



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, 2013



Republic of the Philippines
COMMISSION ON AUDIT

Regional Office No. V
Rawis, Legazpi City

September 17, 2014

MS. ROSA B. CATOLICO

Administrator
Partido Development Administration
Tigaon, Camarines Sur

Dear Ms. Catolico:

We are pleased to transmit the Annual Audit Report on the Partido Development Administration (PDA), Tigaon, Camarines Sur, for the year ended December 31, 2013 in compliance with Section 2, Article IX-D of the Philippine Constitution and the pertinent Sections of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines."

The audit was conducted to ascertain the propriety of the Agency's financial transactions and its compliance to prescribed rules and regulations. It was also made to ascertain the accuracy of financial records and reports, as well as the fairness of presentation of the financial statements.

The attached report consists of Part I – the Audited Financial Statements, Part II – the Observations and Recommendations, Part III – the Status of Implementation of Prior Years' Audit Recommendations and Part IV – the Annexes.

We request that the recommended remedial measures be immediately implemented and we will appreciate being informed of the actions taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation form within 60 days from receipt hereof, pursuant to Section 90 of the General Appropriations Act for FY 2013.

We acknowledge the assistance and cooperation extended by the Agency officials and personnel to the audit team.

Very truly yours,

ATTY. EDEN T. RAFANAN
Regional Director

Copy furnished:

1. Director of National Library of the Philippines
T.M. Kalaw St., Ermita, Manila
2. Concepcion L. Jardeleza, Associate Dean
The UP Law Center, UP Diliman, Quezon City

PARTIDO DEVELOPMENT ADMINISTRATION
TIGAON, CAMARINES SUR
OFFICE OF THE ADMINISTRATOR
RECEIVED

DATE: 12/22/2014 TIME: 10:39 a.m.
BY:
MAGDALENA R. PORTEM

PARTIDO DEVELOPMENT ADMINISTRATION
Tigaon, Camarines Sur

AGENCY ACTION PLAN and STATUS of IMPLEMENTATION

Audit Observations and Recommendations

For the Calendar Year 2013

As of _____

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date From To			
AAR 2013, page 21	CY 2013 1. 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 loss through theft or misappropriation.	We recommended that Management require the Collecting Officers of Tinambac, Garchitorena, Presentacion, Caramoan and Siruma collecting centers to deposit daily 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 collections reach ₱10,000.00, to prevent the loss of funds due to theft or misappropriation.						
AAR 2013,	2. Other Receivables as well as the Interest	We recommended that the necessary Adjusting						

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page 22	Income account were overstated by ₱216,000.00, while Receivables-Disallowances/Charges was understated by the same amount due to erroneous accounting entries to take up the audit disallowance which has become final and executory, contrary to COA Circular No. 2004-002, Annex A, which prescribes the Chart of Accounts under the NGAS for CGAs.	Journal Entry (AJE) be prepared to correct the error made, and accordingly reflect the audit disallowances under the proper account.				Completed		
AAR 2013, page 23	3. The correctness of the Inventories account balance of ₱6,332,142.54 as of year-end, and the reliability of the corresponding custodian's accountability are doubtful due to non-conduct the periodic physical count of inventories and non-recording of	We recommended that the Administrator require the conduct of the physical inventory taking of all Inventory items at least 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. We also recommended that the Accounting Unit						

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
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					From	To			
	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. I.	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.							
AAR 2013, page 24	4. 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 from earning additional income from sale thereof, prevent it from using	<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 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</p>					Completed		

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	the space that these properties occupy and expose the latter to elements causing further deterioration, and diminished value.	make available the use of the storage space occupied by these properties.							
AAR 2013, page 26	5. Non-compliance with the provisions of COA Circular No. 75-6 and Section 46 of RA 10352 pertaining to the use of government motor vehicles resulted in unregulated operation of the same, thus casting doubt on the propriety of its utilization as well as the corresponding gasoline and oil expenditure.	We recommended that PDA Management strictly comply with the requirements of COA Circular No. 75-6 pertaining to the use of government motor vehicles. Otherwise, expenses related thereto are disallowable in audit and the official found responsible for the unauthorized use or misuse of said vehicles shall be held liable for the expenditures arising therefrom, and for administrative, criminal or civil charges as maybe warranted by the circumstances.					<i>complied</i>		
AAR 2013, page 28	6. PDA Management failed to set aside a Sinking Fund to provide for the	We recommended that PDA Management find ways to be able to allocate portion of its							

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	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.	funds as Sinking Fund for the purpose of paying its loan amortizations.				From	To	Complied		
AAR 2013, page 29	7. 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.	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.						Complied		
AAR 2013, page 30	8. The peso equivalent of the foreign loan of PDA was overstated by ₱1,081,860.96 due to erroneous foreign	We recommended that the necessary AJE be prepared to reflect the correct balances of the affected accounts.						Complied		

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	currency exchange rates applied on the revaluation made at the Balance Sheet date.								
AAR CY 2013, page 31	9. The conditions set forth under the Revised Implementing Rules of RA 9184 and the necessity of consultancy services were not carefully considered in engaging the services of three (3) consultants whose duties and functions were not highly technical and could be done by available regular employees. This resulted in additional Professional Services expense amounting to ₱531,000.00.	We recommended that Management discontinue hiring consultants whose functions/duties are mere duplication of the functions/duties being performed by regular employees. Likewise, in hiring consultants, strictly comply with the requirements and procedures stipulated under RA 9184 and its RIRR.					<i>Completed</i>		
AAR CY 2013, page 32	10. The Agency could have avoided overspending and misspending had Management	We recommended that Management observe prudence and frugality in the utilization of the Agency's funds and					<i>For appeal</i>		

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	exercised prudence in the use of its corporate funds in accordance with COA Circular Nos. 85-55-A and 2012-003 dated Sept. 8, 1985 and Oct. 29, 2012, respectively.	property in accordance with the provisions of COA Circular Nos. 85-55-A and 2012-003 to prevent further depletion of the scarce fiscal resources of PDA. We also recommended that persons liable for the excess EME refund the amount disallowed.							
AAR CY 2013, page 33	11. The PDA erroneously charged cost of meals served during trainings, workshops, and conferences and meetings with a total amount of P927,885.93 against the Food Supplies Expense account.	We recommend that the agency accordingly provide for trainings and other activities in their budget, and accordingly reflect corresponding expenses under the appropriate accounts.					<i>Implied</i>		
CY 2013, page 34	12. 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	We recommended that Management seek for effective measures to remedy the financial distress that PDA is going through, through the following: • Make							

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	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>representation with proper authorities to implement Section 6 of RA7820 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> <ul style="list-style-type: none"> • 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. • 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 							

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		<p>celebration of induction or any occasion for that matter, immoderate utilization of motor vehicles, hiring of consultants whose functions can be done by regular employees, etc.</p> <ul style="list-style-type: none">Intensify collection of outstanding Accounts Receivables by referring the same to the Legal Officer of the Agency who shall implement legal actions against defaulting concessioners.Disconnect water service connection of all concessioners with unpaid water bills.Privatize the FM radio station and relinquish the management of Nato Port to the PPA.Prioritize the payment of foreign and domestic loans to minimize incurrence of			From	To			

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					From	To			
		<p>interest and other charges.</p> <ul style="list-style-type: none">The PDA Management find ways to settle its 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.							
CY 2013, page 39	13. 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							

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					From	To			
		due accounts to the Legal Officer for legal action to be taken against defaulting concessioners.							
AAR CY 2012	CY 2012 1. 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. Only permanent and duly bonded employees be designated as collecting officers.							
AAR CY 2012	2. Trust Liabilities amounting to ₱3,005,146.98 and P556,257.83 remained in the books and unremitted as of December 31, 2012 and December 31, 2011, respectively contrary to Section 69 (1) of PD 1445 and	Remit immediately the withheld amounts to the concerned agencies							

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	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.							
AAR CY 2011	CYs 2011 & 2010 1. 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 & 2010	2. 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	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.						

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	unremitted balance of ₱2,914,554.00 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 Due to NGAs account of the same amount as of December 31, 2011.								
AAR CY 2011	3. 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 ₱1,204,000.00.	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 COA.							

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AAR CY 2011	4. Contrary to Budget Circular Nos. 2004-5A and 2007-3, the Corporation paid honoraria to members of Bids and Awards Committee (BAC) totaling ₱170,500.00 disproportionately with the total funds/collections of ₱72,560.00 from procurement activities as of year-end, resulting to excess payments amounting to ₱97,940.00.	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 payments of honoraria.							
AAR CY 2010	5. The accounting records were not reconciled regularly with that of the collecting officer as required under Section 12 of the MNGAS, thereby resulting to a discrepancy of collections totaling ₱220,562.62 from the different collecting centers of Partido Water Supply System (PWSS).	Cause the submission of Request for Relief of Accountability for the lost collections, adequately substantiated with the basic 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.							

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AAR CY 2010	6. Material discrepancies noted in the reported balances of PPE totalling 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).						

Agency sign-off:

Name and Position of Agency Officer

Date

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

EXECUTIVE SUMMARY

Introduction

The Partido Development Administration (PDA) was created on November 14, 1994 by virtue of Republic Act (R.A.) No. 7820, otherwise known as the "Partido Development Administration Act of 1994." R.A. No. 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 ₱463,322,062.28, ₱1,082,966,572.15 and (₱619,644,509.87), respectively, as of December 31, 2013. It generated total income of ₱86,415,242.36, including the gain on foreign exchange amounting to ₱10,350,354.41, and incurred total expenditures of ₱95,068,308.33, thus suffered a net loss of ₱8,653,065.97 from its operations in 2013.

The Corporate Operating Budget (Annex A) for CY 2013 as approved by the Department of Budget and Management amounted to ₱69,301,334.00 while operating expenses incurred totaled ₱51,874,841.31, except for the amount of bad debts and depreciation provided for the year for Accounts Receivable and Property, Plant and Equipment, respectively.

Operational Highlights

During the Calendar Year 2013, PDA reported the following accomplishments as compared to its targets:

Indicators	Targets	Accomplishments
Major Final Output 1: Operation of Business Ventures		
Potable Water Services		
1. Increase in the number of household water connection	13,076	16,749
2. Increase in the revenue generated (Including fines and penalties and other business income)	₱69,636,494.31	₱74,233,000.00
Nato Port		
Revenue generated	₱233,000.00	₱232,000.00
Center for Human Resources Development		
Revenue generated (Rental of CHRD Bldg.)	₱242,000.00	₱90,000.00
DZRP Radio Station		
Revenue generated	₱730,000.00	₱635,000.00
Major Final Output 2: Development Planning and Resource Mobilization		
1. No. of Programs formulated	4	4
2. Amount of funding mobilized from external sources	₱3.5M	₱4.5M
3. No. of trainings facilitated	99	88
4. No. of LGUs assisted in the formulation of resource management policies and programs	9	9

Scope of Audit

Financial and Compliance Audits were conducted on the accounts and operations of the Administration for Calendar Year ended December 31, 2013. The audit was planned and performed to obtain reasonable assurance about whether the financial statements were fairly presented and were free of material misstatements; whether the agency had complied with existing laws, rules, and regulations; and whether scarce government resources were used and managed in an efficient, effective, and economical manner.

Auditor's Opinion on the Financial Statements

We have rendered a qualified opinion on the Administration's financial statements for CY 2013 because of the following audit observations:

1. The correctness of the Inventories account balance of P6,332,142.54 as of year-end, and the reliability of the corresponding custodian's 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.

2. 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 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.
3. 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.
4. The peso equivalent of the foreign loan of PDA was overstated by ₱1,081,860.96 due to erroneous foreign currency exchange rates applied on the revaluation made at the Balance Sheet date.

Summary of Significant Audit Observations and Recommendations

1. 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 loss through theft or misappropriation.

We recommended that Management require the Collecting Officers of Tinambac, Garchitorena, Presentacion, Caramoan and Siruma collecting centers to deposit daily and intact their collections. Where daily deposit thereof becomes costly and impractical, require them to deposit their collections at least once a week, or as soon as the collections reach ₱10,000.00, to prevent the loss of funds due to theft or misappropriation.

2. Other Receivables as well as the Interest Income account were overstated by ₱216,000.00, while Receivables- Disallowances/Charges was understated by the same amount due to erroneous accounting entries to take up the audit disallowance which has become final and executory, contrary to COA Circular No. 2004-002, Annex A, which prescribes the Chart of Accounts under the NGAS for CGAs.

We recommended that the necessary Adjusting Journal Entry (AJE) be prepared to correct the error made, and accordingly reflect the audit disallowances under the proper account.

3. The correctness of the Inventories account balance of ₱6,332,142.54 as of year-end, and the reliability of the corresponding custodian's 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.

We recommended that the Administrator require the conduct of the physical inventory taking of all Inventory items at least 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.

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.

4. 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 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.

We recommended that the Accountant reclassify the above items of PPE to Other Assets account by debiting Other Assets account equivalent to ten percent (10%) residual value of unserviceable PPE and the corresponding accumulated depreciation, and crediting the above PPE accounts amounting to ₱9,747,020.51.

We also recommended that the Administrator direct the Disposal 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.

5. Non-compliance with the provisions of COA Circular No. 75-6 and Section 46 of RA 10352 pertaining to the use of government motor vehicles resulted in unregulated operation of the same, thus casting doubt on the propriety of its utilization as well as the corresponding gasoline and oil expenditure.

We recommended that PDA Management strictly comply with the requirements of COA Circular No. 75-6 pertaining to the use of government motor vehicle. Otherwise, expenses related thereto are disallowable in audit and the official found responsible for the unauthorized use or misuse of said vehicles shall be held liable for the expenditures arising therefrom, and for administrative, criminal or civil charges as maybe warranted by the circumstances.

6. 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.

7. 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.

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.

8. The peso equivalent of the foreign loan of PDA was overstated by ₱1,081,860.96 due to erroneous foreign currency exchange rates applied on the revaluation made at the Balance Sheet date.

We recommended that the necessary AJE be prepared to reflect the correct balances of the affected accounts.

9. The necessity of consultancy services was not carefully considered, and the proper procedures were not adopted in engaging the services of three (3) consultants whose duties and functions were not highly technical and could be done by available regular employees, contrary to the Revised Implementing Rules of RA 9184. This resulted in additional Professional Services expense amounting to ₱531,000.00.

We recommended that Management discontinue hiring consultants whose functions/duties are mere duplication of the functions/duties being performed by regular employees. Likewise, in hiring consultants, strictly comply with the requirements and procedures stipulated under RA 9184 and its RIRR.

10. 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 2012-003 dated Sept. 8, 1985 and Oct. 29, 2012, respectively.

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 scarce fiscal resources of PDA.

We also recommended that persons liable for the excess EME refund the amount disallowed.

11. The PDA erroneously charged cost of meals served during trainings, workshops, conferences and meetings with a total amount of ₱927,885.93 against the Food Supplies Expense account.

We recommend that the agency accordingly provide for trainings and other activities in their budget, and accordingly reflect corresponding expenses under the appropriate accounts.

12. 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.

We recommended that Management seek for effective measures to remedy the financial distress that PDA is going through, through the following:

- Make representation with proper authorities to implement Section 6 of RA7820 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.
- 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.
- 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 by regular employees, etc.
- Intensify collection of outstanding Accounts Receivables by referring the same to the Legal Officer of the Agency who shall implement legal actions against defaulting concessioners. Disconnect water service connection of all concessioners with unpaid water bills.
- Privatize the FM radio station and relinquish the management of Nato Port to the PPA.

- Prioritize the payment of foreign and domestic loans to minimize incurrence of interest and other charges.
- The PDA Management find ways to settle its 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.

13. 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 and restoration be made 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 possible legal action to be taken against defaulting concessioners.

Status of Audit Suspensions, Disallowances and Charges

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2013 are as follows:

	Beginning Balance (As of December 31, 2012)	This Period January 1 to December 31, 2013		Ending Balance (As of December 31, 2013)
		NS/ND/NC	NSSDC	
Notice of Suspension	0	0	0	0
Notice of Disallowance	P 313,940.00	0	0	P 313,940.00
Notice of Charge	0	0	0	0
Total	P 313,940.00	0	0	P 313,940.00

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

Out of the nineteen (19) significant prior years' audit recommendations contained in the annual audit reports for CYs 2010 to 2012, ten (10) were fully implemented, five (5) were partially implemented, and four (4) were not implemented. Details of the implementation as well as reasons for partial or non-implementation are presented in Part III of this Report.

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PART I

AUDITED FINANCIAL STATEMENTS



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue
Quezon City

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

The Administrator

Partido Development Administration
Tigaon, Camarines Sur

Report on the Financial Statements

We have audited the accompanying financial statements of the Partido Development Administration (PDA), Tigaon, Camarines Sur, which comprise the Balance Sheet as at December 31, 2013 and the Statement of Income and Expenses, Statement of Government Equity, and Statement of Cash Flows for the year then ended, and Notes, comprising 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 the 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, Observations and Recommendations, of this report, our audit disclosed, among others, that:

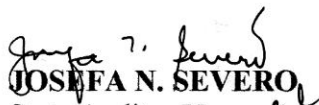
1. The correctness of the Inventories account balance of ₱6,332,142.54 as of year-end, and the reliability of the corresponding custodian's accountability are doubtful due to non-conduct of physical count and non-recording of items issued to end users from July to December 2013.
2. Unserviceable Property, Plant and Equipment (PPE) of ₱9,747,020.51 which were no longer used in the operations were still included in the recorded PPE accounts overstating the total PPE by the same amount as of year-end.
3. PDA failed to reconcile the book balance of the account Due to National Treasury 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.
4. The peso equivalent of the foreign loan of PDA was overstated by ₱1,081,860.96 due to erroneous foreign currency exchange rates applied on the revaluation made at the Balance Sheet date.

