



Republic of the Philippines  
**COMMISSION ON AUDIT**  
 Regional Satellite Audit Office – Negros Island and Siquijor  
 Gatuslao Street, Bacolod City  
 Tel. Nos., F/P 433-9930, 709-0792

**OFFICE OF THE DIRECTOR**

**THE BOARD OF DIRECTORS**  
**MR. AMADOR G. GEROY**  
 General Manager  
 All of Pulupandan Water District  
 Pulupandan, Negros Occidental

*J. Jaranilla*  
**PULUPANDAN WATER DISTRICT**  
**RECEIVED**  
 DATE 3-11-2021

**Dear Board of Directors and Manager Geroy:**

Pursuant to Section 2, Article IX-D of the 1987 Philippine Constitution and Section 43 (2) of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines," and in line with this Commission's efforts towards informing Management on how fiscal responsibility had been discharged, we are pleased to transmit the report of our auditors on the audit of the accounts and operations of the Pulupandan Water District, Pulupandan, Negros Occidental for the years ended December 31, 2019 and 2020.

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

A qualified opinion was rendered on the fairness of the presentation of the financial statements due to the audit exceptions noted as indicated in the Independent Auditor's Report.

We request that the audit observations and recommendations contained in the report be appropriately acted upon and we will appreciate being informed of the actions taken thereon by submitting the duly accomplished Agency Action Plan and Status of Implementation (AAPSI), form attached, within 60 days upon receipt hereof.

We acknowledge the cooperation and support extended to our auditors during the audit.

Very truly yours,

*Arnel T. Jaranilla*  
**ATTY. ARNEL T. JARANILLA**  
 OIC – Director III

The Chief of Office  
 UP Law Center  
 Seabro Hall, UP Law Complex  
 UP Diliman, Quezon City

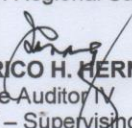
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**COMMISSION ON AUDIT**  
Regional Satellite Audit Office – Negros Island and Siquijor  
Corporate Government Sector III  
Water Districts and Other CGS Stand Alone Agencies  
Gatuslao Street, Bacolod City  
Team R6-03

MEMORANDUM

**FOR** : **ATTY. ARNEL T. JARANILLA**  
OIC – Director III  
Commission on Audit  
COA Regional Satellite Audit Office – Negros Island and Siquijor

**THRU** :  **PERICO H. HERNAEZ**  
State Auditor IV  
OIC – Supervising Auditor

**DATE** : **February 24, 2021**

In compliance with Section 2, Article IX-D of the 1987 Philippine Constitution and Section 43(2) of Presidential Decree No. 1445, we conducted a financial and compliance audit on the accounts and operations of Pulupandan Water District, Pulupandan, Negros Occidental for the years ended December 31, 2019 and 2020.

The audit was conducted to ascertain the fairness of presentation of the financial statements and the propriety of financial transactions. We conducted the audit in accordance with generally accepted auditing standards and we believe that it provides a reasonable basis for the results of the audit. The audit was likewise aimed at determining whether the desired objectives were attained in an effective, efficient and economical manner.


Our report consists of four parts. Part I is the audited financial statements, Part II contains the Observations with the corresponding Recommendations, which were discussed with Management in an exit conference, Part III presents the Status of Implementation by the Auditee of Prior Years' Audit Recommendations and Part IV, the Annex.

There is a reason to believe that the financial statements are free of material misstatement/s and are prepared in accordance with applicable laws, rules, and regulations and in conformity with generally accepted accounting principles, except that the existence and condition of the Property, Plant and Equipment (PPE) with aggregate acquisition cost of ₱20,648,493.09 as of December 31, 2020 cannot be ascertained due to non-conduct of physical count.

In our opinion, except for the effect of any adjustment which might have been made had the agency addressed the deficiency discussed in the preceding paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Pulupandan

Water District, as of December 31, 2019 and 2020, and the results of its operations and cash flows for the years then ended.

We acknowledge the cooperation extended to us by the Pulupandan Water District personnel, particularly those of the Accounting Section, through whose assistance and support the submission of this report was made possible.

