

**ANNUAL AUDIT REPORT**

**on the**

**CARCAR WATER DISTRICT**

**(CWD)**

**For the Year Ended December 31, 2021**

## EXECUTIVE SUMMARY

### A. INTRODUCTION

The Carcar Water District (CWD) is a government-owned and controlled corporation created and existing by virtue of Presidential Decree No. 198, as amended. A Certificate of Conformance, Certificate No. 117 was issued by the Local Water Utilities Administration (LWUA) to CWD on May 30, 1980 validating its operations as one of the water districts of the country. Effective November 2014, upon the approval of the LWUA, CWD was re-categorized from Category C to Category B Water District.

The primary objective of CWD is to provide sufficient potable water to the residents of Carcar City utilizing available sources of water and applying appropriate water treatment measures to ensure that water is safe for the consumption of its concessionaires.

As of December 31, 2021, CWD had a total workforce of 117 employees composed of 115 regular personnel, and two (2) casual employees. CWD is headed by General Manager Edward L. Remo.

CWD's Non-Revenue Water (NRW) as of December 31, 2021 was 17.24% which is within the maximum acceptable rate of 20%, as set under the Local Water Utilities Administration (LWUA) Board Resolution No. 444, series of 2009 as amended. CWD is also International Organization for Standardization (ISO)-Certified since 2016.

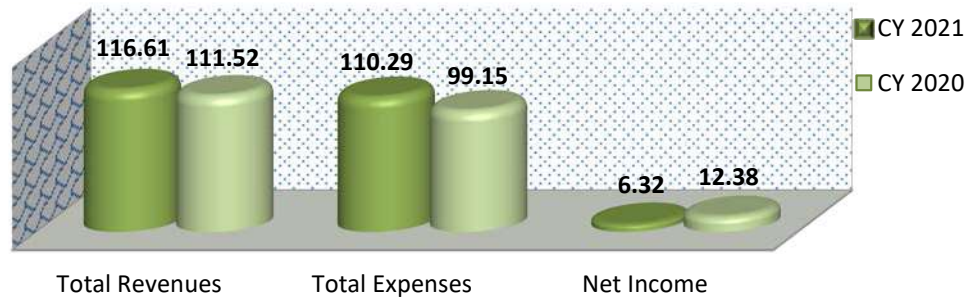
### B. FINANCIAL HIGHLIGHTS

The financial position and results of operations for CYs 2020 and 2021 are summarized in the following graphs:



**Results of Operations**

in Millions of  
Philippine Pesos



CWD’s net income went down by 48.93% in CY 2021 mainly due to the increase in Personnel Services which is attributable to the regularization of 29 employees (from 86 in CY 2020 to 115 in CY 2021).

**C. OPERATIONAL HIGHLIGHTS**

The following are among the reported accomplishments of the Water District for the year 2021 as compared with that of the previous year:

Category	2021	2020	Increase (Decrease)
<b>Service Connections</b>			
Total Services	24,667	22,746	1,921
Total Active	20,529	20,751	(222)
Total Metered	20,529	20,751	(222)
Total Billed Concessionaires	22,482	20,618	1,864
<b>Water Production</b>			
Pumped	3,766,276 m <sup>3</sup>	3,739,862 m <sup>3</sup>	26,414 m <sup>3</sup>
Gravity	2,740,366 m <sup>3</sup>	2,689,894 m <sup>3</sup>	50,472 m <sup>3</sup>

**D. SCOPE OF AUDIT**

The audit covered the financial transactions of CWD for CY 2021. The objectives of the audit were primarily 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. On a test basis, it also included a review on the propriety of disbursements and other financial transactions to determine whether or not the transactions were made in accordance with existing laws, rules and regulations.

The general audit instructions for the conduct of the CY 2021 Audit of the Water Districts were likewise considered, when applicable.

**E. AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS**

We rendered an unmodified opinion on the fairness of presentation of the financial statements of the CWD as at December 31, 2021.

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

The following were among the significant observations, with the corresponding audit recommendations, which are discussed in detail in Part II of the herein report:

1. The accuracy and existence of the recorded Property, Plant and Equipment (PPE) account balance with net carrying amount of ₱163.37 million as at December 31, 2021 cannot be totally ascertained due to: (a) variance between the balance in the General Ledger (GL) and the results of the physical count of PPE with net book value of ₱8,560.00; and (b) inclusion of several items totaling ₱38,472.80 which are below the capitalization threshold. These are contrary to Paragraph 15 of Philippine Accounting Standards (PAS) 1 and Section 5.4 of COA Circular No. 2016-006, thereby overstating the PPE account by ₱47,032.80.

We recommended and Management agreed to require the Inventory Committee and the Accounting Division to trace the whereabouts of the unlocated PPE items. The Accounting Division must make the necessary adjusting entries in the books of accounts, if the Inventory Committee ascertain that the unlocated PPE items were already disposed (with proper supporting documents).

We also recommended that Management instruct the Accounting Division to draw the adjusting journal entry to correct the erroneous recognition of the items below the capitalization threshold of ₱15,000.00 in the PPE account. Below is the proposed adjusting entry (if the books are not yet closed as of year-end):

Retained Earnings	₱ 38,472.80
Office Equipment	₱ 38,472.80

2. There were indications of splitting of some purchase contracts in the procurement of goods, contrary to Section 54.1 of the Revised Implementing Rules and Regulations (RIRR) of RA 9184 and COA Circular No. 76-41. As a result, posting requirements under the procurement law was avoided.

We recommended that Management instruct the BAC to follow strictly the provisions of COA Circular No. 76-41 and the RIRR of RA 9184, particularly on the splitting of government contracts. This is to avoid disallowance of the said transactions/payments.

3. Disbursements for goods and other expenses amounting to ₱101,451.00 were made thru reimbursement instead of checks to the supplier, contrary to Section 172 of the Government Accounting and Auditing Manual (GAAM), Volume I and the provisions of 2016 Revised Implementing Rules and Regulations (RIRR) of R.A. No. 9184. Further, these were not supported with the required documents, contrary to COA Circular no. 2012-001.

We recommended that Management discontinue the procurement of goods and services thru reimbursement; and to pay the same through check. Transactions which cannot be paid practically in check may pay using the petty cash fund, where applicable. The BAC shall resort to public bidding and alternative modes of procurement, where applicable, based on the approved annual procurement plan, as required under the RIRR of RA 9184; and

4. Net take home pay of some CWD employees fall below the statutory requirement of ₱5,000.00 per month, which is contrary to Section 49 of RA No. 11518 or the General Appropriations Act (GAA) of 2021.

We recommended that Management require the Accounting Division and the Human Resource Division to strictly adhere to the instructions specifically provided in the GAA relative to the required monthly net take home pay for government employees in a particular year.

#### **G. GENDER AND DEVELOPMENT**

CWD had prepared a Gender and Development (GAD) Plan and Budget (GPB) for CY 2021 which allotted ₱13.85 million for GAD activities or 9.76% of the total budget of ₱141.90 million. The total utilization for GAD activities was ₱16.75 million or about 120.94% of the GAD Budget, and 11.80% of CWD's budget.

CWD had prepared a GAD Survey to support their CY 2021 GPB.

#### **H. COMPLIANCE WITH TAX LAWS**

The regulations of the Bureau of Internal Revenue (BIR) on the withholding of required taxes were substantially complied with by CWD. The withheld taxes were remitted regularly to the BIR along with the franchise tax due from CWD as seller of water. The following are the details of the taxes remitted to the BIR for CY 2021:

<b>Code</b>	<b>Tax Description</b>	<b>Amount</b>
1601-E	Expanded W/holding Tax	₱ 1,375,609.75
1601-C	W/holding Tax - Compensation	1,495,035.40

<b>Code</b>	<b>Tax Description</b>	<b>Amount</b>
1600	VAT	2,097,647.19
2551-M	Franchise Tax	2,032,377.86
<b>Total</b>		<b>₱ 7,000,670.20</b>

**I. COMPLIANCE WITH REPUBLIC ACT 8291 (GSIS ACT OF 1997)**

CWD has consistently deducted from the salaries of their employees the mandatory GSIS Life and Retirement insurance premiums (personal share) and loan repayments. These deductions and the government share for the employees' insurance premiums were remitted to the GSIS on time. The following were remitted in CY 2021:

<b>Transactions Covered by the Remittance</b>	<b>Amount</b>
GSIS Life and Retirement Premiums (Government Share)	₱ 3,569,186.06
Employees Compensation Contributions	134,400.00
GSIS Life and Retirement Premiums (Personal Share)	2,678,774.15
Consolidated Loan Repayments	725,133.58
Educational Assistance Loan	18,850.29
Emergency Loan	218,301.48
Policy Loan	8,900.00
Policy Loan - Optional	2,844.00
Multi-Purpose Loan	1,155,295.51
Home Emergency	4,916.65
GSIS Financial Assistance Loan (GFAL) II	1,150,655.62
<b>Total</b>	<b>₱ 9,667,257.34</b>

**J. IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

We followed up the actions taken by Management on the implementation of the 30 prior years' audit recommendations and noted that 16 were fully implemented, six were partially implemented and eight were not implemented as at December 31, 2021.

**K. STATUS OF SETTLEMENT OF SUSPENSIONS, DISALLOWANCES AND CHARGES**

The outstanding audit disallowance of CWD as of December 31, 2021 amounted to ₱25,000.00.

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# **PART I**

## **Audited Financial Statements**

**Independent Auditor's Report**

**Statement of Management's Responsibility for Financial Statement**

**Statement of Financial Position**

**Statement of Comprehensive Income**

**Statement of Cash Flows**

**Statement of Changes in Equity**

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## **PART II**

### **DETAILED OBSERVATIONS AND RECOMMENDATIONS**

## **PART III**

### **STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEARS' UNIMPLEMENTED AUDIT RECOMMENDATIONS**

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## ANNEXES

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REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
**REGIONAL OFFICE NO. VII**

M.J. Cuenco Avenue, Corner V. Sotto Street, 6000 Cebu City

**INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF DIRECTORS**

Carcar Water District  
Carcar City, Cebu

**Unmodified Opinion**

We have audited the financial statements of the Carcar Water District (CWD), which comprise the Statement of Financial Position as at December 31, 2021 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CWD as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

**Basis for Unmodified Opinion**

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance of the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

Those charged with governance are responsible for overseeing the Water District's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

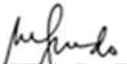

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud, may involve collusion, forgery, intentional omissions, misrepresentations, or other override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 CWD's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the CWD's ability to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence and where applicable, related safeguards.