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 the Partido Development Administration (PDA), Tigaon, Camarines Sur, as at December 31, 2013, and its financial performance and its cash flows for the year then ended, in accordance with generally accepted state accounting principles.

COMMISSION ON AUDIT

By:


JOSEFA N. SEVERO
State Auditor V
Supervising Auditor

July 24, 2014



Partido Development Administration

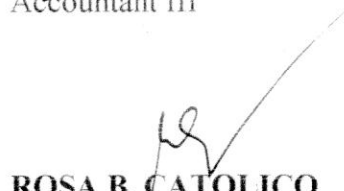
Created Under Republic Act 7820

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, 2013 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, 2013

(With Comparative Figures for 2012)

		<u>2013</u>		<u>2012</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents (Note 3)	P	21,995,873.37	P	23,361,334.65
Trade and Other Receivables (Note 4)		20,121,949.83		18,509,569.58
Inventories (Note 5)		6,332,142.54		4,207,278.37
Prepaid Expenses (Note 6)		709,345.54		737,982.43
Other Current Assets (Note 7)		6,521.74		-
Total Current Assets	P	<u>49,165,833.02</u>	P	<u>46,816,165.03</u>
Non Current Assets				
Property, Plant and Equipment (Note 8)	P	414,031,959.94	P	444,783,620.09
Other Assets		124,269.32		75,348.57
Total Non-Current Assets	P	<u>414,156,229.26</u>	P	<u>444,858,968.66</u>
Total Assets	P	<u>463,322,062.28</u>	P	<u>491,675,133.69</u>
LIABILITIES AND EQUITY				
Current Liabilities				
Payable Accounts (Note 9)	P	4,294,940.18	P	8,120,492.47
Inter-Agency Payables (Note 10)		806,660,904.32		761,178,023.71
Other Liability Accounts (Note 11)		1,411,926.56		1,432,329.35
Loans Payable- Foreign (Note 12)		54,089,250.26		52,222,532.78
Total Current Liabilities	P	<u>866,457,021.32</u>	P	<u>822,953,378.31</u>
Non-Current Liabilities				
Loans Payable- Foreign (Note 12)	P	216,357,000.61	P	328,907,811.67
Deferred Credits (Note 13)		152,550.22		-
Total Non-Current Liabilities	P	<u>216,509,550.83</u>	P	<u>328,907,811.67</u>
Total Liabilities	P	<u>1,082,966,572.15</u>	P	<u>1,151,861,189.98</u>
Equity				
Government Equity (Note 14)		<u>(619,644,509.87)</u>		<u>(660,186,056.29)</u>
Total Liabilities and Equity	P	<u>463,322,062.28</u>	P	<u>491,675,133.69</u>

(See accompanying Notes to Financial Statements)

PARTIDO DEVELOPMENT ADMINISTRATION
Statement of Income and Expenses
For the Year Ended December 31, 2013
(With Comparative Figures for 2012)

	<u>2013</u>	<u>2012</u>
INCOME (Note 15)	P 75,620,328.54	P 75,501,807.88
EXPENSES		
Operating Expenses		
Salaries and Wages (Note 16)	P 13,136,694.94	P 11,989,887.04
Personnel Benefits Contribution (Note 17)	1,859,960.56	1,692,795.41
Other Compensation (Note 18)	4,470,418.04	5,758,619.26
Maintenance and Other Operating Exp. (Note 19)	67,396,181.65	71,169,539.08
Total	P 86,863,255.19	P 90,610,840.79
Financial Expenses		
Documentary Stamp Expense	P -	P 160.00
Interest Expenses	5,407,883.00	10,189,004.99
Other Financial Charges	2,797,170.14	3,068,838.17
Total	P 8,205,053.14	P 13,258,003.16
Total Expenses	P 95,068,308.33	P 103,868,843.95
LOSS FROM OPERATIONS	P (19,447,979.79)	P (28,367,036.07)
OTHER INCOME (EXPENSES)		
Gain on Foreign Exchange	P 10,350,354.41	P 14,803,665.20
Interest Income	444,559.41	334,546.22
Total	P 10,794,913.82	P 15,138,211.42
NET INCOME (LOSS) FROM OPERATION	P (8,653,065.97)	P (13,228,824.65)

(See accompanying Notes to Financial Statements)

PARTIDO DEVELOPMENT ADMINISTRATION

Statement of Changes in Equity

As of December 31, 2013

(With Comparative Figures for 2012)

Particulars	<u>2013</u>	<u>2012</u>
Donated Capital:		
Balance at the beginning of the year	P 48,027,921.30	P 48,027,921.30
Balance at the end of the year	P 48,027,921.30	P 48,027,921.30
Retained Earnings:		
Balance at the beginning of the year	P (708,213,977.59)	P (697,526,887.67)
Correction of prior years' errors	49,194,612.39	2,541,734.73
Net Income(Loss) for the period	(8,653,065.97)	(13,228,824.65)
Balance at the end of the year	P (667,672,431.17)	P (708,213,977.59)
Government Equity, December 31	P (619,644,509.87)	P (660,186,056.29)

(See accompanying Notes to Financial Statements)

PARTIDO DEVELOPMENT ADMINISTRATION

Statement of Cash Flows

As of December 31, 2013

(With Comparative Figures for 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Collection of Income	P 71,406,140.74	P 65,928,702.60
Refund of overpayment of expenses	228,101.02	239,064.42
Receipt of financial assistance from NGA	-	4,810,860.00
Receipt of Performance/Bidders/Bail Bonds	34,420.00	246,253.68
Collection of Receivables	-	7,585.65
Receipt from NGO	390,751.16	-
Total Cash Inflows	P 72,059,412.92	P 71,232,466.35
Cash Outflows		
Payment of operating expenses	P 35,059,806.49	P 40,620,484.62
Remittance of GSIS/PAG-IBIG/withholding taxes	9,862,053.43	9,035,898.01
Payment of payables	6,142,766.00	2,341,109.63
Refund of Performance/Bidders/Bail Bonds	112,918.00	337,246.28
Purchase of office supplies and other Inventories	5,363,060.69	1,863,092.31
Payment of Other Payables	2,399,626.29	3,700,343.33
Payment to COA, etc.	584,762.50	1,050,115.44
Payment of prepaid expenses	140,819.73	233,689.59
Total Cash Outflows	P 59,665,813.13	P 59,181,979.21
Cash Provided by (Used in) Operating Activities	P 12,393,599.79	P 12,050,487.14
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Receipt of interest on deposit	P 225,839.93	P 334,546.22
Total Cash Inflows	P 225,839.93	P 334,546.22
Cash Outflows		
Office Equipment, Furniture and Fixtures, and Other Fixed Assets	P 1,984,901.00	P 5,139,350.20
Total Cash Outflows	P 1,984,901.00	P 5,139,350.20
Cash Provided by (Used in) Investing Activities	P (1,759,061.07)	P (4,804,803.98)

2013**2012****CASH FLOWS FROM FINANCING ACTIVITIES****Cash Outflows**

Payment of domestic and foreign loans

P 12,000,000.00 P 12,049,675.71

Total Cash Outflows**P 12,000,000.00 P 12,049,675.71****Cash Provided by (Used in) Financing Activities****P (12,000,000.00) P (12,049,675.71)****Net decrease in cash****P (1,365,461.28) P (4,803,992.55)****ADD: Cash and Cash Equivalents-Beginning****23,361,334.65****28,165,327.20****Cash and Cash Equivalents, Ending****P 21,995,873.37****P 23,361,334.65***(See accompanying Notes to Financial Statements)*

PARTIDO DEVELOPMENT ADMINISTRATION
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2013

1. AGENCY BACKGROUND

The Partido Development Administration (PDA) was created on November 18, 1994 by virtue of Republic Act (R.A.) 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.

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 (9) pumping stations and eight (8) collection 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 Ports Authority (PPA).

The source of income is a subsidy from the Congressional Development Fund of Hon. Arnulfo Fuentesbello. For CY 2013, PDA did not receive any assistance from the Congressman of the 4th district.

With the creation of the GOCC Act of 2011 under R.A. 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).

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:

Age of Receivables	Percent
Active Accounts:	
0 to 120 days	0%
1 year	1%
2 years	2%
5 years to 10 years	4%
Inactive Accounts:	
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.

3. CASH AND CASH EQUIVALENTS

₱21,995,873.37

This account consists of:

Account	2013	2012
Cash in Bank	₱ 21,274,402.09	₱ 22,625,181.05
Cash with Collecting Officer	683,217.28	653,276.70
Cash Disbursing Officers	18,254.00	0.00
Petty cash Funds	20,000.00	82,876.90
Total	₱ 21,995,873.37	₱ 23,361,334.65

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:

Account	Amount
Cash in Bank-Local Currency, Current Account	₱ 3,340,107.97
Cash in Bank-Local Currency, Savings Account	17,934,294.12
Total	₱ 21,274,402.09

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

₱20,121,949.83

This account consists of:

Account	2013	2012
Accounts Receivable	₱ 28,058,180.99	₱ 26,545,777.19
Due from LGUs	115,521.79	115,521.79
Due from Officers and Employees	33,390.00	174,400.49
Due from NGAs	35,250.00	35,250.00
Due from GOCCs	45,484.88	45,484.88
Other Receivables	455,517.48	164,428.20

Account	2013	2012
Total	₱ 28,743,345.14	₱ 27,080,862.55
Allowance for Doubtful Accounts	(8,621,395.31)	(8,571,292.97)
Net Receivables	₱ 20,121,949.83	₱ 18,509,569.58

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.

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

5. INVENTORIES

₱6,332,142.54

This account consists of:

Account	2013	2012
Medical, Dental & Laboratory Supplies Inventory	₱ 1,191,712.93	₱ 301,854.90
Office Supplies Inventory	792,322.51	634,690.83
Accountable Forms Inventory	296,023.00	161,630.50
Gasoline, Oil & Lubricants Inventory	36,770.73	147,577.27
Other Supplies Inventory	4,015,313.37	2,961,524.87
Total	₱ 6,332,142.54	₱ 4,207,278.37

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

₱709,345.54

This account consists of:

Account	2013	2012
Prepaid Insurance	₱ 250,242.74	₱ 261,546.37
Prepaid Rent	304,642.70	323,642.70
Other Prepaid Expenses	154,460.10	152,793.36
Total	₱ 709,345.54	₱ 737,982.43

This account consist of prepaid insurance paid to GSIS for motor vehicles and fidelity bond of bonded employees and prepaid rent of PWSS collection office

and prepaid rent for the land being occupied by the Goa Water Treatment Plant (WTP).

7. OTHER CURRENT ASSETS

₱6,521.74

This account consists of unserviceable properties and four (4) units cellphones for use in the water treatment plants.

8. PROPERTY AND EQUIPMENT

₱414,031,959.94

This account is composed of the following:

PARTICULARS	LAND & ELECT., POWER & ENERGY STRUCTURES	BUILDING AND OTHER STRUCTURES	OFFICE EQUIPMENT/ FURNITURE & FIXTURE	TRANSPOR TATION EQUIPMENT	OTHER PROPERTY PLANT & EQUIPMENT	TOTAL
December 31, 2012						
Cost	₱ 86,859,872.96	₱ 145,541,492.01	₱ 69,661,772.94	₱12,637,266.64	₱ 429,963,569.13	₱ 744,663,973.68
Accum. Dep'n.	(64,484,601.48)	(62,603,220.31)	(50,181,106.92)	(10,287,208.51)	(112,324,216.37)	(299,880,353.59)
Net Book Value	₱ 22,375,271.48	₱ 82,938,271.70	₱ 19,480,666.02	₱ 2,350,058.13	₱ 317,639,352.76	₱ 444,783,620.09
December 31, 2013						
Opening Book Value	₱ 22,375,271.48	₱ 82,938,271.70	₱ 19,480,666.02	₱ 2,350,058.13	₱ 317,639,352.76	₱ 444,783,620.09
Additions	91,600.00		990,538.76	1.00	3,104,511.63	4,186,651.39
Depreciation for the year	(7,417,254.48)	(6,550,037.58)	(7,772,602.13)	(284,324.52)	(12,914,092.83)	(34,938,311.54)
Closing Net Book Value	₱ 15,049,617.00	₱ 76,388,234.12	₱ 12,698,602.65	₱ 2,065,734.61	₱ 307,829,771.56	₱ 414,031,959.94

Land consists of the following:

Particulars	Amount
PDA Office, Caraycayon, Tigaon	₱ 3,600,000.00
Water Treatment Plant, Presentacion	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.

9. ACCOUNTS PAYABLE

₱4,294,940.18

This account consists of:

Account	2013	2012
Trade Accounts Payable	₱ 3,349,322.08	₱ 7,134,962.25
Due to Officers and Employees	945,618.10	985,530.22
Total	₱ 4,294,940.18	₱ 8,120,492.47

Trade Accounts Payables are payables incurred arising from trade/business operations. Due to Officers and Employees are payable to employees.

10. INTER-AGENCY PAYABLE

₱806,660,904.32

This account consists of payables to the:

Account	2013	2012
National Treasury		
Advances re: Amortization	₱ 677,955,849.83	₱ 615,789,725.37
Interest on Advances	112,379,948.70	101,686,203.03
Guarantee Fees	63,942,593.10	61,146,624.04
Less: Partial Payments	(49,449,675.71)	(20,449,675.71)
Subtotal	₱ 804,828,715.92	₱ 758,172,876.73
GSIS, PAG IBIG & PHILHEALTH	168,790.96	573,370.52
Bureau of Internal Revenue	₱ 96,559.77	₱ 437,793.04
National Government Agency	1,508,986.68	1,908,986.68
Government Owned/Controlled Corps.	7,582.70	34,728.45
Other Government Agencies-LGUs	50,268.29	50,268.29
Total	₱ 806,660,904.32	₱ 761,178,023.71

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 Bank, N.V. Copenhagen Branch 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. The amount of ₱498,097.92 was set up as payable to GSIS per Memorandum of Agreement dated June 2012 regarding unremitted premiums of Tinambac Water District. The amount is payable in twenty-four months with a monthly amortization of ₱20,754.08. The remaining balance of ₱103,770.40 is payable up to May 2014.

Due to BIR account pertains 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 2012.

Due to Other GOCCs represents the amount of ₱7,582.70 collected by Nato Port which will be remitted to Philippine Ports Authority.

11. OTHER CURRENT LIABILITIES

₱1,411,926.56

This account consists of the following:

Account	2013	2012
A. Intra- Agency Payables		
Due to Other Funds	₱ 1,024,062.03	₱ 1,024,062.03
B. Other Liability Accounts		
Guaranty Deposits payable	231,740.51	243,740.51
Performance/Bidders/Bail Bond Payable	136,856.85	145,634.85
Other Payables	19,267.17	18,891.96
Total	₱ 1,411,926.56	₱ 1,432,329.35

Due to Other Funds includes Congressman Arnulfo P. Fuentesbella's subsidy for certified seeds growers.

Guaranty Deposits Payable represents the 10% 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.

12. FOREIGN LOANS PAYABLE**₱270,446,250.87**

This account consists of:

Account	2013	2012
Current Portion (March 1 to September 1, 2013)	54,089,250.26	52,222,532.78
Add: Long Term portion (March 1, 2014 to September 1, 2018)	₱ 216,357,000.61	₱ 328,907,811.67
DANIDA Mixed Credit	₱ 270,446,250.87	₱ 381,130,344.45

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 5 years, interests were imposed. Amortization started on March 1, 2004. With the recommendation of the Department of Finance, the 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th and 20th 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 June 2013 at 43.307 USD and 56.4583 EUR resulting in Gain on Foreign Exchange translation of ₱74,824,429.68. The amount of ₱24,941,476.56 for the current year was credited to Gain on Foreign Exchange. The balance was restated at balance sheet date using year-end exchange rates USD= ₱44.3847 and EUR= ₱61.26 for December 27, 2013.

