



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

ANNUAL AUDIT REPORT

on the

**PARTIDO DEVELOPMENT
ADMINISTRATION**

Tigaon, Camarines Sur

For the Year Ended December 31, 2015



Republic of the Philippines
COMMISSION ON AUDIT
Office of the Regional Director
Regional Office No. V
Rawis, Legazpi City



June 22, 2016

THE BOARD OF DIRECTORS

Partido Development Administration
Tigaon, Camarines Sur

Gentlemen:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Partido Development Administration, Tigaon, Camarines Sur, for the calendar year ended December 31, 2015, in compliance with Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The report contains the results of the audit which was conducted on a test basis, with the primary objective of ascertaining the propriety of financial transactions, the compliance to prescribed rules and regulations, and the fairness of presentation of the financial statements of the District.

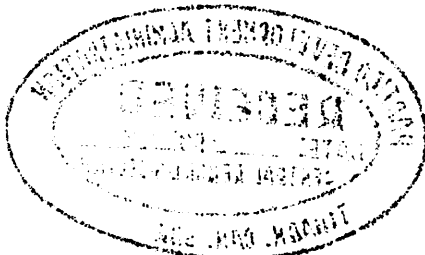
The summary of the audit results including the status of implementation of the prior years' audit recommendations and the certificate of the Auditor on the fairness of presentation of the financial statements are laid out in the Executive Summary. For the details of the observations and recommendations, we refer you to Part II of the report.

We request that the recommendations be implemented and we would appreciate being informed of the actions taken thereon within sixty (60) days from receipt hereof, using the prescribed format of the Agency Action Plan and Status of Implementation (AAPSI) attached to this letter.

We express our appreciation for the support and cooperation extended to our Auditors by the officials and employees of the District.

Very truly yours,


for: **ROLAND A. REY**
Regional Director



Województwo Śląskie
Urząd Wojewódzki
Katowice, 15.12.1998
Znak sprawy: 15.12.1998



Wniosek o udzielenie pomocy w formie świadczenia socjalnego

Dotyczy:

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Dotyczy:

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy
Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Wniosek o udzielenie pomocy w formie świadczenia socjalnego

Wniosek o udzielenie pomocy w formie świadczenia socjalnego
z tytułu utraty pracy

Copy furnished:

- Administrator, LWUA
- Auditor, LWUA
- File, Regional Director, COA RO5
- Office of the President
- Office of the Vice-President
- President of the Senate
- Speaker of the House of Representatives
- Chairperson-Senate Finance Committee
- Chairperson-Appropriations Committee
- Secretary of the Department of Budget and Management
- Governance Commission for GOCCs
- Presidential Management Staff, Office of the President
- National Library (soft copy)
- University of the Philippines (UP) Law Center (soft copy)
- COA Commission Central Library (soft copy)



Republic of the Philippines
COMMISSION ON AUDIT
Office of the Regional Director
Regional Office No. V
Rawis, Legazpi City



June 22, 2016

ENGR. RAMON F. FUENTEBELLA

Administrator

Partido Development Administration

Tigaon, Camarines Sur

Sir:

We are pleased to transmit the Annual Audit Report on the audit of the accounts and operations of the Del Partido Development Administration, Tigaon, Camarines Sur, for the calendar year ended December 31, 2015, in compliance with Article IX-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The report contains the results of the audit which was conducted on a test basis, with the primary objective of ascertaining the propriety of financial transactions, the compliance to prescribed rules and regulations, and the fairness of presentation of the financial statements of the District.

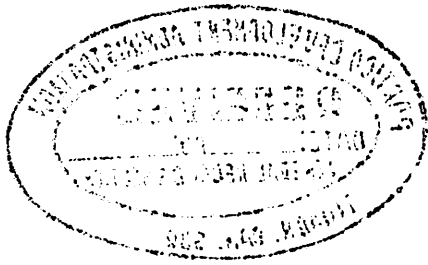
The summary of the audit results including the status of implementation of the prior years' audit recommendations and the certificate of the Auditor on the fairness of presentation of the financial statements are laid out in the Executive Summary. For the details of the observations and recommendations, we refer you to Part II of the report.

We request that the recommendations be implemented and we would appreciate being informed of the actions taken thereon within sixty (60) days from receipt hereof, using the prescribed format of the Agency Action Plan and Status of Implementation (AAPSI) attached to this letter

We express our appreciation for the support and cooperation extended to our Auditors by the officials and employees of the District.

Very truly yours,


for: **ROLAND A. REY**
Regional Director



TO: DIRECTOR, FBI
FROM: SAC, NEW YORK
SUBJECT: [Illegible]



RE: [Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

[Illegible]

Copy furnished:

- Administrator, LWUA
- Auditor, LWUA
- File, Regional Director, COA RO5
- Office of the President
- Office of the Vice-President
- President of the Senate
- Speaker of the House of Representatives
- Chairperson-Senate Finance Committee
- Chairperson-Appropriations Committee
- Secretary of the Department of Budget and Management
- Governance Commission for GOCCs
- Presidential Management Staff, Office of the President
- National Library (soft copy)
- University of the Philippines (UP) Law Center (soft copy)
- COA Commission Central Library (soft copy)

Republic of the Philippines
[insert name of agency]
[insert address of agency]

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

Ref.	Audit Observations		Audit Recommendations	Agency Action Plan				Status of Impleme ntation	Reasons for Partial/Delay /Non-Implementat ion, if applicable	Action Taken/Action to be Taken
				Action Plan	Person/ Dept. Respon sible	Target Implementation Date				
						From	To			
20										
CY	1.									
AAR, p. _____										

Agency sign-off:

[Name of Agency Officer]
[Position of Agency Officer]

[insert date]

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

EXECUTIVE SUMMARY

A. INTRODUCTION

The Partido Development Administration (PDA) was created on November 18, 1994 by virtue of Republic Act (RA) No. 7820. It was, however, formally organized and operated on October 16, 1997.

The PDA, as a corporate body, has jurisdiction over the ten municipalities of the Fourth Congressional District of Partido District, in the Province of Camarines Sur composed of Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Caramoan, Garchitorena, Tinambac and Siruma. It is under the supervision and direction of a Board of Directors, whose members are the ten incumbent Mayors of the said municipalities and ten Private Sector Representatives coming from each of the member municipalities.

The PDA is under the stewardship of Administrator Ramon F. Fuentebella who is assisted by three Division Chiefs/Managers for Planning, Evaluation and Monitoring, Administrative and Finance, and Operations. Its Rationalization Program took effect on February 1, 2007 and presently complemented with 59 personnel, 49 of which are either on permanent or co-terminus status and ten are casuals. Its manpower needs is augmented by hiring through job order contracts.

Among PDA's functions and powers are to:

- Make a comprehensive survey of physical and natural resources of the district;
- Prepare, undertake and implement a comprehensive and integrated development program for the district;
- Pass over all plans, programs, and projects in the district;
- Make recommendations to proper agencies on technical support, physical assistance and generally, the level of priority to be accorded;
- Encourage investments in the district;
- Help promote the economic zones and/or industrial estates established in the district; and,
- Establish, operate and/or contract to operate such agencies, functional units and instrumentalities; and exercise other functions necessary to attain the purpose for which it was created.

The PDA as a government corporate entity with a distinctly local and provincial character has enjoyed a high degree of autonomy in its operations and up to the present, has no National government budgetary support.

The current assistance being extended by the national government is the servicing of its foreign loan for the water system.

The main source of income is WATER. The Partido Water Supply System (PWSS) provides a 24-hour potable water system. It has nine pumping stations and eight collections centers. The other minor projects are Center for Human Resource Development (CHRD), the FM Radio Station (DZRP) and the Nato Port which is under the supervision of Philippine Port Authority (PPA).

With the creation of the GOCC Act of 2011 under RA No. 10149, the Partido Development Administration is one among the 157 GOCCs existing in the Philippines which are under the Government Commission for GOCCs (GCG).

B. FINANCIAL HIGHLIGHTS

The following are the financial highlights:

	2015	2014	Increase (Decrease)
Assets	₱ 475,447,178.81	₱ 459,011,913.13	₱ 16,435,265.68
Liabilities	1,142,543,515.94	1,152,536,658.49	(9,993,142.55)
Equity	(667,096,337.13)	(693,524,745.36)	26,428,408.23
Gross Income	84,660,163.56	76,768,260.71	7,891,902.85
Other Income	(1,033,501.46)	15,198,578.92	(16,232,080.38)
Expenses	(87,958,258.08)	(90,731,898.22)	(2,773,640.14)
Net Income	(4,331,595.98)	1,234,941.41	(5,566,537.39)

C. OPERATIONAL HIGHLIGHTS

During the Calendar Year 2015, PDA reported the following accomplishments as compared to its targets:

Indicators	Target	Accomplishment
Major Final Output 1: Operation of Business Ventures		
<i>Potable Water Services</i>		
1. Increase in the number of household water connection	1,200 (New connections)	1,281 (New connections)
2. Increase in the revenue generated (Including fines and penalties and other business income)	₱ 85,097,413.62	₱ 83,746,176.81
<i>Nato Port</i>		
Revenue generated	₱ No Target	₱ 1,081.00
<i>Center for Human Resources Development</i>		
Revenue generated (Rental of CHRD Bldg.)	₱ No Target	₱ 80,950.00
<i>DZRP Radio Station</i>		

Indicators	Target	Accomplishment
Revenue generated	₱ No Target	₱ 831,955.75
Major Final Output 2: Development Planning and Resources Mobilization		
1. No. of Programs formulated	6	6
2. Amount of funding mobilized from external sources	₱ No Target	₱ 1,182,196.52
3. No. of trainings facilitated	No Target	50
4. No. of LGUs assisted in the formulation of resources management policies and programs	10	10

D. SCOPE OF AUDIT

The audit covered the financial transactions and operations of the District for CY 2015.

E. INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We rendered a qualified opinion on the fairness of presentation of the financial statements.

F. SUMMARY OF SIGNIFICANT OBSERVATIONS AND RECOMMENDATIONS

The significant audit findings that need immediate attention and action contained in the herein report, with the corresponding audit recommendations, are as follows:

1. Some cash advances for travel were liquidated beyond 30 days from return and/or lack supporting documents. Likewise, some per diems collected were excessive and some of them were not paid/refunded or deducted immediately from the salaries of the concerned officers and employees, contrary to COA Circular No. 96-004 and Executive Order (EO) No. 248, as amended by EO No. 248-A and EO No. 298, thus, exposed government funds to the risk of temporary personal borrowings or misappropriation.

We recommended that Management strictly comply with the provisions of COA Circular No. 96-004 in the grant, liquidation and monitoring of cash advances for travel. In the preparation of the Itinerary of Travel which is the basis for determining the amount of cash advance, only the possible necessary expenses per EO No. 248, as amended by EO No. 248-A and EO No. 298, should be included. If there is still any excess cash advance due to cancelled or shortened travel, immediate refund should be required.

2. The inability by Management to strictly enforce the policy on disconnection of water service of delinquent concessionaires as provided under Section 6 of the Utility Rules and Regulations Governing the Operations of PWSS caused the existence of past due accounts which are 60 days and over amounting to ₱7,552,335.77.

We recommended that Management:

- a) Ensure that the policy on disconnection is strictly enforced to prevent the accumulation of past due accounts;
 - b) Take time to locate the whereabouts of concessionaires whose accounts are already dormant or inactive and enforce collection of their accounts; and
 - c) Employ mechanisms to enforce collection of long overdue accounts by sending demand letters or by resorting to legal remedies available.
3. The validity of the Inventories account balance totaling ₱3,488,723.73 as at year-end was doubtful due to lack of reconciliation between the accounting and property records, contrary to Section 53b the Government Accounting and Auditing Manual (GAAM), Volume III.

We recommended that Management:

- a) Require the Accountant and the Acting Property Officer to exert effort to trace the difference of 105,131 items of inventories, and to reconcile their respective records on affected inventory accounts; and
 - b) Require the Accountant and the Property Officer that henceforth periodically reconcile their records to ensure that discrepancies are immediately looked into, and accounted for to reflect reliable balances in the financial statements.
4. The Deeds of Absolute Sale/Donation of five parcels of land amounting to ₱4,488,933.00 were not registered with the Register of Deeds where the lands are located, thus the legality of the ownership of the properties is doubtful and is exposed to the risk of possible third-party claims or double sale at the prejudice of the Administration.

We recommended and the Management agreed to cause the immediate registration of the Deeds of Absolute Sale/Donation of the acquired parcels of land with the Register of Deeds under the name of Partido Development Administration, where the lands are located to make their ownership legal and binding.

5. The accuracy and validity of the recorded Accounts Payable (AP) amounting to ₱4,467,954.49 could not be established due to lack of supporting documents attached to the Journal Entry Vouchers (JEVs) related to the payables contrary to Section 59 of Presidential Decree (PD) No. 1445.

We recommended and the Management agreed to require the Accounting personnel concerned to attach supporting documents to the JEV upon recording of AP to ensure its validity and propriety.

6. Funds amounting to ₱17,197,092.00 transferred to the Administration by the Department of Social Welfare and Development Field Office V (DSWD FOV) were erroneously recorded in the books as Due to Other Funds contrary to COA Circular No. 2004-008 dated September 20, 2004.

We recommended and the Management agreed to:

- a) Require the Accountant to prepare the JEV reclassifying the transaction from Due to Other Funds to Due to Other NGAs;
 - b) Require the Accountant to carefully review transactions before recording; and
 - c) Require the Accountant/the accounting personnel concerned to comply with the prescribed NGAS Chart of Accounts and with generally accepted accounting principles, in taking up transactions, as a means of ensuring the accuracy and reliability of financial records.
7. The Administration's efforts to improve its financial performance and position may not be enough, casting doubt on its ability to perform its functions and powers and to continue as a going concern.

We recommended that Management:

- a) Make representation with proper authorities to implement Section 6 of RA No. 7820 which provides that the member-municipalities shall take charge of the amount necessary for the capitalization of PDA to be charged against their respective Internal Revenue Allotment;
- b) Make representation with proper authorities to source fund from the government share on the proceeds earned by PAGCOR from granting franchise to operate gambling enterprises, as provided for under Section 12 of PD No. 1869;
- c) Continue implementing cost cutting measures by eliminating excessive/unnecessary expenditures in its entire operations;
- d) Intensify collection of outstanding Accounts Receivables. Disconnect water service connection of all concessioners with unpaid water bills;
- e) Cause the assessment on the closure of some of its operating units in order to avoid the incurrence of the same negative financial performance for the ensuing years. Consider the privatization of the FM radio station and relinquish the management of Nato Port to the PPA;

- f) Prioritize the payment of the foreign loans to minimize incurrence of interest and other charges; and
 - g) Find ways to settle its foreign loan amortization on or before the due dates to prevent the incurrence of additional interest charges as well as lighten the financial burden of the National Government.
8. Of the total allotment of ₱3,768,428.00 for 30 identified Gender and Development (GAD) projects and activities for the year, only the amount of ₱357,316.77 was spent for seven GAD activities which were not in compliance with Section 34 of the General Provisions of the General Appropriations Act for FY 2015 and Joint Circular No. 2012-01 of the Philippine Commission on Women (PCW), National Economic and Development Authority (NEDA) and Department of Budget and Management (DBM).

We recommended that Management:

- a) Require the GAD Focal Person to prepare the GAD Accomplishment Report in accordance with the format/template prescribed in Joint Circular 2012-01. Amounts of actual costs incurred should be reflected and should be within the approved budget;
- b) Submit the GPB to the PCW for review and to the DBM for approval; and
- c) Cause the implementation of the PCW-endorsed and DBM- approved GPB.

G. STATUS OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2015 are as follows:

	Beginning Balance (As of December 31, 2014)	This Period January 1 to December 31, 2015		Ending Balance (As of December 31, 2015)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice of Disallowance	382,012.81	0.00	86,940.00	295,072.81
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱ 382,012.81	₱ 0.00	₱ 86,940.00	₱ 295,072.81

H. IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 28 audit recommendations incorporated in the prior years' Annual Audit Reports, which covered 2010 to 2014, 11 or 39% were fully implemented, 15 or 54% were partially implemented, and two or 7% remained not implemented during the year 2015.

TABLE OF CONTENTS

Page No.

PART- I	AUDITED FINANCIAL STATEMENTS	
	• Independent Auditor's Report	1
	• Statement of Management Responsibility for the Financial Statements	4
	• Condensed Balance Sheet	5
	• Condensed Statement of Income and Expenses	6
	• Statement of Changes in Equity	8
	• Statement of Cash Flows	9
	• Notes to Financial Statements	10
PART- II	OBSERVATIONS AND RECOMMENDATIONS	24
PART- III	STATUS OF IMPEMETATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS	59
PART- IV	ANNEXES	

Part I

Audited Financial Statements



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Partido Development Administration
Tigaon, Camarines Sur

Report on the Financial Statements

We have audited the accompanying financial statements of Partido Development Administration, Tigaon, Camarines Sur, which comprise the statement of financial position as at December 31, 2015 and the statement of comprehensive income, statement of changes in equity and statement of 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 generally accepted state accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Part II of the report, our audit disclosed, among others, that:

1. The correctness and validity of the year-end balance of Accounts Receivable of ₱28,575,236.34 cannot be ascertained due to the unreconciled and unaccounted difference of ₱1,140,224.82 compared to the Aging of Accounts Receivable/ Subsidiary Ledger balance of ₱29,715,461.16;
2. The correctness of the book balance of Inventories of ₱3,488,723.73 cannot be ascertained due to the unaccounted discrepancy of ₱462,266.72 between the general ledger balance and the total of the balances of the supplies ledger cards of ₱3,950,990.45;
3. The correctness of the balance of the Property, Plant and Equipment (PPE) of ₱757,447,886.33 cannot be ascertained due to the unreconciled difference of ₱315,774.74 between the general ledger balance and the balance per physical inventory report of PPE of ₱757,447,886.33 as of December 31, 2015;
4. Funds amounting to ₱17,197,092.00 transferred to the Administration by the Department of Social Welfare and Development Field Office V (DSWD FOV) was erroneously recorded in the books as Due to Other Funds instead of Due to Other NGAs.
5. The Medical, Dental and Laboratory Supplies Inventory, Other Deferred Credits and Accounts Payable accounts were overstated by ₱981,000.00, ₱52,553.87 and ₱928,446.13, respectively, due to erroneous recording and posting of transactions; and
6. Honoraria, Consultancy Services, and Other Maintenance and Operating Expenses were understated by ₱314,325.00, ₱114,869.45, and ₱14,196.43 respectively, while Traveling Expenses – Local and Training Expenses were overstated due to erroneous recording of transactions.

Qualified Opinion

In our opinion, except for the effects and the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Partido Development Administration, as of



December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with the generally accepted state accounting principles.

Emphasis of Matter

We draw attention to the net loss that the Administration incurred for the year ended December 31, 2015 amounting to ₱4,331,595.98, and as of the same date, the Administration's total corrected balance of liabilities exceeded its total assets by ₱672,593,449.89 (₱1,148,040,628.70 - ₱475,447,178.81) as discussed in Observation No. 19 under Part II of the report, thereby indicating the existence of a material uncertainty which cast significant doubt about the Administration's ability to continue as a going concern.

COMMISSION ON AUDIT

By:


JOSEFA N. SEVERO
State Auditor V 
Supervising Auditor

June 3, 2016



Partido Development Administration

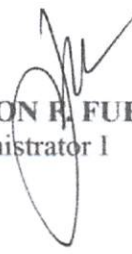
Created Under Republic Act 7820

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Partido Development Administration is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2015 and the related Statements of Income and Expenses, Changes in Equity, and Cash Flows for the year then ended. The financial statements have been prepared in conformity with generally accepted state accounting principles and reflected amounts that are based 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 recognized.


