



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

NIA  
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**CORPORATE GOVERNMENT SECTOR**  
**CLUSTER 5 – AGRICULTURAL AND NATURAL RESOURCES**

June 29, 2018

**GEN RICARDO R VISAYA (Ret)**  
Administrator  
National Irrigation Administration  
EDSA, Diliman, Quezon City

**Dear General Visaya:**

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our Report on the results of the audit of the accounts and transactions of the **National Irrigation Administration (NIA)** for the year ended December 31, 2017.

The Report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and Recommendations, the Status of Implementation of Prior Years' Audit Recommendations and the Annexes.

We rendered a disclaimer of opinion on the fairness of the presentation of the financial statements of NIA for calendar year (CY) 2017, in view of the following:

1. The Prior Period Adjustments (PPAs) aggregating P102.632 million and P2.667 billion in Combined Statement of Changes in Net Assets/Equity (SCNA/E) for calendar years (CYs) 2017 and 2016, respectively, directly presented in the SCNA/E instead of restating the affected accounts in which errors occurred contrary to Philippine Public Sector Accounting Standard (PPSAS) 3, which could mislead the users of the financial information. Likewise, these adjustments have no disclosures and lacked appropriate supporting documents. Consequently, the fair presentation of the financial statements as a whole was adversely affected.

2. The reliability of Property, Plant and Equipment (PPE) account with carrying amount of P231.816 billion as at December 31, 2017 could not be established due to capitalization of payments of P20.646 billion under PPE account without sufficient legal basis to confirm control or ownership over irrigation canals, laterals, regulating structure, and other non-power component of the project, unreconciled variance of P68.086 billion between results of physical count vis-a-vis Accounting records and Engineering and Operations Division (EOD) reports, non-conduct of physical count for PPE items with total amount of P9.829 billion, inadequate accounting and property records for PPE items of P37.106 billion, non-reclassification of long-completed irrigation projects amounting to P23.240 billion to proper asset accounts, non-derecognition of the net carrying amount of the irrigation facilities that have undergone major

rehabilitations/repairs, and non-provision and incomplete details of depreciation expenses.

3. The reliability of Accounts Receivable-Irrigation Service Fees (AR-ISF) aggregating P22.304 billion could not be determined, due to, among others, non-provision for impairment loss on unpaid ISF of farmers with eight hectares landholdings and below and past due accounts of Irrigators Associations (IAs), inadequate details/subsidiary ledgers (SLs) for receivables totaling P2.639 billion, inclusion of non-moving/dormant accounts for more than 10 to 18 years of P100.932 million, unreconciled balances of P999.513 million between Regional Offices (ROs) and Irrigation Management Offices (IMOs) records, and between general ledgers (GLs) and SLs.

4. The reliability of the year-end balance of the Cash In Bank (CIB) account totaling P9.729 billion was doubtful due to, among others, delayed/non-preparation of Bank Reconciliation Statements (BRSs) for CIB accounts aggregating P3.198 billion, long outstanding unsupported/unidentified reconciling items amounting to P223.047 million, variance of P1.678 billion between balances of books and banks, GL and SL, and IMOs and ROs records, SLs for CIB accounts are either not maintained or updated, if maintained contain insufficient data, and existence of negative balances totaling P54.668 million.

5. Accounts payables (A/P) in Central Office (CO), three ROs and Balog-Balog Multipurpose Project II (BBMP II) with balances amounting to P3.701 billion under the General and Corporate Funds were doubtful due to, among others: accounts totaling P1.916 billion have no SLs or supporting documents and included costs of incomplete projects, existence of long-outstanding balances ranging from 2 to 20 years amounting to P1.839 billion, net of negative balances aggregating P0.795 billion, and misclassification under A/P of interest payable, settlements of disallowances, and officers and employees' claims for benefits totaling P1.252 billion.

6. The accuracy of the outstanding balances of the Due from ROs and the Due to CO accounts in the amount of P492.679 million and P60.411 million, respectively, after elimination of intra-office transactions, was doubtful due to inadequate reconciliation and lack of supporting documents.

7. Accuracy of the outstanding balance of Inter-agency Receivable representing funds transferred by NIA to various implementing agencies (ImAs) for the construction, repair/rehabilitation, and improvement of irrigation systems totaling P124.672 million under General Fund are doubtful in view of the: (a) absence of complete supporting schedules and SLs; (b) existence of abnormal/negative balance of P3.504 million; (c) variance of P29.750 million between book balance and confirmed balance; and (d) non-liquidation of long outstanding balance of P66.300 million.

For the above-mentioned observations which caused the issuance of disclaimer of opinion, we recommended that Management:

1.1. Direct the Accounting Division to:

a. Strictly comply with PPSAS 3 in presenting correction of prior period errors by restating the comparative amounts for the period(s) presented in which errors

occurred and provide adequate disclosure in the Notes to Financial Statements;  
and

b. Submit list/schedules showing the details of the PPAs supported with complete/appropriate documentation.

2.1. Coordinate with National Power Corporation/Power Sector Assets and Liabilities Management (NPC/PSALM) to secure documents necessary to support the transfer of control/ownership to NIA over the irrigation canals, laterals and the regulating structure, and other non-power component of the San Roque Multi-Purpose Project (SRMPP) and to substantiate the capitalization of the payments as PPE.

2.2. Instruct the Accounting Division/Section of the CO and concerned ROs to:

a. Coordinate with the Property Division and EOD on the reconciliation of records and facilitate the submission of reconciliation report;

b. Maintain and regularly update SLs for all PPE accounts, and conduct a continuous analysis of the accounts to ensure the reconciliation of the same with the GLs;

c. Coordinate with the proper office/s in exerting efforts to complete the documentation necessary to reclassify the cost of items in the Construction in Progress (CIP) account to the PPE accounts;

d. Derecognize the net carrying amounts of the irrigation facilities that have undergone major rehabilitations/repairs, pursuant to Paragraph 85 of PPSAS 17; and

e. Provide duly-supported depreciation for all depreciable assets.

2.3. Require the EOD to regularly submit project completion reports and turnover documents of all completed projects to the Accounting Division/Section for proper recording in the books.

2.4. Direct the Project Management Office (PMO), Accounting Division/Section and EOD to jointly exert effort to complete the documentation necessary to transfer completed CIP to proper asset accounts.

2.5. Instruct the Inventory Team/Committee to conduct inventory count of all PPE items to establish the actual existence thereof and include the same in the Report on the Physical Count of PPE.

3.1. Direct the concerned personnel of the Accounting Division/Section of the CO and concerned ROs to:

a. Prepare schedules and analyze the AR-ISF to identify which are to be written-off and condoned pursuant to Republic Act (RA) No. 10969;

b. Provide provision for impairment losses on unpaid and past due AR-ISF of the farmers/IAs with eight hectares and below landholdings, pending issuance of the Implementing Rules and Regulations (IRR), to bring the balance of the receivables account to its carrying amount;

c. Maximize efforts on the possible collections of the dormant receivables, otherwise, comply with the documentary requirements for writing-off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016;

d. Maintain SLs for all receivable accounts and include pertinent details such as: name of the debtors, their addresses and the amount due from them, among others; and

e. Exert effort to reconcile the recorded balances of (i) AR-ISF in the RO books and IMOs records with proper coordination with the concerned personnel of the Billing Section of the IMOs and (ii) the GL and SLs, and henceforth conduct periodic reconciliation and monitoring of the account.

4.1. Require the Accounting Division/Section of CO and concerned ROs to:

a. Prepare regularly the monthly BRSs for all bank accounts to determine the causes of variances/discrepancies between balances of books and banks records, SL and GL, and ROs and IMOs records to ensure that reconciling items are not missing funds but only errors that need adjustments in the books of accounts;

b. Exert best efforts to locate the supporting documents/records and recognize the need to adjust the books for unidentified and long outstanding reconciling items, and negative cash balances; and

c. Maintain/update SLs for all CIB accounts for proper monitoring of transactions affecting the cash accounts.

5.1. Direct the Accounting Division/Section of CO, concerned ROs and BBMP II to:

a. Maintain/update SLs and exert efforts to locate the supporting documents, if possible;

b. Review/analyze/validate all documents supporting the claims to determine which accounts are to be reverted/retained/adjusted and effect the necessary correcting entries so as to fairly present the A/P account balance in the financial statements; and

c. Reclassify the interest payable, disallowances, and officers and employees' claims for benefits and allowances from A/P to proper liabilities accounts.

- 6.1. Direct the Accounting Division, CO to:
  - a. Coordinate with ROs for the reconciliation of their respective records to account for the differences, and effect the necessary adjustments; and
  - b. Prepare Aging Schedule to determine which accounts are already 10 years and above and request for write-off thereof pursuant to COA Circular No. 2016-005 dated December 19, 2016.
  
- 7.1. Direct the Accounting Division, CO to:
  - a. Ensure strict compliance with COA Circular No. 94-013 dated December 13, 1994 specifically on the proper maintenance of subsidiary records and supporting documents, as well as, enforcement of liquidations;
  - b. Prepare aging schedules of Inter-agency receivables, as required under Annex 3 of COA Circular No. 2016-005 dated December 19, 2016;
  - c. Conduct analysis on the abnormal/negative balances of the Department of Environment and Natural Resources-Agusan del Sur, Autonomous Region in Muslim Mindanao, Forest Management Bureau and Department of Health-CARAGA Center for Health Development accounts accumulating to P3.504 million and effect the necessary adjustments;
  - d. Coordinate with the Provincial Government of Zambales and Bicol River Basin Watershed Management Project-PMO and reconcile the discrepancies between book balances and confirmed balances; and
  - e. Demand from the ImAs the immediate liquidation and return of the unused balance, if any, upon completion/termination of the project.

The other significant observations and recommendations that need immediate action are as follows:

8. Inadequate/poor execution of the evaluation and validation procedures in the conduct of bidding, post qualification and awarding by the Bids and Awards Committee (BAC) and its Technical Working Group (TWG) resulted in the award of 68 contracts amounting to P840.313 million to bidders with the lowest calculated bid who did not pass the eligibility requirements as they have: (a) no similar completed contracts to the contract to be bid; (b) questionable availability of pledged project personnel and equipment as these are likewise pledged to on-going projects with NIA and to contracts bid on the same date and with almost the same period of implementation; and (c) deficient legal, technical, and financial eligibility documents, contrary to the Revised Implementing Rules and Regulations (IRR) of RA No. 9184 and Government Procurement Policy Board (GPPB) Manual of Procedures for the Procurement of Infrastructure Projects.

8.1. We reiterated our previous year's recommendations that Management require the:

a. BAC and its TWG to ensure that the procedures in the Revised IRR of RA No. 9184 and GPPB Manual of Procedures for the Procurement of Infrastructure Project in the conduct of post qualification are strictly followed to assure Contractor's compliance with the eligibility requirements.

b. Legal Department to:

b.1 Conduct investigation to determine liability of the contractors for submitting deficient documents to support compliance with the eligibility requirements of the Contract; and

b.2 Take appropriate action against contractors found to be guilty of submitting eligibility requirements that contain false information and falsified documents that led to their awarding of the Contracts instead of disqualification and impose corresponding sanctions as provided in the Revised IRR of RA No. 9184, if warranted.

c. Internal Audit Services and the Legal Department to conduct investigation to determine the extent of the participation of NIA officials, members of the BAC and its TWG in the award of contracts to non-compliant contractors and file appropriate charges, if warranted.

9. The implementation of 436 irrigation contracts/projects with total contract cost of P11.938 billion resulted in significant delays, ranging from 2 to 2,558 calendar days in view of inadequate planning, and inefficient execution of surveys, investigation, and engineering design. Hence, the farmer-beneficiaries were not able to timely benefit from the said irrigation projects, and could further result in wastage of government resources when the unfinished/uncompleted contracts would be terminated. Also, defaulting Contractors, which 12 contracts in the aggregate cost of P68.943 million, were not imposed with liquidated damages and were granted with contract time extensions, the validity of which could not be ascertained due to inadequate evaluation and incomplete documentation. Moreover, increase/decrease in quantities of work items for 22 contracts with total cost of P552.201 million were considered unauthorized, since not covered with an approved change/variation orders.

9.1. We recommended that Management:

a. Adhere strictly to the provisions of Section 17.6 of RA No. 9184 and Item 1 of Annex "A" of its Revised IRR that no bidding and awarding of contract for infrastructure projects be made unless the requisites thereof such as, detailed engineering investigations, surveys and designs, including the acquisition of the ROW, are duly addressed/complied with and approved to ensure that all contracts are efficiently carried out to avoid delays in the implementation of the irrigation projects;

- b. Require the Managers of the Implementing Units to:
  - b.1. Act with dispatch in resolving the existing issues/problems that are currently hampering/delaying the completion of the projects;
  - b.2. Evaluate meticulously and judiciously requests for changes in the scope of works/quantities of work items and time extensions to ensure that Change Orders/Variation Orders (COr/VOs) and Contract Time Extensions (CTEs) are duly approved by NIA Administrator or his authorized representative and both are duly supported with complete documents; and
  - b.3. Turn over immediately all completed and operational CIPs to the concerned IAs duly covered with Memorandum of Agreement embodying the terms and conditions, as well as the duties and responsibilities of both the Agency and the IAs;
- c. Require the Accounting Division/Section of the CO and concerned ROs/IMOs to immediately enforce liquidated damages for projects that incurred negative slippages without valid justification and approved time extensions;
- d. Consider rescinding/terminating the contracts and forfeit the contractor's Performance Security for projects with negative slippages of more than 15 per cent resulting from contractor's fault or negligence;
- e. Instruct the Legal Department and the Internal Audit Services Department to:
  - e.1. Conduct investigation to determine persons responsible for: (i) not imposing liquidated damages; (ii) approving/granting of COr/VOs and CTEs without proper evaluation and documentation; (iii) not terminating the contracts that incurred huge negative slippage due to contractor's fault; (iv) allowing replacements of the key personnel without proper evaluation and approval; (v) payment of advance payments and progress billings based on incomplete supporting documents, such as, evaluation of the quality of work delivered; and
  - e.2. File appropriate case against the persons responsible, if warranted; and
- f. Direct the concerned PMOs and ROs/IMOs to immediately submit to the Audit Teams for audit purposes, the lacking documents supporting the advance payments, PBs and; henceforth, ensure adequate supervision over the implementation of the contracts/projects.

The other audit observations together with the recommended courses of action which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on June 6, 2018 are discussed in detail in Part II of the Report. We also invite your attention to the prior years' unimplemented and partially implemented audit recommendations embodied in Part III of the Report.

We respectfully request that the recommendations contained in Part II of the Report be implemented and that this Commission be informed of the actions taken thereon by accomplishing the Agency Action Plan and Status of Implementation Form (copy attached) and returning the same to us within 60 days from the date of receipt hereof.

We acknowledge the support and cooperation that Management extended to the Audit Teams, thus facilitating the completion of the Report.

Very truly yours,

**COMMISSION ON AUDIT**

By:



**CLEOTILDE M. TUAZON**  
Director IV  
Cluster Director

**Copy furnished:**

The President of the Republic of the Philippines  
The Vice President  
The Speaker of the House of Representatives  
The Chairperson – Senate Finance Committee  
The Chairperson – Appropriations Committee  
The Secretary of the Department of Budget and Management  
The Governance Commission for Government-Owned or Controlled Corporations  
The Presidential Management Staff, Office of the President  
The UP Law Center  
The National Library

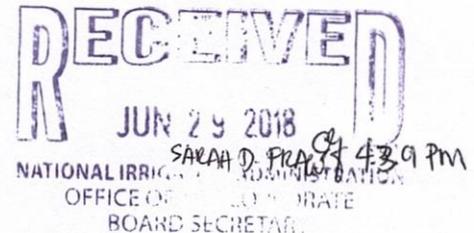


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**CORPORATE GOVERNMENT SECTOR**  
**CLUSTER 5 – AGRICULTURAL AND NATURAL RESOURCES**

June 29, 2018

**THE BOARD OF DIRECTORS**  
National Irrigation Administration  
EDSA, Diliman, Quezon City



**Gentlemen:**

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our Report on the results of the audit of the accounts and transactions of the **National Irrigation Administration (NIA)** for the year ended December 31, 2017.

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# **ANNUAL AUDIT REPORT**

**on the**

**NATIONAL IRRIGATION ADMINISTRATION  
(NIA)**

**For the Year Ended December 31, 2017**

## EXECUTIVE SUMMARY

### INTRODUCTION

The National Irrigation Administration (NIA) was formally created as a government corporation under Republic Act (RA) No. 3601 on June 22, 1963 with an authorized capital of P300 million. In calendar year (CY) 1974, under Presidential Decree (PD) No. 552, its authorized capital was increased to P2 billion, and later, under PD No. 1702 dated July 18, 1980, it was further increased to P10 billion. The capital was to be subscribed and paid for entirely by the Philippine Government. Section 2, paragraph (b) of PD No. 552 provides NIA's sources of operating funds. The increase in Capital Stock is already included in the Government Equity.

The Corporation was originally attached to both the Department of Public Works and Highways (DPWH) and the Department of Agriculture (DA) and was later transferred to the Office of the President. Under Administrative Order (AO) No. 17 dated October 14, 1992, NIA was again attached to DA. On May 5, 2014, per Executive Order (EO) No. 165, s. 2014, the supervision over NIA together with the National Food Authority (NFA), Philippine Coconut Authority (PCA), and Fertilizer and Pesticide Authority has been transferred from DA to the Office of the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM), in order to enhance and coordinate the efforts of these agencies in fulfilling their respective mandates. In view of the change in Administration in CY 2016, the OPAFSAM was abolished. Under EO No. 1, s. 2016 dated June 30, 2016, the supervision of NFA and PCA was placed under the Cabinet Secretary while the NIA was not included among the agencies listed under the supervision of the Cabinet Secretary. However, in a Memorandum dated November 3, 2016 of the Executive Secretary, the Cabinet Secretary was designated as the Acting Chairperson of the NIA Board of Directors.

The principal function of NIA was initially to develop, maintain, operate, improve and rehabilitate irrigation systems including communal and pump irrigation projects. However, with the reorganization of the government that occurred after NIA's creation, the Corporation also assumed the irrigation activities of other government agencies, including those of the Irrigation Service Unit of the then Presidential Assistance on Community Development. Thereafter, with the passage of RA No. 6978, otherwise known as "An Act to Promote Rural Development by Providing for an Accelerated Program within a Ten-Year Period of the Construction of Irrigation Projects," the activities of NIA significantly increased to cover the remaining 1.5 million unirrigated but irrigable hectares of land nationwide.

NIA has the following powers and functions pursuant to the provisions of RA No. 3601 and PD Nos. 552 and 1702:

- a. To investigate, study and develop all available water resources in the country, primarily for irrigation purposes; to plan, design, construct and/or improve all types of irrigation projects and appurtenant structures; to operate, maintain and administer all national irrigation systems; to supervise the operation, maintenance and repair;

b. To administer temporarily all communal and pump irrigation systems constructed, improved and/or repaired wholly or partially with government funds; to delegate the partial or full management of national irrigation systems to duly organized cooperatives or associations; and

c. To charge and collect from the beneficiaries of all irrigation systems constructed by or under administration such fees or administrative charges as may be necessary to cover the cost of operation, maintenance and insurances; and to cover the cost of construction within a reasonable period of time to the extent consistent with government policy; to cover funds or portions thereof expended for the construction of communal irrigation systems, which shall accrue to a special fund for irrigation development.

NIA is headed by an Administrator who is assisted by a Senior Deputy Administrator and supported by Deputy Administrator for Administrative and Finance and Deputy Administrator for Engineering and Operations. Besides the Central Office (CO), it has 17 Regional Irrigation Offices (RIOs) including the Upper Pampanga River Integrated Irrigation System (UPRIIS) and the Magat River Integrated Irrigation System (MARIIS), 50 Irrigation Management Offices (IMOs) inclusive of nine interim IMOs, and 10 Project Management Offices (PMOs). These are the offices that exist as a result of implementation of the Rationalization Plan. The Corporation manages 307 National Irrigation Systems (NISs) nationwide with a total service area of 848,617 hectares with firm-ed-up service area of 748,829 hectares. The total irrigated areas were 597,259 hectares during the dry season (November to April), 633,443 hectares during the wet season (May to October), and 15,538 hectares for the third crop (Quick Turn-Around program and Ratooning).

As at December 31, 2017, NIA had personnel complement of 5,398 composed of 3,870 permanent employees; 453 daily/contract of service/job order; and 1,075 project-based paid personnel.

The sources of funds of NIA are the General Fund, the Corporate Fund and the Special Fund.

General Fund is the collective name for funds 101, 102, 161 and 171. As NIA is the implementing arm of the Department of Agriculture for Irrigation Development Program, these funds, which are provided yearly by the National Government, foreign lending institutions and foreign organizations extending grants, are used to construct, repair/rehabilitate irrigation facilities nationwide. The following are the descriptions of the composition of the funds:

a. Fund 101 - This is provided by the National Government which is included in the national budget under Budgetary Support to Government Corporations – Other Executive Offices-NIA purposely for repair, rehabilitation and restoration of existing irrigation systems. Releases of the fund to NIA are made through the Department of Budget and Management (DBM).

b. Fund 102 - This is in the form of loans by the National Government with foreign banks used to finance the construction of irrigation facilities. The Bureau of the Treasury (BTr) releases the funds also through the DBM.

c. Fund 161 - This is a trust fund from the National Government specifically intended for the Mindanao Rural Development Project.

d. Fund 171 - This represents grants from the World Bank which the National Government negotiated for Irrigation Development Project.

Corporate Fund consists mainly of collections of irrigation fees, equipment rentals, pump amortizations, interest and miscellaneous income such as the five per cent management fee, income derived from sale of electrical energy, service fee for the operation and maintenance of non-power components of Hydroelectric Power Plants, Communal Irrigation Project amortization on principal and equity contribution and proceeds from sale of property, plant and equipment.

Special Fund is a consolidation of funds received from the DBM for locally-funded projects and the Department of Agrarian Reform (DAR) for foreign-assisted projects under the Comprehensive Agrarian reform Program (CARP)-Irrigation Component.

## STATUS OF IMPLEMENTATION OF NIA PROJECTS

NIA reported the following physical accomplishments of Irrigation Projects in CY 2017 funded under the General and Special Funds, expressed in terms of hectares irrigated:

### I. CY 2017 Programs

#### A. Operations

Service Area	Target (In hectares)		Actual (In hectares)		Percentage of Accomplishment
	CY 2017	Carry-over Program	CY 2017	Carry-over Program	
Generation-New Area	10,303	2,749	3,019	286	25.32
Restoration	13,026	777	9,422	289	70.35
	<b>23,329</b>	<b>3,526</b>	<b>12,441</b>	<b>575</b>	<b>48.47</b>

#### B. Projects

##### B.1 Foreign-Assisted Projects

Service Area	Target (In hectares)		Actual (In hectares)		Percentage of Accomplishment
	CY 2017	Carry-over Program	CY 2017	Carry-over Program	
Generation-New Area	-	2,029	-	-	-
Restoration	328	9,861	-	133	1.31
	<b>328</b>	<b>11,890</b>	<b>-</b>	<b>133</b>	<b>1.09</b>

##### B.2 Locally-Funded Projects

Service Area	Target (In hectares)		Actual (in hectares)		Percentage of Accomplishment
	CY 2017	Carry-over Program	CY 2017	Carry-over Program	
Generation-New Area	12,812	9,970	5,777	2,059	34.40
Restoration	153	180	116	-	34.83
	<b>12,965</b>	<b>10,150</b>	<b>5,893</b>	<b>2,059</b>	<b>34.40</b>

## II. Continuing Appropriations–Locally Funded

Service Area	Target	Actual	Percentage of Accomplishment	Actual to date (In hectares)
	In hectares			
Generation-New Area	19,219	8,538	44.42	79,522
Restored Area	20,741	7,829	37.75	63,145
	<b>39,960</b>	<b>16,367</b>	<b>40.96</b>	<b>142,667</b>

## FINANCIAL HIGHLIGHTS (In Million Pesos)

### I. Allotment Received and Obligations

	CY 2017 Irrigation Program			
	Appropriation	Allotment	Release Cash/ Non Cash	Obligation
<b>CY 2017 Irrigation Program</b>				
A1. Programs for Operations	25,651.737	25,651.737	16,883.408	24,868.926
B1. Locally Funded Projects	9,554.575	9,554.575	2,531.437	8,229.157
B2. Foreign Assisted Projects	3,170.129	3,170.129	504.964	2,401.965
<b>Total</b>	<b>38,376.441</b>	<b>38,376.441</b>	<b>19,919.809</b>	<b>35,500.048</b>

	Carry Over Funds		
	Unobligated Balance 2016	Release Cash/Non Cash	Obligation
A1. Operations	228.090	672.604	225.266
B1. Locally Funded	8,579.305	3,380.466	7,858.602
B2. Foreign Assisted	4,576.888	55.883	3,848.360
	13,384.283	4,108.953	11,932.228
Continuing Appropriations	1,539.684	4,574.393	1,277.784
<b>Total</b>	<b>14,923.966</b>	<b>8,683.346</b>	<b>13,210.011</b>

### II. Sources of Funds

	2017	2016
Subsidy Income from National Government-GAA	31,689.502	22,665.935
Revenue from Operations	1,120.478	2,456.178
	<b>32,809.980</b>	<b>25,122.113</b>

### III. Uses of Funds

	2017	2016
Implementation of the Project	24,528.805	21,998.045
Capital Outlay	167.811	500.184
Personnel Services	1,898.712	1,801.443
Maintenance and Other Operating Expenses	2,666.254	953.979
Loan Repayment	1,498.870	1,498.870
Others	809.863	-
	<b>31,570.315</b>	<b>26,752.521</b>

### IV. Comparative Financial Condition

	2017	2016 (as restated)	Increase/ (Decrease)
Assets	351,843.238	324,196.231	27,647.007
Liabilities	120,617.874	120,602.978	14.896
Equity	231,225.364	203,593.253	27,632.111

## V. Results of Operations

	2017	2016 (restated)	Increase/ (Decrease)
Income (includes gain on foreign exchange)	32,809.980	25,122.113	7,687.867
Expenses (includes depreciation and loss on foreign exchange)	5,280.501	4,238.625	1,041.876
	<b>27,529.479</b>	<b>20,883.488</b>	<b>6,645.991</b>

### SCOPE OF AUDIT

Our audit covered the operations of the NIA. The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Our audit was also made to assess the propriety of financial transactions in compliance with laws, rules and regulations and to identify improvement opportunities.

### AUDITOR'S OPINION

We rendered a disclaimer of opinion on the fairness of the presentation of the financial statements in view of the following:

1. The Prior Period Adjustments (PPAs) aggregating P102.632 million and P2.667 billion in Combined Statement of Changes in Net Assets/Equity (SCNA/E) for calendar years (CYs) 2017 and 2016, respectively, directly presented in the SCNA/E instead of restating the affected accounts in which errors were occurred contrary to Philippine Public Sector Accounting Standard (PPSAS) 3, which could mislead the users of the financial information. Likewise, these adjustments have no disclosures and lacked appropriate supporting documents. Consequently, the fair presentation of the financial statements as a whole was adversely affected.

2. The reliability of Property, Plant and Equipment (PPE) account with carrying amount of P231.816 billion as at December 31, 2017 could not be established due to capitalization of payments of P20.646 billion under PPE account without sufficient legal basis to confirm control or ownership over irrigation canals, laterals, regulating structure, and other non-power component of the project, unreconciled variance of P68.086 billion between results of physical count vis-a-vis Accounting records and Engineering and Operations Division (EOD) reports, non-conduct of physical count for PPE items with total amount of P9.829 billion, inadequate accounting and property records for PPE items of P37.106 billion, non-reclassification of long-completed irrigation projects amounting to P23.240 billion to proper asset accounts, non-derecognition of the net carrying amount of the irrigation facilities that have undergone major rehabilitations/repairs, and non-provision and incomplete details of depreciation expenses.