13. DEFERRED CREDITS**₱152,550.22**

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

14. GOVERNMENT EQUITY/DONATED CAPITAL**₱(619,644,509.87)**

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**₱75,620,328.54**

This account consists of the following:

Account	2013	2012
Subsidy Income from National Government	₱ 18,050.00	₱ 5,218,585.33
Toll and Terminal Fees	232,159.49	212,815.14
Income from Communication Facilities	634,708.39	695,494.40
Income from Waterworks System	67,404,814.51	62,906,366.14
Rent Income	90,066.24	220,210.63
Other Business Income	3,267,663.13	2,734,625.08
Fines and Penalties-Business Income	3,560,915.62	3,414,104.63
Income from Grants and Donations	390,751.16	60,860.00
Miscellaneous Income	21,200.00	38,746.53
Total	₱ 75,620,328.54	₱ 75,501,807.88

16. SALARIES AND WAGES**₱13,136,694.94**

This account consists of the following:

Account	2013	2012
Salaries and Wages – Regular	₱ 11,547,946.44	₱ 10,474,594.04
Salaries and Wages – Casual	1,588,748.50	1,515,293.00
Total	₱ 13,136,694.94	₱ 11,989,887.04

17. PERSONAL BENEFITS CONTRIBUTION**₱1,859,960.56**

This account consists of the following:

Account	<u>2013</u>	<u>2012</u>
Life and Retirement Insurance Contributions	₱ 1,387,133.45	₱ 1,256,800.78
Pag-ibig Contributions	262,238.43	239,772.66
Philhealth Contributions	150,700.00	138,661.20
ECC Contributions	59,888.68	57,560.77
Total	₱ 1,859,960.56	₱ 1,692,795.41

18. OTHER COMPENSATION**₱4,470,418.04**

This account consists of the following:

Account	<u>2013</u>	<u>2012</u>
Personal Economic Relief Allowance (PERA)	₱ 1,444,766.27	₱ 1,401,054.15
Representation Allowance (RA)	288,000.00	228,000.00
Transportation Allowance (TA)	30,000.00	114,000.00
Clothing/Uniform Allowance	309,574.00	295,000.00
Productivity Incentive Allowance	-	112,000.00
Honoraria	132,900.00	140,500.00
Cash Gift	300,875.00	611,500.00
Terminal Leave Benefits	558,529.22	564,280.38
Overtime and Night pay	10,009.90	14,428.73
Year End Bonus	1,395,763.65	2,277,856.00
Total	₱ 4,470,418.04	₱ 5,758,619.26

19. MAINTENANCE AND OTHER OPERATING EXPENSES**₱67,396,181.65**

This account consists of the following:

Account	<u>2013</u>	<u>2012</u>
Traveling Expenses-Local	₱ 2,742,304.46	₱ 3,323,754.59
Traveling Expenses-Foreign	-	42,000.00
Training and Scholarship Expenses	95,175.00	166,600.00
Supplies and Materials Expenses	7,991,890.47	7,968,304.40
Utility Expenses	7,045,955.09	7,664,203.91
Communication Expenses	767,258.12	818,438.09
Membership Dues and Contribution to Organizations	-	2,400.00
Advertising Expenses	-	12,617.20
Printing and Binding Expenses	27,579.50	17,875.75

Account	<u>2013</u>	<u>2012</u>
Rent Expenses	252,447.84	234,817.09
Representation Expenses	498,035.81	1,116,145.70
Transportation and Delivery Expenses	79,926.00	87,308.00
Rewards and Other Claims	6,000.00	-
Professional Services	8,563,867.07	10,321,945.27
Repairs and Maintenance	2,385,579.31	3,301,902.27
Subsidies and Donations	45,700.00	33,600.00
Confidential, Intelligence, Extraordinary and Miscellaneous Expenses	195,316.81	126,971.42
Taxes, Insurance Premiums and Other Fees	1,664,737.89	1,417,855.68
Bad Debts Expenses	50,102.34	45,701.76
Depreciation	34,938,311.54	34,398,259.95
Other Maintenance and Operating Exp.	45,994.40	68,838.00
Total	<u>₱ 67,396,181.65</u>	<u>₱ 71,169,539.08</u>

PART II

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS

I. Financial and Compliance Audit

A. Cash and Cash Equivalents

- 1. 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 loss through theft or misappropriation.**

Presidential Decree (PD) No. 1445, Section 69, Item 4 provides that:

“The respective treasurers of those agencies shall in turn deposit with the proper government depository the full amount of the collections not later than the following banking day.”

Likewise, the Manual on New Government Accounting System (MNGAS) for Corporate Government Agencies (CGAs) prescribes the basic rules and regulations on collections and deposits, item No. 7 of which states that:

“Public officers authorized to receive and collect moneys 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”.

Further, Section 28, COA Circular No. 92-382 dated July 3, 1992 provides that:

“...where collections are minimal and daily deposit thereof becomes costly and impractical, the Collecting Officers shall deposit their collections at least once a week, or as soon as the collections reach ₱10,000.00....”

The audit of the Cash – Collecting Officer’s account revealed that collections in Tinambac, Garchitorena, Presentacion, Caramoan and Siruma collecting centers were not deposited with the authorized government depository bank in accordance with the above-noted regulations. Collections in these collecting centers were accumulated and deposited after a week or a month, exposing these to risks such as theft, or misappropriation.

The same observation was brought to the attention of Management in the previous year’s audit report but this is reiterated because the situation has not been fully remedied. A schedule of Delayed Deposits for the first quarter of CY 2013 is presented as Annexes B-1 to B-5.

We recommended that Management require the Collecting Officers of Tinambac, Garchitorena, Presentacion, Caramoan and Siruma collecting centers to deposit daily 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 collections reach ₱10,000.00, to prevent the loss of funds due to theft or misappropriation.

Management commented that the inability of Garchitorena, Presentacion, and Siruma collecting centers to deposit the collections within the prescribed period was caused by weather conditions, rough road and distance to the bank. However, they signified their willingness to comply with the regulation. Caramoan and Tinambac collecting centers will deposit their collections at UCPB, Caramoan Branch and Producers Bank, Tinambac Branch, respectively, the only banks in the area.

B. Receivables

- 2. Other Receivables as well as the Interest Income account were overstated by ₱216,000.00, while Receivables- Disallowances/Charges was understated by the same amount due to erroneous accounting entries to take up the audit disallowance which has become final and executory, contrary to COA Circular No. 2004-002, Annex A, which prescribes the Chart of Accounts under the NGAS for CGAs.**

COA Circular No. 2004-002, Annex A prescribes the Chart of Accounts to be used by government owned and/or controlled corporations relative to the implementation of the NGAS for Government Owned and/or Controlled Corporations (NGAS-GOCCs). The Chart of Accounts defines Receivables – Disallowances/Charges as the account to be used to record the amount due from officers and employees and those outside the agencies for audit disallowances/charges, which have become final and executory, while Other Receivables account as the account to be used to record the amount due from other debtors not falling under any of the specific receivable accounts.

Upon receipt of the Notice of Finality of Decision (NFD) from the Commission on Audit on the disallowed payment for legal services of Atty. Emilia Bueza amounting to ₱216,000.00, the Accountant erroneously recorded the amount by debiting Other Receivables account and crediting Interest Income, contrary to the afore-cited prescribed Chart of Accounts, resulting in overstatement of both accounts and understatement of Receivables – Disallowances/Charges. The book entry and the correct entry are presented hereunder:

Book Entry		Correct Entry	
Other Receivables	₱ 216,000.00	Receivables- Disallowance/Charges	₱ 216,000.00
Interest Income	₱ 216,000.00	Retained Earnings	₱216,000.00

We recommended that the necessary Adjusting Journal Entry (AJE) be prepared to correct the error made, and accordingly reflect the audit disallowances under the proper account.

Interest Income was erroneously used instead of the reversal of the affected expense account. Since both are nominal accounts which have been closed to Retained Earnings, adjusting entries thereto is no longer necessary.

The Accountant accepted the error and vowed to implement the correcting entry.

C. Inventory Account

- 3. The correctness of the Inventories account balance of ₱6,332,142.54 as of year-end, and the reliability of the corresponding custodian's 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.**

Best industry practices dictate that inventory reports of assets should tally with accounting records to attest its existence. Thus, it is essential that results of inventory taking be reconciled with accounting records.

It is in this context that Section 490 of the Government Accounting and Auditing Manual (GAAM), Vol. 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. The same Manual stipulates that all discrepancies between physical and book inventories must be investigated and cleared immediately.

Also, Section 46 of the NGAS Manual for National Government Agencies (NGS), Volume I, provides the procedures in the requisition and issuance of inventory items. It prescribes that after issuance of inventories, the Property and Supply Unit shall prepare the Report of Supplies and Materials Issued (RSMI) and forward the same together with the original copies of Supplies Availability Inquiry and Requisition and Issue Slip to the Accounting Unit for the preparation of JEV and recording in the General Journal.

At year-end, the Inventories account balance of ₱6,332,142.54 representing 12.88% of the total current assets of the Agency consisted of the following:

Inventories	Amount
Medical, Dental & Laboratory Supplies Inventory	₱1,191,712.93
Office Supplies Inventory	792,322.51
Accountable Forms Inventory	296,023.00

Inventories	Amount
Gasoline, Oil & Lubricants	36,770.73
Other Supplies Inventory	4,015,313.37
Total	₱6,332,142.54

The audit of the Inventory account disclosed that there was no physical inventory taking conducted on various inventory items during the year 2013, contrary to Section 490 of the GAAM, Volume. I. Hence, the validity of the balances of the different inventories as of the end of the year under audit could not be ascertained. This casts doubt on the reliability of the custodians' accountability as well as the correctness of the account balance of Inventories amounting to ₱6,332,142.54. Lost inventories, if any, could not be promptly determined if the total accountability has not been accurately established.

Further, review of the entries in the General Ledger for inventories revealed that, except for the Gasoline, Oil and Lubricants, inventory issuances/consumptions from July 2013 to December 2013 were not recorded, thus the expense incurred was not recognized nor reported in the financial statements (FS) in the period to which they relate. As a result, the Inventories Account was overstated while the corresponding expense accounts were equally understated by undetermined amount contravening the accounting principle of proper matching of income against expenses. This affected the fair presentation of the Inventories and Expense Account balances in the FS.

We recommended that the Administrator require the conduct of the physical inventory taking of all Inventory items at least 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.

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.

Management committed to conduct the physical inventory count of all the inventory items as soon as possible, and to comply with the requirements Section 490 of the GAAM, Vol. I.

The Accountant on her part accepted her omission, and committed to record all issued inventory items and prepare the necessary AJE for these.

D. Property, Plant and Equipment

- 4. 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 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.

The NGAS for Government Owned and/or Controlled Corporations (GOCCs) provides that “obsolete assets/serviceable assets no longer being used are reclassified to ‘Other Assets’ account.”

Moreover, Philippine Accounting Standard (PAS) No. 16 provides that assets no longer used in the operations such as those assessed as unserviceable and without economic benefits should be excluded from the property and equipment classification.

Further, Section 79, PD 1445 and Section 502, GAAM, Volume I provide that “when government property has become unserviceable for any cause, or is no longer needed, it shall, upon application of the officer accountable therefore, be inspected by the head of the Agency or his duly authorized representative in the presence of the auditor concerned and, if found valueless or unsalable, it may be destroyed in their presence. If found to be valuable, it may be sold at public auction to the highest bidder under the supervision of the proper committee on award or similar body in the presence of the auditor concerned...”

The Report on the Physical Count of Property, Plant and Equipment (PPE) as of December 31, 2013 revealed that there were various items of PPE which as of the end of CY 2013 were already unserviceable, but were not yet reclassified as Other Assets contrary to the above-mentioned regulation, resulting in an overstatement of the PPE accounts by ₱9,747,020.51, itemized as follows:

Electrification, Power, & Energy Structure	₱200,000.00
Office Equipment	2,612,234.89
Furniture and Fixtures	225,556.12
Machineries	412,445.80
Medical, Dental & Laboratory Equipment	84,072.00
Other Machineries & Equipment	4,171,307.83
Motor Vehicles	516,000.00
Other Transportation Equipment	160,571.90
Information Technology Equipment	<u>1,364,831.97</u>
Total	<u>₱9,747,020.51</u>

Inclusion of the unserviceable PPE overstated the PPE and corresponding accumulated depreciation account balances, and understated the Other Assets Account by ₱9,747,020.51.

On the other hand, random ocular inspection of the agency properties disclosed that various unserviceable items of PPE were either still with the end-users, left exposed to natural elements and/or stored up for a prolonged period. The failure to dispose these unserviceable properties resulted in their further deterioration that may eventually prevent the agency from obtaining fair return in case of sale. Furthermore, the spaces occupied by these properties were not cleared, thus aggravating the problem of inadequacy of space to store the other properties.

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.

We also recommended that the Administrator direct the Disposal 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.

The Accountant agreed to prepare the adjusting entry to reclassify all items of unserviceable of PPE to the Other Assets account.

Management also informed that the Appraisal and Disposal Committee will comply with the recommendation and dispose unserviceable properties by the end of CY 2014.

5. Non-compliance with the provisions of COA Circular No. 75-6 and Section 46 of RA 10352 pertaining to the use of government motor vehicles resulted in unregulated operation of the same, thus casting doubt on the propriety of its utilization as well as the corresponding gasoline and oil expenditure.

COA Circular No. 75-6 dated November 7, 1975 restated the existing laws and regulations governing the use of government motor vehicles in an effort of the Government to conserve fuel and economize on expenditures relating to the use, operation and maintenance of various government vehicles. It enumerates the officials entitled to exclusive use of government motor transportation, bureaus and offices entitled to use, operate and maintain government vehicles and the regulations in the proper use of the same, such as:

- a. Use of duly accomplished trip tickets
- b. Marking "For Official Use Only" with the name of the Agency
- c. Use for Official Purpose
- d. Use of Government Plates
- e. Keeping in Government Garages

Likewise, Section 46 of Republic Act (RA) No. 10352 (General Appropriations Act for FY 2013) enumerates the officials entitled to the use of government motor vehicles with costs chargeable to the appropriations authorized for their respective offices.

The audit of the utilization of the vehicles of PDA and its gasoline consumption disclosed the following shortcomings:

- a. Ten (10) serviceable government vehicles including two (2) vehicles with green plate numbers, bear no marking of "For Official Use only" and the name of Partido Development Administration is not written thereon, contrary to Item V (2) and (4) of COA Circular No. 75-6, hence susceptible to abuses and uncontrolled utilization of the same.
- b. Government vehicles were assigned to officials and employees not included as officials entitled thereto, contrary to Items I and II of COA Circular No. 75-6 and in violation of Section 46 of Republic Act No. 10352, resulting in unregulated utilization of vehicles and gasoline expenditure. (Annex C- List of PDA's Vehicles and its Assignees)
- c. Trip tickets were not properly accomplished contrary to Item V (1) of the Circular, hence gasoline and oil consumption and utilization of vehicle could not be adequately monitored casting doubt on the propriety of the utilization and related expenses. (Annex D- Sample of Used Trip Tickets)
- d. In many instances, some vehicles were not kept in the PDA's garages, contrary to Item V (5), exposing the same to undue loss and harm.
- e. Government vehicles were used for fetching officials and employees from home to office and from office to home, in violation of Item V (5) of the Circular, constituting an irregular use of government property.

The foregoing violations of COA Circular No. 75-6 constitute irregular use of government funds and property which are not allowable pursuant to COA Circular Nos. 85-55-A and 2012-003.

We recommended that PDA Management strictly comply with the requirements of COA Circular No. 75-6 pertaining to the use of government motor vehicles. Otherwise, expenses related thereto are disallowable in audit and the official found responsible for the unauthorized use or misuse of said vehicles shall be held liable for the expenditures arising therefrom, and for administrative, criminal or civil charges as maybe warranted by the circumstances.

Management promised to strictly comply with the recommendation. Employees not entitled to the use of government vehicles were directed to return the vehicles assigned to them.

E. Sinking Fund

- 6. 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.**

Section 11 of RA.7820 states that “whenever the Board deems it necessary for the Administration to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, declare and state the purpose for which the proposed debt is to be incurred.”

Correspondingly, Section 12 of the same Act provides that “a sinking fund shall be established by the Administration in such manner that the total annual contributions thereto and accrued at such rate of interest as may determined by the Secretary of Finance, shall be sufficient to redeem at maturity the bonds issued under the provisions of this Act.”

Prudence dictates that PDA has to set aside a portion of its funds in a form of Sinking Fund to meet the obligation to pay the loan amortization as it falls due. In this manner, default in payments as well as the additional charges for late or non-payment could be avoided, not to mention the effect of the negative credit standing to a defaulting debtor.

Review of the operations of PDA disclosed that Management has not set aside a Sinking Fund for the settlement of its long term foreign loan contracted in 1999 with the ABN AMRO Bank, N. V. Copenhagen Branch guaranteed by the National Government thru the Bureau of Treasury (BTr).

As a result, PDA failed to repay the loan on due dates, and the loan was subjected to interest charges. Moreover, the BTr has been made to assume the loan obligation to the creditor ABN AMRO Bank, N. V. Copenhagen Branch. As of December 31, 2013, the BTr has paid the creditor in behalf of PDA the total interest of ₱141,744,660.45 and loan amortizations including guarantee fee aggregating to ₱742,078,237.56, a huge amount which could have been utilized by the Government for the benefit of a number of agencies, and not only a single agency.

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.

Management commented that one of the PDA's current accounts with the Land Bank of the Philippines, Tigaon Extension Office, will serve as the Sinking Fund where an amount taken from collections on water service shall be deposited and earmarked for the payment of obligation to the BTr.

