

**PART III –  
STATUS OF IMPLEMENTATION OF  
PRIOR YEARS' AUDIT RECOMMENDATIONS**

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PRIOR YEARS' AUDIT RECOMMENDATIONS**

We made a follow-up on the action taken by the District to implement the recommendations of CY 2023, 2022, 2021, 2020, and 2019 AARs and noted the following:

<b>Status of Implementation</b>	<b>No. of Recommendations</b>	<b>Percentage</b>
Fully Implemented	31	56.37%
Not Implemented (For Implementation)	24	43.64%

<b>Ref.</b>	<b>Audit Observation</b>	<b>Audit Recommendation(s)</b>	<b>Status of Implementation</b>
AAR 2022 Finding No.1	The existence and accuracy of the Property, Plant and Equipment (PPE) account with net value of P65,131,027.48 as at December 31, 2022 cannot be ascertained due to the inability of the agency to fully implement the guidelines and procedures in the one-time cleansing of PPE account balances contrary to COA Circular No. 2020-006 dated January 31, 2020.	We recommended the Management to: <ul style="list-style-type: none"> <li>Require the Accounting and Property Unit to conduct the required preliminary activities as provided in Section 6.1 of COA Circular No. 2020-006 and submit the documents or reports gathered to the Inventory Committee as basis in the preparation of Physical Inventory Plan;</li> </ul>	Fully Implemented <sub>01</sub>
		<ul style="list-style-type: none"> <li>Require the Inventory Committee to prepare the Physical Inventory Plan and submit to COA the approved copy at least ten (10) calendar days before the scheduled start of inventory taking activities;</li> </ul>	Fully Implemented <sub>02</sub>
		<ul style="list-style-type: none"> <li>Require the Inventory Committee to ensure strict compliance with the guidelines and procedures in the conduct of physical count of PPEs; and</li> </ul>	Not Implemented <sub>01</sub>  The Management has not fully implemented the One-Time Cleansing procedures, thus, reiterated in this report.
		<ul style="list-style-type: none"> <li>Submit the RPCPPE to the Audit Team.</li> </ul>	Not Implemented <sub>02</sub>  The Management has not fully implemented the

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
AAR 2022 Finding No.2	Past due and dormant Receivables aging one to more than three years amounting P3,410,866.07 remained uncollected and were classified under current assets contrary to Philippine Accounting Standards (PAS) 1 and 39 and COA Circular No. 2016-005 dated December 19, 2016.	<p>We recommended that Management:</p> <ul style="list-style-type: none"> <li>Require the Accountant to classify these past-due and dormant accounts receivable, aging one year and over, as non-current in the financial statements pursuant to PAS 1;</li> <li>Exert efforts to collect the receivables thru demand letters; and</li> <li>File the request for authority to write-off dormant receivable accounts following the provisions of COA Circular No. 2016-005 dated December 19, 2016.</li> </ul>	<p>One-Time Cleansing procedures, thus, reiterated in this report.</p> <p>Not Implemented<sup>03</sup></p> <p>Not Implemented<sup>04</sup></p> <p>Not Implemented<sup>05</sup></p>
AAR 2022 Finding No.3	The District remains non-compliant with the requirement under Section 22 of the Philippine Disaster Risk Reduction and Management Act of 2010 (RA 10121) and Section 37 of General Appropriations Act of 2021 (RA 11518) to adopt and implement a Disaster Risk Reduction and Management Program.	<p>We recommended the management to:</p> <ul style="list-style-type: none"> <li>Develop a DRRM Program and have a framework for disaster preparedness, response, prevention and mitigation, and rehabilitation and recovery, pursuant to RA 10121; and</li> <li>Prepare and submit to the Audit Team a Disaster Risk Reduction and Management (DRRM) Plan and Budget for CY 2022.</li> </ul>	<p>Not Implemented<sup>06</sup></p> <p>Fully Implemented<sup>03</sup></p>
AAR 2022 Finding No.4	The effectiveness of the District's GAD programs and activities cannot be properly evaluated due to deficiencies in GAD Planning procedures and the allocation of GAD Budget below five per cent (5%) of the District's Corporate Operating Budget for the year.	<p>We recommended that the agency:</p> <ul style="list-style-type: none"> <li>Assess and identify gender and development issues within the organization and those of the outside stakeholders;</li> <li>Establish policies, strategies, and initiatives to</li> </ul>	<p>Not Implemented<sup>07</sup></p> <p>Not Implemented<sup>08</sup></p>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
		address the identified gender and development issues whether within or outside the organization;	
		<ul style="list-style-type: none"> <li>Allocate at least 5 per cent of the total budget of the agency for the implementation of gender and development programs, project and activities for every fiscal year either by specific appropriation or by attribution;</li> </ul>	Fully Implemented <sup>04</sup>