3. The reliability of Accounts Receivable-Irrigation Service Fees (ISF) aggregating P22.304 billion could not be determined, due to, among others, non-provision for impairment loss on unpaid ISF of farmers with eight hectares landholdings and below and past due accounts of Irrigators Associations (IAs), inadequate details/SLs for

receivables totaling P2.639 billion, inclusion of non-moving/dormant accounts for more than 10 years to 18 years of P100.932 million, unreconciled balances of P999.513 million between Regional Offices (ROs) and Irrigation Management Offices (IMOs) records, and between general ledgers (GLs) and subsidiary ledgers (SLs).

4. The reliability of the year-end balance of the Cash In Bank (CIB) account totaling P9.729 billion was doubtful due to, among others, delayed/non-preparation of Bank Reconciliation Statements (BRSs) for CIB accounts aggregating P3.198 billion, long outstanding unsupported/unidentified reconciling items amounting to P223.047 million, variance of P1.678 billion between balances of books and banks, GL and SL, and IMOs and ROs records, SLs for CIB accounts are either not maintained or updated, if maintained contain insufficient data, and existence of negative balances totaling P54.668 million.

5. Accounts payable (A/P) in CO, three ROs and Balog-Balog Multipurpose Project II (BBMP II) with balances amounting to P3.701 billion under the General and Corporate Funds were doubtful due to, among others: accounts totaling P1.916 billion have no SLs or supporting documents and included costs of incomplete projects, existence of long-outstanding balances ranging from 2 to 20 years amounting to P1.839 billion, net of negative balances aggregating P0.795 billion, and misclassification under A/P of interest payable, settlements of disallowances, and officers and employees' claims for benefits totaling P1.252 billion.

6. The accuracy of the outstanding balance of Due from Regional Offices (ROs) and Due to Central Office (CO) accounts in the amount of P492.679 million and P60.411 million, respectively, after elimination of intra-office transactions, were doubtful due to inadequate reconciliation and lack of supporting documents.

7. Accuracy of the outstanding balance of Inter-agency Receivable representing funds transferred by NIA to various implementing agencies (ImAs) for the construction, repair/rehabilitation, and improvement of irrigation systems totaling P124.672 million under General Fund are doubtful in view of the: (a) absence of complete supporting schedules and SLs; (b) existence of abnormal/negative balance of P3.504 million; (c) variance of P29.750 million between book balance and confirmed balance; and (d) non-liquidation of long outstanding balance of P66.300 million.

## **SUMMARY OF SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

For the above-mentioned observations which caused the issuance of disclaimer of opinion, we recommended that Management:

1.1. Direct the Accounting Division to:

- a. Strictly comply with PPSAS 3 in presenting correction of prior period errors by restating the comparative amounts for the period(s) presented in which errors occurred and provide adequate disclosure in the Notes to the Financial Statements; and
- b. Submit list/schedules showing the details of the PPAs supported with complete/appropriate documentation.

- 2.1. Coordinate with National Power Corporation/Power Sector Assets and Liabilities Management Corporation (NPC/PSALM) to secure documents necessary to support the transfer of control/ownership to NIA over the irrigation canals, laterals and the regulating structure, and other non-power component of the San Roque Multi-Purpose Project (SRMPP) and to substantiate the capitalization of the payments as PPE;
- 2.2. Instruct the Accounting Division/Section of the CO and concerned ROs to:
  - a. Coordinate with the Property Division and EOD on the reconciliation of records and facilitate the submission of reconciliation report;
  - b. Maintain and regularly update SLs for all PPE accounts, and conduct a continuous analysis of the accounts to ensure the reconciliation of the same with the GLs;
  - c. Coordinate with the proper office/s in exerting efforts to complete the documentation necessary to reclassify the cost of items in the Construction in Progress (CIP) account to the PPE accounts;
  - d. Derecognize the net carrying amount of the irrigation facilities that have undergone major rehabilitations/repairs, pursuant to Paragraph 85 of PPSAS 17; and
  - e. Provide duly-supported depreciation for all depreciable assets.
- 2.3. Require the EOD to regularly submit project completion report and turnover documents of all completed projects to the Accounting Division/Section for proper recording in the books.
- 2.4. Direct the Project Management Office (PMO), Accounting Division/Section and EOD to jointly exert effort to complete the documentation necessary to transfer completed CIP to proper asset accounts.
- 2.5. Instruct the Inventory Team/Committee to conduct inventory count of all PPE items to establish the actual existence thereof and include the same in the Report on the Physical Count of PPE.
- 3.1. Direct the concerned personnel of the Accounting Division/Section of the CO and concerned ROs to:
  - a. Prepare schedules and analyze the AR-ISF to identify which are to be written-off and condoned pursuant to Republic Act (RA) No. 10969;
  - b. Provide provision for impairment losses on unpaid and past due AR-ISF of the farmers/IAs with eight hectares and below landholdings, pending issuance of the IRR, to bring the balance of the receivables to its carrying amount;
  - c. Maximize efforts on the possible collections of the dormant receivables, otherwise, comply with the documentary requirements for writing-off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016;

- d. Maintain SLs for all receivable accounts and include pertinent details such as: name of the debtors, their addresses and the amount due from them, among others; and
  - e. Exert effort to reconcile the recorded balances of (i) AR-ISF in the RO books and IMO records with proper coordination with the concerned personnel of the Billing Section of the IMOs and (ii) the GL and SLs, and henceforth conduct periodic reconciliation and monitoring of the account.
- 4.1. Require the Accounting Division/Section of CO and concerned ROs to:
- a. Prepare regularly the monthly BRSs for all bank accounts to determine the causes of variances/discrepancies between balances of books and banks records, SL and GL, and ROs and IMO records to ensure that reconciling items are not missing funds but only errors that need adjustments in the books of accounts;
  - b. Exert best efforts to locate the supporting documents/records and recognize the need to adjust the books for an unidentified and long outstanding reconciling items, and negative cash balances; and
  - c. Maintain/update SLs for all CIB accounts for proper monitoring of transactions affecting the cash accounts.
- 5.1. Direct the Accounting Division/Section of CO, concerned ROs and BBMP II to:
- a. Maintain/update SLs and exert efforts to locate the supporting documents, if possible;
  - b. Review/analyze/validate all documents supporting the claims to determine which accounts are to be reverted/retained/adjusted and effect the necessary correcting entries so as to fairly present the A/P account balance in the financial statements; and
  - c. Reclassify the interest payable, disallowances, and officers and employees' claims for benefits and allowances from A/P to proper liabilities accounts.
- 6.1. Direct the Accounting Division, CO to:
- a. Coordinate with ROs for the reconciliation of their respective records to account for the differences, and effect the necessary adjustments; and
  - b. Prepare Aging Schedule to determine which accounts are already 10 years and above and request for write-off thereof pursuant to COA Circular No. 2016-005 dated December 19, 2016.
- 7.1. Direct the Accounting Division, CO to:
- a. Ensure strict compliance with COA Circular No. 94-013 dated December 13, 1994 specifically on the proper maintenance of subsidiary records and supporting documents, as well as, enforcement of liquidations;

- b. Prepare aging schedules of Inter-agency receivables, as required under Annex 3 of COA Circular No. 2016-005 dated December 19, 2016;
- c. Conduct analysis on the abnormal/negative balances of the Department of Environment and Natural Resources-Agusan del Sur, Autonomous Region in Muslim Mindanao, Forest Management Bureau and Department of Health-CARAGA Center for Health Development accounts accumulating to P3.504 million and effect the necessary adjustments;
- d. Coordinate with the Provincial Government of Zambales and Bicol River Basin Watershed Management Project-PMO and reconcile the discrepancies between book balances and confirmed balances; and
- e. Demand from the ImAs the immediate liquidation and return of the unused balance, if any, upon completion/termination of the project.

The other significant observations and recommendations that need immediate action are as follows:

8. Inadequate/poor execution of the evaluation and validation procedures in the conduct of bidding, post qualification and awarding by the Bids and Awards Committee (BAC) and its Technical Working Group (TWG) resulted in the award of 68 contracts amounting to P840.313 million to bidders with the lowest calculated bid who did not pass the eligibility requirements as they have: (a) no similar completed contracts to the contract to be bid; (b) questionable availability of pledged project personnel and equipment as these are likewise pledged to on-going projects with NIA and to contracts bid on the same date and with almost the same period of implementation; and (c) deficient legal, technical, and financial eligibility documents, contrary to the Revised IRR of RA No. 9184 and Government Procurement Policy Board (GPPB) Manual of Procedures for the Procurement of Infrastructure Projects.

8.1. We reiterated our previous year's recommendations that Management require the:

- a. BAC and its TWG to ensure that the procedures in the Revised IRR of RA No. 9184 and GPPB Manual of Procedures for the Procurement of Infrastructure Project in the conduct of post qualification are strictly followed to assure Contractor's compliance with the eligibility requirements.
- b. Legal Department to:
  - b.1 Conduct investigation to determine liability of the contractors for submitting deficient documents to support compliance with the eligibility requirements of the Contract; and
  - b.2 Take appropriate action against contractors found to be guilty of submitting eligibility requirements that contain false information and falsified documents that led to their awarding of the Contracts instead of disqualification and impose corresponding sanctions as provided in the Revised IRR of RA No. 9184, if warranted.

c. Internal Audit Services and the Legal Department to conduct investigation to determine the extent of the participation of NIA officials, members of the BAC and its TWG in the award of contracts to non-compliant contractors and file appropriate charges, if warranted.

9. The implementation of 436 irrigation contracts/projects with total contract cost of P11.938 billion resulted in significant delays, ranging from 2 to 2,558 calendar days in view of inadequate planning, and inefficient execution of surveys, investigation, and engineering design. Hence, the farmer-beneficiaries were not able to timely benefit from the said irrigation projects, and could further result in wastage of government resources when the unfinished/uncompleted contracts would be terminated. Also, defaulting Contractors, which 12 contracts in the aggregate cost of P68.943 million, were not imposed with liquidated damages and were granted with contract time extensions, the validity of which could not be ascertained due to inadequate evaluation and incomplete documentation. Moreover, increase/decrease in quantities of work items for 22 contracts with total cost of P552.201 million were considered unauthorized, since not covered with an approved change/variation orders.

9.1. We recommended that Management:

a. Adhere strictly to the provisions of Section 17.6 of RA No. 9184 and Item 1 of Annex "A" of its Revised IRR that no bidding and awarding of contract for infrastructure projects be made unless the requisites thereof such as, detailed engineering investigations, surveys and designs, including the acquisition of the ROW, are duly addressed/complied with and approved to ensure that all contracts are efficiently carried out to avoid delays in the implementation of the irrigation projects;

b. Require the Managers of the Implementing Units to:

b.1. Act with dispatch in resolving the existing issues/problems that are currently hampering/delaying the completion of the projects;

b.2. Evaluate meticulously and judiciously requests for changes in the scope of works/quantities of work items and time extensions to ensure that Change Orders/Variation Orders(COr/VOs) and Contract Time Extensions (CTEs) are duly approved by NIA Administrator or his authorized representative and both are duly supported with complete documents; and

b.3. Turn over immediately all completed and operational CIPs to the concerned IAs duly covered with Memorandum of Agreement embodying the terms and conditions, as well as the duties and responsibilities of both the Agency and the IAs;

c. Require the Accounting Division/Section of the CO and concerned ROs/IMOs to immediately enforce liquidated damages for projects that incurred negative slippages without valid justification and approved time extensions;

d. Consider rescinding/terminating the contracts and forfeit the contractor's Performance Security for projects with negative slippages of more than 15 per cent resulting from contractor's fault or negligence;

e. Instruct the Legal Department and the Internal Audit Services Department to:

e.1. Conduct investigation to determine persons responsible for: (i) not imposing liquidated damages; (ii) approving/granting of COr/VOs and CTEs without proper evaluation and documentation; (iii) not terminating the contracts that incurred huge negative slippage due to contractor's fault; (iv) allowing replacements of the key personnel without proper evaluation and approval; (v) payment of advance payments and progress billings based on incomplete supporting documents, such as, evaluation of the quality of work delivered; and

e.2. File appropriate case against the persons responsible, if warranted; and

f. Direct the concerned PMOs and ROs/IMOs to immediately submit to the Audit Teams for audit purposes, the lacking documents supporting the advance payments, PBs and; henceforth, ensure adequate supervision over the implementation of the contracts/projects.

#### **SUMMARY OF UNSETTLED SUSPENSIONS, DISALLOWANCES AND CHARGES**

As of December 31, 2017, for all funds, i.e. General, Corporate and Special, unsettled audit disallowances amounted to P2.949 billion, audit charges totaled P1.435 million and audit suspensions of P1.510 billion and US\$3.864 million. The details and status are presented in Annexes C, D and E, Part IV of this Report.

#### **STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

Of the 102 audit recommendations embodied in the previous year's Annual Audit Report of all funds (General, Corporate and Special Funds), 4 were fully implemented, 63 were partially implemented and 35 were not implemented. Details are presented in Part III of this Report.

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Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City, Philippines

## **INDEPENDENT AUDITOR'S REPORT**

**THE BOARD OF DIRECTORS**  
National Irrigation Administration  
EDSA, Quezon City

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We were mandated to audit the financial statements of the **National Irrigation Administration (NIA)**, which comprise the statement of financial position as at December 31, 2017, and the statement of financial performance, statement of changes in net assets/equity, statement of cash flows, and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the NIA. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

The Prior Period Adjustments (PPAs) aggregating P102.632 million and P2.667 billion in the Combined Statement of Changes in Net Assets/Equity (SCNA/E) for calendar years 2017 and 2016, respectively, directly presented in the SCNA/E instead of restating the affected accounts in which errors occurred contrary to Philippine Public Sector Accounting Standard 3, and could mislead the users of the financial information. Likewise, these adjustments have no disclosures and lacked appropriate supporting documents.

Also, the reliability of Property, Plant and Equipment (PPE) account with carrying amount of P231.816 billion could not be established due to capitalization of payments of P20.646 billion under PPE account without sufficient legal basis to confirm control or ownership over irrigation canals, laterals, regulating structure, and other non-power component of the project, unreconciled variance of P68.086 billion between results of physical count vis-a-vis Accounting records and Engineering and Operations Division reports, non-conduct of physical count for PPE items with total amount of P9.829 billion, inadequate accounting and property records for PPE items of P37.106 billion, non-reclassification of long-completed irrigation projects amounting to

P23.240 billion to proper asset accounts, non-derecognition of the net carrying amount of the irrigation facilities that have undergone major rehabilitations/repairs, and non-provision and incomplete details of depreciation expenses.

Moreover, the balances of the accounts Cash in Bank of P9.729 billion, Accounts Receivable-Irrigation Service Fees (ISF) of P22.304 billion, Accounts Payable of P3.701 billion, Intra-Agency Receivable - Due from Regional Offices of P492.679 million and Intra-Agency Payables - Due to Central Office of P60.411 million, and Inter-Agency Receivables of P124.672 million could not be relied upon due to, among others, non-preparation of bank reconciliation statements, unsupported/unidentified reconciling items, non-provision of impairment loss on unpaid ISF of farmers with eight hectares landholdings and below and past due accounts of Irrigators Associations, variances between balances of subsidiary and general ledgers, existence of negative/abnormal balances, dormant outstanding receivable and payable balances, non-maintenance or incomplete subsidiary records or absence of supporting documents.

We were not able to obtain sufficient appropriate audit evidence about the balances of the above-mentioned accounts as well as other affected accounts due to inadequacy of accounting and property records. Consequently, we were unable to determine whether any adjustments to these accounts were necessary.

### ***Emphasis of Matter***

We draw attention to paragraph 5 of Note 1 to Financial Statements which discusses the approval of Republic Act (RA) No. 10969, or the Free Irrigation Service, amending RA No. 3601, on February 2, 2018 which provides condonation and writing off of all unpaid irrigation service fees and corresponding penalties of farmers with eight hectares and below, and all loans, past due accounts and penalties of farmers and Irrigators Associations and corresponding interests and penalties.

### ***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 generally accepted accounting principles (GAAP), 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process

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

Our responsibility is to conduct an audit of NIA's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of this report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines and we have fulfilled our other ethical responsibilities under those ethical requirements.

### ***Report on the Supplementary Information Required Under BIR Revenue Regulations 15-2010***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2017 required by the Bureau of Internal Revenue as disclosed in Note 22 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with GAAP. Such supplementary information is the responsibility of management.

### **COMMISSION ON AUDIT**



**ANNIE L. RECABO**

OIC-Supervising Auditor

Audit Group B – National Irrigation Administration

Cluster 5, Corporate Government Sector

**June 29, 2018**



Republic of the Philippines  
*National Irrigation Administration*  
(PAMBANSANG PANGASIWAAN NG PATUBIG)  
Quezon City

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of NATIONAL IRRIGATION ADMINISTRATION is responsible for the preparation of the financial statements as at December 31, 2017, 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 misstatements 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 granted authority to the Administrator to issue the Financial Statements of National Irrigation Administration (NIA) for the Calendar Year ended December 31, 2017 per Board Resolution No. 8543-18 S. of 2018.

The Commission on Audit has audited the financial statements of the National Irrigation Administration in accordance with the International Standards of Supreme Audit Institutions and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

  
**EDITHA D. MORALES**  
Acting Manager, Financial Management  
Department

  
**MGEN ROMEO G GAN (Ret)**  
Deputy Administrator for Finance  
and Administrative Sector

  
**GEN RICARDO R VISAYA (Ret)**  
Administrator

6-29-2018

**NATIONAL IRRIGATION ADMINISTRATION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**  
**ALL FUNDS**  
(In Philippine Peso)

	Note	2017	2016 As restated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	9,847,365,875	7,805,409,697
Receivables - net	5	36,483,169,619	36,910,314,982
Inventories - net	6	111,515,587	117,111,950
Other current assets	7	4,242,541,924	2,569,575,928
		50,684,593,005	47,402,412,557
<b>Non-current assets</b>			
Investments	8	69,342,413,375	66,401,148,202
Property, plant and equipment - net	9	231,815,682,001	210,392,122,344
Other non-current assets		549,229	547,909
		301,158,644,605	276,793,818,455
<b>TOTAL ASSETS</b>		<b>351,843,237,610</b>	<b>324,196,231,012</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Payables	10	7,221,848,355	6,906,765,198
Trust liabilities	11	905,728,299	771,831,473
Inter-agency payables	12	80,247,758,798	80,320,520,491
Intra-agency payables	13	558,031,928	478,622,940
		88,933,367,380	88,477,740,102
<b>Non-current liabilities</b>			
Long-term liabilities	14	8,581,340,534	9,556,340,534
Deferred credits	15	23,103,165,665	22,568,896,906
		31,684,506,199	32,125,237,440
		120,617,873,579	120,602,977,542
<b>Equity</b>	17	231,225,364,031	203,593,253,470
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>351,843,237,610</b>	<b>324,196,231,012</b>

The Notes on pages 11 to 27 form part of these financial statements.

**NATIONAL IRRIGATION ADMINISTRATION  
NOTES TO FINANCIAL STATEMENTS  
ALL FUNDS**

(All amounts in Philippine Peso unless otherwise stated)

**1. GENERAL/CORPORATE INFORMATION**

The National Irrigation Administration (NIA) was formally created as a government corporation under Republic Act (RA) No. 3601 on June 22, 1963 with an authorized capital of P300 million. In calendar year (CY) 1974, under Presidential Decree (PD) No. 552, its capitalization was increased to P2 billion, and under PD No. 1702 dated July 17, 1980, it was further increased to P10 billion. The capital was to be subscribed and paid for entirely by the Philippine Government. Section 2, paragraph (b) of PD No. 552 provides NIA's sources of operating capital.

The Corporation was originally attached to both the Department of Public Works and Highways (DPWH) and the Department of Agriculture (DA), was later transferred to the Office of the President, and subsequently attached to DA under Administrative Order (AO) No. 17 dated October 14, 1992. On May 5, 2014, Executive Order (EO) No. 165, s. 2014 transferred NIA together with the National Food Authority (NFA), the Philippine Coconut Authority (PCA) and the Fertilizer and Pesticide Authority from DA to the Office of the President under the Office of the Presidential Assistant for Food Security and Agricultural Modernization (OPAFSAM). In view of the change in Administration in CY 2016, the OPAFSAM was abolished. Under EO No. 1, s. 2016 dated June 30, 2016, the supervision of NFA and PCA was placed under the Cabinet Secretary while the NIA was not included among the agencies listed under the supervision of the Cabinet Secretary. However, in a Memorandum dated November 3, 2016 of the Executive Secretary, the Cabinet Secretary was designated as the Acting Chairperson of the NIA Board of Directors.

The financial statements of the NIA for the calendar year ended December 31, 2017 were authorized for issue on June 29, 2018.

The principal function of NIA was initially to develop, maintain, operate, improve and rehabilitate irrigation systems including communal and pump irrigation projects. However, with the reorganization of the government that occurred after NIA's creation, the Corporation also assumed the irrigation activities of other government agencies, including those of the Irrigation Service Unit of the then Presidential Assistance on Community Development. Thereafter, with the passage of RA No. 6978, otherwise known as "An Act to Promote Rural Development by Providing for an Accelerated Program within a Ten-Year Period of the Construction of Irrigation Projects," the activities of NIA were significantly increased to cover the remaining 1.5 million unirrigated but irrigable hectares of land nationwide.

In 2017, with the pronouncement of the current administration, NIA no longer collects Irrigation Service Fee. To formally adopt the Free Irrigation Service, RA No. 10969, amending RA No. 3601 was approved by the President last February 2, 2018 implementing the scope of Free Irrigation Service and the Condonation and Writing Off

of Loans, Past Due Accounts and Penalties of Farmers and Irrigators Association with landholdings of eight hectares and below only.

### 1.1 Personnel Profile and Organizational Structure

NIA is headed by an Administrator, assisted by a Senior Deputy Administrator and supported by Deputy Administrator for Administrative and Finance and Deputy Administrator for Engineering and Operations. The Corporation had 5,398 and 6,700 personnel in CYs 2017 and 2016, respectively. The breakdown is as follows:

	<b>2017</b>	<b>2016</b>
<b>Monthly Paid - Rationalized</b>		
Permanent – Corporate Operating Budget (COB) charged filled	3,870	3,799
<b>Casual/Daily Paid</b>		
COB charged	453	397
Project charged	1,075	2,504
	<b>5,398</b>	<b>6,700</b>

The NIA is composed of the Central Office (CO), 17 Regional Irrigation Offices (RIOs) including the Upper Pampanga River Integrated Irrigation System (UPRIIS) and the Magat River Integrated Irrigation System (MARIIS), 50 Irrigation Management Offices (IMOs) inclusive of 9 interim IMOs, and 10 Project Management Offices (PMOs). These are the offices that exist as a result of implementation of the Rationalization Plan. The Corporation manages 307 National Irrigation Systems (NISs) nationwide with a total service area of 848,617 hectares with firmed-up service area of 748,829 hectares. The total irrigated areas were 597,259 hectares during the dry season (November to April), 633,443 hectares during the wet season (May to October), and 15,538 hectares for the third crop (Quick Turn-Around program and Ratooning).

### 1.2 Projects and Operational Profile

NIA pursued the implementation of 2,072 infrastructure projects for CY 2017. Of the total number, 1,214 projects are in Luzon, 423 in Visayas, and 435 in Mindanao. Other activities for the year were planning and development of irrigation projects, repair, rehabilitation and restoration projects of national and communal irrigation systems, organization and development of irrigators associations (IAs), implementation and monitoring of Irrigation Management Transfer (IMT), and execution and monitoring of climate change adoption works.

The CY 2017 program included the: generation of 23,115 hectares (ha); restoration of 13,507 ha; repair and rehabilitation works of 249 kilometers (km) earth canal; 1,133 km concrete lined canal, 66 km high density polyethylene (HDPE) pipe, 344,906 square meters (sq.m.) coconet slope protection area, 19 km concrete roads, 67 km gravel and 3,461 unit canal structures.

The Agency accomplished 19,679 ha new area generation, and 17,788 ha area restoration. Repair works dwelt on 480.29 km of earth canals, 1,880.21 km canal lining, 224.38 km HDPE pipe, 377,243 sq. m. coconet slope protection area, 31.84 km concrete roads, 84.95 km gravel and 5,458 unit canal structures. These included accomplishments under the CY 2017 Program and carry-over projects.

### 1.3 Allotments/Cash Allocations – from National Government

Funding sources for the implementation of NIA Irrigation Development Program were appropriated under the General Appropriations Act (GAA) of Fiscal Year (FY) 2017, RA No.10924 for the National Irrigation Administration (Section XXXVI-Budgetary Support to Government Corporations, K.9. Other Executive Offices-NIA), summarized as follows:

	CY 2017 Irrigation Program (In Thousand Pesos)			
	Appropriation	Allotment	Release Cash/ Non Cash	Obligation
CY 2017 Irrigation Program				
A1. Programs for Operations	25,651,737	25,651,737	16,883,408	24,868,926
B1. Locally-Funded Projects	9,554,575	9,554,575	2,531,437	8,229,157
B2. Foreign-Assisted Projects	3,170,129	3,170,129	504,964	2,401,965
	<b>38,376,441</b>	<b>38,376,441</b>	<b>19,919,809</b>	<b>35,500,048</b>

	Carry Over Funds (In Thousand Pesos)		
	Unobligated Balance 2016	Release Cash/ Non Cash	Obligation
A1. Operations	1,562,530	4,958,811	1,452,879
B1. Locally Funded	8,775,108	3,668,653	7,909,794
B2. Foreign Assisted	4,586,329	55,882	3,847,339
	<b>14,923,967</b>	<b>8,683,346</b>	<b>13,210,012</b>

## 2. BASIS FOR REPORTING

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). Accounts name and code conformed to the Revised Chart of Accounts prescribed under COA Circular No. 2014-003 dated April 15, 2014.

In a letter dated April 25, 2018, the COA Government Accountancy Sector (GAS) approved NIA's request for deferment of the adoption for CY 2017 of Philippine Public Sector Accounting Standards (PPSASs) prescribed under COA Resolution No. 2014-003 dated January 24, 2014, as amended by COA Resolution No. 2015-040 dated December 1, 2015.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Allowance for Bad Debts

The Corporation sets up allowance for bad debts for all outstanding receivables, except reciprocal accounts, and for installment receivables based on the aging of accounts at the rate of one per cent for accounts that are one to 60 days due, two per cent for accounts that are 61 to 80 days due, three per cent for accounts that are 81 days to one year due, and five per cent for accounts that are more than one year due.

### b. Inventories

Inventories are measured at lower of cost or net realizable value.

c. Investments

Long-term investments are valued at cost.

d. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method at rates ranging from two per cent to 10 per cent per annum.

Major repairs are capitalized while minor repairs are charged to operations as incurred.

The Construction Period Theory is applied in the costing of assets that are under construction. Related expenses incurred during the construction period are capitalized, while those incurred after the construction of the project form part of the operating cost.

e. Revenue Recognition

Income is taken up on a modified cash basis, i.e., income from space and facilities rental, bid documents and management fee are taken up on a cash basis, whereas income from operations is taken up on an accrual basis.

f. Expense Recognition

Accrual method of accounting is adopted where expenses are recognized when incurred regardless of when paid.

g. Foreign Currencies transactions

Transactions in foreign currencies are recorded in Philippine Peso based on the Bangko Sentral ng Pilipinas (BSP) rate of exchange prevailing at the date of transactions. At the end of the year, these are revalued using the rate of exchange at reporting date. Foreign currency denominated monetary assets and liabilities at reporting date are restated based on BSP exchange rate at that date.

