

CARCAR WATER DISTRICT (CWD)
AGENCY ACTION PLAN and STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2024
As of December 31, 2025

Ref.	Audit Observations	Audit Recommendations	AGENCY ACTION PLAN and STATUS of IMPLEMENTATION				Status of Implementation	Reason for Partial/ Delay/ Implementation, if applicable	Action Taken/ Action Taken
			Action Plan	Agency Action Plan	Person/ Dept. Responsible	Target Implementation From			
AOM No. 2025-001	Six items of equipment with a total cost of ₱1,073 million recorded under Other Machineries and Equipment account which were received in CY 2020 were not yet depreciated as of end of CY 2024. Consequently, the Depreciation Expense and the related Accumulated Depreciation accounts are understated by ₱204 million and ₱867 million, respectively; and the Retained Earnings account is overstated by ₱663 million as of year-end. This is not in accordance with Paragraph 15 of Philippine Accounting Standards (PAS) 1 on the fair presentation of Financial Statements	We recommend that Management direct the Accountant to recognize and record the depreciation expense and accumulated depreciation for the donated assets using the following proposed journal entries: Depreciation expense 204,017.28 Retained Earnings 663,056.16 Accumulated Depreciation 867,073.44 To record the depreciation as of December 31, 2024 of the donated assets.	Record the proposed journal entries on March books	Finance	Mar-25	Mar-25	Implemented	Recorded on March 31, 2025 (Reference: JL-2025-04-988636)	
AOM No. 2025-002	The grant of Collective Negotiation Agreement (CNA) Incentive amounting to ₱3,600 million in CY 2024 was improperly recorded to various Maintenance and Other Operating Expense (MOOE) accounts instead of CNA Incentive account as prescribed in the Department of Budget and Management (DBM) Budget Circular No. 2024-4, thereby affecting the fair presentation of the aforementioned accounts in the financial statements as at December 31, 2024.	We recommend that henceforth, Management through the Finance Services Department Manager direct the Accountant to adhere to the guidelines in the accounting of CNA Incentive set forth in the DBM Budget Circular No. 2024-4 and subsequent relevant issuances.	Record future CNA savings under CNA Incentive Account as set forth in the DBM's subsequent relevant issuances	Finance	Dec-25	Dec-25	Implemented	Implemented December 15, 2025 (JL-2025-12-113147)	
AOM No. 2025-003	The current balance of the Loans Payable account aggregating to ₱9,138 million includes a non-current portion of the liability amounting to ₱730 million, contrary to Paragraph 69 of the Philippine Accounting Standards (PAS) 1. Thus, the current and non-current portions of the liability account were not fairly presented.	We recommend that Management instruct the Head of the Finance Division to classify, at the end of the accounting period, the balance of the Loans Payable account into either Current Liabilities or Non-Current Liabilities, giving emphasis on its effect in the presentation of the account in the Statement of Financial Position.	Record the reclassification entries on March books	Finance	Mar-25	Mar-25	Implemented	Recorded on March 31, 2025 (JL-2025-04-988110)	

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AOM No. 2025-004	The accuracy, existence and reliability of the reported balances of the Inventory accounts amounting to ₱8.205 million as at December 31, 2024 could not be ascertained due to unreconciled difference of ₱150,773 thousand between the General Ledger and Report on the Physical Count of Inventories, contrary to Paragraph 15 of the Philippine Accounting Standards (PAS) 1 and Section 491 of the Government Accounting and Auditing Manual (GAAM), Volume 1.	We recommend for the General Manager to direct the Heads of the Accounting and Property/Supply Units to immediately reconcile the discrepancy of ₱150,773.57 between the General Ledger and the Report on the Physical Count of Inventories as at December 31, 2024. The variances should be investigated and properly adjusted through necessary correcting entries, subject to approval by the head of the agency.	Prepare reconciliation on the variance between the General Ledger and Report on Physical Count of Inventories as at December 31, 2025	Finance Dept.	Apr-25	Dec-25	Unimplemented	(99.21% reconciled as of December 2025)
AOM No. 2025-004		We also recommend for Management to Require the Property/Supply Unit to properly categorize inventory items and align their classifications with the General Ledger (GL) accounts. This will facilitate accurate reporting and reconciliation between the inventory records and the accounting books.	Inventory items such as fittings, Tools and Accessories, Other Tools and Equipment, Other Materials and Supplies, and Electrical Supplies under shall be categorized as Other Supplies and Materials Inventory Account in the Report of Physical Count of Inventory.	Finance Dept.	Jun-25	Dec-25	Implemented	Inventory items already categorized as Other Supplies and Materials Inventory Account in the Report of Physical Count of Inventory.

