



**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, 2012**





Republic of the Philippines  
**COMMISSION ON AUDIT**  
**Regional Office No. V**  
Rawis, Legaspi City  
Telefax nos. 482-0547; 4820548

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August 28, 2013

**Rosa B. Catolico**

Administrator

Partido Development Administration

Tigaon, Camarines Sur

**Dear Ms. Catolico:**

In compliance with Section 2, Article IX-D of the Constitution of the Philippines and pertinent provisions of Presidential Decree No. 1445 otherwise known as the Government Auditing Code of the Philippines, we conducted a financial and compliance audit on the transactions of Partido Development Administration, Tigaon, Camarines Sur for calendar year ended December 31, 2012.


The audit included analysis of accounts and review of certain transactions and test of compliance with applicable laws, rules and regulations, aimed to ascertain the fairness and reliability of the agency's financial position and the results of its operations.

The attached report consists of four parts: Part I – the Audited Financial Statements; Part II – Findings with the corresponding Recommendations which were discussed with concerned Management officials and staff on June 13, 2013; Part III – the Status of Implementation of Prior Years' Audit Recommendations; and Part IV - the Annexes.


May we request please that this Office be informed on actions taken by management to the Auditor's audit recommendations incorporated on this audit report, within sixty (60) days from receipt hereof, pursuant to Section 91 of the General provisions of the General Appropriations Act for FY 2012.

We acknowledge the assistance and cooperation extended by the agency officials and personnel to the audit team that made possible the early submission of this report.

Very truly yours,

  
**EVELYN P. REYES**  
Director IV  
Regional Director

PARTIDO DEVELOPMENT ADMINISTRATION  
TIGAON, CAMARINES SUR  
OFFICE OF THE ADMINISTRATOR  
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Republic of the Philippines  
**COMMISSION ON AUDIT**  
AUDIT GROUP G – STAND ALONE AGENCIES  
Office of the Auditor – Team No. 04  
Partido Development Administration  
Tigaon, Camarines Sur

June 17, 2013

**EVELYN P. REYES**

Director IV  
Regional Director  
Commission on Audit, Regional Office No. V  
RawisLegaspi City

Thru: The Supervising Auditor  
Audit Group G-Stand Alone Agencies  
Commission on Audit-Regional Office No. V

Madam:

In compliance with Section 2, Article IX-D of the Constitution of the Philippines and Section 43 of PD 1445 otherwise known as the Government Auditing Code of the Philippines, we conducted an audit of Partido Development Administration, Tigaon, Camarines Sur for the year ended December 31, 2012.

We conducted the audit to determine the fairness of the presentation of the Financial Statements, the propriety of the financial transactions and whether government funds and resources were utilized in an economical, efficient and effective manner.

The attached report consists of the following: Part I – Audited Financial Statements, Part II – Findings with the corresponding recommendations which were discussed with concerned Management officials and staff on June 13, 2013, Part III – Status of Implementation of Prior Years' Audit Recommendations and the Annexes. Management's views and reactions were considered in the report, where appropriate and necessary.

In our opinion, except for the effects of any adjustments, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter regarding the existence and accuracy of the reported balance of Property, Plant Equipment valued at P444,783,620.09 the financial statements present fairly, in all materials respects, the financial position of the PartidoDevelopment Administration as of December 31, 2012 and the results of its operation and its cash flows for the year ended in conformity with applicable generally accepted accounting principles.

We conducted the audit in accordance with generally accepted auditing standards and we believe that it provides reasonable bases for the results of audit.

Very truly yours,

**ROGER V. PALACIO**  
State Auditor IV  
Audit Team Leader

# **EXECUTIVE SUMMARY**

## **Introduction**

The Partido Development Administration (PDA) was created on November 14, 1994 by virtue of Republic Act No. 7820, otherwise known as the "Partido Development Administration Act of 1994". RA 8989 was enacted on December 31, 2000 to streamline its organization and amend certain provisions.

The PDA has jurisdiction over ten (10) municipalities of the Fourth Congressional District of Camarines Sur, also known as "Partido District". It is under the supervision and direction of the Board of Directors, whose members are the ten (10) incumbent municipal mayors of the district, the incumbent Congressman, the Administrator and ten (10) Private Sector Representatives (PSR) selected from among duly organized Non-Government Organizations (NGOs) and sectoral associations from each member municipalities.

PDA is mandated 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; 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 in the district; establish, operate and/or contract to operate such agencies, functional units and instrumentalities; adopt a corporate seal; enter into contracts; alienate properties; to sue and to be sued; engage in agriculture, industry, commerce or other activities within the district; receive grants for its capitalization and operation; and exercise other functions necessary to attain the purpose for which it was created.

## **Financial Highlights**

PDA's assets, liabilities and equity amounted to P491,675,133.69, P1,151,861,189.98 and P(660,186,056.29), respectively, as of December 31, 2012. It sustained a net loss of P13,228,824.65 from its operations in 2012.

Sources of corporate funds as proposed by the administration and approved by DBM amounted to P107,276,548.00. Actual income generated totaled to P75,501,807.88 and the corporation received financial assistance from National Government amounting to P4,810,860.00. On the other hand, DBM approved allotment was P69,453,097.00, of which P66,788,349.70 was actually incurred.

## **Scope of Audit**

The audit covered the examination, on a test basis, of the accounts and financial transactions of the PDA for CY 2012 in accordance with Philippine Standards on



Auditing. Our audit was also made to assess the propriety of financial transactions and the Administration's compliance with laws, rules and regulations.

### **Auditor's Opinion on the Financial Statements**

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to the failure of the Corporation to submit the report on the physical count of Property, Plant and Equipment valued at P444,783,620.09 which is 90% of the total assets. The inadequacy of its records did not permit us to apply alternative auditing procedures, thereby casting doubt on its correctness, accuracy and existence.

### **Summary of Significant Audit Findings and Recommendations**

1. Collections were not deposited daily and intact contrary to the item no. 7, Basic Rules and Regulations on Collections and Deposits, of the Manual on the New Government Accounting System (NGAS) for Corporate Agencies, and the provisions of the Revised Manual on Cash Examination (COA Memorandum No. 84-373 dated January 23, 1984).

We recommend that officers accountable for the collection of money observe strictly the daily deposit of collections and avoid accumulation of collections in order to preclude the possibility of loss of the amount, be it thru theft, robbery or misuse or misappropriation.

2. The accuracy/correctness and existence of the reported balance of Property, Plant and Equipment account of the agency amounting to P444,783,620.09 as of December 31, 2012 cannot be verified due to the absence of complete physical count and corresponding report contrary to Section 490 of the Government Accounting and Auditing Manual (GAAM), Volume I, thus affecting the fair presentation of the said account in the financial statement.

We recommend that Management prepare the Report on the Physical Count of Property, Plant and Equipment to establish the accuracy/correctness and existence of the balances in the Financial Statement, and ensure that the duly certified annual inventory report, in the prescribed form, be submitted to the Auditor not later than January 31 of the succeeding year.

3. Trust Liabilities amounting to P3,005,146.98 remained in the books and unremitted as of December 31, 2012 contrary to Section 69(1) of P.D. No. 1445 and other pertinent laws, rules and regulations, thereby posing risk to misappropriation or misuse of cash and possible incurrence of penalties that may be imposed by government agencies.

We recommend that the agency remit immediately the withheld amounts to the concerned government agencies.

4. PDA's total expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) exceeded their respective approved Corporate Operating Budget (COB) for CY 2012 by P1,829,757.80, contrary to Section 4(1) of P.D. No. 1445, thus incurring expenditures outside its statutory authority.

We recommend that Management incur expenditures only within the limits of the DBM approved Corporate Operating Budget. Any increase in the approved COB in the course of the budget year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.

5. Delayed submission of approved Contracts for infrastructure projects and Purchase Orders for supplies and materials hinder the Auditor to conduct timely review and evaluation of said documents contrary to COA Circular No. 2009-001 dated February 12, 2009.

Management is required to strictly adhere to the regulation in the submission of all approved contracts and POs within the prescribed period as provided for in COA Circular No. 2009-001 in order to allow the Auditor to conduct timely review and evaluation of the submitted contracts on time.

6. The validity, completeness and accuracy of recorded transactions could not be ascertained at a given time due to the failure of the Accountant to submit the disbursement vouchers and its supporting documents to the Office of the Auditor on time in contrary to paragraph 6.05 of COA Circular No. 95-006 and Section 7.2.1 of COA Circular No. 2009-006.

We recommend that the Administrator require the Accountant, Cashier, and Disbursing Officer and all others who have a direct hand in the processing, approval, and payments of transactions to strictly comply with the rules and regulation on the submission of paid disbursement vouchers including their supporting documents to the Auditor as required under COA Circular Nos. 95-006 and 2009-006.

7. Withholding taxes on compensation and government money payments totaling P437,793.04 were not remitted within the period prescribed under BIR Revenue Regulation (RR) No. 2-98, as amended, and Revenue Memorandum Circular No. 5-2006, thus depriving the national government of the immediate use of said fund

The concerned officials including the head of agency should see to it that all taxes, being the lifeblood of the government, be remitted within the prescribed period in accordance with existing regulations in order not to deprive the government of its immediate use.



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

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2012 are as follows:

	Beginning Balance (As of December 31, 2011)	This Period January 1 to December 31, 2012		Ending Balance (As of December 31, 2012)
		NS/ND/NC	NSSDC	
Notice of Suspension	0	0	0	<b>0</b>
Notice of Disallowance	P 313,940.00	0	0	P 313,940.00
Notice of Charge	0	0	0	0
<b>Total</b>	<b>P 313,940.00</b>	<b>0</b>	<b>0</b>	<b>P 313,940.00</b>

### **Status of Implementation by the Agency of Prior Years' Audit Recommendations**

Out of the twenty four (24) audit recommendations embodied in the 2011 and previous year's AAR, six (6) were fully implemented, seventeen (17) were partially implemented and one (1) was not implemented.