MAGDALENA R. PORTEM
Accountant III


RAMON R. FUENTEBELLA
Administrator I

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

CONDENSED BALANCE SHEET
As of December 31, 2015
(With Comparative Figures for CY 2014)

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 3)	P 54,980,898.31	P 23,069,562.91
Receivables - Net (Note 4)	20,104,276.16	21,708,031.53
Inventories (Note 5)	3,488,723.73	2,947,070.98
Prepayments (Note 6)	744,633.00	712,688.08
Other Current Assets	2,717.39	6,521.74
Total Current Assets	P 79,321,248.59	P 48,443,875.24
NON-CURRENT ASSETS		
Property, Plant and Equipment - Net (Note 7)	395,231,183.98	409,469,066.52
Other Assets	894,746.24	1,098,971.37
Total Non -Current Assets	P 396,125,930.22	P 410,568,037.89
TOTAL ASSETS	P 475,447,178.81	P 459,011,913.13
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Payable Accounts (Note 8)	P 8,986,812.05	P 25,493,086.61
Inter-Agency Payables (Note 9)	962,985,632.42	924,173,208.29
Other Current Liability Accounts (Note 10)	18,575,495.35	1,214,873.84
Loans Payable - Foreign (Current Portion) (Note 11)	50,511,152.82	50,603,382.14
Total Current Liabilities	P 1,041,059,092.64	P 1,001,484,550.88
NON-CURRENT LIABILITIES		
Loans Payable - Foreign (Note 12)	P 101,022,305.64	P 150,728,256.90
Other Deferred Credits (Note 13)	462,117.66	323,850.71
Total Non-Current Liabilities	P 101,484,423.30	P 151,052,107.61
TOTAL LIABILITIES	P 1,142,543,515.94	P 1,152,536,658.49
EQUITY		
Government Equity (Note 14)	P 48,027,921.30	P 48,027,921.30
Retained Earnings	(715,124,258.43)	(741,552,666.66)
Total Equity	P (667,096,337.13)	P (693,524,745.36)
TOTAL LIABILITIES AND EQUITY	P 475,447,178.81	P 459,011,913.13

(See accompanying Notes to Financial Statements)

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

CONDENSED STATEMENT OF INCOME AND EXPENSES

For the Year Ended December 31, 2015
(With Comparative Figures for CY 2014)

	<u>2015</u>	<u>2014</u>
Income (Note 15)	₱ 84,660,163.56	₱ 76,768,260.71
Less: Operating Expenses		
Personal Services		
Salaries and Wages (Note 16)	₱ 12,124,267.55	₱ 12,674,150.23
Other Compensation (Note 17)	4,767,487.69	4,654,057.02
Personnel Benefits Contributions (Note 18)	1,549,726.71	1,817,133.09
Other Personnel Benefits	285,799.67	560,275.51
Total Personal Services	₱ 18,727,281.62	₱ 19,705,615.85
Maintenance and Other Operating Expenses		
Travelling Expenses	₱ 2,017,744.61	₱ 2,408,483.68
Training Expenses	839,575.29	194,217.75
Supplies and Materials Expenses (Note 19)	6,919,403.82	8,711,214.31
Utility Expenses (Note 20)	8,149,324.89	8,795,065.13
Communication Expenses (Note 21)	647,449.74	683,378.74
Advertising Expenses	7,657.90	27,000.00
Printing and Binding Expenses	34,945.17	68,841.50
Rent Expenses	337,609.76	315,642.54
Transportation and Delivery Expenses	50,653.00	121,142.57
Professional Services (Note 22)	9,192,036.38	8,608,965.72
Repairs and Maintenance Expenses (Note 23)	2,462,766.68	2,663,899.22
Extraordinary and Miscellaneous Expenses (Note 24)	94,290.37	88,759.80
Taxes, Insurance Premiums and Other Fees (Note 25)	2,188,657.97	1,782,150.07
Bad Debts Expense	40,988.00	618,109.41
Depreciation (Note 26)	22,242,694.76	22,791,100.90
Loss of Assets	-	36,719.04
Other Maintenance and Operating Expenses	553,133.48	1,168,243.01
Total Maintenance and Other Operating Expenses	₱ 55,778,931.82	₱ 59,082,933.39

	<u>2015</u>	<u>2014</u>
Total Operating Expenses	₱ <u>74,506,213.44</u>	₱ <u>78,788,549.24</u>
Financial Expenses (Note 27)	₱ <u>13,452,044.64</u>	₱ <u>11,943,348.98</u>
Income (Loss) from Operation	₱ <u>(3,298,094.52)</u>	₱ <u>(13,963,637.51)</u>
Add(Deduct):Other Income/Expenses		
Gain/(Loss) on Foreign Exchange (ForEx)	₱ (1,208,211.30)	₱ 15,018,395.61
Interest Income	<u>174,709.84</u>	<u>180,183.31</u>
Total Other Income/Expense	₱ <u>(1,033,501.46)</u>	₱ <u>15,198,578.92</u>
Net Income (Loss) for the Period	₱ <u><u>(4,331,595.98)</u></u>	₱ <u><u>1,234,941.41</u></u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2015
(With Comparative Figures for CY 2014)

	<u>2015</u>	<u>2014</u>
Government Equity (Note 14)	P <u>48,027,921.30</u>	P <u>48,027,921.30</u>
Retained Earnings:		
Balance, Beginning	P (741,552,666.66)	P (667,672,431.17)
Net Income for the year	(4,331,595.98)	1,234,941.41
Prior Years' Adjustments	<u>30,760,004.21</u>	<u>(75,115,176.90)</u>
Balance, Ending	P <u>(715,124,258.43)</u>	P <u>(741,552,666.66)</u>
Total Equity	P <u><u>(667,096,337.13)</u></u>	P <u><u>(693,524,745.36)</u></u>

(See accompanying Notes to Financial Statements)

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

CASH FLOW STATEMENT
For the Year Ended December 31, 2015
(With Comparative Figures for CY 2014)

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash Inflows:		
Collection of Income	P 86,272,832.98	P 74,378,125.27
Refund of overpayment of expenses	139,588.15	112,805.98
Receipt of financial assistance from NGA	550,000.00	-
Receipt of Performance/Bidders/Bail Bonds	50,978.80	59,793.65
Receipt from NGO/Trust Fund	17,197,092.00	424,975.07
Total Cash Inflows	<u>P 104,210,491.93</u>	<u>P 74,975,699.97</u>
Cash Outflows:		
Payment of operating expenses	P 36,245,828.38	P 40,015,148.88
Remittance to GSIS/PAG-IBIG/BIR/PHILHEALTH	9,459,724.15	9,432,893.31
Refund of Performance/Bidders/Bail Bonds	3,840.00	-
Payment of Payables	4,404,191.48	6,230,299.46
Purchase of office supplies and other inventories	3,016,355.04	3,189,535.47
Payment of prepaid expenses	56,801.88	88,743.58
Payment of Trust Fund	1,511,962.77	328,227.85
Payment to COA/Other GOCCs	500,000.00	-
Payment to LGUs	510,023.84	-
Total Cash Outflows	<u>P 55,708,727.54</u>	<u>P 59,284,848.55</u>
Total Cash Provided (Used) by Operating Activities	<u>P 48,501,764.39</u>	<u>P 15,690,851.42</u>
Cash Flows From Investing Activities		
Cash Inflows:		
Receipt of interest on deposit	P 131,955.11	P 159,947.73
Total Cash Inflows	<u>P 131,955.11</u>	<u>P 159,947.73</u>
Cash Outflows:		
Office Equipment, Furniture and Fixtures and other fixed assets	P 2,322,384.10	P 1,877,109.61
Total Cash Outflows	<u>P 2,322,384.10</u>	<u>P 1,877,109.61</u>
Total Cash Provided (Used) by Investing Activities	<u>P (2,190,428.99)</u>	<u>P (1,717,161.88)</u>
Cash Flows From Financing Activities		
Cash Outflows:		
Payment of domestic and foreign loans	P 14,400,000.00	P 12,900,000.00
Total Cash Outflows	<u>P 14,400,000.00</u>	<u>P 12,900,000.00</u>
Total Cash Provided (Used) by Financing Activities	<u>P (14,400,000.00)</u>	<u>P (12,900,000.00)</u>
Net Cash Provided (Used) by Operating, Investing and Financing Activities	<u>P 31,911,335.40</u>	<u>P 1,073,689.54</u>
Cash and Cash Equivalents, Beginning	<u>23,069,562.91</u>	<u>21,995,873.37</u>
Cash and Cash Equivalents, Ending	<u><u>P 54,980,898.31</u></u>	<u><u>P 23,069,562.91</u></u>

Republic of the Philippines
PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. AGENCY BACKGROUND

The Partido Development Administration (PDA) was created on November 18, 1994 by virtue of Republic Act (RA) No. 7820. It was, however, formally organized and operated on October 16, 1997.

The PDA, as a corporate body, has jurisdiction over the ten municipalities of the Fourth Congressional District of Partido District, in the Province of Camarines Sur composed of Tigaon, Sagñay, Goa, San Jose, Lagonoy, Presentacion, Caramoan, Garchitorena, Tinambac and Siruma. It is under the supervision and direction of a Board of Directors, whose members are the ten incumbent Mayors of the said municipalities and ten Private Sector Representatives coming from each of the member municipalities.

The PDA is under the stewardship of Administrator Ramon F. Fuentebella who is assisted by three Division Chiefs/Managers for Planning, Evaluation and Monitoring, Administrative and Finance, and Operations. Its Rationalization Program took effect on February 1, 2007 and presently complemented with 59 personnel, 49 of which are either on permanent or co-terminus status and ten are casuals. Its manpower needs is augmented by hiring through job order contracts.

Among PDA's functions and powers are to:

- Make a comprehensive survey of physical and natural resources of the district;
- Prepare, undertake and implement a comprehensive and integrated development program for the district;
- Pass over all plans, programs, and projects in the district;
- Make recommendations to proper agencies on technical support, physical assistance and generally, the level of priority to be accorded;
- Encourage investments in the district;
- Help promote the economic zones and/or industrial estates established in the district; and,
- Establish, operate and/or contract to operate such agencies, functional units and instrumentalities; and exercise other functions necessary to attain the purpose for which it was created.

The PDA as a government corporate entity with a distinctly local and provincial character has enjoyed a high degree of autonomy in its operations and up to the present, has no National government budgetary support.

The current assistance being extended by the national government is the servicing of its foreign loan for the water system.

The main source of income is WATER. The Partido Water Supply System (PWSS) provides a 24-hour potable water system. It has nine pumping stations and eight collections centers. The other minor projects are Center for Human Resource Development (CHRD), the FM Radio Station (DZRP) and the Nato Port which is under the supervision of Philippine Port Authority (PPA).

With the creation of the GOCC Act of 2011 under RA No. 10149, the Partido Development Administration is one among the 157 GOCCs existing in the Philippines which is under the Government Commission for GOCCs (GCG).

2. SIGNIFICANT ACCOUNTING PRINCIPLES AND CONCEPTS AND SELECTED POLICIES AND PRACTICES OF THE WATER DISTRICT

- ***Recognition of Income and Expenses***

The Administration adopts the accrual basis of accounting. All income are recognized when earned regardless of when collected, and all expenses are recognized when incurred regardless of when paid.

- ***Uncollectibility of Receivables***

Allowance for doubtful accounts is maintained at a level adequate to provide for potential uncollectibility of receivables. Policy on such provision was set depending on the age of the accounts. A maximum of 4% provision was set on accounts which are over three years.

A provision for doubtful accounts for the year was recorded using the new software/program which generated the Report of Aging of Receivables. Age brackets in the Aging Report are as follows:

Age of Receivables	Percent
Active Accounts and Inactive Accounts:	
0 to 180 days	0%
181 days to 1 year	1%
1 year to 2 years	2%
2 years to 3 years	3%
Over 3 years	4%

- **Accounting for Property, Plant and Equipment**

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to 30 years. Depreciation starts on the second month after purchase. A 10% residual value is set.

3. CASH AND CASH EQUIVALENTS

This account grouping is composed of the following accounts, to wit:

Account Title	CY 2015	CY 2014
Cash – Collecting Officers	₱ 36,406.90	₱ 786,108.08
Cash Disbursing Officers	-	18,254.00
Cash in Bank – Local Currency	54,944,491.41	22,265,200.83
Total	₱ 54,980,898.31	₱ 23,069,562.91

Cash-Collecting Officers represent collections with the collecting officers/field collectors in various water systems pending deposit.

The account *Cash in Bank – Local Currency* pertains to cash deposited with Land Bank on the Philippines, Goa and Postal Bank, Tigaon, all in Camarines Sur under current and savings account as follows:

Account Title	CY 2015	CY 2014
Cash in Bank – Local Currency, Current Account	₱ 32,705,045.79	₱ 4,181,685.38
Cash in Bank – Local Currency, Savings Account	22,239,445.62	18,083,515.45
Total	₱ 54,944,491.41	₱ 22,265,200.83

The *Cash in Bank – Local Currency, Current Account* is broken down as follows:

Account No.	CY 2015
3592-1003-20 (OPEX-Tigaon)	₱ 1,305,592.48
3592-1000-10 (BTR)	10,368,493.81
3592-1014-23 (Payroll)	18,081,824.61
3400-00005-9 (UCPB Caramoan)	851,461.66
3592-1005-67 (RARE)	209,695.80
111-02-1000001-5 (Producers Bank – Tinambac)	1,770,303.14
050311-00013-3 (Postal Bank)	117,674.29
Total	₱ 32,705,045.79

The *Cash in Bank – Local Currency, Savings Account* is broken down as follows:

Account No.	CY 2015
3591-0002-91	₱ 7,405,338.82
3591-0002-75	10,820,529.17
3591-0030-61	3,009,415.39
3591-0031-85	1,004,162.24
Total	₱ 22,239,445.62

4. RECEIVABLES - NET

Receivables include the following accounts:

Account Title	CY 2015	CY 2014
Accounts Receivable	₱ 28,575,236.34	₱ 30,159,067.65
Less: Allowance for Doubtful Accounts	9,280,492.72	9,239,504.72
Accounts Receivable (Net)	₱ 19,294,743.62	₱ 20,919,562.93
Due from NGAs	234,252.45	234,252.45
Due from GOCCs	55,106.44	45,484.88
Due from LGUs	115,521.79	115,521.79
Receivables-Disallowances/Charges	216,000.00	216,000.00
Other Receivables	188,651.86	177,209.48
Total	₱ 20,104,276.16	₱ 21,708,031.53

Accounts Receivable are amounts due from customers/concessionaires arising from services rendered related to water, port, TV and radio ads, catering, dormitory, rental of facilities and printing/binding operations.

Allowance for Doubtful Accounts is computed at year-end, based on Aging of Accounts Receivable.

Accounts Receivable (Net) is the net book value of Accounts Receivable after deducting the corresponding Allowance for Doubtful Accounts.

5. INVENTORIES

This account represents the cost of various items in the stockroom, stated at cost using the Moving Average Method. The breakdown of the account is as follows:

Account Title	CY 2015	CY 2014
Office Supplies Inventory	₱ 750,432.44	₱ 759,402.06
Accountable Forms Inventory	69,603.34	148,591.34
Medical, Dental and Laboratory Supplies Inventory	1,467,333.86	394,320.70

Account Title	CY 2015	CY 2014
Gasoline, Oil, Lubricants and Other Fuel Inventory	18,410.72	-
Other Supplies Inventory	1,182,943.37	1,644,756.88
Total	₱ 3,488,723.73	₱ 2,947,070.98

Medical, Dental and Laboratory Supplies pertains to the aluminum sulfate, chlorine granules and other supplies for use in various water treatment plant operations.

Other Supplies Inventory pertains to supplies for use in household water services connections and leak repairs such as coupling, teflon tapes, saddle clamps and the like.

6. PREPAYMENTS

This account pertains to the unamortized fidelity bond premiums, insurance premiums of office building and various service vehicles of the District and other prepaid expenses.

Account Title	CY 2015	CY 2014
Prepaid Rent	₱ 250,947.05	₱ 274,642.70
Prepaid Insurance	333,276.56	277,635.99
Deferred Charges	5,949.29	5,949.29
Other Prepaid Expenses	154,460.10	154,460.10
Total	₱ 744,633.00	₱ 712,688.08

Prepaid Rent pertains to advance payment for lease/rentals for PWSS collection office and for the land being occupied by the Goa Water Treatment Plant (WTP).

Prepaid Insurance pertains to advance payment to GSIS for motor vehicles and fidelity bonds of bonded employees.

7. PROPERTY, PLANT AND EQUIPMENT - NET

Set forth are the PPEs at their acquisition cost and the corresponding accumulated depreciation, to wit:

For CY 2015

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land	₱ 4,488,933.00	₱ -	₱ 4,488,933.00
Land Improvements	21,052.63	8,999.89	12,052.74
Electrification, Power and Energy Structures	84,164,296.83	72,472,224.54	11,692,072.29
Office Buildings	40,791,246.37	25,566,596.59	15,224,649.78

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Leasehold Improvements, Buildings	32,250.00	-	32,250.00
Other Structures	106,349,674.14	56,545,063.78	49,804,610.36
Office Equipment	7,921,637.40	5,514,581.33	2,407,056.07
Furniture and Fixtures	1,978,142.51	1,347,341.33	630,801.18
IT Equipment and Software	12,622,030.53	11,684,896.62	937,133.91
Library Books	23,320.00	17,514.33	5,805.67
Machineries	930,003.35	803,889.01	126,114.34
Communication Equipment	8,485,051.97	4,092,358.70	4,392,693.27
Firefighting Equipment	120,500.00	75,299.97	45,200.03
Medical, Dental and Laboratory Equipment	1,857,879.13	1,456,560.83	401,318.30
Other Machineries and Equipment	31,896,703.89	26,757,482.99	5,139,220.90
Motor Vehicles	10,825,829.18	9,291,722.08	1,534,107.10
Watercrafts	1,043,748.23	841,413.29	202,334.94
Other Transportation Equipment	91,118.33	82,006.59	9,111.74
Other Property, Plant and Equipment	443,488,694.10	145,342,975.74	298,145,718.36
Total	P 757,132,111.59	P 361,900,927.61	P 395,231,183.98

For CY 2014

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land	P 4,488,933.00	P -	P 4,488,933.00
Land Improvements	21,052.63	7,105.21	13,947.42
Electrification, Power and Energy Structures	82,376,359.33	72,778,955.88	9,597,403.45
Office Buildings	40,131,275.87	23,760,689.23	16,370,586.64
Other Structures	105,595,216.14	51,742,581.24	53,852,634.90
Office Equipment	4,701,875.76	3,618,569.05	1,083,306.71
Furniture and Fixtures	1,879,410.47	1,258,155.81	621,254.66
IT Equipment and Software	14,515,872.92	11,769,196.59	2,746,676.33
Library Books	20,806.00	16,554.49	4,251.51
Machineries	517,557.55	427,503.79	90,053.76
Communication Equipment	8,497,951.97	3,368,990.80	5,128,961.17

Account Title	Acquisition Cost	Accumulated Depreciation	Net Book Value
Firefighting Equipment	120,500.00	59,807.13	60,692.87
Medical, Dental and Laboratory Equipment	1,748,812.13	1,330,184.64	418,627.49
Other Machineries and Equipment	30,769,921.89	25,679,840.20	5,090,081.69
Motor Vehicles	10,825,829.18	9,123,987.04	1,701,842.14
Watercrafts	1,043,748.23	815,763.29	227,984.94
Other Transportation Equipment	91,118.33	79,756.59	11,361.74
Other Property, Plant and Equipment	440,096,417.56	132,135,951.46	307,960,466.10
Total	₱ 747,442,658.96	₱ 337,973,592.44	₱ 409,469,066.52

Land consists of the following:

Particulars	Amount
PDA Main	₱ 3,600,000.00
WTP Presentacion Site	102,308.00
Tigaon, C.S. (10,000 sqm. From Vicente Estela)	563,625.00
Water Source Lot – Tinambac (3 has.)	220,000.00
Donated Land of Mr. Tomas Riva (20sqm) – Garchitorena, C.S.	3,000.00
Total	₱ 4,488,933.00

Building and Other Structures include the cost of the construction of PDA Main Building, PWSS, QRT, CHRD and PTV4 Buildings. It also includes civil mechanical and electrical works for different water treatment plants.

The other property and equipment consists mainly of various fixed assets which are included in the water project cost such as pipelines, and related works; civil and electrical works; mechanical equipment and other facilities and equipment acquired before and after the water project.

8. PAYABLE ACCOUNTS

This account consists of:

Account Title	CY 2015	CY 2014
Trade Accounts Payable	₱ 8,210,820.31	₱ 24,603,121.21
Due to Officers and Employees	775,991.74	889,965.40
Total	₱ 8,986,812.05	₱ 25,493,086.61

Trade Accounts Payables are payables incurred arising from trade/business operations.

Due to Officers and Employees are payables to employees.

9. INTER-AGENCY PAYABLES

This account consists of payables to the:

Account Title	CY 2015	CY 2014
National Treasury:		
Advances re: Amortization	₱ 788,476,526.42	₱ 737,425,133.07
Interest on Advances	162,904,447.86	183,153,168.71
Guarantee Fees	66,471,377.85	64,704,260.42
Less: Partial Payments	76,749,675.71	62,349,675.71
Sub-total	₱ 941,102,676.42	₱ 922,932,886.49
GSIS, PAG IBIG and PHILHEALTH	647,411.62	83,629.17
Bureau of Internal Revenue	474,387.60	33,666.54
National Government Agency	20,633,594.20	1,008,986.68
Government Owned/Controlled Corps.	48,489.29	44,771.12
Other Government Agencies-LGUs	79,073.29	69,268.29
Total	₱ 962,985,632.42	₱ 924,173,208.29

Due to National Treasury consists of the guarantee fee payable to the National Government including the advances it made as the guarantor for the first four loan amortizations including cable charges, handling costs, and interests advanced/paid to ABN-AMRO as well as the interest for the advances made by the National Government.

Due to GSIS/PAG-IBIG/PHILHEALTH accounts pertain to the contributions due and loan amortizations withheld for remittance to the Government Service Insurance System, Home Development Mutual Fund and Philippine Health Insurance Corporation.

Due to BIR accounts pertain to the taxes due and the various amounts withheld for remittance to the BIR.

Due to Other NGAs represents the amount payable to COA for the cost of annual services up to CY 2015 and amounts payable to NWRB.

Due to Other GOCCs the amount of ₱48,489.29 represents Nato Port collection which will be remitted to PPA.

10. OTHER CURRENT LIABILITY ACCOUNTS

This account consists of the following:

Account Title	CY 2015	CY 2014
A. Intra- Agency Payables:		
Due to Other Funds	₱ 18,014,382.10	₱ 817,290.10
B. Other Liability Accounts:		
Guaranty Deposits payable	287,130.51	231,740.51
Performance/Bidders/Bail Bond Payable	253,107.85	151,356.85
Other Payables	20,874.89	14,486.38
Total	₱ 18,575,495.35	₱ 1,214,873.84

Due to Other Funds includes Congressman Arnulfo P. Fuentesbella's subsidy for certified seeds growers and fund coming from DSWD for PantawidPamilya Beneficiaries to empower them for a long-term livelihood opportunity using a sustainable livelihood framework.

Guaranty Deposits Payable represents the ten percent retention fee from Suppliers and Contractors.

Performance/Bidders/Bail Bonds Payable represents Bid Security paid by Bidders.

Other Payables represents the amount deducted from employees for their salary loans granted by LBP, UCPB, Postal Bank and Quedancor.

11. LOANS PAYABLE – FOREIGN (CURRENT PORTION)

This account consists of:

Account Title	CY 2015	CY 2014
Current Portion (March 1 to September 1, 2015) DANIDA Mixed Credit	₱ 50,511,152.82	₱ 50,603,382.14

12. LOANS PAYABLE - FOREIGN

This account consists of:

Account Title	CY 2015	CY 2014
Long Term portion (March 1, 2015 to September 1, 2018) DANIDA Mixed Credit	₱ 101,022,305.64	₱ 150,728,256.90

The PDA contracted a mixed credit of EURO 7,806,869.40 and USD 7,504,611.56 with DANIDA and EKF GUARANTEE and the ABN AMRO Bank, N.V. Copenhagen

Branch on December 18, 1999. This credit facility financed the construction of the Partido Water Supply System Project.

Each amortization amounts to EURO 260,228.98 and USD 250,153.72 payable every 1st day of March and September. Such amortization is inclusive of interest at the rate of 1.7% and 2%, respectively. Originally, the loan agreement provides for a zero interest but because of the lengthening of the repayment period by five years, interests were imposed. Amortization started on March 1, 2004. With the recommendation of the Department of Finance, the 1st to 24th loan amortizations were advanced by the National Government through the Bureau of Treasury.

Loan paid was converted using the prevailing exchange rate at the date of transaction entered into the books (USD=Php55.70000 and EUR=Php70.81970).

The loan was revalued last December 29, 2015 at 44.617 USD and 51.741 EUR resulting into Gain on FOREX of ₱1,208,211.30. The balance was restated at balance sheet date using year-end exchange rates USD=₱47.166 and EUR=₱51.741 for December 29, 2015.

13. OTHER DEFERRED CREDITS

This account represents taxes due to BIR which was temporarily lodged to Other Deferred Credits when the obligation was recognized but the withheld taxes will be remitted to BIR upon payment of Accounts Payables.