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AOM No. 2025-005	b) items below the capitalization threshold are still carried in the PPF account, thereby overstating the PPF account by ₱84,256,20, contrary to the provisions of Paragraph 15 of the Philippine Accounting Standards (PAS) 1 and COA Circular No. 2022-004 dated May 31, 2022.	Thereafter, the Accountant must observe the ₱50,000.00 capitalization threshold, when classifying/recording a tangible item as PPF, and expense this as soon as it is issued to the endusers, as provided in COA Circular No. 2022-004 dated May 31, 2022.	Observe compliance in the proper classification of recording of expenses	Finance	Mar-25	Dec-25	Implemented		Implemented on March 31, 2025
AOM No. 2025-006	The Water District registered an average rate of 15.19% of Non-Revenue Water (NRW) in CY 2024 which was within the acceptable level prescribed under the Local Water Utilities Administration (LWUA) Memorandum Circular (MC) Nos. 004-10 and 014-10 dated February 23, 2010 and December 2, 2010, respectively. contributing We commend CWD for effectively maintaining an average NRW rate below the 20% acceptable rate set by the LWUA. We recommend that Management maintain and sustain the implementation of projects/activities that effectively and efficiently maintain the NRW below the LWUA-set acceptable rate.	We commend CWD for effectively maintaining an average NRW rate below the 20% acceptable rate set by the LWUA. We recommend that Management maintain and sustain the implementation of projects/activities that effectively and efficiently maintain the NRW below the LWUA-set acceptable rate of viability of the water supply system: 20%.	Conduct regular monitoring and evaluation of NRW results	OM	Mar-25	Dec-25	Implemented		As of December 2025, the NRW is 15.64%.
			Projects related to NRW shall be implemented, monitored, and evaluated.	OM	Mar-25	Dec-25	Implemented		
AOM No. 2025-007	Water sanitation and hygiene facilities donated to various schools totaling ₱105,690.89 were still recognized in the books of the water district, contrary to paragraph 7 of IAS 16, thereby affecting the fair presentation in the financial statements as at December 31, 2024	We recommend that, Management, through the Finance Services Department Manager, direct the Accountant to prepare the following adjusting entry to reverse the initial recognition of asset and record donation of the asset as follows: Accumulated Depreciation 5,857,04 Retained Earnings 99,833.85 Buildings 105,690.89	Record the proposed journal entries on March books	Finance	Mar-25	Mar-25	Implemented		Recorded on March 31, 2025 (Reference: JI.-2025-04-98635)