F. Liability Accounts

- 7. 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.**

Theoretically, reciprocal accounts shall have the same balance at the end of the accounting period. However, this condition seldom exists in practice because of bookkeeping errors or time lag in the recording of the same transaction in the books. Thus, generally accepted accounting principles and best practices adopted in government accounting, particularly in monitoring Inter-Agency reciprocal accounts, include reconciliation between recorded account balances to provide a periodic determination of the validity and accuracy of reciprocal accounts appearing in the books of the agency. It is an effective means to determine the actual balances of their accounts, detect errors that maybe committed by the either agency, and allow both to adjust errors, or discrepancies noted.

The audit of the liability accounts of PDA disclosed that the account Due to National Treasury as of December 31, 2013 did not tally with those of the BTr as presented hereunder:

	PDA's Book Balance	Bu. of the Treasury's Record	Variance (Under)/Over
Advances	₱ 677,955,849.83	₱ 678,135,644.46	₱ (179,794.63)
Interest on Advances	112,379,948.70	141,744,660.45	(29,364,711.7)
Guarantee Fees	63,942,593.10	63,942,593.37	(0.27)
Less: Payments	49,449,675.71	46,449,675.71	3,000,000.00
Balance	₱ 804,828,715.92	₱ 837,373,222.57	₱ (32,544,506.65)

The existing liability of the PDA to the BTr arose from its foreign loan, with the latter as guarantor thereto. The loan was a mixed credit of EURO 7,806,869.40 and USD 7,504,611.56 contracted on December 18, 1999 with the ABN AMRO Bank, N. V. Copenhagen Branch, payable twice a year for the period of ten (10) years to start on March 1, 2004. This was lengthened by five (5) years. The credit facility was for the delivery, supply and installation of the design, construction, commissioning and supervision by the Danish Supplier of the Partido Water Supply Project. Due to the

Management commented that one of the PDA's current accounts with the Land Bank of the Philippines, Tigaon Extension Office, will serve as the Sinking Fund where an amount taken from collections on water service shall be deposited and earmarked for the payment of obligation to the BTr.

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Less: Payments	49,449,675.71	46,449,675.71	3,000,000.00
Balance	₱ 804,828,715.92	₱ 837,373,222.57	₱ (32,544,506.65)

The existing liability of the PDA to the BTr arose from its foreign loan, with the latter as guarantor thereto. The loan was a mixed credit of EURO 7,806,869.40 and USD 7,504,611.56 contracted on December 18, 1999 with the ABN AMRO Bank, N. V. Copenhagen Branch, payable twice a year for the period of ten (10) years to start on March 1, 2004. This was lengthened by five (5) years. The credit facility was for the delivery, supply and installation of the design, construction, commissioning and supervision by the Danish Supplier of the Partido Water Supply Project. Due to the

inability of PDA to pay the loan amortizations, the same were advanced by the National Government thru the BTr, being the guarantor for the loan. As a result, the PDA has become liable to the BTr for such advances and interest on loans, and the corresponding guarantee fees charged by the latter.

As of the end of the year, the total liability of PDA to the BTr as reflected in the books of the former was ₱804,828,715.92, while the records of the BTr showed a balance of ₱837,373,222.57, hence a variance of ₱32,544,506.65. PDA failed to reconcile the difference, thus the validity and accuracy of the book balance is doubtful. Attached as Annex E is the Status of BTr Advances as of December 31, 2013 from the BTr.

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.

Management commented that they have started the reconciliation of book entries with the amounts as recorded by the BTr.

8. The peso equivalent of the foreign loan of PDA was overstated by ₱1,081,860.96 due to erroneous foreign currency exchange rates applied on the revaluation made at the Balance Sheet date.

In consonance with International Accounting Standard 21, the foreign loan with ABN AMRO Bank was restated to Philippine currency using the year end exchange rates. thus the peso value as recorded in the PDA's books as of December 31, 2013 amounted to ₱270,446,250.87.

Review of the revaluation disclosed that the foreign loan of PDA was overstated by ₱1,081,860.96 because of applying erroneous exchange rates. The Reference Exchange Rate Bulletin issued by the Treasury Department of Bangko Sentral ng Pilipinas stated the US Dollar exchange rate at ₱44.414000 and the EURO exchange rate at ₱60.816100 as at the last banking day of the year 2013 (Annex F), however PDA restated its foreign loan at the exchange rates of USD at ₱44.3847 and EUR at ₱61.26, resulting in total overstatement of ₱1,081,860.96 presented as follows:

Foreign Currency Exchange Rates	USD 2,501,537.20	EURO 2,602,289.80	Total
Per Books			
₱44.3847	₱111,029,977.72		
₱ 61.26		₱159,416,273.15	
Per Audit			
₱44.414000	₱111,103,273.20		
₱60.816100		₱158,261,116.71	
Over/(Under)statement	₱ (73,295.48)	₱ 1,155,156.44	₱1,081,860.96

We recommended that the necessary AJE be prepared to reflect the correct balances of the affected accounts.

The Accountant admitted that she inadvertently applied different rates of conversion and promised to take up the adjusting entries.

G. Expenses

- 9. The conditions set forth under the Revised Implementing Rules of RA 9184 and the necessity of consultancy services were not carefully considered in engaging the services of three (3) consultants whose duties and functions were not highly technical and could be done by available regular employees. This resulted in additional Professional Services expense amounting to ₱531,000.00.**

The Revised Implementing Rules and Regulations (RIRR) of RA 9184, otherwise known as the Government Procurement Reform Act, defines consultancy services as services for infrastructure projects and other types of projects or activities of the government requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the Government to undertake such as, but not limited to: (i) advisory and review services; (ii) pre-investment or feasibility studies; (iii) design; (iv) construction supervision; (v) management and related services; and (vi) other technical services or special studies. The RIRR delineates the procedures in procuring consultancy services which should be done competitively. Alternative methods shall be resorted to only in the highly exceptional cases provided for under the RIRR.

Moreover, RA 9184 states that the services of consultants may be engaged by the procuring entity for government projects or related activities of such magnitude and/or scope as would require a level of expertise or activities beyond its optimum in-house capability.

Review of the Consultancy Services for the year amounting to ₱531,000.00 disclosed that three (3) consultants were hired without considering the conditions as stated above. The duties and responsibilities of the consultants as well as their accomplishments were not highly technical but mere duplication of the functions being performed by available regular employees of the agency, thus failing the conditions set forth under Section 53.7 of RA9184, viz:

Name of Consultant/ duration/ monthly compensation	Duties and Functions	Accomplishments
Benjamin A. Geronimo January to June 2013	<ul style="list-style-type: none">Assists the Administrator in the	<ul style="list-style-type: none">Assisted the Administrator in the

Name of Consultant/ duration/ monthly compensation	Duties and Functions	Accomplishments
July to December 2013 ₱20,000.00/month	performance of her duties and functions.	performance of her duties and functions.
Abraham H. Acompañado January to June 2013 July to December 2013 ₱15,000.00/month	<ul style="list-style-type: none"> • Coordinates with LGUs and other government agencies regarding programs and projects. • Assists in the formulation and preparation of reports. • Monitors assignments and work accomplishments. 	<ul style="list-style-type: none"> • Coordinated with Barangay Captain of Gaaon, Tigaon to encourage the farmers to convert their farms from sugarcane and corn to ricefields.
Amelia T. Perez January to June 2013 ₱15,000.00/month	<ul style="list-style-type: none"> • Assist in the dissemination of information. • Monitors the information and documents required by the Administration and coordinates with clients. 	<ul style="list-style-type: none"> • Assisted in the conduct of seminars. • Monitored day-to-day consumers' complaints. • Reviewed delinquent accounts recommended for disconnection. • Attended meetings/briefings.

We recommended that Management discontinue hiring consultants whose functions/duties are mere duplication of the functions/duties being performed by regular employees. Likewise, in hiring consultants, strictly comply with the requirements and procedures stipulated under RA 9184 and its RIRR.

Management commented that the service of Amalia T. Perez was already terminated last June 2013 while the contract of services of Mr. Abraham Acompañado and Mr. Benjamin Geronimo will no longer be renewed.

- 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 2012-003 dated Sept. 8, 1985 and Oct. 29, 2012, respectively.**

COA Circular Nos. 85-55-A and 2012-003 provide the rules and regulations to serve as guide to agency officials to avoid irregular, unnecessary, excessive, extravagant and unconscionable expenditures while discharging their official functions.

The audit of the expenses incurred during the year 2013 revealed that there were expenditures that could have been minimized, if not avoided, including the preceding finding on unnecessary consultancy services, considering that the same can be dispensed with without loss or damage to property, as discussed below:

- a. Representation Expense included the amount of ₱211,320.00 which was incurred for food served during the induction ceremony of the Board of Directors, an unconscionable expenditure taking into consideration its operations which resulted to losses for years as shown in the Table on page 36.
- b. Provision of mobile phone in excess of one unit to officials and personnel with rank lower than Division Chief, constituting excessive expenditures.

Records show that there were agency officials who were provided with more than one mobile phone, while nine (9) employees with ranks lower than the Division Chief were provided with a mobile phone each, all with no established limit of usage. Total Telephone Expense – Mobile amounted to ₱452,122.92.

- c. The incurrence of Extraordinary and Miscellaneous Expenses (EME) totaling P189,072.81, exceeded the P110,000.00 limit authorized under Section 23, General Appropriations Act (GAA) for FY 2013 by ₱79,072.61, hence disallowed in audit per ND No. 2014-001(2013),(Annex G).

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 scarce fiscal resources of PDA.

We also recommended that persons liable for the excess EME refund the amount disallowed.

Management promised to exercise prudence and frugality in the used of PDA's funds. Likewise, PDA Office Order No. 28, Series of 2014 was issued to limit the amount of mobile phone expense of authorized officials and to stop payment of mobile phone expenses of employees not entitled thereto.

Management also promised to settle the disallowance relative to the excess EME incurred, and henceforth will limit their EME within the authorized amount.

11. The PDA erroneously charged cost of meals served during trainings, workshops, conferences and meetings with a total amount of P927,885.93 against the Food Supplies Expense account.

Food Supplies Expense account is used to record the cost of food served to patients/inmates, including those distributed to people affected by calamities/disasters/ground conflict, etc. as per Chart of Accounts prescribed under COA Circular No. 2002-002 dated June 20, 2002.

The audit of the expenses of PDA for CY 2013 showed a total of ₱927,885.93 disbursements were recorded under Food Supplies Expense account although the Agency is not involved with patients/inmates or people affected by calamities. Examination of the nature of such expenditures disclosed that the food supplies were served during various meetings, workshops, trainings, planning, conferences and Christmas party.

We recommend that the agency accordingly provide for trainings and other activities in their budget, and accordingly reflect corresponding expenses under the appropriate accounts.

Management justified that the Food Supplies Expenses consisted of meals served during trainings for Project Implementation and Development Activities (PIDA). Management promised to comply with the recommendation.

B. Value for Money Audit

12. 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.

The PDA was established on November 18, 1994 by virtue of RA 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 its functions are the following:

- a. To make comprehensive survey of the physical and natural resources of the district, including social conditions and values, and institutional systems, as well as the special problems.
- b. To prepare, undertake, and implement a comprehensive and integrated development program.
- c. To pass over all plans, programs, projects developmental programs proposed by LGUs.
- d. To make recommendations to the proper agencies on the technical support, physical assistance to be accorded agricultural, industrial, commercial and infrastructure projects.
- e. To encourage investment in the district.
- f. To help promote the economic zones in the district.
- g. To engage in agricultural, industry, commerce and other activities within the district.

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 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 PD 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 Provision of the 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 the period of ten (10) years to start on March 1, 2004, but eventually lengthened by another five (5) years.

The loan agreement originally provided for a zero interest. However, because of the lengthening of the repayment period from ten to fifteen years, interests were imposed. An aggregate of EURO 1,059,189.16 and US\$ 860,644.44 were charged by the Danish lender-bank to the PDA because of such modification. Each amortization amounted to EURO 260,228.98 and USD 250,153.72 payable every 1st day of March and September at the interest rate of 2% and 1.7%, respectively to start on March 1, 2004.

Since the start of its operation up to current year, 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), FM Radio

Station and 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. Moreover, uncollected receivables from these business ventures, especially in water system operation increased by substantial amount.

Starting the year 2004, PDA consistently operated on huge losses, hence has not been able to pay its loan amortizations. From CY 2004 to CY 2013, PDA failed to make its repayments as scheduled, equivalent to ten (10) years. Hence the loan amortizations and interest charges aggregating to ₱790,335,798.53 were advanced by the National Government thru the BTr, being the guarantor for the loan. The BTr in turn charged the PDA a total guarantee fee of ₱63,942,593.10, resulting to a total liability to BTr of ₱854,278,391.63. Of this total, PDA has made payment of only 5.79% or a total of ₱49,449,675.71 applied as follows, leaving a balance of ₱804,828,715.92 at year end:

	Amount Advanced by BTr (PDA's Books)	Payment by PDA
Advances (loan amortization)	₱677,955,849.83	₱49,675.71
Interest	112,379,948.70	49,400,000.00
Guarantee Fee	63,942,593.10	-
Total	₱854,278,391.63	₱49,449,675.71

As of December 31, 2013, the total liability of the agency arising from the above foreign loan as appearing in its books rose to ₱1,075,274,966.79 comprising of the outstanding payable to BTr amounting to ₱804,828,715.92 and the Peso equivalent of the balance of its foreign loan amounting to ₱270,446,250.87. Consequently, PDA's foreign loan contributed to the aggravation of the financial burden of the National Government.

For the past ten (10) years, without considering the effects of foreign exchange revaluation loss/gain on foreign loans, expenses incurred by PDA constantly overshoot the total income generated from its business operation and various financial assistance received, shown below:

Calendar Year	Gross Income from Business and Subsidy/Financial Assistance from National Government	Expenses Incurred	Operating Loss
2004	₱24,864,112.00	₱89,314,603.00	₱64,450,491.00
2005	25,496,732.00	124,748,885.00	99,252,153.00
2006	42,484,004.00	129,007,319.00	86,523,315.00
2007	49,138,800.00	131,613,964.00	82,475,164.00
2008	62,091,489.00	140,083,473.00	77,991,984.00
2010	62,343,634.72	105,258,773.49	42,915,138.77
2011	66,287,639.71	102,169,601.87	35,881,962.16
2012	75,501,807.88	103,868,843.95	28,367,036.07
2013	75,620,328.54	95,068,308.33	19,447,979.79

Analysis of the above losses disclosed that from CY 2004 to CY 2013, the following deficits (excess of total amount of PS and MOOE over Income) were attributable to the operation of the Partido Water Supply System, CHRD, FM Radio Station and Nato Port:

Calendar Year	Losses Chargeable to Operation
2004	₱64,450,491.00
2005	65,559,070.00
2006	50,445,141.00
2007	48,754,714.00
2008	41,301,372.52
2009	12,097,138.09
2010	15,316,989.89
2011	18,422,482.10
2012	15,109,032.91
2013	11,242,926.65

Aside from the continuous operational losses suffered by the Agency from its four (4) business ventures, the interest charges on foreign loan and the guarantee fees charged by the BTr for the advances paid to ABN AMRO Bank, N. V. Copenhagen Branch shown as follows, equally contributed to its deficits:

Calendar Year	Interest Charges	Guarantee Fees	Total
2005	₱24,711,221.00	₱8,981,862.00	₱33,693,083.00
2006	30,199,772.00	5,877,957.00	36,077,729.00
2007	28,093,491.00	5,615,794.00	33,709,285.00
2008	32,668,180.00	4,017,424.00	36,685,604.00
2009	26,953,083.04	2,896,444.44	29,849,527.48
2010	24,602,260.70	2,993,964.29	27,596,224.99
2011	13,581,795.15	3,877,137.47	17,458,932.62
2012	10,189,004.99	3,068,838.17	13,257,843.16
2013	5,407,883.00	2,797,170.14	8,205,053.14

As of the end of CY2013, the total liabilities of PDA amounted to ₱1,082,966,572.15 (of which ₱1,075,274,966.79, or 99% are from foreign loans), while total assets amounted to ₱463,322,062.28. Based on the Total Debt to Total Assets ratio of 234%, 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.

Apparently, no concrete measure has been done by Management to completely reverse the unfavorable financial situation of the Agency, thus threatening the PDA's viability and ability to attain its noble vision and mission. Continuous incurrence of

financial losses without effective measure to overturn the situation might result in the collapse of the Agency.

We recommended that Management seek for effective measures to remedy the financial distress that PDA is going through, through the following:

- *Make representation with proper authorities to implement Section 6 of RA7820 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.*
- *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.*
- *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 by regular employees, etc.*
- *Intensify collection of outstanding Accounts Receivables by referring the same to the Legal Officer of the Agency who shall implement legal actions against defaulting concessioners. Disconnect water service connection of all concessioners with unpaid water bills.*
- *Privatize the FM radio station and relinquish the management of Nato Port to the PPA.*
- *Prioritize the payment of foreign and domestic loans to minimize incurrence of interest and other charges.*
- *The PDA Management find ways to settle its 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.*

Management gave the following comments:

- The Management and the Board of Directors will discuss how they can source fund from the member-municipalities and PAGCOR.
- They will implement cost cutting measures to limit the Agency's expenditures.