		<ul style="list-style-type: none"> <li>Formulate annual GAD Plan and Budget within the context of the District's mandate and submit the same together with the GAD Accomplishment Report for the previous year to PCW for review and endorsement to DBM;</li> </ul>	Not Implemented <sup>09</sup>
		<ul style="list-style-type: none"> <li>Implement gender and development programs, project and activities within the bounds of economy, efficiency and effectiveness; and</li> </ul>	Not Implemented <sup>10</sup>
		<ul style="list-style-type: none"> <li>Establish performance indicators which will serve as bases for evaluating gender and development programs, project and activities; and</li> </ul>	Not Implemented <sup>11</sup>
		<ul style="list-style-type: none"> <li>Evaluate implemented gender and development programs, project and activities using set performance indicators and existing standards on gender and development.</li> </ul>	Not Implemented <sup>12</sup>
AAR 2022 Finding No.5	The Non-Revenue Water (NRW) of the District is equivalent to 29.55 per cent which exceeded the 20 percent maximum acceptable	<p>We recommended the management to:</p> <ul style="list-style-type: none"> <li>Conduct regular performance audit on all its water meters (i.e., flow</li> </ul>	Fully Implemented <sup>05</sup>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
	NRW prescribed by LWUA resulting to unaccounted water losses, which is not in accord with LWUA Memorandum Circular No. 014-10 dated December 2, 2010 and LWUA Resolution No. 444 series of 2009, hence, resulting to additional losses to the District.	<p>meters and service meters) and pipes to be able to detect and replace all those that are defective and prepare a report for easier monitoring; and</p> <ul style="list-style-type: none"> <li>• Ensure that the NRW level is reduced and shall not exceed the 20 per cent maximum acceptable performance level set by LWUA.</li> </ul>	Not Implemented <sup>13</sup>
AAR 2021 Finding No.1	The Cash in Bank in the amount of P7,647,380.08 could not be ascertained as to its accuracy and correctness due to the non-submission of monthly Bank Reconciliation Statements (BRS), including its supporting documents, contrary to 74 of PD No. 1445 and Sections 5 and 7, Chapter 21 of Government Accounting Manual (GAM), Volume I, for National Government Agencies.	We recommend that the management require its accounting personnel to prepare and submit the BRS not submitted to the Audit Team. Moreover, to submit future BRS within twenty days after the receipt of the monthly Bank Statement (BS) to the COA Auditor for Auditor's verification.	Fully Implemented <sup>06</sup>
AAR 2021 Finding No.2	The accuracy and reliability of the Property, Plant and Equipment (PPE) account amounting to P64,311,203.40 as of December 31, 2022 cannot be ascertained due to the write-offs made in the amount of P4,550,413.80 to cover differences between the accounting and property records in violation of the Section 7 of COA Circular No. 2020-006 on the guidelines and procedures for the One-Time Cleansing of PPE account balances of Government Agencies.	<p>We recommend the Management to:</p> <ul style="list-style-type: none"> <li>• instruct the Accounting Processor to reverse the accounting entries made in writing-off various PPE accounts;</li> <li>• direct the Inventory Committee, Supply Officer and Accounting personnel to dutifully follow the guidelines and procedures on inventory taking, recognition of those found at the station and disposition for non-existing/missing PPE items for the one-time cleansing of PPE accounts of government agencies as provided for in COA Circular No. 2020-006.</li> </ul>	<p>Fully Implemented<sup>07</sup></p> <p>Not Implemented<sup>14</sup></p> <p>The Management has not fully implemented the One-Time Cleansing procedures, thus, reiterated in this report.</p>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
AAR 2021 Finding No.3	The District's inadequate monitoring and evaluation of its Other Accounts Receivable in the amount of P1,807,000.00, as well as its lax collection practices, have led to build-up of past due accounts aging over two (2) years contrary to Philippine Accounting Standards (PAS) 1 and 39 and COA Circular No. 2016-005, thus, deprived the District of additional funds to finance its operations and may have overstated the District's Other Accounts Receivable account with the amount that could no longer be collected.	We recommend that Management:	Fully Implemented <sup>08</sup>
		<ul style="list-style-type: none"> <li>Exert efforts to collect the receivables thru demand letters;</li> </ul>	Fully Implemented <sup>09</sup>
		<ul style="list-style-type: none"> <li>Consider incorporating payment plans/schedules in their courses of action to encourage gradual settlement of accounts;</li> </ul>	Not Implemented <sup>15</sup> The Accountant was not able to reclassify the account receivables.