**COMMISSION ON AUDIT**

**By:**

  
**ALITA R. FERNANDO**  
State Auditor IV   
OIC-Supervising Auditor

30 May 2022



## CARCAR WATER DISTRICT

San Vicente St., Pob. I, Carcar City, Cebu, Philippines  
Tel. No. 487-9141 / 487-8500  
[www.carcarwaterdistrict.gov.ph](http://www.carcarwaterdistrict.gov.ph)



Management  
System  
ISO 9001:2015




[www.tuv.com](http://www.tuv.com)  
ID: 9108633897

### STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Carcar Water District is responsible for the preparation of the financial statements as at December 31, 2021, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of Carcar Water District in accordance with the Philippine Financial Reporting Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

  
**DR. MERLEA A. CABALQUINTO**  
Chairman, Board of Directors

January 27 2022

Date Signed

  
**ENGR. EDWARD L. REMO**  
General Manager

January 27 2022

Date Signed

  
**JOSEFA SALVACION N. MANUGAS**  
Department Manager

January 27 2022

Date Signed



**CARCAR WATER DISTRICT**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**CORPORATE FUND**  
**AS AT DECEMBER 31, 2021**  
(With Comparative Figures For The Year Ended December 31, 2020)

	Note	2021	2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	₱ 6,456,769.36	₱ 16,902,219.13
Receivables	5	11,355,492.75	8,493,125.31
Inventories	6	6,801,928.67	9,177,229.85
Other Current Assets	9	1,280,361.24	821,128.66
<b>Total Current Assets</b>		<b>25,894,552.02</b>	<b>35,393,702.95</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	7	187,403,909.09	174,907,371.71
Intangible Assets	8	25,000.00	71,550.08
Other Non-Current Assets	9	6,501,746.81	4,559,071.60
<b>Total Non - Current Assets</b>		<b>193,930,655.90</b>	<b>179,537,993.39</b>
<b>Total Assets</b>		<b>₱ 219,825,207.92</b>	<b>₱ 214,931,696.34</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	10	₱ 19,569,045.69	₱ 12,706,948.85
Inter-Agency Payables	11	2,012,683.41	1,722,943.74
Trust Liabilities	12	3,940,692.43	3,580,245.53
Other Payables	13	2,050,641.01	515,196.09
<b>Total Current Liabilities</b>		<b>27,573,062.54</b>	<b>18,525,334.21</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	10	40,376,480.31	47,786,643.85
Deferred Credits/Unearned Income	15	538,480.05	3,476,896.86
Provisions	14	8,441,232.77	6,964,439.19
<b>Total Non-Current Liabilities</b>		<b>49,356,193.13</b>	<b>58,227,979.90</b>
<b>Total Liabilities</b>		<b>₱ 76,929,255.67</b>	<b>₱ 76,753,314.11</b>
<b>EQUITY</b>			
Government Equity		₱ 3,579,817.53	₱ 3,579,817.53
Retained Earnings/(Deficit)		139,316,134.72	134,598,564.70
<b>Total Equity</b>		<b>₱ 142,895,952.25</b>	<b>₱ 138,178,382.23</b>
<b>Total Liabilities and Equity</b>		<b>₱ 219,825,207.92</b>	<b>₱ 214,931,696.34</b>

*See accompanying Notes to Financial Statements.*

**CARCAR WATER DISTRICT**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**CORPORATE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Comparative Figures For The Year Ended December 31, 2020)

	Note	2021	2020
<b>Income</b>			
Service and Business Income	16	₱ 110,941,124.25	₱ 106,379,060.76
Shares, Grants and Donations	16	5,524,436.22	5,062,914.02
Other Non-Operating Income	16	146,468.31	81,661.12
<b>Total Income</b>		<b>₱ 116,612,028.78</b>	<b>₱ 111,523,635.90</b>
<b>Expenses</b>			
Personnel Services	17	₱ 51,096,481.38	₱ 44,996,467.45
Maintenance and Other Operating Expenses	18	41,444,077.18	38,566,421.60
Financial Expenses	19	2,380,078.35	2,676,505.75
Non-Cash Expenses	20	15,370,566.96	12,907,521.58
<b>Total Expenses</b>		<b>₱ 110,291,203.87</b>	<b>₱ 99,146,916.38</b>
<b>Comprehensive Income/(Loss)</b>		<b>₱ 6,320,824.91</b>	<b>₱ 12,376,719.52</b>

*See accompanying Notes to Financial Statements.*

**CARCAR WATER DISTRICT**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**CORPORATE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Comparative Figures For The Year Ended December 31, 2020)

	Note	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash Inflows</b>			
Collection of Income/Revenue	P	107,356,998.95	P 108,121,892.90
Collection of Receivables		5,932,110.84	-
Trust Receipts		69,400.00	-
Other Receipts		256,429.50	64,998.28
<b>Total Cash Inflows</b>		<b>113,614,939.29</b>	<b>108,186,891.18</b>
Adjustments		674,264.54	1,403,144.12
<b>Adjusted Cash Inflows</b>		<b>114,289,203.83</b>	<b>109,590,035.30</b>
<b>Cash Outflows</b>			
Payment of Expenses		59,532,240.00	62,008,626.58
Purchase of Inventories		8,219,565.47	20,238,801.39
Grant of Cash Advances		-	-
Payments of Accounts Payable		1,447,308.29	850,618.39
Remittance of Personnel Benefit Contributions & Mandatory Deductions		22,244,610.71	18,189,194.85
Other Disbursements		669,652.00	307,509.67
<b>Total Cash Outflows</b>		<b>92,113,376.47</b>	<b>101,594,750.88</b>
Adjustments		1,175,490.17	850,618.39
<b>Adjusted Cash Outflows</b>		<b>93,288,866.64</b>	<b>102,445,369.27</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>21,000,337.19</b>	<b>7,144,666.03</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Purchase/Construction of Property, Plant and Equipment		21,987,830.95	5,416,981.09
<b>Total Cash Outflows</b>		<b>21,987,830.95</b>	<b>5,416,981.09</b>
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>(21,987,830.95)</b>	<b>(5,416,981.09)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash Outflows</b>			
Payment of Long-Term Liabilities		7,080,284.52	5,562,601.99
Payment of Interest on Loans and Other Financial Charges		2,377,671.49	2,676,405.75
<b>Total Cash Outflows</b>		<b>9,457,956.01</b>	<b>8,239,007.74</b>
<b>Net Cash Provided By/(Used In) Financing Activities</b>		<b>(9,457,956.01)</b>	<b>(8,239,007.74)</b>
<b>Cash Provided by Operating, Investing and Financing Activities</b>		<b>(10,445,449.77)</b>	<b>(6,511,322.80)</b>
<b>Add: Cash and Cash Equivalents, January 1</b>		<b>16,902,219.13</b>	<b>23,413,541.93</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	4 P	<b>6,456,769.36</b>	<b>P 16,902,219.13</b>

*See accompanying Notes to Financial Statements.*

**CARCAR WATER DISTRICT**  
**STATEMENT OF CHANGES IN EQUITY**  
**CORPORATE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With Comparative Figures For The Year Ended December 31, 2020)

	Retained Earnings/ (Deficit)	Government Equity	TOTAL
<b>BALANCE AT JANUARY 1, 2020</b>	₱ 127,183,428.13	3,549,905.53	130,733,333.66
<b>CHANGES IN EQUITY FOR 2020</b>			
Comprehensive Income for the year	12,376,719.52		12,376,719.52
Other Adjustments	(4,961,582.95)	29,912.00	(4,931,670.95)
<b>BALANCE AT DECEMBER 31, 2020</b>	₱ 134,598,564.70	₱ 3,579,817.53	₱ 138,178,382.23
<b>CHANGES IN EQUITY FOR 2020</b>			
Comprehensive Income for the year	6,320,824.91		6,320,824.91
Other Adjustments	(1,603,254.89)		(1,603,254.89)
<b>BALANCE AT DECEMBER 31, 2021</b>	₱ 139,316,134.72	₱ 3,579,817.53	₱ 142,895,952.25

**CARCAR WATER DISTRICT**  
Notes to Financial Statements  
For the year ended December 31, 2021

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**1. GENERAL INFORMATION**

Carcar Water District (CWD) is a government owned and controlled corporation created and existing by virtue of Presidential Decree 198, as amended. A Certificate of Conformance, Certificate No. 117, was issued by the Local Water Utilities Administration (LWUA) to CWD on May 30, 1980 validating its operations as one of the water districts of the country. Under the Revised Local Water District Manual on Categorization Re-Categorization and Other Matters (LWD-MaCRO), CWD was re-categorized to Category “B” effective November 2014.

The primary objective of the Water District is to provide sufficient potable water to the residents of the town of Carcar (now a City) utilizing available sources of water and applying appropriate water treatment measures to ensure that water is safe for the consumption of the concessionaires.

In compliance with Philippine Accounting Standard (PAS) No. 10, the accompanying CY 2021 financial statements of CWD were authorized for issue thru Board Resolution No. 4, series of 2022 dated January 27, 2022.

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**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2.1 *Statement of Compliance***

The Water District’s financial statements were previously prepared in accordance with the uniform and standard accounting system prescribed by LWUA. With the issuance of Commission on Audit (COA) Circular No. 2016-006 dated December 29, 2016, which is the implementing guidelines of COA Circular No. 2015-010 dated December 1, 2015, the District’s financial statements for the year ended December 31, 2021 have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS).

*PAS 1, Presentation of Financial Statements*, provides framework of financial statements presentation. It requires more specific statement of financial position line items as applicable to the entity. The standard requires presentation of comparative financial statements and information.

*PAS 2, Inventories*, Inventories are valued at the lower of cost or net realizable value. Cost is determined using the moving average method. Per COA Circular No. 2015-010 dated December 1, 2015 [adoption of the Revised Chart of Accounts for Government Corporations (GCs)], property, plant and equipment (PPE) with cost below ₱15,000.00 are classified as Semi Expendable Inventory.

*PAS 16, PPE*, provides additional guidelines and clarification on recognition and measurement of items of PPE. It also provides that each part of an item, PPE with a cost that is in significant relation to the total cost of the item shall be depreciated separately. PPE with cost of below ₱15,000.00 per COA Circular No. 2015-010 dated December 1, 2015 (adoption of the Revised Chart of Accounts for GCs) are reclassified as Semi-Expendable Equipment.

*PAS 19, Employee Benefits*, the objective of this standard is to prescribe the accounting and disclosure of employee benefits (that is all forms of consideration given by an entity in exchange of service rendered by employees). The standard requires an entity to recognize a liability when an employee has provided services in exchange for employee benefits to be paid in the future; and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

*PAS 36, Impairment of Assets*, provides that an asset is impaired when its carrying amount exceeds its recoverable amount. Indications of impairments are the following: obsolescence or physical damage; asset is held for disposal and there is evidence that the economic performance of an asset is, or will be, worse than expected.

## **2.2 *Basis of Preparation of Financial Statements***

The financial statements of CWD have been prepared using the historical cost basis, unless stated otherwise, and are presented in Philippines Peso (₱), which is the District's functional and presentation currency.

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 *Basis of Accounting***

The Water District's financial statements are prepared on an accrual basis in accordance with the PFRS.

### **3.2 *Cash and Cash Equivalents***

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of changes in values. Due to the short term maturity of the transaction, the fair value of cash and cash equivalents approximates the amount at the time of initial recognition. These deposits earn interest at the prevailing market rate.

### **3.3 *Receivable***

Receivables are recognized and carried at original billed amount. Allowance for Impairment-Accounts Receivable is set-up in order to serve as back-up for potential losses on receivables.

### **3.4 *Inventories***

Inventories are assets that are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventory is measured at cost upon initial recognition. The Water District includes in the cost of inventories all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories are stated at a weighted average cost method. Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period.

Inventories are recognized as an expense when deployed for the utilization or consumption in the ordinary course of operations of the Water District.