#### 4. CASH AND CASH EQUIVALENTS

This account includes the following:

	2017	2016
Cash-collecting officers	116,152,733	79,306,474
Petty cash	2,354,389	2,331,926
Cash-treasury/agency deposit, regular	71,210	71,210
Cash in bank-national treasury, MDS	-	58,420
Cash in bank-local currency, current account	9,034,848,110	7,125,720,680
Cash in bank-local currency, savings account	112,221,827	156,350,725
Cash in bank-local currency, time deposit	375,486,905	369,656,007
Cash in bank- foreign currency savings account	167,262,120	35,724,463
Cash in bank- foreign currency time deposit	38,968,581	36,189,792
	<b>9,847,365,875</b>	<b>7,805,409,697</b>

Cash in Bank – Local Currency Current account includes the amount of cash deposited in current account by different regional and project offices nationwide with authorized government depository banks.

Cash in Bank - Foreign Currency Savings account represents amounts deposited with authorized government depository banks denominated in US dollars and Japanese yen. These constitute monies from foreign lending banks for the implementation of irrigation projects.

Cash, Treasury/Agency Deposit, Regular account represents the balance from “Due from National Treasury” account before it was converted to conform with the Revised Chart of Accounts.

## 5. RECEIVABLES

This account consists of the following:

	2017	2016 (As restated)
Accounts receivable	22,304,409,153	22,387,818,603
Allowance for impairment	(1,528,756,347)	(1,289,453,589)
Net value-accounts receivable	20,775,652,806	21,098,365,014
Loans receivables-others	2,784,408	3,376,078
Inter-agency receivable	14,531,897,761	14,641,593,415
Intra-agency receivable	669,594,625	610,219,047
Other receivables	503,240,019	556,761,428
	<b>36,483,169,619</b>	<b>36,910,314,982</b>

### 5.1 Accounts Receivable

	2017	2016
Accounts receivable-ISF	135,186,009	22,387,818,603
Accounts receivable-ISF back account	13,745,470,395	-
Accounts receivable-pump/CIP/CIS-current	2,325,494,586	-
Accounts receivable-pump/CIP/CIS-non-current	5,960,180,543	-
Accounts receivable-others	138,077,620	-
	<b>22,304,409,153</b>	<b>22,387,818,603</b>

Accounts Receivable account comprises trade/business receivables from Irrigation Service Fees (ISF). Memorandum Circular (MC) No. 26 dated June 7, 1976 requires annual adjustment of the account in the books due to increase in the government support price for palay. MC No. 62 dated December 5, 1977 and MC No. 62-A dated December 22, 1977 grant 10 per cent discount to farmers for payment of irrigation fees on or before due dates. The account also includes current installment receivables from amortization of irrigation pumps, communal irrigation projects (CIP), communal irrigation systems (CIS) and motorcycles. MC No. 54, s. of 2013 serves as a follow up to the Incentive Policy on the payment of Back Accounts (BA) since previous related MCs had lapsed on December 31, 2009. This policy covers all irrigation users of NISs with BA in ISF.

With the passage of RA No. 10969, NIA will condone and write -off past due accounts and penalties of Accounts Receivable-ISF of Farmers and Irrigators Association with landholdings of eight hectares and below only.

## 5.2 Inter-Agency Receivable

	<b>2017</b>	<b>2016</b>
Due from national government agencies (NGAs)	856,701,834	881,620,050
Due from local government units (LGUs)	204,173,161	298,375,372
Due from government-owned and/or controlled corporations (GOCCs)	13,471,022,766	13,461,597,993
	<b>14,531,897,761</b>	<b>14,641,593,415</b>

Due from NGAs account includes the amounts of unliquidated advances/fund transfers to the: (a) Department of Environment and Natural Resources (DENR) and Department of Health (DOH) as partners in the implementation of the irrigation component under Environment and Health per loan package for Southern Philippines Irrigation Sector Project (SPIISP) extended by the Asian Development Bank (ADB), (b) DPWH District Offices for the construction/rehabilitation of farm to market roads out of the National Development Company (NDC) loan proceeds, and (c) DPWH-Autonomous Region in Muslim Mindanao (ARMM) and Philippine Rice Research Institute (PhilRice).

Due from LGUs account represents advances made as a result of Memoranda of Agreement (MOAs) between NIA and LGUs to implement repair and rehabilitation of irrigation facilities subject to liquidation after implementation of the projects. Also, this includes releases to LGUs out of loan proceeds from NDC, for the implementation of farm to market road projects.

Due from GOCCs account includes receivables from the National Power Corporation (NPC) relative to the sale of electrical energy generated by the Casecan Multi-Purpose Irrigation and Power Project (CMPIPP) per Power Purchase Agreement dated June 30, 1995 and Supplemental Agreement dated September 25, 2003.

## 5.3 Intra-Agency Receivable

	<b>2017</b>	<b>2016</b>
Due from central office	19,282,200	20,615,356
Due from regional offices	492,696,204	495,679,204
Due from other funds	157,616,221	93,924,487
	<b>669,594,625</b>	<b>610,219,047</b>

Due from Regional Offices is the reciprocal account of Due to Central Office which are both closed at year-end during consolidation of financial statements. However, due to inadequate reconciliation, the accounts remain open as at December 31, 2017.

Due from other funds account represents advances or borrowings from the General Fund to the Corporate Fund with repayment condition as soon as funds are available.

## 5.4 Other Receivables

	<b>2017</b>	<b>2016</b> <b>(As restated)</b>
Other receivables	455,773,726	513,685,014
Receivables-disallowances/charges	36,013,740	30,450,152
Due from officers and employees	11,452,553	12,626,262
	<b>503,240,019</b>	<b>556,761,428</b>

Other Receivables account includes claims from accountable officers for cash shortages, claims for dishonored checks and other miscellaneous contingent assets.

## 6. INVENTORIES

This account includes the following:

	<b>2017</b>	<b>2016</b>
Merchandise inventory	59,558,586	61,569,309
Allowance for impairment	(93,179)	(93,179)
	59,465,407	61,476,130
Office supplies inventory	47,606,172	47,686,036
Semi-expendable-other machinery and equipment	85,760	-
Semi-expendable-office equipment	120,414	-
Semi-expendable-information and communication technology equipment	67,509	-
Semi-expendable-furniture and fixtures	604,339	-
Fuel, oil and lubricants inventory	2,130,839	7,547,585
Construction materials inventory	30,497	30,497
Other supplies and materials inventory	1,404,650	371,702
	<b>111,515,587</b>	<b>117,111,950</b>

Merchandise Inventory represents carried over balance which has been dormant for several years now and under verification.

Semi-expendable accounts were adopted during CY 2017.

Office supplies, gasoline, oil and lubricants, spare parts and other supplies inventories are held for consumption.

## 7. OTHER CURRENT ASSETS

This account is composed of the following:

### 7.1 Advances

	<b>2017</b>	<b>2016</b>
Advances to officers and employees	19,301,725	26,492,655
Advances to special disbursing officers	21,571,955	19,152,021
Advances for payroll	8,772,802	12,815,109
Advances to operating expense	261,846	-
	<b>49,908,328</b>	<b>58,459,785</b>

## 7.2 Prepayments

	2017	2016
Advances to contractors	4,149,665,061	2,472,792,995
Prepaid rent	7,510,433	7,550,561
Other prepayments	8,666,344	8,905,344
	<b>4,165,841,838</b>	<b>2,489,248,900</b>

The account Advances to contractors represents the 15 per cent mobilization fees for the implementation of the projects subject for proportionate recoupment from the Contractors' Progress Billings.

Other prepayments account represents payments to the Procurement Service under the Department of Budget and Management (DBM) and to Petron Philippines for the delivery of office supplies and gasoline, respectively.

## 7.3 Deposits

	2017	2016
Deposit on letters of credit	199,788	199,788
Guarantee deposits	26,591,970	21,667,455
	<b>26,791,758</b>	<b>21,867,243</b>

## 8. INVESTMENTS

This account consists of:

	2017	2016
Investment in stocks	11,207,000	11,207,000
Investment in bonds	1,600	1,600
Other investments and marketable securities	15,900	15,900
Other investment – CE Casecan	69,331,188,875	66,389,923,702
	<b>69,342,413,375</b>	<b>66,401,148,202</b>

Investment in stocks account comprises investment in NIAConsult, Inc. (NIACI), a subsidiary of NIA, amounting to P10 million in the form of drilling rigs and auxiliary equipment with appraised value of P12.639 million and cash under Treasury Warrant No. B0481390 dated October 2, 1980 in the amount of P0.750 million. Per Board Resolution No. 3791-82, NIA's investment in NIACI is up to P10 million only and the excess in the amount of P3.389 million is considered as advances and recorded as receivables. As of to date, NIACI is on the process of winding up its operation. This account also includes investment in Gasifier and Equipment Manufacturing Corporation (GEMCOR) shares of stocks, 937 shares purchased in CY 1981 and another 250 shares acquired in CY 1984 both at P1,000 per share. In CY 1988, the GEMCOR privatization plan, which called for its dissolution, was approved. As at audit date, NIA's inquiry on the chance of recovering its investment remains unanswered.

Investment in bonds account consists of 25-year six per cent Land Bank of the Philippines (LBP) bonds with various maturity dates depending on the dates of issue.

Other Investment – CE Casecnan account represents the cash advances made by the Bureau of the Treasury (BTr) to California Energy Casecnan Water Electric Company, Inc. (CECWECI) for the account of NIA for water deliveries under the Build, Operate and Transfer (BOT) scheme of the project agreement entered into by and between CECWECI and NIA on November 13, 1994. The project was aimed to: (i) divert certain water in the Casecnan Watershed and transfer that water into the Pampanga watershed at the Pantabangan Reservoir for NIA's subsequent irrigation use in the Central Luzon Valley; (ii) make available new installed electrical capacity and electrical energy to NPC Luzon grid; and (iii) increase electrical energy generation at the existing Pantabangan and Masiway facilities.

On June 26, 1995, NIA and CECWECI entered again into the Amended and Restated Project Agreement to amend and restate in its entirety the original project agreement by reason of the General Agreement on Tariffs and Trade-Uruguay Round (GATT-UR) Agreement on agriculture and for NIA to implement an accelerated irrigation program for 1,500,000 hectares over the next 10 years.

Consequently, on June 30, 1995 a Power Purchase Agreement (PPA) was entered between NIA and NPC relative to the energy delivery for 20 years of commercial operation or such longer period as may be determined in accordance with the contract.

On September 29, 2003, NIA and CECWECI entered into another Supplemental Agreement regarding the Amended and Restated Casecnan Project Agreement whereby the parties agreed to: (i) Excess Energy Delivery Fees – the excess energy fees chargeable by NIA to NPC shall be reduced to the equivalent of the variable energy rates provided under this supplemental agreement, thereby resulting in the accrual of the benefits relating to excess energy in favor of NPC; (ii) Dispatch Protocol – assumption by NPC of all obligations of NIA relating to dispatch and contractual obligation for energy; and (iii) Cooperation on co-Minimization – both parties acknowledged that the failure or inability to prevent or reduce water spillage or wastage will increase both parties' energy and water delivery fees to CECWECI.

From the very start of the cooperation period in CY 2002 up to the present, the BTr advances the payment of NIA's contractual obligation upon approval of its request by the Department of Finance (DOF). However, NIA stopped the recording of these advances effective CY 2009.

In a meeting called for by the DOF on June 6, 2012 among the representatives from the BTr, NIA and Commission on Audit (COA), it was agreed that NIA would book up the advances by debiting Other Investment - CE Casecnan account and crediting Due to the National Treasury account.

Included also in this account is the ten-year US\$97 million bonds issued on October 15, 2003 by NIA and guaranteed by the Republic of the Philippines and the guarantee fee of one per cent per annum as approved by the DOF.

## 9. PROPERTY, PLANT AND EQUIPMENT

This account consists of:

	Infrastructure assets irrigation systems	Land and land improvement	Building and improvements	Machineries, equipment, furniture and fixtures	Construction in progress (CIP)	Total
<b>Cost:</b>						
Balance, 01/01/17, as restated	66,270,301,320	38,725,392,083	1,555,870,220	4,008,964,564	114,992,903,791	225,553,431,978
Additions	10,384,808,145	2,435,124	20,122,039	77,636,383	10,968,044,134	21,453,045,825
CIP transfer to PPE account	72,175,564	1,017,970	946,220	45,449,458	(77,096,138)	42,493,074
Reclassification of PPE account	5,323,115	-	-	(5,323,115)	-	-
Adjustment	1,734,404,258	(163,534,893)	25,671,856	(6,125,571)	(358,282,355)	1,232,133,295
Balance, 12/31/17	78,467,012,402	38,565,310,284	1,602,610,335	4,120,601,719	125,525,569,432	248,281,104,172
<b>Accumulated depreciation:</b>						
Balance, 01/01/17, as restated	1,187,885,695	11,685,931,823	302,165,307	1,985,326,809	-	15,161,309,634
Depreciation charges	18,398,530	1,139,122,120	41,625,363	165,169,345	-	1,364,315,358
Adjustment	43,773,039	(91,012,053)	(7,721,181)	(5,242,626)	-	(60,202,821)
Balance, 12/31/17	1,250,057,264	12,734,041,890	336,069,489	2,145,253,528	-	16,465,422,171
<b>Net, 12/31/17</b>	<b>77,216,955,138</b>	<b>25,831,268,394</b>	<b>1,266,540,846</b>	<b>1,975,348,191</b>	<b>125,525,569,432</b>	<b>231,815,682,001</b>
<b>Net, 12/31/16, as restated</b>	<b>65,082,415,625</b>	<b>27,039,460,260</b>	<b>1,253,704,913</b>	<b>2,023,637,755</b>	<b>114,992,903,791</b>	<b>210,392,122,344</b>

Land and Land Improvements account includes cost of farm to market roads in various LGUs financed out of the P346 million proceeds of loan from NDC.

Land Improvements account refers to the total cost of completed irrigation projects which have generally rebounded to the benefit of the farmers in terms of service areas. This also includes those funded out of appropriations from the National Government through the DPWH and the DA in CY 1990 until CY 1996.

Construction in Progress (CIP) account represents cost of projects implemented out of project funds directly released to NIA by DBM.

Tangible items with capitalization threshold of P15,000 shall be accounted for as semi – expendable property.

## 10. PAYABLES

This account consists of:

	2017	2016
Accounts payable	4,780,946,316	5,036,684,638
Due to officers and employees	199,327,416	22,909,136
Notes payable	128,022	128,022
Other payables	2,241,446,601	1,847,043,402
	<b>7,221,848,355</b>	<b>6,906,765,198</b>

Accounts Payable are mostly claims of foreign and local contractors on their project accomplishments and claims of suppliers for the delivery of goods.

## 11. TRUST LIABILITIES

	2017	2016
Guarantee/security deposit payables	870,890,638	736,614,102
Customers deposit payable	1,639,158	1,457,538
Performance/bidders/bail bonds	33,198,503	33,759,833
	<b>905,728,299</b>	<b>771,831,473</b>

Guaranty/Security Deposit Payables account represents “retention money” from claims of contractors implementing the Corporation’s projects to cover for uncorrected discovered defects and third party liabilities.

## 12. INTER-AGENCY PAYABLES

	2017	2016
Due to National Treasury	65,383,828,696	65,381,343,171
Due to other NGAs	13,819,470,350	13,702,158,800
Due to other GOCCs	577,499,337	828,313,425
Due to Bureau of Internal Revenue	403,353,901	351,343,958
Due to Government Service Insurance System	24,074,715	22,183,228
Due to local government units	25,188,710	21,744,250
Due to Pag-IBIG fund	7,169,568	6,622,812
Due to PhilHealth	6,643,821	6,810,847
Due to NIAConsult, Inc.	529,700	-
	<b>80,247,758,798</b>	<b>80,320,520,491</b>

Due to National Treasury is the amount of the cash advances made by the BTr on account of NIA for payment of water delivery fees to CECWECl.

Due to Other NGAs account represents fund transfers received/trust receipts from national government agencies (i.e. DA, DAR, NAFC and DPWH) for the implementation of irrigation projects.

Due to Other GOCCs account pertains to trust receipts from government-owned and/or controlled corporations to finance specific projects or to pay specific obligations.

## 13. INTRA-AGENCY PAYABLES

	2017	2016
Due to central office	60,487,171	64,830,862
Due to regional offices	222,140,354	225,004,405
Due to other funds	275,404,403	188,787,673
	<b>558,031,928</b>	<b>478,622,940</b>

Due to Regional Offices account is the reciprocal account of Due from Central Office which represents balances in unfunded Advice of Sub-allotments (ASAs) of the Regional Offices in the Project Management Office (PMO) books at the time of conversion to New Government Accounting System (NGAS) which is subject for review and reconciliation by the PMO and Regional Offices.

## 14. LONG-TERM LIABILITIES

This account consists of loans and advances payable to the following:

	2017	2016
<b>Loans payable – domestic and advances payable–national government agencies</b>		
Asian Development Bank	2,829,468,741	2,829,468,741
International Bank for Reconstruction and Development	3,107,554,082	3,107,554,082
Overseas Economic Cooperation Fund	266,583,721	266,583,721
Special Project Implementation Assistance Loan	156,479,931	156,479,931
	6,360,086,475	6,360,086,475
<b>Loans payable – NDC</b>	1,950,000,000	2,925,000,000
<b>Loans payable – foreign</b>		
Asian Development Bank	139,039,695	139,039,695
International Bank for Reconstruction and Development	83,155,142	83,155,142
International Fund for Agricultural Development	49,059,222	49,059,222
	271,254,059	271,254,059
	<b>8,581,340,534</b>	<b>9,556,340,534</b>

Loans Payable – Domestic and Advances Payable to National Government Agencies represent payments made by the BTr to lending banks in favor of NIA. The BTr periodically forwards notices of payments to NIA which serve as basis of the latter in the recording of advances made by the former. Most of these payments cover only the interest incurred on loans.

The Loans Payable to NDC was an offshoot of the implementation of economic pump-priming projects of the National Government, which NIA is involved in, and completion of NIA's repair and rehabilitation program of existing national and communal irrigation systems (NIS/CIS). As the required fund, in the total amount of P3.700 billion, was not programmed in the proposed FY 2006 GAA, the NIA Board of Directors authorized the NIA Administrator, under Board Resolution No. 7370-06, series of 2006 dated March 3, 2006, to negotiate for a loan with NDC.

In relation to this, a Memorandum of Agreement (MOA) was entered into by and among NIA, NDC, DBM, DOF and DA on May 11, 2006 which defines the roles and responsibilities of the concerned agencies to carry out the said lending activity and the implementation and monitoring of the project. On the same date, NIA entered into a loan agreement with NDC for P1 billion as interim financing, as approved under Board Resolution No. 7375-06 dated April 24, 2006. The loan has a term of six years and bears a fixed interest rate of 10 per cent per annum plus taxes, payable quarterly in arrears.

In October 2006, NIA availed itself of an additional P2 billion loan from NDC, as approved by Board Resolution No. 7391-06, series of 2006. Another MOA was executed among NDC, DBM, DOF and DA for the utilization and repayment of said loan. The terms include utilization of P1 billion for full payment of the interim loan and P1 billion for financing NIA's additional requirements for repair and rehabilitation of NIS/CIS including farm-to-market roads and other projects.

As of December 31, 2017, proceeds from the loan had a remaining balance of P23.601 million. The increase pertains to the remittances of unused funds from Regional Offices. Breakdown of the fund is shown as follows:

Funds Maintained in:	2017	2016
Cash in bank - CA	9,507,806	513,253
Cash in bank - SA	14,093,627	14,093,627
	<b>23,601,433</b>	<b>14,606,880</b>

Loans Payable – Foreign account represents the proceeds of foreign loan avallment usually evidenced by the lending institution’s payment advice and Bangko Sentral ng Pilipinas credit advice ticket. Verification as to the nature and status of these payables are on-going.

## 15. DEFERRED CREDITS

This account includes the following:

	2017	2016
Deferred credits	20,197,439,584	20,852,752,881
Other deferred credits	2,905,726,081	1,716,144,025
	<b>23,103,165,665</b>	<b>22,568,896,906</b>

Deferred Credits account represents income to be realized upon collection of previously billed irrigation fees and unearned income on installment sales, equipment rentals and CIS amortizations.

Other Deferred Credits account pertains to miscellaneous liabilities and undistributed collections converted to this account.

## 16. NET FINANCIAL ASSISTANCE/SUBSIDY

This account represents the subsidy received from the National Government for the following:

	2017	2016
<b>Corporate Fund</b>		
Budgetary Support for NIA operations – PS, MOOE and Capital Outlay	3,034,412,750	1,332,103,250
Payment of NDC Loan – principal and interest	1,498,870,000	1,498,870,000
	4,533,282,750	2,830,973,250
<b>General Fund</b>		
Implementation of project – locally funded	22,124,513,677	13,333,951,068
Implementation of foreign assisted projects including grants	2,036,478,833	2,899,783,591
Payment to PSALM for NPC advances of NIA’s share in the debt service for the loan from JBIC for the San Roque Multi-Purpose Project (SRMPP)	2,642,010,000	3,360,582,000
	26,803,002,510	19,594,316,659
<b>Special Fund</b>		
Implementation of Comprehensive Agrarian Reform Program (CARP) – Irrigation component (IC) – Capital Outlay	246,074,604	150,000,000
Operation of CARP IC Project Management Office	107,040,000	90,645,344
Tax Remittance Advice	102,228	-
	353,216,832	240,645,344
	<b>31,689,502,092</b>	<b>22,665,935,253</b>

Payments to NDC and Power Sector Assets and Liabilities Management Corporation (PSALM) was released directly to NDC and PSALM through the BTr pursuant to Sections 5 and 6, respectively, of the Special Provisions of the GAA for FY 2017 to be used exclusively to cover the payment of the Agri-Agra Bonds issued by NDC in CYs 2006 and 2009 relative to the repair and rehabilitation of NIA existing irrigation systems and payment of non-power component-irrigation share cost of the San Roque Multi-purpose Project in CYs 1999 to 2014.

## 17. EQUITY

	Accumulated Surplus	Capital Stock	Retained Earnings	Total
<b>Balance, January 1, 2016</b>	191,729,189,706	5,559,191,864	(11,176,371,747)	186,112,009,823
Adjustments on prior years	(2,666,069,970)	-	-	(2,666,069,970)
<b>Balance, January 1, 2016, as restated</b>	189,063,119,736	5,559,191,864	(11,176,371,747)	183,445,939,853
<b>Add: Surplus for CY 2016, as reported</b>	21,118,347,631	-	(201,101,264)	20,917,246,367
Add/(deduct) adjustments of CY 2016 surplus				
Unrecorded Other income	2,593,120	-	-	2,593,120
Erroneously recorded expenses:				
Personnel services	(13,182,617)	-	-	(13,182,617)
MOOE	(23,168,591)	-	-	(23,168,591)
	(33,758,088)	-	-	(33,758,088)
<b>Surplus for CY 2016, as restated</b>	21,084,589,543	-	(201,101,264)	20,883,488,279
Add/(deduct) other adjustments:				
Unrecorded subsidy	941,900	-	-	941,900
Changes in accounting policy-PPE to				
Semi-expendable	(128,022)	-	-	(128,022)
PPE capitalization	1,203,806	-	-	1,203,806
Impairment loss - PPE	(6,627)	-	-	(6,627)
Interest earnings	4,534	-	-	4,534
Transfer to Bureau of the Treasury (BTr)				
- reversions	(7,457,098)	-	-	(7,457,098)
Transfer to BTr - interest earnings	(83,083)	-	-	(83,083)
Completed projects	(751,489,652)	-	-	(751,489,652)
Others	173,011,860	-	(134,404,411)	38,607,449
Others-Regions 4B, 6, 7, 8, 9 and 13,	(17,767,869)	-	-	(17,767,869)
	(601,770,251)	-	(134,404,411)	(736,174,662)
<b>Balance, December 31, 2016, as restated</b>	<b>209,545,939,028</b>	<b>5,559,191,864</b>	<b>(11,511,877,422)</b>	<b>203,593,253,470</b>
Add: CY 2017 surplus, reported	27,993,005,828	-	(463,527,233)	27,529,478,595
Other adjustments	79,772,936	-	22,859,030	102,631,966
<b>Balance, December 31, 2017</b>	<b>237,618,717,792</b>	<b>5,559,191,864</b>	<b>(11,952,545,625)</b>	<b>231,225,364,031</b>

The Accumulated Surplus account includes: (a) capital invested by the National Government for various irrigation systems/projects implemented and maintained by NIA and (b) surplus/deficit from the operations.

## 18. OPERATING INCOME

Service Income pertains to Operating and Service Income that comes from collections of Irrigation Service Fees and CIS, Pumps, CIP Amortization.

Rent Income includes income from rental of hostels/dormitories and other facilities such as convention halls and classrooms.

Fines and penalties are charges imposed from late payment of outstanding irrigation service fees.

## 19. NON-OPERATING INCOME

Collection of Management Fee is made upon completion of projects. For CY 2017, the amounts of P8,757,013 and P10,000,000 were collected for completed projects of Comprehensive Agrarian Reform Program (CARP) – Irrigation Component (IC) and Agrarian Reform Infrastructure Support Project Phase III (ARISP III), respectively.

Interest Income includes interest earned from high yield savings account in Development Bank of the Philippines (DBP), United Coconut Planters Bank (UCPB) and Land Bank of the Philippines (LBP) amounting to P11,070,249. In 2017, majority of it came from DBP.

Other fines and penalties – are income from the imposition of penalties/fines due to late deliveries of purchased supplies, equipment, etc. from contractors/suppliers and surcharges due to late payment of rentals from tenants.

Income from grants and donations in kind pertains to MRIIS 10 sets of irrigation pumps from the DA - Regional Office No. 02 during the year 2010 to mitigate the effect of El Niño phenomenon.

Gains pertain to gains from foreign currency, time/savings deposit transactions and gains on sale of property and equipment.

## 20. MISCELLANEOUS INCOME

The account is detailed as follows:

	2017	2016 (As restated)
Bid documents	11,730,716	34,780,741
Scrap of property and equipment	3,690,914	517,771
Contract price adjustment/liquidated damages	910,100	1,296,444
Disallowances	388,360	703,046
Laboratory analysis – soil and water	65,201	404,410
Income from NIA housing	34,340	29,957
Hauling/milling/drying fish	21,968	54,818
Printing/photocopy/radio	4,029	61,100
Income from National Home Mortgage Finance Corporation	1,020	968
Sale of goods and materials	-	160,152
Payment for lost items	-	13,282
Other miscellaneous income	54,460,802	115,535,827
	<b>71,307,450</b>	<b>153,558,516</b>

Other miscellaneous income includes: (a) income derived from sale of electrical energy generated by the Casecan Multi-Purpose Irrigation and Power Project per Power Purchase Agreement dated June 30, 1995; and (b) service fee for the operation and maintenance of non-power components of the 100 Mega Watts (MW) Pantabangan Hydroelectric Power Plant and 12 MW Masiway Hydroelectric Power Plant per Operations and Maintenance Agreement dated November 13, 2006, and Magat Power Plant Complex per Operations and Maintenance Agreement dated December 13, 2006.