		<ul style="list-style-type: none"> <li>Require the Accountant to classify these past-due and dormant accounts receivable, as non-current in the financial statements pursuant to PAS 1;</li> </ul>	Not Implemented <sup>16</sup> The Management is still in the process of gathering the required supporting documents.
		<ul style="list-style-type: none"> <li>File the request for authority to write-off dormant receivable accounts following the provisions of COA Circular No. 2016-005 dated December 19, 2016; and</li> </ul>	Not Implemented <sup>16</sup> The Management is still in the process of gathering the required supporting documents.
		<ul style="list-style-type: none"> <li>Conduct regular monitoring and review of accounts receivable as well as formulate and implement an effective collection strategy.</li> </ul>	Fully Implemented <sup>10</sup>
AAR 2021 Finding No.4	Non submission of some of the required year-end financial statements and other related financial reports/schedules is contrary to COA Circular No. 2015-004 dated July 16, 2015, thus, the accuracy and validity of the account balances could not be verified.	We recommend that the management to require its accounting personnel to prepare and submit the lacking required reports to the COA Audit team and submit future Annual Financial Statements in accordance with COA Circular No. 2015-004.	Fully Implemented <sup>11</sup>
AAR 2021 Finding No.5	Annual GAD Plan and Budget (GPB) and Accomplishment Report were not submitted contrary to Joint Circular No. 2012-001 of Department of Budget and Management (DBM), National Economic and Development Authority (NEDA) and Philippine Commission on Women	We recommend the Management to submit the GAD Plan and Budget and the Accomplishment Report within the deadline prescribed by PCW-DILG-DBM-NEDA Joint Memorandum Circular No. 2013-01 and COA Circular 2014-001.	Fully Implemented <sup>12</sup>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
	(PCW) thereby bringing difficulty to determine whether the gender issues identified were approved by DILG/ PCW and whether the gender issues had been fully addressed.		
AAR 2021 Finding No.6	The agency failed to submit the Disaster Risk Reduction and Management Plan and Budget, as well as implement programs and activities therein, contrary to Section 37 of General Appropriations Act of 2022 (RA 11518) and Section 5, Rule 19 of Philippine Disaster Risk Reduction and Management Act of 2010 (RA10121).	We recommend that the Management require the DRRM Officer to: <ul style="list-style-type: none"> <li>• formulate and implement programs and activities intended to address Disaster Risk Reduction and Management issues particularly those that are doable even with the current pandemic;</li> </ul>	Not Implemented <sup>17</sup>  The Management has formulated and implemented programs but was not able to address issues within the agency and community.
		<ul style="list-style-type: none"> <li>• and submit Disaster Risk Reduction and Management Plan and Budget within the prescribed period.</li> </ul>	Fully Implemented <sup>13</sup>
AAR 2021 Finding No.7	The District failed to prepare its Septage Management Plan (SMP) as required by RA 9275 and PD 198 depriving its concessionaires of a sound wastewater treatment and disposal system.	We recommend that Management prepare its Septage Management Plan (SMP) providing for a strategic objective of the District, the courses of action to be undertaken with its desired/expected outcomes and outputs, target timelines, accountabilities, means of monitoring and evaluation, and key performance indicators, among other items, for an effective and efficient implementation and monitoring.	Not Implemented <sup>18</sup>  Management has included this program in their 10-year Business Plan but has not initiated any procedure in preparing a plan.