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Republic of the Philippines  
**COMMISSION ON AUDIT**  
Office of the Supervising Auditor  
Audit Group G – Stand Alone Agencies  
Regional Office No. V  
Legazpi City

**AUDIT CERTIFICATE**

**THE BOARD OF DIRECTORS**

PartidoDevelopment Administration  
Caraycayon, Tigaon, Camarines Sur

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Government Auditing Code of the Philippines, we have audited the accompanying Balance Sheet of the PartidoDevelopment Administration (PDA) as of December 31, 2012 and the related Statements of Income and Expenses and Cash Flows for the year then ended. These financial statements are the responsibility of the Auditee. Our responsibility is to express an opinion on these financial statements based on our audit.

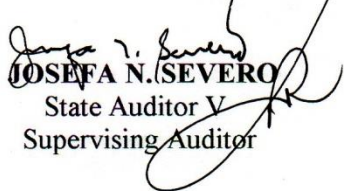
Except as discussed in the succeeding paragraph, we conducted our audit in accordance with generally accepted state auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements/s. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. It also included assessing the accounting principles used and significant estimates made by the auditee, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Part II, Findings and Recommendations, the balance of the Property, Plant and Equipment (PPE) accounts of the agency totaling P444,783,620.09, which is 90% of the total assets as of year-end 2012, are doubtful due to absence of complete physical inventory and corresponding report, thus correctness, accuracy and existence cannot be ascertained.

In our opinion, except for the effects of the matters discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the PartidoDevelopment Administration as of December 31, 2012 and the results of this operation and its cash flows for the year ended, in accordance with applicable laws, rules and regulations and in conformity with generally accepted accounting principles.

**COMMISSION ON AUDIT**

By:

  
**JOSEFA N. SEVERO**  
State Auditor V  
Supervising Auditor

August 20, 2013




# **Partido Development Administration**

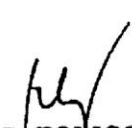
**Created Under Republic Act 7820**

## **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, 2012 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 on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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

  
**MAGDALENA R. PORTEM**  
Accountant III

  
**ROSA B. CATOLICO**  
Administrator



**PARTIDO DEVELOPMENT ADMINISTRATION**

**Balance Sheet**

**As of December 31, 2012**

(With Comparative Figures for 2011)

		<u>2012</u>		<u>2011</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents (Note 3)	P	23,361,334.65	P	28,165,327.20
Trade and Other Receivables (Note 4)		18,509,569.58		14,298,244.68
Inventories (Note 5)		4,207,278.37		2,980,969.80
Prepaid Expenses (Note 6)		737,982.43		679,865.40
<b>Total Current Assets</b>	<b>P</b>	<b><u>46,816,165.03</u></b>	<b>P</b>	<b><u>46,124,407.08</u></b>
<b>Non Current Assets</b>				
Property, Plant and Equipment (Note 7)	P	444,783,620.09	P	468,338,385.58
Other Assets		75,348.57		71,148.57
<b>Total Non-Current Assets</b>	<b>P</b>	<b><u>444,858,968.66</u></b>	<b>P</b>	<b><u>468,409,534.15</u></b>
<b>Total Assets</b>	<b>P</b>	<b><u>491,675,133.69</u></b>	<b>P</b>	<b><u>514,533,941.23</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Payable Accounts (Note 8)	P	8,120,492.47	P	2,491,428.40
Inter-Agency Payables (Note 9)		761,178,023.71		714,629,796.33
Intra-Agency Payables (Note 10)		1,024,062.03		802,062.03
Other Liability Accounts (Note 10)		408,267.32		253,475.41
Loans Payable- Foreign (Note 11)		52,222,532.78		52,222,532.78
<b>Total Current Liabilities</b>	<b>P</b>	<b><u>822,953,378.31</u></b>	<b>P</b>	<b><u>770,399,294.95</u></b>
<b>Non-Current Liabilities</b>				
Loans Payable- Foreign (Note 11)	P	328,907,811.67	P	393,633,612.65
<b>Total Non-Current Liabilities</b>	<b>P</b>	<b><u>328,907,811.67</u></b>	<b>P</b>	<b><u>393,633,612.65</u></b>
<b>Total Liabilities</b>	<b>P</b>	<b><u>1,151,861,189.98</u></b>	<b>P</b>	<b><u>1,164,032,907.60</u></b>
<b>Equity</b>				
Government Equity (Note 12)	P	48,027,921.30	P	48,027,921.30
Retained Earnings		(708,213,977.59)		(697,526,887.67)
<b>Total Equity</b>	<b>P</b>	<b><u>(660,186,056.29)</u></b>	<b>P</b>	<b><u>(649,498,966.37)</u></b>
<b>Total Liabilities and Equity</b>	<b>P</b>	<b><u>491,675,133.69</u></b>	<b>P</b>	<b><u>514,533,941.23</u></b>

(See accompanying Notes to Financial Statements)

**PARTIDO DEVELOPMENT ADMINISTRATION**

**Statement of Income and Expenses**  
**For the year ended December 31, 2012**  
(With Comparative Figures for 2011)

	<u>2012</u>	<u>2011</u>
<b>INCOME</b> (Note 13)	<b>P 75,501,807.88</b>	<b>P 66,287,639.71</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Salaries and Wages (Note 14)	P 11,989,887.04	P 10,767,302.04
Personnel Benefits Contribution (Note 15)	1,692,795.41	1,522,492.85
Other Personnel Benefits	564,280.38	513,831.76
Other Compensation (Note 16)	5,194,338.88	5,080,451.44
Maintenance and Other Operating Exp. (Note 17)	71,169,539.08	66,826,043.72
<b>Total</b>	<b>P 90,610,840.79</b>	<b>P 84,710,121.81</b>
<b>Financial Expenses</b>		
Documentary Stamp Expense	P 160.00	P 0.00
Interest Expenses	10,189,004.99	13,581,795.15
Other Financial Charges	3,068,838.17	3,877,137.47
Bank Charges	0.00	547.44
<b>Total</b>	<b>P 13,258,003.16</b>	<b>P 17,459,480.06</b>
<b>Total Expenses</b>	<b>P 103,868,843.95</b>	<b>P 102,169,601.87</b>
<b>LOSS FROM OPERATIONS</b>	<b>P (28,367,036.07)</b>	<b>P (35,881,962.16)</b>
<b>OTHER INCOME (EXPENSES)</b>		
Gain (Loss) on Foreign Exchange	P 14,803,665.20	P 11,546,016.60
Interest Income	334,546.22	288,567.68
<b>Total</b>	<b>P 15,138,211.42</b>	<b>P 11,834,584.28</b>
<b>NET INCOME (LOSS) FROM OPERATION</b>	<b>P (13,228,824.65)</b>	<b>P (24,047,377.88)</b>

*(See accompanying Notes to Financial Statements)*



**PARTIDO DEVELOPMENT ADMINISTRATION**

**Statement of Changes in Equity**

**As of December 31, 2012**

(With Comparative Figures for 2011)

<b>Particulars</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Donated Capital:</b>		
Balance at the beginning of the year	P 48,027,921.30	P 48,027,921.30
<b>Balance at the end of the year</b>	<b>P 48,027,921.30</b>	<b>P 48,027,921.30</b>
<b>Retained Earnings:</b>		
Balance at the beginning of the year	P (697,526,887.67)	P (672,991,617.75)
Correction of prior years' errors	2,541,734.73	(487,892.04)
Net Income(Loss) for the period	(13,228,824.65)	(24,047,377.88)
<b>Balance at the end of the year</b>	<b>P (708,213,977.59)</b>	<b>P (697,526,887.67)</b>
<b>Government Equity, December 31</b>	<b>P (660,186,056.29)</b>	<b>P (649,498,966.37)</b>

*(See accompanying Notes to Financial Statements)*

**PARTIDO DEVELOPMENT ADMINISTRATION**

**Statement of Cash Flows**

**As of December 31, 2012**

(With Comparative Figures for 2011)

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Collection of Income	P 65,928,702.60	60,911,181.91
Refund of overpayment of expenses	239,064.42	295,799.06
Receipt of financial assistance from NGA	4,810,860.00	4,750,000.00
Receipt of Performance/Bidders/Bail Bonds	246,253.68	883,401.95
Collection of Receivables	7,585.65	1,494,725.00
Receipt from LGU	0.00	300,000.00
<b>Total Cash Inflows</b>	<b>P 71,232,466.35</b>	<b>68,635,107.92</b>
<b>Cash Outflows</b>		
Payment of operating expenses	P 40,620,484.62	35,703,563.85
Remittance of GSIS/PAG-IBIG/withholding taxes	9,035,898.01	6,343,012.92
Payment of payables	2,341,109.63	930,318.77
Refund of Performance/Bidders/Bail Bonds	337,246.28	803,034.60
Purchase of office supplies and other Inventories	1,863,092.31	5,316,090.34
Payment of Other Payables	3,700,343.33	2,650,937.31
Payment to COA, etc.	1,050,115.44	0.00
Payment of prepaid expenses	233,689.59	154,460.53
<b>Total Cash Outflows</b>	<b>P 59,181,979.21</b>	<b>51,901,418.32</b>
<b>Net cash used from operating activities</b>	<b>P 12,050,487.14</b>	<b>16,733,689.60</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash Inflows</b>		
Proceeds from maturing Treasury Bills	P 0.00	0.00
Receipt of interest on deposit	334,546.22	288,567.68
Receipt from repayment of loans by LGUs	0.00	0.00
Proceeds from the sale of Property, Plant and Equipment	0.00	0.00
<b>Total Cash Inflows</b>	<b>P 334,546.22</b>	<b>288,567.68</b>
<b>Cash Outflows</b>		
Office Equipment, Furniture and Fixtures, and other fixed assets	P 5,139,350.20	7,031,983.64
Loan Receivables (Interest Free Loan-LGUs)	0.00	0.00
Treasury Bills	0.00	0.00
<b>Total Cash Outflows</b>	<b>P 5,139,350.20</b>	<b>7,031,983.64</b>
<b>Net cash used in investing activities</b>	<b>P (4,804,803.98)</b>	<b>(6,743,415.96)</b>

**PARTIDO DEVELOPMENT ADMINISTRATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of December 31, 2012**

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**1. AGENCY BACKGROUND**

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

The PDA, as a corporate body, has jurisdiction over the ten (10) 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 (10) incumbent Mayors of the said municipalities and ten (10) Private Sector Representatives coming from each of the member municipalities.