## 21. EXPENSES

The account consists of:

	2017	2016 (As restated)
<b>Personnel services</b>		
Salaries and wages	1,095,887,518	971,822,625
Terminal leave benefits	239,337,719	164,102,229
Other bonuses and allowances	210,136,976	185,712,677
Year-end bonus	158,180,817	155,199,038
Life and retirement insurance contributions	128,826,598	117,987,246
Personnel economic relief allowance	94,614,399	93,385,140
Cash gift	39,771,524	26,604,066
Clothing/uniform allowance	19,226,658	19,320,500
Productivity incentive allowance	16,186,500	3,240,837
PhilHealth contributions	11,626,655	10,602,993
Overtime and night pay	10,959,875	9,090,781
Representation allowance	9,214,060	9,106,325
Transportation allowance	7,354,961	7,102,625
Pag-IBIG contributions	4,839,467	4,869,773
ECC contributions	4,771,469	4,724,187
Other personnel benefits	2,872,387	10,091,761
Longevity pay	2,300,100	1,992,689
Retirement benefits	1,723,023	4,141,185
Honoraria	615,758	2,345,442
Subsistence Allowance	27,885	-
Hazard pay	-	550
	<b>2,058,474,349</b>	<b>1,801,442,669</b>
<b>Maintenance and other operating expenses (MOOE)</b>		
Depreciation	1,364,315,358	862,580,722
Other maintenance and operating expenses	590,725,221	409,162,630
Impairment loss-loans and receivables	190,322,591	89,835,649
Electricity expenses	127,133,621	136,084,394
Repair and maintenance-transportation equipment	52,270,526	54,572,615
Fuel, oil and lubricants expenses	47,822,889	45,178,166
Training expenses	44,214,101	17,960,096
Travelling expenses - local	37,177,724	30,435,502
Auditing services	35,795,376	41,762,860
Office supplies expenses	28,310,884	24,316,623
Repair and maintenance-machinery and equipment	23,256,255	22,951,292
Repair and maintenance-infrastructure assets	22,688,289	38,196,061
Other supplies and materials expenses	20,710,566	18,069,387
Representation expenses	12,718,913	6,811,766
Repair and maintenance-buildings and other structures	12,341,973	16,276,773
Telephone expenses	12,207,434	11,518,535
Janitorial services	11,397,675	5,148,766
Repair and maintenance-land improvements	8,660,025	452,701
Taxes, duties and licenses	7,983,098	40,587,244
Insurance expenses	6,501,187	6,885,286
Security services	5,851,309	2,223,500
Water expenses	5,344,347	5,067,344
Consulting services	4,082,806	1,975,000
Rent/lease expenses	3,807,367	4,716,356
Fidelity bond premiums	3,589,014	2,372,092
Internet subscription expenses	2,772,872	3,388,781
Printing and publication expenses	1,847,634	1,161,875
Repair and maintenance-other property, plant and equipment	1,507,377	499,950
Other general services	1,420,683	214,578

	<b>2017</b>	<b>2016 (As restated)</b>
Postage and courier services	1,082,270	836,281
Cable, satellite, telegraph, and radio expenses	868,348	859,194
Travelling expenses - foreign	741,484	2,031,986
Transportation and delivery expenses	708,589	370,223
Other professional services	700,635	692,884
Legal services	660,466	1,042,828
Survey expense	619,568	-
Subscription expenses	596,476	743,660
Extraordinary and miscellaneous expenses	560,767	264,069
Drugs and medicines expenses	556,867	265,493
Advertising, promotional and marketing expenses	416,220	1,141,262
Semi-expendable furniture, fixtures and books expenses	349,176	-
Repair and maintenance-furniture and fixtures	309,754	215,926
Accountable forms expenses	249,019	379,890
Awards/rewards expenses	226,000	210,000
Semi-expandable-machinery and equipment expenses	159,848	43,570
Food supplies expense	144,243	97,740
Membership dues and contributions to organizations	77,788	62,136
Medical, dental and laboratory supplies expenses	68,896	27,373
Textbooks and instructional materials expenses	64,125	3,137
Donations	16,000	36,400
	<b>2,695,953,654</b>	<b>1,909,730,596</b>
<b>Financial expenses</b>		
Interest expense	526,045,036	527,407,220
Bank charges	28,226	24,938
	<b>526,073,262</b>	<b>527,432,158</b>
<b>TOTAL</b>	<b>5,280,501,265</b>	<b>4,238,605,423</b>

## 22. COMPLIANCE WITH TAX LAWS

Remittances of taxes withheld by the NIA to the Bureau of Internal Revenue (BIR) for the procurement of goods, services and infrastructure contracts for the implementation of projects which were funded by the DBM under the Modified Disbursement Scheme is in accordance with the DOF, DBM and COA Joint Circular No. 1-2000 dated January 3, 2000 which provided the guidelines in the remittance of all taxes withheld using the Tax Remittance Advice.

For CY 2017, the Tax Remittance Advice filed by the Corporation to the DBM and BIR for the remittance of the taxes withheld amounted to P110,387,655.

Moreover, under its all funds, NIA remitted to the BIR the total amount of P55,987,575 representing taxes withheld from salaries and wages and suppliers/contractors for CY 2017.

## PART II - OBSERVATIONS AND RECOMMENDATIONS

### A. FINANCIAL

1. The Prior Period Adjustments (PPAs) aggregating P102.632 million and P2.667 billion in Combined Statement of Changes in Net Assets/Equity (SCNA/E) for calendar years (CYs) 2017 and 2016, respectively, directly presented in the SCNA/E instead of restating the affected accounts in which errors occurred contrary to Philippine Public Sector Accounting Standard (PPSAS) 3, which could mislead the users of the financial information. Likewise, these adjustments have no disclosures and lacked appropriate supporting documents. Consequently, the fair presentation of the financial statements as a whole was adversely affected.

*Absence of appropriate supporting documents, inadequate disclosures and direct presentation of PPAs in the SCNA/E instead of restating the affected accounts in which errors occurred -*

1.1. This is a reiteration of prior years' audit observation considering that the recommendations to strictly comply PPSAS 3 in presenting correction of prior period errors by restating the comparative amounts for the period(s) presented in which the errors occurred and provide adequate disclosure in the Notes to the FS and to submit lists/schedules showing the details of the PPAs supported with complete/appropriate documentation were only partially implemented by the Accounting Division.

1.2. Paragraphs 47 and 54 of PPSAS 3 require that:

*47. Xxx, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:*

*a. restating the comparative amounts for the period(s) presented in which error occurred; or*

*b. if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.*

*Xxxx*

*54. In applying paragraph 42, an entity shall disclose the following:*

*a. The nature of the prior period error;*

*b. For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected:*

c. *The amount of the correction at the beginning of the earliest prior period presented.*

1.3. Review of the Combined SCNA/E for the year ended December 31, 2017 disclosed that there were restatements of affected accounts and disclosures for correction of prior period errors in the Surplus for CY 2016 aggregating P33.758 million and P736.174 million, as shown in Note 17 to FSs. As regards, PPAs aggregating P102.632 million and P2.667 billion in CYs 2017 and 2016, respectively, which pertained to adjustments in Accumulated Surplus and Retained Earnings were still directly presented in the Combined SCNA/E without restating the affected accounts in which the errors occurred and no disclosures provided in Note 17 to FSs.

1.4. Moreover, the Audit Team could not validate the accuracy of the adjustments due to lack of appropriate supporting documents.

1.5. Apparently, there was no proper analysis on the PPAs, which is an indication that rendering reliable accounting reports is not given an utmost priority. Hence, the reliability of the PPAs could not be established, thereby affecting the fairness of its presentation in the SCNA/E and in the overall FSs.

**1.6. We reiterated our recommendations that Management direct the Accounting Division to:**

**a. Strictly comply with PPSAS 3 in presenting correction of prior period errors by restating the comparative amounts for the period(s) presented in which errors occurred and provide adequate disclosure in the Notes to the FSs; and**

**b. Submit list/schedules showing the details of the PPAs supported with complete/appropriate documentation.**

1.7. During the exit conference, the Financial Management Department committed to submit the revised SCNA/E with the supporting schedules for PPAs in 2018.

1.8. As a rejoinder, the Audit Teams commend the efforts of the Accounting Division for the improvement in the presentation of the correction of PPAs in the CY 2016 Surplus by providing disclosures and restating the affected accounts in CY 2016 balances, nonetheless the schedules of the PPAs remained unsubmitted. Thus, we enjoin the Accounting Division to prepare and submit the lists/schedules showing the details of the PPAs supported with complete/appropriate documentation.

**2. The reliability and fairness of FSs presentation of Property, Plant and Equipment (PPE) account with carrying amount of P231.816 billion as at December 31, 2017 could not be established due to, among others: (a) capitalization of payments of P20.646 billion under PPE account without sufficient legal basis to confirm control over irrigation canals, laterals, regulating structure, and other non-power component of the project; (b) unreconciled variance of P68.086 billion between results of physical count *vis-a-vis* accounting records and Engineering and Operations Division (EOD) reports; (c) doubtful existence due to non-conduct of physical count for PPE items with total amount of**

**P9.829 billion; (d) inadequate accounting and property records to substantiate the PPE items of P37.106 billion; (e) non-reclassification of long-completed irrigation projects amounting to P23.240 billion to proper asset accounts; (f) non-derecognition of the net carrying amount of the irrigation facilities that have undergone major rehabilitations/repairs; and (g) non-provision and incomplete details of depreciation expenses.**

2.1. This is a reiteration with updates of previous years' audit observations.

2.2. The PPE account with a total carrying amount of P231.816 billion as at December 31, 2017 consists of sub-accounts shown in Table 1.

**Table 1 – Composition of PPE account as at December 31, 2017**

	Carrying amount			Total	% to Total
	General Fund	Special Fund	Corporate Fund		
Construction in Progress (CIP)	P 112,766,621,787	P 1,092,051,611	P 11,666,896,034	P 125,525,569,432	54.15
Infrastructure assets	70,194,035,459	931,543,659	6,091,376,020	77,216,955,138	33.31
Land and land improvement	14,056,962,198	527,028,280	11,247,277,916	25,831,268,394	11.14
Machineries, equipment, furniture and fixtures, and other assets	1,359,713,754	9,708,368	605,926,069	1,975,348,191	0.85
Building and improvements	154,194,630	991,758	1,111,354,456	1,266,540,846	0.55
	<b>P 198,531,527,828</b>	<b>P 2,561,323,676</b>	<b>P 30,722,830,497</b>	<b>P 231,815,682,001</b>	<b>100.00</b>

2.3. Examination of the PPE account disclosed deficiencies which were already noted and reported in previous audit reports. These deficiencies included the following:

*Capitalization of payments of P20.646 billion under PPE account without sufficient legal basis to confirm control over irrigation canals, laterals and the regulating structure, and other non-power component of the project -*

2.4. Paragraph 13 of PPSAS 17 defines PPE as:

*Property, plant, and equipment are tangible items that are held for use in the production or supply of goods or services xxx.*

2.5. Paragraph 21 of same PPSAS provides that infrastructure assets which include water and power supply should be accounted as PPE.

2.6. Also, Paragraph 37 of same PPSAS provides that the cost of an item of PPE is the cash price equivalent. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit, unless such interest is recognized in the carrying amount of the item.

2.7. The San Roque Multi-Purpose Project (SRMPP), which is located in San Manuel at the Lower Agno River in Pangasinan, is a project serving several purposes, among which is the irrigation of about 87,000 hectares service areas thereat. It was approved

by the Investment Coordination Committee of the National Economic and Development Authority (NEDA), as one of the projects for development by the Government.

2.8. The overall development of the SRMPP has two components, namely: (a) upstream development (excluding the irrigation canals and laterals and the regulating structure), which was bid out by the National Power Corporation (NPC) to a Consortium on a Build-Operate-Transfer (BOT) basis; and (b) non-power component, which was also awarded to the same Consortium and financed by the Eximbank of Japan/Japan Bank for International Cooperation (JBIC) with total project cost estimated at US\$400 million.

2.9. Two Memoranda of Agreement (MOAs) were executed in CY 1998 by and between the Department of Finance (DOF), Department of Budget and Management (DBM), Department of Environment and Natural Resources (DENR), Department of Public Works and Highways (DPWH), NIA, Department of Agriculture (DA), and NPC, with the latter as the lead agency with respect to the development, operation, and maintenance of SRMPP and the facilities involved therein (including the reservoir and the dam). The MOAs defined the responsibilities of the parties involved, among which are as follows:

- a. DOF shall: (i) on behalf of DA, NIA, DENR, and DPWH secure the full government guarantee for the NPC financing of the US\$400 million non-power cost component of SRMPP in accordance with the Power Purchase Agreement (PPA) Disbursement Schedule as amended; and (ii) in coordination with DBM and the Bureau of the Treasury (BTr), reimburse NPC the advance made by NPC covering CYs 1999 to 2014 accumulating to US\$629.24 million;
- b. DA and NIA shall cause the inclusion in the annual budget of the NIA for CYs 1999 to 2014 the irrigation share of costs for SRMPP for reimbursement to NPC in the total amount of US\$454.67 million;
- c. NIA shall fund and implement the downstream irrigation facilities including the re-regulating structure with the view to commissioning these by the beginning of 2004;
- d. NPC shall: (i) in accordance with the terms of the PPA, disburse to the Consortium the US\$400 million non-power component funding; and (ii) being the lead agency and only signatory to the PPA, becomes liable for the aforesaid disbursement; and
- e. The Consortium shall cause the early transfer of the dam and other structures in exchange for the US\$400 million to NPC and therefore the insurance for such structures shall become the obligation of NPC during the Cooperation Period (as defined in the PPA).

2.10. The provision for non-power component of the SRMPP for NPC/Power Sector Assets and Liabilities Management (PSALM) Corporation, including payments for prior years' unbooked obligations was included in the annual budget of NIA in the General Appropriations Act (GAA) starting CY 2013. As at December 31, 2017, total allocations and payments made to PSALM amounted to P20.646 billion, as summarized in Table 2.

**Table 2 – Allocations and Payments made to NPC/PSALM**

<b>CY</b>	<b>Amount</b>
2001	P 636,000,000
2013	5,138,000,000
2014	5,080,000,000
2015	3,789,000,000
2016	3,360,582,000
2017	2,642,010,000
	<b>P 20,645,592,000</b>

2.11. Review of the MOA, however, disclosed that it did not categorically state the rights of NIA over the asset and/or the transfer of asset to NIA. Rather, the MOA, particularly Item IX.8 thereof, only provided that:

*The Consortium shall cause the early transfer of the dam and other structures in exchange for the US\$400 million to NPC xxx.*

2.12. Further, other pertinent documents that were made available to the Audit Team were insufficient to establish the extent of whatever control/ownership it may have on the said project. It should be emphasized also that Management still has not acted on the foregoing observation, notwithstanding that the same had been consistently highlighted in the Annual Audit Reports since CY 2014.

2.13. Recording the share of NIA of its payments in the debt service advances for the SRMPP loan from JBIC as an asset in the total amount of P20.646 billion without adequate documentation to confirm its control/ownership over a tangible property is contrary to the provisions of PPSAS 17, thereby, casting doubt on the fairness of the presentation of the carrying amount of PPE account in the FSs.

*Variance of P68.086 billion between balances of physical count vis-à-vis accounting records and EOD reports and non-conduct of physical count for PPE totaling P9.829 billion -*

2.14. Item 4 of COA Circular No. 80-124 dated January 18, 1980 provides that inventory report shall be prepared, certified correct by the committee in charge thereof, and properly reconciled with accounting and inventory records. Said report, which cut-off date is as at December 31, has also been required under Section 38, Chapter 10 of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Volume I.

2.15. In Central Office (CO) and four Regional Offices (ROs), a total variance of P68.086 billion existed between balances of physical count and accounting records. Details are shown in Table 3.

**Table 3 – Variance between balances of physical count and accounting records**

<b>Office/RO</b>	<b>Fund</b>	<b>Variance</b>
CO	General and Corporate	P 59,784,320,078
III	-do-	1,538,577,473
IV-B	Corporate	58,852,292
V	General, Corporate and Special	6,700,438,047
XIII	Special	3,422,430
		<b>P 68,085,610,320</b>

2.16. In addition, in RO VIII, unreconciled balances in the CIP account under the Special Fund existed between Trial Balance (TB) vi's-à-vis the SLs in the amount of P0.734 million.

2.17. Besides, in the CO, no inventory report was prepared for ongoing projects which costs were taken up under the CIP account of the General Fund. Also, in RO III, under the Corporate Fund, PPE items totaling P525.819 million were not supported with inventory report.

2.18. Moreover, no physical count was conducted in three ROs for the PPE with costs aggregating P9.829 billion, summarized in Table 4.

**Table 4 – PPE without physical count as at December 31, 2017**

RO	Fund	Amount
VIII	General	P 8,100,076,220
XI	-do-	1,703,025,390
XIII	General, Corporate and Special	25,588,992
		<b>P 9,828,690,602</b>

2.19. Non-preparation of inventory report, non-conduct of physical count and the variance between balances of physical count vis-à-vis accounting records and EOD reports cast doubt on the existence as well as accuracy of the balance of PPE, consequently, affected the fairness of its presentation in the FSs.

*Incomplete/inadequate accounting and property records to substantiate the PPE items costing P37.106 billion -*

2.20. Section 114(2), Chapter 2 of Presidential Decree (PD) No. 1445 requires the keeping of subsidiary records, which is consistent with Section 111 of the same Chapter and PD that, the accounts of an agency shall be kept in such detail as is necessary.

2.21. Section 42, Chapter 10, GAM for NGAs, Volume I provides that the Accounting Division shall maintain PPE Ledger Card (PPELC) for each category of PPE to record promptly the acquisition, description, custody, estimated useful life, depreciation, impairment, disposal and other information about the asset while the Property Division shall maintain Property Card (PC) to account for the receipt and disposition of the asset. The balance per PC shall be reconciled with PPELC.

2.22. Verification revealed that records of Accounting and Property Divisions of the CO and five ROs are incomplete/inadequate for PPE aggregating P37.106 billion, shown in Table 5.

**Table 5 – PPE with incomplete and inadequate accounting and property records**

Office/RO	Fund	Amount
CO	Corporate	P 13,433,990,375
III*	General, Corporate, Special	5,693,829,002
V	Special	13,699,427
VI	General and Corporate	2,428,120,720
X	General, Corporate, Special	13,807,924,936
XI	General	1,703,025,390
XIII	General, Corporate, Special	25,588,992
		<b>P 37,106,178,842</b>

*\*Included Balog Balog Multipurpose Project II (BBMP II)*

2.23. The accounting and property records are not adequately maintained and if records are maintained, these are not updated. The subsidiary ledgers (SLs) are not updated to support the general ledgers (GLs) balances while PPELCs are neither maintained nor updated. In CO, PCs are not kept for the PPE not included in the physical count.

2.24. Likewise, in RO X, Property Acknowledgment Receipts (PAR) under the General Fund, are not updated and also a number of property items have no assigned values and Property Account Code that would provide reliable information on property accountability and custodianship, contrary to Section 21 of GAM for NGAs, Volume I which requires that PAR should be used to record issuance of property to end-user and be renewed every three years or every time there is a change in custodianship/user of the property.

2.25. Thus, accuracy of PPE balances could not be ascertained and information regarding acquisition, description, depreciation, receipt, issuances, transfers, disposal, among others, about PPE could not be accounted and easily kept track.

*Non-reclassification of long-completed irrigation projects amounting to P23.240 billion to proper asset accounts -*

2.26. Section 8(g), Chapter 10, GAM for NGAs, Volume I, states that:

*Xxx. As soon as the construction is completed, the "Construction in Progress" account shall be reclassified to the proper asset account. Xxx.*

2.27. Said provision was already adopted under NIA Memorandum Circular (MC) Nos. 43 and 44 both dated July 20, 2007, which provide for the guidelines, procedures, and journal entries for the transfer of all completed projects to the proper asset accounts.

2.28. However, due to the lack of coordination between the Irrigation Management Offices (IMOs) or Project Management Offices (PMOs), EOD, and Accounting Division/Section, there had been delays in the submission of turn-over documents consisting of: (i) completion report (NIA Form No. C1R) submitted by the IMO or PMO, reviewed by the EOD of the RO, reviewed and certified by the Finance and Management Division as to the correctness of the financial aspects and approved by the Regional Manager; and (ii) physical inventory and inspection report of the completed project by EOD. These documents are the bases of the Accounting Division/Section for reclassifying completed projects to proper asset accounts.

2.29. The CIP account was overstated as it still included completed projects and various items acquired but not yet transferred to the appropriate asset accounts due to the absence of supporting documents. These projects and various items amounted to a total of P23.240 billion, composition of which is shown in Table 6.

**Table 6 - Lists of completed irrigation projects still under CIP account**

Office/RO	Corporate Fund	General Fund	Special Fund	Total
CO	P -	P 8,021,187,330	P -	P 8,021,187,330
III	1,840,633,489	2,510,000,402	1,978,555,785	6,329,189,676
IV-B	203,877,691	3,536,623,981	73,061,142	3,813,562,814
V	420,977,470	2,213,082,754	13,699,427	2,647,759,651
VI	16,973,078	2,411,147,642	-	2,428,120,720
	<b>P 2,482,461,728</b>	<b>P 18,692,042,109</b>	<b>P 2,065,316,354</b>	<b>P 23,239,820,191</b>

*\*Included BBMP II*

2.30. On the other hand, the CIP account in the CO still included 24 accounts, which projects remained unidentified with an aggregate cost of P3.201 billion, thus, precluding the further analysis and assessing the proper valuation thereof.

2.31. Consequently, the depreciation on the aforesaid PPE items to reflect the carrying amount thereof had not been computed, thus, overstating the PPE account by the unrecognized accumulated depreciation thereof.

*Non-derecognition of the net carrying amount of the irrigation facilities that have undergone major rehabilitations/repairs -*

2.32. Paragraph 85 of PPSAS 17 provides that an entity recognizes in the carrying amount of an item of PPE the cost of a replacement for part of the item, then it derecognizes the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

2.33. Review of CY 2017 Irrigation Program as at December 2017 disclosed that the repair/rehabilitation works for programs and projects of NIA had aggregate costs of P40.690 billion and P18.020 billion, respectively. Despite the aforesaid material amounts of expenditures incurred, no derecognition has been made on the carrying amount of the PPE items that have undergone major repairs/rehabilitations. As a result thereof, PPE account was bloated, thus, significantly affecting the fairness of presentation of the same in the FSs.

*Non-provision and incomplete details of depreciation expense for PPE account -*

2.34. Sec. 27, Chapter 10, GAM for NGAs, Volume I, states that PPE gradually loses its ability to provide service over the course of time. Because of this, its cost needs to be distributed on a systematic basis over its useful life. The allocated cost is referred to as depreciation. The depreciation charge for each period shall be recognized as expense unless it is included in the carrying amount of another asset.

2.35. Section 71 of PPSAS 17 provides that depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

2.36. In CO, depreciation expenses for CY 2017 were not provided for all depreciable assets under the General Fund, except for one sub-fund. Also, there were unrecognized depreciations on long completed irrigation projects amounting to P23.240 billion, as mentioned earlier, due to non-classification to proper asset accounts. On the other hand, the total depreciation expenses under the Corporate Fund amounting to P0.456 billion was doubtful as the depreciation was computed based on the lump sum amount of the cost of PPE sans the details for each PPE class.

2.37. Also, in RO III, depreciation expenses were not provided for PPE aggregating P15.466 million and P1.419 billion under Corporate Fund and General Fund, respectively. In addition, in BBMP II, water supply systems amounting to P1.800 billion were not provided with depreciation.

2.38. The non-provision of depreciation overstated the carrying amount of the PPE while understating both the Depreciation Expense and Accumulated Depreciation accounts.

*Other noted deficiencies in the PPE account -*

2.39. Section 3, Chapter 10, GAM for NGAs, Volume I provides that the cost of an item of PPE shall be recognized as assets if, and only if: (a) it is probable that the future economic benefits or service potential associated with the item will flow to the entity; (b) the cost or fair value of the item can be measured reliably; (c) beneficial ownership and control clearly rest with the government; (d) the asset is used to achieve government objectives; and (e) it meets the capitalization threshold of P15,000.00.

2.40. In CO, the non-recognition of the building leased out by NIA to Philippine National Bank (PNB) understated the carrying amount of PPE account under the Corporate Fund as at December 31, 2017. Conversely, two lots included in the Report on the Physical Count of PPE (RPCPPE) in RO VI with a total area of 10,972.40 square meters (sq.m.) have no Certificate of Title as proof of ownership. Hence, the PPE account was understated by undetermined fair value while Agency's ownership on the said properties was uncertain and may result to possible loss through future litigation.

2.41. In RO III, cost of 608 sets of pumps/engines aggregating P57.766 million which were procured in CY 2017 and distributed at no cost to Irrigators Associations (IAs) were recorded under CIP-Infrastructure asset account instead of debiting the proper Inventory account upon procurement and crediting appropriate Expense accounts upon distribution resulting in the overstatement of CIP account by the same amount.

2.42. In ROs V and X, tangible items in the total amount of P3.807 million which are below the capitalization threshold of P15,000 were included in the PPE account, contrary to Section 4, Chapter 10, GAM for NGAs, Volume 1 which provides that the capitalization threshold of P15,000 represents the minimum cost of an individual asset recognized as a PPE, thereby overstating the year-end balance of PPE by same amount.

2.43. Various unserviceable properties in four ROs aggregating P31.559 million were not yet disposed of as at December 31, 2017 contrary to Section 79 of PD No. 1445 which requires destruction or sale of unserviceable property, thus exposing their

conditions to further deterioration. Composition of unserviceable property is shown in Table 7.

**Table 7 – Unserviceable Property**

RO	Fund			Total
	Corporate Fund	General Fund	Special Fund	
IV-B	P 4,377,036	P -	P -	P 4,377,036
V	3,571,736	-	-	3,571,736
X	23,039,618	307,292	38,301	23,385,211
XIII (URIP)	224,713	-	-	224,713
	<b>P 31,213,103</b>	<b>P 307,292</b>	<b>P 38,301</b>	<b>P 31,558,696</b>

*URIP-Umayam River Irrigation Project*

2.44. Also, in RO IV-A, two defective heavy equipment of significant use have been exposed to wear and tear for more than a year, to the detriment of the operations and maintenance of the Agency's projects and activities, due to budget constraints.

2.45. In RO V, some motor vehicles are not registered under its name, thus, ownership of the asset cannot be ascertained.