14. GOVERNMENT EQUITY

This account pertains to the cumulative results of operations. It also included the value of various properties and/or equipment provided by the Department of Interior and Local Government, Department of Trade and Industry, Department of Energy and other government and private entities or individuals in addition to the Congressional Development Funds/Congressional Fund Incentives.

15. INCOME

This account consists of the following:

Account Title	2015	2014
Toll and Terminal Fees	₱ 1,081.00	₱ 81,282.77
Income from Communication Facilities	831,955.75	627,778.37
Income from Waterworks System	75,791,731.17	69,116,683.51
Rent Income	80,950.00	78,850.00
Other Business Income	3,977,107.20	3,212,257.33
Fines and Penalties-Business Income	3,914,275.64	3,640,198.63

Account Title	2015	2014
Miscellaneous Income	63,062.80	11,210.10
Total	₱ 84,660,163.56	₱ 76,768,260.71

16. SALARIES AND WAGES

Account Title	CY 2015	CY 2014
Salaries and Wages- Regular	₱ 10,656,205.73	₱ 11,315,554.90
Salaries and Wages- Casual	1,468,061.82	1,358,595.33
Total	₱ 12,124,267.55	₱ 12,674,150.23

17. OTHER COMPENSATION

Account Title	2015	2014
Personal Economic Relief Allowance (PERA)	₱ 1,356,819.67	₱ 1,368,081.40
Representation Allowance (RA)	288,000.00	288,000.00
Transportation Allowance (TA)	27,500.00	60,000.00
Clothing/Uniform Allowance	290,000.00	285,000.00
Productivity Incentive Allowance	1,002,735.00	-
Honoraria	293,166.67	149,875.00
Longevity Pay	20,000.00	10,000.00
Overtime and Night Pay	16,175.44	287,500.00
Cash Gift	285,000.00	109,445.95
Terminal Leave Benefits	183,315.91	16,136.67
Year End Bonus	1,004,775.00	2,080,018.00
Total	₱ 4,767,487.69	₱ 4,654,057.02

18. PERSONNEL BENEFITS CONTRIBUTIONS

Account Title	CY 2015	CY 2014
Life and Retirement Insurance Contributions	₱ 1,278,744.69	₱ 1,360,183.65
PAG-IBIG Contributions	71,692.19	253,514.81
PHILHEALTH Contributions	143,000.00	145,600.00
ECC Contributions	56,289.83	57,834.63
Total	₱ 1,549,726.71	₱ 1,817,133.09

19. SUPPLIES AND MATERIALS EXPENSES

Account Title	CY 2015	CY 2014
Office Supplies Expenses	P 548,372.64	P 529,476.96
Accountable Forms Expenses	170,938.00	140,291.66
Medical, Dental and Laboratory Expenses	1,132,996.84	1,452,404.67
Gasoline, Oil and Lubricants Expenses	2,580,400.99	3,887,439.34
Other Supplies Expenses	2,486,695.35	2,701,601.68
Total	P 6,919,403.82	P 8,711,214.31

20. UTILITY EXPENSES

Account Title	CY 2015	CY 2014
Water Expenses	P 85,942.00	P 71,760.00
Electricity Expenses	8,063,382.89	8,723,305.13
Total	P 8,149,324.89	P 8,795,065.13

21. COMMUNICATION EXPENSES

Account Title	CY 2015	CY 2014
Postage and Deliveries	P 5,010.00	P 2,708.00
Telephone Expenses - Landline	183,898.11	205,469.40
Telephone Expenses - Mobile	389,042.52	413,099.34
Internet Expenses	65,634.11	59,777.00
Cable, Satellite, Telegraph and Radio Expenses	3,865.00	2,325.00
Total	P 647,449.74	P 683,378.74

22. PROFESSIONAL SERVICES

Account Title	CY 2015	CY 2014
Auditing Services	P 1,043,786.00	P -
Consultancy Services	-	248,000.00
General Services	7,491,450.00	7,395,604.53
Janitorial Services	387,932.59	458,816.13
Security Services	262,627.79	390,676.85
Other Professional Services	6,240.00	115,868.21
Total	P 9,192,036.38	P 8,608,965.72

23. REPAIRS AND MAINTENANCE EXPENSES

Account Title	CY 2015	CY 2014
Repairs and Maintenance -Electrification, Power and Energy Structures	₱ 745,962.65	₱ 420,004.56
Repairs and Maintenance - Office Buildings	11,727.00	53,215.94
Repairs and Maintenance - Other Structures	72,332.00	-
Repairs and Maintenance - Office Equipment	51,588.32	77,796.67
Repairs and Maintenance - Furniture and Fixtures	1,836.00	18,350.00
Repairs and Maintenance - IT Equipment and Software	22,957.84	27,218.35
Repairs and Maintenance - Machineries	8,408.27	-
Repairs and Maintenance - Communication Equipment	800.00	-
Repairs and Maintenance -Other Machineries and Equipment	-	60,545.00
Repairs and Maintenance - Motor Vehicles	952,217.10	915,378.70
Repairs and Maintenance - Other Property, Plant and Equipment	594,937.50	1,091,390.00
Total	₱ 2,462,766.68	₱ 2,663,899.22

24. EXTRAORDINARY AND MISCELLANEOUS EXPENSES

Account Title	CY 2015	CY 2014
Extraordinary Expenses	₱ 37,985.71	₱ 38,000.00
Miscellaneous Expenses	56,304.66	50,759.80
Total	₱ 94,290.37	₱ 88,759.80

25. TAXES, INSURANCE PREMIUMS AND OTHER FEES

Account Title	CY 2015	CY 2014
Taxes, Duties and Licenses	₱ 2,172,374.42	₱ 1,720,007.51
Fidelity Bond Premiums	8,125.03	19,872.45
Insurance Expenses	8,158.52	42,270.11
Total	₱ 2,188,657.97	₱ 1,782,150.07

26. DEPRECIATION

Account Title	CY 2015	CY 2014
Depreciation - Land Improvements	₱ 1,894.68	₱ 1,894.68
Depreciation - Electrification, Power and	379,345.24	1,048,403.02

Account Title	CY 2015	CY 2014
Energy Structures		
Depreciation - Office Buildings	1,805,907.36	1,805,907.36
Depreciation - Other Structures	4,753,882.54	4,694,859.72
Depreciation - Office Equipment	286,570.74	369,851.47
Depreciation - Furniture and Fixtures	79,361.22	75,193.02
Depreciation - IT Equipment	612,999.06	667,271.00
Depreciation - IT Library Books	967.47	1,016.74
Depreciation - Machineries	5,184.00	2,664.00
Depreciation - Communication Equipment	728,633.16	721,798.58
Depreciation - Firefighting Equipment	15,492.84	15,492.84
Depreciation - Medical, Dental and Laboratory Equipment	50,733.86	56,847.46
Depreciation - Other Machineries and Equipment	280,032.12	280,032.12
Depreciation - Motor Vehicles	7,663.68	7,663.68
Depreciation - Watercrafts	25,650.00	25,650.00
Depreciation - Other Transportation Equipment	2,250.00	2,250.00
Depreciation - Other Property, Plant and Equipment	13,206,126.79	13,014,305.21
Total	₱ 22,242,694.76	₱ 22,791,100.90

27. FINANCIAL EXPENSES

Account Title	CY 2015	CY 2014
Bank Charges	₱ 7,460.00	₱ 60.00
Interest Expenses	13,020,105.01	11,180,420.98
Other Financial Expenses	424,479.63	762,868.00
Total	₱ 13,452,044.64	₱ 11,943,348.98

Part II

Observations and Recommendations

PART II – OBSERVATIONS AND RECOMMENDATIONS

I. Financial and Compliance Audit

1. Some cash advances for travel were not liquidated properly as required.

COA Circular No. 96-004 dated April 19, 1996 provides the guidelines in the granting, liquidation and monitoring of cash advances for travel. Pertinent provisions of the circular state that:

- a) The cash advance for official local travel shall be supported by an Itinerary of Travel (Appendix A) detailing the transportation expenses and travel expenses to be incurred as basis for determining the amount of cash advance.*
- b) The cash advance for travel shall be liquidated by the official/employee concerned strictly within (30) days after his return to his official station otherwise, payment of his salary shall be suspended until he complies therewith.*
- c) Where a trip is cancelled, the amount paid in advance shall be refunded in full. In cases where the trip is cut short or terminated in advance of the itinerary, the excess payment shall likewise be refunded. These refunds shall be made immediately upon cancellation or termination of the trip. It shall be the primary duty of agency heads to enforce promptly the refund.*

Likewise, Section 6 of Executive Order (EO) No. 298 provides the following:

Allowable Travel Expenses. *The travel expenses of government personnel regardless of rank and destination shall be in the amount of Eight Hundred Pesos (P800.00) per day which shall be apportioned as follows: a) fifty percent (50%) for hotel/lodging, b) thirty percent (30%) for meals and c) twenty percent (20%) for incidental expenses.*

Claims for reimbursement of actual travel expenses in excess of the travel expenses authorized herein may be allowed upon certification the head of agency concerned as absolutely necessary in the performance of an assignment and presentation of bills and receipts. Provided, that, certification or affidavit of loss shall not be considered as appropriate replacement for the required hotel/lodging bills and receipts.

Entitlement to travel expenses shall start only upon arrival at the place of destination and shall cease upon departure therefrom at the following percentage:

Particulars	Percentage	To Cover
Arrival not later than 12:00 noon	100%	Hotel/lodging (50%); meals (30%) and incidental expenses (20%)
Arrival after 12:00 noon	80%	Hotel/lodging (50%); dinner (10%) and incidental expenses (20%)
Departure before 12:00 noon	30%	Breakfast (10%) and incidental expenses (20%)
Departure at 12:00 noon and later	40%	Breakfast (10%), lunch (10%) and incidental expenses (20%)

Verification of cash advances granted and liquidated for CY 2015 disclosed that there were some liquidations for travel to Manila which lack documentary requirements such as Certificates of Appearance, Certificate of Travel Completed, Official Receipts and/or Reimbursement Expense Receipts (RER) (See Annex A). Likewise, there were liquidations which were made beyond the 30-day requirement after return from travel (See Annex B). Moreover, there were also some liquidations which were made within the 30-day requirement, however, the excess amounts which were subject for refund were not paid or deducted immediately from the salaries of the concerned officials and employees. In fact, in some instances, the refund or deductions were made after 31 to 136 days from liquidation dates (See Annex C).

Likewise, it was also noted that there were some excesses in the per diems which were subject for disallowance if not refunded immediately. See Annex D for the list.

These conditions exposed government funds to the risk of temporary personal borrowings or misappropriation.

We recommended that Management strictly comply with the provisions of COA Circular No. 96-004 in the grant, liquidation and monitoring of cash advances for travel. In the preparation of the Itinerary of Travel which is the basis for determining the amount of cash advance, only the possible necessary expenses per EO No. 248, as amended by EO No.248-A and EO No.298, should be included. If there is still any excess cash advance due to cancelled or shortened travel, immediate refund should be required.

2. The correctness and validity of the reported year-end balance of Accounts Receivable amounting to ₱28,575,236.34 was doubtful.

Section 111 of Presidential Decree (PD) No. 1445 provides – Keeping of accounts.

(1) The accounts of an agency shall be kept in such detail 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.

- (2) *The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.*

Whereas, Section 64 of the Government Accounting and Auditing Manual (GAAM), Volume I provides-

Recording of receivables.-Each accounting unit with accounts receivables shall keep one or more subsidiary ledgers showing, for customers or other types of debtors, the amounts due and received from them and the balances of their accounts. These subsidiary records shall support the general ledger control account.

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

Moreover, Generally Accepted Accounting Principles (GAAP) provide the maintenance of a Subsidiary Ledger (SL) which is a book of final entry containing the details or breakdown of the balances of controlling accounts appearing in General Ledger (GL). Postings to the SL generally come from the source documents. The totals of SL balances shall be reconciled with their respective control account regularly or at the end of each month. Schedules shall be prepared periodically to support the corresponding controlling GL accounts.

Verification of the Accounts Receivable for CY 2015 showed that the balance per GL did not reconcile with the Aging Schedule of Accounts Receivables/SL for active and inactive accounts, with a variance of ₱1,140,224.82, computed as follows:

Per Aging Schedule- Subsidiary Ledger	₱ 29,715,461.16
Per General Ledger	28,575,236.34
Variance	₱ 1,140,224.82

Thus, the condition above failed to provide an accurate and correct information to the readers of the financial statements of the Agency.

We recommended that Management require the Accounting and the Billing Sections to reconcile the general ledger and subsidiary ledgers of the said account and make the necessary adjustments for the noted difference.

Management promised to comply. However, they justified that the lapses might be due to their Billing Program which is already outdated. They are planning to

hire a programmer to update and improve the program wherein the transactions in the coastal areas can be monitored and easily recorded in the PDA main office.

3. **The inability by Management to strictly enforce the policy on disconnection of water service of delinquent concessionaires caused the existence of past due accounts which are 60 days and over amounting to ₱7,552,335.77.**

Section 6 of the Utility Rules and Regulations Governing the Operations of Partido Water Supply System (PWSS) provides the following:

Water Bill is the amount of water consumed within the monthly billing cycle and other charges and/or obligations due and payable at the office of PWSS designated collecting center, or authorized PWSS collectors. Xxxxxx, whereas, if the payment is made after the due date, a 10% penalty shall be charged. Unpaid bills which are more than ₱1,000.00 or 2 months in arrears whichever comes first, from the due date shall be considered delinquent and as such, shall be subject for disconnection. If no payment is made or no agreement between the parties is reached, disconnection shall be made. Water service will not be re-connected until full payment of the amount due is made, including reconnection fee and other charges, xxxxx.

Review of the Aging of Accounts Receivable - Active as of December 31, 2015 in the amount of ₱12,952,460.45 showed the following details:

Age of Accounts Receivable	Amount	% to Total
1 to 60 days	₱ 5,400,124.68	
Sub-total	5,400,124.68	41.69
61 to 180 days	3,913,678.63	
181 days to 1 year	1,285,397.26	
1 year to 2 years	1,124,093.58	
2 years to 3 years	532,821.17	
Over 3 years	696,345.13	
Sub-total	7,552,335.77	58.31
Total	₱ 12,952,460.45	100.00%

As shown in the table above, of the total accounts receivable (Active) of ₱12,952,460.45, ₱7,552,335.77 or 58.31% were already past due or over 60 days old. Likewise, of this past due accounts, ₱3,638,657.14 or 48.18% were already 181 days to over three years, per Aging Schedule provided to us. As in the previous years, this condition demonstrates Management's continued lapses in enforcing the policy on disconnection. Moreover, considering the length of time that these accounts have been outstanding, collection effort should have been intensified.

The money that may have been collected from these past due accounts could have been used by the Agency in its operation, implementation of projects and much more in the payment of its long overdue loans. Furthermore, had Management strictly enforced the policy on disconnection as provided for under Section 6 of the Utility Rules and Regulations Governing the Operations of PWSS, the accumulation of past due accounts could have been avoided or minimized.

We recommended that Management:

- a) Ensure that the policy on disconnection is strictly enforced to prevent the accumulation of past due accounts;*
- b) Take time to locate the whereabouts of concessionaires whose accounts are already dormant or inactive and enforce collection of their accounts; and*
- c) Employ mechanisms to enforce collection of long overdue accounts by sending demand letters or by resorting to legal remedies available.*

Management explained that a disconnection team was already formally organized last September 2014, the result of which was increase in collection and decrease in Accounts Receivable. Likewise, for the receivables which are remote of collections, they are in the process of gathering evidences, sending some more demand letters and resorting to other collection strategies and to finally request for writing off of these bad debts.

Further, the policy on disconnection is being discussed during the membership seminars conducted every Wednesday of the week or four times a month.

Moreover, Management informed the Audit Team that they have offsetting arrangements with some local government units (LGU) within their areas of operation. The arrangement is that the LGUs concerned would not pay anymore their water bills which would be charged in the properties being utilized by the PDA.

Auditor's Rejoinder:

We informed Management that the offsetting arrangement is good and maybe acceptable provided documents regarding the arrangement are complete and proper, including the proper monitoring and recording of the receivables and the recognition of the costs of the properties.

- 4. Discrepancies of ₱462,266.72 existed between the General Ledger Balances and Supplies Ledger Cards, both maintained by the Accounting Office, due to lack of periodic reconciliation of the two records.**

Section 111 of PD No. 1445 provides - Keeping of accounts.

- (1) The accounts of an agency shall be kept in such detail 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.*
- (2) The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.*

Moreover, GAAP provides the maintenance of SL which is a book of final entry containing the details or breakdown of the balances of controlling accounts appearing in GL. Postings to the SL generally come from the source documents. The totals of SL balances shall be reconciled with their respective control account regularly or at the end of each month. Schedules shall be prepared periodically to support the corresponding controlling GL accounts.

SLs/Supplies Ledger Cards (SLC) for inventories shall be maintained by the Accounting Unit for control and establishment of accountability.

Review of the Inventory accounts as of December 31, 2015 disclosed that the balances per GL did not reconcile with the balances per SLCs, showing a net difference of ₱462,266.72, as follows:

Inventory Accounts	Balances Per General Ledger	Balances Per Supplies Ledger Cards (SL)	Difference
Medical, Dental and Laboratory Supplies Inventory	₱1,467,333.86	₱325,205.49	₱ 1,142,128.37
Office Supplies Inventory	750,432.44	157,745.33	592,687.11
Accountable Forms Inventory	69,603.34	90,115.00	(20,511.66)
Gasoline, Oil and Lubricants Inventory	18,410.72	-	18,410.72
Other Supplies Inventory	1,182,943.37	3,377,924.63	(2,194,981.26)
Total	₱3,488,723.73	₱ 3,950,990.45	₱ (462,266.72)

The above figures were taken from the Notes to Financial Statements and Breakdown of Supplies Inventories for CY 2015, both provided by the Accounting Section.

As shown above, there was no reconciliation of both records, thus the accuracy and propriety of the balances of the inventory accounts presented in the financial statements were doubtful.

We recommended and the Management agreed to:

- a) Require the Accountant to determine the causes of the noted differences and effect immediate adjustment, if warranted; and*

b) Require the Accounting personnel concerned to conduct periodic reconciliation of their records to avoid future variances in their reports.

5. The validity of the Inventories account balance totaling **₱3,488,723.73** was doubtful due to lack of reconciliation between the accounting and property records.

Section 53b, Government Auditing Standards and Procedures and Internal Control System, GAAM, Volume III provides that:

This standard requires comparison of recorded accountability with existing assets to determine whether the actual assets agree with the recorded accountability. Any discrepancy should be investigated in accordance with existing regulations and appropriate action taken thereon.

Verification of the Report on the Physical Count of Inventories (RPCI)/Stock Ledger Cards submitted by the Property Section and SL on Inventories/SLC prepared by the Accounting Section disclosed that the quantities reflected in the RPCI were not reconciled with those in the SL, thus, casting doubt on the validity of the Inventories account balance totaling **₱3,488,723.73** as at year-end.

Comparison of the two records is shown below:

Account	Balance on Hand		Difference	Remarks
	Accounting	Property		
Office Supplies Inventory	2,909	2,418	491	24 items not listed in accounting records; 8 items not in property records
Medical, Dental and Laboratory Inventory	257	257	-	1 item not listed in accounting records
Accountable Forms Inventory	156,500	42,005	114,495	1 item not listed in accounting records
Other Supplies	4,908	15,284	(10,376)	30 items not listed in accounting records; 4 items not in property records; recorded as another stock. No. in proper records
Gasoline, Oil and Lubricants	521	-	521	computation of quantity is based on the assumption that remaining liters was pertaining to last purchase of 800L for ₱28,274.71 [₱18,410.72/(₱28,274.71/800L)]
TOTAL	105,131			

The aforementioned data revealed a variance of a net total of 105,131 items between the Accounting and Property Records. The greatest variance pertains to the Accountable Forms Inventory with a total of 114,495. As indicated in the Remarks

column, there were also items not listed in the accounting records but listed in the property records and vice versa. This is clearly in violation of Section 53b of GAAM, Volume III which requires that a comparison of recorded accountability with existing assets be made to determine whether the actual assets agree with the recorded accountability. Any discrepancy should be investigated in accordance with existing regulations and appropriate action taken thereon.

We recommended and the Management agreed to:

- a) Require the Accountant and the Acting Property Officer to exert effort to trace the difference of 105,131 items of inventories, and to reconcile their respective records on affected inventory accounts; and*
- b) Require the Accountant and the Property Officer that henceforth periodically reconcile their records to ensure that discrepancies are immediately looked into, and accounted for to reflect reliable balances in the financial statements.*

6. Discrepancy of ₱315,774.74 existed between the GL balances and the submitted Report on the Physical Count of Property, Plant and Equipment as of December 31, 2015.

Section 39b.3 of the GAAM, Volume III states that financial controls include the methods and procedures concerned with the safeguarding of assets and are designed to ensure that the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Likewise, Section 490 of the GAAM, Volume I prescribes that physical stock-taking is an indispensable procedure for checking the integrity of property custodianship. In all cases, the physical inventory-taking which is required semi-annually or annually should be regarded with importance. Moreover, Section 491 of the same Manual states that all discrepancies between physical and book inventories must be investigated and cleared immediately.