The PDA is under the stewardship of Administrator Rosa B. Catolico who is assisted by three (3) 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 fifty nine (59) personnel, forty nine (49) of which are either on permanent or co-terminus status and ten (10) 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.

There are four (4) business venture operated by the agency which are the Nato Port, the Center for Human Resources Development (CHRD), DZRP and the Partido Water Supply System (PWSS) with eight (8) collection centers.



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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Income and Expense Recognition**

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 100% provision was set on accounts which are over 121 days.

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:

<b>Age of Receivables</b>	<b>Percent</b>
<b>Active Accounts:</b>	
0 to 120 days	0%
1 year	1%
2 years	2%
5 years to 10 years	4%
<b>Inactive Accounts:</b>	
0 to 120 days up to 10 years	100%

### **Property 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 2 to 25 years. Depreciation starts on the second month after purchase. A 10% residual value is set.

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## 3. CASH AND CASH EQUIVALENTS

**P23,361,334.65**

This account consists of:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Cash in Bank	P 22,625,181.05	P 26,832,614.73
Cash with Collecting Officer	653,276.70	1,305,594.27
Cash Disbursing Officers	0.00	26,679.00
Petty cash Funds	82,876.90	439.20
<b>Total</b>	<b>P 23,361,334.65</b>	<b>P 28,165,327.20</b>

*Cash in Bank* account consists of cash deposits with Land Bank of the Philippines, Goa and Postal Bank, Tigaon, all in Camarines Sur under current and high yield savings account as follows:

<b>Account</b>	<b>Amount</b>
Cash in Bank-Local Currency, Current Account	P 2,101,768.44
Cash in Bank-Local Currency, Savings Account	20,523,412.61
<b>Total</b>	<b>P 22,625,181.05</b>

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

*Petty Cash Funds* are cash granted to designated petty cash custodians in various water systems and divisions for payment of authorized petty or miscellaneous expenses which cannot be conveniently paid thru check.

#### **4. TRADE AND OTHER RECEIVABLES**

**₱18,509,569.58**

This account consists of:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Accounts Receivable	P 26,545,777.19	P 22,417,785.94
Due from LGUs	115,521.79	106,071.79
Due from Officers and Employees	174,400.49	90,065.08
Due from NGAs	35,250.00	0.00
Due from GOCCs	45,484.88	45,484.88
Other Receivables	164,428.20	164,428.20
<b>Total</b>	<b>P 27,080,862.55</b>	<b>P 22,823,835.89</b>
Allowance for Doubtful Accounts	(8,571,292.97)	(8,525,591.21)
<b>Net Receivables</b>	<b>P 18,509,569.58</b>	<b>P 14,298,244.68</b>

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

*Due from Officers and Employees* represents cash advances granted for travel and other expenses.

#### **5. INVENTORIES**

**₱4,207,278.37**

This account consists of:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Medical, Dental & Laboratory Supplies Inventory	P 301,854.90	P 369,077.03

<b>Account</b>	<b>2012</b>	<b>2011</b>
Office Supplies Inventory	634,690.83	734,876.27
Accountable Forms Inventory	161,630.50	185,058.00
Gasoline, Oil & Lubricants Inventory	147,577.27	322,965.80
Other Supplies Inventory	2,961,524.87	1,368,992.70
<b>Total</b>	<b>P 4,207,278.37</b>	<b>P 2,980,969.80</b>

*Medical, Dental & Laboratory Supplies* pertain to the aluminum sulfate, chlorine granules and other supplies for use in the various water treatment plant operations. On the other hand, *Other Supplies* consist of supplies for use in household water services connections and leak repairs such as couplings, teflon tapes, saddle clamps, and the like.

## 6. PREPAYMENTS

**P737,982.43**

This account consists of:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Prepaid Insurance	P 261,546.37	P 216,044.50
Prepaid Rent	323,642.70	324,360.90
Other Prepaid Expenses	152,793.36	139,460.00
<b>Total</b>	<b>P 737,982.43</b>	<b>P 679,865.40</b>

## 7. PROPERTY AND EQUIPMENT

**P444,783,620.09**

This account is composed of the following:

PARTICULARS	LAND & ELECT., POWER & ENERGY STRUCTURES	BUILDING AND OTHER STRUCTURES	OFFICE EQUIPMENT/ FURNITURE & FIXTURE	TRANSPORT ATION EQUIPMENT	OTHER PROPERTY PLANT & EQUIPMENT	TOTAL
<b>December 31, 2011</b>						
Cost	P 86,735,830.41	P 144,741,492.01	P 67,549,088.42	P 12,637,266.64	P 422,378,826.21	P 734,042,503.69
Accum. Dep'n.	(57,075,710.30)	(56,078,153.23)	(42,910,327.05)	(10,030,839.83)	(99,609,087.70)	(265,704,118.11)
<b>Net Book Value</b>	<b>P 29,660,120.11</b>	<b>P 88,663,338.78</b>	<b>P 24,638,761.37</b>	<b>P 2,606,426.81</b>	<b>P 322,769,738.51</b>	<b>P 468,338,385.58</b>
<b>December 31, 2012</b>						
Opening Book Value	P 29,660,120.11	P 88,663,338.78	P 24,638,761.37	P 2,606,426.81	P 322,769,738.51	P 468,338,385.58
Additions/ Deductions	145,095.18	800,000.00	2,112,684.52	0.00	7,584,742.92	10,642,522.62
Depreciation for the year	(7,408,891.18)	(625,067.08)	(7,486,424.34)	(262,748.68)	12,715,128.67	(3,068,002.61)
Reclassification/ Adjustment	(21,052.63)	(5,900,000.00)	215,644.47	6,380.00	(25,430,257.34)	(31,129,285.50)
<b>Closing Net Book Value</b>	<b>P 22,375,271.48</b>	<b>P 82,938,271.70</b>	<b>P 19,480,666.02</b>	<b>P 2,350,058.13</b>	<b>P 317,639,352.76</b>	<b>P 444,783,620.09</b>



Land consists of the following:

Particulars	Amount
PDA Main	P 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
<b>Total</b>	<b>P 4,488,933.00</b>

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 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.

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## 8. ACCOUNTS PAYABLE

**P8,120,492.47**

This account consists of:

Account	2012	2011
Trade Accounts Payable	P 7,134,962.25	P 2,453,199.56
Due to Officers and Employees	985,530.22	38,228.84
<b>Total</b>	<b>P 8,120,492.47</b>	<b>P 2,491,428.40</b>

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

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## 9. INTER-AGENCY PAYABLE

**P761,178,023.71**

This account consists of payables to the:

Account	2012	2011
National Treasury		
Advances re: Amortization	P 615,789,725.37	P 565,848,798.27
Interest on Advances	101,686,203.03	91,497,198.04
Guarantee Fees	61,146,624.04	58,096,577.19
Less: Partial Payments	(20,449,675.71)	(8,400,000.00)
	P 758,172,876.73	P 707,042,573.50
GSIS, PAG IBIG & PHILHEALTH	573,370.52	495,061.66

<b>Account</b>	<b>2012</b>	<b>2011</b>
Bureau of Internal Revenue	₱ 437,793.04	₱ 955,578.75
National Government Agency	1,908,986.68	960,381.84
Government Owned/Controlled Corps.	34,728.45	4,797,413.84
Other Government Agencies-LGUs	50,268.29	378,786.74
<b>Total</b>	<b>₱ 761,178,023.71</b>	<b>₱ 714,629,796.33</b>

*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 (4) 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* account pertains to the taxes due and the various amounts withheld for remittance to the BIR.

*Due to Other NGAs* consists of funds received from Department of Agriculture for certified seeds under GMA Enhancement program.

*Due to Other Government Agencies – LGUs* pertains to the charges of the provincial Health Office for various bacteriological tests of water samples submitted for analysis and issuance of certificates of water potability. This also includes rent expenses for the use of office space used as collection centers payable to the municipalities of Lagonoy and San Jose.