### **3.5 *Prepaid Expenses***

Prepaid expenses are individually measured at transaction costs and are subsequently amortized as they are used in operations or as they expire with the passage of time. These typically include prepayments on insurance, subscriptions and other prepaid expenses.

### 3.6 *PPE*

#### **Recognition**

An item is recognized as PPE if it meets the characteristics and recognition criteria as PPE, as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.

An item of PPE is recognized as an asset if:

- it is probable that the future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

#### **Measurement at Recognition**

An item recognized as PPE is measured at cost. A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

The cost of the PPE is the cash price equivalent at the recognition date or, for PPE acquired through non cash-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and;
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.



## **Measurement after Recognition**

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the Water District recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as expense in the statement of comprehensive income as incurred.

## ***Depreciation***

Depreciation is a method of allocating the cost of a tangible asset over its estimated useful life. Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

## **Initial Recognition of Depreciation**

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month.

## **Depreciation Method**

The straight-line method of depreciation is adopted unless another method is more appropriate for agency operation. The residual value of the PPE is deducted in computing for its depreciation.

## **Estimated Useful Life**

CWD uses the life span of PPE prescribed by COA in determining the specific estimated useful life for each asset based on its experience.

As of the moment CWD uses a residual value equivalent to at least five per cent of the cost of the PPE.

### Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. Regular review of the Water District's PPE shall determine if there are items that may be impaired.

### Derecognition

The Water District derecognizes items of PPE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

## 3.7 *Intangible Assets*

### **Recognition and Measurement**

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost comprising of a) its purchase price including import duties and non-refundable taxes after deducting trade discounts and rebates; b) any directly attributable cost of preparing the asset for its intended use.

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

- recognized as an expense when incurred if it is research expenditure;
- recognized as an expense when incurred if it is development expenditure that does not satisfy the criteria for recognition as an intangible asset; and
- added to the carrying amount of the acquired in-process research or development project if it is development expenditure that satisfies the recognition criteria for intangible assets.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date these were acquired.

### ***Internally Generated Intangible Assets***

In the recognition of internally generated intangible asset, the entity shall classify the generation of an asset into a) research phase and b) development phase.

#### Recognition of an Expense and Cost of the Asset

Expenditures on research phase shall be recognized as expenses when they are incurred. In the development phase, an entity in some instances identifies an intangible asset and demonstrates that the asset will generate probable future economic benefits. Cost of an internally generated intangible asset comprises of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

#### Subsequent Measurement

The useful life of intangible assets is assessed as either finite or indefinite. An intangible asset with a finite life is amortized over its useful life while the intangible asset with infinite useful life will not be amortized.

The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful life or an intangible asset not yet available for use is assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the profit and loss as expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit and loss when the asset is derecognized.

### 3.8 *Revenue and Expense Recognition*

Revenue is the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an entity (such as sales of goods, sales of services, interest, royalties, and dividends). Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Water District and the amount of revenue can be measured reliably.

The Water District recognizes the revenue when the related water services are rendered to the customers. Water services are billed every month according to the bill cycles of the customers.

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## 4. CASH AND CASH EQUIVALENTS

This account comprises of the following:

	2021	2020
Cash in Bank	₱ 1,939,782.35	₱ 12,093,625.26
Time Deposits - Local Currency	2,781,830.85	4,263,791.10
Cash on Hand	1,735,156.16	544,802.77
<b>Total</b>	<b>₱ 6,456,769.36</b>	<b>₱ 16,902,219.13</b>

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## 5. RECEIVABLES

This account consists of:

	2021	2020
Accounts Receivable	₱ 11,163,753.83	₱ 7,977,549.89
Allowance for Impairment–Accounts Receivable	(2,473,009.93)	(2,451,822.50)
Net Value – Accounts Receivable	8,690,743.90	5,525,727.39
Due from Local Government Units	150,000.00	150,000.00
Other Receivables	2,426,549.27	2,729,897.18
Receivables – Disallowance/Charges	23,219.15	23,219.15
Due from Officers and Employees	64,980.43	64,281.59
<b>Receivables, net</b>	<b>₱ 11,355,492.75</b>	<b>₱ 8,493,125.31</b>

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## 6. INVENTORIES

The details of this account are:

	2021	2020
<b>Inventory Held for Consumption</b>		
Beginning Balance	₱ 9,177,229.85	₱ 7,562,508.72
Additions/Acquisitions during the year	24,167,450.98	24,491,336.72
Expensed during the year except write-down	(26,542,752.16)	(22,876,615.59)
<b>Total Inventory Held for Consumption</b>	₱ 6,801,928.67	₱ 9,177,229.85

Inventories held for consumption are mainly for the consumption in the ordinary course of the operation. Office Supplies, Chemical and Filtering Supplies, Accountable Forms, Plates and Stickers Inventory, Construction Materials Inventory, Semi-Expendable Inventory and Other Supplies and Materials Inventory are the type of inventory maintained by the CWD and inventoried using the weighted average method.

**7. PPE**

The details of this account are:

	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures	Construction in Progress	Total
<i>As at December 31, 2021</i>								
<b>Carrying Amount, January 1, 2021</b>	<b>₱ 3,511,605.84</b>	<b>₱ 90,472,753.31</b>	<b>₱ 40,093,306.39</b>	<b>₱ 15,252,016.48</b>	<b>₱ 4,174,019.95</b>	<b>₱ 945,659.08</b>	<b>₱ 20,458,010.66</b>	<b>₱ 174,907,371.71</b>
Additions/Acquisitions	0.00	10,616,482.81	7,807,435.29	6,045,266.62	0.00	924,692.83	59,614.13	25,453,491.68
<b>Total</b>	<b>3,511,605.84</b>	<b>101,089,236.12</b>	<b>47,900,741.68</b>	<b>21,297,283.10</b>	<b>4,174,019.95</b>	<b>1,870,351.91</b>	<b>20,517,624.79</b>	<b>200,360,863.39</b>
Disposals/Reclassification	0.00	(142,522.45)	0.00	(602,391.00)	(8,678.08)	(7,079.70)	0.00	(760,671.23)
Depreciation	0.00	(4,106,335.58)	(4,254,008.65)	(3,108,851.56)	(568,520.28)	(296,221.85)	0.00	(12,333,937.92)
Impairment Loss/Impairment Loss Reversal	0.00	(8,813.46)	0.00	88,863.72	52,899.79	4,704.80	0.00	137,654.85
<b>Carrying Amount, December 31, 2021</b>	<b>3,511,605.84</b>	<b>96,831,564.63</b>	<b>43,646,733.03</b>	<b>17,674,904.26</b>	<b>3,649,721.38</b>	<b>1,571,755.16</b>	<b>20,517,624.79</b>	<b>187,403,909.09</b>
Gross Cost	3,511,605.84	163,043,410.58	57,348,129.79	31,473,211.39	7,746,346.79	3,074,332.33	20,517,624.79	286,714,661.51
Accumulated Depreciation	0.00	(66,095,141.02)	(13,701,396.76)	(13,616,414.27)	(4,085,596.56)	(1,494,457.86)	0.00	(98,993,006.47)
Accumulated Impairment Loss	0.00	(116,704.93)	0.00	(181,892.86)	(11,028.85)	(8,119.31)	0.00	(317,745.95)
<b>Net Book Value</b>	<b>₱ 3,511,605.84</b>	<b>₱ 96,831,564.63</b>	<b>₱ 43,646,733.03</b>	<b>₱ 17,674,904.26</b>	<b>₱ 3,649,721.38</b>	<b>₱ 1,571,755.16</b>	<b>₱ 20,517,624.79</b>	<b>₱ 187,403,909.09</b>

	Land	Infrastructure Assets	Buildings and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture & Fixtures	Construction in Progress	Total
<b>As at December 31, 2020</b>								
<b>Carrying Amount, January 1, 2020</b>	<b>₱ 3,511,605.84</b>	<b>₱ 84,400,291.20</b>	<b>₱ 10,477,577.01</b>	<b>₱ 10,105,442.38</b>	<b>₱ 4,391,954.18</b>	<b>₱ 784,461.48</b>	<b>₱ 50,097,521.89</b>	<b>₱ 163,768,853.98</b>
Additions/Acquisitions	0.00	10,038,543.50	34,094,515.41	7,781,589.86	499,000.00	416,756.19	17,061,430.66	69,891,835.62
<b>Total</b>	<b>3,511,605.84</b>	<b>94,438,834.70</b>	<b>44,572,092.42</b>	<b>17,887,032.24</b>	<b>4,890,954.18</b>	<b>1,201,217.67</b>	<b>67,158,952.55</b>	<b>233,660,689.60</b>
Disposals/Reclassification	0.00	0.00	(1,390,528.48)	(19,642.44)	0.00	(1,735.00)	(46,700,941.89)	(48,112,847.81)
Depreciation	0.00	(3,858,189.92)	(3,088,257.55)	(2,344,616.74)	(653,005.59)	(240,999.48)	0.00	(10,185,069.28)
Impairment Loss	0.00	(107,891.47)	0.00	(270,756.58)	(63,928.64)	(12,824.11)	0.00	(455,400.80)
<b>Carrying Amount, December 31, 2020</b>	<b>3,511,605.84</b>	<b>90,472,753.31</b>	<b>40,093,306.39</b>	<b>15,252,016.48</b>	<b>4,174,019.95</b>	<b>945,659.08</b>	<b>20,458,010.66</b>	<b>174,907,371.71</b>
Gross Cost	3,511,605.84	152,467,199.59	49,540,694.50	25,916,653.77	7,746,346.79	2,149,639.50	20,458,010.66	261,790,150.65
Accumulated Depreciation	0.00	(61,886,554.81)	(9,447,388.11)	(10,393,880.71)	(3,508,398.20)	(1,191,156.31)	0.00	(86,427,378.14)
Accumulated Impairment Loss	0.00	(107,891.47)	0.00	(270,756.58)	(63,928.64)	(12,824.11)	0.00	(455,400.80)
<b>Net Book Value</b>	<b>₱ 3,511,605.84</b>	<b>₱ 90,472,753.31</b>	<b>₱ 40,093,306.39</b>	<b>₱ 15,252,016.48</b>	<b>₱ 4,174,019.95</b>	<b>₱ 945,659.08</b>	<b>₱ 20,458,010.66</b>	<b>₱ 174,907,371.71</b>

## 8. INTANGIBLE ASSETS

The details of this account are:

	2021	2020
<b>Computer Software</b>		
<i>Cost</i>		
Beginning Balance	₱ 825,524.00	₱ 825,524.00
Additions	0.00	0.00
Disposals/Reclassification	0.00	0.00
Balance, end of the year	825,524.00	825,524.00
<i>Accumulated Amortization</i>		
Beginning Balance	753,973.92	717,873.96
Adjustments/Reclassification		
Amortization	46,550.08	36,099.96
Balance, end of the year	800,524.00	753,973.92
<b>Net Value – Computer Software</b>	₱ 25,000.00	₱ 71,550.08

## 9. OTHER ASSETS

This is composed of the following:

	2021	2020
<b>Other Current Assets</b>		
Advances	₱ 0.00	₱ 0.00
Prepayments	491,799.84	200,567.26
Deposits	788,561.40	620,561.40
<b>Total Other Current Assets</b>	1,280,361.24	821,128.66
<b>Other Non-Current Assets</b>		
Restricted Fund	3,396,078.31	3,394,323.14
Other Assets	3,105,668.50	1,164,748.46
<b>Total Other Non-Current Assets</b>	6,501,746.81	4,559,071.60
<b>Total Other Assets</b>	₱ 7,782,108.05	₱ 5,380,200.26