  
**RONALD REY S. MARTIR**  
State Auditor III  
OIC – Audit Team Leader

BIENNIAL AUDIT REPORT  
ON THE

PULUPANDAN WATER DISTRICT  
Pulupandan, Negros Occidental

For the Years Ended December 31, 2019 and 2020



Republic of the Philippines  
**COMMISSION ON AUDIT**  
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Tel. No. (034) 433-9930; (034) 709-0792

**OFFICE OF THE SUPERVISING AUDITOR**

## **INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF DIRECTORS**  
**MR. AMADOR G. GEROY**  
General Manager  
All of Pulupandan Water District  
Pulupandan, Negros Occidental

### **Qualified Opinion**

We have audited the financial statements of the Pulupandan Water District, which comprise the statement of financial position as at December 31, 2019 and 2020, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Pulupandan Water District as at December 31, 2019 and 2020, and its comprehensive income and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Qualified Opinion**

The existence and condition of the Property, Plant and Equipment (PPE) with aggregate acquisition cost of ₱20,648,493.09 as of December 31, 2020 cannot be ascertained due to non-conduct of physical count contrary to Section 490 of the Government Accounting and Auditing Manual (GAAM), Volume 1.

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 ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Key Audit Matters**

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no other key audit matters to communicate in our report.

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

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

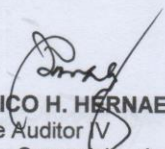
Those charged with governance are responsible for overseeing the Pulpandan Water District's financial reporting process.

**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 misstatements, 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.

**COMMISSION ON AUDIT**

By:

  
**PERICO H. HERNAEZ**  
State Auditor IV  
OIC – Supervising Auditor

February 24, 2021

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

	Audit Observation	Recommendation	Ref.	Status of Implementation	Reason for Partial/ Non-Implementation
1	The existence, accuracy and valuation of the ₱20,569,293.09 Property, Plant and Equipment (PPE) as of December 31, 2018 remained doubtful due to the failure to maintain PPE Ledger Cards (PPELC) by the Corporate Budget Assistant and Property Custodian, respectively, and to prepare and submit the Report on the Physical Count of PPE (RPCPPE) contrary to pertinent sections of Government Accounting and Auditing Manual (GAAM).	We recommended and Management agreed to: 1. create an Inventory Committee to conduct the physical inventory of all PPE of the District and subsequently prepare and submit to the Auditor the RPCPPE not later than January 31 of each year; and 2. require the Corporate Budget Assistant and the Property/Supply Officer to maintain a complete PPELC and Property Cards, respectively.	2017-2018 Biennial Audit Report (BAR)	Not Implemented. Reiterated in Audit Observation No. 1 of this Audit Report.	Inventory Committee was not created by the General Manager, thus, physical count was not conducted.
2	The Accounts Receivable account balance of ₱260,955.31 could still not be relied upon due to its non-reconciliation with the Aging Schedule balance of ₱271,574.25 or a difference of ₱10,618.94, rendering the correctness of the account as presented in the financial statements doubtful.	We recommended and the Corporate Budget Assistant and Administrative Service Assistant C agreed to continue the reconciliation of the discrepancies between the accounting records and the billing and collection system and make the necessary adjustments, if any, to present the correct collectibles of the District in the financial statements.	2017-2018 BAR	Not Implemented. Reiterated in Audit Observation No. 2 of this Audit Report.	Both the Corporate Budget Assistant and Administrative Service Assistant C did not undertake reconciliation of their records.
3	Bank Reconciliation Statement (BRS) were not prepared and submitted to the Auditor, contrary to	We recommended and the Corporate Budget Assistant agreed to prioritize the immediate	2017-2018 BAR	Partially Implemented.	No BRS prepared for

	Audit Observation	Recommendation	Ref.	Status of Implementation	Reason for Partial/ Non-Implementation
	Section 74 of Presidential Decree No. 1445 resulting in the difficulty of ascertaining the accuracy of the cash balance in the books of the District.	preparation of the monthly BRS in order to have an assurance for the accuracy of the amount of Cash in Bank account presented in the financial statements which is the most liquid asset of the District.			LBP current account.
4	The Bids and Awards Committee (BAC) failed to recommend to the Head of the Procuring Entity (HoPE) through BAC Resolutions the use of alternative mode of procurement and award of contracts to the lowest calculated and responsive supplier contrary to Section 12 of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.	We recommended and the General Manager agreed that all procurement activities of the District be duly supported with BAC Resolutions in compliance with Section 12 of the 2016 Revised IRR of RA No. 9184.	2017-2018 BAR	Partially Implemented. Reiterated in Audit Observation No. 3	The BAC did not prepare BAC Resolutions recommending award of contracts.
5	The District still did not create a Gender and Development (GAD) Focal Point System and did not formulate GAD Plan and Budget designed to address gender issues which shall serve as guide in implementing GAD-related activities pursuant to Section 30 of both RA Nos. 10924 and 10964, respectively.	We recommended and the Management agreed to prepare GAD Plan and Budget and the Accomplishment Report.	2017-2018 BAR	Not Implemented. Reiterated in Audit Observation No. 5 of this Audit Report.	GAD Plan and Budget was not prepared due to inadequate technical knowledge in its preparation.