- Management is now active in disconnecting water service of concessioners with unpaid water bills.
- The Management and the Board of Directors will discuss with the PPA the Memorandum of Agreement on the management of the Nato Port. They will also consider the privatization of the FM radio station.
- As to the payment of foreign and domestic loans, they are now complying with the target given by the Governance Commission for GOCCs by paying P3.3M per quarter. Management committed to try its best to settle its foreign loan amortization with ABN AMRO Bank on or before the due dates and repay the BTr for advances made in its behalf.

Auditor's Rejoinder:

The quarterly repayment of ₱3.3M for foreign and domestic loans is not sufficient because it will take no less than 328 quarters or 82 years before the loans aggregating to ₱1,082,966,572.15 can be settled, hence we recommended increasing the amount of quarterly loan repayments to shorten the paying period to a reasonable length of time.

13. 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.

From the time PDA was made operational way back in 1997 up to year 2013, its operation has been focused mainly on supplying water to the ten member-municipalities and derived income therefrom. Based on the financial records of the Agency, more than 18% of its receivables from water service operation became past due accounts and yearly its receivables aging over one year constantly increased in amount. As of the end of the year 2013, its past due receivable accounts rose to ₱28,052,148.92. Of this amount, ₱14,486,564.43 were receivables from concessioners with dormant accounts for one year to more than four years. Aging of Accounts Receivable is attached as Annex H.

Records showed that numerous concessioners with long overdue accounts are still enjoying the water service connections as the same are not disconnected. The List of some defaulting water concessioners with active water line connections is attached as Annexes I-1 and I-2. This is contrary to the terms and conditions stipulated in the Water Service Contract between PDA and the concessioners, particularly Items 11, 12 and 17, to wit:

- “11. XxxThe consumer agrees to pay all water bills in accordance with the cyclic method of billing and collecting implemented by the Administration.

12. The Consumer agrees to pay the Administration the following, to wit:

- a. Monthly Water Bills
- b. Service Connection Fees (New Consumer)
- c. Prevailing Market Cost of Water Meter
- d. Surcharge of 10% of Unpaid Water Bills
- e. Reconnection Fee (Old Consumer)

Xxx

17. The Administration reserves the right to disconnect existing service connections for any of the following reasons:

- a. Prevention of fraudulent use of water
- b. Non-payment of water bills for two (2) consecutive billing periods
- c. Repairs of service lines
- d. Violation of any of the terms of this contract
- e. Causes beyond the Administration's control

The consumer shall pay all expenses of said disconnection before the service is rendered."

The failure to collect the receivables from water service operation deprived the PDA of the use of income to finance its operation and aggravated the worsening of its financial operations.

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 be taken against defaulting concessioners.

Management justified that part of the past due accounts pertained to the water districts of Tigaon-Sangay, Tinambac and Goa which were formerly under the Local Water Utilities Administration. Several demand letters were sent to the past administrations but no positive response was received. During the past years collections of receivables as well as consequent disconnection of water service of concessioners with arrears of more than two monthly billings were not strictly done due to the following reasons:

- Concessioners' incapacity to pay prompting them to make the payment of water bills their last priority over other basic needs, such as food, electricity, etc.

- Presence of other sources of water for the concessioners, hence once their water connection with Partido Water Supply System (PWSS) was disconnected they were no longer interested to apply for reconnection.
- Limited number of PWSS concessioners so much so that strict enforcement of cutting off of water service would mean lesser income and disconnecting all existing PWSS connections.
- Limited coverage of PWSS as only fourteen (14) out of the twenty-nine (29) barangays were covered by PWSS.

Management averred that it was only during the last quarter of CY 2013 that a team was created to study the premises enumerated above with the purpose of enhancing the Agency's collection performance.

Auditor's Rejoinder:

Management should enforce the disconnection of accounts that defaulted on two billing payments, to instill discipline on the part of its concessionaires.

C. Compliance with Tax Laws

Withheld taxes amounting to ₱2,637,068.28 were remitted to the Bureau of Internal Revenue (BIR) within the prescribed period in compliance with the provisions of various tax laws and regulations.

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

PDA was able to undertake activities for Gender and Development (GAD) program (Annex J) that resulted in continuous improvement of GAD awareness although the allocated fund represented only 29.52% of the fund requirement of at least ₱3,465,067.00 or five percent (5%) of its total budget for CY 2013.

E. Status of Audit Suspensions, Disallowances and Charges

The ending balances of Notices of Suspension/Disallowances/Charges as of December 31, 2013 are as follows:

	Beginning Balance (As of December 31, 2012)	This Period January 1 to December 31, 2013		Ending Balance (As of December 31, 2013)
		NS/ND/NC	NSSDC	
Notice of Suspension	0	0	0	0
Notice of Disallowance	₱ 313,940.00	0	0	₱ 313,940.00
Notice of Charge	0	0	0	0
Total	₱ 313,940.00	0	0	₱ 313,940.00

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

PART III

Status of Implementation of Prior Years' Audit Recommendations

Out of the nineteen (19) significant prior years' audit recommendations contained in the annual audit reports for CYs 2010 to 2012, ten (10) were fully implemented, five (5) were partially implemented, and four (4) were not implemented. Details of the implementation as well as reasons for partial or non-implementation are presented, as follows:

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
CY 2012 1. Collections were not deposited daily and intact contrary to item no. 7 of the Manual on the NGAS for Corporate Government Agencies. <ul style="list-style-type: none"> 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		√		Deposits of collections were done on the following frequency: Tinambac-weekly, Presentation and Garchitorena-twice a month, Siruma-once a month, Caramoan and mainland-daily.	1. Weather condition 2. Rough roads 3. Wavy seas	Tinambac-weekly, although the total collection exceeded P10,000.00; Presentation and Garchitorena-twice a month; Siruma-once a month; Caramoan and mainland-daily.

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<ul style="list-style-type: none"> Only permanent and duly bonded employees be designated as collecting officers. 			√		The collecting employee of Caramoan is bonded but not permanent.	Lack of permanent employee to be assigned as CO of Caramoan Collecting Center.	The observation is reiterated in the 2013 AAR. The collecting employee of Caramoan is bonded but not permanent.
<p>2. The correctness, validity, existence and condition of the reported balance of account Property, Plant and Equipment of the agency amounting to ₱444,783,620.09 and ₱468,338,385.58 as of December 31, 2012 and December 31, 2011, respectively, cannot be verified due to the absence of complete physical count and corresponding report contrary to Section 490 of the</p>	AAR CYs 2011 and 2012						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>GAAM, Volume I, thus affecting the fair presentation of said account in the financial statement.</p> <ul style="list-style-type: none"> 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. 		√			Conducted physical inventory count of PPE.		Reconciled as of Dec. 31, 2013
<p>3. Trust Liabilities amounting to ₱3,005,146.98 and P556,257.83 remained in the books and unremitted as of December 31, 2012 and December 31, 2011, respectively contrary to Section 69 (1) of PD 1445 and other pertinent laws, rules</p>	AAR CYs 2011 and 2012						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>and regulations, thereby posing risk to misappropriation or misuse of cash and possible incurrence of penalties that may be imposed by government agencies.</p> <ul style="list-style-type: none"> Remit immediately the withheld amounts to the concerned agencies 			√		<p>Amounts withheld for BIR, Pag-ibig and Philhealth were remitted within the prescribed period. PDA signed a MOA with GSIS to remit the premiums on instalment basis in 24 monthly amortizations of ₱20,754.08.</p>	<p>GSIS agreed on remittance of unremitted premiums on instalment basis.</p>	<p>MOA between GSIS and PDA for the payment of unremitted premiums on instalment basis up to March 2014.</p>
<p>4. PDA's total expenses for Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE) exceeded their respective approved Corporate Operating Budgets (COB) for CYs 2010-2012 by ₱4,053,834.68, ₱2,506,443.82 and ₱1,829,757.08, respectively, contrary to Section 4(1) of PD 1445, thus</p>	<p>AAR CYs 2010, 2011 and 2012</p>						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>incurring expenditures outside its statutory authority.</p> <p>Management incur expenditures only within the limits of the DBM approved COB. Any increase in the approved COB in the course of the budget last year shall require the submission and approval of a supplemental COB to cover the additional corporate expenditures.</p>		√			Requested supplemental budget from DBM in the amount of ₱4,750,000.00.		The supplemental budget in the amount of ₱4,750,000.00 was approved by DBM. Total expenses during the preceding year were within the COB.
<p>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 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.</p>	AAR CYs 2011 and 2012						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<ul style="list-style-type: none"> 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. 		√			<p>Checks for payees outside Bicol Region are not processed without notice from the payee that he will claim the check.</p> <p>Paid vouchers were forwarded to COA within the prescribed period except for unpaid ones.</p>		<p>Paid vouchers and supporting documents were submitted to the Office of the Auditor within the prescribed period.</p>
<p>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.</p>	AAR CY 2012						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<ul style="list-style-type: none"> 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. 		√			Submitted the approved contracts and purchase orders within the prescribed period.		Submitted the approved contracts and purchase orders within the prescribed period.
CY 2011 7. Substantial discrepancy noted between the balance of the Administration's Due to National Treasury account (411) as against the Bureau of the Treasury's balance of the reciprocal Due from GOCCs account (137) amounting to ₱84,554,034.25 renders the accuracy of the Administration's liability account as of December 31, 2011 as unreliable.	AAR CY 2011						<p>The amount of ₱84,554,034.25 representing Interest on Advances was reconciled with the records of the BTr.</p> <p>However, for CY 2013 the same were not</p>

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<ul style="list-style-type: none"> Management promptly conduct reconciliation of the account with the Bureau of Treasury and prepare JEV to take up any adjustments. 		√			The amount of ₱84,554,034.25 representing Interest Advances on was reconciled with the records of the BTr.		reconciled again, hence the observation was brought to the attention of management.
<p>8. Due to limited capital and continuous losses in its operations, the deficit of Partido Administration had accumulated to ₱697.5 million as of December 31, 2011, thereby posing serious concern to the Agency's viability.</p> <ul style="list-style-type: none"> 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			√		<p>The Management was trying its best to work out strategies to correct its declining cash position. The operating loss has been reduced to ₱13.2 million from last year's ₱24 million, however it failed to improve the Agency's financial condition.</p> <p>The observation is reiterated in the 2013 AAR due to its present unfavorable financial operations reflecting losses through the years.</p>	

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>9. 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 appropriated in the COB contrary to Section 2 of EO 271 and COA- DBM Joint Circular No.88-1, thus understating the Due to NGAs account of the same amount as of December 31, 2011.</p> <ul style="list-style-type: none"> 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 CYs 2010 and 2011		√		Cost of audit up to CY 2012 was recognized in the books. Remitted the amount of ₱600,000.00 in CY 2012 and another partial payment of ₱200,000.00 was remitted in 2013.	Remittance of the whole amount cannot be made due to limited funds of the Agency.	JEV verified

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>10. 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 ₱1,204,000.00</p> <ul style="list-style-type: none"> 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 	AAR CY 2011			√	<p>There was a reduction of consultants hired in 2012. Also the request for hire authority to hire private lawyer has been submitted to OGCC and COA. Presently only three (3) hired consultants for 2012.</p> <p>Management justified that the services of the consultants were needed by the Agency, however the contracts will no longer be renewed.</p> <p>Functions of hired consultants were mere duplication of the functions performed by regular employees, thus the observation is reiterated in 2013 AAR.</p>		

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
Counse (OGCC) and the COA.							
11. Contrary to Budget Circular Nos. 2004-5A and 2007-3, the Corporation paid honoraria to members of Bids and Awards Committee (BAC) totaling ₱170,500.00 disproportionately with the total funds/collections of ₱72,560.00 from procurement activities as of year-end, resulting to excess payments amounting to ₱97,940.00.	AAR CY 2011				An appeal for the Notice of Disallowance issued has been filed with the Commission on Audit.	Only few bidders participated in the bidding.	The appeal was referred by the Regional Director to the Team on April 15, 2013. Honorarium for CY 2013 still exceeded the total income from procurement activities. The total honorarium paid to BAC amounted to ₱71,000.00 while the proceeds from the sale of bid documents amounted to
• 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 payments of honoraria.				√			

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
							only ₱14,200.00, an excess of ₱56,800.00.
<p>12. The Corporation had again procured goods and services including equipment and furnitures and fixtures totaling ₱396,493.65 through reimbursement basis contrary to COA Circular No. 97-002, Section 93 of PD 1445 and RA 9184.</p> <ul style="list-style-type: none"> The management should stop/refrain from procuring goods and services through reimbursement basis. 	AAR CY 2011	√			The practice has been generally stopped. It is only in extremely necessary situation that it is allowed.		Practice still existing on extra exceptional cases.

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
CY 2010							
13. The accounting records were not reconciled regularly with that of the collecting officer as required under Section 12 of the MNGAS, thereby resulting to a discrepancy of collections totaling ₱220,562.62 from the different collecting centers of Partido Water Supply System (PWSS).	AAR CY 2010						
Management should:							
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.		√			Periodic reconciliation was regularly conducted.		Records of the Accountable Officer were reconciled with the accounting records.
b. Instruct the collecting officer to record the amount		√			The amount was recorded in the CRDR.		

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>of ₦108,806.37 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 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>Reconciliation on-going. Lost fund thru robbery/theft charged to loss per approved Board Resolution.</p>	<p>PDA Board Resolution No. 201-2012 was made as basis for the action by management.</p>	<p>Board Resolution No. 201-2012 does not relieve the Accountable Officer of the liability for the loss of fund without the Request for Relief from Accountability duly approved by the COA, hence the dropping from the books of the lost fund through robbery is not allowed.</p>

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>14. Material discrepancies noted in the reported balances of PPE totalling to ₱501,175,901.03, and the inclusion of damaged/unserviceable items cast doubt on the accuracy and validity of the accounts.</p> <ul style="list-style-type: none"> 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 o Of Property, Plant and Equipment (RPCPPE). 	AAR CY 2010		√		Reconciliation of records was conducted.	Result of the physical inventory count tallied with the Accounting records.	Observation on the inclusion of unserviceable PPE is reiterated in 2013 AAR.
<p>15. The Partido Water Supply System's (PWSS) average unaccounted water for Calendar Year 2010 exceeded the 40% allowable</p>	AAR CY 2010						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>rate set by the DBM, thereby undermining the administration's operational efficiency.</p> <ul style="list-style-type: none"> Plans and programs should be immediately undertaken by management to significantly reduce unaccounted water, thereby improving the existing operational efficiency. 		√			<p>The average unaccounted for water for CY 2011 has been reduced within the allowed 40% rate set by DBM.</p>		<p>Records showed that the average unaccounted water was below the allowed rate.</p>
<p>16. The Agency has not fully implemented the activities for its Gender and Development (GAD) program in CY 2010 contrary to the DBM, National Economic Development Authority and National Commission on the Role of Filipino Women (DBM-NEDA-NCRFW) Joint Circular No. 2004-1 dated April 5, 2004.</p>	<p>AAR CY 2010</p>						

Observations and Recommendations	Ref.	Status of Implementation			Action Taken by Management	Reason for partial or non implementation	Auditor's Validations Results
		Fully Implemented	Partially Implemented	Not Implemented			
<p>Management should:</p> <p>a. Prepare an annual GAD Plan pursuant to DBM/NEDA/NCRFW Joint Circular No. 2004-01 dated April 5, 2004.</p> <p>b. Allot at least five percent (5%) of the total budget appropriations for the cost of implementing the GAD Plan.</p>		√			Already complied. It was incorporated in the MOOE.		GAD Plan and activities had been prepared and implemented, although the funds set aside was short of the required 5% of the total appropriation of the agency.

Part IV

ANNEXES

- A Corporate Operating Budget
- B-1 Schedule of Delayed Deposit of Collections- Siruma Collection Center
- B-2 Schedule of Delayed Deposit of Collections- Presentacion Collection Center
- B-3 Schedule of Delayed Deposit of Collections- Tinambac Collection Center
- B-4 Schedule of Delayed Deposit of Collections- Garchitorena Collection Center
- B-5 Schedule of Delayed Deposit of Collections- Caramoan Collection Center
- C List of PDA's Vehicles and its Assignees
- D Sample of Used Trip Tickets
- E Status of BTr as of December 31, 2013 from the Bureau of Treasury
- F Reference Exchange Rate Bulletin issued by BSP
- G ND No. 2014-001(2013)
- H Aging of Accounts Receivable
- I-1 Samples of Defaulting Concessioners still with Water Line Connections (By LGUs/Other Entities)
- I-2 Samples of Defaulting Concessioners still with Water Line Connections (By Individual)
- J GAD Accomplishment Report



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila

CORPORATE OPERATING BUDGET

Calendar Year 2013

TO: PARTIDO DEVELOPMENT ADMINISTRATION (PDA)

Your Corporate Operating Budget (COB) for Calendar Year 2013 per Board Resolution No. 3 series of 2013, dated February 8, 2013, submitted pursuant to Section 6 of Executive Order (E.O.) No. 518, series of 1979 and Section 19, Chapter 3, Book VI of E.O. No. 292, series of 1987, is hereby approved for a total of **SIXTY NINE MILLION THREE HUNDRED ONE THOUSAND THREE HUNDRED THIRTY FOUR PESOS ONLY (P69,301,334)**, details of which are shown below:

PARTICULARS	PROPOSAL (a)	APPROVED (b)	VARIANCE (c=b-a)
TOTAL SOURCES:	P 106,884,084	P 106,884,084	-
Corporate Funds	106,884,084	106,884,084	-
TOTAL USES:	P 75,157,417	P 69,301,334	(5,856,083)
Personal Services (PS)	22,451,629	22,265,162	(186,467) a/
Maintenance & Other Operating Exp. (MOOE)	43,330,169	37,660,553	(5,669,616) b/
Capital Outlays (CO) - Projects	9,375,619	9,375,619	
Excess/Shortfall	P 31,726,667	P 37,582,750	P 5,856,083

Footnotes:

a/ The PS variance refers to:

i. Overprovision of the hereunder items:

Representation & Transportation Allowances

120,000

Computed based on Section 45 of R.A. 10352, FY 2013 GAA

Philhealth Contributions

Regular Plantilla Positions

51,185

Computed based on Philhealth table or as proposed whichever is lower.

