO longer expensed as OVERTIME instead it was part of SALARIES EXPENSE (since they are Job Orders) - which amounted to 79,625.00 (Jan. to June 2016)*

**SUMMARY OF NOTICES OF CHARGE, DISALLOWANCE, SUSPENSION**

<b>Notice of Suspension:</b>			
<b>NS No.</b>	<b>Date Issued</b>	<b>Particulars</b>	<b>Amount</b>
NS 16-001 (15)	August 1, 2016	Isengard Security Services	P179,498.00
NS 2016-08-03	August 8, 2016	El Elyon Shell Station	44,335.94
NS 2016-08-04	August 8, 2016	Atty. Glicerio S. Cavalida	35,000.00
<b>Total</b>			<b>258,833.94</b>
<b>Notice of Disallowance:</b>			
<b>ND No.</b>	<b>Date Issued</b>	<b>Particulars</b>	<b>Amount</b>
ND 2016-01 (15)	March 1, 2016	MWD Employees	P 25,100.00
ND 2016- 01 (13)	March 3, 2016	MWD Employees	100,000.00
ND 2016-02 (12)	March 3, 2016	MWD Employees	119,906.00
ND 2016- 02	August 3, 2016	Davao City Water District	9,000.00
ND 2016-03	August 3, 2016	Engr. Victor R. Panganiban; Albert R. Sedenio; Haiji Val I. Sinet	12,630.00
<b>Total</b>			<b>P266,636.00</b>
<b>Notice of Settlement</b>			
<b>NSSDC No.</b>	<b>Date Issued</b>	<b>NS/ND</b>	<b>Amount</b>
NSSDC 08-001	December 1, 2015	ND-MWD 2015-02 (CY 2014) Unnecessary expenses of PAG-IBIG/HDMF Fund Contribution in excess of P100.00 as required under Sec. 1 Rule IV, IRR of RA No. 742	P78,336.34
<b>Total</b>			<b>P78,336.34</b>

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