## 10. FINANCIAL LIABILITIES

These are the composition of this account:

	2021	2020
Payables		
Accounts Payable	₱ 10,977,786.70	₱ 5,283,011.33
Due to Officers and Employees	1,181,095.45	343,653.00



	2021	2020
Bills/Bonds/Loans Payable		
Loans Payable - Domestic	7,410,163.54	7,080,284.52
<b>Financial Liabilities – Current</b>	<b>19,569,045.69</b>	<b>12,706,948.85</b>
Bills/Bonds/Loans Payable		
<b>Loans Payable - Domestic</b>	<b>40,376,480.31</b>	47,786,643.85
<b>Financial Liabilities – Non-Current</b>	<b>40,376,480.31</b>	47,786,643.85
<b>Total Financial Liabilities</b>	<b>₱ 59,945,526.00</b>	<b>₱ 60,493,592.70</b>

#### 11. INTER-AGENCY PAYABLES

This account is composed of the following:

	2021	2020
Due to GSIS	₱ 880,127.99	₱ 702,329.24
Due to BIR	887,836.37	789,587.16
Due to Government Corporations	75,497.15	75,497.15
Due to Pag-IBIG	94,935.45	103,061.58
Due to PhilHealth	74,286.45	52,468.61
<b>Total Inter-Agency Payables</b>	<b>₱ 2,012,683.41</b>	<b>₱ 1,722,943.74</b>

#### 12. TRUST LIABILITIES

This account is composed of the following:

	2021	2020
Customers' Deposits Payable	₱ 539,160.85	₱ 753,136.85
Guaranty/Security Deposits Payable	3,401,531.58	2,827,108.68
<b>Total Trust Liabilities</b>	<b>₱ 3,940,692.43</b>	<b>₱ 3,580,245.53</b>

#### 13. OTHER PAYABLES

This account is composed of the following:

	2021	2020
Premiums Payable	₱ 810.00	₱ 810.00
Other Payables - BAC	2,739.00	0.00
Other Payables – Provident Fund	1,942,392.76	497,785.27
Other Payables – CFI Cooperative	4,853.04	3,311.04
Other Payables – DBP	15,881.80	1,193.77

	2021	2020
Other Payables – CAWDEU*	15,800.00	4,250.00
Other Payables – Others	3,164.41	7,846.01
Other Payables – JO Gratuity Pay	65,000.00	0.00
<b>Total</b>	<b>₱ 2,050,641.01</b>	<b>₱ 515,196.09</b>

\*Carcar Water District Employees' Union Contributions

#### 14. PROVISIONS

This account is composed of the following:

	2021	2020
Leave Benefits Payable	₱ 8,441,232.77	₱ 6,964,439.19
<b>Total</b>	<b>₱ 8,441,232.77</b>	<b>₱ 6,964,439.19</b>

#### 15. DEFERRED CREDITS/UNEARNED INCOME

This account is composed of the advance payments made by the concessionaires on their water bills.

	2021	2020
Other Unearned Revenue/Income	₱ 538,480.05	₱ 3,476,896.86
<b>Total</b>	<b>₱ 538,480.05</b>	<b>₱ 3,476,896.86</b>

#### 16. INCOME

This account consists of the following:

	2021	2020
Service and Business Income		
Waterworks System Fees	₱ 103,315,463.39	₱ 100,707,407.84
Interest Income	24,506.56	52,947.80
Fines and Penalties – Business Income	3,305,096.41	2,832,896.13
Other Business Income	4,296,057.89	2,785,808.99
<b>Total Service and Business Income</b>	<b>110,941,124.25</b>	<b>106,379,060.76</b>
Shares, Grants and Donations		
Income from Grants and Donations in Cash	4,943,268.22	0.00
Income from Grants and Donations in Kind	581,168.00	5,062,914.02
<b>Total Shares, Grants and Donations</b>	<b>5,524,436.22</b>	<b>5,062,914.02</b>
Other Non-Operating Income		
Reversal of Impairment Loss	146,468.31	81,661.12
<b>Total Non-Operating Income</b>	<b>146,468.31</b>	<b>81,661.12</b>
<b>Total Income</b>	<b>₱ 116,621,028.78</b>	<b>₱ 111,523,635.90</b>

## Shares, Grants and Donations

Carcar Water District has been chosen by Vitens Evides International, a registered Limited Liability Company with the Dutch Chamber of Commerce, to implement the Performance Enhancement Water Utilities Project (PEWUP) in the Philippines. The overall objective of the project is to enhance the performance of the water districts through benchmarking and collective learning that sets the conditions for the sustainable provision of safe drinking water and sanitation to all residents and organizations within the service areas. The agreement started on January 1, 2018 and ended on December 31, 2021. The intention of both parties is to extend the cooperation to year 2030.

### 17. PERSONNEL SERVICES

Comprising this account are the following:

	2021	2020
<b>Salaries and Wages</b>	<b>₱ 28,648,783.25</b>	₱ 23,921,840.05
Other Compensation		
Personnel Economic Relief Allowance (PERA)	2,524,727.26	2,125,000.00
Representation Allowance (RA)	535,750.00	507,000.00
Transportation Allowance (TA)	535,750.00	507,000.00
Clothing/Uniform Allowance	534,000.00	528,000.00
Mid-Year and Year End Bonus	4,849,040.00	4,256,285.00
Other Bonuses and Allowances	4,375,660.03	4,523,854.81
<b>Total Other Compensation</b>	<b>13,354,927.29</b>	12,447,139.81
Personnel Benefit Contributions		
Retirement and Life Insurance Premium	3,101,563.44	3,018,284.00
Pag-IBIG Contributions	126,100.00	106,600.00
Philhealth Contributions	398,985.87	309,643.28
Employees Compensation Insurance Premiums	116,700.00	106,600.00
Provident/Welfare Fund Contributions	1,563,084.72	1,535,419.13
<b>Total Personnel Benefits Contributions</b>	<b>5,306,434.03</b>	<b>5,076,546.41</b>
Other Personnel Benefits		
Terminal Leave Benefits	2,339,608.81	2,136,535.18
Other Personnel Benefits	1,446,728.00	1,414,406.00
<b>Total Other Personnel Benefits</b>	<b>3,786,336.81</b>	3,550,941.18
<b>Total Personnel Services</b>	<b>₱ 51,096,481.38</b>	₱ 44,996,467.45

## 18. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2021	2020
<b>Traveling Expenses</b>	<b>₱ 75,185.00</b>	<b>₱ 220,391.81</b>
<b>Training and Scholarship Expenses</b>	<b>119,876.64</b>	<b>214,932.18</b>
Supplies and Materials Expenses		
Office Supplies Expenses	767,975.77	373,866.36
Fuel, Oil and Lubricants Expenses	1,593,335.58	1,449,952.16
<b>Total Supplies and Materials Expenses</b>	<b>2,361,311.35</b>	<b>1,823,818.52</b>
Utility Expenses		
Electricity Expense	902,086.41	804,088.18
<b>Total Utility Expenses</b>	<b>902,086.41</b>	<b>804,088.18</b>
Communication Expenses		
Postage and Courier Services	15,133.00	17,272.00
Telephone Expenses	353,803.35	325,340.09
Internet Subscription Expenses	8,698.49	7,375.08
<b>Total Communication Expenses</b>	<b>377,634.84</b>	<b>349,987.17</b>
Awards/Rewards, Prizes and Indemnities		
Awards/Rewards Expenses	310,195.00	488,096.54
Indemnities	4,511.00	2,112.40
<b>Total Awards/Rewards, Prizes and Indemnities</b>	<b>314,706.00</b>	<b>490,208.94</b>
<b>Total Generation, Transmission and Distribution Expenses</b>	<b>19,353,953.05</b>	<b>19,954,863.65</b>
Confidential, Intelligence and Extraordinary Expenses		
Extraordinary & Miscellaneous Expenses	107,843.87	116,642.27
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>107,843.87</b>	<b>116,642.27</b>
Professional Services		
Legal Services	10,000.00	7,000.00
Auditing Services	200,000.00	120,000.00
Other Professional Services	56,000.00	56,000.00
<b>Total Professional Services</b>	<b>266,000.00</b>	<b>183,000.00</b>
General Services		
Security Services	1,182,393.76	1,188,659.32
<b>Total General Services</b>	<b>1,182,393.76</b>	<b>1,188,659.32</b>
Repairs and Maintenance		
Repairs and Maintenance-Infrastructure Assets	8,763,693.16	7,338,751.35
Repairs and Maintenance-Building and Other Structures	178,535.36	18,807.80

	<b>2021</b>	2020
Repairs and Maintenance-Machinery and Equipment	715,633.55	453,865.19
Repairs and Maintenance-Transportation Equipment	464,684.94	646,629.61
Repairs and Maintenance-Furniture and Fixtures	129,794.61	71,735.90
<b>Total Repairs and Maintenance</b>	<b>10,252,341.62</b>	8,529,789.85
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	2,570,298.09	2,197,465.85
Insurance Expense	459,606.42	171,118.42
<b>Total Taxes, Insurance Premiums &amp; Other Fees</b>	<b>3,029,904.51</b>	2,368,584.27
Other Maintenance and Operating Expenses		
Advertising Expenses	377,511.50	347,535.78
Representation Expenses	608,144.55	558,114.41
Directors and Committee Members' Fees	707,616.00	663,390.00
Rent Expenses	318,166.46	171,434.80
Other Maintenance and Operating Expenses	1,089,401.62	580,980.45
<b>Total Other Maintenance &amp; Operating Expenses</b>	<b>3,100,840.13</b>	2,321,455.44
<b>Total Maintenance and Other Operating Expenses</b>	<b>₱ 41,444,077.18</b>	₱ 38,566,421.60

## 19. FINANCIAL EXPENSES

This account is composed of the following:

	<b>2021</b>	2020
Interest Expenses	₱ 2,356,213.20	₱ 2,648,607.16
Bank Charges	23,615.15	27,798.59
Other Financial Charges	250.00	100.00
<b>Total Financial Expenses</b>	<b>₱ 2,380,078.35</b>	₱ 2,676,505.75

## 20. NON-CASH EXPENSES

This account consists of the following:

	<b>2021</b>	2020
Depreciation		
Depreciation – Infrastructure Assets	₱ 4,106,335.58	₱ 3,858,189.92
Depreciation – Buildings and Other Structures	4,254,008.65	3,088,257.55

	<b>2021</b>	2020
Depreciation – Machinery and Equipment	3,108,851.56	2,344,616.74
Depreciation – Transportation Equipment	568,520.28	653,005.59
Depreciation – Furniture, Fixtures and Books	296,221.85	240,999.48
<b>Total Depreciation</b>	<b>12,333,937.92</b>	10,185,069.28
<b>Amortization – Intangible Assets</b>	<b>46,550.08</b>	36,099.96
<b>Impairment Loss</b>		
Loans and Receivables	21,187.43	228,623.70
Inventories	218,346.47	0.00
Property, Plant and Equipment	8,813.46	1,500.00
<b>Total Impairment Losses</b>	<b>248,347.36</b>	230,123.70
Discounts and Rebates		
Other Discounts	60,101.66	86,287.93
Rebates	2,681,629.94	2,369,940.71
<b>Total Discounts and Rebates</b>	<b>2,741,731.60</b>	2,456,228.64
<b>Total Non-Cash Expenses</b>	<b>₱ 15,370,566.96</b>	₱ 12,907,521.58

## 21. Key Management Personnel

The key management personnel of CWD are the Board of Directors, the members of the governing body, and the members of the senior management group. The governing body consists of members appointed by the Local Chief Executive of the Local Government Unit. The senior management group consists of the General Manager, Department Managers and Division Managers.