Casual Positions

5,282

ii. Disallowance of the following items:

Loyalty Pay

10,000

Chargeable against savings

Total

P 186,467

b/ MOOE level computed considering actual/audited amounts for the previous years and effects of inflation. Extraordinary & Miscellaneous Expenses pegged at P110,000 computed based on rates provided in the FY 2013 General Appropriations Act.

The approval of the COB shall be subject to the following conditions:

- All expenditures, whether for current operating expenditures or COs, shall be made within the limits of available funds realized from corporate receipts, authorized corporate borrowings and National Government budgetary support either in the form of subsidy, equity or loans outlay.
- Disbursements for personnel amelioration/benefit shall be subject to the pertinent compensation laws, rules and regulations, including E.O. Nos. 7 and 24 dated September 8, 2010 and February 10, 2011, respectively. Such expenditures shall also be conditioned on the relevant General Provisions of Republic Act (R.A.) No. 10352, the FY 2013 General Appropriations Act (ex. Representation and Transportation Allowances under Section 46, General Provisions); or any specific law or approval of the President of the Philippines or Secretary of Budget and Management, as the case may be.
- Disbursements for extraordinary and miscellaneous expenses shall be subject to Section 23, General Provisions of R.A. No. 10352.

4. For equipment items per Annual Equipment Procurement Program that require specific clearance approval from the Agencies concerned (ex. Medium-Term Information and Communication Technology Harmonization Initiative for Information Technology equipment and Office of the President/Department of Budget and Management Supervising Department for motor vehicles), the same shall be secured before acquisition thereof in accordance with Corporate Budget Circular No. 17 dated February 9, 1996 and National Budget Circular Nos. 446 and 446-A dated November 24, 1995 and January 30, 1998, respectively, Budget Circular No. 2010-2 dated March 1, 2010, Administrative Order (A.O.) No. 233 dated August 1, 2008, Office of the President Memorandum Circular No. 9 dated December 14, 2010 and A.O. No. 15 dated May 25, 2011, among others.
5. The fiscal discipline measures prescribed under A.O. No. 103 dated August 31, 2004 shall be observed.
6. It is understood that this review action does not authorize any item of expenditure that is prohibited by or inconsistent with the provisions of law.
7. The pertinent laws, rules and regulations including those on compensation, procurement, budgeting, accounting and auditing shall be strictly followed. Compliance with all existing laws, rules and regulations shall be the responsibility of the implementing government corporation.

Recommending Approval:

Lorenzo C. Drapete
LORENZO C. DRAPETE
Director, BMB-F

Approved:

By Authority of the Secretary

Luiz M. Cantor
LUZ M. CANTOR
Assistant Secretary

Date: **OCT 14 2013**
cc: The Chairman
Board of Directors, PDA

COB-F2-13-0035

Assistant Commissioner Lourdes M. Castillo
Commission on Audit (COA) - Central Office
COA Building, Quezon City

Department of Budget and Management
BTS



2013-S12123L

The Resident Auditor
COA, PDA



PARTIDO DEVELOPMENT ADMINISTRATION
TIGAOON, CAM SUR

OFFICE OF THE RESIDENT AUDITOR

DATE: 11/21/2013
BY: CA

PDA- Partido Water Supply System
Siruma Collection Center
Samples of Delayed Deposits

COLLECTIONS		DEPOSITS		BALANCE	No. of Days Delayed
Date	Amount	Date	Amount	(Collections on Hand)	
Jan. 23	12,736.21			12,736.21	8
		Feb. 1	12,736.21	-	
Feb. 20	15,437.15			15,437.15	11
		Mar. 4	15,437.15	-	
Mar. 20	13,057.60			13,057.60	6
		Mar. 27	13,057.60	-	
				-	
				-	
Total	41,230.96	Total	41,230.96	-	8

PDA- Partido Water Supply System
Presentacion Collection Center
Samples of Delayed Deposits

Annex B-2
AAR page 21

COLLECTIONS		DEPOSITS		BALANCE	No. of Days Delayed
Date	Amount	Date	Amount	(Collections on Hand)	
Jan. 2	3,758.80			3,758.80	32
3	2,873.60			6,632.40	31
4	6,602.20			13,234.60	30
7	4,225.70			17,460.30	27
8	3,273.20			20,733.50	26
9	1,431.00			22,164.50	25
10	1,924.00			24,088.50	24
14	2,061.60			26,150.10	20
15	232.00			26,382.10	19
16	1,000.00			27,382.10	18
17	462.00			27,844.10	17
18	693.00			28,537.10	16
21	3,524.00			32,061.10	13
22	6,383.70			38,444.80	12
23	14,797.80			53,242.60	11
24	14,788.97			68,031.57	10
25	12,399.14			80,430.71	9
28	3,860.70			84,291.41	6
29	37,115.57			121,406.98	5
30	10,666.00			132,072.98	4
31	5,913.90			137,986.88	3
		Feb. 4	137,986.88	-	
Feb. 1	1,510.30			1,510.30	0
4	10,148.10	4	1,510.30	10,148.10	9
5	4,926.20			15,074.30	8
6	400.00			15,474.30	7
7	1,240.80			16,715.10	6
8	3,959.20			20,674.30	5
11	2,982.50			23,656.80	2
12	12,840.70			36,497.50	1
		14	36,497.50	-	
14	30,663.46			30,663.46	14
15	11,922.60			42,586.06	13
18	21,370.20			63,956.26	10
19	25,016.30			88,972.56	9
20	10,625.30			99,597.86	8
21	14,693.35			114,291.21	7

COLLECTIONS		DEPOSITS		BALANCE	No. of Days Delayed
Date	Amount	Date	Amount	(Collections on Hand)	
22	8,605.60	Mar. 1	132,128.61	122,896.81	6
25	655.60			123,552.41	3
26	3,860.20			127,412.61	2
27	1,262.00			128,674.61	1
28	3,454.00			132,128.61	0
Mar. 1	8,589.50			-	
4	3,166.00			8,589.50	13
5	462.00			11,755.50	10
6	9,492.32			12,217.50	9
7	5,311.50			21,709.82	8
8	5,718.30	15	58,185.27	27,021.32	7
11	741.40			32,739.62	6
12	2,890.80			33,481.02	3
13	14,583.25			36,371.82	2
14	7,230.20			50,955.07	1
15	13,069.40			58,185.27	0
18	3,582.55			-	
19	7,427.30			13,069.40	12
20	11,752.25			16,651.95	9
21	14,087.80			24,079.25	8
22	4,196.00	Apr. 1	163,889.27	28,079.25	7
25	9,982.42			35,831.50	6
26	1,714.40			49,919.30	5
27	98,077.15			54,115.30	2
				64,097.72	1
				65,812.12	0
				163,889.27	
				-	
				-	
Total	530,197.83	Total	530,197.83	-	10

PDA- Partido Water Supply System
Tinambac Collection Center
Samples of Delayed Deposits

Annex B-3
AAR page 21

COLLECTIONS		DEPOSITS		BALANCE	No. of Days Delayed
Date	Amount	Date	Amount	(Collections on Hand)	
Jan. 2	9,712.60			9,712.60	1
3	6,390.78	Jan. 3	9,712.60	-	7
4	14,678.35			6,390.78	6
7	24,077.42			21,069.13	3
8	4,463.00			45,146.55	2
9	11,682.50			49,609.55	1
		10	61,082.05	61,292.05	
		11	210.00	210.00	
10	9,976.00			-	6
11	5,236.30			9,976.00	5
14	46,800.35			15,212.30	2
15	35,542.37			62,012.65	1
		16	97,555.02	97,555.02	
16	33,442.20			-	8
17	52,570.92			33,442.20	7
18	46,817.59			86,013.12	6
21	117,128.83			132,830.71	3
22	80,432.28			249,959.54	2
		24	289,119.77	330,391.82	
		25	41,272.05	41,272.05	
23	24,912.47			(0.00)	9
24	17,075.16			24,912.47	8
25	19,691.19			41,987.63	7
28	19,492.44			61,678.82	4
29	17,439.00			81,171.26	3
30	12,462.22			98,610.26	2
31	8,951.30			111,072.48	1
		Feb. 1	119,185.03	120,023.78	
Feb. 1	10,998.60	4	838.75	838.75	6
4	21,790.90			(0.00)	3
5	9,974.70			10,998.60	2
6	15,144.10			32,789.50	1
		7	57,908.30	42,764.20	
7	21,567.02			57,908.30	8
8	18,034.66			-	7
11	13,223.82			21,567.02	4
12	22,839.72			39,601.68	3
13	46,256.63			52,825.50	2
14	35,062.87			75,665.22	1
		15	156,984.72	121,921.85	
15	22,737.22			156,984.72	5
18	52,478.88			-	2
19	42,679.06			22,737.22	1
		20	117,895.16	75,216.10	
20	93,633.90			117,895.16	7
21	65,485.84			-	6
22	19,579.30			93,633.90	5
25	26,372.96			159,119.74	2
26	25,495.74			178,699.04	1
		27	230,567.74	205,072.00	
				230,567.74	
				-	

COLLECTIONS		DEPOSITS		BALANCE	No. of Days Delayed
Date	Amount	Date	Amount	(Collections on Hand)	
27	20,013.95			20,013.95	2
28	21,204.70			41,218.65	1
		Mar. 1	41,218.65	-	
Mar. 1	16,119.15			16,119.15	3
		4	16,119.15	-	
4	12,965.79			12,965.79	9
5	13,009.95			25,975.74	8
6	14,692.81			40,668.55	7
7	19,741.10			60,409.65	6
8	50,791.95			111,201.60	5
11	38,464.75			149,666.35	2
12	26,851.25			176,517.60	1
		13	176,517.60	-	
13	39,532.78			39,532.78	7
14	51,468.88			91,001.66	6
15	47,645.85			138,647.51	5
18	48,582.06			187,229.57	2
19	44,686.59			231,916.16	1
		20	231,916.16	-	
20	65,900.09			65,900.09	6
21	50,585.74			116,485.83	5
22	30,433.03			146,918.86	4
25	31,440.97			178,359.83	1
		26	178,359.83	-	
26	45,732.39			45,732.39	2
27	27,578.62			73,311.01	1
		28	73,311.01	-	
	1,899,773.59	Total	1,899,773.59	-	4

PDA- Partido Water Supply System
Garchitorena Collection Center
Samples of Delayed Deposits

Annex B-4
AAR page 21

COLLECTIONS		DEPOSITS		BALANCE (Collections on Hand)	No. of Days Delayed
Date	Amount	Date	Amount		
Jan. 2	14,369.20		-	14,369.20	21
3	5,262.40		-	19,631.60	20
4	11,242.90		-	30,874.50	19
7	6,825.40		-	37,699.90	16
8	4,778.90		-	42,478.80	15
9	9,071.00		-	51,549.80	14
10	3,703.80		-	55,253.60	13
14	13,805.60		-	69,059.20	9
15	25,929.45		-	94,988.65	8
16	10,579.08		-	105,567.73	7
17	25,432.15		-	130,999.88	6
18	5,453.70		-	136,453.58	5
21	10,252.55		-	146,706.13	2
22	10,760.80		-	157,466.93	1
		Jan. 24	157,466.93	-	
23	20,450.72		-	20,450.72	11
24	17,310.23		-	37,760.95	10
25	5,087.60		-	42,848.55	9
28	10,479.40		-	53,327.95	6
29	1,531.20		-	54,859.15	5
30	983.40		-	55,842.55	4
31	3,393.52		-	59,236.07	3
		Feb. 4	59,236.07	-	
Feb. 1	1,123.10			1,123.10	2
		4	1,123.10	-	
4	5,396.30			5,396.30	14
5	5,148.20			10,544.50	13
11	9,718.30			20,262.80	7
14	12,818.80			33,081.60	4
15	12,184.90			45,266.50	3
18	26,722.88			71,989.38	0
		19	71,989.38	-	
19	10,827.42			10,827.42	9
20	7,956.80			18,784.22	8
21	11,837.93			30,622.15	7
22	11,653.20			42,275.35	6
25	6,226.00			48,501.35	3

COLLECTIONS		DEPOSITS		BALANCE (Collections on Hand)	No. of Days Delayed
Date	Amount	Date	Amount		
26	9,530.83	Mar. 1	97,006.38	58,032.18	2
27	22,738.20			80,770.38	1
28	16,236.00			97,006.38	0
Mar. 1	5,462.00			-	
4	5,376.50			5,462.00	17
5	5,940.60			10,838.50	14
6	5,413.30			16,779.10	13
7	1,529.00			22,192.40	12
8	2,339.80			23,721.40	11
13	14,715.30			26,061.20	10
14	11,537.24			40,776.50	5
15	11,450.20			52,313.74	4
18	15,190.98			63,763.94	3
				78,954.92	0
19	6,937.65	Mar. 19	78,954.92	-	
20	18,650.45			6,937.65	7
21	16,531.88			25,588.10	6
22	8,942.80			42,119.98	5
25	12,323.60			51,062.78	4
26	1,986.00			63,386.38	1
27	3,515.70			65,372.38	0
				68,888.08	0
				-	
				-	
Total	534,664.86	Total	534,664.86	-	7

PDA- Partido Water Supply System
Caramoan Collection Center
Samples of Delayed Deposits

COLLECTIONS		DEPOSITS		BALANCE (Collections on Hand)	No. of Days Delayed
Date	Amount	Date	Amount		
Jan. 2	8,401.80			8,401.80	16
3	24,114.20			32,516.00	15
4	13,436.80			45,952.80	14
7	12,368.65			58,321.45	11
8	7,383.95			65,705.40	10
9	9,461.42			75,166.82	9
10	4,230.60			79,397.42	8
11	3,697.09			83,094.51	7
14	14,463.98			97,558.49	4
15	6,679.70			104,238.19	3
16	4,170.30			108,408.49	2
17	7,428.29			115,836.78	1
		Jan. 18	115,836.78	-	
18	18,081.55			18,081.55	14
21	51,177.21			69,258.76	11
22	37,704.96			106,963.72	10
23	27,615.19			134,578.91	9
24	44,573.30			179,152.21	8
25	14,095.82			193,248.03	7
28	78,636.04			271,884.07	4
29	28,727.36			300,611.43	3
31	31,359.06			331,970.49	1
		Feb. 1	331,970.49	-	
Feb. 1	10,065.70			10,065.70	13
4	12,697.23			22,762.93	10
5	59,567.20			82,330.13	9
6	29,713.70			112,043.83	8
7	8,743.00			120,786.83	7
8	2,310.40			123,097.23	6
11	57,690.00			180,787.23	3
12	4,211.60			184,998.83	2
13	8,676.78			193,675.61	1
		Feb. 14	193,675.61	-	
14	2,159.20			2,159.20	15
15	1,204.50			3,363.70	14
18	63,641.28			67,004.98	11
19	36,788.08			103,793.06	10

COLLECTIONS		DEPOSITS		BALANCE (Collections on Hand)	No. of Days Delayed
Date	Amount	Date	Amount		
20	13,207.25	Mar. 1	278,151.71	117,000.31	9
21	23,548.87			140,549.18	8
22	18,198.27			158,747.45	7
25	19,885.47			178,632.92	3
26	76,036.59			254,669.51	2
27	7,019.20			261,688.71	1
28	16,463.00			278,151.71	
				-	
1	13,236.40	Mar. 18	175,832.07	13,236.40	17
4	25,790.70			39,027.10	14
5	11,376.40			50,403.50	13
6	5,828.06			56,231.56	12
7	5,511.70			61,743.26	11
8	6,871.12			68,614.38	10
11	15,662.84			84,277.22	7
12	4,552.60			88,829.82	6
13	64,855.93			153,685.75	5
14	10,492.74			164,178.49	4
15	11,653.58			175,832.07	3
				-	
18	55,126.73			55,126.73	10
19	27,605.04			82,731.77	9
20	38,357.60			121,089.37	8
21	22,237.62			143,326.99	7
22	22,354.10			165,681.09	6
25	67,091.95			232,773.04	3
26	36,601.60			269,374.64	2
27	4,513.10			273,887.74	1
		Mar. 28	273,887.74	-	
Total	1,369,354.40	Total	1,369,354.40	-	8