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AOM No. 2025-005	The recorded Property, Plant and Equipment (PPE) balance as at December 31, 2024 aggregating ₱189,588 million is not fairly presented due to the following: a) No impairment loss was recognized on certain PPE accounts although indications of impairment existed, thus, the affected PPE accounts are carried at more than their recoverable amount which is contrary to PAS 36.	We recommend that Management require the Accountant to assess the Water District's assets at every end of the reporting date and to recognize the corresponding impairment loss if indications of impairment exist, to ensure that PPE are carried at not more than their recoverable amount in compliance with Philippine Accounting Standards (PAS) 1 and 36.	Check the recorded assets at every end of reporting period if there are any indications of impairment. If there is impairment, the accountant will record the impairment loss in the books.	Finance	Mar-25	Dec-25	Implemented		Recorded on March 31, 2025 (Reference: JL-2025-06-103716)
AOM No. 2025-005		We also recommend for Management to require the Property Officer to prepare the Inventory and Inspection Report of Unserviceable Property (IIRUP) and to hasten the disposal of these unserviceable properties to prevent further deterioration pursuant to Section 79 of Presidential Decree (PD) No. 1445, and subsequently have these derecognized by the Accountant from the book of accounts of the Water District, once disposed	Set a timeline for the regular submission of Inventory and Inspection Report of Unserviceable Property (IIRUP) and disposal of unserviceable assets.	Admin	Sep-25	Dec-25	Unimplemented		>Meeting was held on September 16, 2025. >The PPE count is scheduled for November 17-28, 2025. >The IIRUP was prepared and submitted in 2Q 2025. >Disposal of unserviceable assets is to be scheduled for the 1stQ 2026
AOM No. 2025-005	b) items below the capitalization threshold are still carried in the PPE account, thereby overstating the PPE account by ₱84,256.20, contrary to the provisions of Paragraph 15 of the Philippine Accounting Standards (PAS) 1 and COA Circular No. 2022- 004 dated May 31, 2022.	We recommend that Management direct the Accountant to strictly comply with the provisions of PAS 1 and draw a Journal Entry Voucher to reclassify the semi-expendable items and the related Accumulated Depreciation to the appropriate accounts, as follows: Retained Earnings 25,555.80 Accumulated Depreciation 58,700.40 Transportation Equipment 84,256.20	Record the proposed journal entries on March books	Finance	Mar-25	Mar-25	Implemented		Recorded on March 31, 2025 (Reference: JL-2025-04-98634)

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CY 2023 AAR AD No. 1	Several dormant Receivables aggregating P1,633,891.33 which have been outstanding for more than 10 years were not written-off/recognized from the books of accounts, contrary to COA Circular No. 2023-008 dated August 17, 2023 (Amending COA Circular No. 2016-005 dated December 19, 2016). This affects the fair presentation of the Financial Statements as prescribed under Philippine Accounting Standards (PAS) No. 1	We recommended and Management agreed, through the head of Finance Services Department, to initiate the write-off of these dormant receivable accounts by following the guidelines and procedures prescribed under COA Circular No. 2023-008 dated August 27, 2023.	Secure the lacking requirements as prescribed by COA Circular No. 2023-008 a. Certified copy of the letters signed by HoA, addressed to each concerned Accountable Officer/personnel demanding the AO to execute a certificate of justification as to why the supporting documents are not available in his/her office or in any other office. b. Certification by the responsible officials of the entity to the effect that there are no records/documents available to validate the account. c. Satisfactory explanation for non-submission of certified copy of the notice of loss since the certified copy of the notice of loss was not submitted to the Auditor immediately after the discovery of the loss. d. Investigation Report approved by HoA and the corresponding decision. e. Management's actions based on the results of investigation. f. Steps to be undertaken by Management to prevent the occurrence of similar losses. g. Other justifications due to loss of documents, the circumstances of the loss should be stated in the letter-request.	Finance Division	09/01/2025	12/31/2025	Implemented		Investigation report and other requirements were submitted on December 12, 2025 for evaluation of COA
		We also recommended and Management agreed to disclose in the Notes to the Financial Statements these dormant receivables that are subject for write-off for fair presentation of the financial statements	In the Notes of Financial Statements (FY 2025, the accountant shall include a disclosure about the receivables that are to be written off.		12/01/2025	12/31/2025	Implemented		(ongoing draft of Notes to FS as of December 31, 2025)
	Due from LGU, account amounting P1,500,000.00 was not refunded by the implementing agency within the prescribed period and has been dormant outstanding for more than 10 years contrary to COA Circular No. 94-013 dated December 13, 1994 and COA Circular No. 2016-005 dated December 19, 2016, thus, affecting the fair presentation of the	We recommended for Management to make a representation or call the attention of responsible officials of the barangay to enforce demand the refund from barangay Grandaup, Caran City, City of the long outstanding fund transfer amounting to P1,500,000.00	Secure separate request to write-off the LGU account amounting to P1,500,000	Finance Division, S. Arpon	09/01/2025	12/31/2025	Implemented		Investigation report and other requirements were submitted on December 12, 2025 for evaluation of COA
2022 AAR AD No. 3 Page 34	Accounts Receivable (AR) totaling P2,984,922.98 or 41.74 per cent of the total AS balance of P7,151,595.50 as at December 31, 2022, were overdue and inactive, which indicates low collection efficiency. Further, the disconnection policy as stated in Sections 12.2, 12.3 and 15 of the CWD LIRs, Rules and Regulations (CRR) was not fully implemented. These are contrary to Section 2 of PD No. 1453, thus depriving the Water District of additional funds that could help sustain its operation.	We recommended that Management exert extra effort to intensify the collections and formulate additional strategies to address the problem of collection/reduction of overdue and inactive accounts.	In order to address the problem of collection of overdue and inactive accounts, a proposed policy on the Sale of Inactive Service Connections to New Service Connection Applicants was crafted and approved on April 2023. As of December 2025, there are 185 applicants who availed the promo.	Commercial Division	07/01/2025	12/31/2025	Implemented		
		Furthermore be consistent in the implementation of the disconnection policy of six days from due date with unpaid water bill as provided under Section 12.3 of the CWD LIR to avoid accumulation of water consumption and water bill of the delinquent consumers.	The disconnection policy has been strictly implemented since January 2022, as evidenced by the decreasing number of delinquent accounts. However, achieving 100% disconnection is not always realistic due to factors such as humanitarian considerations (e.g., death, illness, or medical emergencies in the household, or the account holder being absent to settle payment on the same day), as well as safety concerns for personnel in areas with a history of conflict or threats.)	Commercial Division	07/01/2025	12/31/2025	Implemented		