The GL balances of the Property, Plant and Equipment (PPE) as of December 31, 2015 and the balances reflected in the submitted Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as of the same date prepared and certified by the Inventory Committee and approved by the Administrator showed a difference/variance of ₱315,774.74, breakdown is shown below:

PPE Accounts	Balances Per General Ledger	Balances per RPCPPE	Difference/ Variance
Land	₱4,488,933.00	₱4,488,933.00	₱ -
Land Improvements	21,052.63	21,052.63	-
Electrification, Power and			

PPE Accounts	Balances Per General Ledger	Balances per RPCPPE	Difference/ Variance
Energy Structures	84,164,296.83	84,164,296.83	-
Office Buildings	40,791,246.37	40,791,246.37	-
Leasehold Improvement, Buildings	32,250.00	-	32,250.00
Other Structures	106,349,674.14	106,349,674.14	-
Office Equipment	7,921,637.40	7,921,937.43	(300.03)
Furniture and Fixtures	1,978,142.51	1,978,142.51	-
IT Equipment and Software	12,622,030.53	12,998,473.24	(376,442.71)
Library Books	23,320.00	21,092.00	2,228.00
Machineries	930,003.35	930,003.35	-
Communication Equipment	8,485,051.97	8,485,051.97	-
Firefighting Equipment	120,500.00	120,500.00	-
Medical, Dental and Laboratory Equipment	1,857,879.13	1,831,389.13	26,490.00
Other Machineries and Equipment	31,896,703.89	31,896,703.89	-
Motor Vehicles	10,825,829.18	10,825,829.18	-
Watercrafts	1,043,748.23	1,043,748.23	-
Other Transportation Equipment	91,118.33	91,118.33	-
Other Property, Plant and Equipment	443,488,694.10	443,488,694.10	-
Total	₱757,132,111.59	₱757,447,886.33	₱(315,774.74)

The discrepancy was the result of lack of reconciliation of the Accounting records and the RPCPPE. Comparison of this discrepancy with that of the noted variance in our audit of the CY 2014 accounts disclosed that there was a big improvement. From ₱10,297,342.29, it was reduced to ₱315,774.74. However, scrutiny of the RPCPPE disclosed that some of the PPEs were erroneously classified, samples of which are the following:

1. There existed lump sum amounts described as Construction Management and Supervision under the Article columns of the following PPEs:
 - a) Electrification, Power and Energy Structures ₱ 19,469,392.62
 - b) Buildings 444,662.54
 - c) Other Structures 33,754,846.13
 - d) IT Equipment and Software 3,300.00
 - e) Machineries 114,214.63
 - f) Communication Equipment 300,000.00
 - g) Other Transportation Equipment 66,118.33
2. Installation costs of equipment and other articles were taken up separately as follows:
 - a) Office Equipment - for one telephone line ₱ 9,160.76
 - b) Office Equipment - unidentified item 5,000.00

c) Office Equipment - -do-	30,000.00
d) Office Equipment - unidentified item	17,000.00
e) Office Equipment - for indoor and outdoor aircon	8,700.00
f) Office Equipment - for window type aircon	2,800.00
g) IT Equipment and Software - for billing and collection	150,000.00

3. Aside from these, there were also other expenses such as Office improvement of DZRP amounting to ₱16,200.00, per diems of installers and technicians, and other charges and incidental expenses of various amounts which were taken up under Furniture and Fixtures.

The above listed expenses should have been included or distributed to the corresponding PPEs to where they belong.

The Acting Property Officer declared that the classification listed above was the result of their reconciliation with the Accounting Section.

Thus, the variance of ₱315,774.74 and the other misclassified PPEs affected the fair presentation of the financial statement.

We recommended and the Management agreed to:

- a) Require the Accountant and the Acting Property Officer/Head of the Inventory Committee to exert extra effort to determine the causes of the discrepancy in the balances of the PPE accounts and to effect immediate adjustments in their respective records, if warranted;*
- b) Require the Accountant and the Acting Property Officer/Head of the Inventory Committee to review their respective records and reclassify to the corresponding PPEs the items listed above; and*
- c) The Accountant and the Acting Property Officer/Head of the Inventory Committee to conduct periodic reconciliation of their records to avoid any discrepancies in the future.*

- 7. The Deeds of Absolute Sale/Donation of five parcels of land amounting to ₱4,488,933.00 were not registered with the Register of Deeds where the lands are located.**

Section 13.1 of COA Circular No. 2012-001 dated June 14, 2012 specifically provides that one of the necessary documentary requirements in the purchase of land through negotiated purchase is that the “Deed of Absolute Sale” must be registered with the Register of Deeds (ROD) where the land is located.

Verification of the documents for the acquisitions of land by the Administration revealed that the Deeds of Absolute Sale/Donation of the five parcels of land acquired from CYs 1996 up to 2006, totaling ₱4,488,933.00, were not yet registered with the Register of Deeds under the name of the Administration where the lands are situated, thus, the legality of the ownership of the properties is doubtful and is exposed to the risk of possible third-party claims or double sale at the prejudice of the Administration. Details of the properties are as follows:

SELLER/DONOR	COST	DESCRIPTION	DATE ACQUIRED	REMARKS
Rodolfo Lim/ Ernesto Lim/ Alexander Lim	3,600,000.00	A parcel of land containing an area of 80,013 square meters (sq. m.) with TCT No. 20147 located at Tigaon, Camarines Sur	4/27/1996	Registered under the name of old owner
Vicente Estela	563,625.00	A parcel of land containing an area of 10,000 sq. m. with TCT No. 5437 located at Caraycayon, Tigaon, Camarines Sur	5/22/2001	Registered under the name of old owner
Erlinda Cea Chavez	220,000.00	An agricultural land with an area of 5.0076 sq. m. situated at Cawaynan, Tinambac, Camarines Sur	07/24/2001	Not registered
Judy P. Bacus	102,308.00	A parcel of agricultural land with an area of 14,872 sq. m. and a residential land with an area of 400 sq. m., for a total of 15,272 sq. m., situated at Barangay Pili, Presentacion, Camarines Sur	6/17/2003	Not registered
Tomas B. Riva	3,000.00	A portion of a parcel of land with an area of 20 sq. m. located at Garchitorena, Camarines Sur	01/30/2006	Not registered
TOTAL	₱4,488,933.00			

We recommended and the Management agreed to cause the immediate registration of the Deeds of Absolute Sale/Donation of the acquired parcels of land under the name of Partido Development Administration with the Register of Deeds where the lands are located to make their ownership legal and binding.

8. The submitted RPCPPE as of December 31, 2015 was not completely filled-up.

Section 490 of the GAAM, Volume I, provides that physical stock-taking is an indispensable procedure for checking the integrity of property custodianship. Chiefs of offices are required to take a physical inventory of all the equipment belonging to their respective offices at least once a year. The inventory taking shall be made as of

December 31 and shall be in the charge of a committee of two or more employees designated by the chief of office, to be witnessed by a representative of the Agency Auditor. The report shall be submitted to the Auditor not later than January 31 of each year.

The required annual inventory shall be certified correct by the committee in charge thereof, and approved by the chief of agency.

Likewise, Annex B-7 of the NGAS-Corporate provides the instructions/procedures on how to fill up/accomplish the RCPPE for the purpose of giving immediate and relevant information on the description, quantities, value, conditions and whereabouts of the property, plant and equipment. This shall be prepared yearly in four copies and shall be certified correct by the Inventory Committee and approved by the Head of the Agency, and distributed as follows:

Original - Accounting Unit for computation of cost and reconciliation with the controlling account

Duplicate Copy – Supply and Property Unit

Triplicate Copy – Inventory Committee file

Quadruplicate – copy for COA, which shall be submitted not later than January 31 of each year.

As of December 31, 2015, the Administration prepared a RPCPPE which was submitted to the Audit Team on February 4, 2016. Verification of the report disclosed that as in the previous year, it was not yet properly and completely accomplished in accordance with the instructions prescribed under Annex B-7 of the NGAS-Corporate. Not all items were assigned with Property Number, and the “Balance Per Card”, “On Hand Per Count”, and “Shortage/Overage” columns were not filled-up completely. Moreover, the “Remarks” column which should contain the whereabouts, conditions and other relevant information relative to the PPE was not comprehensively accomplished. Attached as Annex E is a Sample Page of the RPCPPE.

Thus, the condition above resulted in the failure of the RPCPPE to provide immediate information on the quantities, value, conditions, whereabouts and other relevant data relative to the PPE.

We recommended and the Management agreed to require the Inventory Committee to prepare and submit a properly and completely accomplished/filled-up RPCPPE based on a physical count conducted in the correct/prescribed format.

- 9. Some of the issued Property, Plant and Equipment were not yet covered by Memorandum Receipt/Property Acknowledgement Receipt.**

Section 492 of the GAAM, Volume I provides that equipment issued by the property officer for official use of officials and employees shall be covered by Memorandum Receipt (MR), now renamed as Acknowledgement Receipt for Equipment (ARE)/Property Acknowledgement Receipt (PAR), which shall be renewed every January of the third year after issue. MRs/AREs/PARs not renewed after three years shall not be considered in making physical count of the equipment.

As in the previous year, it was revealed that the PARs maintained by the Acting Property Officer were not yet complete. Interview disclosed that as of this writing, she is still in the process of preparing and completing them.

We recommended and the Management agreed to require the Acting Property Officer to expedite the preparation of the ARE/PARs for the issued property and to renew them every January of the third year after issue. The ARE/PARs should contain the complete description of the property, including the brand name and the serial number.

10. A Honda HRV Wagon, Model 2001 has a unit value of ₱1.00 only, resulting in the understatement of Assets and Government Equity.

The NGAS-Corporate and the GAAP provide that there are many ways of acquiring property and one of them is by donation. Donated property should be recorded at their fair market value, which is the price that would be received to sell an asset on the open market. Fair market value can be determined through an appraisal or by using the market prices of items identical or very similar to those that have been given/donated.

On January 23, 2004, the PDA, received from Mr. Lasse Nielsen, the then outgoing Project Advisor to the PDA, representing Danish International Development Agency (DANIDA), in relation to the PDA-Partido Water Supply System Project (PDA-PWSSP), a project vehicle, particularly described as follows:

Type	Wagon
Make	Honda
Capacity	1,520 kgs
Motor No.	D16W21100099
Serial/Chassis No.	JHLGH4759YS400089
Plate No.	WPF 620
Year Model	2001
No. of CYL	4
MVF File No	1320-186019

However, the Memorandum of Agreement (MOA) relative to the transfer of the vehicle/car described above did not contain its cost.

Verification of the RPCPPE disclosed that the transferred vehicle was valued at ₱1.00 only. The Accountant accepted that they really failed to record the correct value of the wagon. Further, recording was only made in CY 2013.

The failure to record the correct/reasonable value of the Honda HRV wagon resulted in the understatement of the Property, Plant and Equipment-Motor Vehicles, and Government Equity accounts with the appraised/fair market value of the property.

We recommended and the Management agreed to:

- a) *Cause the immediate appraisal of the donated Honda HRV wagon; and*
- b) *Require the Accountant to record the appraised value of the property and rectify the understatement of the asset and government equity accounts.*

11. The accuracy and validity of the recorded Accounts Payable amounting to ₱4,467,954.49 was doubtful.

Section 59 of PD No. 1445 provides that:

In his audit of liabilities the auditor shall seek to establish that all obligations of the agency have been accurately recorded; only bonafide obligations of the agency have been included; the obligations incurred are properly authorized; all provisions of trust indentures or mortgages are complied with; and mortgages and other encumbrances are fully disclosed.

Summarized below is the breakdown of the Accounts Payable (AP) totaling ₱4,467,954.49 which is composed of the top five highest AP as reflected in the Administration's Schedule of Accounts Payable as of year-end:

No.	Date	JEV No.	Payee	Nature	Amount	Remarks
1	12/28/15	15-12-626	Lexar Generator Parts Supplies	To set up payable re: Supply and Installation of brand new Generating Set 160KW/200 KVA	₱1,139,062.50	No supporting documents attached
2	7/7/15	15-07-517	Alpha Enterprises	750 bags of aluminum sulfate and 75 pail chlorine per PO#15-03-070	928,446.13	No supporting documents attached
3	12/28/15	15-12-617	Makati Foundry, Inc.	To set up payable re: Various plumbing materials for R/M of distribution network per PO#15-11-272 dated 11/6/15	915,186.96	No supporting documents attached

No.	Date	JEV No.	Payee	Nature	Amount	Remarks
4	12/22/15	15-12-489	Partido Construction Supply	To set up payable re: Supply of labor and materials for repainting of bridges and culvert crossing lines per COS#15-11-022 dated 11/23/15	820,312.50	No supporting documents attached
5	12/29/15	15-12-661	Casureco IV	To set up payable re: Electricity charges to PDA and PWSS for the month of December 2015	664,946.40	No supporting documents attached
TOTAL					P4,467,954.49	

Verification of the Journal Entry Vouchers (JEVs) taking up the AP transactions disclosed that the required documents (e.g. Purchase Request, Purchase Order, Delivery Receipt and Sales Invoice) to support the recording of the AP were not attached to the JEVs. Only the Budget Utilization Requests relating to the particular transactions were attached, which could not be considered a valid supporting document to recorded AP. Thus, accuracy and validity of the recorded AP could not be established.

We recommended and the Management agreed to require the Accounting personnel concerned to attach supporting documents to the JEV upon recording of AP to ensure its validity and propriety.

12. Funds amounting to P17,197,092.00 transferred to the Administration by the Department of Social Welfare and Development Field Office V (DSWD FOV) was erroneously recorded in the books as Due to Other Funds.

COA Circular No. 2004-008 dated September 20, 2004 provides the updated description of accounts under the NGAS. Specifically, it provides the following descriptions:

<i>Account Title</i>	Due to Other NGAs
<i>Account Number</i>	416
<i>Normal Balance</i>	Credit
<i>Description</i>	Amount received from other national government agencies for the implementation of specific programs/projects subject to liquidation

<i>Account Title</i>	Due to Other Funds
<i>Account Number</i>	424
<i>Normal Balance</i>	Credit
<i>Description</i>	Amount received/withheld for the account of other funds

Review of the account Due to Other Funds with a year-end balance of ₱18,014,382.10 as of December 31, 2015 revealed that this account contains the funds amounting to ₱17,197,092.00 transferred to the Administration by the DSWD FOV.

Verification of the MOA between the DSWD FOV and PDA dated June 26, 2015 disclosed that the DSWD FOV in its pursuit to provide a sustainable intervention to improve the well-being of Pantawid Pamilya beneficiaries, shall implement the Training Project in partnership with PDA which aims to empower the disadvantaged individuals through skills training and assistance towards gainful employment and venturing into entrepreneurial activities. Further, to implement the project, DSWD FOV shall allocate and transfer the funds to PDA in the amount of ₱17,197,092.00 in accordance with COA Circular No. 94-013 dated December 13, 1994 (Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies).

Section 4.2 of the said COA Circular specifically prescribes that: "The cash/money transferred shall be taken up as Cash, Inter-agency Transferred Funds (8-70-684) by the source agency (SA) and as a trust liability (8-84-100) by the implementing agency (IA)." However, currently, these accounts which are included under the Standard Government Chart of Accounts are no longer being utilized, since they are replaced by new accounts under the NGAS Chart of Accounts.

Verification of accounting records revealed that the transaction was taken up in JEV No. 15-12-277 as a credit to Due to Other Funds (Account No. 424). Considering the nature of the transaction which is the receipt of funds from other National Government Agencies for the implementation of specific programs/projects and subject to liquidation, the more appropriate account to use should have been Due to Other NGAs (Account No. 416). It matches the terms in the MOA, in which an excerpt (items c and h) is presented below:

"The PDA shall:

- c. Receive the amount of **Seventeen Million One Hundred Ninety Seven Thousand Ninety Two** (Php17,197,092.00) pesos from DSWD FOV and shall take full responsibility of its legitimate allocation in accordance with the terms herein set forth, and in accordance with the principle of due diligence and to existing laws, rules and regulations;
- h. In coordination with the approved institutions that will conduct the actual training of the beneficiaries, PDA shall submit a liquidation report to DSWD FOV. A final liquidation report shall be submitted within thirty (30) calendar days after the completion of the project;"

We recommended and the Management agreed to:

- a) Require the Accountant to prepare the JEV reclassifying the transaction from Due to Other Funds to Due to Other NGAs;*
- b) Require the Accountant to carefully review transactions before recording; and*
- c) Require the Accountant/the accounting personnel concerned to comply with the prescribed NGAS Chart of Accounts and with GAAP, in taking up transactions, as a means of ensuring the accuracy and reliability of financial records.*

13. The Medical, Dental and Laboratory Supplies Inventory, Other Deferred Credits and Accounts Payable accounts were overstated by ₱981,000.00, ₱52,553.87 and ₱928,446.13, respectively, due to erroneous recording and posting of transactions.

Section 111(2) of PD No. 1445, on keeping of accounts, states that:

The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Whereas Section 112 of the same PD, on recording of financial transaction, requires that:

Each government agency shall record its financial transactions and operations conformably with generally accepted accounting principles and in accordance with pertinent laws and regulations.

Likewise, the NGAS Chart of Accounts describes the following accounts as follows:

Due to BIR - Amount of taxes due/amount withheld for remittance to the Bureau of Internal Revenue

Other Deferred Credits - Collections received in advance/receivable setup not falling under any of the specific deferred credit accounts

Post audit of transactions disclosed that the Administration erroneously recorded the transaction on the payment of 750 bags of aluminum sulphate and 75 pails of chlorine. The Medical, Dental and Laboratory Supplies Inventory, Other

Deferred Credits and Accounts Payable accounts were overstated by ₱981,000.00, ₱52,553.87 and ₱928,446.13, respectively, as of the end of the year.

The summary of the accounting entries made during CY 2015 and the supposed journal entries for proper recognition of transactions are shown below:

Entry made			Should be		
Dr.	Medical, Dental and Laboratory Supplies Inventory	981,000.00	Dr.	Medical, Dental and Laboratory Supplies Inventory	981,000.00
Cr.	Other Deferred Credits	52,553.87	Cr.	Due to BIR	52,553.87
Cr.	Accounts Payable	928,446.13	Cr.	Accounts Payable	928,446.13
To set up payable (JEV No. 15-07-517)					

Entry made			Should be		
Dr.	Medical, Dental and Laboratory Supplies Inventory	981,000.00	Dr.	Accounts Payable	928,446.13
Cr.	Due to BIR	52,553.87	Cr.	Cash in Bank – Local Currency, CA	887,336.25
Cr.	Cash in Bank – Local Currency, CA	887,336.25	Cr.	Miscellaneous Income	41,109.88
Cr.	Miscellaneous Income	41,109.88			
To set up payable (JEV No. 15-10-439)					

As illustrated above, the Medical, Dental and Laboratory Supplies Inventory account was recorded twice, per JEV No. 15-07-517 and 15-10-439. Further, instead of recording directly to the Due to BIR account the payable to BIR when the payable was set up, it was taken up as Other Deferred Credits and was reversed upon payment.

Inquiry from the Acting Bookkeeper revealed that it has been their practice that Other Deferred Credits is being set up upon recording of AP to allot for the portion payable to BIR. Upon payment, the same account is debited and Due to BIR is credited.

Analysis of the transactions disclosed that the practice is not in accordance with the GAAP and provision on NGAS. Based on the description of the Other Deferred Credits in the NGAS as mentioned above, this account includes collections received in advance/receivable set up not falling under any of the specific deferred credit accounts, whereas, Due to BIR includes the amount of taxes due/amount withheld for remittance to the BIR. Thus, the latter is the most appropriate account to use.

The summary of the effects of the errors in posting in the financial statement accounts for CY 2015 is presented in the next page:

No.	Accounts Affected	Overstatement
1	Medical, Dental and Laboratory Supplies Inventory	P 981,000.00
2	Other Deferred Credits	52,553.87
3	Accounts Payable	928,446.13

Further verification of documents revealed that the Accounting Section already effected adjusting entries on January 29, 2016 to correct the entries made in CY 2015. However, there was still an error in the recording of the adjusting entry. Below are the details:

Entry made			Should be		
Dr.	Accounts Payable	981,000.00	Dr.	Other Deferred Credits	52,553.87
Cr.	Medical, Dental and Laboratory Supplies Inventory	981,000.00	Cr.	Accounts Payable	52,553.87
To adjust entries made in 2015 (JEV No. 16-01-490)					

We recommended and the Management agreed to instruct the Accountant to carefully review transactions before recording, and to comply with the prescribed Chart of Accounts per NGAS and GAAP in booking up transactions, as a means of ensuring the accuracy and reliability of financial records.

14. The payments of per diems to the Board of Directors (BOD) for CY 2015 in the total amount of P314,325.00 were not supported with attendance sheets and minutes of the meetings.

Section 4(6) of PD No. 1445 provides that “claims against government funds shall be supported with complete documentation”. Likewise, Section 168 of the GAAM, Volume I, provides that “among the basic requirements applicable to all classes of disbursements is the submission of documents and other evidences to establish the validity and correctness of the claim for payment”.

Moreover, Section 5.7.3 of COA Circular No. 2012-001 dated June 14, 2012 provides that payment of honoraria/per diems requires the submission of minutes of meeting and attendance sheet duly certified by the Board Secretary.

Post audit of the liquidation reports (LR) of the cash advances of the Disbursing Officer for the payment of per diems of the BODs and disbursement vouchers (DV) of those paid directly through checks to some of the members of the BOD disclosed that minutes of the meetings and attendance sheets were not attached to support the disbursements made. Out of the available 34 DVs/LRs submitted for the payments of per diems of the members of the BOD for January to October, 2015, 24 had attendance sheets attached, one had attendance sheet attached but with no

signature of the recipient of the check, and nine had no attendance sheets attached. Likewise, all of the 34 DVs had no attached minutes of the meetings.

With the absence of attendance sheets and minutes of the meetings, the propriety and validity of the disbursements could not be established and is contrary to the provisions of the above cited regulations.

We recommended that Management:

- a) *Require the Disbursing Officer/concerned employee to submit the attendance sheets and minutes of the BOD's meetings conducted in CY 2015 which were the subject of the liquidation reports/disbursements made to avoid the issuance of Notice of Suspension; and*
- b) *Always ensure that disbursements of funds for the payment of honoraria/per diems of BODs for meetings attended be duly supported with complete documentation to establish its propriety.*

Management promised to submit/attach to the LRs/DVs the minutes of the board meetings and the attendance sheets.

15. Expenses for meals amounting to ₱148,301.31 were incurred for the activities conducted by the Administration which were deemed not in accordance with its mandate.

COA Circular No. 2012-003 dated October 29, 2012 defines unnecessary expenditures as those expenses which are not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation. The mission and thrusts of the agency incurring the expenditures must be considered in determining whether or not an expenditure is necessary.

Among the functions and powers of the Administration as reflected in the Notes to Financial Statements provided to the Audit Team are the following:

- Make a comprehensive survey of physical and natural resources of the district;
- Prepare, undertake and implement a comprehensive and integrated development program for the district;
- Pass over all plans, programs, and projects in the district;
- Make recommendations to proper agencies on technical support, physical assistance and generally, the level of priority to be accorded;
- Encourage investments in the district;
- Help promote the economic zones and/or industrial estates established in the district; and

- Establish, operate and/or contract to operate such agencies, functional units and instrumentalities; and exercise other functions necessary to attain the purpose for which it was created.

Post audit of the disbursement transactions revealed that the Administration incurred expenses for meals for two activities which were deemed not in accordance with its mandate/functions and powers as enumerated above. Details of these are shown below:

Date	Check No.	Payee	Nature	Amount
January 29, 2015	46176	Rechilda's Cakes & Pastries	Meals re: Operation Reach Out 2015 per PO# 2015-01-16 dated January 28,2015	₱114,401.28
June 18, 2015	59682	Janni Chris Diner	Meals re: Computer Literacy Training for High School Teachers on May 5-8, 2015 per PO#15-05-091 dated May 4, 2015	33,900.03
TOTAL				₱148,301.31

As shown in the table above and further verification of supporting documents disclosed that the expense paid to Rechilda's Cakes & Pastries was for meals served during the Operation Reach Out 2015 conducted on February 4-7, 2015 at the Sangay Hospital/Tigaon Infirmary. The meals were allegedly served to 25 doctors from United States (US) and Far Eastern University (FEU), and 25 nurses who handled the activity. Verification, however could not be made since no attendance sheet was attached to the DV.