The aggregate remuneration of members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

<b>Particulars</b>	<b>Aggregate Remuneration</b>
Salaries and Wages	₱ 6,806,125.91
Honorarium	757,616.00
Allowances	1,280,318.18
Personnel Benefit Contributions	724,810.89
Other Personnel Benefits	2,393,129.22
<b>Total</b>	<b>₱ 11,962,000.20</b>

## PART II

### DETAILED OBSERVATIONS AND RECOMMENDATIONS

#### Financial Audit

1. The accuracy and existence of the recorded Property, Plant and Equipment (PPE) with net carrying amount of ₱163.37 million as at December 31, 2021 cannot be totally ascertained due to: (a) variance between the balance in the General Ledger (GL) and the results of the physical count of PPE with net book value of ₱8,560.00; and (b) inclusion of several items totaling ₱38,472.80 which are below the capitalization threshold. These are contrary to Paragraph 15 of Philippine Accounting Standards (PAS) 1 and Section 5.4 of COA Circular No. 2016-006

Paragraph 15 of the PAS 1 provides for the fair presentation and compliance with IFRSs as follows:

“Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. **Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework.** The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.” (Emphasis supplied)

Review of the Report on Physical Count of PPE (RPCPPE) as of December 31, 2021 revealed that the following items under the Other Machineries and Equipment account and supported with Property Cards, did not exist during the physical count:

**Table 1- Items that do not exist during the physical count**

Description	Balance Per Books	Net Book Value
Chlorinator 250psi 220volts s# 472150	₱ 45,000.00	₱ 2,250.00
Hychlorinator (Can-asujan S# 11/10-224465)	35,000.00	350.00
Chlorinator 250 psi per p.o.#09-006242 dated May 26, 2014	35,000.00	1,750.00
Chlorinator - Bahabaha, Liburon	32,500.00	1,625.00
Chlorinator per PO# 5683 dtd 7/26/12 (DV No 12-08-0675)	32,500.00	1,625.00
Chem-Tech Pulsafeeder Chlorinator (Venancia)	19,200.00	960.00
<b>Total</b>	<b>₱ 199,200.00</b>	<b>₱ 8,560.00</b>

It was disclosed during our inquiry with the Sr. Corporate Accountant that the Inventory Committee tried to locate these items during the physical count but were non-existent. However, verification of the Report on Physical Count of PPE (RPCPPE) as of December 31, 2021 revealed that these items were included in the Inventory and Inspection Report of Unserviceable Property (IIRUP). According to the Sr. Corporate Accountant, the unlocated items might have been disposed already but were not reflected in the books of accounts. However, there is no documentary evidences to prove the same.

It was also noted that the following items in the RPCPPE as of December 31, 2021 were below the capitalization threshold of ₱15,000:

***Table 2- Items below the capitalization threshold***

<b>Description</b>	<b>Amount</b>	<b>Remarks</b>
Biometrics System	₱ 14,850.00	Issued to HR Division
Dot Matrix Printer	13,150.00	Issued to Commercial Division
Plastic Comb Binding Machine	10,472.80	Issued to HR Division
<b>Total</b>	<b>₱ 38,472.80</b>	

These items should have been recorded under the Semi-Expendable Expense account since these were already issued to the end-users, as provided in Section 5.4 of COA Circular No. 2016-006 dated December 29, 2016, to wit:

“5.4 Tangible items below the capitalization threshold of ₱15,000 shall be accounted as semi-expendable property. The following policies shall be applied as follows:

5.4.1 Semi-expendable property which were recognized as Property, Plant and Equipment shall be reclassified to the affected appropriate semi-expendable inventory accounts, if not yet issued to end-users, expense accounts, if issued within the year, or accumulated surplus/deficit/retained earnings account if issued in prior years.

**5.4.2 These tangible items shall be recognized as expense upon issue to the end-users.**

5.4.3 Inventory Custodian Slip (ICS) shall be issued to end-user to establish accountability over the semi-expendable property. Accountability shall be extinguished upon the return of the item to the Property and Supply Division/Unit or in case of loss, upon approval of the relief from property accountability.” (Emphasis supplied)

These items were issued to end-users, as evidenced by the Memorandum Receipts (MR) signed by them. According to the Sr. Corporate Accountant C, this was overlooked in the preparation of the lapsing schedule and in the recording in the books of accounts.



We would like to point out that these purchases in December 2021 resulted in the understatement of the Water District's expenses in CY 2021 and overstatement of the Office Equipment account.

**We recommended and Management agreed to require the Inventory Committee and the Accounting Division to trace the whereabouts of the unlocated PPE items. The Accounting Division must make the necessary adjusting entries in the books of accounts, if the Inventory Committee ascertain that the unlocated PPE items were already disposed (with proper supporting documents).**

**We also recommended that Management instruct the Accounting Division to draw the adjusting journal entry to correct the erroneous recognition of the items below the capitalization threshold of ₱15,000.00 in the PPE account. Below is the proposed adjusting entry (if the books are not yet closed as of year-end):**

Retained Earnings	₱38,472.80	
Office Equipment		₱ 38,472.80

During the exit conference, Management commented that the Inventory Committee will conduct another physical count by March to April 2022 to search for the missing chlorinators. The Sr. Corporate Accountant also agreed to draw the adjusting journal entry for the semi-expendable items that were booked under PPE.

### **Compliance Audit**

- 2. There were indications of splitting of some purchase contracts in the procurement of goods, contrary to Section 54.1 of the Revised Implementing Rules and Regulations (RIRR) of RA 9184 and COA Circular No. 76-41. As a result, posting requirements under the procurement law was avoided.**

Section 54.1 of the Implementing Rules and Regulations of Republic Act No 9184 or the Government Procurement Act prohibits the splitting of government contracts which is commonly resorted to by agencies for the purpose of evading or circumventing the requirements of law and its IRR, especially the necessity of public bidding and the requirements for the alternative methods of procurement.

Moreover, COA Circular No. 76-41 dated July 30, 1976 prohibits against splitting of requisitions, purchase orders, vouchers and others.

Example of splitting under the same circular are as follows: 1) Splitting of Requisitions- the non-consolidation of requisitions for one or more items needed at or about the same time by the requisitioner; 2) Splitting of Purchase Orders - the issuance of two or more purchase orders based on two or more requisitions for the same or at about the same time by different requisitioners; and 3) Splitting of Payments-making two or more payments for one or more items involving one purchase order.

Our review of some of the transactions of the Water District disclosed that procurement of the following goods or materials through Shopping indicates splitting, as presented below:

**Table 3- Transactions that indicates splitting of Purchase Contracts**

	Supplier	Purchase Request (PR) No.	PR Date	Item Description	Purchase Order (PO) No.	PO Date	Amount
1	Petersports and Craft Sales	2021-05-1471	5/3/2021	20'' x 30'' CWD Marker	2021-05-023	5/7/2021	30,000.00
	Petersports and Craft Sales	2021-05-1494	5/7/2021	20'' x 30'' CWD Marker	2021-05-039	5/12/2021	30,000.00
Total							60,000.00
2	Thinking Tools Inc.	2021-01-1267	1/11/2021	Sytem Unit CPU Ryzen 3	2021-02-004	2/4/2021	24,370.00
	Thinking Tools Inc.	2021-01-1254	1/6/2021	Sytem Unit CPU Ryzen 5	2021-01-063	1/21/2021	26,325.00
	Thinking Tools Inc.	2021-01-1266	1/8/2021	Sytem Unit CPU Ryzen 5	2021-01-062	1/21/2021	31,150.00
Total							81,845.00
3	Cebu Progress Commercial	2021-10-1802	10/14/2021	Purchase 12 of mobile cabinets	2021-10-052	10/20/2021	46,710.00
	Cebu Progress Commercial	2021-10-1803	10/14/2021	Office chairs with arm	2021-10-053	10/20/2021	31,875.00
	Cebu Progress Commercial	2021-10-1786	10/6/2021	Office chairs without arm	2021-10-051	10/20/2021	13,175.00
Total							91,760.00

**1. Procurement of two (2) 20"x30" CWD Marker**

The procurement of two (2) CWD marker was provided by one supplier and has the same contract amount. It has served the same purpose, which is for the CWD marker of their Lumbia-Can asujan and Talamban Napo Pumping Stations. The same RFQs were used and attached for these transactions and the PRs and POs dates are in close proximity. The items were delivered, inspected and accepted on the same day as shown in the Inspection and Acceptance Reports. Therefore, a single Purchase Order should have been issued for these procurements.

## ***2. Procurement of three (3) System Unit CPUs***

Review of the supporting documents revealed that these transactions were related and procured for the same purpose that is for the replacement of old work stations in the Admin, Finance and Operations Divisions. They were also procured from a single supplier. In addition, the PR dates are in close proximity; and that there are two POs with the same dates. The items were delivered, inspected and accepted on the same day as shown in the Inspection and Acceptance Reports. Therefore, a single Purchase Order should have been issued for these purchases.

## ***3. Procurement of 12 mobile cabinets and office chairs***

Review of the supporting documents revealed that these transactions were related and served the same purpose, that is for the purchase of furniture and fixtures. They were also procured from a single supplier. Purchase Requisitions for 12 cabinets and office chairs with arm were both dated 10/14/21. While the PR for the office chairs without arm was dated 10/6/21, or eight days before the other PRs. Three purchase orders were issued to the same supplier, and these are all dated 10/20/2021. Again, these purchases should have been issued with one PO.

As can be gleaned above, the preparation of PRs and/or POs for related items/same supplier should have been consolidated. This way, the appropriate procurement procedures could have been made, in compliance with the RIRR of RA 9184.

By resorting to splitting, the posting requirements prescribed under Section 54.3 of IRR of RA 9184 under alternative methods of procurement with ABC of Fifty Thousand Pesos (₱50,000) above was not undertaken.

Management commented that no splitting of contracts occurred. The decision to purchase the second marker was made belatedly, because when the PR for the first marker was prepared, the office had not yet decided to purchase another marker. It was only when the finishing works were done and completed on the facility that they decided to prepare the request for the second marker.

For the purchase of CPUs, the PRs were prepared separately as these units were requested by different divisions. It was merely a coincidence that delivery was made on the same day for all CPU units purchased.

On the third item, the PRs for the mobile cabinets and chairs were separately made considering the nature of the items purchased, which were intended to be used at the new Annex building. While PRs for the tables and chairs could have been taken as one, the office decided to have it separately prepared, given their distinctive uses.