2.46. **We reiterated our previous years' recommendations that Management:**

a. **Coordinate with NPC/PSALM to secure documents necessary to support the transfer of control/ownership to NIA over the irrigation canals, laterals and the regulating structure, and other non-power component of the SRMPP and to substantiate the capitalization of the payments as PPE;**

b. **Instruct the Accounting Division/Section of the CO and concerned ROs to:**

b.1. **Coordinate with the Property Division and EOD on the reconciliation of records and facilitate the submission of reconciliation report;**

b.2. **Maintain and regularly update SLs for all PPE accounts, and conduct a continuous analysis of the accounts to ensure the reconciliation of the same with the GLs;**

b.3. **Coordinate with the proper office/s in exerting efforts to complete the documentation necessary to reclassify the cost of items in the CIP account to the PPE accounts;**

b.4. **Derecognize the net carrying amount of the irrigation facilities that have undergone major rehabilitations/repairs, pursuant to Paragraph 85 of PPSAS 17;**

b.5. **Provide duly-supported depreciation for all depreciable assets;**

c. **Require the EOD to regularly submit project completion report and turnover documents of all completed projects to the Accounting Division/Section for proper recording in the books;**

- d. Direct the PMO, Accounting Division/Section and EOD to jointly exert effort to complete the documentation necessary to transfer completed CIP to proper asset accounts; and**
- e. Instruct the Inventory Team/Committee to conduct inventory count of all PPE items to establish the actual existence thereof and include the same in the RPCPPE.**

**2.47. We further recommended that Management:**

- a. Instruct the Accounting Section, RO III to reclassify the cost of the 608 sets of pumps/engines to the proper Expense accounts while Accounting Section of ROs V and X to adopt the new threshold of P15,000 in the recognition of PPE in compliance with the provisions of the GAM and reclassify to appropriate account the items in the PPE which have unit acquisition cost of less than the capitalization threshold of P15,000;**
- b. Require the Property Officer of the concerned ROs to:**
  - b.1. Have the parcels of land covered by Deed of Donations executed by landowners necessary for the transfer and titling of the lands under Agency's name;**
  - b.2. Renew the PARs of employees and see to it that every transfer and issuance of equipment is properly covered by PARs;**
  - b.3. Require the Property Officer, RO V to immediately facilitate the transfer of ownership of the motor vehicles under Agency's name;**
- c. Require the concerned Regional Irrigation Managers to create a Committee which would facilitate the proper disposal of unserviceable properties in accordance with Section 79 of PD No. 1445; and**
- d. Require the Division Manager, RO IV-A to make representations with the higher authorities for additional budget to repair, restore/refurbish and prolong the lives of the subject defective heavy equipment.**

2.48. In CO, Management commented that they will coordinate with NPC/PSALM to determine the ownership of NIA over the SRMPP and request for pertinent documents to support NIA's ownership thereto. Likewise, they will require the Accounting Division to coordinate with Property Division to locate pertinent documents necessary in the recording, updating, adjusting and reconciling the balances of accounting and property records. Meanwhile, they informed that the Inventory Committee was directed to complete the inventory count of all PPE in the CO and that reconciliation of inventory report and accounting records is already on-going. As regards derecognition of irrigation facilities that undergone major rehabilitation/repairs, MC No. 80, s. 2017 was approved prescribing the guidelines in derecognition/revaluation of national irrigation systems (NIS) and communal irrigation systems (CIS) to present their net carrying amount in the books of accounts.

2.49. Moreover, the Accounting Division, CO assured the Audit Team that they will recalculate the depreciation upon determination of proper value of PPE. Accordingly, they will prepare the necessary journal entry in CY 2018 to recognize the depreciation expenses under Retained Earnings/Accumulated Surplus accounts.

2.50. With regard the building leased by PNB, the Manager, Administrative Department, CO informed during the exit conference that it had already been appraised by an Independent Appraiser and that the market value of the building will be reflected in the inventory report in CY 2018.

2.51. Further, the following are comments of the ROs:

a. In RO II, Management assured to implement the audit recommendation until the end of March 2018.

b. RO III stated that due to limited personnel, they will need more time to reconcile the PPE. They assured the Audit Team that they are exerting efforts to resolve the audit observations raised by the Audit Team.

c. RO IV-A explained that inspection of two wheel loaders and backhoe will be made to determine the cost of the repair and be included in their priority Program of Work. A request for a brand new heavy equipment/wheel loader will also be made for an effective and efficient discharge of operation of the Agency.

d. In RO IV-B, they committed to take appropriate actions relative to the proper accounting of completed projects under CIP account in accordance with NIA MC No. 80. They explained that the significant discrepancy between the PPE balances reflected in the books and inventory reports of IMOs pertained to unrecorded PPE which were financed by funds other than the Corporate, General and Special Funds since they were not informed as to what specific fund cluster such PPE belong. However, they were already instructed to record the same under the Corporate Fund, but adjustments could not be made as they are still awaiting the written instruction.

e. In addition, RO IV-B stated that the discrepancy was attributed to non-reclassification of some PPE items with cost below P15,000 into semi-expendable property by IMOs. With regard the maintenance of the PPELCs, they assured that they would exert effort to complete the same despite the fact that they are currently undermanned. Also, the Occidental Mindoro Irrigation Management Office (OMIMO) had submitted a request for appraisal of the unserviceable properties during CY 2018 where the appraisal had been made by CO employees.

f. In RO V, they commented that P0.437 billion under General Fund (F501-LFP), P4.108 billion under General Fund (Fund 101), P0.006 billion under Special Fund CIP accounts were already transferred to proper PPE accounts. The Accounting Section is currently updating/verifying the SLs of the CIP and other PPE accounts. Moreover, the Supply Officer is reviewing the Inventory Report submitted by the Field Offices and was directed to prepare a Consolidated Inventory Report as at December 31, 2017. With regard to the two vehicles not yet registered under its name, the Agency would exert effort to

locate the documents and effect the possible transfer of ownership to NIA and comply with the required markings.

g. In RO VI, the CIP ledger cards (CIPLCs) have already been maintained. However, Project Completion Reports (PCR) are still unavailable. The Accounting Section continues to exert effort to trace all the PCR and coordinates with the EOD. Subsequent adjustments are recorded as at December 31, 2017 where the balance of P0.570 billion was already transferred from CIP to proper asset accounts. They also commented that they will request budget for registration of the two lots without Certificate of Title.

h. In RO VIII, EOD used the amount per Advice of Sub-Allotment (ASA) received from CO as the cost of turned-over projects while AFD used the actual disbursements per Report of Disbursements and Cash in Bank Register as the cost of projects. Likewise, the Administrative and Finance Division (AFD) explained that the office is still in the process of reconciling the accounts and preparation of Construction in Progress Ledger Cards. They also need to hire additional personnel who will assist in the reconciliation of subsidiary records. Further, they stated that there were turnover documents of projects completed, however, these were not taken up in the books for the reason that the AFD requires the setting up of the CIPLC before dropping the asset from the Water Supply System account. Moreover, they stated that AFD personnel were advised by the CO to effect the change in the capitalization threshold of P15,000 only on the last quarter of CY 2017.

i. In RO X, the updating of CIPLCs for all IMOs is still on going. For CY 2017, they reclassified a total CIP account of P0.545 billion to Water Irrigations System account duly supported with complete documentation. Accordingly, the maintenance of PPELCs was already complied with. They also assured to transfer a material amount to proper PPE accounts in CY 2018.

j. In RO XI, during the exit conference conducted in that Office, Management informed that they will conduct a reconciliation of the Inventories and PPE balances to conform the accounting records to the property's records. Reconciliation shall be done during the current year. The Report of Physical Count of Inventories is ready for submission to the Commission on Audit. The accounting and property units will also have to update their ledger cards to reflect the current year's balances.

k. In RO XIII, they committed to comply with the audit recommendations. Moreover, Management of Umayam River Irrigation Project (URIP) commented that they will comply to prepare the Inventory and Inspection Report for Unserviceable Properties for updating and indorsement to the RO for the conduct of proper divestment or disposal of the unserviceable properties since the Project Management Office has no authority to dispose the said unserviceable properties as per instruction by the Property Division of CO. Further, proper segregation of waste materials will be observed to remove the risk of potential health hazard with the environment.

2.52. As a rejoinder, we acknowledge Management's assurance to comply with the audit recommendations and that their actions to resolve the audit issues on PPE will be validated and monitored in CY 2018. On the building leased out to PNB, we stress that the market value of the building should not only be included in the inventory report but should likewise be recognized and recorded in the books of NIA.

**3. The reliability and collectability of Accounts Receivable (AR)-Irrigation Service Fees (ISF) aggregating P22.304 billion could not be determined, due to: (a) non-provision for impairment loss on unpaid ISF of farmers with eight hectares landholdings and below and past due CIS accounts of IAs, thus, receivables are not reduced to its carrying amount; (b) inadequate details/SLs for receivables totaling P2.639 billion; (c) inclusion of non-moving/dormant accounts for more than 10 years to 18 years of P100.932 million; (d) unreconciled balances of P999.513 million between ROs and IMO records, and between GLs and SLs maintained by the ROs; and (e) non-preparation of corollary entries upon collection of receivables resulting in overstatement of AR-ISF amounting to P4.036 million. Likewise, reliability and collectability of other Receivables accounts totaling P894.329 million could not be determined due to insufficient SL details or no SL at all and have been dormant for more than 10 years to 45 years.**

3.1. The 2017 General Appropriations Act (GAA) appropriated the amount of P2 billion under irrigation fees subsidy in lieu of the ISF which shall cease to be collected by NIA from farmers associations. The said amount shall be used to cover the operating requirements of NIA and maintenance of existing irrigation facilities which were previously charged against the collections from ISF. As a result, the NIA ceased collection of irrigation fees effective January 2017. Likewise, the Agency no longer recorded receivables in CY 2017.

3.2. On February 2, 2018, Republic Act (RA) No. 10969 was signed into law which is an act providing free ISF, amending RA No. 3601, and appropriating funds therefor and for other purposes. Salient provisions of the RA are as follows:

a. Section 3 states that all farmers with landholdings of eight hectares and below are exempted from paying ISF for water derived from NIS and CIS that were, or are to be funded, constructed, maintained and administered by the NIA and other government agencies, including those that have been turned over to IAs.

b. Section 4 states that all unpaid ISF and the corresponding penalties of farmers with eight hectares and below to NIA, and all loans, past due accounts, and the corresponding interests and penalties of IAs to NIA, are condoned and written off from the books of NIA.

c. Section 10 provides that within three months from the start of the effectivity of this Act, the NIA, in consultation with concerned government agencies, farmers, IAs, farmer cooperatives, and stakeholders, shall promulgate the Implementing Rules and Regulations (IRR) of the RA.

3.3. Hence, with the approval of RA No. 10969, albeit the IRR is not yet issued, receivables from all unpaid ISF of the farmers with eight hectares and below landholdings, and past due CIS loan accounts, including interests and penalties of the IAs will be condoned and written off in the NIA's books of accounts.

3.4. As at December 31, 2017, total AR-ISF account had a balance of P22.304 billion. Composition of which is presented in Table 8.

**Table 8 – AR-ISF balance as at December 31, 2017**

AR	Amount
ISF	P 135,186,009
ISF back account	13,745,470,395
Pump/communal irrigation pump (CIP)/CIS-current, due	2,325,494,586
Pump/CIP/CIS-non-current, not due	5,960,180,543
Others	138,077,620
	<b>P 22,304,409,153</b>

*CIP-Communal Irrigation Projects*

*Non-provision of impairment losses, thus AR-ISF account was not reduced to its carrying amount -*

3.5. Paragraph 67 of PPSAS 29 provides, among others, that an entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall measure the amount of loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in surplus or deficit.

3.6. Review showed that Allowance for Impairment account had a total balance of P1.529 billion as at December 31, 2017 as compared to last year's balance of P1.289 billion, or an increase of only P0.240 billion or 18.62 per cent. The increase was not attributed to the provision for impairment of AR-ISF from all farmers with landholdings of eight hectares and below, and past due accounts of IAs subject for write-off and condonation pursuant to RA No. 10969.

3.7. The ROs as well as CO have not yet prepared the Schedules for AR-ISF for all unpaid ISF and past due CIP/CIS accounts for individual farmers/IAs with eight hectares and below landholdings as basis for computation of impairment losses. Thus, AR-ISF account was not reduced to its carrying amount at year-end.

*Inadequate details and no SLs at all for AR-ISF of P2.639 billion -*

3.8. As mentioned earlier, Section 114(2), Chapter 2 of PD No. 1445 requires the keeping of subsidiary records, which is consistent with Section 111 of the same Chapter and PD that, the accounts of an agency shall be kept in such detail as is necessary.

3.9. In CO and two ROs, audit disclosed that SLs of the AR-ISF totaling P2.639 billion contained insufficient details or no SLs at all are maintained. Details are shown in Table 9.

**Table 9 – AR-ISF without SLs or Insufficient Details**

Office/RO	Amount
CO	P 48,670,675
III	1,741,979,940
XIII	848,620,444
	<b>P 2,639,271,059</b>

3.10. Lacking of details and absence of SLs not only lead to difficulty in identifying qualified and not qualified farmers of the free ISF but also affects the reliability of the accounts recorded in the books of accounts.

*Dormant/non-moving accounts for more than 10 years to 18 years in the amount of P100.932 million -*

3.11. Relevant provisions of COA Circular No. 2016-005 dated December 19, 2016 on writing-off of dormant accounts state, viz:

*Item 5.4 Dormant Receivable Accounts - accounts which balances remained inactive or non-moving in the books of accounts for ten (10) years or more and where settlement/collectability could no longer be ascertained.*

*Item 7.4 The Accountant shall prepare aging of dormant receivables, xxx on a quarterly basis xxx to support the request for write-off, and indicate in the remarks column the existence of the applicable conditions, as follows:*

- a. Absence of records or documents to validate/support the claim and/or unreconciled reciprocal accounts*
- b. Death of the accountable officer/employee/debtor*
- c. Unknown whereabouts of the accountable officer/employee/debtor, and that he/she could not be located despite diligent efforts to find him/her*
- d. Incapacity to pay or insolvency*
- e. Exhaustion of all possible remedies by the Management to collect the receivables and to demand liquidation of cash advances and fund transfers*
- f. No pending case in court involving the subject dormant accounts.*

*Item 8.3 The request shall be supported by the following documents:*

- a. Schedule of dormant accounts by accountable officer/debtor/government entity and by account, certified by the accountant and approved by the Head of the government entity;*
- b. Certified relevant documents validating the existence of the conditions, as applicable, such as:*

- b.1 Death Certificate issued by Philippine Statistics Authority (formerly National Statistics Office)*
- b.2 Proof of Insolvency*
- b.3 Certification from the Department of Trade and Industry that the debtor has no registered business*
- b.4 Certification from the Securities and Exchange Commission that the Corporation is no longer active*
- b.5 Certificate of no residence in the barangay of the municipality of last known address*
- b.6 Proof of exhaustion of all remedies to collect the receivables and demand to liquidate the cash advances and fund transfers, such as but not limited to copies of served or returned demand letters*
- b.7 Certification of Legal Officer of the entity of no pending case relative to the account*
- b.8 Certification by the responsible officials of the entity to the effect that there are no records/documents available to validate claim*
- b.9 Other justifications, like in the case of request for write-off due to loss of documents, the circumstances of the loss should be stated in the letter-request*
- b.10 Xxx.*

3.12. The Status of AR-ISF as at December 31, 2017 of CO, ROs V and IX showed receivables amounting to P100.932 million which were non-moving or dormant for more than 10 years to 18 years since records and documents are no longer available or could not be located. Details are shown in Table 10.

**Table 10 – Dormant AR-ISF as at December 31, 2017**

<b>Office/RO</b>	<b>No. of years dormant</b>	<b>Amount</b>
CO	18 and above	P 48,670,675
V	10 and above	5,889,698
IX	10 and above	46,371,926
		<b>P 100,932,299</b>

3.13. Considering the number of years that these accounts had been dormant, likelihood of collection is already remote.

*Unreconciled balances between ROs and IMOs records and GL and SL balances -*

3.14. In RO IV-B, analysis revealed that the balances of AR-ISF per books did not tally with IMOs records, or a variance of P899.934 million as shown in Table 11. Absence of SLs resulted in the difficulty of monitoring and reconciling the balances of the receivables.

**Table 11– Variance between AR-ISF balances - RO IV-B books vis-a-vis IMOs Records**

<b>AR/IMO</b>	<b>Per IMO</b>	<b>Per RO</b>	<b>Variance (absolute figure)</b>
<b>ISF</b>			
Mindoro Oriental Marinduque Romblon (MOMARO) IMO	P 470,830,218	P 98,309,054	P 372,521,164
Occidental Mindoro IMO (OMIMO)	83,172,390	71,893,379	11,279,011
Palawan IMO (PIMO)	63,356,294	46,958,314	16,397,980
	<b>617,358,902</b>	<b>217,160,747</b>	<b>400,198,155</b>
<b>CIS</b>			
IV-B	No Report	160,001	160,001
MOMARO	No Report	160,582,532	160,582,532
OMIMO	15,532,339	13,714,168	1,818,171
PIMO	20,867,008	358,042,017	337,175,009
	<b>36,399,347</b>	<b>532,498,718</b>	<b>499,735,713</b>
	<b>P 653,758,249</b>	<b>P 749,659,465</b>	<b>P 899,933,868</b>

3.15. Also, in RO V, verification showed that the balance of AR-Pump/CIP/CIS per Financial Turnover Agreements amounting to P36.937 million differed with the balance per Electronic Index of CIS of P35.981 million, or a variance of P0.956 million. The Electronic Index of CIS serves as SL for the said account.

3.16. Likewise, in RO IX, there was unreconciled variance of P98.623 million between the GL balance of P433.033 million and SL balance of P531.656 million.

3.17. The unreconciled variances in the total amount of P999.513 million between RO IV-B and IMOs records as well between balances of GL and SL of ROs V and IX cast doubt on the reliability of year-end balance of AR-ISF account.

*Non-preparation of corollary entries upon collection of receivables resulting in the overstatement of AR-ISF in the amount of P4.036 million -*

3.18. AR-ISF account is debited while Deferred Credits account is credited to recognize receivables from ISF. Upon collection, Cash account is debited and appropriate Income account is credited to recognize revenue. To close the Deferred Credits account, a corollary entry is prepared by debiting Deferred Credits account and crediting AR-ISF account.

3.19. In RO III, no corollary entries were prepared upon collections of AR-ISF amounting to P4.036 million; hence, the Deferred Credits account was not adjusted, resulting in the overstatement of the Deferred Credits and AR-ISF accounts by the same amount.

*Other Receivables accounts totaling P894.329 million had been dormant for more than 10 to 45 years and with no records, incomplete SLs or with no SLs at all -*

3.20. Likewise, in CO and three ROs, collectability and reliability of other receivables amounting to P894.329 million, shown in Table 12, could not be ascertained considering that these accounts are not supported with records, no complete SLs or no SLs at all, thus, had been dormant for more than 10 years to 45 years.

**Table 12 – Dormant other receivables**

<b>Office/RO</b>	<b>Amount</b>
CO	P 692,033,770
Cordillera Administrative Region (CAR)	233,421
III	11,564,610
VIII	8,439,618
XIII	182,058,034
	<b>P 894,329,453</b>

3.21. The other Receivables accounts, included, among others, advances to various contractors, receivables from suppliers, other government agencies and individual debtors, i.e., for rentals of equipment, use of convention hall, telephone bills and over payment of housing loans.

3.22. Accounting personnel encountered difficulties in the analysis of these dormant other Receivables accounts since records and documents including SLs are no longer available or could not be located. Also, some individual debtors including NIA employees were already deceased, or had resigned or retired from service. Therefore, the recoverability of these receivables is uncertain.

3.23. It is worthy to mention that NIA issued MC No. 81, s. of 2017, dated October 20, 2017 prescribing guidelines and procedures on the write-off of dormant accounts receivable, unliquidated cash advances and fund transfers to ensure uniform application by all NIA Offices. However, no request had been prepared/filed as at year-end.

**3.24. We recommended that Management direct the concerned personnel of the Accounting Division/Section of the CO and concerned ROs to:**

**a. Prepare schedules and analyze the AR-ISF to identify which are to be written-off and condoned pursuant to RA No. 10969;**

**b. Provide provision for impairment losses on unpaid and past due AR-ISF of the farmers/IAs with eight hectares and below landholdings, pending issuance of the IRR of RA No. 10969, to bring the balance of the receivables to its carrying amount;**

**c. Maximize efforts on the possible collections of the dormant receivables, otherwise, comply with the documentary requirements for writing-off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016;**

**d. Maintain SLs for all receivable accounts and include pertinent details such as; name of the debtors, their addresses and the amount due from them, among others;**

**e. Exert effort to reconcile the recorded balances of (i) AR-ISF in the RO books and IMOs records with proper coordination with the concerned personnel of the Billing Section of the IMOs and (ii) the GL and SLs, and henceforth conduct periodic reconciliation and monitoring of the account; and**

**f. Make the necessary adjusting entry to correct the balances of AR-ISF and Deferred Credits accounts and resolve the difference between the balances of these two accounts.**

3.25. Management in CO committed to provide in CY 2018 allowance for impairment for AR-ISF of all farmers with eight hectares and below landholdings and IAs' past due accounts, pending issuance of IRR of RA No. 10969. As regards the other Receivables accounts, they informed that they are currently gathering addresses of persons and entities with outstanding accounts to NIA for the preparation of demand letters. If no collections are made, Management will immediately request for the write-off of dormant accounts in accordance with COA Circular No. 2016-005.

3.26. Hereunder are ROs' comments:

a. In RO III, they explained that the SLs of AR-ISF and the details thereof are maintained in the Billing Unit of the IMO per individual farmer and per IA. Maintenance as well as regular updating of SL per farmer and IA by Accounting Section could not be made due to limited number of personnel. They committed to comply with the recommendation to make the necessary adjustment for the AR-Pump/CIP/CIS, non-current. With regard to the dormant other Receivables accounts, they informed that will try to locate the files to verify the nature and purpose of the accounts and will also make the necessary adjustments.

b. In RO IV-B, the Corporate Accountant explained that one of the possible causes of overstatement of the balance of AR-ISF was their failure to provide adjustments on the receivables which had been granted with amnesty pursuant to NIA MC No. 54. Moreover, the costs relevant to facilities which were damaged by calamities were not adjusted from the receivables on CIS amortization while the costs relevant to the repairs and/rehabilitation were added to AR-ISF, thereby inflating the balance thereof. The Corporate Accountant also informed that provision for impairment was in accordance with the practice adopted by the CO.

c. In RO V, they informed that a yearly evaluation of irrigation areas was conducted by NIA to determine the actual receivables coupled by the submission of aging of accounts. Every cropping season, the Agency exercises more efforts in collecting the receivables by sending demand letters to all farmers-beneficiaries with back accounts and by complying the annotation program of the NIA.

d. In RO VIII, they informed that demand letters were already sent in the past years and that they will continue to issue demand letters starting March 2018. With regard to the accounts of the deceased employees, demand letters will be sent to his/her estate.

e. In RO XIII, the Chief Accountant justified that the records containing the details of the balances of the accounts reflected in the FSs are maintained electronically by the IMOs. Maintaining hard copies of the same by the Accounting Section would consume a large space in the RO.

3.27. As a rejoinder, **we further recommended that the ROs coordinate with the CO with regard to provision for impairment of AR-ISF.** Likewise, we emphasize that the Accounting Division/Section maintain the SLs not only to support the GL balances, but to easily monitor the status of collections and outstanding balances of receivables from the farmers and IAs.

**4. The reliability of the year-end balance of the Cash In Bank (CIB) account totaling P9.729 billion was doubtful due to, among others: (a) delayed/non-preparation of Bank Reconciliation Statements (BRSs) for CIB accounts aggregating P3.198 billion; (b) long outstanding unsupported/unidentified reconciling items amounting to P223.047 million; (c) variance of P1.678 billion between balances of books and banks, GL and SL, and IMO and RO records; (d) SLs for CIB accounts are either not maintained or updated, if maintained contain insufficient data; (e) existence of negative balances totaling P54.668 million; and (f) net understatement of P16.087 million in CIB balance since Bangko Sentral ng Pilipinas closing rate as at December 31, 2017 was not used in translating foreign currency deposit, and unreleased checks were not restored to cash balance at year-end.**

4.1. As at December 31, 2017, the balance of the CIB account for all funds of NIA amounted to P9.729 billion, summarized in Table 13.

**Table 13 - CIB balances as at December 31, 2017**

<b>Fund</b>	<b>Amount</b>
General Fund	P 5,508,814,129
Corporate Fund	3,807,996,421
Special Fund	411,976,993
	<b>P 9,728,787,543</b>

*Delayed/non-preparation of BRSs for CIB accounts totaling P3.198 billion and existence of long-outstanding unsupported / unidentified reconciling items totaling P223.047 million –*

4.2. Section 74 of PD No. 1445 provides that at the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing in their books. The head of the agency shall see to it that reconciliation is made between the balance shown in the reports and the balance found in the books.

4.3. Likewise, the following Sections of Chapter 21 of the GAM for NGAs, Volume I, provide that:

*Sec. 3. Objectives. The Bank Reconciliation Statement (BRS) shall be prepared in order to:*

- a. check correctness of both the bank's and agency's/entity's records,*
- b. serve as a deterrent to fraud, and*

c. enable the agency/entity or bank to take up charges or credits recognized by the bank or agency/entity but not yet known to the agency/entity or bank.

*Sec. 4. Method of Bank Reconciliation. The monthly BRS shall be prepared by the Chief Accountant/designated staff for each of the bank accounts maintained by the agency/entity using the Adjusted Balance Method. Under this method, the book balance and the bank balance are brought to an adjusted cash balance that must appear on the Statement of Financial Position.*

*Sec. 5. Preparation of the Bank Reconciliation Statement. The Chief Accountant/Designated Staff shall within ten days from receipt of the monthly Bank Statement (BS) together with the paid checks, original copies of Debit Memoranda (DM)/Credit Memoranda (CM) from the GSB, reconcile the BS with the GL and prepare the BRS in four copies.*

*Sec. 6. Recognition of Adjustments. The Chief Accountant/Designated Staff shall prepare a JEV to recognize all reconciling items that require adjustment and correction in the books of accounts.*

*This shall be used in the reconciliation of bank and treasury accounts maintained with Government Servicing Bank (GSB).*

4.4. Audit disclosed that BRSs were either prepared late or not prepared at all by the CO and six ROs with total CIB balances as at December 31, 2017 amounting to P3.198 billion or 32.87 per cent of P9.729 billion total balance of CIB account, breakdown is shown in Table 14.

**Table 14 – CIB accounts as at December 31, 2017 with BRSs either prepared late or not prepared at all**

<b>Office/RO</b>	<b>Amount</b>
CO	P 2,001,794,575
II	295,136,794
III*	219,217,681
V	18,102,712
VI**	351,409,982
X	236,200,280
XIII	76,297,414
	<b>P 3,198,159,438</b>

\*net of negative balance of P25,944,090 of one CIB account

\*\* CIB balance for all funds

4.5. The delay or non-preparation of BRSs was attributed to, among others, voluminous cash transactions, bank statements and the supporting debit/credit memos were not timely obtained from the depository banks, and lack of personnel.

4.6. On the other hand, BRSs of CO and five ROs included reconciling items aggregating P223.047 million which had been long outstanding as these could not be properly identified and/or without supporting documents. Details of the long outstanding reconciling items are shown in Table 15.

**Table 15 - Long outstanding unidentified/unsupported reconciling Items**

<b>Office/RO</b>	<b>Amount</b>
CO	P 83,300,599
III	52,481,435
IV-A	12,640,894
IV-B	33,958,653
V	1,100,112
XI	39,565,009
	<b>P 223,046,702</b>

4.7. In CO, the amount of P83.301 million pertained to the balances of two bank accounts with book balances of P47.211 million and P36.090 million which remained outstanding as at December 31, 2017 despite these two bank accounts had already been closed/terminated dating back 1988.

4.8. As discussed in 2016 NIA Annual Audit Report, the book balance of P47.211 million was net of unrecorded withdrawals/disbursements prior to CY 1988. The validity of the withdrawals could not be determined due to the absence of disbursement vouchers (DVs), contrary to Section 4(6) of PD No. 1445 which requires that, "*Claims against government funds shall be supported with complete documentation.*"

4.9. Likewise, the book balance of P36.090 million was the remaining balance after the account had been closed where the cash was transferred to another depository bank. There could be errors/reconciling items that remained unadjusted/unrecorded due to absence of documents.

4.10. In RO III under the Corporate Fund, the reconciling items of P52.481 million included outstanding unrecorded deposits from CYs 2016 to 2017 of P8.839 million, unrecorded disbursements, and errors in recording of disbursements in the books.