Likewise, the payment to Janni Chris Diner was for meals served during the Computer Literacy Training for High School Teachers conducted on May 5-8, 2015 at the Partido State University (PSU) Computer Laboratory, Goa, Camarines Sur in two batches. Per Activity Planner attached to the DV, the participants to the activity shall be 40 high school teachers, eight PSU instructors and two PDA staff per batch. The activity had the objective of training the teachers on how to use Microsoft Office Publisher. Scrutiny of the Attendance Sheets revealed that planned activity was undertaken, including the attendance of the supposed participants, thus it was revealed that the Administration paid for the entire amount of the meal expenses notwithstanding that only two or 4% out of the 50 participants were from the Administration.

These conditions fall within the concept of "unnecessary" expenditures of government funds since the expenses for the meals were not supportive of the implementation of the objectives and mission of the Administration relative to the nature of its operation.

We recommended that the Management:

- a) Justify why it conducted the above activities which were deemed not in accordance with its mandate/mission/functions and powers; and*
- b) Conduct only activities that are related or within its mandate/mission/functions.*

Management justified that the above activities conducted were in accordance with PDA's mandate/vision/mission. PDA was created by virtue of Republic Act (RA) No. 7820 purposely to be the development planning and coordinating body of the 4th District of Camarines Sur. As such, it is mandated to prepare, undertake and implement a comprehensive and integrated development program for the District.

Further, PDA envisions a district where the quality of life is comparable with more advance district in the country. To attain this, it shall catalyze industry and commerce through upgrading of human resources, enhancement of LGU capability, construction of basic socio-economic infrastructure and operation of pioneering business ventures.

To achieve its vision and mission, PDA has to formulate and implement socio-economic development programs and projects. In these stages, meals and snacks are provided to the invited service providers who volunteered to render services free of charge. Examples of these are the annual medical mission that the PDA co-sponsors annually and the training activities for the teachers. PDA's interventions in various sectors are results of consultations. Once a particular sector requires attention, it responds with utmost urgency to address the issues right away. The education sector, in particular, needed trainings in computer literacy for its teachers in order to be more effective learning facilitators. This is under the Quality Education Program of PDA.

Attached as Annex F is the Management's Justification prepared by Mr. Charlie V. Balagtas, Acting DC for Operations.

Auditor's Rejoinder:

With the above explanations by Management, we understand that the vision and mission of the PDA is the whole development of the 4th District of Camarines Sur. As such, its activities cover the entire upgrading and improvement of all sectors of the community. However, we recommend that before attending to the concerns of other sectors, it must first undertake/implement programs and projects for the improvement of its own self. It should prepare a plan/program on how it could avoid its soaring obligations due to its large amount of loans payable.

16. Honoraria, Consultancy Services, and Other Maintenance and Operating Expenses were understated while Traveling Expenses – Local and Training Expenses were overstated by ₱314,325.00, ₱114,869.45, and ₱14,196.43, respectively.

Section 111(2) of PD No. 1445 on keeping of accounts states that:

The highest standards of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

Whereas, Section 112 of the same PD on recording of financial transaction requires that:

Each government agency shall record its financial transactions and operations conformably with generally accepted accounting principles and in accordance with pertinent laws and regulations.

Further, on audit of expense accounts, Section 61 of PD No. 1445 provides that:

The examination of expense accounts shall be undertaken to ascertain that all expenses incurred have been duly authorized; adequately funded and documented; properly recorded; all recorded expenses have been actually incurred; and the classifications of expenses are appropriate and have been consistently followed.

Moreover, the NGAS Chart of Accounts specifically provides the description for the following accounts:

1. Honoraria (Account No. 720) are the amount due to government officials/employees in recognition of their expertise, broad and superior knowledge in specific fields.
2. Travelling Expenses-Local (Account 751) are the expenses in the movement of persons within the country whether employed in government or not, such as transportation and travel per diems, hire of guides, ferriage, and all other similar expenses.
3. Training Expenses (Account 753) are expenses for participation/attendance in trainings, conventions and seminars/workshops. It also includes expenses incurred related to training, such as payment of honoraria to lecturers, hand outs, supplies and materials used, meals and snacks.
4. Consultancy Services (Account No. 793) is the cost of hiring consultants for special/technical services not available in the concerned agency.

5. Other Maintenance and Operating Expenses (Account No. 969) are expenses not otherwise classified under the specific maintenance and other operating expense accounts.

Post audit of the disbursement accounts of the Administration disclosed that the entries made on the recording and the effects on the financial statement (FS) of the following expenses/transactions were as follows:

Transactions				Effects on the FS	
Nature of Transactions	Recorded As	Should Be	Amount	Accounts Understated	Accounts Overstated
Per diems/ honoraria of BODs	Travelling Expenses-Local	Honoraria	₱ 314,325.00	Honoraria	Travelling Expenses-Local
Consultancy fees paid for ISO certification	Training Expenses	Consultancy Services	114,869.45	Consultancy Services	Training Expenses
Meals for BOD regular meeting	Training Expenses	Other Maintenance and Operating Expenses	14,196.43	Other Maintenance and Operating Expenses	Training Expenses

Moreover, tracing of the expense to the approved budget revealed that for CY 2015, the Administration had no allocation for honoraria, consultancy services and other maintenance and operating expenses.

We recommended that Management:

- a) *Require the Acting Budget Officer to be very careful in the preparation of the budget, thus to review thoroughly the expenses incurred in previous years as bases;*
- b) *Require the Accountant to carefully review transactions before recording; and*
- c) *Require the Acting Budget Officer and the Accountant to comply with the prescribed NGAS Chart of Accounts and with GAAP, in taking up transactions, as a means of ensuring the accuracy and reliability of financial records.*

Management promised to comply. However, the Acting Budget Officer justified that they did not have allocation for BOD honoraria and consultancy services for CY 2015; however, these transactions were included in their budget for travelling and training expenses. The consultancy fees paid for ISO certification was charged to

training expense account because most of the activities undertaken by the consultant were the conduct of trainings/seminars to the PDA officials and employees.

Whereas, the honoraria/per diems of BODs were charged to the travelling expense account because these expenses were for the reimbursement of travelling expenses of BODs in attending the BOD meetings.

Auditor's Rejoinder:

We informed Management that if the payments made to the BODs were for the reimbursement of their travelling expenses in attending the BOD meetings hence charged to Travelling Expenses-Local account, then the claims should be in accordance with EO No. 298.

17. The Notices of Award for procurements undertaken through alternative methods of procurement in the total amount of ₱5,716,689.04 were not posted in the PhilGEPS and in the bulletin board of the Administration.

Section 54.3 of the Revised Implementing Rules and Regulations (RIRR) of RA No. 9184 provides that – *In all instances of alternative methods of procurement, the BAC, through the Secretariat, shall post, for information purposes, the notice of award in the PhilGEPS website, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity.*

Relative to this and in line with the commitment of the government to promote good governance and in its effort to adhere to the principle of transparency, accountability, equity, efficiency and economy in the procurement process, public monitoring of the procurement process and implementation of awarded contracts are necessary.

In our review of the procurement transactions for CY 2015, it was noted that print outs of the postings in the PhilGEPS of the Notices of Award for purchases undertaken through alternative methods of procurement in the total amount of ₱5,716,689.04 were not attached to the DVs. Only the Invitations to Bid/Requests for Quotation were attached. Likewise, scrutiny of the postings in the bulletin board of the Administration disclosed that the notices of award were not included. Thus, transparency in the procurement process may not be achieved and deprived concerned individuals/the community/the public to the information on the contracts/purchase orders awarded by the Administration.

We recommended that Management:

- a) Require the BAC, through the Secretariat, to post in the PhilGEPS, in the PDA's website, and in the bulletin board, the Notices of Award for all the procurements to be undertaken by the Administration; and*
- b) Require the Accountant to attach to the DVs, as one of the supporting documents, the print outs of the postings of the Notices of Award in the PhilGEPS and in the PDA's bulletin board.*

Management promised to comply. However, the Acting Property Officer/Head-BAC Secretariat declared that they would encounter difficulty in the posting in the PhilGEPS because not all of their suppliers are registered with PhilGEPS.

Auditor's Rejoinder:

We advised the BAC to refrain from transacting business with suppliers who are unregistered with PhilGEPS in order that they could comply with the above regulation.

18. Journal Entry Vouchers (JEVs), together with the Disbursement Vouchers (DVs) amounting to ₱612,930.62 were not yet submitted to the Office of the Auditor and submission of the collection accounts and other JEVs with their DVs for CY 2015 were delayed.

Section 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009 provides that the Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency shall ensure that the reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first ten days of the ensuing month.

Verification of records as of this date disclosed that the JEVs together with the DVs for CY 2015 amounting to ₱612,930.62 were not yet submitted to the Audit Team. See Annex G for the List.

Further, submission of the collections accounts and other JEVs with their DVs for CY 2015 were delayed. Attached as Annex H is the Matrix on the Submission of Accounts for CY 2015.

The Accounting Office informed us that they are still gathering and filing the documents for submission. Once completed, they will immediately submit them.

The non and delayed submission of the enumerated JEVs and DVs together with the complete supporting documents is contrary to COA Circular No. 2009-006 and prevented the Audit Team from conducting timely review and verification of the disbursements of the Administration, thus the validity and propriety of the recorded transactions could not be ascertained.

We recommended that the Management:

- a) direct the Accountant and the other persons responsible in gathering and filing the JEVs, DVs and the supporting documents to submit immediately to the Office of the Auditor/Audit Team the unsubmitted JVs and DVs with complete supporting documents; and*
- b) ensure that the required reports and accounts with complete supporting documents are submitted within the prescribed period.*

Management promised to comply. The Disbursing Officer was especially informed about this observation.

II. Value for Money Audit

19. The Administration's efforts to improve its financial performance and position may not be enough, casting doubt on its ability to perform its functions and powers and to continue as a going concern.

The PDA was established on November 18, 1994 by virtue of Republic Act (RA) No. 7820 with the mission to catalyze industry and commerce through upgrading of human resources, enhancement of Local Government Unit (LGU) capability, and operation of pioneering business ventures. It envisions a district where the quality of life is comparable with the more advanced districts in the country.

Among the functions and powers of the Administration as reflected in the Notes to Financial Statements provided to the Audit Team are the following:

- Make a comprehensive survey of physical and natural resources of the district;
- Prepare, undertake and implement a comprehensive and integrated development program for the district;
- Pass over all plans, programs, and projects in the district;
- Make recommendations to proper agencies on technical support, physical assistance and generally, the level of priority to be accorded;
- Encourage investments in the district;
- Help promote the economic zones and/or industrial estates established in the district; and

- Establish, operate and/or contract to operate such agencies, functional units and instrumentalities; and exercise other functions necessary to attain the purpose for which it was created.

PDA was formally organized and became operational on October 16, 1997. It has ten-member municipalities whose incumbent Mayors are members of the Board of Directors, among others, and the incumbent member of the House of Representatives representing the congressional district as ex-officio member. Section 6 of RA No. 7820 provides that the amount necessary for its implementation shall be charged against the member-municipalities and against the special fund provided for under Section 12 of Presidential (PD) No. 1869, which comes from the government share on the proceeds earned by PAGCOR from granting franchise to operate gambling enterprises. For this purpose, the General Provisions of the General Appropriations Act (GAA) has provided that the member-municipalities may charge the capitalization requirement against their respective Internal Revenue Allotment (IRA).

It appears that the ten-member municipalities and the PAGCOR failed to provide the necessary capitalization for the operation of PDA. Hence on December 18, 1999, the PDA contracted a mixed credit of EURO 7,806,869.40 and USD 7,504,611.56 with ABN AMRO Bank, N. V. Copenhagen Branch, Denmark, for the delivery, supply and installation of the design, construction, commissioning and operating and maintenance supervision by the Danish Supplier for the purpose of the Partido Water Supply Project. The loan was to be payable twice a year for a period of ten (10) years to start on March 1, 2004, but eventually lengthened by five (5) years.

Since the start of its operations up to the present, PDA focused mainly on supplying water to the ten-member municipalities and derived income therefrom. Its minor projects are the Center for Human Resources Development (CHRD), the FM Radio Station and the Nato Port, which is under the supervision of the Philippine Ports Authority (PPA). All these endeavors have constantly brought financial losses and declining cash position to PDA.

Relative to this, the conceptual framework of accounting mentions two assumptions, one of which is the Going Concern or Continuity Assumption, which states that, in the absence of evidence to the contrary, the accounting entity is viewed as continuing in operation indefinitely. In other words, the financial statements are normally prepared on the assumption that the entity will continue in operations for the foreseeable future. If there is evidence that the entity would experience large and persistent losses or that the entity's operations are to be terminated, the going concern assumption is abandoned.

Analysis of PDA's Financial Position

Starting the year 2004, PDA consistently operated on huge losses, hence, has not been able to pay its loan amortizations. For eleven (11) years from CY 2004 to

CY 2015, PDA failed to make its repayments as scheduled. Hence, the loan amortizations and interest charges were advanced by the National Government thru the Bureau of Treasury (BTr), being the guarantor for the loan. Shown below are the highlights of the payments made by PDA to the BTr for its foreign loan obligations for CYs 2004 to 2015 (Detailed schedule found in Annex I). As shown in the table, as of December 31, 2015, PDA has paid only ₱76,749,675.71 or 8.03% of the total Gross Advances and Interest due to the National Treasury amounting to ₱955,656,821.96, excluding its liability for Guarantee Fees. Notwithstanding the improvement of its ability to pay in CYs 2014 and 2015, in which it was able to pay ₱15,900,000.00 and ₱14,400,000.00, respectively, its payable attributable to the National Treasury amounting to *₱946,599,789.18 still comprised 82.54% of its total liabilities of *₱1,148,040,628.70 for CY 2015.

Year	Gross Advances	Interest Due	Total Payment Made for the Year	Total Amount Due	% of Payment to Aggregate of Gross Advances and Interest
2004	80,434,595.85	3,822,917.57	-	84,257,513.42	0.00%
2005	82,197,155.16	11,296,167.12	-	93,493,322.28	0.00%
2006	73,139,937.03	14,979,850.07	-	88,119,787.10	0.00%
2007	69,918,729.54	14,571,083.05	2,000,000.00	82,489,812.59	2.37%
2008	66,556,301.46	21,038,389.84	7,000,000.00	80,594,691.30	7.99%
2009	69,591,092.02	21,128,260.63	3,000,000.00	87,719,352.65	3.31%
2010	63,214,187.97	21,531,232.89	5,000,000.00	79,745,420.86	5.90%
2011	60,926,396.12	14,685,379.60	8,400,000.00	67,211,775.72	11.11%
2012	56,297,379.18	13,229,619.71	12,049,675.71	57,477,323.18	17.33%
2013	55,859,870.13	5,461,762.80	9,000,000.00	52,321,632.93	14.68%
2014	57,744,309.78	9,779,459.84	15,900,000.00	51,623,769.62	23.55%
2015	52,596,572.18	15,656,172.42	14,400,000.00	53,852,744.60	21.10%
Total	788,476,526.42	167,180,295.54	76,749,675.71	878,907,146.25	8.03%
Add: Liability for Guaranty Fees				<u>67,692,642.93</u>	
Due to National Treasury				<u>946,599,789.18</u>	
Corrected Balance of Total Liabilities				<u>1,148,040,628.70</u>	
% of Due to National Treasury to Total Liabilities				<u>82.45%</u>	

*Corrected balance due to late receipt of communication from BTr on adjustments to be made in PDA's books for interest on advances and guarantee fees amounting to ₱4,275,847.68 and ₱1,221,265.08, respectively. Communication was received on January 2016 when books were already closed.

Particulars	Per Books	Per BTr Books	Variance
Advances	₱ 788,476,526.42	₱ 788,476,526.42	₱ 0.00
Interest on Advances	162,904,447.86	167,180,295.54	(4,275,847.68)

Particulars	Per Books	Per BTr Books	Variance
Guarantee Fees	66,471,377.85	67,692,642.93	(1,221,265.08)
Less: Payment	76,749,675.71	76,749,675.71	0.00
Balance	₱941,102,676.42	₱ 946,599,789.18	₱ (5,497,112.76)

Total Liabilities as per PDA's books	₱ 1,142,543,515.94
Add: Adjustments to Interest on Advances and Guarantee Fees	5,497,112.76
Corrected Balance of Total Liabilities	₱ 1,148,040,628.70

As of the end of CY 2015, corrected balance of total liabilities of PDA amounted to ₱1,148,040,628.70 (of which **₱1,098,133,247.64 or 96% are from foreign loans), while total assets amounted to ₱475,447,178.81. Based on the Total Debt to Total Assets ratio of 241%, PDA could no longer meet its debt obligations by itself. Also, the Agency is no longer financially capable to continue its present operation. While PDA's mandate calls for the development and improvement of the socio-economic life in the District, its financial condition hinders the continued attainment of the tasks.

**Due to National Treasury	946,599,789.18
Loans Payable – Foreign	<u>151,533,458.46</u>
Liabilities – Foreign Loans	<u>1,098,133,247.64</u>

Analysis of PDA's Financial Performance

For CY 2015, PDA had a net loss of ₱4,331,595.99, while a net income of ₱1,234,941.11 was achieved in CY 2014. Further analysis revealed that the positive figure in CY 2014 was due to the Gain on Foreign Exchange amounting to ₱15,018,395.61 and Interest Income of ₱180,183.31, which covered up its Loss on Operations totaling ₱13,963,637.51. In 2015, its Loss on Operations was reduced to ₱3,298,094.53, however, this negative balance was further increased as it incurred Loss on Foreign Exchange amounting to ₱1,208,211.30. Below is the summary of the comparison of its Statements of Income and Expenses for CY 2014 and 2015 and the details are shown in Annex J.

Particulars	2015	2014	Increase/ (Decrease)
Income	84,660,163.56	76,768,260.71	7,891,902.85
Personal Services	18,727,281.62	19,705,615.85	(978,334.23)
Maintenance & Other Operating Expenses	31,306,591.09	33,854,853.97	(2,548,262.88)
Taxes, Duties and Licenses	-	1,720,007.51	(1,720,007.51)
Non-Cash Items	24,472,340.74	23,508,071.91	964,268.83
Total Operating Expenses	74,506,213.45	78,788,549.24	(4,282,335.79)
Financial Expenses	13,452,044.64	11,943,348.98	1,508,695.66
Income (Loss) From Operations	(3,298,094.53)	(13,963,637.51)	10,665,542.98
Gain/(Loss) on Foreign Exchange (ForEx)	(1,208,211.30)	15,018,395.61	(16,226,606.91)
Interest Income	174,709.84	180,183.31	(5,473.47)
Net Income/(Loss)	(4,331,595.99)	1,234,941.41	(5,566,537.40)

In addition, data showed that all its operating units (PWSS/PDA water supply, Center for Human Resource Development, Nato Port and DZRP Radio Station) incurred Losses on Operations, both for the past two consecutive years. This further posed a great concern on the Administration's ability to continue as a going concern. Assessment on the closure of some of its operating units should be done in order to avoid the incurrence of the same negative financial performance for the ensuing years.

LOSS ON OPERATIONS - Per Operating Unit					
Year	PWSS/PDA	CHRD	NATO PORT	DZRP	TOTAL
2015	(2,206,234.15)	(58,487.56)	(73,148.13)	(960,224.69)	(3,298,094.53)
2014	(12,649,100.54)	(103,549.02)	(19,912.21)	(1,191,075.74)	(13,963,637.51)

Evidently, PDA's current efforts of implementing cost cutting measures by eliminating excessive/unnecessary expenditures may not be enough to improve its financial position and performance, thus may cast doubt on its ability to continue as a going concern. Continuous incurrence of financial losses without effective measure to overturn the situation might result in the collapse of the Administration.

We recommended that Management:

- a) Make representation with proper authorities to implement Section 6 of RA No. 7820 which provides that the member-municipalities shall take charge of the amount necessary for the capitalization of PDA to be charged against their respective Internal Revenue Allotment;*
- b) Make representation with proper authorities to source fund from the government share on the proceeds earned by PAGCOR from granting franchise to operate gambling enterprises, as provided for under Section 12 of PD No. 1869;*
- c) Continue implementing cost cutting measures by eliminating excessive/unnecessary expenditures in its entire operations;*
- d) Intensify collection of outstanding Accounts Receivables. Disconnect water service connection of all concessioners with unpaid water bills;*
- e) Cause the assessment on the closure of some of its operating units in order to avoid the incurrence of the same negative financial performance for the ensuing years. Consider the privatization of the FM radio station and relinquish the management of Nato Port to the PPA;*
- f) Prioritize the payment of the foreign loans to minimize incurrence of interest and other charges; and*

- g) Find ways to settle its foreign loan amortization on or before the due dates to prevent the incurrence of additional interest charges as well as lighten the financial burden of the National Government.*

Management provided the following comments and justifications on our observation and recommendation:

- a. They promised to make representation with the proper authorities for the implementation of Section 6 of RA No. 7820;
- b. They promised also to make representation with proper authorities to source out funds from the government share on the proceeds earned by PAGCOR from granting franchise to operate gambling enterprises, as provided for under Section 12 of PD No. 1869;
- c. They justified that they have been implementing cost cutting measures, which, according to them, is clearly manifested in the Financial Statements of the Administration for the last three years despite the increase in the number in manpower requirement for its entire operation;

PDA's Total Expenses for the last 5 years (in Php)

2011	2012	2013	2014	2015
102,169,601.87	103,868,843.95	95,068,308.33	90,731,898.22	87,958,258.09
Increase(decrease)	1,699,242.08	(8,800,535.62)	(4,336,410.11)	(2,773,640.13)

- d. They explained that they have intensified their collection effort. A list of inactive accounts which were included in its receivables were issued final disconnection notice, verified personally, and those that are nowhere to be found, due to circumstances like death, migration and others, were recommended to be written off from PDA books to clear its record and eventually reduce its collectibles. Increasing collection on accounts receivables is also one of the agency targets submitted to GCG – thus PDA continuously exerts effort to collect outstanding balances of PWSS consumers;
- e. They declared that PDA has reduced significantly its expenditures on some of its operating units. In the case of Nato Port, a very minimal maintenance cost is being incurred by the office, basically for the salary of the individual looking after the facility. The Center for Human Resources Development (CHRD) is currently being packaged as a Training Center for Technical Courses such as Plumbing, Housekeeping and others. For these courses to be opened, in-house trainors are needed. PDA already sent PWSS staff to TESDA to complete a Trainors Methodology Course. CHRD facilities are also being improved to suit the requirement of TESDA for a training facility. For DZRP, privatization remains an option. However, should this is pursued, PDA will have difficulty disseminating

information to the general public and it might even become costly on the part of PDA. Meanwhile, PDA is reducing the operating cost of DZRP and intensifying marketing to increase its revenues;

- f. They further explained that the PDA remains committed to settle its obligation with the national government. While taking care of its operational expenditures, portion of its income is being set aside every month to meet its annual remittance target to Department of Finance (DOF) in consultation with Government Commission on Governance (GCG); and
- g. They have already submitted an amortization plan to DOF and GCG to settle their obligation.