AAR 2020 Finding No.1	Physical count of Property, Plant and Equipment was not conducted as provided for in Section 5 of COA Circular No. 2020-006 thus placing the amount of the fixed assets account balances reflected in the financial statements in the	We recommended that the District comply strictly with Section 5 of COA Circular No. 2020-006 in the conduct of inventory taking for its PPE accounts.	Not Implemented <sup>19</sup>  The Management has not fully implemented the One-Time Cleansing procedures, thus, reiterated in this report.

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
	amount of ₱68,828,956.05 is of doubtful validity.		
AAR 2020 Finding No.2	Collections amounting to ₱ 15,593,872.60 were not deposited daily and intact in violation of Section 69 of Presidential Decree No. 1445 and Paragraph 32, Remittances/Deposits Section, Chapter II -Laws and Rules Relevant to Cash Examination of the Revised Cash Examination Manual (COA Memorandum 2013-004 dated July 9, 2013).	We recommended that Collections should be deposited intact the next available banking day. The cashier should be vigilant in her duties in reviewing the remittances given to her by the tellers and should count the money remitted in the presence of the teller and compare it with submitted collection summary to check that it is intact. Any discrepancy should be noted such as missing or cancelled ORs, shortage, and overage in the remittance. Each teller should be provided with a cash box where they can put their collections and should be surrendered to the cashier together with their collection summary so that mixing up of collections can be avoided.	Fully Implemented <sup>14</sup>
AAR 2020 Finding No.3	Non-submission of the Result of Physical Count of Inventory duly reconciled with the Supplies Ledger Cards and Stock Cards kept by the Accounting Unit and the Property/Supply Unit respectively as provided by Section C, D and E, Appendix 66, Volume II of the Government Accounting Manual, puts in doubt the validity of the amount of Inventory as reflected in the financial statements of in the amount of ₱ 4,376,328.29.	We recommended the submission to the Office of the Auditor a copy of Report on the Physical Count of Inventory, duly reconciled with the Supply Ledger Cards maintained by the Accounting unit and Stock Cards maintained by the Property and Supply unit as provided by Sections C, D and E of Appendix 66, Government Accounting Manual, Volume II. The reconciliation report should reflect the quantity per books and per supply ledger cards, indicating any variance and the Journal Entry Voucher Number for the adjustment of the variance. The Auditor or his/her representative should be present when physical	Not Implemented <sup>20</sup>  The Management has not fully implemented the inventory procedures, thus, reiterated in this report.



Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
		count of inventory is to be conducted and therefore notice should be given beforehand when there is such an activity.	
AAR 2020 Finding No.4	Compliance to Section 3.2 of Civil Service Commission MC No. 10, S. of 2020 dated May 7, 2020 as amended by CSC MC No. 18, S. of 2020 dated October 15, 2020 (Revised Interim Guidelines for Alternative Work Arrangements and Support Mechanisms for Workers in the Government During the Period of State of National Emergency Due to COVID-19 Pandemic) in the payment of Hazard Pay for those who was on skeleton (skeletal) force during the Enhanced Community Quarantine (ECQ) of the Province of Lanao del Norte amounting to ₱304,500.00 cannot be ascertained due to lack of supporting documents.	<p>We recommended that Management comply strictly with CSC MC No. 10 as amended by CSC MC No. 18, both series of 2020 dated May 7, 2020 and October 15, 2020 respectively, in the payment of COVID-19 Hazard Pay. Submit to this office the following documents to justify the payment of COVID-19 Hazard Pay:</p> <ul style="list-style-type: none"> <li>• Board Resolution stating that the District was adopting an alternative work arrangement, specifically skeleton (skeletal) staffing and stating therein the maximum number or percentage of employees to report per day;</li> <li>• Board Resolution granting COVID-19 Hazard Pay to District employees assigned to be part of the skeleton (skeletal) force including the specific rate per day per person;</li> <li>• Office Order from the General Manager including a list of employees scheduled to be part of the skeleton (skeletal) force and the dates/time when such personnel should report to the office;</li> <li>• Daily Time Records (DTR) of each personnel as proof of compliance to the office order.</li> </ul>	Fully Implemented <sup>15</sup>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