List of Vehicles and Assignees

Plate No.	Brand/Type	Date Acquired	Assignee & User	Applicable Regulation					Remarks
WSG 791	Strada 4x4 Pickup	Dec. 31, 2003	Ramon F. Fuentebella	X	X	X	X	X	Regular route: From Naga to PDA (50 km) and vice versa
WPF 620	Honda HRV	Year 2003	Angelica Regondola/ Property	X	X	X	X	X	Regular route: From Naga to PDA (50 km) and vice versa; Vehicle taken up in books only on Dec. 27, 2013 but was acquired in Year 2003; Transferred by Ms. Regondola to Property Office on May 30, 2013
SFK 233	Toyota Revo	Oct. 20, 1999	Recha Isabel P. Quinn	✓	X	X	X	X	Regular route: From Naga to PDA (50 km) and vice versa
SEH 341	Nissan Frontier	Dec. 31, 2003	Magdalena R. Portem	✓	X	X	X	X	Regular route: From Naga to PDA (50 km) and vice versa
SEH 784	Nissan Navara 4x2 Pickup	Dec. 2, 2011	Rosa B. Catolico	✓	X	✓	X	X	Regular route: From Naga to PDA (50 km) and vice versa
SEH 209	Nissan Frontier	Dec. 31, 2003	Oscar Benicio C. Penafiorida	✓	X	X	X	X	
SEH 211	Nissan Frontier	Dec. 31, 2003	Armando P. Medina	✓	X	X	X	X	
SEH 219	Nissan Frontier	Dec. 31, 2003	Edwin F. San Juan/ Property	✓	X	X	X	X	Transferred by Mr. San Juan to Property Office on June 20, 2013
SEH 212	Strada 4x4 Pickup	Dec. 31, 2003	Armando A. Lalaguna/ Property	✓	X	X	X	X	Transferred by Mr. Lalaguna to Property Office on June 20, 2013
SEH 596	Elf Boom Truck	Dec. 31, 2003	Property	✓	X				
SEH 202	Anfra	Dec. 31, 1997	Property	✓	X				Unserviceable

Applicable Regulations

1. Use of Government Plates (COA Circular No. 75-6)
2. Marking "For Official use Only" (COA Circular Nos. 85-55A, 77-55, 75-6)
3. Government officials entitled to exclusive use of government motor transportation (Republic Act 10352 General Appropriations Act FY 2013)
4. Use of Properly Accomplished Trip Tickets (COA Circular Nos. 85-55A, 77-55, 75-6)
5. Use for Official Purpose Only (COA Circular Nos. 2012-003, 85-55A, 77-55, 75-6)

✓ Yes
X No

DRIVER'S TRIP TICKET

Date: _____

No. 2013 104

A. To be filled up by Official authorizing the travel:

1. Name of Driver of the vehicle/s
2. PDA Vehicle to be used: Model & Plate No.
3. Authorized Passengers
4. Place/s to be visited / inspected
5. Purpose

1 BRITA
HRV - WPF-620
APR
PARTIDO AREA
SERVICE

GAS SLIP #

OF LITERS
60

Approved by: _____

B. To be filled up by the driver:

1. Department / Arrival garage:
 - a. Departure from office / garage _____ A.M. _____ P.M.
 - b. Arrival at Destination _____ A.M. _____ P.M.
 - c. Return to office / garage _____ A.M. _____ P.M.
2. Speedometer reading
 - a. Beginning of the Trip _____ kms/miles
 - b. End of the Trip _____ kms/miles
 - c. Distance travelled _____ kms/miles
3. Gasoline Issued / Purchased / Used
 - a. Balance in tank at the beginning of the trip _____ liters
 - b. Add: Purchased during trip _____ liters
(Amount P. _____)
(Cash/Credit Inv. # _____)
 - c. Deduct: Used during trip _____ liters
 - d. Balance in tank at end of trip _____ liters
4. Lubrication oil purchased / used _____
5. Gear oil purchased / used _____
6. Grease purchased / used _____
7. Brake fluid purchased / used _____
8. Remarks _____

I HEREBY CERTIFY to the correctness of the above statement / record of travel.

Driver

I / WE HEREBY CERTIFY that I/we used this vehicle on official business stated above.

Name of Passenger/s and their signature

APPROVED BY: _____

ROSA B. CATOLICO

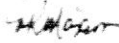
PARTIDO DEVELOPMENT ADMINISTRATION
Status of BTr Advances
As of December 31, 2013
(In Pesos)

Annex E
AAR page 30

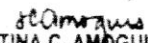
YEAR	ADVANCES			INTEREST ON ADVANCES			TOTAL AMOUNT DUE
	GROSS ADVANCES	PAYMENTS	NET ADVANCES	INTEREST DUE	PAYMENTS *	NET INTEREST DUE	
CY 2004	80,434,595.85	0.00	80,434,595.85	3,822,917.57	0.00	3,822,917.57	84,257,513.42
CY 2005	82,197,155.16	0.00	82,197,155.16	11,296,167.12	0.00	11,296,167.12	93,493,322.28
CY 2006	73,139,937.03	0.00	73,139,937.03	14,979,850.07	0.00	14,979,850.07	88,119,787.10
CY 2007	69,918,729.54	0.00	69,918,729.54	14,571,083.05	2,000,000.00	12,571,083.05	82,489,812.59
CY 2008	66,556,301.46	0.00	66,556,301.46	21,083,389.84	7,000,000.00	14,083,389.84	80,639,691.30
CY 2009	69,591,092.02	0.00	69,591,092.02	21,128,260.63	3,000,000.00	18,128,260.63	87,719,352.65
CY 2010	63,214,187.97	0.00	63,214,187.97	21,486,232.89	5,000,000.00	16,486,232.89	79,700,420.86
CY 2011	60,926,396.12	0.00	60,926,396.12	14,685,379.60	8,400,000.00	6,285,379.60	67,211,775.72
CY 2012	56,297,379.18	49,675.71	56,247,703.47	13,229,616.88	12,000,000.00	1,229,616.71	57,477,323.18
CY 2013							
1st Quarter	26,649,707.28	0.00	26,649,707.28	1,304,818.55	0.00	1,304,818.55	27,954,525.83
2nd Quarter	0.00	0.00	0.00	1,135,532.66	3,000,000.00	(1,864,467.34)	(1,864,467.34)
3rd Quarter	29,210,162.85	0.00	29,210,162.85	1,243,131.14	3,000,000.00	(1,756,868.86)	27,453,293.99
4th Quarter	0.00	0.00	0.00	1,778,280.45	3,000,000.00	(1,221,719.55)	(1,221,719.55)
Sub-Total	55,859,870.13	0.00	55,859,870.13	5,461,762.80	9,000,000.00	(3,538,237.20)	52,321,632.93
TOTAL	678,135,644.46	49,675.71	678,085,968.75	141,744,660.45	46,400,000.00	95,344,663.28	773,430,632.03

* Per Memo. Order No. 9-87 dated January 2, 1987
no partial payment shall be accepted first to interest
on advances and the balance to the ending

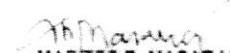
Prepared by:


ESTRELLA R. MAXION
Treasury Operations Officer IV

Reviewed by:


JUSTINA C. AMIGUIS
Treasury Operations Officer IV

Noted by:


MARITES B. MASARAP
Chief, National Gov't Debt Accounting Division

Exchange Rates > Reference Exchange Rate Bulletin

Bangko Sentral ng Pilipinas
Reserve Department
Reference Exchange Rate Bulletin

27 Dec 2013

COUNTRY	UNIT	SYMBOL	EURO	U.S. DOLLAR EQUIVALENT	PHIL.PESO
VERTIBLE CURRENCIES WITH BANGKO SENTRAL:					
UNITED STATES	DOLLAR	USD	0.730300	1.000000	44.414000
JAPAN	YEN	JPY	0.006971	0.009545	0.423900
UNITED KINGDOM	POUND	GBP	1.198642	1.641300	72.896700
HONGKONG	DOLLAR	HKD	0.094171	0.128949	5.727100
SWITZERLAND	FRANC	CHF	0.814703	1.115573	49.547100
CANADA	DOLLAR	CAD	0.686050	0.939408	41.722900
SINGAPORE	DOLLAR	SGD	0.575493	0.788022	34.999200
AUSTRALIA	DOLLAR	AUD	0.648810	0.888415	39.458100
BAHRAIN	DINAR**	BHD	1.937290	2.652731	117.818400
KUWAIT	DINAR	KWD			
SAUDI ARABIA	RIAL	SAR	0.194731	0.266645	11.842800
BRUNEI	DOLLAR	BND	0.573234	0.784929	34.861800
INDONESIA	RUPIAH	IDR	0.000060	0.000082	0.003600
THAILAND	BAHT	THB	0.022245	0.030460	1.352900
UNITED ARAB EMIRATES	DIRHAM	AED	0.198851	0.272287	12.093400
CHINA	YUAN**	CNY	0.120222	0.164620	7.311400
KOREA	WON	KRW	0.000689	0.000944	0.041900
EUROPEAN MONETARY UNION	EURO	EUR	1.000000	1.369300	60.816100
* GERMANY	DEUTSCHE MARK	DEM			
* FRANCE	FRANC	FRF			
* NETHERLANDS	GUILDER	NLG			
* AUSTRIA	SCHILLING	ATS			
** BELGIUM	FRANC	BEF			
** ITALY	LIRE	ITL			
** FINLAND	MARKKA	FIM			
** PORTUGAL	ESCUDO	PTE			
** SPAIN	PESETA	ESP			
** LUXEMBURG	FRANC	LUF			
** IRELAND	PUNT	IEP			

OTHERS (NOT CONVERTIBLE WITH BSP)

Online Statistical Interactive Database

23 INDIA	RUPEE	INR	0.011749	0.016088
24 MALAYSIA	RINGGIT	MYR	0.221572	0.303398
25 MEXICO	NEW PESO	MXN	0.055865	0.076496
26 NEW ZEALAND	DOLLAR	NZD	0.595434	0.815328
27 NORWAY	KRONER	NOK	0.118961	0.162893
28 PAKISTAN	RUPEE	PKR	0.006925	0.009483
29 SOUTH AFRICA	RAND	ZAR	0.070972	0.097182
30 SWEDEN	KRONER	SEK	0.111594	0.152805
31 SYRIA	POUND	SYP	0.005174	0.007085
32 TAIWAN	NT DOLLAR	TWD	0.024348	0.033340
33 VENEZUELA	BOLIVAR	VEB	0.116212	0.159129

Source: REUTERS' N.Y. FOREX CLOSING PRICES - 26 Dec 2013

* Weighted average rate pursuant to Circular Letter dated 30 July 1992

** Various banks in Bahrain as quoted in Reuters' Screen.

*** Irrevocable Fixed Conversion Rate adopted on 31 December 1998

3SP Buying Rate (T/T)	Php	44.20	Gold Buying	1
3SP Selling Rate (T/T)	Php	44.70	Silver Buying	1
3SP Reference Rate	Php	44.45	SDR Rate	\$ 1
3DS Closing Rate (12/26/2013)	Php	44.47		



Republic of the Philippines
COMMISSION ON AUDIT
Audit Group G – Stand Alone Agencies
Audit Team No. 4
Partido Development Administration
Tigaon, Camarines Sur

ND No. 2014-001(2013)
Date : June 3, 2014

NOTICE OF DISALLOWANCE (ND)

For: Mrs. Rosa B. Catolico
Administrator
Partido Development Administration

Attention: Mrs. Magdalena R. Portem
Chief, Accounting Division

We have audited the Extraordinary and Miscellaneous Expenses (EME) Account for the year 2013 in the total amount of ₱195,316.81, covered by the following reference documents and particulars:

	Extraordinary Expense	Miscellaneous Expense	Total
Per Book	₱ 109,906.18	₱ 85,410.63	₱ 195,316.81
Reclassified to other expense accounts	6,244.00	0.00	6,244.00
Net charges to EME	103,662.18	85,410.63	189,072.81
Limit per GAA	38,000.00	72,000.00	110,000.00
Disallowed in Audit	₱ 65,662.18	₱ 13,410.63	₱ 79,072.81

Note: Details of EME are shown in the attached Schedule of Payments of Extraordinary and Miscellaneous Expenses.

The amount of ₱79,072.81 was disallowed in audit because the total expenses charged against Extraordinary and Miscellaneous Expenses aggregated to ₱189,072.81 (net of the amount reclassified to other expense account), exceeded the ₱110,000.00 appropriations for the year.

Pursuant to Section 23 of RA 10352, the General Appropriations Act (GAA) of CY 2013, the Administrator who is equivalent to head of bureau or organization, is authorized to incur extraordinary expenses of ₱38,000.00 and miscellaneous expenses not exceeding ₱72,000.00 or a total of ₱110,000.00 during the year, however our audit revealed that the total expenses, net of the amount of expenses reclassified to its proper accounts exceeded by ₱79,072.81, hence this disallowance.

The following person(s) have been determined to be liable for the transaction:

Name	Position/Designation	Nature of Participation in the Transaction
Mrs. Rosa B. Catolico	Administrator	As payee and approved the payment.
Mrs. Magdalena R. Portem	Accountant III	Certified supporting documents complete and proper, cash available.
Edwin F San Juan	Budget Officer III	Certified budget available and funds earmarked/utilized for the purpose as indicated.
Angelica P. Regondola	DCI- Admin & Finance	Certified charges to budget necessary, lawful and under her direct supervision, supporting documents valid, proper and legal.

Please settle immediately the aforecited disallowance. Audit disallowance not appealed within six (6) months from receipt hereof shall become final and executory as prescribed under Section 48 and 51 of P. D. 1445.

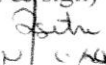
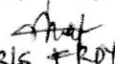



ELSIE P. LATUMBO

State Auditor IV
Audit Team Leader


JOSEFA N. SEVERO

State Auditor V
Supervising Auditor

PROOF OF SERVICE OF COPIES OF ND TO PERSONS LIABLE

<u>Name of Person Liable</u>	<u>Position/Designation</u>	<u>Received by</u> <u>Date</u>
		(Pls. print & sign)
1. Mrs. Rosa Catolico	Administrator	 Rosa Catolico 6-20-14
2. Mrs. Magdalena Portem	Chief, Accounting Division	 MARICRIS ROYAUPÉ 6-20-14
3. Edwin San Juan	Budget Officer	 JEAN T. MORSANTA 6/20/14
4. ANGELICA P. REGONDOLA	DCI for Admin & Finance	 ANGELICA P. REGONDOLA 6/20/14

PARTIDO DEVELOPMENT ADMINISTRATION
TRADE RECEIVABLES - PWSS
December 31, 2013

Annex H
AAR Page 39

Sub - Water System	Zone No.	Current	16-30 days	31-60 days	61-90 days	91-120 days	121-180 days	181-1Yr	Total Current - 1Yr	1Yr - 2Yrs	2Yrs - 3Yrs	3Yrs - 4Yrs	4Yrs - Over	Total
Tigzon	1-7	-	600,216.44	532,882.86	366,295.34	317,128.57	479,575.16	796,198.25	3,084,296.62	255,878.10	65,565.29	4,651.40	478,685.61	3,869,077.02
Sagfay	8-10	-	205,706.31	174,070.72	126,635.89	123,286.53	216,702.25	351,541.24	1,159,944.94	172,358.71	19,917.36	-	9,877.08	1,402,088.08
Goa	11	-	96,813.61	54,258.94	37,465.05	34,591.34	55,914.79	70,154.29	349,186.02	29,709.19	13,864.87	2,396.42	2,131.80	381,038.01
San Jose	18-25	-	412,472.56	376,196.61	283,549.29	220,084.97	439,186.68	552,126.39	2,265,631.50	192,777.66	-	-	84,085.66	2,578,758.11
Lagoroy	33-38	200,484.11	46,689.65	135,800.39	96,219.96	76,370.36	83,165.04	62,894.06	701,613.57	9,969.25	-	-	76,825.60	788,408.42
Tinambac	39-43	226,642.12	112,038.95	216,721.49	134,004.33	90,495.78	90,506.26	54,558.01	924,372.92	2,597.16	-	-	272.70	927,242.78
Presentacion	47-55	-	370,369.96	287,565.51	116,296.51	70,371.32	123,980.08	269,908.74	1,218,228.12	316,830.31	29,165.96	-	3,311.55	1,567,535.94
Garchitorera	57	102,959.46	-	79,162.00	50,321.26	45,337.66	72,236.61	97,663.26	448,110.25	125,768.82	155,165.41	48,202.97	108,817.55	866,065.00
Caramoan	16	-	139,490.18	102,251.92	58,884.65	54,242.89	68,081.57	73,265.42	496,216.63	28,059.84	-	-	-	529,860.51
Suma	60-66	227,990.89	-	131,037.73	70,753.36	32,330.87	3,686.00	63,889.00	554,261.19	15,748.62	-	-	-	570,000.81
Sub - Total (Active Accounts)	56	-	1,984,066.26	2,083,128.22	1,348,783.04	1,067,926.37	1,659,664.98	2,383,494.76	11,306,121.21	1,149,697.66	209,262.93	55,963.59	764,539.10	13,565,664.48
Allowance for Doubtful Accounts Rate									0%	1%	2%	4%	4%	
Allowance for Doubtful Accounts (Active Accounts)										11,496.98	5,785.26	2,238.54	30,681.56	50,102.34