Auditor's Rejoinder:

We informed Management that we are acknowledging their efforts to improve their financial performance and operations, however, their present efforts maybe lacking as evidence by the continuous incurrence of losses in their operations.

III. Compliance with Gender and Development (GAD) Laws, Rules and Regulations

- 20. Of the total allotment of ₱3,768,428.00 for 30 identified GAD projects and activities for the year, only the amount of ₱357,316.77 was spent for seven GAD activities.**

Pursuant to Section 34 of the General Provisions of the General Appropriations Act (GAA) for FY 2015, all agencies of the government are tasked to formulate a Gender and Development (GAD) Plan designed to address gender issues within their concerned sectors or mandate and implement applicable provisions under R.A. No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the Millennium Development Goals (2000-2015), the Philippine Plan for Gender-Responsive Development (1995-2025), and the Philippine Development Plan (2011-2016). The GAD Plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their budgets. The activities currently being undertaken by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfillment of women's human rights, and practice of gender-responsive governance are considered sufficient compliance with said requirement. Utilization of the GAD budget shall be evaluated based on the GAD performance indicators identified by said agencies.

Joint Circular No. 2012-01 issued by the Philippine Commission on Women (PCW), the National Economic and Development Authority (NEDA), and the

Department of Budget and Management (DBM) provides the guidelines for the preparation of Annual Gender and Development (GAD) Plans and Budgets and Accomplishment Reports to implement the Magna Carta of Women. It superseded the DBM-NEDA-NCRFW Joint Circular No. 2004-1 dated April 5, 2004, and took effect beginning 2013 for the GAD planning and budgeting process of FY 2014 and the ensuing years until repealed.

Pertinent guidelines under the Joint Circular are the following:

- At least five percent (5%) of the total agency budget appropriations shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.
- Pursuant to Section 37A.1 of the Magna Carta for Women Implementing Rules and Regulations (MCW-IRR), all agencies, offices, bureaus and all government instrumentalities and others concerned shall formulate their annual GAD plans and budgets (GPBs) within the context of their mandates. The GPBs shall be submitted to the PCW for review. The reviewed GPBs shall be endorsed back to the agency for submission to the DBM for approval. A template on GPB and the instruction/ guide in filling it up is attached as Annex A to the Circular.
- Upon receipt of the letter of endorsement from the PCW, the agency head shall issue an appropriate policy directive, copy furnished PCW, to disseminate and implement the GPB. All agencies shall endeavour to integrate GAD indicators into their existing monitoring and evaluation system.
- The GAD Accomplishment Report (GAD AR) shall be prepared by all agencies based on the PCW-endorsed GPB following the form prescribed in Annex B of the Circular.

Based on the copy of CY 2015 GAD Plan (See Annex K) and Budget furnished to the Audit Team, it was revealed that the Administration allotted ₱3,768,428.00 for GAD projects and activities for the year. This was equivalent to five percent of the total appropriations of ₱75,369,000.00 for CY 2014, required under Section 34 of the General Provisions of the GAA for CY 2015 and PCW-NEDA-DBM Joint Circular No. 2012-01. However, the GPB was not submitted to the PCW for review and to the DBM for approval. The focal person on GAD when inquired admitted that they really did not submit the GPB to the PCW and assumed that the approval of their CY 2015 Corporate Operating Budget by the DBM, which included the GPB, was already a sufficient compliance of the requirement. Further, she declared that during the GAD Seminar she attended in October, 2015, the PCW informed them that before the strict implementation of the guidelines on GAD, the focal person of the agencies would first be oriented on how to prepare the GPB wherein they would start from gender analysis.

Moreover, from the submitted GAD AR, we could not determine whether all the expenses incurred in the implementation of the GAD programs/activities were reasonable and within the GAD budget since the GAD AR had no column/data on the actual cost/expenditure incurred per activity except for the amounts reflected in the “GAD Performance Indicator” column which we presumed to be the amounts expended for the activities. Attached as Annex L is the prepared and submitted FY 2015 Annual GAD Accomplishment Report.

Scrutiny of the GAD AR disclosed that the activities conducted were compliant to the gender issues and concern of the Administration, however further look on the “GAD Performance Indicator” column revealed, that the Administration incurred excess expenditure compared with the budget for the activity on “Equal opportunity for both male and female in attending trainings and seminars that will broaden the awareness of their respective roles within the organization”. Per GAD budget, the Administration would spend ₱126,000.00 for the attendance of 35 employees to trainings, whereas, per GAD AR, the Administration spent ₱194,300.00 for the attendance of 29 employees only. However, it is noteworthy to mention that in the other GAD activities implemented during the year, the expenses incurred were lower than the budgeted amounts.

We recommended and the Management agreed to:

- a) Require the GAD Focal Person to prepare the GAD AR in accordance with the format/template prescribed in Joint Circular 2012-01. Amounts of actual costs incurred should be reflected and should be within the approved budget;*
- b) Submit the GPB to the PCW for review and to the DBM for approval; and*
- c) Cause the implementation of the PCW-endorsed and DBM- approved GPB.*

IV. Status of Audit Suspensions, Disallowances and Charges

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2015 are as follows:

	Beginning Balance (As of December 31, 2014)	This Period January 1 to December 31, 2015		Ending Balance (As of December 31, 2015)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Notice of Disallowance	382,012.81	0.00	86,940.00	295,072.81
Notice of Charge	0.00	0.00	0.00	0.00
Total	₱ 382,012.81	₱ 0.00	₱ 86,940.00	₱ 295,072.81

Part III

Status of Implementation of Prior Years' Audit Recommendations

PART III – Status of Implementation of Prior Years' Audit Recommendations

Our validation of the Management's implementation of audit recommendations showed that out of the 28 audit recommendations incorporated in the prior years' Annual Audit Reports, which covered CYs 2010-2014, 11 or 39% were fully implemented, 15 or 54% were partially implemented, and two or 7% were not implemented, as shown in the following table:

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
<i>CY 2014</i>					
The correctness of the reported year-end balance of Accounts Receivable amounting to ₱30,159,067.65 was doubtful due to the variance between the balances per General Ledger and per Aging of Accounts Receivable/Subsidiary Ledger in the amount of ₱57,183.65, which is contrary to Section 111 of Presidential Decree (PD) No.1445 and Section 64 of the Government Accounting and Auditing Manual (GAAM), Volume I, thus, providing misleading information to the readers of the financial statements.	We recommended and the Management agreed to require the Accounting and the Billing Sections to reconcile the general ledger and subsidiary ledgers of the said account and make the necessary adjustments for the noted difference.	AAR CY 2014 page 24	Not Implemented	Management is yet to contact another programmer this 2016 to aid in the reconciliation of the Billing and Accounting Records.	Reiterated under Observation No. 2.
The inability by Management to strictly enforce the policy	We recommended that the Management:	AAR CY	Partially Implemented	Management has just created a disconnection	Reiterated under Observation No. 3.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
on disconnection of water service of delinquent concessionaires as provided under Section 6 of the Utility Rules and Regulations Governing the Operations of Partido Water Supply System (PWSS) caused the existence of past due accounts which are 60 days and over amounting to ₱8,640,853.14.	<ul style="list-style-type: none"> a) Ensure that the policy on disconnection is strictly enforced to prevent the accumulation of past due accounts; b) Take time to locate the whereabouts of concessionaires whose accounts are already dormant or inactive and enforce collection of their accounts; and c) Employ mechanisms to enforce collection of long overdue accounts by sending demand letters or by resorting to legal remedies available. 	2014 page 25		team to address the observation. They committed to strictly follow the policy on disconnection.	
Discrepancies of ₱111,146.34 exist between the General Ledger Balances and Supplies Ledger Cards both maintained	We recommended and the Management agreed to require the Accountant to:	AAR CY 2014 page 26	Partially Implemented	The reconciliation is still on-going.	Reiterated under Observation No. 5.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
by the Accounting Office due to lack of periodic reconciliation of the two records contrary to Section 111 of PD No. 1445 and Generally Accepted Accounting Principles on the Maintenance of Subsidiary Ledger, thus casting doubts on the propriety of the balances of Inventory accounts reported in the financial statements.	a) Determine the causes of the noted differences and effect immediate adjustment, if warranted; and b) Conduct periodic reconciliation of their records to avoid future variances in their reports.				
The semi-expendable/small tangible items were recorded in the books of the PDA as Property, Plant & Equipment (PPE) instead of as Inventories contrary to COA Circular No. 2005-002, thus resulted in the understatement of Inventories account and overstatement of PPE accounts by ₱732,638.06 as of December 31, 2014.	We recommended and the Management agreed to require the Accountant: a) To prepare the necessary adjusting entries to rectify the erroneous classification of the small tangible items listed above; and b) To reevaluate the categorization of the assets of the Agency	AAR CY 2014 page 28	Fully Implemented		Adjusted on December, 2015

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	and make the necessary adjustments, if warranted.				
<p>The discrepancy of ₱10,297,342.29 exists between the General Ledger balances and the submitted Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as of December 31, 2014 due to lack of periodic reconciliation of both records and failure by the Inventory Committee to reflect the complete values on the RPCPPE, which is contrary to Section 39b.3 of the GAAM, Volume III, and Sections 490 and 491 of the GAAM, Volume I thus, the balance of the PPE accounts amounting to ₱747,442,658.96 is doubtful.</p>	<p>We recommended and the Management agreed to require:</p> <p>a.) The Accountant and the Acting Property Officer/Head of the Inventory Committee to exert extra effort to determine the causes of the discrepancy in the balances of the PPE accounts and to effect immediate adjustments in their respective records, if warranted;</p> <p>b.) The Acting Property Officer/Head of the Inventory Committee to review the RPCPPE and look for the values/amounts of the PPEs which were</p>	<p>AAR CY 2014 page 29</p>	<p>Partially Implemented</p>	<p>Adjusting entries were made last December 2015. However, appraisal for some PPE items is still pending for compliance.</p>	<p>Reiterated under Observation No. 6.</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	<p>not reflected in the report and correct the data thereon. If no value is obtained, cause the appraisal of the value of the item; and</p> <p>c.) The Accountant and the Acting Property Officer/Head of the Inventory Committee to conduct periodic reconciliation of their records to avoid any discrepancies in the future.</p>				
<p>The submitted RPCPPE as of December 31, 2014 was not prepared in accordance with the prescribed format, contrary to Section 490 of the GAAM, Volume I and Annex B-7 of the NGAS-Corporate, thus, immediate information on the quantities, value, conditions, whereabouts and other relevant data relative to the PPE, for reconciliation</p>	<p>We recommended and the Management agreed to require the Inventory Committee to prepare and submit a properly accomplished/filled-up RPCPPE based on a physical count conducted in the correct/prescribed format.</p>	<p>AAR CY 2014 page 31</p>	<p>Partially Implemented</p>	<p>The form was already changed but there were still some incomplete details in the RPCPPE.</p>	<p>Reiterated under Observation No. 8.</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
purposes, were not provided.					
<p>Some of the issued PPE were not covered by Memorandum Receipt/Property Acknowledgement Receipt, contrary to Section 492 of the GAAM, Volume I, thus the liability/responsibility for the custody of government property could not be effectively pinpointed.</p>	<p>We recommended and the Management agreed to require the Acting Property Officer:</p> <ul style="list-style-type: none"> a) To prepare ARE/PARs for the issued property and to renew them every January of the third year after issue. The ARE/PARs should contain the complete description of the property, including the brand name and the serial number; and b) To revise the prepared PARs in order to include the complete description of the issued properties. 	<p>AAR CY 2014 page 32</p>	<p>Partially Implemented</p>	<p>Preparation and renewal of PARs are still ongoing.</p>	<p>Reiterated under Observation No.9.</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
Several unserviceable PPE valued at ₱7,704,769.25 as of December 31, 2014 were still included in the PPE accounts and remain in the custody of the PDA contrary to the basic accounting policies provided in the NGAS – Corporate, the Philippine Accounting Standard No. 16, and Section 502 of the GAAM, Volume I, thus resulted in the overstatement of the affected PPE and Depreciation Expense accounts and understatement of the Other Assets account, and in the further deterioration and loss of value of the properties, respectively.	We recommended and the Management agreed to: a) Require the Accountant to reclassify the above listed unserviceable properties from the affected PPE accounts to the Other Assets account; and b) Cause the inspection and appraisal of these properties and eventually their disposal to prevent further deterioration and loss of value.	AAR CY 2014 page 33	Fully Implemented		Reclassification of assets effected July 2015.
The correctness of the computed depreciation expense for PPE accounts in the total amount of ₱22,791,100.90 cannot be validated in the absence of a lapsing schedule.	We recommended and the Management agreed to require the Accountant to prepare a depreciation lapsing schedule to ascertain the correctness of the reported depreciation expense in	AAR CY 2014 page 34	Fully Implemented		The Lapsing Schedule was already submitted last August 3, 2015.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	the Income Statement.				
The failure of the Accountant to reconcile the records of the PDA with that of the records of the Bureau of Treasury resulted in the unreliable balance of the Due to National Treasury account amounting to ₱922,932,886.49 as of December 31, 2014, contrary to Section Sections 111(2) and 112 of PD No. 1445, thus affecting the fairness of the presentation of the account in the financial statements.	We recommended that the Management require the Accountant to reconcile the records/balance of the account Due to National Treasury with the records of the Bureau of Treasury in order to reflect the correct account balance in the financial statements.	AAR CY 2014 page 35	Fully Implemented		Adjusted last February 27, 2015 and reconciled with BTR.
Of the total amount of ₱28,046,598.48 billed by the National Water Resources Board (NWRB) to the PDA as supervision and regulations fees for CY 2005-2001, only ₱19,402,696.52 was recorded in the books as Accounts Payable, thus resulted in the understatement of liability account and overstatement of equity account by	We recommended and the Management agreed to: a) Require the Accountant to record in the books the amount of ₱8,643,901.96 as liability as provided for under NGAS – Corporate and IAS 37;	AAR CY 2014 page 36	Partially Implemented	Management already made necessary adjusting entries for reclassification of account and booking of the penalties – July 21, 2015. The request for condonation of interest is yet to be made by Management.	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
<p>₱8,643,901.96. Likewise, the recording of the amount as Accounts Payable instead of Due to Other NGAs is contrary to the provisions on the classification of accounts in the New Government Accounting System.</p>	<p>b) Require the Accountant to reclassify the indebtedness from the Accounts Payable account to the Due to Other GOCCs account to reflect the proper classification of accounts in the financial statements; and</p> <p>c) Cause the payment of the payable to the NRW to avoid the further accumulation of penalties and surcharges, and the disapproval for the renewal of the CPC and other legal sanctions that maybe imposed.</p>				
<p>The employer's share contributions remitted to the PAG-IBIG Fund were based on 2% of the basic salaries of the employees contrary to</p>	<p>We recommended that the Management:</p> <p>a) Require the strict compliance with the</p>	<p>AAR CY 2014 page 38</p>	<p>Fully Implemented</p>		<p>Adjusted starting April 2015.</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
<p>Section 1 of Rule VI of the Implementing Rules and Regulations of RA No. 9679 (Home Development Mutual Fund Law), thus resulting in the over remittance of ₱185,482.47 for CY 2014.</p>	<p>provisions of Section 1 of Rule VI of the Implementing Rules and Regulations of Republic Act 9679 (Home Development Mutual Fund Law of 2009);</p> <p>b) Make representation with the management of PAG-IBIG Fund and request that over remittance of employer's share made by the PDA be deducted from future employer's contributions of each employee; and</p> <p>c) Consult first the DBM before any proposed increase in government and employee compulsory contributions are made as required under Section 45 of RA 10633.</p>				

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
<p>The PDA paid the total amount of ₱325,000.00 as penalty charges for using the read and bill machines and the systems without permit from the Bureau of Internal Revenue, in pursuance to the provisions of the National Internal Revenue Code, contrary to Section 368(b) of the Government Accounting and Auditing Manual, Volume I, thus the Agency incurred unnecessary expenses.</p>	<p>We recommended that the Management investigate and pinpoint the person/s/employee/s who caused the incurrence of the additional expenses and require him/her to give justification/explanation or charge the amount to his/her account to avoid the issuance of Notice of Disallowance.</p>	<p>AAR CY 2014 page 39</p>	<p>Not Implemented</p>	<p>The Management stated that they will make an appeal to COA for the following reasons:</p> <ul style="list-style-type: none"> a) The employees responsible were no longer connected with PDA; and b) They will also make an appeal to BIR because for the past six years of using the read and bill machines and system, BIR did not require PDA for such permit. 	
<p>Fuels purchased in CY 2014 for use by the different Water Treatment Plants (WTP) of the Administration totaling ₱2,089,909.91 were treated as outright expenses instead of recording it first as Inventory account contrary to Section 43 of Volume I of the Manual on</p>	<p>We recommended and the Management agreed to require:</p> <ul style="list-style-type: none"> a) The Accountant to record first as inventory account the purchases of fuel and only the issuances supported 	<p>AAR CY 2014 page 41</p>	<p>Fully Implemented</p>		<p>Already complied starting July 2015.</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
NGAS thereby showing weak internal control on the custody of assets because of the possibility/susceptibility of loss wherein nobody could be pinpointed as accountable for items.	<p>with the RSMI shall be treated as expense. Further, to require her to prepare and maintain SLC; and</p> <p>b) The Property/Supply Officer to prepare/maintain SC to monitor the movement of the consumption of the fuels per WTP.</p>				
Contracts and Purchase Orders (PO) attached to the Disbursement Vouchers (DV) for the procurement of infrastructure projects, services, and supplies and materials of the Agency in CY 2014 were not properly and completely filled-up contrary to COA Circular No. 96-010 and the NGAS Manual for Corporation, which provide the basic data and the instructions in accomplishing the Contract/PO, thus, penalties/liquidated damages	<p>We recommended that the Management:</p> <p>a) Require the Acting Property Officer or the person assigned to prepare the POs, and the suppliers to accomplish all the pertinent portions in the POs so that penalty charges could be computed and imposed in case of delayed or incomplete delivery of items being purchased.</p>	AAR CY 2014 page 42	Fully Implemented		Already complied starting July 22, 2015.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
loss through theft or misappropriation.	and intact their collections. Where daily deposit thereof becomes costly and impractical, require the deposit of collections at least once a week, or as soon as the collection reach ₱10,000.00, to prevent the loss of funds due to theft or misappropriation.				<p>implementation of the recommendation:</p> <p>a) Collections for PWSS Garchitorena, Presentacion and Siruma were not collected daily due to its distance, rough road and sometimes due to bad weather conditions. Nevertheless, PDA provides each collection center with safety box installed unnoticeably and with dual security combination, where the collecting employee drops the collection daily. The envelopes are numbered and</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
					<p>dated and are recorded in the logbook; and</p> <p>b) Collections of PWSS Caramoan are deposited daily at UCPB Caramoan Branch. Collection of PWSS Tinambac will be deposited daily as soon as Producers Bank has already opened their current account Facility. Bonds of collecting employees will be increased as recommended by our COA Auditor.</p>
The correctness of the Inventories account balance of ₱6,332,142.54 as of year-end and the reliability of the corresponding custodian's	We recommended that the Administrator require the conduct of the physical inventory taking of all Inventory items at least	AAR CY 2013 page 23	Partially Implemented	Still in the process of reconciliation.	Reiterated under Observation No. 5.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
<p>accountability are doubtful due to non-conduct the periodic physical count of inventories and non-recording of inventory items issued to end users from July to December 2013, contrary to Section 490 of the Government Accounting and Auditing Manual, Vol. I, and Section 46 of the NGAS Manual, Vol. 1.</p>	<p>every six months, as of June 30 and December 31 of each year, to be reported on appropriate forms applicable to each type of property involved.</p> <p>We also recommended that the Accounting Unit record all inventories issued during the year and prepare adjusting journal entry (AJE) to recognize the expense incurred, for a fair presentation of the Inventories account balance at year end.</p>				
<p>Unserviceable Property, Plant and Equipment (PPE) which were no longer used in the operations with a total amount of ₱9,747,020.51 were still included in the recorded PPE accounts, contrary to the basic accounting policies adopted in the NGAS-GOCCs and the Philippine Accounting Standard No. 16. Their non-disposal deprive the Agency</p>	<p>We recommended that the Accountant reclassify the above items of PPE to the Other Assets account for a fair presentation of the PPE and Other Assets accounts in the financial statements.</p> <p>We also recommended that the Administrator direct the Disposal</p>	<p>AAR CY 2013 page 24</p>	<p>Partially Implemented</p>	<p>Management promised that they will make the necessary reclassification.</p>	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
from earning additional income from sale thereof, prevent it from using the space that these properties occupy and expose the latter to elements causing their further deterioration, and diminished value.	Committee to immediately segregate and appraise all unserviceable properties/equipment and if found to be of value, sell the same at public auction to generate additional funds, and make available the use of the storage space occupied by these properties.				
PDA Management failed to set aside a Sinking Fund to provide for the liquidation of its long term foreign debt, resulting in huge unpaid overdue loan amortization which has become a financial burden to the National Government being the guarantor of the loan.	We recommended that PDA Management find ways to be able to allocate portion of its funds as Sinking Fund for the purpose of paying its loan amortizations.	AAR CY 2013 page 28	Fully Implemented		The Management stated that PDA's current account no. <u>3592-1000-10</u> maintained at Land Bank Tigaon Extension Office is their Sinking Fund account. They set aside funds from their collections monthly so that they can pay their quarterly payments to the Bureau of Treasury of P3,300,000.00.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
<p>PDA failed to reconcile the book balance of its Due to National Treasury account amounting to ₱804,828,715.92 with the book balance of the Bureau of the Treasury (BTr) recorded at ₱837,373,222.57, or a variance of ₱32,544,506.65, thus the validity and accuracy of the former is doubtful.</p>	<p>We recommended that PDA Management require its Accountant to coordinate with the BTr for the reconciliation of the book balance of Due to National Treasury account with the BTr records, to clear the difference between the two records and present an accurate balance of the account.</p>	<p>AAR CY 2013 page 29</p>	<p>Fully Implemented</p>		<p>Reconciliation of book entries against the amount recorded by the Bureau of the Treasury was made.</p>
<p>The agency could have avoided overspending and misspending had Management exercised prudence in the use of its corporate funds in accordance with COA Circular Nos. 85-55-A and 2013-003 dated Sept. 8, 1985 and Oct. 29, 2012, respectively.</p>	<p>We recommended that Management observe prudence and frugality in the utilization of the Agency's funds and property in accordance with the provisions of COA Circular Nos. 85-55-A and 2012-003 to prevent further depletion of the source fiscal resources of PDA.</p> <p>We also recommended that persons liable for the</p>	<p>AAR CY 2013 page 32</p>	<p>Partially Implemented</p>	<p>The Management commented that:</p> <p>a) The meals for seminars and trainings for Project Implementation and Development Activities or PIDA are being charged to these accounts;</p> <p>b) They promised to comply with the recommendations;</p>	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	excess EME refund the amount disallowed.			and c) PDA Office Order No. 28 series of 2014 was issued by the Administrator regarding the limit of mobile expenses.	
<p>Enormous operational losses and over reliance on borrowings threaten the PDA's viability as well as the ability to attain its vision of a district where the quality of life is comparable with the more advanced districts in the country. Further, the non-settlement of its maturing foreign loan obligations to ABN AMRO bank in accordance with the repayment provisions on the Loan Agreement has caused its liability to balloon to an unprecedented book balance of ₱1,075,274,966.79.</p>	<p>We recommended that Management seek for effective measures to remedy the financial distress that PDA is going through, through the following:</p> <p>a) Make representation with proper authorities to implement Section 6 of RA 7820 which provides that the member-municipalities shall take charge of the amount necessary for the capitalization of PDA to be charged against their respective Internal Revenue Allotment;</p>	<p>AAR CY 2013 page 34</p>	<p>Partially Implemented</p>	<p>The Management stated that:</p> <p>a) They will discuss this to their Co-chairman and members of the board during Board Meeting;</p> <p>b) They promised to implement cost-cutting measures;</p> <p>c) They are active in disconnecting water services of all concessionaires with unpaid water bills;</p> <p>d) Their Memorandum</p>	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	<p>b) Make representation with proper authorities to source fund from the government share on the proceeds earned by PAGCOR from granting franchise to operate gambling enterprises, as provided for under Section 12 of PD 1869;</p> <p>c) Implement cost cutting measures by eliminating excessive/unnecessary expenditures such as provision of several mobile phones and load to a single officer and to other employees, lavish celebration of induction or any occasion for that matter, immoderate utilization of motor vehicles, hiring of consultants whose functions can be done</p>			<p>of Agreement with PPA will be discussed with the Board of Directors. Same with the privatization of FM Radio Station; and</p> <p>e) They are complying with their target given by Governance Commission for GOCCs (GCG) re: Loan payment of ₱1.1 M per month of ₱3.3 M per quarter.</p>	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	<p>by regular employees, etc;</p> <p>d) Intensify collection of outstanding Accounts Receivables by referring the same to the Legal Officer of the Agency who shall implement legal actions against defaulting concessionaire. Disconnect water service connection of all concessioners with unpaid water bills;</p> <p>e) Privatize the FM radio station and relinquish the management of Nato Port to the PPA;</p> <p>f) Prioritize the payment of foreign and domestic loans to minimize incurrence of interest and other charges; and</p> <p>The PDA Management find ways to settle its</p>				