AAR 2020 Finding No.5	Conformity of the Kapatagan Water District to Section 22, 23 and 25 of the Omnibus Rules on Leave, Rule XVI on the Omnibus Rules Implementing Book V of Executive Order 292 in the amount of ₱1,033,032.16 cannot be ascertained due to lack of proper supporting documents.	We recommend to strictly adhere to Section 22, 23 and 25 of the Omnibus Rules on Leave, Rule XVI on the Omnibus Rules Implementing Book V of Executive Order 292. Submit copies of leave application with leave credit balance certified the Human Resource Office including the leave card of the concerned employee reflecting therein the balances of earned leave credits before and after monetization. For monetization of 50 percent or more of earned leave credits submit the clinical abstract/medical procedures to be undertaken in case of health, medical and hospital needs. In case of financial assistance brought about by calamities, typhoons fire etc., submit Barangay Certification.	Fully Implemented <sup>16</sup>
AAR 2020 Finding No.6	Grant of Anniversary Bonus in the amount of ₱138,000.00 did not conform to the guidelines stated in Sections 2.3 through 2.5 of Administrative Order (AO) No. 263 dated March 26, 1996 and Section 3.2 of the Department of Budget and Management National Budget Circular (NBC) No. 452 dated May 20, 1996.	We recommended the Management should strictly adhere to the provisions of Administrative Order 263 dated March 26, 1996 and the Department of Budget and Management National Budget Circular No.452 dated May 20, 1996 on the grant of Anniversary Bonus. Justify the grant of Anniversary Bonus which is not in accordance with Administrative Order 263 dated March 26, 1996 and the Department of Budget and Management National Budget Circular No.452 dated May 20, 1996.	Fully implemented <sup>17</sup>
AAR 2020 Finding No.7	District projects were advertised in a newspaper of general nationwide circulation amounting to ₱19,376.00 in	We recommend to strictly adhere to Section 21.2.1 (c) of the revised Implementing Rules and Regulations of	Fully Implemented <sup>18</sup>  A Notice of Disallowance has

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
	<p>contravention to the sunset provision of Section 21.2.1(c) of the Revised Implementing Rules and Regulation (IRR) of Republic Act 9184 dated August 9, 2016 and Section 3.3 of Government Procurement Policy Board (GPPB) Circular 08-2018 dated October 18, 2018.</p>	<p>Republic Act 9184 dated August 9, 2016 and Section 3.3 of GPPB Circular 08-2018 dated October 18, 2018. specifically on the sunset provision in the advertisement of procurement of infrastructure projects, goods or consulting services in newspapers of general circulation. Checks should be drawn in the name of the institution where services or goods are procured and not in the name of their agent in adherence to sound internal control policy.</p>	<p>been issued and the management is yet to refund.</p>
<p>AAR 2020 Finding No.8</p>	<p>Obligation Request and Status were not prepared for almost all obligations and attached to the District's disbursement vouchers amounting to ₱40,898,670.02 in violation of Section 11 and 12, Chapter 3, Volume I of the Government Accounting Manual</p>	<p>We recommend preparation of an Obligation Request and Status in strict adherence to Sections 11 and 12, Chapter 3, Volume 1 of the General Accounting Manual in every obligation incurred. Have the Sections A, B and C signed or filled up by the appointed or designated personnel and to attach a copy of the said document to the disbursement voucher. Obligation Request and Status forms should be used as the Budget Utilization Request form.</p>	<p>Fully Implemented<sup>19</sup></p>
<p>AAR 2020 Finding No.9</p>	<p>The District did not adhere to Republic Act No. 656 (Property Insurance Law) to insure their properties with a book value or replacement value of ₱54,461,698.56 thus exposing District property to unindemnifiable damage, loss due to fire, earthquake, storm, or other casualty brought by fortuitous events (Acts of God) and/or force majeure.</p>	<p>We recommended that adherence to Section 5 of RA 656 to protect the District against any damage or loss properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty. Submit yearly the Property Inventory Form to the Government Service Insurance System and to the Office of the Supervising</p>	<p>Fully Implemented<sup>20</sup></p>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
		Auditor/Audit Team Leader every 30th day of April.	