4.11. Meanwhile, the long outstanding unsupported/unidentified reconciling items totaling P12.641 million in RO IV-A have been consistently an audit observation for the past several years, as there were no BRSs in the previous years' which hindered the reconciliation process. The last reconciliation made covered the 2013 transactions, after which, no further action was done in the ensuing years.

4.12. In RO XI, the reconciling items of P39.565 million had been outstanding in view of unavailability of documents/records while in RO V, the P1.100 million represented net amount after adjustments which remained uncorrected for 7 to 21 years.

4.13. Thus, late/non-preparation of BRSs, reconciling items could not be timely identified whether missing cash or only errors which need adjustments either in the books or banks records. Likewise, the existence of long outstanding and unsupported/unidentified reconciling items rendered the year-end balance of CIB inaccurate.

Variance of P1.678 billion between balances of books and banks, GL and SL, and records of the IMOs and the ROs –

4.14. Variance of P1.678 billion was observed between books and banks balances of the CO and five ROs CIB accounts, breakdown is shown in Table 16.

**Table 16 - Variance between books vis-à-vis bank balances**

<b>Office/RO</b>	<b>Per books</b>	<b>Per banks</b>	<b>Variance (absolute amount)</b>
CO	P 2,402,953,340	P 3,996,690,191	P 1,593,736,851
II	77,916,938	74,008,841	3,908,097
IV-A	37,923,160	49,952,395	12,029,235
IV-B	157,723,799	124,117,576	33,606,223
XI	82,075,165	104,825,877	22,750,712
XIII	39,029,563	27,176,082	11,853,481
	<b>P 2,797,621,965</b>	<b>P 4,376,770,962</b>	<b>P 1,677,884,599</b>

4.15. In CO, the net discrepancy of P1.594 billion comprised of 16 CIB accounts with book balances either lesser or bigger than bank balances and with negative balances per books, but no bank balance at all.

4.16. The concerned Accounting personnel of CO informed that the discrepancy was due to the accumulation of reconciling items consisting of unidentified deposits and errors which could not be recorded/adjusted due to absence of documents.

4.17. In RO IV-A, the net difference of P12.029 million included prior years' reconciling items and long outstanding balances from various IMOs which could not be traced due to absence of SL. Management had already exerted their best efforts in identifying the unreconciled balances; however, difficulties were encountered as there were no reconciliation statements relevant thereto when RO IV was divided into ROs IV-A (CALABARZON) and IV-B (MIMAROPA).

4.18. In RO IV-B, the Accountant could not determine the nature of the unreconciled balance also due to unavailability of supporting documents; thus, adjustments could not be made.

4.19. In RO XI, the discrepancies were due to reconciling items which were not immediately recorded/adjusted in the books and were repeatedly carried over in the monthly BRSs for several months and years.

4.20. On the other hand, in RO III, the total balance of CIB accounts per SL of P249.895 million did not tally with the balance per TB of P299.121 million, or a difference of P49.226 million. As at year-end, the cause/s of the variance had not been determined by the Accounting Section.

4.21. Further, discrepancies totaling P39.895 million were noted between balances of two ROs and IMOs records, as shown in Table 17.

**Table 17 - Discrepancies between balances of ROs and IMOs records**

<b>RO</b>	<b>Per IMOs records</b>	<b>Per ROs records</b>	<b>Variance (absolute figure)</b>
IV-B	P 123,765,144	P 157,723,796	P 33,958,652
XI	88,011,574	82,075,158	5,936,416
	<b>P 211,776,718</b>	<b>P 239,798,954</b>	<b>P 39,895,068</b>

4.22. The discrepancies in the accounting records and IMO cashiers' records comprised of five bank accounts in RO IV-B and 13 bank accounts in RO XI.

4.23. The presence of variances/discrepancies was an indication that the accounts were not properly monitored and periodic reconciliation between ROs' accounting records and IMOs' records were not undertaken. Thus, errors in recording were not immediately detected and adjusted.

*SLs for CIB accounts are either not maintained/updated or if prepared had insufficient data -*

4.24. SLs are either not properly maintained or updated for CIB accounts of ROs II, III, and XIII with year-end balances of P77.917 million, P115.468 million (net of negative balance totaling P8.437 million), and P65.054 million, respectively, or a total of P258.439 million.

4.25. In ROs IV-A and VI, SLs were also not maintained for 8 and 11 bank accounts, respectively.

4.26. In the absence of properly maintained/updated SL, verification on the accuracy of the balance of particular CIB accounts could not be easily performed.

*Existence of negative balances totaling P54.668 million -*

4.27. The CIB accounts with balances totaling P9.729 billion were net of abnormal/negative balances of P54.668 million caused by leniency in keeping of the accounts and erroneous recording of transactions. Breakdown of the negative balances is shown in Table 18.

**Table 18 – CIB accounts with abnormal/negative balances**

<b>Office/RO</b>	<b>Amount</b>
CO	P 524,194
II	4,306,078
III	14,619,109
IV-B	8,377,371
XI	26,841,179
	<b>P 54,667,931</b>

4.28. In CO, the amount of P472,119 pertained to errors in recording of renewal of time deposits while P52,075 had no details, thus remained unaccounted since 2010.

4.29. In RO II, the negative balance of P4.306 million pertained to fund transfer from Department of Agriculture (DA), an indication that disbursements therefrom were more than the cash available. The practice of co-mingling the three funds (GF, CF, SF) in one bank account resorted to borrowings from one fund to other fund accounts which could not be easily detected since SLs are not properly maintained.

4.30. In RO III, the amount of P14.619 million comprised of 12 CIB accounts which included two accounts under Corporate Fund that had already been closed and eight dormant accounts under the General Fund.

4.31. In RO XI, the abnormal/negative balance aggregating P26.841 million comprised of 26 CIB accounts.

4.32. The existence of negative/abnormal balances understated the year-end balances of CIB account.

*Net understatement of P16.087 million in CIB balance as foreign currency deposit was not translated using the Bangko Sentral Pilipinas (BSP) closing rate while unreleased checks were not restored to cash balance at year-end -*

4.33. Section 4.a, Chapter 16 of GAM for NGAs, Volume I states that “foreign currency monetary items shall be translated using the closing rate.”

4.34. Section 10, Chapter 6 of same Manual and Volume provides that:

*Xxx. All checks/xxx drawn whether released or unreleased shall be included in the Report of Checks Issued (RCI). Xxx. At the end of the year, a Schedule of Unreleased Commercial Checks shall be prepared by the Cashier for submission to the Accounting Division/Unit. Xxx.*

4.35. Also, Section 56, Chapter 19 of the same Manual and Volume states that:

*All unreleased checks at the end of the year shall be reverted back to the cash accounts. A JEV [Journal Entry Voucher] shall be prepared to recognize the restoration of the cash equivalent to the unreleased checks and the recognition of the appropriate liability/payable account. Xxx. There shall be no physical cancellation of the checks. The JEV supporting such restoration shall form part of the supporting document to the financial statements to be submitted to COA at year end. At the start of the ensuing year, another JEV shall be drawn to reverse the previous entry made and recognize the availability of the checks for release. Xxx.*

4.36. Verification showed that exchange rate used by CO in the translation of two US dollar time deposits to peso amount was not the BSP closing rate of US\$49.93 which resulted in the overstatement of CIB year-end balance by P0.698 million.

4.37. On other hand, unreleased checks under Special Fund maintained by CO in the amount of P16.785 million were not restored to cash balance at year-end.

4.38. There was no Schedule of Unreleased Checks prepared and submitted by Cash Division, CO to Finance Section, CARP-IC, PMO which should have been the basis in the preparation of JEV to recognize the restoration of cash equivalent to the unreleased checks and recognition of the appropriate payable accounts.

4.39. Thus, the non-restoration of unreleased checks understated the year-end balance of the CIB and the corresponding payable accounts.

**4.40. We recommended that Management require the Accounting Division/Section of CO and concerned ROs to:**

**a. Prepare regularly the monthly BRSs for all bank accounts to determine the causes of variances/discrepancies between balances of books and banks records, SL and GL, and ROs and IMOs records to ensure that reconciling items are not missing funds but only errors that need adjustments in the books of accounts;**

**b. Exert best efforts to locate the supporting documents/records and recognize the need to adjust the books for an unidentified and long outstanding reconciling items, and negative cash balances;**

**c. Maintain/update SLs for all CIB accounts for proper monitoring of transactions affecting the cash accounts;**

**d. Translate the amount of foreign currency deposit using the BSP closing rate at year-end; and**

**e. Coordinate with the Cash Division, CO on the submission of the schedule of unreleased checks at year-end, as basis in preparing the JEV and recording the restoration of the cash equivalent to the unreleased checks in the CIB account and recognition of the appropriate payable/liability account.**

4.41. In CO, Management committed that they will exert efforts for the timely submission of BRSs. Also, they informed that adjustment of foreign currency accounts using the closing rate of BSP was already undertaken on March 26, 2018.

4.42. As to negative balances, the Acting Manager, Finance and Management Department (FMD), explained that these had already existed since 1980 where recording of all transactions were centralized. There were instances that the ROs had not submitted reports of disbursements to the CO, thus not recorded in the CO books which caused the negative balances, as bank accounts pertaining thereto had already been terminated. Nonetheless, they had been looking and exerting efforts in tracing the negative balances, but proved futile due to unavailability of records. Further, she informed that the accountable officers who were already deceased or had retired from the service were not able to claim terminal pay benefits due to the negative balances on

their accounts. As such, NIA inquired whether write-off of the negative balances would be possible.

4.43. The concerned ROs also committed to prepare BRSs regularly and timely submit the same to the Audit Teams. RO III commented that they are in the process of gathering supporting documents necessary in the closing/adjusting of bank inactive accounts.

4.44. As a rejoinder, we appreciate that Management had been exerting efforts to locate the documents on CIB accounts. As regards their inquiry on the writing-off of negative/abnormal balances on some bank accounts, we invite their attention to the provisions of COA Circular No. 2016-005 dated December 19, 2016.

**5. Accounts Payable (A/P) in CO, three ROs and Balog-Balog Multipurpose Project II (BBMP II) with balances amounting to P3.701 billion as at December 31, 2017 under the General and Corporate Funds were doubtful due to, among others: (a) accounts totaling P1.916 billion have no SLs or supporting documents and included costs of incomplete projects; (b) existence of long-outstanding balances ranging from 2 to 20 years amounting to P1.839 billion; (c) net of negative balances aggregating P0.795 billion; and (d) misclassification under AP of interest payable, settlements of disallowances, and officers and employees' claims for benefits totaling P1.252 billion.**

5.1. Paragraph 27 of PPSAS 1 states that:

*Xxx. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for xxx, liabilities xxx set out in IPSASs.*  
*Xxx*

5.2. Joint Circular No. 99-6 dated November 13, 1999 issued by the DBM and COA prescribes the guidelines implementing Executive Order (EO) No. 109, which directs all NGAs to revert certain A/P to the Cumulative Results of Operations-Unappropriated (CROU). Specifically, Paragraphs 3.1, 3.3 and 3.5 thereof provide that:

*3.1. All documented A/Ps of all funds which have remained outstanding for two (2) years, shall be reverted to the Cumulative Results of Operations – Unappropriated (CROU), except on-going capital outlay projects.*

*3.3. All undocumented A/Ps, regardless of the year they were incurred, shall immediately be reverted to the CROU.*

*3.5. All FAPs [Foreign-assisted Projects] – A/Ps which have remained outstanding for two (2) years after the completion date of the project per loan/grant documents, shall be reverted to the CROU.*

5.3. Section 3.2(a) of the COA Circular No. 99-004 dated August 17, 1999, on the accounting guidelines for A/P, among others, states that all obligations shall be supported by valid claims and the Chief Accountant/Head of Accounting Unit/Officials

concerned shall review/analyze/validate all documents supporting the claims to determine which accounts are to be reverted and to be retained.

5.4. As at December 31, 2017, the outstanding balances of A/P account maintained in CO (General and Corporate Funds), three ROs and BBMP II totalled P3.701 billion, as summarized in Table 19.

**Table 19 – Summary of A/P account - CO, three ROs and one Project as at December 31, 2017**

	<b>Balance</b>
CO -	
General Fund -	
101 – Locally-Funded Projects (LFPs)	P 17,419,602
102 – FAPs:	
Regular	1,459,771,948
Participatory Irrigation Development Project (PIDP)	-
National Irrigation Sector Rehabilitation and Improvement Project (NISRIP)	59,357,147
	<u>1,519,129,095</u>
	<u>1,536,548,697</u>
Corporate Fund -	1,426,884,534
Total CO	<u>2,963,433,231</u>
CAR, RO V and XIII, BBMP II (see Table 24)	737,332,434
<b>Total</b>	<b>P 3,700,765,665</b>

*For CO A/P of P2.963 billion -*

5.5. Schedules were provided by the Management to the Audit Teams to support the A/P balances under General Fund; however, it did not include schedules for payables under Fund 102 – NISRIP sub-account with year-end balance of P59.357 million. Nonetheless, further review of A/P under General Fund disclosed the following observations:

- a. As shown in Table 19, the A/P account balance of P1.537 billion had been offsetted with the existence of negative account balances for 66 accounts/creditors accumulating to P0.795 billion (Table 20), hence, understating the A/P account by the same amount and misstating the other affected accounts as well.

**Table 20 – Negative account balances offsetted against the A/P account balance under General Fund**

Fund	Balance as at December 31, 2017		Negative balance		Positive balance	
	Amount	No. of sub-accounts	Amount	No. of sub-accounts	Amount	No. of sub-accounts
101	P 18,144,178	27	P (724,576)	4	P 17,419,602	31
102 - Regular	2,253,638,943	26	(793,866,995)	62	1,459,771,948	88
<b>Total</b>	<b>P 2,271,783,121</b>	<b>53</b>	<b>P (794,591,571)</b>	<b>66</b>	<b>P 1,477,191,550</b>	<b>119</b>

b. No SLs were maintained and no complete supporting documents were made available for each of the creditor's respective account balance listed in the Schedules. In particular, the A/P Fund 102 – Regular sub-account net positive balance of P1.460 billion (Table 20) included cost of projects that had long been completed but without complete supporting documents.

c. As summarized in Table 21, long-outstanding accounts under General Fund with accumulated balance of P0.628 billion represents 42.48 per cent of the A/P account balance of P1.477 billion and inclusive of dormant accounts for over 20 years, thereby, casting doubt on the validity of the account balance.

**Table 21 – Long-outstanding A/P sub-accounts**

Fund	Particulars	No. of sub-accounts	Balance		% of account to fund balance
			Account	Total fund	
101	Prior to year 2010 balance	28	P 14,744,406*	P 17,419,602	84.64
102	Prior to year 2005	no data available	612,809,638	1,459,771,948	41.98
			<b>P 627,554,044</b>	<b>P 1,477,191,550</b>	<b>42.48</b>

\* net of accumulated negative balance of P724,576 for four accounts

d. Management provided business addresses for only 6 out of 123 accounts/creditors listed in the schedules with accumulated balance of P8.430 million under General Fund, or representing barely one per cent of the total account balance of P1.537 billion; thus, hindering the Audit Team from confirming substantial account balances and formulating an audit conclusion.

5.6. In addition, review of the A/P Schedules of Corporate Fund maintained by CO showed the following deficiencies:

a. Total A/P of P1.427 billion (Table 19) was net of P476,587 representing negative or abnormal balances of 8 of the 116 accounts.

b. Payables aggregating P1.211 billion or 84.84 per cent of P1.427 billion total A/P, which comprised of 109 of 116 accounts including the interest payable to National Development Corporation (NDC), have been non-moving for more than 2 to 11 years, as shown in Table 22, thus validity thereof could not be ascertained.

**Table 22 – Non-moving A/P under Corporate Fund as at December 31, 2017**

Non-moving since	Number of accounts	No. of Years Dormant	Amount
2006	2	11	P 46,494
2007	4	10	222,789
2008	1	9	500
2009	7	8	4,012,476
2010	10	7	94,219
2011	10	6	446,359
2012	5	5	122,673
2013	11	4	322,115
2014	32	3	7,210,047
2015	27	2	1,198,145,573
<b>109</b>			<b>P 1,210,623,245</b>

c. Misclassification under A/P of interest payable, settlement of disallowances, and officers and employees' claims for benefits and allowances totaling P1.252 billion is summarized in Table 23.

**Table 23 – Misclassified liabilities under A/P account under Corporate Fund**

<b>Particular</b>	<b>Amount</b>
Interest payable	P 1,195,459,671
Collective Negotiation Agreement (CNA)	51,178,319
Rice and transportation subsidy	1,406,342
Refund of CNA disallowance	1,086,488
Terminal leave and overtime claims	717,309
Enercon	651,551
Incentives under EO No. 77	575,417
Other bonuses and allowances	244,216
Other employees claims	152,037
GSIS, HDMF and PHIC contributions	106,617
Year-end bonus	26,678
	<b>P 1,251,604,645</b>

c.1. The amount of P1.195 billion pertained to accrued interests payable from CYs 2012 to 2015 to the NDC in relation to the loan agreement entered into by NIA with NDC for the rehabilitation of irrigation facilities. It overstated the A/P account as this should have been recorded under Interest payable account.

c.2. The CNA disallowance amounting to P1.086 million pertained to settlements or refunds of CNA incentives disallowed in CY 2015 which were erroneously credited under A/P account instead of Retained Earnings/Accumulated Surplus account.

c.3. As regards the liabilities aggregating P54.952 million which pertained to CNA incentives, rice and transportation subsidy, terminal leave and overtime claims, Enercon, incentives under EO No. 77, other bonuses and allowances, other employees claims and Year-end bonus should have been recorded under Due to Officers and Employees account, while Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF)/(Pag-IBIG) and Philippine Health Insurance Corporation (PHIC)/(PhilHealth) contributions of P106,617 should have been recorded under Inter-agency Payable account.

*For 3 ROs and 1 Project A/P of P737.332 million*

5.7. Moreover, as at December 31, 2017, the total A/P balances of the Corporate and General Funds maintained by three ROs and BBMP II totaled P737.332 million, breakdown is shown in Table 24.

**Table 24 – A/P balances of three ROs and BBMP II as at December 31, 2017**

<b>RO/Project</b>	<b>Fund</b>	<b>Amount</b>
CAR	Corporate and General	P 8,280,258
V	Corporate	8,480,129
XIII	Corporate and General	8,269,866
BBMP II	Corporate and General	712,302,181
		<b>P 737,332,434</b>

5.8. As shown in Table 24, the total A/P balance of P737.332 million included payables amounting to P378.618 million (see Table 25) supported with SLs, but no complete information/details as to name of creditors; no supporting documents; long outstanding despite the projects had long been completed; and costs of projects not yet turned over to NIA; thus resulted in the overstatement of A/P balances at year-end, while validity thereof could not be ascertained.

**Table 25 – Schedule of A/P without supporting documents, long outstanding and lacking information**

Office	Fund	Amount (In Million)	Remarks
CAR	General	P 1.286	No valid supporting documents despite the projects had long been completed.
-do-	Corporate	0.161	Without SLs and outstanding for nine years.
V	-do-	5.800	Unreconciled balance dating back 2009 with no SLs.
XIII	-do-	8.270	SLs merely provided the respective amounts per IMOs, other necessary information including name of creditors with their corresponding obligations are lacking.
BBMP II	General and Corporate	363.101	A/P of P4.347 million were non-moving since 2014 due to incomplete documents, while P358.754 million pertained to cost of incomplete portion of projects.
		<b>P 378.618</b>	

5.9. Recording of cost of incomplete portion of the projects resulted in overstatement of the A/P as the liabilities should have been recorded only upon completion and acceptance of the projects pursuant to Item 6.1.2 of DBM Circular Letter No. 2013-16 dated December 23, 2013, which provides that “*Obligations, for which xxx projects have not yet been xxx completed by the creditor and accepted by the xxx OU [Operating Unit], shall not be recorded as A/Ps at the end of the year. These obligations shall only be recognized as A/Ps on the date of xxx completion and acceptance of the xxx projects, regardless of the year of incurrence of such obligations.*”

5.10. **We recommended that Management direct the Accounting Division/Section of CO, concerned ROs and BBMP II to:**

- a. **Maintain/update SLs and exert efforts to locate the supporting documents, if possible;**
- b. **Review/analyze/validate all documents supporting the claims to determine which accounts are to be reverted/retained/adjusted and effect the necessary correcting entries so as to fairly present the A/P account balance in the FSs;**
- c. **Reclassify the interest payable, disallowances, and officers and employees’ claims for benefits and allowances from A/P to proper liabilities accounts; and**
- d. **Henceforth, ensure that obligations are founded on valid claims, in accordance with the pertinent provisions of PD No. 1445, DBM-COA Joint Circular No. 99-6, and COA Circular No. 99-004.**

5.11. During the exit conference, the Acting Manager, FMD explained that the A/P in CO which remained outstanding for more than 10 years was the result of the “obligational accounting” used before by the Agency, thus payables might have no valid claims anymore. With regard the NDC interest payables, they assured to coordinate with the Department of Finance (DOF) and Bureau of the Treasury (BTr) regarding NDC interest payables. On other outstanding accounts payable, they explained that despite efforts have been exerted, records/documents to support the payables could no longer be located. Nonetheless, they assured that the accounts will be evaluated to determine which are to be reverted.

5.12. The following are the comments from concerned ROs:

a. In CAR, they commented that some creditors are no longer interested in collecting the amount due them; hence, these payables are subject for reversion. Moreover, they said that they are still in the process of reconciling the accounts, but due to lack of personnel and the absence of valid supporting documents, reconciliation of the accounts could not be fully attained. However, they committed to comply with the audit recommendations.

b. In RO V, they informed that the A/P is under reconciliation. The necessary documents to support the adjustment of prior years’ balances are still to be retrieved from old files which require ample time and effort from the Accounting personnel which makes it hard for them to complete the process.

c. In RO XIII, the Accountant justified in the exit conference that the records containing the details of the balances of the A/P are maintained electronically by the IMOs. Maintaining hard copies of the same by the Accounting Section would consume a large space in the RO due to the bulkiness of the printed documents.

d. In BBMP II, they committed to adjust A/P and exert effort to maintain SLs to support the GL balances.

5.13. As a rejoinder, we appreciate Management’s effort to locate the records and supporting documents and commitment to reconcile the balances of the A/P despite lack of personnel. Nonetheless, we enjoin Management to prioritize the review and analysis of A/P to determine which accounts should be reverted to Retained Earnings/Accumulated Surplus account, in accordance with the existing rules and regulations.

**6. The accuracy of the outstanding balances of the Due from Regional Offices (ROs) and the Due to Central Office (CO) accounts under the Corporate Fund in the amounts of P492.679 million and P60.411 million, respectively, after elimination of intra-office transactions, was doubtful due to inadequate reconciliation and lack of supporting documents.**

6.1. Paragraphs 45 and 46 of the PPSAS 6, Consolidated and Separated Financial Statements, state:

*45. Balances, transactions, revenues and expenses between entities within the economic entity shall be eliminated in full.*

46. *Balances and transactions between entities within the economic entity, including revenues from sales and transfers, revenues recognized consequent to an appropriation or other budgetary authority, expenses and dividends or similar distributions, are eliminated in full. Surpluses and deficits resulting from transactions within the economic entity that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Xxx.*

6.2. As mentioned earlier, COA Circular No. 2016-005 dated December 19, 2016 prescribed the guidelines and procedures in reconciling and clearing the books of accounts of dormant receivable accounts for fair presentation of accounts in the FSs, among of which, are Due from CO/ROs and Due to CO/ROs accounts.

6.3. The intra-agency accounts used by NIA in recording its intra-office transactions are the Due from ROs and Due to CO accounts, as illustrated in Table 26. These temporary accounts are maintained to serve the purpose of monitoring and recording intra-office transactions for convenience in setting up and offsetting internal transactions. Thus, these accounts should have equal balances and, as a result of the elimination process, the same should have zero balances in the consolidated FSs at the end of the accounting period.

**Table 26 – Intra-agency accounts used by CO and ROs**

		Books of accounts	
		CO	ROs
1. <b>Transfer of cash/property, plant and equipment (PPE) by CO to ROs -</b>			
Due from ROs	Debit	xxx	
Due to CO	Credit		xxx
2. <b>Transfer of cash/PPE by ROs to CO -</b>			
Due from CO	Debit		xxx
Due to ROs	Credit	xxx	
3. <b>Transfer of cash between ROs -</b>			
Due from ROs	Debit		xxx
Due to ROs	Credit		xxx

6.4. As at December 31, 2017, the Due from ROs and Due to CO accounts under the Corporate Fund had balances in the amounts of P492.679 million and P60.411 million, respectively, which pertained to the unreconciled intra-agency transactions after the elimination process. There was no Aging Schedule available, nonetheless, the concerned Accounting personnel explained that the outstanding balance of Due from ROs pertained to fund transfers/releases to ROs which had been inactive for more than five years. Details of the variances are summarized in Table 27.

**Table 27 – Unreconciled variances between the Intra-agency accounts (Corporate Fund)**

	Balances as of 12-31-17 before elimination	Elimination of intra- office transactions	Variances
	(a)	(b)	(c=a-b)
Due from ROs (CO books)	P 16,084,269,194	P 15,600,475,419	P 483,793,775
Due from ROs (ROs books)	8,885,429	-	8,885,429
			<b>P 492,679,204</b>
Due to CO (ROs books)	P 13,224,563,780	P 13,164,152,609	<b>P 60,411,171</b>

6.5. The variance in the amount of P492.679 million included negative/abnormal balances of various projects implemented in past years aggregating P110.293 million which could not be accounted due to lack of supporting documents and reports.

6.6. As disclosed in the Notes 5.3 and 13 to 2017 FSs, the Due from ROs and Due to CO accounts remained outstanding as at December 31, 2017 due to inadequate reconciliation, an indication that there were errors in the recordings of intra-agency transactions both in CO and ROs books.

6.7. Thus, absence of reconciliation and non-availability of supporting documents and reports, the accuracy of the balances of Due from ROs and Due to CO accounts of P492.679 million and P60.411 million, respectively, was doubtful.

6.8. **We recommended that Management direct the Accounting Division, CO to:**

**a. Coordinate with ROs for the reconciliation of their respective records to account for the differences, and effect the necessary adjustments; and**

**b. Prepare Aging Schedule to determine which accounts are already 10 years and above and request for write-off thereof pursuant to COA Circular No. 2016-005 dated December 19, 2016.**

6.9. During exit conference, the Acting Manager, FMD informed that they will set a cut-off in updating the accounts. The reconciliation will start first in the current transactions, afterwards, they will then look into the previous years' transactions. They will assign personnel in the CO and ROs to perform the reconciliation.

6.10. As a rejoinder, we acknowledge Management assurance in setting cut-off in the reconciliation to reduce and eventually eliminate totally the unreconciled variances in the intra-agency transactions.

