

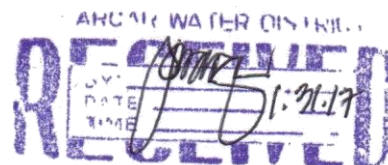


Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VII
Cebu City

January 20, 2017

ENGR. EDWARD L. REMO

General Manager
Carcar Water District
Carcar City, Cebu



Dear GM Remo:

We are pleased to transmit the report on the results of the audit of the accounts and operations of the Carcar Water District for the year ended December 31, 2015, prepared by our Audit Team headed by Teresita N. Coscos as Supervising Auditor and Ms. Bernadette I. Gloria as OIC Audit Team Leader, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The audit was made to (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' unimplemented audit recommendations.

The audit was conducted in accordance with the Philippine Public Sector Standards on Auditing and we believe that it provided a reasonable basis for the audit results. We expressed a qualified opinion on the fairness of the presentation of the financial statements in view of the following exceptions noted that need immediate action.

1. The balance of the Property, Plant and Equipment (PPE) account still cannot be relied upon due to the: (a) unresolved differences between the GL balance, the lapsing schedule and the results of the physical count and (b) carry-over of completed projects in the Construction In Progress (CIP) account. The details are discussed in Part II of the herein report.
2. Four donated lots with a total land area of 282 square meters have not yet been recorded in the books of accounts because of lack of valuation.
3. Ownership of sixteen parcels of land which were either donated to or purchased by the Water District with a total approximate land area of 1,621.5 square meters has

not yet been absolutely established as these properties are still not titled in the name of the Water District.

4. The Allowance for Doubtful Accounts in the amount of P149,651.91 is considered not adequate to fairly present the estimated realizable value of the Accounts Receivable (AR) since a total of P2,102,901.65, which is approximately 43.21% of the AR balance of P4,866,646.88, pertains to inactive accounts with doubtful collectibility. This condition, if not corrected, affects the reliability of the AR balance at year end.

The other audit observations, together with the recommended courses of action which were discussed by the Audit Team with you and your staff in an exit conference on October 25, 2016, are discussed in detail in Part II of the report.

We request that the recommended remedial measures be implemented and we will appreciate being informed of the action(s) taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation (form attached) within 60 days from receipt hereof.

We acknowledge the cooperation and support you and your staff extended to our Audit Team during the audit which facilitated the completion of this report.

Very truly yours,


ALICIA M. MALQUISTO
Regional Director *in COA*

Copy Furnished:

- a. President of the Republic of the Philippines
- b. Vice-President
- c. President of the Senate
- d. Speaker of the House of Representatives
- e. Chairperson-Senate Finance Committee
- f. Chairperson-Appropriations Committee
- g. Secretary of the Department of Budget and Management
- h. Presidential Management Staff, Office of the President
- i. National Library (soft copy)
- j. University of the Philippines (UP) Law Center (soft copy)
- k. COA Commission Central Library (soft copy)

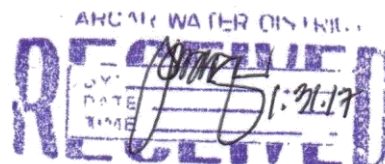


Republic of the Philippines
COMMISSION ON AUDIT
Regional Office No. VII
Cebu City

January 20, 2017

THE BOARD OF DIRECTORS

Carcar Water District
Carcar City, Cebu



Gentlemen:

We are pleased to transmit the report on the results of the audit of the accounts and operations of the Carcar Water District (CWD) for the year ended December 31, 2015, prepared by our Audit Team headed by Teresita N. Coscos as Supervising Auditor and Ms. Bernadette I. Gloria as OIC Audit Team Leader, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

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In a separate transmittal letter of even date, we requested the General Manager to take appropriate actions on the current and prior year's audit recommendations as contained in the attached report and to inform us of the actions taken thereon within 60 days from receipt of the COA Annual Audit Report.

We acknowledge the cooperation and support extended by the CWD Management to our auditors during the audit that facilitated the completion of the report.

Very truly yours,



ALICIA M. MALQUISTO
Regional Director

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- a. President of the Republic of the Philippines
- b. Vice-President
- c. President of the Senate
- d. Speaker of the House of Representatives
- e. Chairperson-Senate Finance Committee
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