## **10. OTHER CURRENT LIABILITIES**

**₱ 1,432,329.35**

This account consists of the following:

<b>Account</b>	<b>2012</b>	<b>2011</b>
<b>A. Intra- Agency Payables</b>		
Due to Other Funds	₱ 1,024,062.03	₱ 802,062.03
<b>B. Other Liability Accounts</b>		
Guaranty Deposits payable	243,740.51	0.00
Performance/Bidders/Bail Bond Payable	145,634.85	229,906.95
Other Payables	18,891.96	23,568.46
<b>Total</b>	<b>₱ 1,432,329.35</b>	<b>₱ 1,055,537.44</b>

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**13. INCOME****P75,501,807.88**

This account consists of the following:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Subsidy Income from National Government	P 5,218,585.33	P 0.00
Toll and Terminal Fees	212,815.14	141,108.79
Income from Communication Facilities	695,494.40	846,173.65
Income from Dormitory Operations	0.00	106,148.00
Income from Waterworks System	62,906,366.14	59,274,853.06
Rent Income	220,210.63	115,890.00
Other Business Income	2,734,625.08	2,353,276.82
Fines and Penalties-Business Income	3,414,104.63	3,377,629.39
Income from Grants and Donations	60,860.00	0.00
Miscellaneous Income	38,746.53	72,560.00
<b>Total</b>	<b>P 75,501,807.88</b>	<b>P 66,287,639.71</b>

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**14. SALARIES AND WAGES****P11,989,887.04**

This account consists of the following:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Salaries and Wages – Regular	P 10,474,594.04	P 9,399,311.04
Salaries and Wages – Casual	1,515,293.00	1,367,991.00
<b>Total</b>	<b>P 11,989,887.04</b>	<b>P 10,767,302.04</b>

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**15. PERSONAL BENEFITS CONTRIBUTION****P1,692,795.41**

This account consists of the following:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Life and Retirement Insurance Contributions	P 1,256,800.78	P 1,122,695.32
Pag-ibig Contributions	239,772.66	216,675.71
Philhealth Contributions	138,661.20	126,062.50
ECC Contributions	57,560.77	57,059.32
<b>Total</b>	<b>P 1,692,795.41</b>	<b>P 1,522,492.85</b>



**16. OTHER COMPENSATION****P5,194,338.88**

This account consists of the following:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Personal Economic Relief Allowance (PERA)	P 1,401,054.15	P 1,400,506.50
Representation Allowance (RA)	228,000.00	184,000.00
Transportation Allowance (TA)	114,000.00	184,000.00
Clothing/Uniform Allowance	295,000.00	228,000.00
Productivity Incentive Allowance	112,000.00	110,000.00
Honoraria	140,500.00	1,072,200.00
Cash Gift	611,500.00	295,000.00
Terminal Leave Benefits	0.00	45,857.50
Longevity Pay	0.00	30,000.00
Overtime and Night pay	14,428.73	8,833.44
Year End Bonus	2,277,856.00	1,522,054.00
<b>Total</b>	<b>P 5,194,338.88</b>	<b>P 5,080,451.44</b>

**17. MAINTENANCE AND OTHER OPERATING EXPENSES****P71,169,539.08**

This account consists of the following:

<b>Account</b>	<b>2012</b>	<b>2011</b>
Traveling Expenses-Local	P 3,323,754.59	P 1,861,668.97
Traveling Expenses-Foreign	42,000.00	0.00
Training and Scholarship Expenses	166,600.00	273,750.00
Supplies and Materials Expenses	7,968,304.40	9,309,710.00
Utility Expenses	7,664,203.91	7,092,591.40
Communication Expenses	818,438.09	616,179.88
Membership Dues and Contribution to Organizations	2,400.00	2,400.00
Advertising Expenses	12,617.20	8,600.00
Printing and Binding Expenses	17,875.75	45,804.94
Rent Expenses	234,817.09	234,165.63
Representation Expenses	1,116,145.70	1,299,330.60
Transportation and Delivery Expenses	87,308.00	77,451.00
Professional Services	10,321,945.27	8,876,707.69
Repairs and Maintenance	3,301,902.27	2,679,307.74
Subsidies and Donations	33,600.00	24,000.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses	126,971.42	124,121.34
Taxes, Insurance Premiums and Other Fees	1,417,855.68	1,383,481.05
Bad Debts Expenses	45,701.76	1,141,414.37
Depreciation	34,398,259.95	31,647,656.62
Other Maintenance and Operating Exp.	68,838.00	127,702.49
<b>Total</b>	<b>P 71,169,539.08</b>	<b>P 66,826,043.72</b>

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## **PART II**

## **FINDINGS AND RECOMMENDATIONS**

## **FINDINGS AND RECOMMENDATIONS**

**1. Collections were not deposited daily and intact contrary to item no. 7 of the Manual on the New Government Accounting System (NGAS) for Corporate Government Agencies, and the provisions of the Revised Manual on Cash Examination (COA Memorandum No. 84-373 dated January 23, 1984).**

Item no. 7 of the Basic Rules and Regulations on Collections and Deposits of the Manual on the New Government Accounting System for Corporate Government Agencies provides that Public officers authorized to receive and collect monies arising from taxes, revenues, or receipts of any kind shall remit or deposit intact daily the full amount so received and collected by them to authorized government depository bank.

Among the applicable policies on Cash Management mentioned in the Revised Manual on Cash Examination (COA Memorandum No. 84-373 dated January 23, 1984) are the following:

1. The accountable officer shall be a holder of permanent position in the government or duly designated to be a custodian of government funds. As such he/she shall be properly bonded in accordance with law.
2. At the close of each business day, the collectors/tellers shall accomplish the Report of Collections and Deposits in four (4) copies. The original and two copies, together with the duplicate copies of the official receipts issued shall be submitted to the treasurer/cashier to whom the cash collected shall be turned over.
3. Public officers authorized to receive and collect monies arising from taxes, revenues and receipts of any kind shall remit or deposit intact the full amounts so received and collected by them to the treasury of the agency concerned, (Section 69(1) P.D.No. 1445).
4. All collecting officers shall deposit intact all their collections, as well as collections turned over to them by sub-collectors/tellers with the Authorized Government Depository Bank (AGDB) daily or not later than the next banking day. They shall record all deposits made in the Cash Receipts Record (CRR).

We have observed from the records of collection and deposits that in some collecting units of the Partido Water Supply System (PWSS), one of the four business ventures operated by PDA, daily collections were not regularly deposited in accordance with existing regulations, but were accumulated for several days before the same is deposited. Sometimes, the amount reaches as much as six digits that the risk of loss either by theft, robbery or misappropriation is highly possible.



We have taken samples of such collections and deposits made by the collecting unit in Tinambac, Camarines Sur PWSS, where collections from January 12, 2012 to January 19, 2012 (O.R.Nos.37043-37368) in the aggregate amount of P177,830.59 (Annex A) was only remitted in January 20, 2012.

Another example was the collection in Garchitorena, Camarines Sur PWSS, where collection from January 5, 2012 (O.R.Nos.15954-16049) totaling P56,082.10 (Annex B) was deposited only in January 20, 2012.

These are but samples of violations of the above regulations, which if allowed to continue will probably cause some problems in the future. Cash in the hands of the accountable officers for a prolonged period of time is a very risky situation. Loss of the same thru theft, robbery or even misappropriation by the accountable officer himself cannot be discounted, as what actually happened in Caramoan, Camarines Sur PWSS.

The collecting officer in the said collecting unit failed to remit the amount of P71,726.71 in 2012 and absconded. The collecting officer was not a holder of permanent position and not properly bonded in violation of rules and regulations. These are manifestations that the management has not practiced sound internal control measures in the management of its cash resources.

**We recommend that 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.**

**Likewise, we also recommend that only permanent and duly bonded employees be designated as collecting officers.**

Management promised that due to the inaccessibility of transportation to the nearest bank, at times depending on good weather, collections from Presentacion and Garchitorena will be deposited weekly, while those with accessible means of transportation deposits will be made daily.

**2. The accuracy/correctness and existence of the reported balance of account Property, Plant and Equipment of the agency amounting to P444,783,620.09 as of December 31, 2012, cannot be verified due to the absence of complete physical count and corresponding report contrary to Section 490 of the Government Accounting and Auditing Manual (GAAM), Volume I, thus affecting the fair presentation of said account in the financial statement.**

Section 490 of the GAAM, Volume 1, provides that the Chiefs of agencies are required to take a physical inventory of all the equipment and supplies belonging to their respective offices at least once a year. Such inventory shall be made as of December 31 on

the Report on the Physical Count of Property Plant and Equipment (RPCPPE) and submitted to the Auditor not later than January 31 of each year. Such inventory taking should be in the charge of a committee of two or more employees designated by the chief of agency, including the property custodian, to be witnessed by a representative of the Agency auditor.

Likewise, physical stock-taking is an indispensable procedure to check the existence of the properties of the agency and to check the integrity of property custodianship. It is also necessary to ascertain the reliability and correctness of the account balances.

Again, we are reiterating previous year's audit findings since we have noted that the management failed to comply with our audit recommendation to conduct physical inventory of Inventories, and Property, Plant and Equipment of the agency for calendar year 2012.

Review of the consolidated balance of Property, Plant and Equipment account of the Partido Development Administration (PDA) showed a balance of P444,783,620.09 as of December 31, 2012 as follows:

<b>Property, Plant and Equipment Account</b>	<b>Recorded Value</b>
Land	P4,488,933.00
Land Improvements	17,350.96
Electrification, Power and Energy Structures	17,868,987.52
Office Buildings	19,832,317.34
Other Structures	63,105,954.36
Office Equipments	1,456,258.45
Furnitures and Fixtures	630,205.16
IT Equipment and Software	3,583,166.49
Library Books	178.06
Machineries	187,142.60
Communication Equipment	4,286,761.27
Firefighting Equipment	91,678.58
Medical, Dental and Laboratory Equipmment	650,885.22
Other Machineries and Equipment	8,594,390.19
Motor Vehicles	1,970,724.02
Watercrafts	327,013.13
Other Transportation Equipment	52,320.98
Other Property, Plant and Equipment	317,639,352.76
<b>Total</b>	<b>P444,783,620.09</b>

The above figures represent the total balance of the consolidated PPE of the agency. The correctness, accuracy and existence of which was not ascertained due to the delayed or absence of inventory report of PPE.