**7. The reliability of the year-end balance of Due to Other NGAs account under the Special Fund totaling P239.448 million could not be ascertained due to: (a) unreconciled variance amounting to P256.123 million between the records of NIA Project Management Office (PMO) Comprehensive Agrarian Reform Program-Irrigation Component (CARP-IC) and Department of Agrarian Reform (DAR); (b) differences of P8.139 million between balances per consolidated TB and PMO CARP-IC books/ROs individual TB; and (c) inclusion of negative balances aggregating P6.729 million.**

7.1. Item IV.1 of Amendment 2 to ARISP III Financial Management Guidelines (FIMAG) issued by DAR provides the guidelines in the liquidations of fund transfers by the NIA, as follows:

a. The Provincial Irrigation Management Office (PIMO) shall prepare and submit monthly Statement of Expenditures (SOE) to the Regional Irrigation Office (RIO) per sub-project being implemented/completed;

- b. The RIO shall consolidate all provincial SOEs indicating the specific sub-projects including the SOE for expenditures made at the regional level to be submitted on a monthly basis to NIA CARP-IC, which will consolidate SOEs of all RIOs;
- c. The NIA-CARP-IC submits the consolidated SOEs for sub-projects under NIA to ARISP-Central Project Management Office (CPMO); and
- d. NIA CARP-IC likewise submits SOEs to ARISP-CPMO including SOEs for the funds released for CARP-IC activities on ARISP III. This will serve as liquidation of cash released to NIA.

7.2. Items 4.6, 6.4 and 6.5 of COA Circular No. 94-013 dated December 13, 1994, *Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies*, state:

- 4.6 *within ten (10) days after the end of each month/end of the agreed period for the Project, the IA [Implementing Agency] shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.*
- 6.4 *within five (5) days after the end of each month, the Accountable Officer (AO) shall prepare the RCI and the RD and shall submit them with all supporting vouchers/payrolls and documents to the Accountant. These reports shall be approved by the Head of the Agency.*
- 6.5 *Within ten (10) days after receipt from the AO, the Accountant shall verify the Reports, provide accounting entries, record and submit the duplicate copies of the Reports with all the originals of vouchers/payrolls and all supporting documents to the IA Auditor. The Accountant shall ensure that expenses for the project are included in the Reports. He shall submit the original copy of the Reports to the SA [Source Agency] (Attention: The SA Accountant).*

7.3. Memoranda of Agreement (MOAs) were entered by and among DAR, NIA and Department of Public Works and Highways (DPWH) for the implementation of various foreign assisted projects (FAPs). NIA, being co-implementing agency of the FAPs-irrigation system, received funds from DAR, subject for liquidations.

7.4. The Due to Other NGAs account is used to record fund transfers received from the DAR for the implementation of various FAPs, namely: (i) Mindanao Sustainable Agrarian and Agriculture Development Project (MinSAAD) which is on-going; (ii) Agrarian Reform Infrastructure Support Project, Phase III (ARISP III) physically completed as of June 2017; (iii) ARISP, Phase II (ARISP II); (iv) ARISP, Phase I (ARISP I); (v) Agrarian Reform Communities Development Project, Phase II (ARCDP II); (vi) Mindanao Settlement Area Development Project (MINSSAD); and (vii) Calamity Assistance Relief Effort (CARE)-Fund 158 completed and winding-up activities are still on-going.

7.5. The fund transfers received by NIA from DAR which comprised of loan proceeds from creditors and Government of the Philippines (GOP) counterpart funds are released by PMO CARP-IC to the concerned ROs for the implementation of FAPs. As such, the Due to Other NGAs account is debited to record fund releases by PMO CARP-IC and is credited to record receipt of funds by concerned ROs.

7.6. The PMO CARP-IC provided the Audit Team with Schedule of Fund Transfers, Releases and Expenditures as at December 31, 2017. Review showed that the total fund transfers, releases and expenditures amounted to P7.039 billion, P6.534 billion, and P6.800 billion, respectively, or showing an unexpended balance of P239.442 million. Details are shown in Table 28.

**Table 28 – Receipts, Releases and Expenditures of Fund Transfers  
As at December 31, 2017**

Projects (a)	Fund Transfers (b)	Releases to ROs (c)	Expenditures			Unexpended Balance (g=b-f)
			PMO NIA CARP-IC (d)	ROs (e)	Total (f=d+e)	
ARISP I	P 1,306,239,000	P 1,306,100,000	P -	P -	P 1,305,767,702*	P 471,298
ARISP II	3,067,765,000	2,798,585,000	275,824,953	2,787,848,000	3,063,672,953	4,092,047
ARISP III	1,574,272,062	1,464,134,000	82,330,000	1,389,784,950	1,472,114,950	102,157,112
ARCDP II	671,798,199	631,213,947	40,206,317	631,165,252	671,371,569	426,630
MinSAAD	164,967,407	86,549,122	432,258	33,639,730	34,071,988	130,895,419
MINSSAD	226,374,543	219,603,949	6,770,595	218,832,610	225,603,205	771,338
CARE-Fund 158	28,000,000	27,997,690	2,617	27,368,986	27,371,603	628,397
	<b>P 7,039,416,211</b>	<b>P 6,534,183,708</b>	<b>P 405,566,740</b>	<b>P 5,088,639,528</b>	<b>P 6,799,973,970</b>	<b>P 239,442,241</b>

\* Total expenditures

7.7. The balance per consolidated TB of P239.448 million differed with the balance per book/individual TB of PMO CARP-IC/ROs of P231.309 million, or a difference of P8.139 million. Details are shown in Table 29.

**Table 29 – Balance of Due to Other NGAs account as at December 31, 2017**

Projects	Balance per books/individual TB			Balance per consolidated TB	Difference
	Per PMO NIA CARP-IC	Per ROs	Total		
ARISP I	P (99,143)	P 570,441	P 471,298	P 471,298	P -
ARISP II	1,136,551	2,955,496	4,092,047	4,092,047	-
ARISP III	30,678,064	71,479,056	102,157,120	102,157,112	8
ARCDP II	377,935	48,695	426,630	426,630	-
MinSAAD	77,986,028	44,770,593	122,756,621	130,895,420	(8,138,799)
MINSSAD	-	771,338	771,338	771,338	-
CARE-Fund 158	(307)	634,147	633,840	633,840	-
	<b>P 110,079,128</b>	<b>P 121,229,766</b>	<b>P 231,308,894</b>	<b>P 239,447,685</b>	<b>P (8,138,791)</b>

7.8. The difference of P8.139 million under MinSAAD was due to: (a) the amount released to RO XI of P3.119 million which was erroneously deposited on October 10, 2017 under the account of RO X; and (b) the amount of P5.020 million representing unrecorded GOP counterpart fund released to RO XII. The adjustments were made in the consolidated TB but none in the books of accounts of the said ROs.

7.9. Moreover, the balance of Due to Other NGAs account of P239.448 million was net of negative balances accumulating P6.729 million in the books of PMO CARP-IC and four ROs or an increase of P6.337 million over last year's balance of P392,279. Details are shown in Table 30.

**Table 30 – Negative balances of Due to Other NGAs account**

Office	Project	Negative balance as at December 31, 2017	Negative balance as at December 31, 2016	Increase (Decrease)
PMO CARP-IC	ARISP I	P 99,143	P -	P 99,143
-do-	ARISP II	-	341,817	(341,817)
-do-	Fund 158	307	-	307
V	ARISP III	6,452,511	-	6,452,511
VI	ARISP II	103,007	50,462	52,545
IX	ARCDP II	66,278	-	66,278
XIII	Fund 158	7,812	-	7,812
		<b>P 6,729,058</b>	<b>P 392,279</b>	<b>P 6,336,779</b>

7.10. The existence of negative balances in the Due to NGAs account was due to lack of regular periodic reconciliation in the books of PMO NIA-CARP-IC and ROs.

7.11. Further, confirmation showed variance of P256.123 million between DAR records and Due to Other NGAs account per individual TB in four projects. Details are shown in Table 31.

**Table 31 – Variance on Due to Other NGAs account between DAR Records and PMO CARP-IC books**

Project	Due to NGAs balance as at December 31, 2017	Per Individual TB	Per confirmation	Variance (absolute amount)
ARISP II	P 4,092,047	P 4,092,047	P 6,916,060	P 2,824,013
ARISP III	102,157,120	102,157,120	238,082,764	135,925,644
ARCDP II	426,630	426,630	94,068	332,562
MinSAAD	122,756,621	122,756,621	239,797,054	117,040,433
	<b>P 229,432,418</b>	<b>P 229,432,418</b>	<b>P 484,889,946</b>	<b>P 256,122,652</b>

7.12. Inquiry with the Finance Section, PMO CARP-IC revealed that the liquidation reports of the ROs were not submitted regularly to the PMO CARP-IC, thus submission thereof to the DAR was not timely. Likewise, the MOA among DAR, NIA and DPWH provides submission of audited liquidation reports which resulted in piling up of the liquidation reports, thereby delaying the submission thereof to DAR.

7.13. In view of the foregoing observations, reliability of the balance of Due to Other NGAs account totaling P239.448 million as at December 31, 2017 could not be ascertained.

7.14. **We recommended that Management direct the PMO CARP-IC and concerned ROs to:**

- a. **Prepare and submit monthly SOEs to ensure that consolidated SOEs are submitted on timely manner to DAR pursuant to Items 4.6 and 6.5 of COA Circular No. 94-013 and coordinate with DAR for the reconciliation of the variance to establish correct year-end balance of Due to Other NGAs account; and**

**b. Exert best efforts to review and analyze the abnormal/negative balances as well as effect necessary adjustments in the books of accounts.**

7.15. PMO CARP-IC explained that the unreconciled variance of P256.123 million between PMO CARP-IC and DAR records was attributed, among others, to: (i) various adjustments made under ARISP II and ARCDP II relative to disallowances and return of unexpended balances; (ii) actual payments of projects expenditures were automatically treated as direct liquidations which were recognized immediately in books of accounts while expenditures were recognized only in the books of DAR upon submission of RDs duly audited/verified by the Audit Team; and (iii) releases made by DAR for MinSAAD which were in transit at year-end was not yet recognized in the books of PMO CARP-IC. The difference between PMO CARP-IC and DAR books could not be avoided because of the length of time it would take to record expenses in the DAR books.

7.16. Nevertheless, they informed that they had already discussed with DAR the variances and that reconciliation is on-going. The timeframe to finish the reconciliation still under discussion.

7.17. As regards the difference of P8.139 million between consolidated TB and PMO CARP-IC books/ROs individual TB, it was traced and found to be inadvertently added to the Due to BIR account during consolidation. As to releases of funds to ROs XI and XII, these were already recognized in the books.

7.18. The negative balances aggregating P6.729 million were already coordinated with the concerned ROs, but reconciliation for accounts aged 10 years and above were hampered due to the unavailability of necessary documents to support adjustments. For ARISP II, RO V which had the highest increase assured that they would reconcile the accounts immediately.

7.19. As a rejoinder, the issue on unreconciled variances between the records of PMO CARP-IC and the DAR had been raised in previous audits since CY 2010. As such, we emphasize that Management should submit to DAR the original copy of RDs duly approved by the NIA Administrator or his duly authorized representative to report the utilization of funds, without waiting the audited duplicate copy of RDs from the Audit Team pursuant to COA Circular No. 94-013 dated December 31, 1994.

**8. Accuracy and fairness of FSs presentation of the outstanding balance of Inter-agency Receivable representing funds transferred by NIA to various implementing agencies (ImAs) for the construction, repair/rehabilitation, and improvement of irrigation systems totaling P124.672 million under General Fund are doubtful in view of the: (a) absence of complete supporting schedules and SLs; (b) existence of abnormal/negative balance of P3.504 million; (c) variance of P29.750 million between book balance and confirmed balance; and (d) non-liquidation of long outstanding balance of P66.300 million.**

8.1. As mentioned earlier, COA Circular No. 94-013 dated December 13, 1994, prescribes the rules and regulations in the grant, utilization, and liquidation of funds transferred to ImAs. Said Circular is issued to ensure that: (a) the transfer is properly taken up in the books of both agencies; (b) the transferred funds are used only for the

intended purpose; and (c) that proper accounting and reporting is made on the utilization of the funds. Further, Item 5 of the same Circular enumerates the duties and responsibilities of the Source Agency (SA), among which are to: (a) maintain a SL of the cash transferred pertaining to the project; and (b) require the IMA to submit the pertinent reports.

8.2. The Inter-agency Receivables account representing funds transferred by the CO, as the SA, to various ImAs, particularly those classified as National Government Agencies (NGAs), Government-Owned and Controlled Corporations (GOCCs), and Local Government Units (LGUs), had a total outstanding balance of P124.672 million under the General Fund as at December 31, 2017, details of which are summarized in Table 32.

**Table 32 – Summary of outstanding balances of funds transferred by CO to various ImAs under the General Fund as at December 31, 2017**

General Fund	Due from			Total
	NGAs	GOCCs	LGUs	
Fund 101	P 2,736,940	P -	P 69,693,905	P 72,430,845
Fund 102:				
Regular	11,157,483	182,245	-	11,339,728
PIDP	208,508	-	-	208,508
NISRIP	40,693,035	-	-	40,693,035
	52,059,026	182,245	-	52,241,271
	<b>P 54,795,966</b>	<b>P 182,245</b>	<b>P 69,693,905</b>	<b>P 124,672,116</b>

*PIDP – Participatory Irrigation Development Project*

*NISRIP – National Irrigation Sector Rehabilitation and Improvement Project*

*LFPs – Locally-Funded Projects*

8.3. Review disclosed that the SLs supporting Inter-agency Receivables - Due from NGAs account – Fund 101 only contain forwarded balances while no SLs were maintained for Due from NGAs and Due from GOCCs accounts, both under Fund 102.

8.4. Further, no schedule was provided to the Audit Team specifically for the Due from NGAs account - Fund 102 (NISRIP) with outstanding balance of P40.693 million, which represents 74.26 per cent [P40.693 million / P54.796 million] of the total outstanding balance of Due from NGAs account - General Fund. All other schedules supporting most of the aforementioned accounts also disclosed deficiencies, as follows:

- a. Outstanding balances in the schedules were not aged. It should be noted that Annex 3 of COA Circular No. 2016-005 dated December 19, 2016 requires the quarterly submission of schedules containing, among others, information on the age of the receivable accounts;
- b. Some schedules contain only either forwarded balances or unlabelled lumped sum balance; and
- c. Business addresses of most ImAs were not provided, thus, precluding the Audit Team from confirming the outstanding account balances from the aforesaid IAs.

8.5. On the other hand, abnormal/negative balances were noted in the Inter-agency Receivables - Due from NGAs account - Fund 102 (Regular) of four ImAs accumulating

to P3.504 million, thus, misstating the account balances. The composition of negative balances is shown in Table 33.

**Table 33 – Due from NGAs account with abnormal/negative balances**

<b>ImA</b>	<b>Amount</b>
Department of Environment and Natural Resources (DENR) – Agusan del Sur	P 1,340,079
DENR – Autonomous Region in Muslim Mindanao (ARMM)	8,541
DENR – Forest Management Bureau (FMB)	1,415,537
DOH – CARAGA Center for Health Development	740,093
	<b>P 3,504,250</b>

8.6. There was zero liquidation of funds transferred to two ImAs accumulating to P66.300 million representing 53.18 per cent [P66.300 million/P124.672 million] of the Inter-agency receivables account under the General Fund, as summarized in Table 34.

**Table 34 – ImAs with zero liquidation of fund transfers**

<b>ImA</b>	<b>Balance</b>	<b>% of account balance Inter-agency Receivables</b>
Provincial Government of Maguindanao	P 36,600,000	29.36
Bicol River Basin Watershed Management Project – Project Management Office (BRBWMP – PMO)	29,700,000	23.82
	<b>P 66,300,000</b>	<b>53.18</b>

8.7. Inquiry with Management disclosed that demand letters were already sent to the parties concerned; however, the said fund transfers remained unliquidated, as at audit date.

8.8. On the other hand, confirmation revealed total variance of P29.750 million between the ImAs records and NIA books for Inter-Agency Receivables - Due from LGUs account – Fund 101, as shown in Table 35.

**Table 35 – Comparison of book balances and confirmed balances**

<b>ImA</b>	<b>Balances</b>		<b>Variance</b>
	<b>Per NIA</b>	<b>Per ImA</b>	
Provincial Government of Zambales	P 113,279	P 63,321	P 49,958
BRBWMP – PMO	29,700,000	-	29,700,000
	<b>P 29,813,279</b>	<b>P 63,321</b>	<b>P 29,749,958</b>

8.9. While Management committed to work on the aging schedules, reconcile the aforesaid abnormal negative balances, locate the necessary documents to determine the breakdown of the forwarded balances in the preparation of SLs and schedules, and require the liquidation of long-outstanding fund transfers, they, nonetheless, showed that they were unable to maintain adequate records and monitor the implementation of pertinent projects over the years, as required under COA Circular No. 94-013 dated December 13, 1994. Consequently, the accuracy and fairness of FSs presentation of the Inter-Agency Receivables account of P124.672 million under the General Fund are doubtful.

- 8.10. **We recommended that Management direct the Accounting Division CO to:**
- a. **Ensure strict compliance with COA Circular No. 94-013 dated December 13, 1994 specifically on the proper maintenance of subsidiary records and supporting documents, as well as, enforcement of liquidations;**
  - b. **Prepare aging schedules of Inter-agency receivables, as required under Annex 3 of COA Circular No. 2016-005 dated December 19, 2016;**
  - c. **Conduct analysis on the abnormal/negative balances of the DENR-Agusan del Sur, ARMM, FMB and DOH-CARAGA Center for Health Development accounts accumulating to P3.504 million and effect the necessary adjustments;**
  - d. **Coordinate with the Provincial Government of Zambales and BRBWMP-PMO and reconcile the discrepancies between book balances and confirmed balances; and**
  - e. **Demand from the ImAs the immediate liquidation and return of the unused balance, if any, upon completion/termination of the project.**

8.11. During the exit conference, the Acting Manager, FMD informed that they have already received the liquidation report of BRBWMP, but is still subject for verification from the Office of the President. Demand letter was already sent to the Province of Manguindanao with unliquidated balance of P36 million, but no reply was received. With regard the unliquidated balances of other LGUs, they informed that no liquidation reports were submitted as the provincial accountants and treasurers are no longer connected with the LGUs.

8.12. As a rejoinder, **we further recommended that Management fast track the verification of the BRBWMP liquidations report and demand liquidations from the incumbent governors/provincial accountants/treasurers of the concerned LGUs.**

## **B. COMPLIANCE**

9. **Copies of 122 contracts with aggregate cost of P1.089 billion in ROs IV-A and VIII and 58 contracts of undetermined total cost in CAR were not submitted to the Audit Teams contrary to Item 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009, thereby precluding the Audit Teams from conducting a timely and complete review to establish the propriety and validity of the covered transactions.**

9.1. Item 3.1.1 of COA Circular No. 2009-001 dated February 12, 2009, states that:

*Within five (5) working days from the execution of a contract by the government xxx including government-owned and controlled corporations xxx, a copy of said contract and each of all the documents forming part*

*thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. Xxx*

9.2. Audit disclosed that a total of 180 awarded contracts in three ROs were not submitted to the Audit Teams for review and evaluation, as listed in Table 36.

**Table 36 – Unsubmitted contracts as at December 31, 2017**

<b>RO</b>	<b>Project</b>	<b>No. of contracts</b>	<b>Cost</b>
CAR	Disaster Risk Reduction Management & other projects	58	P -*
IV-A	Irrigation projects	19	106,731,791
VIII	Irrigation projects	103	982,732,057
		<b>180</b>	<b>P 1,089,463,848</b>

\* *undetermined*

9.3. Verification of the submitted status report on irrigation projects as at year-end under Corporate Fund in RO IV-A revealed that there were 19 projects valued at P106.732 million. Pertinent contracts were, however, not submitted.

9.4. Likewise, in RO VIII, the contracts and contract documents of 103 irrigation system projects with total contract amount of P982.732 million were not submitted to the Audit Team within the prescribed period and remained unsubmitted as at year-end.

9.5. Consequently, the non-submission of contracts and supporting documents deterred the Audit Teams to conduct timely review and evaluation of procurements made by the Agency, and the conduct of appropriate procedures as necessary to establish the propriety and validity of transactions. Thus, early recognition and detection of defects and/or deficiencies, if any, could not be rectified immediately, to the disadvantage of the government.

**9.6. We recommended that Management ensure that the Bids and Awards Committee (BAC) timely submit the contracts and all supporting documents, as required in COA Circular No. 2009-001 dated February 12, 2009, to give ample time to the Audit Teams in conducting review and evaluation of the procurements made by the Agency.**

9.7. Management of the regions concerned committed to comply with the aforesaid recommendation.

9.8. As a rejoinder, the Audit Team will monitor and validate compliance by Management of the above-mentioned recommendation in CY 2018.

**10. In three ROs and Jalaur River Multi-Purpose Project II (JRMPP II), insurable properties totaling P311.349 million were not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS), contrary to Administrative Order (AO) No. 33 dated August 25, 1987 and COA Circular No. 92-390 dated November 11, 1992, thus exposing the Agency of not being indemnified for any damage or loss caused by accident or fortuitous event, such as, flood, typhoon, among others.**

10.1. This is a reiteration with updates of previous year's audit observation.

10.2. Republic Act (RA) No. 656, as amended by PD No. 245 dated July 13, 1973, aims to conserve and protect the resources of the government. It specifically provides that:

*All departments, bureaus, offices, agencies and instrumentalities of the government, including government owned and controlled corporations are directed to insure against insurable risk all property and assets belonging to the government, its agencies and political subdivisions with the GIF of the GSIS.*

10.3. Administrative Order (AO) No. 33 issued on August 25, 1987, prescribes the guidelines for the insurance of all properties, contracts, rights of action and other insurance risks of the government, including those in which the government has an insurable interest, with the GIF of the GSIS.

10.4. Likewise, COA Circular No. 92-390 dated November 11, 1992 was issued to assist the GSIS in ensuring that all insurable assets and properties of the government are adequately covered/insured with the GIF of the GSIS.

10.5. The said Circular emphasizes Management's responsibility to diligently safeguard all its government assets from any loss and wastage by preparing and submitting inventory of all insurable physical assets, preferably as at December 31, not later than October 31 of the following year and the inventory undertaken every year thereafter shall be submitted not later than October 31 of the ensuing year.

10.6. Review of the insurance coverage showed that insurable assets consisted of, among others, buildings, construction equipment and motor vehicles under Corporate and General Funds totaling P311.349 million located in three ROs and JRMPP II are not insured under GIF, GSIS. Details are shown in Table 37.

**Table 37 - Insurable Assets without insurance coverage under GIF, GSIS**

<b>Office/RO</b>	<b>Fund</b>	<b>Cost</b>
IV-A	Corporate and General	P 31,494,324
IV-B	-do-	6,524,020
VI	-do-	232,127,596
JRMPP II	-do-	41,202,732
		<b>P 311,348,672</b>

10.7. The non-insurance of properties exposed the Agency to the risk of non-indemnification or non-compensation in case of damage to or loss cause by accident and fortuitous events such as flood, typhoon, and earthquake, among others.

10.8. **We reiterated our previous year's recommendations that Management require the Regional Irrigation Managers of the concerned ROs to:**

**a. Prepare and submit inventory reports of all insurable properties to the GIF of the GSIS as basis for insurance coverage; and**

**b. Henceforth, ensure that all insurable assets and properties are adequately insured with the GIF of the GSIS to guarantee that Agency's properties are protected in the event of accident, fire, earthquake, typhoon, flood and any other calamities.**

10.9. The comments of the concerned ROs and JRMPP II are as follows:

a. In RO IV-A, they commented that the insurance of all insurable properties of the Agency is now in process. Submission of requirements to GSIS started in January 2018.

b. In RO IV-B, the Property Officer informed that they had already received the billing statement from GSIS for insurance coverage of NIA's building located in San Jose, Occidental Mindoro and paid the billed amount. Moreover, they will ensure that all remaining uninsured PPE will be applied for insurance coverage within the year. As at audit date, the Property Officer has already applied for the insurance of the building in Narra, Palawan. They also informed that they will request inclusion of property insurance in CY 2018 budget.

c. In RO VI, they assured to implement the audit recommendations. The Property Officer have already inquired from GSIS regarding this matter, but because of the detailed requirements and qualifications set by GSIS and no budget for insurance, application for insurance coverage of all insurable assets could not be immediately made.

d. In JRMPP II, they agreed to facilitate the application for insurance coverage of all office buildings. The inventory team is presently working out on the assessed values of all buildings inclusive of improvements and equipment.

10.10. As a rejoinder, we acknowledge the commitments of the concerned ROs to implement the audit recommendations and, suggest that CO provide in the ROs' budget the insurance coverage of all the Agency's insurable assets and monitor ROs' insurance application with GSIS.

**11. Payment of Viability Incentive Grant (VIG) totaling P250.161 million in CY 2017 was without legal basis.**

11.1. Section 16(e) of the General Provisions of the Fiscal Year (FY) 2017 GAA prohibits the grant of honoraria and other allowances, except those specifically authorized by law.

11.2. Section 12 of RA No. 6758 dated August 21, 1989 provides that:

*Consolidation of Allowances and Compensation – All allowances, except for representation and transportation allowances; xxx shall be deemed included in the standardized salary rates herein prescribed. Such other additional compensation, whether in cash or in kind, being received by the incumbent as of July 1, 1989 not integrated in to the standardized salary rates shall continue to be authorized.*

11.3. Paragraph 4.5 of the DBM Budget Circular No. 16 dated November 28, 1998 prohibits the grant of food, rice, gift checks, or any form of incentive/allowances except those authorized via AO by the Office of the President.

11.4. Notwithstanding the above law and regulations, in CY 2017, ROs granted VIG to their officers and employees in the total amount of P250.161 million, breakdown is shown in Table 38.

**Table 38 – Schedule of VIG Payments**

<b>RO/Project</b>	<b>Amount</b>
II	P 4,132,914
III	39,584,524
IV-B	7,973,575
VI	15,439,206
VIII	9,959,707
IX	5,521,802
XI	4,350,792
XII	21,877,119
XIII	6,700,064
MARIIS	134,620,883
	<b>P 250,160,586</b>

11.5. The payment of VIG was without approval from the President of the Philippines, thus contrary to Section 12 of RA No. 6758 dated August 21, 1989.

11.6. It is worth mentioning that previous VIGs granted by NIA to its officers and employees in various ROs had already been disallowed in audit and the Notices of Disallowance (NDs) were affirmed by the Office of the Cluster Director, Cluster 5, Corporate Government Sector, due to lack of legal basis. Management's Petitions for Review of the Decisions of the Cluster Director have been filed with the COA Commission Proper.

**11.7. We recommended that Management stop and refund the payment of VIG for lack of legal basis.**

11.8. During the exit conference, the Manager, Administrative Department explained that they requested for approval of the VIG from the Office of the President in CY 2016; however, the request had not been approved as it was submitted during election time. Thus, they are currently retrieving the request from the Office of the President.

11.9. The NIA Administrator emphasized that if such request is pending, no payments should have been made. A Memorandum will be issued to the ROs to stop such payments.

11.10. Hereunder are the comments of the concerned ROs:

a. In RO II and MARIIS, they informed that the payment of VIG was approved by the NIA Board of Directors as early as 1983 through Board Resolution (BR) No. 4043-83 which was the basis for the issuance of MCs as guidelines for its payment until the same was suspended in March 2015. The said suspension was lifted under Memorandum dated February 21, 2017 which emphasized that all MCs issued for the payment of the VIG have not been repealed and that the

grant was included in the NIA Corporate Operating Budget duly approved by the DBM, passed through the Congress and finally approved by the President of the Philippines.

b. The VIG is a monetary grant to viable units of NIA for distribution to its personnel who have performed credibly towards attaining self-sufficiency for their units. They also emphasized that the existing MC re: VIG did not exclude the grant/payment to the Department/Regional Managers.

c. In RO IV-B, the Acting Division Manager of Administrative and Finance Division (AFD) averred that the budget which was approved by the DBM and by the President of the Philippines already contained an allocation for the aforementioned grant. They also asserted that the criteria for the distribution of the VIG was carefully planned and studied by the team created for that purpose and they emphasized that the grant of VIG to their employees really resulted in a significant impact in the collection of their receivables. It was also stated that the grant was approved pursuant to BR Nos. 3813-82 and 4043-83.