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CY 2020 AAR, AO No. 3, Page 34	Annual water charges paid to the National Water Resources Board (NWRB) for CY 2020 totaling P40,095.77 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.	CWD will request from NWRB for the refund.	OM / N. Sordilla	06/01/2025	12/31/2025	Implemented		Due to new memo under NWRB-AFD-2025-107-r0
CY 2019 AAR, AO No. 6, Page 12	Disbursement amounting to P100,000.00, 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.	Management submit the lacking documents, for review and evaluation, such as: a. Survey Plan; b. Certification that there is no previous claim and previous payment on subject property; c. Environmental Clearance Certificate d. Independent appraisal report or Committee Resolution as to the valuation of the land to determine the reasonableness of the offered price.	Secure the lacking documents of Lot 2557-s-4, PSD, 7-071 H43 owned by Esclita Sarmiento in Luan-Luan, Poblacion I, Carcar City; a. Environmental Clearance Certificate c. Independent appraisal report or Committee Resolution as to the valuation of the land to determine the reasonableness of the offered price; d. Certified photocopy of Transfer Certificate of Title and Tax Declaration in the name of the procuring entity or previous owner with annotation of sale e. Deed of Absolute Sale registered with Register of Deeds (now Land Registration Authority (LRA) where the land is located	Admin Division	07/01/2025	12/31/2025	Unimplemented		11/01/2025 --ongoing process on compliance for zoning certification and for compliance in E/C Amendment
AAR CY 2019		Management ensure that the following documents are secured prior to the full payment of the remaining balance, to wit: a. Deed of Absolute Sale registered with the Register of Deeds (now Land Registration Authority) where the land is located; and 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.	As of December 31, 2025, the following documents have been compiled: a. Sketch / Survey Plan b. Certification that there is no previous claim and previous payment on subject property;	Admin Division	07/01/2025	12/31/2025	Unimplemented		