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	foreign loan amortization to ABN AMRO Bank on or before the due dates and repay the BTr for the advances made to ABN AMRO Bank to prevent the incurrence of additional interest charges as well as lighten the financial burden of the National Government.				
The PDA Management failed to obtain the optimal level of collection from its water service operation resulting in substantial amount of uncollected receivables, thus depriving the Agency of the monetary benefits that may be derived therefrom.	We recommended that Management exert more efforts to collect its receivable accounts and take measures and strategies, like cutting immediately the connection of water facilities of defaulting concessionaires, and restoration of their lines only upon full payment of outstanding water bills to prevent occurrence of more past due accounts. Likewise, refer the past due accounts to the Legal Officer for legal action to	AAR CY 2013 page 39	Partially Implemented	The Management explained that part of past due accounts were coming from old LWUA Water Districts of Tigaon/Sagñay, Tinambac and Goa Water Systems. Several attempts of sending demand letters to the past officers were done but still no avail. Last quarter of 2013 were able to create a team to be in-charge of monitoring and implementation of the following;	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	be taken against defaulting concessionaires.			<p>a) More exerted effort on the collection of receivables, more focus on application of installment mode of payments which is more helpful to concessionaires to settle their accounts;</p> <p>b) In-charge of adopting the process of written-off of dormant receivables of disconnected concessionaires;</p> <p>c) Implementation of disconnection of concessionaires with two months or more of past due accounts; and</p> <p>d) Surveys of illegal connection and turn-over to legal consultant, if any of convicted illegal</p>	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
				<p>connections for filing of legal cases.</p> <p>Also, they stated that this year they were able to start implementing, strategizing and exerting more efforts with newly created team to focus on the maximization of PWSS revenues and collection of receivables. With this, only partial implementation was done for the observation.</p>	
CY 2012					
Collections were not deposited daily and intact contrary to item no. 7 of the Manual on the NGAS for Corporate Government Agencies.	Management require all officers accountable for the collection of money to strictly observe daily deposit of collections, to avoid its accumulation to preclude the possibility of loss of the amount, be it thru theft, robbery, or misuse/misappropriation.	AAR CY 2012 Page 17	Fully Implemented		<p>Deposits of collections were done on the following frequency:</p> <p>Daily – Mainland, Tinambac and Caramoan</p> <p>Weekly – Presentacion, Garchitorena and</p>

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
	Only permanent and duly bonded employees be designated as collecting officers.				Siruma
<i>CY 2011</i>					
Due to limited capital and continuous losses in its operations, the deficit of Partido Development Administration had accumulated to ₱697.5 million as of December 31, 2011, thereby posing serious concern to the Agency's viability.	Management should revisit its operational strategies to correct the declining cash position of the agency. Adopt cost cutting measures while working out for strategies to enhance revenue generation.	AAR CY 2011 Page 27	Partially Implemented	Management started adopting cost-cutting measures to address this observation. Further evaluation of the status of implementation is to be made once the effect of these measures for a particular period of time can be evaluated.	
The Corporation had remitted a total of only ₱300,000.00 to the Bureau of Treasury for the assessed cost of audit services for CY 2011 and prior years, failed again to set the total unremitted balance of ₱2,914,554.00 as payables and appropriate in the COB contrary to Section 2 of EO 271 and COA – DBM Joint Circular No. 88-1, thus understating the Due to NGAs	Management should strictly comply with the provisions of Section 2 of EO 271 dated January 1, 1987 and Section 4.2 and 4.5 of COA-DBM Joint Circular No. 88-1 dated July 29, 1988.	AAR CY 2011 Page 31	Partially Implemented	The Management has allocated 1 Million Pesos for payment to COA. They have booked the assessed amount up to CY 2015. Future payments are yet to be made.	

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
account of the same amount as of December 31, 2011.					
CY 2010					
Material discrepancies noted in the reported balances of PPE totaling to ₱501,175,901.03, and the inclusion of damaged/unserviceable items cast doubt on the accuracy and validity of the accounts.	Management reconcile the noted discrepancy in the balances of the PPE accounts. Reclassify cost of damaged/unserviceable items to Other Assets account pending its proper disposition. And finally, resolve the deficiencies/errors noted in the Report on the Physical Count of Property, Plant and Equipment (RPCPPE).	AAR CY 2010 Page 26	Partially Implemented	The reconciliation of PPE balances is ongoing. The amount of discrepancy was already reduced.	

Part IV

Annexes

List of Annexes

ANNEX	DESCRIPTION
A	Schedule of Liquidations of Cash Advances for Travel with Incomplete Supporting Documents, Calendar Year 2015
B	Schedule of Cash Advances for Travel Liquidated Beyond the 30-day Requirement, Calendar Year 2015
C	Schedule of Cash Advances Liquidated within 30 Days but Refunded on Other Days and Deducted from Salaries from 31 to 136 Days from Liquidation Date
D	Schedule of Cash Advances with Excess Per Diem
E	Sample Page of the Report on the Physical Count of Property, Plant and Equipment as of December 31, 2015
F	Management's Justification prepared by Mr. Charlie V. Balagtas, Acting DC for Operations.
G	List of Unsubmitted Journal Entry Vouchers/Disbursement Vouchers for Calendar Year 2015 as of December 31, 2015
H	Matrix on the Submission of Accounts for CY 2015.
I	Analysis of Due to National Treasury as of December 31, 2015
J	Detailed Analysis of Income and Expenses for CYs 2015 and 2014
K	CY 2015 GAD Plan and Budget
L	FY 2015 Annual GAD Accomplishment Report

GRANTING OF CASH ADVANCE

LIQUIDATION OF CASH ADVANCE

GRANTING OF CASH ADVANCE

LIQUIDATION OF CASH ADVANCE

DATE OF C/A	DV #	CHECK #	PARTICULARS	AMOUNT	DATE OF JEV	JEV #	NAME OF PAYEE	AMOUNT	DATE LIQUIDATED	AMT. REFUNDED/REIMBURSED	OR#	DATE OF O.R.	REMARKS
Sub-totals Forwarded P				57,960.00				P 56,526.05		P 1,433.95			
2/24/15	-	51305	Travel to Manila on Mar. 1-4, 2015.	2,640.00	4/30/15	15-04-414	Jean T. Morafia	2,640.00	3/5/15				No Certificate of Appearance at BIR-Manila on Mar. 3, 2015.
-do-	-	51327	Travel to Manila on Mar. 1-4, 2015.	2,640.00	3/5/15	15-03-065	Charlie V. Balagtas	2,640.00	3/5/15				No Certificate of Appearance at BIR-Manila on Mar. 3, 2015.
3/13/15	15-03-797	51472	Travel to Manila on Mar. 15-17, 2015.	6,840.00	4/10/15	15-04-123	Recha Isabel P. Quinn	5,302.40	4/7/15	1,537.60	0876428	4/10/15	Lacks one (1) RER dtd. 3/18/15 for the Carwash amounting to P250.00
3/25/15	15-03-890	51526	Travel to Manila on Mar. 25-27, 2015.	6,840.00	04/06/15	15-04-037	Ramon F. Fuentebella	6,639.75	4/6/15	200.25	JEV#15-05-136 dated 05/12/15		No Certificate of Appearance for Water Philippines 2015 Expo.
3/25/15	15-03-890	51526	Travel to Manila on Mar. 25-27, 2015.	6,840.00	04/06/15	15-04-037	Ramon F. Fuentebella	6,639.75	4/6/15	200.25	JEV#15-05-136 dated 05/12/15		No Certificate of Appearance for Water Philippines 2015 Expo.
4/30/15	-	51785	Travel to Manila on May 4-8, 2015.	8,440.00	6/2/15	15-06-068	Ramon F. Fuentebella	8,898.00	05/13/15	(458.00)			No Certificate of Appearance in going to Engr. Danny Del Puerto. Certificate of Appearance in going to Mr. Wimpy Fuentebella has no name of the employee & particular date of travel.
4/30/15	-	51786	Travel to Manila on May 4-8, 2015.	3,440.00	05/18/15	15-05-215	Charlie V. Balagtas	3,440.00	5/18/15				No Certificate of Appearance in going to Engr. Danny Del Puerto. Certificate of Appearance in going to Mr. Wimpy Fuentebella has no name of the employee & particular date of travel.
-do-	-	51787	Travel to Manila on May 4-8, 2015.	3,440.00	05/15/15	15-05-216	Leopoldo Dela Cruz	3,440.00	5/15/15				No Certificate of Appearance in going to Engr. Danny Del Puerto. Certificate of Appearance in going to Mr. Wimpy Fuentebella has no name of the employee & particular date of travel.
Total Cash Adv. w/ Inc. Supporting Documents				P 99,080.00				P 96,165.95		P 2,914.05			

Prepared by:

Hilda L. Quiabo
HILDA L. QUIABO
 State Auditor
 Audit Team Member

Reviewed by:

Meredith A. Brazal
MARETH A. BRAZAL
 State Auditor IV
 Audit Team Leader

PARTIDO DEVELOPMENT ADMINISTRATION (PDA)
SCHEDULE OF CASH ADVANCES LIQUIDATED BEYOND THE 30-DAY REQUIREMENT
FOR CALENDAR YEAR 2015

GRANTING OF CASH ADVANCE				LIQUIDATION OF CASH ADVANCE									
DATE OF C/A	DV #	CHECK #	PARTICULARS	AMOUNT	DATE OF JEV	JEV #	NAME OF PAYEE	AMOUNT LIQUIDATED	DATE	OR#	DATE OF O.R.	REMARKS	AMT. REFUNDED/REIMBURSED
5/4/15	2015-05-1247	51881	Travel to Manila on May 13-16, 2015.	P 2,640.00	07/21/15	15-07-276	Leopoldo Dela Cruz	P 1,840.00	6/30/15			Liquidated on June 30, 2015 which is after 45 days from return from travel.	800.00
			Total Cash Adv.										
			Liquidated Beyond 30 Days	P 2,640.00				P 1,840.00					800.00

Prepared by:

Hilda A. Quapo
HILDA A. QUAPO
State Auditor I
Audit Team Member

Reviewed by:

Mareedith A. Brazil
MAREEDITH A. BRAZIL
State Auditor IV
Audit Team Leader

PARTIDO DEVELOPMENT ADMINISTRATION (PDA)
SCHEDULE OF CA LIQUIDATED WITHIN 30 DAYS BUT REFUNDED ON OTHER DAYS AND DEDUCTED FROM SALARIES FROM 31 to 136 DAYS FROM LIQUIDATION DATE
FOR CALENDAR YEAR 2015

GRANTING OF CASH ADVANCE						LIQUIDATION OF CASH ADVANCE							
DATE OF C/A	DV #	CHECK #	PARTICULARS	AMOUNT	DATE OF JEV	JEV #	NAME OF PAYEE	AMOUNT	DATE LIQUIDATED	AMT. REFUND ED/REIMBURSED	OR#	DATE OF O.R.	REMARKS
3/9/15	15-03-699	51426	Travel to Manila on Mar. 10-13, 2015.	P 9,640.00	4/6/15	15-04-036	Ramon F. Fuentebella	P 9,407.04	4/7/15	P 232.96	JEV#15-05-136 dated 05/12/15		Deducted from salary on May 12, 2015 which is 35 days from
3/13/15	15-03-796	51474	Travel to Manila on Mar. 15-17, 2015.	2,840.00	4/1/15	15-04-009	Charlie V. Balagtas	2,186.66	3/26/15	653.34	JEV#15-05-135 dated 05/12/15		P653.34 was deducted from salary on May 12, 2015 which is 47 days after liquidation date.
3/13/15	15-03-796	51474	Travel to Manila on Mar. 15-17, 2015.	2,840.00	4/1/15	15-04-009	Charlie V. Balagtas	2,186.66	3/26/15	653.34	JEV#15-05-135 dated 05/12/15		P653.34 was deducted from salary on May 12, 2015 which is 47 days after liquidation date.
3/13/15	15-03-799	51475	Travel to Manila on Mar. 15-17, 2015.	6,840.00	3/26/15	15-03-365	Jasmin P. Peñaflorida	6,495.30	3/26/15	344.70	0876416	3/30/15	The amt. subject for refund should be paid on the same day of liquidation.
4/24/15	15-04-1108	51768	Travel to Manila on May 4-8, 2015.	8,280.00	5/20/15	15-05-266	Recha Isabel P. Quinn	7,624.71	5/14/15	655.29	2288364	5/20/15	The amt. subject for refund should be paid on the same day of liquidation.
5/4/15	2015-05-1247	51881	Travel to Manila on May 13-16, 2015.	2,640.00	7/21/15	15-07-276	Leopoldo Dela Cruz	1,840.00	6/30/15	800.00	Deducted from salary on 11/13/15 w/ JEV# 15-11-225		Deducted from salary on Nov. 13, 2015 which is 136 working days from liquidation date.
5/12/15	2015-05-1258	51890	Travel to Catanduanes on May 18-22, 2015.	7,220.00	5/28/15	15-05-353	Anthony Caracas	5,994.07	5/28/15	1,225.93	2288371	6/28/15	Deducted from salary on June 28, 2015 which is 31 days from liquidation date.
				P 40,300.00					P 35,734.44	P 4,565.56			

Prepared by:

Hilda A. Quapo
HILDA A. QUAPO
State Auditor I
Audit Team Member

Reviewed by:

Meredith A. Brazal
MARETH A. BRAZAL
State Auditor IV
Audit Team Leader

**PARTIDO DEVELOPMENT ADMINISTRATION (PDA)
SCHEDULE OF CASH ADVANCES WITH EXCESS PER DIEM
FOR CALENDAR YEAR 2015**

GRANTING OF CASH ADVANCE					LIQUIDATION OF CASH ADVANCE								
DATE OF C/A	DV #	CHECK #	PARTICULARS	AMOUNT	DATE OF JEV	JEV #	NAME OF PAYEE	AMOUNT	DATE LIQUIDATED	AMT. REFUNDED /REIMBURSED	OR#	DATE OF O.R.	REMARKS
1/14/15	15-01-045	46036	Travel to Manila on Jan. 18-22 2015.	3,600.00	1/26/15	15-01-278	Francis Diaz	3,600.00	1/26/15				Per diem on 1/22/15 was ₱400.00 instead of ₱320.00 (Not in consonance with Section 4 of E.O. 298).
1/14/15	15-01-044	46037	Travel to Manila on Jan. 18-22 2015.	8,600.00	-do-	15-01-287	Recha Isabel P. Quinn	7,568.81	-do-	1,031.19	0876374	1/27/15	Per diem on 1/22/15 was ₱400.00 instead of ₱320.00.
2/20/15	-	51255	Travel to Manila on Feb. 22-25, 2015.	4,000.00	2/25/15	15-02-380	Charlie V. Balagtas	4,000.00	2/25/15				Per diem on 1/22/15 was ₱400.00 instead of ₱320.00 (Not in consonance with Section 4 of E.O. 298.)
3/25/15	15-04-973	51630	Travel to Legazpi on Apr. 13-17, 2015.	7,920.00	04/20/15	15-04-250	Maria Tirisa C. Banday	7,830.00	-do-	90.00	0876435	4/20/15	Per Diem claimed on 4/13/15 was ₱720.00, so, it exceeds ₱80.00.(Arrival in Legazpi was 3 p.m.)
-do-	15-04-972	51631	Travel to Legazpi on Apr. 13-17, 2015.	7,920.00	04/20/15	15-04-249	Jasmin P. Peñaflorida	7,830.00	-do-	90.00	0876434	-do-	Per Diem claimed on 4/13/15 was ₱720.00, so, it exceeds ₱80.00.(Arrival in Legazpi was 3 p.m.)
Totals for Excess Per Diem for C/Y 2015				P 32,040.00				P 30,828.81	P 1,211.19				

Prepared by:

Hilda A. Quiapo
HILDA A. QUIAPO
State Auditor I
Audit Team Member

Reviewed by:

Meredith A. Brazal
MARELITH A. BRAZAL
State Auditor IV
Audit Team Leader



PARTIDO DEVELOPMENT ADMINISTRATION

Created Under R. A 7820
Caraycayon, Tigaon, Camarines Sur

**REPORT ON THE PHYSICAL COUNT OF PROPERTY PLANT AND EQUIPMENT
LAND**

As of December 31, 2015

For which Catherine C. Padin, Acting Property Officer, Partido Development Administration is accountable, having assumed such accountability on April 21, 2014

ARTICLE	DESCRIPTION	PROPERTY NUMBER	UNIT OF MEASURE	UNIT VALUE	BALANCE PER CARD (Quantity)	ON HAND PER COUNT (Quantity)	SHORTAGE/OVERAGE		REMARKS
							Quantity	Value	
Lot	PDA Main Lot	N/A	HAS	3,600,000.00	1	1			PDA Main
Lot	PWSS Office Lot	N/A	HAS	563,625.00	1	1			PWSS
Lot	Tinambac Water Source	N/A	HAS	220,000.00	3	3			Tinambac
Lot	Presentacion WTP Site	N/A	HAS	102,308.00					Presentacion
Lot	Garchitorena Collection Center Lot	N/A	sq. m	3,000.00	20	20			Garchitorena
TOTAL				4,488,933.00					

PREPARED AND CERTIFIED BY:

CATHERINE C. PADIN
Head of Inventory Committee

FRANCISCO P. IMPERIAL
Member, Inventory Committee

OSCAR BENICIO C. PEÑAFLORIDA
Member, Inventory Committee

APPROVED BY:

RAMON A. FUENTEBELLA
Name and Signature of Head of Agency

FROM :

FAX NO. :

30 Mar. 2016 2:39PM P1

Justification:

The Partido Development Administration (PDA) is the first and the only organization of its kind in the Philippines. It was created by virtue of Republic Act 7820 in 1994 purposely to be the development planning and coordinating body of the 4th District of Camarines Sur. As such, PDA is mandated to prepare, undertake and implement a comprehensive and integrated development program for the 4th District of Camarines Sur. This primary function of the agency is supported by a DBM-approved staffing complement with emphasis on planning and operations requiring technical staff.

its vision:

The **PARTIDO DEVELOPMENT ADMINISTRATION (PDA)** envisions a district where the quality of life is comparable with more advance district in the country.

its mission:

To attain its corporate vision, the PDA shall catalyze industry and commerce through upgrading of human resources, enhancement of LGU capability, construction of basic socio-economic infrastructure and operation of pioneering business ventures

These are the basis why PDA is continuously orchestrating the development of the entire 4th District of Camarines Sur. PDA has to formulate socio-economic development programs and projects to inch-in towards its long-term goal -- improve the living condition in Partido Area. In formulating development programs and projects, on the planning phase, consultations, meetings, site visits, and research are extremely necessary to ensure plans are well thought of and that all aspects and areas of concerns are considered into the plan. It is during this stage that meals and snacks, on top of other requirements, are needed. Also, during project implementation phase, there are instances that PDA has to provide meals and snacks for the invited service providers who volunteered to render services free of charge. Examples include the annual medical mission that PDA co-sponsors annually and the training activities for the teachers. PDA's interventions in various sectors are results of consultations. Once a particular sector requires attention, PDA responds with utmost urgency to address issues right away and avoid long term implications of an issue. The education sector in particular, needed trainings in computer literacy for its teachers in order to be more effective learning facilitators. This need was made part of PDA's bigger program -- the Quality Education program -- a program with interventions from the pre-school up to the tertiary level.