We wish to emphasize to Management that since the subject procurements were included in the APP/PPMP, the same had been determined or planned ahead so that appropriate procedures will be followed. Section 7.1 of the Revised IRR of RA 9184

provides that, “All procurement shall be within the approved budget of the procuring entity and should be meticulously and judiciously planned by the procuring entity. xxx”

Posting at the PhilGEPS website; the website of the agency; or at any conspicuous place within the agency’s premises was not made because of the splitting of these purchases. As a result, the transparency of above-mentioned procurements may have been compromised.

**We recommended that Management instruct the BAC to follow strictly the provisions of COA Circular No. 76-41 and the RIRR of RA 9184, particularly on the splitting of government contracts. This is to avoid disallowance of the said transactions/payments.**

The Management committed to adhere with the audit recommendation. The BAC Chairman explained during the exit conference that it was not their intention to split the purchases.

**3. Disbursements for goods and other expenses amounting to ₱101,451.00 were made thru reimbursement instead of checks to the supplier, contrary to Section 172 of the Government Accounting and Auditing Manual (GAAM), Volume I and the provisions of 2016 RIRR of R.A. No. 9184. Further, these were not supported with the required documents, contrary to COA Circular no. 2012-001.**

Section 2 (Item 2) of COA Circular No. 97-002 dated February 10, 1997 provides that all payments must be made by check.

Pertinent provisions of the 2016 RIRRs of R.A. No. 9184 are as follows:

“Section 7.1. All procurement shall be within the approved budget of the Procuring Entity and should be meticulously and judiciously planned by the Procuring Entity. Consistent with government fiscal discipline measures, only those considered crucial to the efficient discharge of governmental functions shall be included in the Annual Procurement Plan (APP).”

“Section 10 All procurement shall be done through competitive bidding, except as provided in Article XVI of this IRR”

“Section 48.1 Subject to the approval of the Head of the Procuring Entity, and whenever justified by the conditions provided in this Act, the procuring entity may resort to any of the alternative methods of procurement provided in this rule.”

COA Circular No. 2012-001 dated June 14, 2012 prescribed the revised guidelines and documentary requirements for common government transactions.

Post-audit of the selected transactions of the District for CY 2021 showed that various purchases were paid thru reimbursement to employees, but mostly to the Procurement-In-Charge, totaling ₱101,481.00. These payments are summarized as follows:

**Table 4- Summary of purchases paid thru reimbursements**

<b>Check Date</b>	<b>Check No.</b>	<b>Payee</b>	<b>Particulars</b>	<b>Amount</b>
1/11/21	72155428	Karen Joy N. Carreon	Reimbursement for the purchase of disinfectant spray	₱ 7,779.75
2/15/21	72155486	Karen Joy N. Carreon	Reimbursement for the purchase of alcohol and disinfectant spray	7,106.25
2/15/21	72155487	Karen Joy N. Carreon	Reimbursement for the purchase of handsoaps, faceshield & facemask	8,255.00
3/4/21	75327126	Karen Joy N. Carreon	Reimbursement for the purchase of 30 boxes facemask & 200 pcs of alcohol	5,548.00
3/12/21	573032	Karen Joy N. Carreon	Reimbursement for the purchase of tables and office chairs	32,920.00
6/2/21	583809	Karen Joy N. Carreon	Reimbursement for the breakfast and PM snacks during the CWD Anniversary celebration	19,310.00
6/10/21	75327352	Karen Joy N. Carreon	Reimbursement for the purchase of 10 sheets of plainsole/MRC rubber	4,500.00
9/27/21	75327517	Aminah B. Pangcog	Reimbursement for the purchase of 30 pcs. air purifier and 8 pcs humidifier	16,062.00
			<b>Total</b>	<b>101,481.00</b>

Based on the above data, the Agency's practice of procuring goods and services seemed to be in emergency mode as suppliers were directly contacted and paid immediately upon purchase due to the availability of cash, thus ignoring the proper procurement procedures. It was mentioned that Ms. Carreon uses her personal money for the above purchases knowing that the water district would process the reimbursement immediately.

Management explained that the above purchases were intended to address the concerns of the office relating to the Covid-19 pandemic. These concerns had to be addressed immediately considering the health and well-being of their personnel, which has always been their priority. Thus, with the immediate need and the availability of alcohol, disinfectant spray, air purifier, humidifier hand soap, rags, face shield and facemasks the office deemed it best at that time, to purchase items thru reimbursement. The purchase of tables and chairs was also made through reimbursement considering the immediacy of their availability for the beneficial use of transacting clients outside the office, pursuant to its office policy of limiting the number of persons inside the building at any given time.

As to the other items mentioned, these were also affected by the pandemic due to the limited access to suppliers as most businesses were either closed or had suspended business operations. Hence the office resorted to reimbursement as a mode of disbursement in order to directly transact with suppliers who were still operational that time.

We would like to remind Management that the above items were included in their Annual Procurement Plan (APP). Thus, there is no reason for them to purchase thru reimbursement since these have been planned.

It was also noted that most of these purchases are not supported with Purchase Request, Request for Quotations, Abstract of Quotations and Purchase Order. (**Annex A**).

Moreover, reimbursement is not one of the modes of procurement provided in the 2016 RIRRs of R.A. No. 9184, thus efficiency and economy in the procurement of goods and services was not ensured. Further, payments of goods and services thru reimbursement prevented the Water District from withholding the appropriate taxes in accordance with Revenue Memorandum Order No. 23-2014 dated June 20, 2014.

The withholding of taxes and subsequent remittance to the BIR could ensure the collection of additional sources of revenue for the national government to fund its various projects.

**We recommended that Management discontinue the procurement of goods and services thru reimbursement; and to pay the same through check. Transactions which cannot be paid practically in check may pay using the petty cash fund, where applicable. The BAC shall resort to public bidding and alternative modes of procurement, where applicable, based on the approved annual procurement plan, as required under the RIRR of RA 9184.**

The Management agreed to comply with the audit recommendations. They will revisit the guidelines on setting up the maximum allowable disbursement through Petty Cash Fund.

**4. Net take home pay of some CWD employees fall below the statutory requirement of ₱5,000.00 per month, which is contrary to Section 49 of RA No. 11518 or the General Appropriations Act (GAA) of FY 2021.**

Section 49 of the General Provisions of the 2021 General Appropriations Act (GAA) provides that in no case shall the authorized deductions reduce the employee's monthly net take home pay to an amount lower than Five Thousand Pesos (₱5,000.00).

Verification of the paid payrolls for regular employees in CY 2021 revealed that there were some employees whose net take home pay fell below the minimum amount required by law. To illustrate, the computation of June 2021 net take home pay for the said employees are presented in **Annex B**.

Provident Fund contributions, water bill and employees' union contributions were also included as deductions from salaries and other benefits accruing to the employees of CWD. Thus, the net take home pays of the affected employees were below the statutory requirement of ₱5,000.00.

The general intent of this legal mandate is to motivate and encourage employees to use their credit lines with existing lending institutions wisely and discourage them to spend more than what their means would allow.

**We recommended that Management require the Accounting Division and the Human Resource Division to strictly adhere to the instructions specifically provided in the GAA relative to the required monthly net take home pay for government employees.**

Management replied that the GSIS Financial Assistance Loan (GFAL) that was granted by GSIS to the CWD employees did not go through the evaluation of the AAO resulting in the reduction of the net take home pay of some employees below the statutory requirement. The Management has written to the GSIS on the basis for the loan releases of the concerned employees but no reply has been received yet. The net take home pays of the employees are already strictly monitored especially on the approval of additional or new loan applications. However, since the term of the GFAL is six years, the Management informed the Audit Team that the audit recommendation might be fully implemented once the loans are fully paid.

### **Gender and Development (GAD)**

CWD had prepared a Gender and Development (GAD) Plan and Budget (GPB) for CY 2021 which allotted ₱13.85 million for GAD activities or 9.76% of the total budget of ₱141.90 million. The total utilization for GAD activities was ₱16.75 million or about 120.94% of the GAD Budget, and 11.80% of CWD's budget.

CWD had prepared a GAD Survey to support their CY 2021 GPB.

### **Compliance with Tax Laws**

The regulations of the Bureau of Internal Revenue (BIR) on the withholding of required taxes were substantially complied with by CWD. The withheld taxes were remitted regularly to the BIR along with the franchise tax due from CWD as seller of water. The following are the details of the taxes remitted to the BIR for CY 2021:

***Table 5- Summary of Tax Remittances to BIR in CY 2021***

<b>Code</b>	<b>Tax Description</b>	<b>Amount</b>
1601-E	Expanded W/holding Tax	₱ 1,375,609.75
1601-C	W/holding Tax - Compensation	1,495,035.40
1600	VAT	2,097,647.19
2551-M	Franchise Tax	2,032,377.86
<b>Total</b>		<b>₱ 7,000,670.20</b>

**Compliance with Republic Act 8291 (GSIS Act of 1997)**

CWD has consistently deducted from the salaries of their employees the mandatory GSIS Life and Retirement insurance premiums (personal share) and loan repayments. These deductions and the government share for the employees' insurance premiums were remitted to the GSIS on time. The following were remitted in CY 2021:

***Table 6-Summary of Remittances to GSIS in CY 2021***

<b>Transactions Covered by the Remittance</b>	<b>Amount</b>
GSIS Life and Retirement Premiums (Government Share)	₱ 3,569,186.06
Employees Compensation Contributions	134,400.00
GSIS Life and Retirement Premiums (Personal Share)	2,678,774.15
Consolidated Loan Repayments	725,133.58
Educational Assistance Loan	18,850.29
Emergency Loan	218,301.48
Policy Loan	8,900.00
Policy Loan - Optional	2,844.00
Multi-Purpose Loan	1,155,295.51
Home Emergency	4,916.65
GSIS Financial Assistance Loan (GFAL) II	1,150,655.62
<b>Total</b>	<b>₱ 9,667,257.34</b>

**Status of Settlement of Suspensions, Disallowances and Charges**

The following table shows the outstanding audit suspensions, disallowances and charges of CWD as of December 31, 2021:

<b>Particulars</b>	<b>Beginning Balance December 31, 2020</b>	<b>Issued and Settled in CY 2021</b>	<b>Ending Balance December 31, 2021</b>
Notice of Suspension	-	-	-
Notice of Disallowance	₱25,000.00	-	₱25,000.00
Notice of Charge	-	-	-
<b>Totals</b>	<b>₱25,000.00</b>	<b>-</b>	<b>₱25,000.00</b>



### PART III

#### STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEARS' UNIMPLEMENTED AUDIT RECOMMENDATIONS

We followed up the actions taken by Management on the implementation of the 30 prior years' audit recommendations and noted that 16 were fully implemented, six were partially implemented and eight were not implemented as at December 31, 2021. The details are:

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
<p>1. The accuracy and reliability of the Accounts Receivable (AR)-Trade account with a year-end balance of ₱6.922 million cannot be ascertained due to: (a) the inclusion in the AR account of the advances or excess payments from the concessionaires totaling ₱0.410 million instead of recording these as Unearned Revenue pursuant to Commission on Audit (COA) Circular 2020-002; and (b) the unresolved variance of ₱0.375 million between the balances in the General Ledger (GL) and the Aging Schedule of AR. These conditions are contrary to</p>	<p>We recommended and Management agreed to:</p> <p>a. require the Accounting Division to make the necessary adjusting entry to properly recognize the Unearned Revenue in the books of accounts in accordance with COA Circular No. 2020-002 dated January 28, 2020, using the following adjusting entry:</p> <p>Debit: AR 410,407.74*</p> <p>Credit: Other Unearned Revenue/Income 410,407.74</p> <p><i>*use the updated balance of the advances/overpayment of concessionaires</i></p>	AAR CY 2020	<p>Already adjusted, reflected on March 2021 reports</p>	Fully Implemented