Account	Amount
Due to GSIS	P360,924.02
Due to PAGIBIG	194,569.45
Due to PHILHEALTH	17,877.05
Due to BIR	437,793.04
Due to NGAS	1,908,986.68
Due to GOCCs	34,728.45
Due to LGUs	50,268.29
<b>Total</b>	<b>P 3,005,146.98</b>

Analysis further showed that the Due to GSIS amounting to P360,924.02 represents unremitted Life and Retirement premiums, and loan amortization. The same obligations likewise apply to Due to PHILHEALTH for health contributions; Due to PAGIBIG for premiums and loan amortizations; and due to Other GOCCs.

Since these amounts were not remitted to the agencies concerned as required by existing regulations, it resulted in the accumulation of Cash-in-Bank balances. As such, the agency may cause the depletion of cash resources for Trust Liabilities and may eventually lead to the incurrence of cash overdraft. Likewise, the agency may unnecessarily incur penalties that may be imposed by other government agencies for late remittance.

Other than the effect on the side of the agency, the non-remittance of the above trust liabilities may affect also the interest of its personnel who may avail the benefits of the services being catered by Philhealth, Pag-IBIG, GSIS, etc.

**We recommend that the agency remit immediately the withheld amounts to the concerned government agencies.**

Management commented during the exit conference that except for the payables to COA in the amount of P1.9M, which remittance is promised to be remitted on a staggered basis, all the rest were remitted on time as required by law.

However, there was no proof of remittance presented to the audit team to prove their comment. Furthermore, the Audit Observation Memorandum (AOM) issued regarding the matter was not answered within a period of five (5) days from receipt as required in the AOM.

**4.PDA's total expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) exceeded their respective approved Corporate Operating Budget (COB) for CY 2012 by P1,829,757.08, contrary to Section 4(1) of**

**Presidential Decree (P.D.) No. 1445, thus incurring expenditures outside its statutory authority.**

The agency's approved Corporate Operating Budget and its Statement of Operations for the year ended December 31, 2012, disclosed that the aggregate actual expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) excluding non-cash expenses, exceeded the budgeted limits for the same expense classifications by P1,829,757.08 or 3.37%, hereunder computed as follows:

<b>Particulars</b>	<b>Actual Expenses</b>	<b>Per DBM Approved Budget</b>	<b>Variance Over</b>	<b>%</b>
Personal Services (PS)	P 19,441,301.71	P 19,259,836.00	P 181,465.71	0.94
Maintenance and Other Operating Expenses(MOOE)	36,725,577.37	35,077,286.00	1,648,291.37	4.70
<b>Total</b>	<b>P 56,166,879.08</b>	<b>P 54,337,122.00</b>	<b>P 1,829,757.08</b>	<b>3.37</b>

The variance noted may be attributed to lapse of budget planning preparation which resulted to unprogrammed expenditures indicating that the limits of disbursements as authorized by the DBM's approved Corporate Operating Budget was not strictly observed by Management.

This is a reiteration of last year's audit observation which management failed to implement.

Section 4(1) of P.D. No. 1445 provides the fundamental principle governing financial transactions and operations of any government agency, which states that:

*"No money shall be paid out of public treasury or depository except in pursuance of an appropriation law or other specific statutory authority".*

The Budget Officer submitted the 2012 Budget Variance Report which contained Comparative Analysis of Budget against actual expenses. It was posited that the actual expenditures were again within the approved budget ceiling wherein the variances for PS and MOOE were charged against savings from other expenses.

We reiterate our last year's recommendations that:

**Management incur expenditures only within the limits of the DBM approved Corporate Operating Budget (COB). Any increase in the approved COB in the course of the budget year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.**



Management reasoned out that due to the delayed approval by the DBM of the Agency Budget, their exigencies for PS and MOOE incurred an excess from the prepared budget, but later it was already covered by the DBM approved budget of P69,453,097.00 which was only received in April 2013.

**5.The validity, completeness and accuracy of recorded transactions could not be ascertained at a given time due to the failure of the Accountant to submit the disbursement vouchers and its supporting documents to the Office of the Auditor on time contrary to paragraph 6.05 of COA Circular No. 95-006 and Section 7.2.1 of COA Circular No. 2009-006.**

Item 6.05 of COA Circular No. 95-006 dated May 18, 1995 directs that the official involved in the daily recording of transactions in the books of accounts shall turn over the receipts and the disbursement records with all paid vouchers and documents evidencing the transaction to the Auditor within ten (10) days from receipt of said documents. This policy is in keeping with the Commission's power, for purposes of inspection, to require the submission of the original of any order, deed, contract or other documents under which any collection of, or payment from, government funds may be made, together with any certificate, receipt, or other evidence in connection therewith (Section 39, P.D. No. 1445).

Item 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009 also directs the Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency to ensure that:

- a) 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 (10) days of the ensuing month; and
- b) financial records are made accessible at reasonable hours to the Auditor or his authorized representatives when needed.

Notwithstanding the above mandate, and that the same observation was also mentioned in last year's Audit Report, the Accountant had not submitted disbursement documents within the prescribed period, thus delaying its timely audit and examination. Details of which are hereunder presented:

Transaction Month (CY 2012)	Date Submitted to COA
January	July 2012
February	
March	
April	

<b>Transaction Month (CY 2012)</b>	<b>Date Submitted to COA</b>
May	} July 2012
June	
July	August 2012
August	} October 2012
September	
October	November 2012
November	December 2012

It was noted that disbursement vouchers for transactions from January to June 2012 were submitted only in July 2012. The transactions covering the month of December 2012 was only submitted on April 17, 2013. The same is also true with reports on collections and deposits.

The non-submission of these reports and documents on time affects the reliability of the management's assertions as to the existence, validity and completeness of all recorded transactions. It has also limited the Auditor's conduct of audit and examination of the accounts, thus deprived of timely communicating audit findings to the management.

It is to be noted that the timely and complete submission of accounts is an indispensable aspect to comprehensive audit and examination. Unless and until these accounts are fully submitted to COA and subsequently examined, the legality and accuracy of reported transactions could not be ascertained, and errors, if any, could not be detected to facilitate a subsequent and timely adjustment/correction in the books.

**We recommend that the Administrator require the Accountant, Cashier, and Disbursing Officer and all others who have a direct hand in the processing, approval, and payment of transactions to strictly comply with the rules and regulation on the submission of paid disbursement vouchers, including the supporting documents, to the Auditor as required under COA Circular Nos. 95-006 and 2009-006.**

Management promised to comply with the recommendation on the submission of DVs and other supporting documents.

**6. Delayed submission of approved Contracts for infrastructure projects and Purchase Orders for supplies and materials hinder the auditor to conduct timely review and evaluation of said documents contrary to COA Circular No. 2009-001 dated February 12, 2009.**

COA Circular No. 2009-001 dated February 12, 2009, provides the Restatement with Amendment of COA Circular No. 87-278 and COA Memorandum No. 2005-02, re:

Submission of copy of government contracts, Purchase Orders and their supporting documents to the Commission on Audit.

Section 3.1.1 of COA Circular No. 2009-001 provides that within five (5) working days from the execution of a contract by the government or any of its subdivisions, agencies or instrumentalities, including government-owned and controlled corporations and their subsidiaries, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. In case of agencies audited on an engagement basis, submission of a copy of the contract and its supporting documents shall be to the Auditor of the mother agency or parent company, as the case may be.

Section 3.1.2 of the same Circular provides: The copies of documents required to be submitted shall include but not limited to the following:

- a. Invitation to Apply for Eligibility to Bid
- b. Letter of Intent
- c. Eligibility Documents and Eligibility Data Sheet
- d. Eligibility Requirements
- e. Results of Eligibility Check/Screening
- f. Bidding Documents (Sec.17.1, IRR of RA 9184)
- g. Minutes of Pre-bid Conference, if possible
- h. Agenda and/or Supplemental Bid Bulletins, if any
- i. Bidders Technical and Financial Proposals
- j. Minutes of Bid Opening
- k. Abstract of Bids
- l. Post Qualification Report of Technical Working Group
- m. BAC Resolution declaring winning bidder
- n. Notice of Post Qualification
- o. BAC Resolution recommending approval
- p. Notice of Award
- q. Contract Agreement
- r. Performance Security
- s. Program of Works and Detailed Estimates
- t. Certificate of Availability of Funds, Obligation Request
- u. Notice to Proceed
- v. Such other documents peculiar to the contract and/or to the mode of procurement and considered necessary in the auditorial review and technical evaluation thereof.

Verification on the submitted approved contracts and purchase orders (POs) for supplies and materials and services subject for review and evaluation of the Commission on Audit disclosed that majority of the approved contracts and POs were submitted beyond the reglementary period of five (5) days after perfection of the contracts.

The practice of the management in submitting approved contracts and POs to the Auditor beyond the reglementary period of five(5) days after its perfection prevents the Auditor to conduct timely review and evaluation of the same, thus may not be able to advise the agency if there are defects which may be disadvantageous to the agency if they will be made to pay the creditor with defective contracts.

**Management is required to strictly adhere to the regulation in the submission of all approved contracts and POs within the prescribed period as provided for in COA Circular No. 2009-001 in order to allow the Auditor to conduct timely review and evaluation of the submitted contracts on time.**

Management commented that due to lack of coordination of concerned divisions that all POs and Approved Contracts must pass first to their designated personnel, thus the delay. Management promised to correct this practice and to comply with the regulation.