Sub - Water System	Zone No.	Current	16-30 days	31-60 days	61-90 days	91-120 days	121-180 days	181-1Yr	Total Current - 1Yr	1Yr - 2Yrs	2Yrs - 3Yrs	3Yrs - 4Yrs	4Yrs - Over	Total
Tigzon	1-7	-	23,564.20	35,134.43	37,482.95	45,782.00	96,896.49	320,039.30	558,899.37	732,979.03	859,172.90	480,160.88	1,869,996.14	4,501,208.32
Sagfay	8-10	-	3,007.40	1,997.60	3,197.70	14,289.00	42,022.20	130,012.70	194,536.60	327,128.90	317,152.61	214,852.85	823,451.09	1,876,922.05
Goa	11	-	-	-	-	-	1,221.00	54,093.80	55,314.60	275,396.24	128,772.20	58,043.53	412,641.71	930,168.28
San Jose	18-25	8,988.50	462.00	3,875.30	9,579.90	18,935.40	56,213.00	212,412.24	301,477.84	651,264.18	673,762.60	371,272.17	1,315,351.77	3,313,128.56
Lagoroy	33-38	8,988.50	231.00	8,379.80	7,862.50	8,934.20	20,300.80	90,107.88	143,914.68	162,087.92	134,524.10	83,035.82	201,151.52	724,714.04
Tinambac	39-43	924.00	-	3,171.85	3,051.40	7,978.30	30,276.62	86,285.93	143,988.10	165,835.02	128,150.53	109,668.48	205,286.70	752,608.63
Presentacion	47-55	-	1,494.90	5,189.80	6,458.10	8,523.90	19,192.20	57,269.08	98,127.98	97,236.86	203,797.40	64,155.77	266,539.73	729,857.74
Garchitorera	57	448.80	-	231.00	231.00	1,069.20	3,430.90	18,106.20	23,517.10	68,524.75	98,317.92	35,932.67	183,474.48	409,766.93
Caramoan	16	-	3,159.20	2,183.50	2,010.80	3,011.80	11,669.90	39,195.30	61,230.50	62,881.70	95,112.78	18,957.87	131,166.97	369,249.92
Suma	60-66	14,508.55	-	11,163.52	1,840.10	4,270.20	11,334.40	39,737.84	82,954.61	116,120.90	168,746.68	71,829.48	279,427.08	719,078.75
Sub - Total (In-Active Accounts)	56	-	31,916.70	71,326.80	71,744.45	112,804.00	292,567.51	1,066,680.69	1,671,082.00	2,076,938.82	2,819,881.78	1,535,428.29	5,784,233.54	14,486,664.43
Allowance for Doubtful Accounts Rate									100%	100%	100%	100%	100%	
Allowance for Doubtful Accounts (In-Active Accounts)										2,076,938.82	2,819,881.78	1,535,428.29	5,784,233.54	14,486,664.43
Total (Active + In-Active)		782,126.43	2,025,884.96	2,154,466.02	1,421,507.49	1,180,730.37	1,952,222.49	3,460,176.45	12,977,203.21	3,825,636.48	3,109,144.71	1,591,391.88	6,548,772.64	28,052,148.92
Total Allowance for Doubtful Accounts (Active + In-Active)									1,671,082.00	2,076,938.82	2,819,881.78	1,535,428.29	5,784,233.54	14,486,664.43

Prepared by: JOSEPH D. ESTELA
Accounting Clerk

Certified Correct:

MAGDALENA R. PORTELL
Accountant III

**Samples of Defaulting Concessioners still with Water Line Connections
As of December 31, 2013
By LGU's/ Other Entities**

<u>Acct. No.</u>	<u>Name</u>	<u>Amount</u>	<u>0-30</u>	<u>31-90</u>	<u>91-Over</u>	<u>Total</u>
471-12-132	Tinambac Municipal Health	374,087.63	22,143.00	42,798.80	309,145.83	374,087.63
574-12-359	PNP Station-Presentation	321,375.98	8,758.20	16,343.80	296,273.98	321,375.98
021-12-122	Tigaon Municipal Bldg.	257,897.85	4,268.00	16,486.80	237,143.05	257,897.85
021-12-100	PDA Training Center	243,596.00	8,560.00	4,310.00	230,726.00	243,596.00
571-12-324	AFP/Cabansag, Ervin D.	197,574.17	3,152.60	9,508.40	184,913.17	197,574.17
021-12-011	Tigaon Infirmary Hospital	160,503.80	10,188.20	16,115.00	134,200.60	160,503.80
491-12-001	Tinambac Municipal Plaza	154,367.90	4,239.40	11,424.60	138,703.90	154,367.90
481-12-079	Tinambac Municipal Police	153,108.93	884.40	6,586.80	145,637.73	153,108.93
471-12-131	Tinambac Municipal Bldg	143,268.31	15,393.40	32,331.20	95,543.71	143,268.31
353-12-048	LGU/Public Market C.R.	96,371.95	231.00	510.40	95,630.55	96,371.95
184-12-519	LGU-Goa/Tagongtong	75,826.99	400.40	2,765.40	72,661.19	75,826.99
222-12-197	LGU Public Toilet	75,063.41	8,186.20	19,632.80	47,244.41	75,063.41
092-12-047	SB-Sagnay/Mayor Briones	72,934.98	4,686.00	10,204.00	58,044.98	72,934.98
223-12-156	Goa Municipal Hall - A	70,532.83	2,123.00	7,964.00	60,445.83	70,532.83
035-12-005	LGU Tigaon/Slaughter House	53,276.73	5,783.80	12,854.60	34,638.33	53,276.73
661-12-824	CMC Villa Caramoan Cabana	50,239.09	6,899.20	3,275.80	40,064.09	50,239.09
531-12-239	LGU- Tinambac	42,435.80	3,038.20	7,277.60	32,120.00	42,435.80
223-12-157	Goa Sport Complex - B	39,153.21	2,666.40	2,541.00	33,945.81	39,153.21
231-22-650	Goa cent. Terminal CR #1	38,759.72	2,145.00	4,954.40	31,660.32	38,759.72
025-12-197	LGU-Tigaon/RHU	34,652.99	231.00	462.00	33,959.99	34,652.99
161-12-180	LGU-Garchi:Admin Bldg	32,772.70	700.70	2,615.80	29,456.20	32,772.70
021-12-108	PDA PWSS/Operations	31,210.00	975.00	1,879.00	28,356.00	31,210.00
231-22-651	Goa cent. Terminal CR #2	30,004.23	1,980.00	5,689.20	22,335.03	30,004.23
661-22-966	CMC Villa Caramoan Bldg	26,534.20	462.00	1,907.40	24,164.80	26,534.20
611-22-795	Gota Beach	26,517.62	3,616.80	17,025.80	5,875.02	26,517.62
082-12-211	Sagnay Police Station	25,748.93	3,334.00	5,758.00	16,656.93	25,748.93
032-12-043-A	BJMP-District Jail-Tigaon	22,314.35	5,612.20	10,766.80	5,935.35	22,314.35

<u>Acct. No.</u>	<u>Name</u>	<u>Amount</u>	<u>0-30</u>	<u>31-90</u>	<u>91-Over</u>	<u>Total</u>
081-12-034	Mabca Brgy. Hall	19,024.20	1,522.40	3,788.40	13,713.40	19,024.20
531-12-327	DepEd High School	18,605.85	13,505.80	5,100.05		18,605.85
233-12-357	Goa Municipal Infirmary	18,522.58	231.00	462.00	17,829.58	18,522.58
161-12-181	LGU-Garchi:Treas. Bldg	17,570.84	2,780.80	4,846.60	9,943.44	17,570.84
031-12-105	LGU-Tig./Mkt. Admin. Off.	17,295.98	346.50	693.00	16,256.48	17,295.98
481-12-025	LGU-Tin\Cultural Cntr.	15,278.90	624.80	2,026.20	12,627.90	15,278.90
185-12-018	Lim, Antero	14,924.80	778.80	1,565.30	12,580.70	14,924.80
621-12-337	LGU-Caramoan-CDIC	14,740.15	8,043.20	6,696.95		14,740.15
161-12-041	PNP Garchitorena\Aquino R	14,371.18	2,094.40	6,305.20	5,971.58	14,371.18
101-12-030-B	Nato Port	14,366.00	1,384.00	2,593.00	10,389.00	14,366.00
161-12-409	Garchi Medicare Center	13,571.09	7,728.60	5,842.49		13,571.09
231-32-657	Goa cent. Terminal Off. #3	13,563.47	709.50	1,722.60	11,131.37	13,563.47
183-22-629	Goa Dairy Cooperative	12,152.80	1,020.80	11,132.00		12,152.80
222-12-421	PNP-Goa	11,731.28	831.60	2,402.40	8,497.28	11,731.28
025-22-146	Shepherd Christian School	11,365.20	3,616.80	7,748.40		11,365.20
032-12-041	Hall of Justice- MCTC	10,941.01	1,045.00	1,706.10	8,189.91	10,941.01
		3,088,155.63	176,922.10	338,620.09	2,572,613.44	3,088,155.63

**Samples of Defaulting Concessioners still with Water Line Connections
As of December 31, 2013
By Individual**

<u>Acct. No.</u>	<u>Name</u>	<u>Amount</u>	<u>0-30 DAYS</u>	<u>31-90</u>	<u>91-OVER</u>	<u>Total</u>
061-12-020	Baduria, Maris	140,260.50	499.00	1,182.00	138,579.50	140,260.50
031-12-144	Garchitorena, Claro	139,588.00	1,100.00	1,950.00	136,538.00	139,588.00
013-12-094	Pamor, R./J. Garchitorena	116,746.49	650.10	1,903.00	114,193.39	116,746.49
031-12-194	Melgarejo, Eduardo C.	38,391.10	6,441.60	15,199.80	16,749.70	38,391.10
022-12-170	Del Rosario, Regina	34,924.30	231.00	729.30	33,964.00	34,924.30
351-12-076	Pacamara, Gil P. #2	34,309.40	2,180.20	5,990.60	26,138.60	34,309.40
351-22-075	Pacamara, Marie Jane	33,333.20	5,733.20	11,695.20	15,904.80	33,333.20
		537,552.99	16,835.10	38,649.90	482,067.99	537,552.99

FY 2013 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	<i>Enjoins PDA employees to participate in all PDA Capability building and Advocacy</i>	1. Orientation on anti-sexual harassment shall be organized by PDA	Continuous Seminar on Sexual Harassment Program	June	100% attendance of all PDA employees	not implemented due to hectic schedule (Preparation of GCG Performance Scorecard)
		2. Employees shall have to begin looking forward to the Celebration of Women's Month in March	This activities include physical check-up (pap smear and mammogram exams for women and prostate exam for men), mass calisthenics, parenting workshop, film showing, and "piknik ng magulang"	All PDA employees regardless of appointment Status	100% attendance of all PDA employees	not implemented due to hectic schedule (Preparation of GCG Performance Scorecard)
		3. Proficiency and expertise enhancement shall be given preferential attention for effective and effective public service	a. Values Orientation Workshop In- house Training b. Supervisory Development Course In- house Training	All PDA employees regardless of appointment Status All PDA employees with SG 12 and above regardless of appointment Status	All PDA employees with SG 12 and above regardless of appointment status - P1,000.00 per head for 5 days as required by CSC	no available trainer
			d. Launching and maintenance of PDA Website	All PDA employees with SG 12 and above regardless of appointment Status All PDA employees regardless of appointment Status	20 employees with SG 12 and Above @ P2,000 for 5 days P20,000 per annum for Website Hosting ASTI and P5,000.00 per month for Web Maintenance	attended Leadership Program - "Critical Thinking " & Public Governance Forum instead of Supervisory Development Course updating

PROGRAM/ ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD ACCOMPLISHMENT
B. POLICY DEVELOPMENT AND STRENGTHENING	<i>The program shall make PDA Employees abreast of CSC policies and issuance</i>	<i>CSC Policies and Issuances provides PDA a better position to assess and suggests appropriate plans and programs that are responsive to PDA Employees.</i>	<i>I. Implementation of CSC mandated Monthly Celebration</i>			
			<i>a. BRIGADA AHENSIYA MC 12 s. 2009</i>	<i>All PDA employees regardless of appointment Status</i>	<i>151 employees @ P250.00/head</i>	<i>All PDA Employees joined the activity, held last August 8, 2013</i>
			<i>b. CSC Anniversary</i>	<i>All PDA employees regardless of appointment Status</i>	<i>20 employees with SG 12 and Above @ P100 for 1 day</i>	<i>failed to attend due to hectic schedule (Preparation of GCG Performance Scorecard)</i>
			<i>II. Implementation of CSC Memorandum Circulars</i>			
			<i>a. Policy at Workplace -MC 33 s. 1997</i>	<i>All PDA Workstation</i>	<i>100 % Implemented</i>	<i>100%implemented</i>
			<i>b. Health Awareness Program (MC 38 s. 1992 and MC 8 s. 2011</i>			
			<i>b.1 Sayaw Hataw (CSC MC 21 s. 2009 & CSC MC No. 8 s. 2011)</i>	<i>All PDA employees regardless of appointment Status</i>	<i>Aerobic instructor P20.00 per head per session, 2 sessions per week with 2 classes, 30 heads per class, 8 sessions per month Magnetic Treadmill Manual Stationary Bike 4-in-1 Weight bench Dumbbell set Barbell set</i>	<i>non availability of Fitness Instructor</i>
			<i>b.2 Summer Sports Activity</i>	<i>All PDA employees regardless of appointment Status</i>	<i>151 employees @ P300.00/head</i>	<i>not implemented</i>
			<i>c. Project Talaan and Checklist of Reasonable Working Condition in the Public Sector - MC 30 s. 1994</i>	<i>All PDA Workstation</i>	<i>11 Workstation @ P1,000 per WS</i>	<i>implemented</i>
			<i>d. Special Leave Privileges (CSC MC 6 s. 1996 and MC 6 s. 1999)</i>	<i>All Permanent, Co- Terminuous and Casual Employees</i>	<i>100 % Implemented</i>	<i>implemented</i>
			<i>e. Flexible Working Arrangements (MC 14 s. 1989)</i>	<i>Upon the Discretion of the Administrator</i>	<i>Approved Flexible Working hours</i>	<i>not applicable, Government Working hours only</i>
			<i>f. Modified Maternity Leave (Sec. 4 Rule XVI of the Omnibus Rules)</i>	<i>All Married Female PDA Employees</i>	<i>100 % Implemented</i>	<i>100% implemented per Office Order No.29, s. 2012</i>
			<i>g. Policy on Sexual Harassment in the</i>	<i>All PDA employees regardless of appointment</i>	<i>100 % Implemented</i>	<i>implemented</i>

PROGRAM/ ACTIVITY/ PROJECT	GENDER ISSUE/CONCERN	GAD OBJECTIVE	IDENTIFIED GAD ACTIVITY	TARGET	GAD PERFORMANCE INDICATOR	GAD ACCOMPLISHMENT
	Comprehensive and balanced Personnel System and programs	Promote morale, integrity, efficiency, responsiveness, and courtesy, in the implementation of government wide personnel management programs	I. It is the priority of of PDA to Safeguard its employees' morale and efficiency, and become a courteous citizen who are responsive to the needs of the community. a. PDA Anniversary b. Operation Reach-Out c. Christmas Activity d. Ceremonial & Cultural Development Activities	All PDA employees regardless of appointment Status All PDA employees regardless of appointment Status & PDA BOARD Assigned Employees All PDA employees regardless of appointment Status & PDA BOARD Ceremonial and Launching of Newly Implemented PDA Programs and Projects	As Scheduled 151 employees+24 BOD + 50 guests @ 100/head 30 doctors + 30 Nurses and 20 PDA Staff @ 250/day for 6days 151 employees + 24 BOD+9 consultants 5 new PDA Programs and Projects @ P20,000 per programs and projects	Medical & Surgical Mission held last February 2013 Employees, BOD & Consultants attended Christmas Party held Dec. 8, 2013 no new programs
II. Human Resource Capability Enhancement						
			a. MC No. 8 s. 1999 - Policy on Equal Representation of Women and Men in Third Level Positions in Government b. Directory of Women on the Move - a database of deserving women who are qualified to occupy executive positions in government	"7 habits of highly effective people - Franklin Covey"	All PDA employees with SG 12 and above regardless of appointment Status	attended Performance Management in the Philippines (HR Symposium) held at WaterFront Hotel Cebu City dtd. July 17-18, 2013
				Updated Directory	100% updated	100% updated

Certified correct:
(Signed)

JASMIN P. PENAFLORES
Administrative Officer V

Reviewed by:
(Signed)

ANGELICA P. REGONDOLA
DC I for Admin. & Finance

Attested by:
(Signed)

ROSA B. CATOLICO
Administrator I