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CY 2015 AAR, AO No. 2a, Page 8	A parcel of land acquired in 2015 with an area of 100 square meters was paid even if the disbursement voucher was not supported with the necessary documentary requirements as enumerated under Sections 133 and 132 of CVA Circular No. 2012.	Management secure the required documents to validate the purchase transaction, which papers will simultaneously fast track the filing of the acquired lot in the name of the Water District.	Secure the lacking documents of lot owned by Everett Cui and Thadee Adams in Tegal, Candulup, Ceanar City: a. Independent Appraisal Report (Lot no. 5869-e) b. Certified Photocopy of Tax Clearance from Assessor's Office with Certificate Authorizing Registration (CAR), Capital Gains Tax (CGT), Documentary Stamp Tax (DST) and Transfer Tax c. Deed of Absolute Sale registered with Register of Deeds (now Land Registration Authority (LRA) where the land is located	Admin Division	07/01/2025	12/31/2025	Unimplemented	The process of filing, transfer 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.	11/30/2025 --ngoing process on compliance for zoning certification and for compliance in ECC Amendment
CY 2015 AAR, AO No. 2b, Page 10	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	Management request the Cebu Provincial Appraiser (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.	Prepare a request for appraisal	Admin Division	09/01/2025	12/31/2025	Implemented		11/01/2025 - Asked E. Subo for assistance in communicating with the Provincial Assessor.
CY 2015 AAR, AO No. 2a, Page 12	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 filing of the lots donated and/or purchased by the Water District to certainly establish ownership	Monitoring of filing of lots is ongoing. Filing of lots has not yet transferred to CWD.	Admin Division	07/01/2025	12/31/2025	Implemented		11/30/2025 --ngoing process on compliance for zoning certification and for compliance in ECC Amendment

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					From	To			
CY 2015 AAR, AO No. 2a, Page 8	A parcel of land acquired in 2013 with an area of 100 square meters was paid even if the disbursement voucher was not supported with the necessary documentary requirements as enumerated under Sections 131 and 132 of COA Circular No. 2012-001. The circumstance is not with a violation of Section 46j of PD 1145 but may also lead to delay in the titling of the land in the name of the Water District.	Management secure the required documents to validate the purchase transaction, which papers will simultaneously fast track the titling of the required lot in the name of the Water District.	Secure the lacking documents of lot owned by Everet, Vin and Jhader Aleman in Tapan, Candelupe, Cayan City: a. Independent Appraisal Report (Lot no. 5869-e) b. Certified Photocopy of Tax Clearance from Assessor's Office with Certificate Authorizing Registration (CAR), Capital Gains Tax (CGT), Documentary Stamp Tax (DST) and Transfer Tax c. Deed of Absolute Sale registered with Register of Deeds (now Land Registration Authority (LRA)) where the land is located As of December 31, 2025, the following documents have been completed: a. Survey Plan b. Certification from the Head of Implementing Office that there is no previous pending claim and previous payment on subject property c. Environmental Clearance Certificate d. Applicable BIR Zonal Value	Admin Division	07-01-2025	12-31-2025	Unimplemented	The process of filing, transfer 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.	11-01-2025 - ongoing process on compliance for zoning certification and for compliance in ECCC Amendment
CY 2015 AAR, AO No. 2a, Page 10	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.	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.	Prepare a request for appraisal	Admin Division	09-01-2025	12-31-2025	Unimplemented		11-01-2025 - Asked E. Sinos for assistance in communicating with the Provincial Assessor
CY 2015 AAR, AO No. 2a, Page 12	Ownership of 16 parcels of land which were either donated to or purchased by the Water District with a total approximate land area of 1,021.9 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.	Monitoring of titling of lots is ongoing Titling of lots has not yet transferred to CWI	Admin Division	07-01-2025	12-31-2025	Implemented		11-01-2025 - ongoing process on compliance for zoning certification and for compliance in ECCC Amendment

Approved by:



ATTY. EDWARD J. SINOS, F.E. MPA
General Manager

Date

Note: Status of Implementation may either be (a) Implemented or (b) Unimplemented.