AAR 2020 Finding No.10	Reports to be prepared by the Treasury Section as provided by Appendix 29 and 47 of Volume II of the General Accounting Manual were prepared by the bookkeeper thus violating the internal control of separation between treasury and accounting functions.	We recommended that preparation of reports pertaining to cash collections, deposits, and disbursements, such as the Cash Receipts Record and Report of Checks Issued be maintained by the treasury unit or cashiering section of the District.	Fully Implemented <sup>21</sup>
AAR 2020 Finding No.11	Delayed/non-submission of copies of Contracts/Purchase Orders in violation Section 3 of COA Circular No. 2009-001 precluded the auditorial and technical review of the procurement transactions and prompt detection/correction of possible deficiencies.	We recommended that management furnish the Auditor copy of the purchase orders and contract documents not later than five (5) working days after the perfection of contracts/purchase orders together with duly accomplished supporting documents for technical review and evaluation in compliance with COA Circular No. 2009-001.	Fully Implemented <sup>22</sup>
AAR 2020 Finding No.12	Fidelity Bond was not secured for all the District's accountable officers as required by Section 101 of Presidential Decree No. 1445, Section 4.1 of Treasury Circular 02-2009, dated August 6, 2009 and Section 7.1 of COA Circular 97-002 dated February 10, 1997 as amended by COA Circular 2006-005 dated July 13, 2006.	We recommended strict adherence to Section 101 of Presidential Decree No. 1445 and Section 7.1 of COA Circular 97-002 dated February 10, 1997 as amended by COA Circular 2006-005 dated July 13, 2006 for the posting of fidelity bond for accountable officers handling government funds and property. Renewal of the fidelity bonds should be done promptly on the month of their expiration. Furnish a copy of the Fidelity Bonds to the Auditor's Office for information and filing.	Fully Implemented <sup>23</sup>
AAR 2020 Finding No.13	Notices of Awards, Purchase Orders, Notices to Proceed including Inspection and	We recommended that the date of receipt of Purchase Orders be indicated for the	Fully Implemented <sup>24</sup>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
	Receiving Reports for purchases of goods, materials, and supplies amounting to ₱ 5,648,598.40 have blank date of receipt by the suppliers or agency personnel thus circumventing imposition of liquidated damages in contravention to Section 3.1 and 3.2 of Annex D of the Implementing Rules and Regulation of Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the Government Procurement Reform Act (Republic Act 9184).	purpose of imposing liquidated damages in cases where delay was committed inclusive of duly granted extensions. Notices of Award and Notices to Proceed should be issued for procurement where applicable. The mode of procurement should indicate specifically if it is by competitive bidding and any of the alternative modes of procurement as provided in RA 9184. Indicate a reasonable period of delivery for suppliers located outside the District's locality.	
AAR 2019 Finding No.1	Physical count of Property, Plant and Equipment was not conducted as mandated by Section 38, Volume I of the Government Accounting Manual (GAM) thus the amount of the fixed assets account balances reflected in the financial statements in the amount of ₱55,575,988.81 is of doubtful validity.	We recommended that physical count of property, plant and equipment should be conducted and reconciliation of Report on the Physical Count of Property Plant and Equipment to the Accounting unit's Property Plant and Equipment Ledger Card and the Property and Supply unit's Property Card be undertaken. The results of such reconciliation should be submitted to the Office of the Auditor as provided by Section 38 and 42, Volume 1 of the Government Accounting Manual. Property Accountability Receipt for these assets should be renewed every three (3) years.	Not Implemented <sup>21</sup>  The Management has not fully implemented the inventory procedures, thus, reiterated in this report.
AAR 2019 Finding No.2	Non-submission of the Result of Physical Count of Inventory duly reconciled with the Supplies Ledger Cards and Stock Cards kept by the Accounting Unit and the Property/Supply Unit respectively as provided by	We recommended the submission to the Office of the Auditor a copy of Report on the Physical Count of Inventory, duly reconciled with the Supply Ledger Cards maintained by the Accounting unit and Stock Cards maintained by the	Not Implemented <sup>22</sup>  The Management has not fully implemented the inventory procedures, thus,

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		Auditor/Audit Team Leader every 30th day of April.	