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
Paragraph 15 of Philippine Accounting Standards (PAS) 1.	<p>b. instruct the Accounting Division to use the following proposed entry for the collections of water sales with overpayment from concessionaires:</p> <p>Debit: Cash – Collecting Officers x x x</p> <p>Credit: AR – Trade x x x Other Unearned Revenue/ Income x x x</p> <p>c. exert extra effort to trace the cause of the variance between the GL balance and the Aging of AR, and thereafter, make the necessary adjustments to fairly state the AR balance in the SFP as at year-end.</p>		<p>Entries are made on a monthly basis</p> <p>The details of the unlocated balance (difference between GL and Aging) can no longer be traced.</p>	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Management considered presenting this audit observation to the Board of Directors for proposal to initiate the process of writing-off.</p>
2. The existence, completeness, accuracy and valuation of the recorded balance of the Inventories account totaling ₱9.177 million as at December 31, 2020	We recommended and Management agreed that the Inventory Committee prepare and submit the RPCI for CY 2020. Henceforth, for the ensuing years,	AAR CY 2020	Management has complied with the audit recommendation	Fully Implemented

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
<p>could not be ascertained due to:</p> <p>(a) the absence of Report of Physical Count of Inventory (RPCI);</p> <p>(b) the difference of ₱15,226.00 in the balances between the GL and Subsidiary Ledger (SL) of Other Supplies and Materials Inventory account; and</p> <p>(c) the misclassification of the sub-accounts under the Inventories account.</p>	<p>submit to the Auditor the RPCI not later than January 31 of each year as required under the existing rules and regulations.</p> <p>We recommended and Management instruct the Accounting Division to ensure that the balances in the GL and SL are reconciled to support the amounts reflected in the Financial Statements, particularly the Inventory accounts.</p> <p>We recommended that Management instruct the Accounting Division to prepare the necessary adjusting entry on the misclassifications in the Inventory accounts and use the appropriate accounts as prescribed in COA Circular No. 2020-002 dated January 28, 2020.</p>		<p>Complied by Management</p> <p>Complied by Management</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
3. Annual water charges paid to the National Water Resources Board (NWRB) for CY 2020 totaling ₱40,095.77 was contrary to the decision of the Office of the Secretary of Justice (OSJ) under OSJ Case No. 01-2010 dated March 29, 2012, thus, the payment is without legal basis.	We recommended and Management agreed to request from NWRB for the refund of the payments made on the annual water charges collected and paid by NRWB and Water District, respectively, for lack of legal basis.	AAR CY 2020	The Management requested for comments from NWRB and received a reply from the said agency to continue their payments on annual water charges and other permit fees while the contradicting interpretation between the NWRB and Local Water Districts is pending for resolution before the Office of the President.	Not Implemented  The Management did not request for refund from the NWRB. The issue raised was only on the cessation from the payments of annual dues.
4. The use of Emergency Procurement (Special Repeat Order) under Republic Act (RA) No. 11469 or the Bayanihan Act as the procurement modality on the purchase of 2,000 units of volumetric water meters ½” brass totaling ₱2.290 million was deemed inappropriate and not in accordance with Government Procurement Policy Board (GPPB) Circular No. 01-	We recommended that Management require the BAC to justify/explain fully the reason/s for resorting to Special Repeat Order (Emergency Procurement) in the purchase of the volumetric water meters although one of the required conditions on the use of the said procurement modality was not met and comply with the posting requirement as mandated under GPPB Circular No.	AAR CY 2020	Justification given on March 25, 2021	Fully Implemented

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
2020 dated April 6, 2020. In addition, the mandatory requirement of posting in the GPPB online portal of the procurement data for all contracts awarded through Emergency Procurement under the Bayanihan Act was not adhered to by the Water District.	01-2020 and GPPB-TSO Advisory 05-2020.			
5. Copies of perfected contracts and supporting documents for various procurements aggregating ₱6.947 million including the contract of lease entered into by the Water District in CY 2020 were not submitted to the Audit Team within the prescribed period contrary to COA Circular 2009-001 dated February 12, 2009, thus prevented the timely conduct of contract review by the Auditor.	We recommended and Management agreed to require the concerned personnel to ensure that the Audit Team is furnished with copies of contracts within the period prescribed under COA Circular 2009-001 to enable the Audit Team to timely conduct the necessary legal and auditorial review.	AAR CY 2020	The Management has complied with the audit recommendation	Fully Implemented
6. The Water District allowed its employees to	We recommended that Management require the	AAR CY 2020	Management has written to the GSIS on the basis	Not Implemented

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
receive their salaries with net take home pay below the statutory requirement of ₱5,000.00 per month contrary to Section 47 of RA No. 11465 or the General Appropriations Act (GAA) of 2020.	Accounting Division to strictly adhere to the instructions specifically provided in the GAA relative to the required monthly net take home pay for government employees in a particular year.		for the loan releases of the concerned employees. GSIS has acknowledged the receipt of the letter but no further action has been made. Management has always been prudent in the evaluation of loan applications to ensure that the Net Take Home Pay level is observed.	This audit observation is reiterated in Part II of this report.
7. The payment of COVID-19 hazard pay to the security personnel engaged through Institutional Contract of Service (COS) is inconsistent with Item 3.6 of the Department of Budget and Management (DBM) Budget Circular No. 2020-01 dated March 24, 2020 and Item 6.1.4 of the Civil Service Commission (CSC)-COA-DBM Joint Circular No. 1, series 2017, thus incurring irregular expenditures of ₱87,500.00.	We recommended and Management agreed to demand from the Security Agency a refund on the payment of hazard pay to its security personnel totaling ₱87,500.00 for the period covered March 30 to May 15, 2020, and ensure that the COVID-19 hazard pay shall be granted only to those authorized to receive the said benefit in accordance with the guidelines issued by the DBM and COA.	AAR CY 2020	Already set-up in the Other Receivable - Suppliers for the refund of hazard pay and the refund was reflected and adjusted monthly against its monthly billing	Partially Implemented  The amount has not yet been fully refunded as of December 31, 2021.



<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
	Memorandum Circular No. 2018-04 dated September 19, 2018, and thereafter, maintain and regularly update the GAD Database.			
9. The valuation of the recorded PPE account balance aggregating ₱185.14 million (excluding Land and CIP) with net carrying amount of ₱110.16 million as at December 31, 2019 cannot be ascertained due to the non-recognition of impairment loss on certain PPE accounts, although indications of impairment existed, which is contrary to Philippine Accounting Standards (PAS) 1 and 36.	Management require the immediate disposal of the defective and unserviceable properties, which were already inspected by the COA Technical Engineer, so that these items can already be derecognized from the books of the Water District in the next reporting period.	AAR CY 2019	The disposal of the defective and unserviceable properties is for implementation in CY 2022.	Not Implemented  No disposal has been made as of December 31, 2021.
10. The accuracy and reliability of the Accounts Receivable (AR)-Trade with year-end balance of	Management identify the cause/s of the discrepancy between the balances of the GL and the Aging of	AAR CY 2019	The Finance Division has exhausted all means to trace the reconciling amount but	Not Implemented  The variance has been reduced to



<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
<p>₱6.502 million cannot be ascertained due to: (a) variance between the General Ledger (GL) balance and aging of AR totaling ₱0.771 million.</p>	<p>AR so that appropriate adjustment/s can be effected to fairly state the AR balance in the Statement of Financial Position as at year-end.</p>		<p>supporting documents for the GL balance can no longer be located.</p>	<p>₱0.375 million in CY 2020.</p> <p>Management considered presenting this audit observation to the Board of Directors for proposal to initiate the process of writing-off.</p>
<p>11. Disbursement amounting to ₱100,000.00, as partial payment of the cost of a parcel of land with an area of 100 square meters, was made despite absence of complete documents as required under Sections 13.1 and 13.2 of COA Circular No. 2012-001. This circumstance is not only contrary to Section 4(6) of Presidential Decree (PD) 1445 but may also lead to delay in the titling of land in the name of the Water District.</p>	<p>Management submit the lacking documents, for review and evaluation, such as:</p> <ul style="list-style-type: none"> <li>a. Survey Plan;</li> <li>b. Certification that there is no previous pending claim and previous payment on subject property;</li> <li>c. Environmental Clearance Certificate</li> <li>d. Independent appraisal report or Committee Resolution as to the valuation of the land to determine the reasonableness</li> </ul>	<p>AAR CY 2019</p>	<p>Management has hired a Job Order (JO) personnel to handle the processing of the title for this lot as well as other lots acquired by the Water District.</p>	<p>Not Implemented</p> <p>Management has not yet submitted any of the lacking documents.</p>

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
	of the offered price.			
	<p>Management ensure that the following documents are secured prior to the full payment of the remaining balance, to wit:</p> <p>a. Deed of Absolute Sale registered with the Register of Deeds (now Land Registration Authority) where the land is located; and</p> <p>b. Certified photocopy of Transfer Certificate of Title and Tax Declaration in the name of the procuring entity or previous owner with annotation of sale.</p>	AAR CY 2019		<p>Partially Implemented</p> <p>The Water District has not yet paid in full the payee.</p>
12. The principal loan amortizations which were paid in CY 2018 totaling ₱4.399 million was not included in the Corporate Operating Budget	Management submit authority from the governing board of the Water District for the release of funds appertaining to the payment of	AAR CY 2018	Obtained the authority from the governing board through Board Resolution No. 122211 series of 2019 dated May 30, 2019.	<p>Fully Implemented</p> <p>As verified in the DBM Form 702-D (Statement of</p>

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
(COB), thus, payment was without appropriation, a violation of Section 4(1) of PD 1445.	monthly principal loan amortizations for CY 2018 and obtain a post facto approval from the Department of Budget and Management, if warranted. Henceforth, ensure that all expenditures are covered with approved appropriations pursuant to Section 4(1) of PD 1445.			Borrowings – FY 2018 Proposal/Budget)
13. Payments of wages to JO personnel totaling ₱6.938 million in CY 2018 were not supported with duly verified Accomplishment Reports contrary to Section 4(6) of PD No. 1445 and Section 1.2.1 of COA Circular No 2012-001 thus, the validity and propriety of the transactions could not be ascertained.	Management prudently assess the necessity of hiring JOs especially in various events such as Team Building activities, CWD Anniversary, GAD activities, and the like.	AAR CY 2018	Management did not conduct Team Building activities in CY 2021.  CWD will undertake the proper procedure in the procurement of services for Team Building in the future, as required under the Republic Act (RA) No. 9184.	Considered Implemented  The Water District did not conduct any Team Building activity in CY 2021, thus no JOs were hired.
14. Disbursements which were charged against the funds allocated for advertisements were not in conformity with	Management strictly comply with the existing government rules and regulations as set forth in Section 408(c) of the	AAR CY 2017	Management submitted a written justification to support the incurrence of the said expenditure.	Considered Implemented  No similar expenses incurred by CWD in