**7. Withholding taxes on compensation and government money payments totaling ₱437,793.04 were not remitted within the period prescribed under BIR Revenue Regulation (RR) No. 2-98, as amended, and Revenue Memorandum Circular No. 5-2006, thus depriving the national government of the immediate use of said funds.**

BIR Revenue Memorandum Circular No. 5-2006 dated November 2, 2005, requires the monthly remittance/payment of taxes withheld at source by BIR authorized withholding agents on the sale of goods and services to the government or to any of its political subdivision, including GOCC using prescribed forms to be filed on or before the 10<sup>th</sup> day of the month following the month in which the withholding was made.

BIR RR No. 2-98 issued on April 17, 1998 prescribes the regulations to implement Republic Act (RA) No. 8424 relative to the Withholding on Income subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value-Added Tax and Other Percentage Taxes.

Audit of account Due to BIR as of December 31, 2012 showed that it has an unremitted balance of ₱437,793.04. This included withheld taxes on compensation and government money payments amounting to ₱376,964.89 and the remainder of the unremitted amount for the taxable years 2004-2010 in the amount of ₱60,828.15.

It was noted that remittances were made during the year in compliance with the Auditor's recommendation, including the previous years' (2004-2010) unremitted balance of ₱556,257.83 which was significantly reduced to ₱60,828.15 at year end.



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## **PART III**

### **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Although there was a noted compliance which is a great leap from last year's unremitted balance of P955,578.75 to this year's balance of P437,793.04, we recommend that management cause the immediate remittance of all tax dues withheld, including that of prior years to the BIR. The law is very clear on this: that the remittance of taxes withheld must be "on the 10th day of the month following the month in which the withholding was made".

**The concerned officials including the head of agency should see to it that all taxes, being the lifeblood of the government, be remitted within the prescribed period in accordance with existing regulations in order not to deprive the government of its immediate use.**

Management commented that it has remitted on time the withheld taxes on compensation. However, the taxes withheld from suppliers and other government money payments were not remitted on time in violation of the above mentioned regulations, but it shall be complied with immediately.

## **GENDER AND DEVELOPMENT**

PDA had undertaken various activities in line with its Gender and Development (GAD) Plan during CY 2012. However due to its limited finances, it again failed to allot budget equivalent to at least five percent of its total approved budget (Annex C) contrary to DBM/NEDA/NCRFW Joint Circular No. 2004-1 dated April 5, 2004 for the same purpose. From its total appropriation of P64,703,097.00, the agency allotted P871,451.34, which is only 35% of its total appropriation and spent the amount of P545,958.00 or 63% of its actual GAD budget.

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

The ending balances of Notices of Suspensions/Disallowances/Charges as of December 31, 2012 are as follows:

	Beginning Balance (As of Dec. 31, 2011)	This Period Jan. 1 to Dec. 31, 2012		Ending Balance (As of Dec. 31, 2012)
		NS/ND/NC	NSSDC	
Notice of Suspension	0	0	0	<b>0</b>
Notice of Disallowance	P 313,940.00	0	0	P 313,940.00
Notice of Charge	0	0	0	0
<b>Total</b>	<b>P 313,940.00</b>	<b>0</b>	<b>0</b>	<b>P 313,940.00</b>

The findings and recommendations reported above were communicated to management through issuances of Audit Observation Memoranda (AOMs).

**STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**  
**Partido Development Administration**  
**As of December 31, 2012**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
<b>2011</b>					
1. The prescribed period of settlement on cash advances particularly for travel purposes and maintenance and other operating expenses (MOOE), was not strictly enforced by management, contrary to the provisions of COA Circular No. 97-002 resulting to unliquidated balances totaling P116,744.08 at year-end.	Strictly enforce the provision of COA Circular No. 97-002 dated February 10, 1997 on the liquidation of cash advance.	AAR CY 2011	Complied/ Implemented		
2. The accuracy of Cash-Collecting Officer account amounting to P1,305,594.27 could not be ascertained due to non-reconciliation of subsidiary ledger with general ledger as required under Sections 73 and 12 of the Manual on NGAS.	1. Trace the difference immediately and prepare the necessary adjusting entries.  2. Require the accountant and Collecting Officer to reconcile their records regularly to ensure the accuracy of the Cash-	AAR CY 2011	Complied/ Implemented		

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
	Collecting Officer account.  3. Require the Cashier to record the amount of P108,806.37 representing collections for the period October 28-30, 2009 from Lagonoy collection center in the Cash Receipts and Deposit Record.				
3. Inadequacy of disclosures in the Notes to Financial Statements was noted inconsistent with the Manual on NGAS thereby affecting the proper interpretation of the financial statements and the fairness of its presentation.	Accountant should include In the notes to Financial Statements all relevant information stated in NGAS.	AAR CY 2011	Complied/ Implemented		Already included in the Notes to Financial Statements for CY 2012.
4. The Accountant failed to submit disbursement vouchers and documents to COA regularly, in violation of COA Circular No. 95-006 and COA Circular No. 2009-006.	The Administrator should require the Accountant, Cashier and Disbursing Officer and all others who have direct hand in the processing, approval and payment of transactions to strictly comply with	AAR CY 2011	Not Implemented	Some of the disbursement vouchers and checks are not claimed within same month because the payees are from Manila.	Similar observation included in this year's AAR.



<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
5.The actual existence and/or conditions, validity and correctness of the recorded cost of Property, Plant and Equipment valued in the books at P468,338,385.58 as of December 31, 2011 cannot be determined due to the failure by the Corporation to conduct physical count of all its properties and prepare report thereon as required under pertinent provisions of the Manual on NGAS.	COA Circular Nos. 95-006 and 2009-006.  1.Create an Inventory Committee to conduct physical count and Appraisal Committee to assess the valuation of existing PPE.  2.Prepare a corresponding report thereof to establish the validity of the balances appearing in the financial statements.  3.Ensure that duly reconciled and certified yearly inventory report shall be submitted to the Auditor not later than January 31 of the succeeding year.	AAR CY 2011	Partially Implemented	We will comply to submit our reports on time not later than January 31 of the succeeding year.	Physical Count was conducted by an Inventory Committee and Inventory report was prepared but it was submitted much later than the required date of submission.
6.Substantial discrepancy noted between the balance of the Administration's Due to National Treasury account (411) as against the Bureau of the	Management should promptly conduct reconciliation of the account with the Bureau of Treasury and prepare JEV to take up any adjustments.	AAR CY 2011	Partially Implemented	The guarantee fees are now reconciled.	

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
Treasury's balance of the reciprocal Due from GOCCs account (137) amounting to P84,554,034.25 renders the accuracy of the Administration's liability account as of December 31, 2011 as unreliable.					
7.Receipt of financial assistance from National Economic and Development Authority (NEDA) was erroneously recorded as Due to Other GOCCs account instead of Susidy from other NGAs account, resulting to overstatement/understatement of payable and income accounts.	Accountant should make the necessary correcting entries so that the affected accounts are fairly presented in the financial statements.	AAR CY 2011	Complied Implemented		
8.Due to limited capital and continuous losses in its operations, the deficit of Partido Development Administration had accumulated to P697.5 million as of December 31, 2011,	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	AAR CY 2011	Partially Implemented	Agency is trying its best to work out strategies to correct its declining cash position. The operating loss has been reduced to P13.2million from last year's	

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
thereby posing serious concern to the corporations viability.	enhance revenue generation.			P24million.	
9.PDA's total expenses exceeded the total approved Corporate Operating Budget (COB) for CY 2011 by P2,506,443.82 for Personal Services and MOOE, contrary to Section 4(1) of PD 1445, thus incurring expenditures outside of its statutory authority.	Management should incur expenditures within the limits of the COB. Any increase in the approved COB shall require submission and approval of a supplemental COB.	AAR CY 2011	Partially Implemented	The DBM's approval of re-alignment is late.	Similar audit observation is included in this report. Re-alignment has just been approved last March 25, 2013.
10.The Corporation had remitted a total of only P300,000.00 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 P2,914,554.00 as payables and appropriated in the COB contrary to Section 2 of EO 271 and COA- DBM Joint Circular No.88-1, thus understating the	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	Partially Implemented	Agency remitted P600,000.00 to the Bureau of Treasury in CY 2012. It has also booked up the unremitted balance in the amount of P1,908,786.00, representing COA audit services. For the year 2013, we will remit/pay P200,000.00 on September 2013.	JEV verified.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
Due to NGAs account of the same amount as of December 31, 2011.					
11.The necessity of consultancy services was not carefully considered and the proper procedures were not adopted in engaging the services of eleven (11) consultants whose duties/functions were not highly technical and/or mere duplications of functions performed by regular employees contrary to RA 9184 and its IRR, resulting to additional expenses of P1,204,000.00	Management should comply with the provisions of RA 9184 particularly on the hiring of consultants. Discontinue the services of consultants whose duties are mere duplication of those performed by regular employees. Engage the legal services of lawyers with prior written conformity of the Office of the Government Corporate Counsel (OGCC) and the Commission on Audit (COA).	AAR CY 2011	Partially Implemented	There was a reduction of consultants hired in 2012. Also, the request for authority to hire private lawyer has been submitted to OGCC and COA. Presently only three (3) hired consultants for 2012.	
12.Contrary to Budget Circular Nos. 2004-5A and 2007-3, the Corporation paid honoraria to members of Bids and Awards Committee (BAC) totaling P170,500.00 disproportionately	Management should strictly adhere to the pertinent provisions of Budget Circular Nos. 2004-5A and 2007-3, to avoid excessive disbursements of honoraria. Refund the excess	AAR CY 2011	Partially Implemented	An appeal for the Notice of Disallowance issued has been filed with the Commission on Audit.	The appeal was referred by the the Regional Director to the Team on April 15, 2013.



Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
with the total funds/collections of P72,560.00 from procurement activities as of year-end, resulting to excess payments amounting to P97,940.00	payments of honoraria.				
13.The Corporation had again procured goods and services including equipment and furnitures and fixtures totaling P396,493.65 through reimbursement basis contrary to COA Circular No. 97-002, Section 93 of PD 1445 and RA 9184.	The management should stop/refrain from procuring goods and services through reimbursement basis.	AAR CY 2011	Partially Implemented	The practice has been generally stopped. It is only in extremely necessary situation that it is allowed.	Practice still existing on extra-exceptional cases.
14. Withholding taxes on compensation and government money payments totalling P556,257.83 remained unremitted for years and/or were not remitted within the period prescribed under BIR Revenue Regulation (RR) No. 2-98, as amended, and Revenue Memorandum Circular No. 5-2006, thus depriving the	Management should cause the immediate remittance of all taxes withheld, including that of prior years.	AAR CY 2011	Partially Implemented	We have remitted the withheld taxes for 2004 and 2012.	Similar finding was included in this report, although there was good compliance with our recommendation. Almost 90% of the prior years withheld taxes of P556,257.83 were remitted, together with that of the current year. The balance

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
with the total funds/collections of P72,560.00 from procurement activities as of year-end, resulting to excess payments amounting to P97,940.00	payments of honoraria.				
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14. Withholding taxes on compensation and government money payments totalling P556,257.83 remained unremitted for years and/or were not remitted within the period prescribed under BIR Revenue Regulation (RR) No. 2-98, as amended, and Revenue Memorandum Circular No. 5-2006, thus depriving the	Management should cause the immediate remittance of all taxes withheld, including that of prior years.	AAR CY 2011	Partially Implemented	We have remitted the withheld taxes for 2004 and 2012.	Similar finding was included in this report, although there was good compliance with our recommendation. Almost 90% of the prior years withheld taxes of P556,257.83 were remitted, together with that of the current year. The balance

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
<p>national government of the immediate use of said funds.</p> <p><b>2010</b></p> <p>15. The accounting records were not reconciled regularly with that of the collecting officer as required under Section 12 of the Manual on New Government Accounting System (NGAS) thereby resulting to a discrepancy of collections totaling P220,562.62 from the different collecting centers of Partido Water Supply System (PWSS).</p>	<p>Management should:</p> <p>a. Require the Accountable Officer and the Accountant to reconcile regularly the balances of the Cash-Collecting Officer account per General Ledger/Subsidiary Ledger and Cash Receipts and Deposit Record to ensure the accuracy of the account.</p> <p>b. Instruct the collecting officer to record the amount of P108,806.37 in the Cash Receipts and Deposit Record.</p> <p>c. Cause the submission of Request for Relief of Accountability for the lost collections, adequately substantiated with the basic</p>	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>Reconciliation on-going. Lost fund thru robbery/theft charged to loss per approved Board Resolution.</p>	<p>had been greatly reduced.</p> <p>PDA Board Resolution No. 201-2012 was verified.</p>

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
<p>16.Cash Advances under Cash-Disbursing Officer account (103) and Due from Officers and Employees account (123) amounting to ₱330,641.75 and ₱210,206.28, respectively, remained unliquidated at year end contrary to the provisions of COA Circular No. 97-002.</p>	<p>requirements set forth under COA Memorandum No. 92-751 dated February 21, 1992 and in accordance with 2009 Revised Rules of Procedures of the Commission on Audit.</p> <p>Management should:</p> <p>a.Strictly adhere to the provisions of Section 174 of GAAM, Volume I and COA Circular No. 97-002 dated February 10, 1997</p> <p>b.Fully liquidate/collect all long outstanding cash advances in pursuance to existing rules and regulations.</p> <p>c.Reclassify the amount of ₱164,428.20 representing receivables of the former employees to Other Receivables (149) account.</p>	<p>AAR CY 2010</p>	<p>Complied Implemented</p>		

Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
17. Balance of Accounts Receivable-Trade pertaining to the Partido Water Supply System (PWSS) of P18,332,019.85 was not reconciled with supporting schedules and included inactive, non-current, long outstanding and/or dormant accounts, rendering the accuracy of the accounts as unreliable.	Management should trace the difference immediately to avoid accumulation of unreconciled items in the books. Establish the collectivity of long outstanding receivables. Accounts aging 10 years or more and determined to be uncollectible should be requested for write-off from COA and written off in the books upon receipt of authority pursuant to COA Resolution No. 2003-002.	AAR CY 2010	Complied/Implemented		
18. Material discrepancies noted in the reported balances of Property, Plant and Equipment totaling to P501,175,901.03, and the inclusion of damaged/unserviceable items cast doubt on the accuracy and validity of the accounts.	Management should 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	AAR CY 2010	Partially Implemented	Reconciliation on-going	



Audit Observation	Recommendation	Ref.	Status of Implementation	Reason(s) for Partial/Non-Implementation	Auditor's Validation
<p>19. Procurement of goods and services totaling P642,254.64 were mostly made through reimbursement basis contrary to COA Circular No. 97-002, Section 93 of Presidential Decree (PD) No. 1445 and Republic Act (RA) 9184.</p>	<p>(RPCPPE).</p> <p>Management should:</p> <p>a. Stop/refrain from procuring goods and services thru reimbursement basis. Purchases should be made directly to the supplier/creditor following the proper procurement rules and regulations in accordance with the provisions of RA 9184.</p>	<p>AAR CY 2010</p>	<p>Partially Implemented</p>	<p>Reiterated in AAR CY 2011. However, it is now stopped.</p>	<p>Practice still existing on extra-exceptional cases.</p>
<p>20. The Partido Water Supply System's (PWSS) 43.90% average unaccounted water for Calendar Year 2010 exceeded the 40% allowable rate set by the Department of Budget and Management (DBM), thereby undermining the administration's operational efficiency.</p>	<p>Plans and programs should be immediately undertaken by management to significantly reduce unaccounted water, thereby improving the existing operational efficiency.</p>	<p>AAR CY 2010</p>	<p>Partially Implemented.</p>	<p>The average unaccounted for water for CY 2011 has been reduced within the allowed 40% rate set by DBM.</p>	

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
21. Cost of audit services for CY 2010 and prior years totaling P1,679,633.16 were not set-up as payables and appropriated in their Corporate Operating Budget (COB) contrary to Section 2 of EO No. 271 and COA-DBM Joint Circular No. 88-1, thereby understating the Due to NGAs account and has an unremitted balance of P2,640,015.00 to the Bureau of Treasury as of year-end.	Management comply with Sections 4.2 and 4.5 of COA-DBM Joint Circular No. 88-01 and Section 2 of EO No. 271 which require that government corporations include in their COB the cost of audit services assessed by COA. Set up accrual of audit fees from CY 2010 and previous years and the years thereafter and regularly remit the same to the Bureau of the Treasury.	AAR CY 2010	Partially Implemented	We have already booked the payables up to 2012. A budget was already provided.	Similar/related observation included in this report. Remittance on staggered basis of the remaining unremitted amount was committed to be done.
22. The procurement process in the hiring of thirteen (13) consultants with the total cost of P849,750.00 during the year was not in accordance with the provisions of Republic Act (RA) 9184 and its Implementing Rules and Regulations (IRR) and whose duties were not highly technical and/or mere duplication of	Management comply with the provisions of RA 9184 particularly on the hiring of consultants. Discontinue the services of the consultants whose duties are mere duplication of those performed by regular employees and which do not meet the requirements set forth	AAR CY 2010	Partially Implemented	There are only two (2) consultants who are highly qualified.	Management has stopped employing some consultants, especially those whose compensation has been subject to audit disallowance.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non-Implementation</b>	<b>Auditor's Validation</b>
functions being performed by regular employees.					
23.Contrary to Section 4(1) of PD 1445, the Administration's total expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) for CY 2010 exceeded the Department of Budget and Management (DBM) approved Corporate Operating Budget (COB) by ₱4,053,834.68, thereby incurring expenditures outside its statutory authority.	Management should incur expenditures within the limits of the Corporate Operating Budget (COB) as approved by the Department of Budget and Management. Any Increase in the approved COB in the course of the budget year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.	AAR CY 2010	Partially Implemented	The approval of re-alignment by DBM was delayed.	Similar audit observation included in this report.
24.The Agency has not fully implemented the activities for its Gender and Development (GAD) program in Calendar Year 2010 contrary to the Department of Budget and Management, National Economic Development	<p>Management should:</p> <p>a.Prepare an annual GAD Plan pursuant to DBM/NEDA/NCR FW Joint Circular No. 2004-01 dated April 5, 2004.</p> <p>b.Allot at least five percent (5%) of the</p>	AAR CY 2010	Partially Implemented	Already complied. It was incorporated in the MOOE.	GAD Plan and activities had been prepared and implemented. The funds set aside was however short of the required 5% of the total appropriation of the agency.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Ref.</b>	<b>Status of Implementation</b>	<b>Reason(s) for Partial/Non- Implementation</b>	<b>Auditor's Validation</b>
Authority and National Commission on the Role of Filipino Women (DBM-NEDA-NCRFW) Joint Circular No. 2004-1 dated April 5, 2004.	total budget appropriations for the cost of implementing the GAD Plan.				