AAR 2019 Finding No.6	Regular expenses amounting to ₱381,416.92 were paid out from the Petty Cash Fund which is not in accordance with Section 4.3.2 of COA Circular 97-002 dated February 10, 1997.	We recommended that Management should stop the practice of charging regular expenses to petty cash fund. Purchase office supplies, supplies and materials in bulk, enough for two to three months consumption which is more advantageous to the government. Establish credit line from nearby gasoline stations taking into consideration the provisions of RA 9184 and other conditions advantageous to the District and the government. Take into consideration emergency repairs and rentals of equipment in planning and drawing up the budget for the District.	Fully Implemented <sup>27</sup>
AAR 2019 Finding No.7	The estimated 611,670.68 cu.m. of unaccounted water incurred by the District costing P1,220,950.36 for CY 2019 is 8.78% more than the maximum acceptable level of Non-Revenue Water (NRW) of 20% prescribed by LWUA thru Resolution No. 444, series of 2009.	We recommended to the District to improve its efficiency level by significantly reducing water loss to at least the allowable level of 20% through formulation of a more effective and intensive NRW Reduction Plan and Budget.	Not Implemented <sup>24</sup>  An intensive NRW Plan and Budget was made but not yet effective. This finding is reiterated in this report.
AAR 2019 Finding No.8	Reimbursement Expense Receipts were used to liquidate cash advances from Petty Cash Fund instead of Acknowledgement Receipts which is not in accordance with COA Circular 2004-006 dated September 9, 2004 regarding acceptability of evidence of receipt of payment for disbursements.	We recommended that Management should stop the practice of using RER to liquidate or "pre-liquidate" cash advances given to district personnel as it is not in accordance with COA Circular 2004-006 dated September 9, 2004. Submit proper evidence of receipt of payment such as Acknowledgement Receipts (ARs) to support liquidation of cash advances from the PCF.	Fully Implemented <sup>28</sup>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
AAR 2019 Finding No.9	Fidelity Bond was not posted or insufficient for accountable officers who handles government cash or property as required by Section 101 of Presidential Decree No. 1445 and Section 7.1 of COA Circular 97-002 dated February 10, 1997 as amended by COA Circular 2006-005 dated July 13, 2006.	We recommended strict adherence to Section 101 of Presidential Decree No. 1445 and Section 7.1 of COA Circular 97-002 dated February 10, 1997 as amended by COA Circular 2006-005 dated July 13, 2006 for the posting of fidelity bond for accountable officers handling government funds and property. The amount of bond premium should correspond to their maximum accountability as provided for in by Treasury Circular No. 02-2009 dated August 6, 2009. The designated accountant should be prohibited in doing collecting functions in adherence to sound internal control of segregation of duties custody of assets, authorization, approval and recording or reporting of related transactions affecting those assets. Submit a copy of the Fidelity Bonds to the Auditor's Office for information and filing.	Fully Implemented <sup>29</sup>
AAR 2019 Finding No.10	Collections were not deposited daily and intact in violation of Section 69 of Presidential Decree No. 1445 and Paragraph 32, Remittances/Deposits Section, Chapter II -Laws and Rules Relevant to Cash Examination of the Revised Cash Examination Manual (COA Memorandum 2013-004 dated July 9, 2013).	Collections should be deposited intact the next available banking day. The cashier should be vigilant in her duties in reviewing the remittances given to her by the tellers and should count the money remitted in the presence of the teller and compare it with submitted collection summary to check that it is intact. Any discrepancy should be noted such as missing or cancelled ORs, shortage, and overage in the remittance. Tellers and alternate tellers should be	Fully Implemented <sup>30</sup>

Ref.	Audit Observation	Audit Recommendation(s)	Status of Implementation
		<p>provided with his own account in the collection system. Access to other tellers' account in the collection system should not be allowed. Each teller should be provided with a cash box where they can put their collections and should be surrendered to the cashier together with their collection summary so that mixing up of collections can be avoided. The teller's password to the collection system and combination to the cash box should be written and put in a sealed envelope with access limited to the teller concerned, the cashier and the head of the agency.</p>	
<p>AAR 2019 Finding No.11</p>	<p>KAPWD still accepts Checks from concessionaires which have a history of dishonored checks (NSF Checks) due to insufficiency of funds in violation of COA Memorandum 2013-004 dated July 9, 2013 Chapter II, Section 28, regarding dishonored checks.</p>	<p>We recommended that a policy be promulgated which adheres strictly to the provisions of COA Memorandum 2013-004 dated July 9, 2013 in refusing to accept check payment from concessionaires which has a history of dishonored checks and accepting only cash or certified check. If the payor is a government entity, check payment should be accepted only when it is accompanied by a bank advice duly stamped received by the drawee bank.</p>	<p>Fully Implemented<sup>31</sup></p>