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
<p>the conditions set forth in Section 408(c) of the Government Accounting and Auditing Manual (GAAM) Volume 1 and COA Circular No. 2012-003, thus, the water district may incurred an irregular expenditure aggregating ₱359,059.75.</p>	<p>GAAM, Volume I and reiterated in COA Circular No. 2012-003 relative to the expenses to be charged against the funds allocated for the advertisements of the water district.</p>		<p>Management believes that these subject expenditures will foster goodwill with the community.</p> <p>These are also part of the GAD programs of the Water District as it aims to promote the local talents among the youth in Carcar City.</p>	<p>CY 2021.</p>
<p>15. The variances between the results of the physical inventory count and the balances appearing in the Stock Cards, Supplies Ledger Cards and GL for the three inventory accounts were not explained/ resolved at year end, which condition affects the reliability of the account balance and indicative of a breakdown in the internal controls over inventories. A difference of ₱646,298.35 was noted between the GL balance and the physical count.</p>	<p>Management require the Accounting Division and the Property Unit to reconcile at the end of each month, the balances appearing in the GL, SL and Property Card to facilitate the identification of the causes for variances, if any. Thereafter, effect the necessary adjustments to correct either record.</p>	<p>AAR CY 2015</p>	<p>Management has complied with the audit recommendation</p>	<p>Fully Implemented</p>

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
16. Abnormal and dormant balances including one erroneous subsidiary account balance which was the outcome of the inappropriate accounting treatment of the covering transactions still formed part of the year-end account balance of various asset and liability accounts, a condition which may mislead users of the financial statements in making sound economic decisions. This situation also suggests that the Finance Services Department has not regularly monitored the disposal of these cases that resulted in the carry-over of the above-mentioned balances in the next accounting period.	Management require the Finance Services Department to set a timetable for the re-verification/ analysis of the abnormal and dormant account balances including the errors noted with a deadline for drawing the adjustments on these deficiencies.	AAR CY 2015	All efforts had been exerted to trace the supporting documents of these accounts, but to no avail. Thus, Management considered presenting this audit observation to the Board of Directors for proposal to initiate the process of writing-off.	Partially Implemented  The Management exerted efforts to trace the abnormal and dormant balances but was not able to secure supporting documents.
17. A parcel of land acquired in 2015 with an area of 100 square meters was paid even if the	Management secure the required documents to validate the purchase	AAR CY 2015	The process of titling of this land is on-going.	Partially Implemented  The Management

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
<p>disbursement voucher was not supported with the necessary documentary requirements as enumerated under Sections 13.1 and 13.2 of COA Circular No. 2012-001. This circumstance is not only a violation of Section 4(6) of PD 1445 but may also lead to delay in the titling of the land in the name of the Water District.</p>	<p>transaction, which papers will simultaneously fast track the titling of the acquired lot in the name of the Water District.</p>		<p>The titling/transfer process of real estate takes a long time considering the various agencies involved. But progress has been made on some properties pertaining to securing the necessary documents and conduct of actual survey.</p>	<p>is still on the process of securing the pertinent documents.</p>
<p>18. 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.</p>	<p>Management request the Cebu Provincial Appraisal Committee to appraise all the donated lots so that the Water District will have a reliable basis for the costing and recording of the transactions in the books of accounts.</p>	<p>AAR CY 2015</p>	<p>The process of titling of this land is on-going.</p>	<p>Not Implemented</p> <p>The donated lots remained unrecorded in the books of accounts. No documents submitted to prove that the Management requested for appraisal from the Cebu Provincial Appraisal Committee.</p>

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
19. Ownership of 16 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.	Management closely monitor the titling of the lots donated and/or purchased by the Water District to certainly establish ownership.	AAR CY 2015	The process of titling of this land is on-going.	Partially Implemented  The Management hired a Job Order Personnel to facilitate the monitoring of the titling of the parcels of land. However, titling of lands is on-going
20. Several government regulations on foreign travel were not complied with either during the release of the travel cash advance or at the time of the liquidation thereof, as follows:  a. Foreign travels of three officials with a total cost of ₱53,795.88 were not supported with the approved Authority to Travel Abroad, a requirement under Section 2.d of LWUA MC No. 010-10.	Secure from LWUA an “after the fact” approval of their foreign travels; render and submit a report on the foreign travels undertaken as required under Section 16 of Executive Order (EO) No. 298 and MC No. 7, s. 2010 of the Office of the President.	AAR CY 2014		Partially Implemented  Management stopped the practice and already secured approval from the BODs on foreign travels. However, the concerned officials have yet to secure an “after the fact” approval from LWUA.

<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
b. All the officials who were on foreign travel have not submitted a report on the forums attended though required under Section 16 of EO No. 298 and reiterated in MC No. 7, s. 2010, issued by the Office of the President on November 19, 2010.	Management submit the Statement on the Travelling Expenses and Allowances shouldered by the sponsoring organization of the VietWater 2014 Forum with the Certificate of Participation as these documents will be the basis to attest the propriety of the expenses listed in the Liquidation Report.	AAR CY 2014	The concerned officials have submitted a summary report on the activities conducted during the foreign travel.	Considered Implemented
c. The liquidation reports for the Vietnam trip were not supported completely with the required documents, making it difficult to determine the correct Daily Subsistence Allowance (DSA) due the employees. One official was paid the full even if the invitation was inclusive of air fare and accommodation.	For the refund of the DSA granted for the Malaysia trip as the accommodation which was paid by the sponsoring organization and for other similar claims, Management see to it that all regulations on foreign travel are complied with prior to the grant of the cash advance for said official travel.	AAR CY 2014	Management deemed it reasonable to grant the DSA to cover for the incidental expenses for the said travel.	Considered Implemented



<i><b>Audit Observations</b></i>	<i><b>Audit Recommendations</b></i>	<i><b>Ref</b></i>	<i><b>Action Taken By Management</b></i>	<i><b>Auditor's Validation Results</b></i>
<p>21. The expenses that were capitalized and treated as reforestation project do not qualify as an asset of the water district under par 49, 89 and 90 of the Framework for the Preparation and Presentation of the Financial Statements. Moreover, the expenses incurred by Barangay Guadalupe in the amount of ₱150,000.00 which formed part of the account balance are regular operating expenses of the Barangay and not for a watershed management program. Also, the financial assistance of ₱150,000.00 was erroneously recorded as Advances to Officers and Employees.</p>	<p>Management require Brgy. Guadalupe to replenish the ₱150,000.00 that was erroneously used by the Barangay so that the funds can be used for watershed management programs as agreed upon in the Memorandum of Agreement.</p>	<p>TAR CYs 2010 to 2012</p>	<p>There has been a change in the administration of Brgy. Guadalupe and the new officials are still sorting the documents.</p>	<p>Not Implemented</p>
<p>22. The Board of Directors was granted in CY 2011 a year-end financial assistance and cash gift</p>	<p>Management require the members of the Board of Directors to refund the year-end financial</p>	<p>TAR CYs 2010 to 2012</p>	<p>The financial assistance were given prior to the receipt of the Memorandum which provided</p>	<p>Fully Implemented  Deducted from PBI. The total</p>

<i>Audit Observations</i>	<i>Audit Recommendations</i>	<i>Ref</i>	<i>Action Taken By Management</i>	<i>Auditor's Validation Results</i>
without approval from the President as required under Section 8(d) of EO No. 24 dated February 10, 2011.	assistance and cash gift granted in CY 2011.		for the cancellation of such benefit. Granting of year-end financial assistance and cash gift had been stopped since CY 2012.	amount was fully paid on January 28, 2021.

## Annex A

### Carcar Water District

Carcar City, Cebu

Purchases paid thru reimbursements which are not supported with pertinent documents

CY 2021

Check Date	Check No.	Payee	Particulars	Amount	Remarks
1/11/21	72155428	Karen Joy N. Carreon	Reimbursement for the purchase of disinfectant spray	₱ 7,779.75	-no request for quotations, abstract of quotations, purchase orders and purchase request - appropriate tax was not withheld
2/15/21	72155486	Karen Joy N. Carreon	Reimbursement for the purchase of alcohol and disinfectant spray	7,106.25	-no request for quotations, abstract of quotations, purchase orders and purchase request - appropriate tax was not withheld
2/15/21	72155487	Karen Joy N. Carreon	Reimbursement for the purchase of handsoaps, rags, faceshield and facemask	8,255.00	-no request for quotations, abstract of quotations, purchase orders and purchase request - appropriate tax was not withheld
3/4/21	75327126	Karen Joy N. Carreon	Reimbursement for the purchase of 30 boxes facemask & 200 pcs of alcohol	5,548.00	-no request for quotations, abstract of quotations, purchase orders and purchase request - appropriate tax was not withheld
3/12/21	573032	Karen Joy N. Carreon	Reimbursement for the purchase of tables and office chairs	32,920.00	-no request for quotations, abstract of quotations, purchase orders and purchase request - appropriate tax was not withheld
6/2/21	583809	Karen Joy N. Carreon	Reimbursement for the breakfast and PM snacks during the CWD Anniversary celebration	19,310.00	-no purchase orders - appropriate tax was not withheld
6/10/21	75327352	Karen Joy N. Carreon	Reimbursement for the purchase of disinfectant spray	4,500.00	-no request for quotations, abstract of quotations, purchase orders and purchase request, inspection and acceptance report - appropriate tax was not withheld
9/27/21	75327517	Aminah B. Pangcoga	Reimbursement for the purchase of 30 pcs. air purifier and 8 pcs humidifier	16,062.00	-no request for quotations, abstract of quotations, purchase orders and purchase request, inspection and acceptance report - appropriate tax was not withheld
			<b>Total</b>	<b>₱101,481.00</b>	

**Annex B**

**Carcar Water District**

Carcar City, Cebu

Employees with net take home pay below the mandatory amount of ₱5,000.00 (sample)  
CY 2021

Employee Name	Monthly Rate	Deductions				Net Pay
		GSIS/HDMF/ Philhealth Contributions	GSIS/ HDMF Loans	Provident Fund	Others*	
Abadilla, Jose Romero T.	₱ 14,400.00	₱ 1,612.00	₱ 10,279.33	₱ 1,111.00	₱ 100.00	₱ 1,297.67
Cabarida, Jhope G.	16,200.00	1,801.00	9,559.68	1,846.92	680.64	2,311.76
Malubay, William N.	14,400.00	1,612.00	4,630.99	5,145.02	100.00	2,911.99
Pantorilla, Adriano G.	14,400.00	1,612.00	4,616.33	4,669.89	620.22	2,881.56
Racoma, Randel B.	13,572.00	1,525.06	7,386.68	1,104.00	600.53	2,955.73
Pabroa, Eduardo L.	13,677.00	1,536.08	5,566.20	3,187.23	100.00	3,287.49
Sabala, Mark Evan R.	18,251.00	2,016.35	10,307.20	1,791.83	268.34	3,867.28
Serenio, Cecilio T.	12,236.00	1,384.78	1,937.49	5,532.80	253.52	3,127.41
Villarin, Eliseo D.	12,034.00	1,363.57	6,154.36	957.02	100.00	3,459.05
Ybañez, Fritzer S.	16,200.00	1,801.00	8,972.5	2,227.74	386.90	2,811.86

\* *Water Bill and Employees' Union Contribution*