PDA operates in manner that will maximize each agency's resource by pooling resources from various project actors, both from the government and the private sectors. This concept produces synergistic effect. This approach is highly advantageous on the part of the government.


CHARLIE V. BALAGTAS
Acting DC for Operations

Partido Development Administration
Tigaon, Camarines Sur
List of Unsubmitted Journal Entry Vouchers/Disbursement Vouchers
Calendar Year 2015

Month	JEV No.	Payee/Particulars	Amount
February	15-02-290	Babar/Bikol Publishoing House	P 3,000.00
March	15-03-059	Liquidation of Cash Advance (CVB)	2,640.00
	15-03-200	Cash Advance (MRP)	1,840.00
April	15-04-308	LBP - Goa Branch (Loan Amortization)	87,717.37
		Liquidation of Cash Advance (JPP)	6,840.00
May	15-05-041	Liquidation of Cash Advance (MLC)	8,200.00
	15-05-091	Liquidation of Cash Advance (F. Diaz))	3,280.00
June	15-06-168	Naga Southern Auto Supply, Inc.	4,065.00
	15-06-349	Deposit of water bill collections	106,251.33
August	15-08-304	Deposit of water bill collections	22,000.00
	15-08-360	Insurance expense, RE: Fidelity Bond	974.94
	15-08-367	PDA and PWSS supplies expended for manual Offical Receipts)	30,284.00
	15-08-371	PWSS supplies expended	265,000.00
September	15-09-033	Melchor and Aida Emission Testing Center	400.00
	15-09-165	MNWD	3,300.00
October	15-10-017	Geronimo Petron Service Center	400.98
	15-10-038	Liquidation of Cash Advance (MLC)	46,747.00
	15-10-066	Liquidation of Cash Advance (MRP)	4,960.00
	15-10-405	U-Bix Corporation	15,030.00
TOTAL			P 612,930.62

**Partido Development Administration
Matrix on the Submission of Accounts for CY 2015**

Month Covered	Due Date (within the first ten days of the ensuing month)	Collection Accounts		JEVs and DVs	
		Date of Submission	Number of Days Delayed	Date of Submission	Number of Days Delayed
January	February 10, 2015	March 13, 2015	31	March 4, 2015	22
February	March 10, 2015	March 23, 2015	13	March 30, 2015	20
March	April 10, 2015	April 28, 2015	18	June 10, 2015	61
April	May 10, 2015	May 21, 2015	11	November 4, 2015	178
May	June 10, 2015	June 23, 2015	13	November 4, 2015	147
June	July 10, 2015	July 28, 2015	18	November 9, 2015	122
July	August 10, 2015	November 5, 2015	87	November 12, 2015	94
August	September 10, 2015	November 27, 2015	78	December 3, 2015	84
September	October 10, 2015	November 27, 2015	48	December 10, 2015	61
October	November 10, 2015	November 27, 2015	17	December 28, 2015	48
November	December 10, 2015	December 16, 2015	6	As of February 9, 2016	61
December	January 10, 2016	As of February 9, 2016	30	As of February 9, 2016	30

Partido Development Administration
Analysis of Due to National Treasury
As of December 31, 2015

Annex I
(AAR page 52)

Year	Advances			Interest on Advances			Total Amount Due	Total Payment Made for the Year	% of Payment to Aggregate of Gross Advances and Interest
	Gross Advances	Payments	Net Advances	Interest Due	Payments	Net Interest Due			
2004	80,434,595.85	-	80,434,595.85	3,822,917.57	-	3,822,917.57	84,257,513.42	-	0.00%
2005	82,197,155.16	-	82,197,155.16	11,296,167.12	-	11,296,167.12	93,493,322.28	-	0.00%
2006	73,139,937.03	-	73,139,937.03	14,979,850.07	-	14,979,850.07	88,119,787.10	-	0.00%
2007	69,918,729.54	-	69,918,729.54	14,571,083.05	2,000,000.00	12,571,083.05	82,489,812.59	2,000,000.00	2.37%
2008	66,556,301.46	-	66,556,301.46	21,038,389.84	7,000,000.00	14,038,389.84	80,594,691.30	7,000,000.00	7.99%
2009	69,591,092.02	-	69,591,092.02	21,128,260.63	3,000,000.00	18,128,260.63	87,719,352.65	3,000,000.00	3.31%
2010	63,214,187.97	-	63,214,187.97	21,531,232.89	5,000,000.00	16,531,232.89	79,745,420.86	5,000,000.00	5.90%
2011	60,926,396.12	-	60,926,396.12	14,685,379.60	8,400,000.00	6,285,379.60	67,211,775.72	8,400,000.00	11.11%
2012	56,297,379.18	49,675.71	56,247,703.47	13,229,619.71	12,000,000.00	1,229,619.71	57,477,323.18	12,049,675.71	17.33%
2013	55,859,870.13	-	55,859,870.13	5,461,762.80	9,000,000.00	(3,538,237.20)	52,321,632.93	9,000,000.00	14.68%
2014	57,744,309.78	-	57,744,309.78	9,779,459.84	15,900,000.00	(6,120,540.16)	51,623,769.62	15,900,000.00	23.55%
2015	52,596,572.18	11,000,000.00	41,596,572.18	15,656,172.42	3,400,000.00	12,256,172.42	53,852,744.60	14,400,000.00	21.10%
	788,476,526.42	11,049,675.71	777,426,850.71	167,180,295.54	65,700,000.00	101,480,295.54	878,907,146.25	76,749,675.71	8.03%
Add: Liability for Guaranty Fees							67,692,642.93		
Due to National Treasury							946,599,789.18		
Corrected Balance of Total Liabilities							1,148,040,628.70		
% of Due to National Treasury to Total Liabilities							82.45%		

Partido Development Administration
Detailed Analysis of Income and Expenses
For Calendar Years 2015 and 2014

Annex J
(AAR page 53)

	2015					2014				
	PWSS/PDA	CENTER FOR HUMAN RESOURCE DEVELOPMENT	NATO PORT	DZRP	TOTAL	PWSS/PDA	CENTER FOR HUMAN RESOURCE DEVELOPMENT	NATO PORT	DZRP	TOTAL
Income	83,746,176.81	80,950.00	1,081.00	831,955.75	84,660,163.56	75,980,349.57	78,850.00	81,282.77	627,778.37	76,768,260.71
Personal Services	18,727,281.62	-	-	-	18,727,281.62	19,705,615.85	-	-	-	19,705,615.85
Maintenance & Other Operating Expenses	29,300,743.96	139,437.56	74,229.13	1,792,180.44	31,306,591.09	31,752,405.86	182,399.02	101,194.98	1,818,854.11	33,854,853.97
Taxes, Duties and Licenses	-	-	-	-	-	1,720,007.51	-	-	-	1,720,007.51
Non-Cash Items	24,472,340.74	-	-	-	24,472,340.74	23,508,071.91	-	-	-	23,508,071.91
<i>Total Operating Expenses</i>	<i>72,500,366.32</i>	<i>139,437.56</i>	<i>74,229.13</i>	<i>1,792,180.44</i>	<i>74,506,213.45</i>	<i>76,686,101.13</i>	<i>182,399.02</i>	<i>101,194.98</i>	<i>1,818,854.11</i>	<i>78,788,549.24</i>
Financial Expenses	13,452,044.64	-	-	-	13,452,044.64	11,943,348.98	-	-	-	11,943,348.98
<i>Income (Loss) From Operations</i>	<i>(2,206,234.15)</i>	<i>(58,487.56)</i>	<i>(73,148.13)</i>	<i>(960,224.69)</i>	<i>(3,298,094.53)</i>	<i>(12,649,100.54)</i>	<i>(103,549.02)</i>	<i>(19,912.21)</i>	<i>(1,191,075.74)</i>	<i>(13,963,637.51)</i>
Gain/Loss on Foreign Exchange (ForEx)	(1,208,211.30)	-	-	-	(1,208,211.30)	15,018,395.61	-	-	-	15,018,395.61
Interest Income	174,709.84	-	-	-	174,709.84	180,183.31	-	-	-	180,183.31
Net Income/(Loss)	(3,239,735.61)	(58,487.56)	(73,148.13)	(960,224.69)	(4,331,595.99)	2,549,478.38	(103,549.02)	(19,912.21)	(1,191,075.74)	1,234,941.41

FY 2015 ANNUAL GAD PLAN AND BUDGET

DEPARTMENT :

CORPORATION: PARTIDO DEVELOPMENT ADMINISTRATION

GENDER ISSUE/ CONCERN	Cause of the Gender Issue	GAD Result Statement/GAD Objectives	GAD ACTIVITY	Output Performance Indicators and Targets	GAD BUDGET	SOURCE OF BUDGET	Responsible Unit/Office
OPERATIONAL EXCELLENCE							
PDA has yet to develop manpower pool for critical services	There may be misconception about performance of duties pertaining to the capability of technical and non-technical personnel	To develop the skills, abilities and capabilities of all employees regardless of appointment status through attendance in trainings and seminar related to technical skill enhancement with emphasis on gender and development	Trainings and seminars for Plumbers, to be participated by both male and female	15 TESDA Certified plumbers	230,000.00	PS; MOOE & CO	Operations Division
			Equal Opportunity for both male and female to attend trainings and seminars that will broaden the awareness of its respective role within the organization regardless of sexuality.	35 employees with Salary Grade 18 and below	126,000.00	MOOE	A&F Division
			Equal opportunity for Middle Management Managers to attend supervisory/managerial trainings to enhance their management skills	3 Division Chief & Administrator	80,000.00	MOOE	A&F Division
There is a need for a Quality Management System with emphasis on on strengthening gender-responsive programs and projects	Stereotyping of male and female role in the delivery of services to clients	To increase PDA employees' level of awareness for an effective delivery of services that is compliant with International Operation for Standardization (ISO)	Equal opportunity for executive/managerial post to attend gender-responsive related trainings and seminar related to ISO compliance	3 Division Chief & Administrator	80,000.00	MOOE	A&F Division
			Equal opportunity for SG 18 and below to participate in gender responsive/career advancement trainings and seminars relevant to ISO requirements	10 GADvocates	60,000.00	MOOE	A&F Division
			Organization of PDA GADvocates to ensure the implementation of gender-responsive plans, programs and activity	20 GADvocates	50,000.00	MOOE & CO	A&F Division
PDA has to establish gender responsive mechanism to improve operational efficiency	Stereotyped rule of male and female with regard to operational efficiency	Equal opportunity of male and female to participate in activities to improve operational efficiency	Attendance to gender-responsive trainings which tackles highly strategic approach that will improve operational efficiency	3 Division Chief & Administrator	107,000.00	MOOE	A&F Division
			Formulate Policies and procedure on personnel actions that will hone potentially capable personnel to defray critical functions	15 middle managers	111,000.00	MOOE	A&F Division
			Brown bag discussion with GADvocates to harness potential contribution in improving operational efficiency	A&F, OD, PMED	150,000.00	MOOE	All Division
Inadequate capacity of both gender to generate revenues	There might be practices that are not gender-sensitive	To be able to inspire both gender contribute in revenue generation	Capability building activities that will enhance the awareness of supervisory/managerial personnel to actively contribute in revenue generation	3 Division Chief & Administrator	48,000.00	MOOE	A&F Division
			Equal opportunity of both gender to avail of the trainings and seminars offered by accredited financial institution to enhance PDA's strategies in revenue generation	30 personnel handling revenue generations functions	288,000.00	MOO	A&F Division
			A safe work place for all personnel performing duties and functions concerning revenue generation	25 personnel directly concerned with implementation to safeguard revenues	160,000.00	MOOE & CO	A&F Division
Absence of gender sensitive Monitoring mechanism to determine the level of customer satisfaction	There might be practices/policies that are still not gender-sensitive/responsive	PDA ensures a gender-sensitive/responsive services	Coordination with GADvocates Academe in the formulation of gender sensitive survey to determine the level of customer satisfaction	Social Research model to determine customer's level of satisfaction	105,000.00	MOOE	Operations Division
			Conduct a gender-responsive/sensitive survey to determine the level of PDA quality of service and find out the level of customers satisfactions	gender sensitive survey results of customers' level of satisfaction	112,000.00	MOOE	Operations Division
			Orientation/Dissemination of survey results to all employee	1 session every quarter	80,000.00	MOOE	Operations Division

GENDER ISSUE/ CONCERN	Cause of the Gender Issue	GAD Result Statement/GAD Objectives	GAD ACTIVITY	Output Performance Indicators and Targets	GAD BUDGET	SOURCE OF BUDGET	Responsible Unit/Office
GOOD GOVERNANCE							
PDA has to partner with GADvocates line agencies and stakeholders in monitoring and Project Implementation	There might be practices in monitoring and project implementation that is discriminatory to both gender with regard to partnership with line agencies and stakeholders	affirmative action programs to increase women's participation in policy making and decision making, e.g hiring, promotion, representation, etc	Learning and Development programs for the administrator & Division chief GADvocates	Annual GAD communication Plan established with IEC (information, Education and Communication)	96,000.00	MOOE	A&F Division
			Organizational Consultative meetings	Quarterly Organizational Consultative Meetings on GAD issues and concerns	24,000.00	MOOE	A&F Division
Lack of awareness among employees (men and women) and GAD Focal System on Regional/ National/ International Updates In GAD Programs/Projects, Disaster Risk Reduction Management and others	Limited participation to regional/ national/ International GAD conventions, trainings and other related activities	Increased participation of GAD FS and employees to various international/ national conventions/ trainings and other related activities	Attend regional/ national/ international trainings or other related activities	4 conventions/ trainings and other related activities attended by 5 GAD FS members and employees (men and women)	186,000.00	MOOE	A&F Division
			Partner with GADvocates Academe/Institutions who are experts on Climate Change Mitigation and Disaster Risk Management	MOA With Academe/Institutions who are expert in climate change mitigation and Disaster Risk Management	218,000.00	MOOE & CO	Operations Division
			In-house training on Disaster Risk management and climate Change mitigation	Section Chief	30,000.00	PS & MOOE	Operations Division
			Installation of a Gender Responsive/sensitive Disaster Quick Response Team	Organized Disaster Quick Response GADvocates	380,000.00	MOOE & CO	Operations Division
DEVELOPMENT FOCUS							
Upgrade Human Resources in various sectors	There might be policies, procedures and practices that are discriminatory and non GAD sensitive/responsive	To provide all employee fair opportunity to avail of benefits and privileges regardless of sexuality	RETIREMENT PROGRAM-The need to be aware of their plight after work age	Quarterly Orientation for all employee ages 60 and above	53,000.00	PS & MOOE	A&F Division
			WOMEN'S MONTH CELEBRATION-Piknik ng Kababaihan, Tree Planting	5 Water sources/Water Treatment Plant (WTP)	94,000.00	MOOE	A&F Division
			Awareness of women on R.A. 9262-Attendance in trainings on Violence Against Women & Children	30 women	45,000.00	MOOE	A&F Division
			GAD PLANNING WORKSHOP-GAD accomplishment and contribution report and Year end Target setting and budget allocation	Annual GAD Plan and Budget	205,000.00	MOOE	All Divisions
			EMPLOYEE WELFARE-To ensure that there are support system such as child care, healthy and safe working conditions to ease women's burden and promote women-friendly infrastructure	Checklist of Reasonable working conditions enhanced and cascaded to the bureaucracy	91,428.00	MOOE	A&F Division
				Formulate a standard monitoring, documentation and reporting system, including a centralized database on Special Leave Privileges	37,000.00	MOOE	A&F Division
			COMMUNITY SERVICES-(Coastal clean-up program) Cleaning Activities in selected coastal areas in Partido to be participated by Male GADvocates	4 coastal areas in mainland LGUs of Partido District	192,400.00	MOOE	PMED

GENDER ISSUE/ CONCERN	Cause of the Gender Issue	GAD Result Statement/GAD Objectives	GAD ACTIVITY	Output Performance Indicators and Targets	GAD BUDGET	SOURCE OF BUDGET	Responsible Unit/Office
Improve GAD sensitive Development Planning capabilities	Low level of capability to prepare development plans for the administration	Increase the capabilities of supervisors/managers/employees to prepare GAD responsive development plans	Attendance to GAD responsive training/seminars conducted by highly impacted Academic institutions	Administrative Division and 10 Members of GAD Occasional TWG	229,000.00	MOOE	A&F Division
Lack of awareness across men and women employees on gender issues and other employee's issues and concerns	Few men and women participate in forum and other gender related activities	Increased participation of men and women employees in GAD related activities	Conduct of forum/congress and other GAD related activities Conduct of seminars/forum and other related activities	Two (2) forum/congresses conducted within the year Three (3) seminars/forum conducted within the year	50,000.00 50,000.00	MOOE MOOE	A&F Division A&F Division
					3,768,428.00		

Prepared by:

ANGELICA P. REGORDOLA
DCI Administrative & Finance

Approved:

ROSA B. CATOLICO
Administrative

FY 2015 ANNUAL GAD PLAN ACCOMPLISHMENT REPORT

DEPARTMENT :
CORPORATION : *Paritdo Development Administration*

PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	RESULTS	GAD PERFORMANCE INDICATOR	REMARKS
OPERATIONAL EXCELLENCE						
PDA has yet to develop manpower pool for critical services	There may be misconception about performance of duties pertaining to the capability of technical and non-technical personnel	To develop the skills, abilities and capabilities of all employees regardless of appointment status through attendance in trainings and seminar related to technical skill enhancement with emphasis on gender and development	Equal Opportunity for both male and female to attend trainings and seminars that will broaden the awareness of its respective role within the organization regardless of sexuality.	various seminars/trainings	29 employees attended seminars/trainings Seminar Fee: P 194,300.00	implemented
			Equal opportunity for Middle Management Managers to attend supervisory/managerial trainings to enhance their management skills	various supervisory/managerial trainings for Middle Management Managers	Attended by 3 Division Chief Seminar Fee: P 71,208.00 (8 managerial trainings)	implemented
There is a need for a Quality Management System with emphasis on strengthening gender-responsive programs and projects	Stereotyping of male and female role in the delivery of services to clients	To increase PDA employees' level of awareness for an effective delivery of services that is compliant with International Operation for Standardization (ISO)	Equal opportunity for executive/managerial post to attend gender responsive related trainings and seminar related to ISO compliance	All PDA employees regardless of Appointment status	All Permanent, Co-term and Casual Employees attended the ISO Management System Awareness	implemented on June 11, 2015
DEVELOPMENT FOCUS						
Upgrade Human Resources in various sectors	There might be policies, procedures and practices that are discriminatory and non GAD sensitive/unresponsive	To provide all employees fair opportunity to avail of benefits and privileges regardless of sexuality	WOMEN'S MONTH CELEBRATION- "Forum on Womens Leadership, Power and Decision Making"	All female employees	100% attendance of all PDA female employees P 24,902.02	implemented on March 20, 2015
			Formulate a standard monitoring, documentation and reporting system, including a centralized database on Special Leave Privileges	Database of Special Leave Privileges	implemented	Monthly Monitoring Report posted at the Bulletin Board
			COMMUNITY SERVICES (Coastal clean up program) Cleaning Activities in selected coastal areas in Partido to be participated by Male GAD advocates	Gender Equality and Atulayan Island Exposure	implemented P 59, 706.75	Implemented April 30 - May 1, 2015

PROGRAM/ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	RESULTS	GAD PERFORMANCE INDICATOR	REMARKS
Improve GAD sensitive Development Planning capabilities	Low level of capability to prepare development plans for the administration	Increase the capabilities of supervisory/managerial employees to prepare GAD responsive Development plans	Attendance to GAD responsive training/seminars conducted by highly respected Academe/Institution	Seminar on GAD Planning and Budgeting	Attended by PDA's GAD Focal Person and 2 other personnel Seminar Fee: P 7,200.00	October 1-2, 2015

Prepared by:

ANGELICA H. REGONDOLA
DCI - A & F / GAD Focal Person

Approved:

RAMON F. FUENTEBELLA
Administrator I

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
for failure to make the full delivery/accomplishment within the time specified could not be computed and imposed.	b) Cause the revision of Section/Provision No. 6 of the Contract of Service to include the data on the definite date to commence the work and the specific time to finish. A Notice to Proceed should be issued to contain these provisions. This will facilitate the computation and imposition of penalties for delayed completion of the projects.				
Only a total of ₱2,500,000.00 or 3.67 percent of the total appropriations of ₱68,181,458.00 for CY 2014 was allotted for GAD projects and activities, instead of at least ₱3,409,072.90 or five percent required under Section 33 of the General Provisions of RA No. 10633 and PCW-NEDA-DBM Joint Circular No. 2012-01.	We recommended that the Management: a) Allocate at least five percent (5%) of the total agency budget appropriations for activities supporting GAD plans and programs; b) Require the GAD	AAR CY 2014 page 44	Partially Implemented	The Management stated that: a) They allocated five percent (5%) of the total agency budget appropriations for GAD Plans and Programs; and b) They identified the GAD Focal Person.	Reiterated under Observation No. 19.

Audit Observations	Audit Recommendations	Ref.	Status of Implementation	Reason for Partial/Non-Implementation	Auditor's Validation
Further, the submitted GAD Plan and Budget and Accomplishment Report were not in the formats/templates prescribed in Joint Circular 2012-01 and not submitted to the Philippine Commission on Women for review and Department of Budget and Management for approval.	<p>Focal Person to prepare the GAD PB and AR in accordance with the formats/templates prescribed in Joint Circular 2012-01. Amounts of budget and actual costs incurred should be reflected;</p> <p>c) Submit the GPB to the PCW for review and to the DBM for approval; and</p> <p>d) Cause the implementation of the PCW-endorsed and DBM- approved GPB.</p>			However, the GAD Plan and Budget and Accomplishment Report are not yet revised according to the formats/templates prescribed in Joint Circular 2012-01, and are still for submission to the Philippine Commission on Women for review and to the Department of Budget and Management for approval.	
CY 2013					
Collections were not deposited daily and intact contrary to Section 69 of Presidential Decree No. 1445 and item 7, MNGAS for CGAs, thereby exposing government funds to undue	We recommended that Management require the Collecting Officers of Tinambac, Garchitorena, Presentacion, Caramoan and Siruma collecting centers to deposit daily	AAR CY 2013 page 21	Fully Implemented		Below Management's comments on the observation noted which were already considered by the auditor as full