## **PART IV**

### **ANNEXES**

Annex A	Report of Collectionand Deposit PWSS- Tigaon, Cam. Sur	42
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PARTIDO DEVELOPMENT ADMINISTRATION  
Caraycayon, Tigaon, Camarines Sur  
Partido Water Supply System-Tigaon, Cam.Sur  
**Example of Report of Collection & Deposit**  
For the Period January 12-31, 2013

DATE	OFFICIAL RECEIPT NO.	COLLECTION	DEPOSIT	BALANCE
<b>Beginning balance January 12, 2013</b>				
01/12/13	37043-37049	9,506.74		9,506.74
01/13/13	37050-37062	6,502.80		16,009.54
01/16/13	37063-37150	55,530.74		71,540.28
01/17/13	37151-37226	38,801.72		110,342.00
01/18/13	37227-37300	38,513.94		148,855.94
01/19/13	37301-37368	28,974.65		177,830.59
01/20/13	Deposit		177,830.59	
01/20/13	37369-37449	40,757.56		40,757.56
01/24/13	37450-37660	88,632.78		129,390.34
01/25/13	37661-37713	26,868.20		156,258.54
01/26/13	37714-37753	24,595.60		180,854.14
01/27/13	37754-37783	18,429.53		199,283.67
01/30/13	37784-37839	46,349.14		245,632.81
01/31/13	37840-37872	27,272.80		272,905.61
01/31/13	deposit		272,905.61	

Prepared and Certified Correct by:

  
**SOCORRO GREGORIA H. MARANAN**  
Cashier II

PARTIDO DEVELOPMENT ADMINISTRATION  
Caraycayon, Tigaon, Camarines Sur  
Partido Water Supply System-GARCHITORENA  
**Example of Report of Collection & Deposit**  
For the Period January 6 TO July 04, 2012

DATE	OFFICIAL RECEIPT NO.	COLLECTION	DEPOSIT	BALANCE
<b>Beginning balance January 12, 2013</b>				80,179.31
01/06/12			80,179.31	-
01/05/12	15954-16049	56,082.10		56,082.10
01/20/12			56,082.25	(0.15)
01/31/12	16050-16303	118,407.15		118,407.00
02/06/12			118,407.15	(0.15)
02/06/12	16050-16357	36,958.80		36,958.65
02/20/12			36,958.80	(0.15)
2/21-29/12	16358-16602	111,210.05		11,209.90
03/06/12			111,210.05	(0.15)
3/7-23/12	16603-16726	70,748.37		70,748.22
03/23/12			70,748.37	(0.15)
3/24-30/12	16727-16917	88,639.42		88,639.27
04/04/12			88,639.42	(0.15)
4/5-23/12	16918-17005	56,420.15		56,420.00
04/24/12			56,420.15	(0.15)
4/25-30/12	17006-17283	139,324.22		139,324.07
05/07/12			139,324.22	(0.15)
5/8-18/12	17284-17329	28,963.80		28,963.65
05/18/12			28,963.80	(0.15)
5/19-31/12	17330-17516	90,591.78		90,591.63
06/01/12			90,591.78	(0.15)
6/2-21/12	17517-17629	107,789.08		107,788.93
06/21/12			107,789.08	(0.15)
6/22-29/12	17630-17683	51,481.70		51,481.55
07/04/12			51,481.70	(0.15)
6/30 to 7/4/12	17684-17696	7,112.30		7,112.15

Prepared and Certified Correct by:

  
**SOCORRO GREGORIA H. MARANAN**  
Cashier II

FY 2012 ANNUAL GAD PLAN ACCOMPLISHMENT REPORT

DEPARTMENT:

CORPORATION: PARTIDO DEVELOPMENT ADMINISTRATION

PROGRAM/ ACTIVITY PROJECT	GENDER ISSUE/ CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD ACCOMPLISHMENT
A CAPABILITY BUILDING ADVOCACY	Enjoins PDA employees to participate in all PDA Capability building and Advocacy	1.Orientation on anti-sexual harassment shall be organized by PDA	Continuous Seminar on Sexual Harassment Program	June	100% attendance of all PDA employees	Incorporate to the Women's Month celebration
		2.Employee shall have to begin looking forward to the Celebration of Women's Month in March	These activities include physical check-up(pap smear and mammogram for women and prostate exam for men), mass calisthenics, parenting workshop, film, showing, and "piknik" ngkababaihan	All PDA employees regardless of appointment Status	100% attendance of all PDA employees	All PDA Female employees attended the celebration last March 14, 2012
		3.Proficiency and expertise enhancement shall be given preferential	a.Values Orientation Workshop In-house Training	All PDA employees regardless of Appointment Status	All PDA employees with SG 12 and above regardless of appointment status P1,000.00 per head	No available



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		attention for and effective public service	b. Supervisory Development course In-house Training	All PDA employees with SG 12 band above regardless of appointment Status	for 5days as required by CSC 20 employees with SG 12 and Above @ P 2,000 for 5 days	Mr. Edwin San Juan & Recha Isabel P. Quinn attended the Seminar last February 2012
			c. launching and maintenance of PDA Website	All PDA employees regardless of appointment Status	P20,000 per annum for website Hosting ASTI and P5,000.00 per month for WED maintenance	updating
B. POLICY DEVELOPMENT AND STRENGTHENING	The program shall make PDA Employees abreast of CSC policies and issuance	CSC Policies and Issuance provides PDA a better position to assess and suggest appropriate plans and programs that are responsive to PDA employees.	<b>I. Implementation of CSC mandated Monthly Celebration</b>			
			a. BRIGADA AHENSYA MC 12 S.2009	All PDA employees regardless of appointment Status	151 employees @ P250.00/head	All PDA Employees joined the activity, held last August 8, 2012
			b. CSC Anniversary	All PDA employees regardless of appointment Status	20 employees with SG 12 and Above @ P100 for 1 day	Attended Fun Run Activity last Sept 04, 2012
			<b>II. Implementation of CSC Memorandum Circulars</b>			
			a. Policy at Workplace –	All PDA Workstation	100% Implemented	Implemented

PROGRAM/ ACTIVITY PROJECT	GENDER ISSUE/ CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD ACCOMPLISHMENT
			MC 33 s.1997			
			b. Health Awareness Program (MC 38 s. 1992 and MC 8 s. 2011)			
			b. 1. SayawHataw (CSC MC 21 s. 2009 & CSC MC No. 8.s. 2011)	All PDA employees regardless of appointment Status	Aerobic instructor P20.00 per head session, 2 session per week with 2 classes, 30 heads per class, 8 session per month  Magnetic Treadmill Manual Stationary Bike 4-in-1 Wight bench Dumbbell set Barbell set	Policy Guidelines on review and non availability of Fitness Instructor
			b. 2 Summer Sports Activity	All PDA employees regardless of appointment Status	151 employees @ P300.00/head	All employees enjoyed the Summer Activity, held last April 14, 2012
			c. Project Talaan and Checklist of Reasonable Working Condition in the Public Sector MC 30 s. 1994	All PDA Workstation	11 Workstation @ P1,000per WS	Implemented
			d. Special	All	100% Implemented	Implemented



PROGRAM/ ACTIVITY PROJECT	GENDER ISSUE/ CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD ACCOMPLISHMENT
			Leave Privileges (CSC MC 6 s. 1996 and MC 6 s. 1999) e. Flexible Working Arrangements (MC 14 s. 1989) f. Modified Maternity Leave (Sec.4 Rule XVI of the Omnibus Rules g. Policy on Sexual harassment in the Workplace (CSC Res. #95-6161, MC 19 s. 1994 I. It is the priority of PDA to Safeguard its employees morale and efficiency, and become a courteous citizen who are responsive to	Permanent, Co-Terminus and Casual Employees Upon the Discretion of the Administration All Married female PDA employees All PDA employees regardless of appointment Status All PDA employees regardless of appointment Status		
	Comprehensive and balanced Personnel System and programs	Promote morale integrity, efficiency, responsiveness, progressiveness and courtesy, in the implementation of government wide personnel			As Scheduled	

PROGRAM/ ACTIVITY PROJECT	GENDER ISSUE/ CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD ACCOMPLISHMENT
		management programs	the needs of its constituents a. PDA anniversary	All PDA employees regardless of appointment Status & PDA BOARD	151 employees+24 BOD + 50 guest @100/head	Released the PDA Anniversary Bonus
			b.Operation Reach-Out	Assigned Employees	30 doctors+30 Nurses and 20 PDA Staff @ 250/day for 6days	Medical & Surgical Mission held last February 2012
			c.Christmas Activity	All PDA employees regardless of appointment Status & PDA BOARD	151 employees + 24 BOD+9 consultants	Employees, BOD & Consultants attended Christmas Party Held Dec.21,2012
			d.Ceremonial& cultural Development Activities	Ceremonial and Launching of Newly Implemente d PDA Programs and Projects	5 new PDA Programs and Projects @ P20,000 per programs and projects	*Mobile Board Meeting & PIWARM Program “TubigKahoy Mo, Kadlagansa Parted, IsasalbarKo”.
			II. Human Resource	“7 habits of highly	All PDA employees with SG 12 and	Ms. Recha Isabel P. Quinn attended the

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			<p>Capability Enhancement</p> <p>a. MC No. 8 s. 199 Policy on Equal Representation of Women and Men in Third Level Positions in Government</p> <p>b. Directory of Women on the Move-a database of deserving women who are qualified to occupy executive positions in government</p>	<p>effective people FranklinCovey</p>	<p>above regardless of appointments Status</p>	<p>Seminar last June 2012 &amp; Engr. Fuentebella attended the said Seminar last July 2012</p>
				<p>Data Base of PDA Women's training</p>	<p>Women's Training Ledger Updated on a Monthly basis</p>	<p>Monthly Updated Women Training Ledger</p>