11.11. As a rejoinder, we maintain that absence of legal basis rendered the payment of VIG disallowable in audit. Thus, non-refund of payments made, the Audit Teams will be constrained to issue NDs.

**12. Payments totaling P154.298 million for infrastructure projects, Irrigators Associations' (IAs) incentives and payrolls for salaries and wages, among others, by RO VIII and four IMOs, were not completely and properly supported with documents contrary to Section 4 (6) of PD No. 1445 and COA Circular Nos. 2012-001 and 2009-001, thereby casting doubt on the validity of the expenditures.**

12.1. As mentioned earlier, Section 4(6) of PD No. 1445 states that "*Claims against government shall be supported with complete documentation.*"

12.2. Also, COA Circular No. 2012-001 dated June 14, 2012 was issued prescribing the revised guidelines and documentary requirements for common government transactions.

12.3. Moreover, Section 3.1.1 of COA Circular No. 2009-001 dated February 1, 2009 states that:

*Within five (5) working days from the execution of a contract by the government xxx including government-owned and controlled corporations xxx, a copy of said contract and each of all the documents forming part thereof by reference or incorporation shall be furnished to the Auditor of the agency concerned. Xxx.*

12.4. Verification showed that payments totaling P154.298 million for infrastructure projects, IAs incentives for CY 2017 collections, and payrolls for salaries and wages, among others, were not supported with complete documentation by RO VIII and four IMOs as shown in Table 39.

**Table 39 – Payments with incomplete documents**

<b>IMO/RO</b>	<b>Amount</b>	<b>Lacking Documents</b>
PIMO	P 38,663,513	<ul style="list-style-type: none"> <li>• Approved Program of Works for the Project</li> <li>• Detailed breakdown of estimates and/or unit cost analysis/derivation for each work item</li> <li>• Minutes of the Pre-Procurement Conference (ABC 5M above)</li> <li>• Proof of posting of Invitation to Bid:</li> <li>• Invitation of three (3) observers in writing during the Pre-Bid Conference</li> <li>• Minutes of the Pre-Bid Conference</li> <li>• Copy of Invitation to observers other than COA on the Submission, Receipt, Opening and Preliminary</li> <li>• Statement of ongoing contracts (government &amp; private)</li> <li>• SLCC</li> <li>• Valid Tax Clearance</li> <li>• Contractor's All Risk Insurance</li> <li>• Post-qualification-Invitation of three (3) observers in writing, at least 5 calendar days before procurement activity</li> <li>• Notice of Post-qualification</li> <li>• Print out on posting of Notice of Award (Phil-GEPS, Agency Website if any, Conspicuous place certified by the Head of BAC Secretariat)</li> <li>• Print out on posting of Notice of Proceed and approved contract</li> <li>• Construction safety and health program approved by the DOLE</li> <li>• Statement of Time Elapsed</li> <li>• PERT/CPM</li> <li>• Clearance from the Provincial Treasurer that the corresponding sand and gravel fees have been paid based on DPWH Department Order (DO) No. 109 s. 1993 dated May 4, 1993 and DO No. 119 s. 1993 dated May 11, 1993</li> <li>• Pictures, before, during and after construction of items of work</li> </ul>
OMIMO	108,669,609	<ul style="list-style-type: none"> <li>• Statement of Time Elapsed</li> <li>• Suspension and Resume Orders not consistently attached for projects that did not meet the target completion dates</li> <li>• PAGASA Report for works suspended due to heavy rain and unworkable site condition</li> <li>• Agency's report establishing necessity or justification for Change Order</li> <li>• Approved original plan indicating the affected portion(s) of the project and duly revised plans and specifications, indicating the changes made which shall be color coded (<i>For Change/Variation Order</i>)</li> <li>• Revised Program of Work (<i>For Change/Variation Order</i>)</li> <li>• The Statements of Work Accomplished (SWA) with detailed computation are prepared by the Project in Charge instead of Contractor's Engineer</li> <li>• As-Built Plans</li> <li>• Clearance from the Provincial Treasurer that the corresponding sand and gravel fees have been paid</li> </ul>
BIMO	3,070,966	<ul style="list-style-type: none"> <li>• List of Irrigated and Planted Areas</li> <li>• List of Collections including the back accounts per Irrigators Association (IA) duly certified correct by NIA Collection Representative</li> <li>• The exemption and amnesty being granted to the farmers duly signed by the approving authority, like failure of crops; discounts penalties and charges given; and other authorized amnesty granted</li> <li>• Statement of sharing computation, as approved and attached as bases for payment, simply shows only the amount subject to sharing and the percentage IAs share</li> <li>• All other information / data to validate the correctness of the amount claimed</li> </ul>
LIMO	516,840	<ul style="list-style-type: none"> <li>• Daily time records, among others</li> </ul>
VIII	3,376,636	<ul style="list-style-type: none"> <li>• -do-</li> </ul>
<b>P 154,297,564</b>		
<hr/> <i>LIMO-Leyte IMO      PIMO-Palawan IMO      OMIMO-Oriental Mindoro IMO      BIMO-Bukidnon IMO</i>		

12.5. In view of the absence/lack of documentary requirements, the validity and propriety of the payments are doubtful.

- 12.6. **We recommended that Management direct the concerned RO and IMOs to:**
- a. Require the Accounting Section to meticulously check the disbursement vouchers (DVs) and the completeness of the supporting documents as prescribed in the COA Circular No. 2012-001;**
  - b. Instruct the Accounting Section/payees concerned to submit all required documents to facilitate review and verification, otherwise the payments shall be suspended in audit; and**
  - c. Henceforth, see to it that all necessary documents are attached to the DVs before effecting payment.**

12.7. The comments of the concerned RO/IMOs are as follows:

- a. In OMIMO, they commented that they are using checklist for documentary requirements provided by the RO; however, the checklist does not conform to COA Circular No. 2012-001. Also, the Acting Division Manager had instructed the Accounting Processor to meticulously check the DVs and the supporting documents before payments will be made.
- b. In PIMO, they agreed and committed that they will comply with the recommendations.
- c. In RO VIII/LIMO, the Regional Manager stated that the personnel involved in the processing and review of the documents were advised to submit the necessary documents. During the exit conference, the Regional Manager informed that the deficiencies were already addressed. The Cashiering Unit was reminded that the DVs should always be properly supported with documents and that same should be submitted together with a checklist for documentary requirements.

12.8. As a rejoinder, we appreciate that the concerned RO and IMOs are using checklist; nonetheless, we enjoin Management that the checklist should be updated to include all documentary requirements prescribed under COA Circular No. 2012-001 to ensure completeness of all supporting documents before payments are made.

**13. NIA did not have a Disaster Risk Reduction and Management (DRRM) plan, thus, not in accordance with EO No. 888, s. 2010. Meanwhile, the Quick Response Fund (QRF) totaling P39.871 million was utilized for non-quick response activities, which is contrary to Republic Act (RA) No. 10121 and General Appropriations Act (GAA), thereby depleting the stand-by fund for reconstruction and rehabilitation programs, activities and projects (PAPs), which the QRF was established for.**

13.1. Section 2 of the EO No. 888, s. 2010, enjoins government agencies to systematically institutionalize their disaster risk reduction (DRR) by, among others, integrating the same into their policies, plans, and programs.

13.2. Further, Section 1, Rule 19 of the Implementing Rules and Regulations (IRR) of RA No. 10121 specifically provides for the purpose of the National Disaster Risk

Reduction and Management (NDRRM) fund. In particular, the NDRRM fund, which includes QRF, shall be used for DRR or mitigation, prevention and preparedness activities such as but not limited to training of personnel, procurement of equipment, and capital expenditures. It can also be utilized for relief, recovery, reconstruction and other work or services in connection with natural or human-induced calamities which may occur during the budget year or those that occurred in the past two years from the budget year.

13.3. On the other hand, Item 7 of Special Provisions of GAA for FY 2016 (for NIA), provides that:

*Subsidy for Quick Response Fund. The amount of Five Hundred Million Pesos (P500,000,000) appropriated herein shall be used for the Quick Response Fund (QRF), which shall serve as a stand-by fund to be used for reconstruction and rehabilitation programs, activities, or projects [PAPs] in order that the situation and living conditions of people in communities or areas stricken by calamities, epidemics, crises, and catastrophes, which occurred in the last quarter of the immediately preceding year and those occurring during the current year may be normalized as quickly as possible. In no case shall the QRF be used for pre-disaster activities, or any other purpose not authorized in this provision. [Emphasis supplied]*

13.4. Said provision on QRF was also similarly stipulated in Item 10 of Special Provisions of 2015 GAA for NIA, while none was specifically provided for CY 2017. Nonetheless, NIA received QRF in the amount of P500 million in CY 2017 covered by Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA). Hence, based on the available records, total QRF of NIA amounted to P1.5 billion covering CYs 2015-2017, while its NDRRM fund accumulated to P1.656 billion for CY 2017.

13.5. Review of the Physical Status Reports showed that the CY 2015 QRF of P500 million was fully utilized, while the total amounts of P0.395 billion and P0.672 billion have been disbursed from the CY 2016 QRF and CY 2017 NDRRM fund as of December 31, 2017 and February 28, 2018, respectively. It could not be ascertained however, whether said utilizations were related to the DRRM activities in view of the absence of a Plan, as none has been developed and made available to the Audit Team, notwithstanding the same observation was already raised to the attention of Management in the prior year. The DRRM plan would have served as a blueprint of NIA in implementing DRRM PAPs, including that pertinent to the utilization of disaster quick response fund.

13.6. Meanwhile, six ROs reported expenditures totaling P39.871 million that were not considered as pertinent to QRF PAPs, as summarized in Table 40.

**Table 40 – Non-QRF Expenditures**

RO	Particulars	Amount
CAR	Personnel services not in accordance with the purpose of DRRM/QRF	P 451,212
II	Various expenses not related to the purpose of QRF	565,860
IV-A	Expenditures were for pre-disaster projects and for other purpose	37,359,391
IV-B	Wages and other expenses not related to the purpose of QRF	680,559
V	Travelling expenses, convention fee, etc. not related to the purpose of QRF	134,045
VI	Disbursements not related to calamity	679,985
		<b>P 39,871,052</b>

13.7. The use of QRF for expenses which were not related to DRRM and/or disaster quick response contravened the very essence of QRF as the stand-by fund for the rehabilitation and restoration of irrigation facilities in order that the situation and living conditions of people living in communities or areas stricken by calamities, epidemics, crises and catastrophes, may be normalized as quickly as possible.

13.8. It bears stressing that the QRF was improperly utilized taking into consideration the fact that there is no Plan to anchor on in the implementation of PAPs pertinent to the DRRM including that of disaster quick response.

13.9. The utilization of QRF for non-QRF activities depleted the stand-by fund for reconstruction and rehabilitation of PAPs, which the QRF was established for.

13.10. **We recommended that Management:**

**a. Formulate/prepare a DRRM Plan, in accordance with Section 2 of EO No. 888, s. 2010, as a roadmap for courses of actions before, during and after calamities/disasters and for monitoring and evaluation of the implementation of DRRM related PAPs;**

**b. Require the concerned ROs to return to QRF the amounts utilized for non-QRF activities; and**

**c. Henceforth, instruct the ROs to refrain from using the QRF on PAPs that do not directly address calamity-related risks and scenarios.**

13.11. During the exit conference, the NIA Administrator commented that a Memorandum will be issued to the concerned Regional Irrigation Managers reminding them of the proper use/disbursement of the QRF. Likewise, NIA agreed to prepare the DRRM Plan.

13.12. The following are the comments/justifications of the concerned ROs:

a. In CAR, they commented that the expenditures were intended for personnel who were assigned as support staff for the project and were included in the field support, supervision and monitoring (FSSM) overhead as provided in the program of works (POWs).

b. In RO II, they explained that expenses pertained to indirect cost included in the FSSM, construction survey, operating expenses such as traveling expenses, salaries, meals and snacks, office supplies, among others, which were incurred with prudence, honesty, and in good faith.

c. In RO IV-B, they explained that POWs included provisions for FSSM, however, they committed to determine the appropriate fund to which the expenses should have been charged and to use QRF only for payment of activities related to rehabilitation and recovery from calamities.

d. In RO VI, the Iloilo-Guimaras IMO commented that they thought that the FSSM and survey allocations are considered as overhead expenses. Hence, said amounts were charged to the calamity fund, however, they agreed to comply

with the recommendation and transfer said charges to appropriate funds. On the other hand, the Antique IMO will review the POWs to determine whether the charges were appropriately made to the calamity fund, while the Aklan-Capiz IMO informed that they already submitted a copy of the approved POW of four projects to justify the use of calamity fund for wages of laborer, payment of fuel and oil and project allowance.

e. In ROs IV-A and V, they agreed to comply with the recommendations.

13.13. As a rejoinder, we appreciate NIA's commitment to prepare a DRRM Plan which will be monitored in CY 2018. On the other hand, we maintain our stance that the QRF be utilized only for the purpose for which the fund was established as provided in the Special Provisions of GAA. The utilization thereof not in consonance with its purpose could be considered as irregular expenditure of government funds.

**14. In ROs II, V and X, funds amounting to P24.234 million intended for Feasibility Study and Detailed Engineering (FSDE) were utilized for other purposes, contrary to Sections 16 and 18 of the General Provisions of the GAA for FYs 2015 and 2016, respectively.**

14.1. Sections 16 and 18 of the General Provisions of the GAA for FYs 2015 and 2016, respectively, state that "*Government funds shall be utilized in accordance with the appropriations authorized for the purpose. Xxx.*"

14.2. Section 37 of PD No. 1177 provides that all moneys appropriated for functions, activities, projects and programs shall be available solely for the specific purposes for which these are appropriated.

14.3. Section 3.1 of COA Circular No. 2012-003 dated October 29, 2012 provides the definition of irregular expenditure:

*Irregular expenditure signifies expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular.*

14.4. Moreover, NIA MC Nos. 39, s. 2015 and 64, s. 2016, prescribed the rules and procedures relative to the preparation of the Program of Work (POW) for each project that shall be followed in its implementation. Under MC No. 64, s. 2016, the Feasibility Study (FS) involves direct costs for plan formulation, VE/VA analysis, surveying and mapping works, Geology, Hydrology, land use/agronomy, soil and land classification, drainage investigation, irrigation works, among others. The Detailed Engineering (DE) includes direct costs for detailed survey, updating of data, geology confirmation, detailed

design, electro-mechanical works, quantity and cost estimates, preparation of specifications and contract documents, among others.

14.5. Funds for the conduct of FSDE for various irrigation projects of the NIA were included in the GAA for FYs 2015 and 2016.

14.6. In four ROs/IMOs, FSDE funds totaling P25.234 million (Table 41) were utilized for expenditures not for their intended purpose.

**Table 41 – Utilization of FSDE Funds not related to the intended purpose**

<b>RO/IMO</b>	<b>Amount</b>
II/Isabela IMO (ISAMO)	P 22,745,838
V/Camarines Sur IMO (CSIMO)	851,802
X/Bukidnon IMO (BIMO)	1,512,936
IV-A	123,466
	<b>P 25,234,042</b>

*IMO-Irrigation Management Office*

14.7. The concerned ROs and IMOs utilized the FSDE funds for payments of salaries and wages of job order/casual employees; bonus and other allowances; travelling expenses; telephone; overtime pay; Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF/Pag-IBIG) and Philippine Health Insurance Corporation (PHIC/PhilHealth) contributions; cable subscription; electricity expenses; supplies and materials and purchase of equipment such as laptop and air conditioners.

14.8. The incurrence of the foregoing expenditures not related to the purpose of the fund was contrary to Sections 16 and 18 of the General Provisions of the GAA for FYs 2015 and 2016, respectively, thus considered irregular expenditures.

**14.9. We recommended that Management direct the concerned ROs and IMOs to:**

- a. Ensure that the utilization of FSDE fund is in accordance with its intended purpose;**
- b. Stop the practice of charging against FSDE fund those expenditures not related to FSDE activities; and**
- c. Return to FSDE fund the amounts utilized for non-FSDE activities.**

14.10. During the exit conference, the NIA Administrator informed that the issue on the use of FSDE will be included in the agenda during Management Committee meeting with the Regional Irrigation Managers.

14.11. ISAIMO explained that the charges against FSDE fund were salaries and travelling expenses of job order employees who are directly involved in the clearing of line canal in Palanan, Isabela, Balasig SRIP and in the Tumauni River Multi-Purpose Project (TRMPP), Tumauni, Isabela.

14.12. RO V averred that they are allowed to use a portion of the fund to finance other expenses related to the FSDE activities.

14.13. BIMO informed that procurement of computers/laptops was charged against the fund because these were solely used in storing data and encoding and printing outputs of the survey team and served as a means of communication in field work activity. To prevent delay of work, BIMO rented vehicles as there is only one service vehicle assigned in the Engineering Unit of the IMO which is most of the time used by the Institutional Development Unit.

14.14. As a rejoinder, the Audit Teams enjoin Management of the concerned ROs/IMOs to carefully review the charges against FSDE fund and to use the funds strictly for the purpose these were intended.

**15. In RO II, consultancy services totaling P4.661 million were procured through shopping, instead of public bidding, causing piecemeal procurement and splitting of contracts contrary to Sections 7.1, 10 and 54.1 of the Revised IRR of RA No. 9184 and COA Circular No. 76-41 dated July 30, 1976; thus, there was no assurance that the most advantageous price was obtained by the Agency.**

15.1. Section 7.1 of Revised IRR of RA No. 9184 provides:

*All procurement shall be within the approved budget of the procuring entity and should be meticulously and judiciously planned by the procuring entity. Xxx.*

15.2. Section 10 of same Revised IRR and RA states that “All procurement shall be done through competitive bidding, except as provided in Rule XVI of this IRR.”

15.3. Also, Section 54.1 of the same Revised IRR and RA states:

*Splitting of Government Contracts is not allowed. Splitting of Government Contracts means the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract xxx for the purpose of evading or circumventing the requirements of law and this IRR, especially the necessity of public bidding xxx.*

15.4. COA Circular No. 76-41 dated July 30, 1976 defines and enumerates forms of splitting:

*Splitting, in its literal sense, means dividing or breaking up into separate parts or portions, or an act resulting in a fissure, rupture, breach. Within the sphere of government procurement, splitting is associated with requisitions, purchase orders, deliveries and payments.*

*Forms of Splitting:*

*1) Splitting of Requisitions consists in 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 consists in 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 consists in making two or more payments for one or more items involving one purchase order.*

15.5. In RO II, the procurement through shopping of consultancy services for the Preparation of Designs and Plans of Simple and Major Canal Structures at the Chico River Pump Irrigation Project (CRPIP) with a total amount of P4.661 million was split into 10 contracts which were all awarded to same Contractor. Each contract covered different portions of the CRPIP. Details of split contracts are shown in Table 42.

**Table 42 – Splitting of requisitions, contracts and payments on Consultancy Services**

Check No.	Date	Contract Amount	Project
1331495	12/03/15	P 450,000	Preparation of Design and Plans of 12 units Simple Canal Structures and 13 units Major Canal Structures at CRPIP
1331515	12/11/15	465,000	Preparation of Designs and Plans of 30 units Simple Structures and 5 units Major Structures at CRPIP
-do-	-do-	455,000	Preparation of Designs and Plans of 17 Simple Structures and 10 units Major Structures at CRPIP
1376699	01/25/16	480,000	Preparation of Plans and Designs of 41 units Simple Structures along Laterals D & E at CRPIP
-do-	-do-	480,000	Preparation of Plans and Designs of 41 units Simple Structures along Laterals B, B-1, & C at CRPIP
-do-	-do-	445,000	Preparation of Plans & Designs of 40 Simple Structures along Laterals F, F-Extra & F-Extra – 1 at Chico River Pump Irrigation Project.
1045213	06/02/16	471,000	Preparation of Designs and Plans of 34 units Simple Structures and 4 units Major Canal Structures along Lateral K, K-1, K-1A and K-1B at CRPIP
-do-	-do-	470,000	Preparation of Designs and Plans of 38 Simple Canal Structures along Laterals H-1 and J-Extra at CRPIP
-do-	-do-	470,000	Preparation of Designs and Plans of 40 units Simple Structures and 1 unit Major Canal Structures along Laterals J, J-1, J-2, K-1B & K-1B2 at CRPIP
-do-	-do-	475,000	Preparation of Plans and Designs of 40 units Simple Structures along Laterals F-Extra-2, G, G-1 and H-Extra at CRPIP
		<b>P 4,661,000</b>	

15.6. As shown in Table 42, the first three job order contracts undertaken in June and September 2015 were paid under two checks in the amounts of P0.450 million and P0.920 million, or totaling P1.370 million. The next three job order contracts procured on December 10, 2015 were all paid under one check totaling P1.405 million, while the last four job order contracts procured in February 2016 were also all paid under one check totaling P1.886 million.

15.7. In view of the foregoing, the procurement of consultancy services was split, to make each procurement fall within the threshold for shopping or small value procurement (SVP) of P0.500 million, to evade or circumvent the requirement for public bidding. Thus, there was no assurance that the most advantageous price was obtained by the Agency.

15.8. In addition to the foregoing observations, review of the job order contracts on the consultancy services disclosed, among others:

- a. Three out of the 10 job order contracts were not signed by the Contractor making the agreement/contracts not binding between the contracting parties.

- b. Contractor has no business permit to operate as consultancy firm.
- c. Copy of the Approved Manning Schedule indicating the names and positions of the consultant and staff and the extent of their participation in the project was not submitted.
- d. Copy of the curriculum vitae of the consultant and staff was not attached to the contract.
- e. There was no basis to support the derivation of unit cost of P12,709 and P25,191 in the preparation of Simple Canal Structures and Major Canal Structures, respectively.
- f. The preparation of Plans and Designs of Simple and Major Canal Structures could be performed by the regular staff of NIA, especially those assigned in the Planning and Design Section of the Engineering and Operations Division as they are in-charge in the preparation of plans and designs of various canal structures of NIA infrastructure projects. The project should not have been awarded to the Contractor considering that there is an in-house capability of RO II to undertake the same. Having been contracted, the execution of the project is contrary to Section 27 (a) of the General Provisions of FY 2015 GAA, which states that *“Professional Consultancy Services – In case of individual professional consultant, the same is understood to be an expert in a field of special knowledge or training who is contracted to render particular outputs or services primarily advisory in nature requiring highly specialized or technical expertise which cannot be provided by the regular staff of the agency.”*
- g. Moreover, the accomplishments performed by the Contractor could not be validated due to non-attachment of the outputs in the payments contrary to Section 4(6) of PD No. 1445.

15.9. Thus, validity of payments to the Contractor in the total amount of P4.661 million was doubtful.

**15.10. We recommended that Management:**

- a. Hold the concerned officials and employees of RO II accountable and responsible for splitting the procurement;**
- b. Stop the practice of splitting the contracts and henceforth, conduct public bidding in the procurement of consultancy services in compliance with the provisions of RA No. 9184 and its Revised IRR; and**
- c. Judiciously and meticulously plan procurement for consultancy to ensure that only those services that are beyond the optimum capability of the personnel of the Agency will be procured.**

15.11. During the exit conference, the Senior Deputy Administrator informed that the issue on splitting of consultancy contracts by RO II will be included in the list of actions to be discussed during Management Committee meeting.

15.12. RO II gave the following comments:

a. The procurement of consultancy services through SVP was to promote efficiency and economy. The SVP was resorted due to: (i) manpower constraints in the Planning and Design Section; and (ii) tight deadline which was set on August 15, 2015 by the National Economic and Development Authority (NEDA) for the completion of Detailed Engineering of the CRPIP, citing the provisions of Sections 48.1 and 53.9 of the Revised IRR of RA No. 9184.

b. On the failure of the Contractor to sign the three job order contracts, the job order contracts are usually prepared in triplicates and the one attached to the DV might be the duplicate or triplicate copy, which are often unintentionally not signed by concerned signatories. The duly signed job order contracts were already submitted.

c. With respect to the business permit to operate as a consulting firm, the Contractor has Philippine Contractors Accreditation Board (PCAB) license with category of General Engineering and General Building. With such license category, the Contractor is legally allowed to undertake general engineering design, detailed engineering design, construction and supervision of buildings and structures.

d. Likewise, the capability and experience of staff are of wide latitude as far as irrigation design works are concerned. The proprietor is the former Head of the Construction Section of NIA's foreign-funded Chico River Irrigation Project (CRIP) in Tabuk, Kalinga while his staff are all former NIA design engineers, who have wide latitude of knowledge, training and experiences needed to undertake preparation of design and plans of different irrigation facilities/appurtenances.

e. On the first job order, the Contractor was able provide the necessary plans and design analysis with the specifications required by NIA. The performance was very impressive with the first transaction and that was the reason why the Contractor was tapped for the succeeding transactions knowing that they could provide satisfactory and timely outputs. It is also notable that the Contractor offered the lowest quotations for each of the 10 job order contracts which were all lower than the Approved Budget for the Contract (ABC).

f. In relation to the approved Manning Schedule, curriculum vitae of the consultant, and accomplishments of the Contractor, these were already furnished to the Audit Team.

g. As regards the derivation of unit cost, the same is not required under the mode of procurement adopted as what was undertaken was purely Request for Quotation.

h. While it is true that the services can be undertaken by technical staff of the Planning and Design Section, however, there were only three designers during that time who were attending to the design works requirements of the four IMOs Line Projects such as the Nassiping Pump Irrigation Project and Alcala-Amulung West Pump Irrigation Project. Due to the urgency of the design requirements of CRPIP, the RO II resorted to source out the detailed engineering design works in

order to beat the deadline of submission set by NEDA. Tapping the designers of RO II at the time would only result in failure considering the volume of design works that had to be done.

15.13. The Audit Team of NIA RO II disagreed with the reasons posed by Management that resorting to SVP was to promote economy and efficiency. Had the 10 job order contracts been consolidated into a single procurement, bigger contractors might have participated in the bidding process and might result in lesser contract cost, thereby generating savings, to the advantage of the government. For having the procurement contrary to RA No. 9184 and its Revised IRR, a Notice of Disallowance for the amount of P4.661 million will be issued.

**16. In CO and four ROs, liquidations and refunds of cash advances for local travels totaling P1.442 million were delayed, additional cash advances amounting to P343,051 were granted to officers and employees even their previous cash advances are still unsettled/unliquidated, and cash advances totaling P4.203 million remained outstanding at year-end contrary to EO No. 298 and COA Circular Nos. 2012-001 and 97-002 dated June 14, 2012 and February 10, 1997, respectively, which signified lapses in the granting, utilization and settlement of cash advances, thus exposing funds to possible misuse.**

16.1. Section 14 of EO No. 298 dated March 23, 2004 specifically requires that the rendition of cash advances on official local travel shall be within 30 days after return of the employee to his permanent official station.

16.2. Also, Item 1.2 of COA Circular No. 2012-001 dated June 14, 2012 provides that cash advances for local traveling expenses shall be liquidated within 30 days after the return of the official/employee concerned to his official station.

16.3. Items 4.1.2 and 5.8 of COA Circular No. 97-002 dated February 10, 1997, the Guidelines in the granting, utilization and liquidation of cash advances, state that:

*4.1.2 No additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made.*

*5.8 All cash advances shall be fully liquidated at the end of each year. Except for petty cash fund, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt.*

16.4. In CO, liquidations and refunds of cash advances for local travels granted during CY 2017 aggregating P0.991 million and P122,846, respectively, or totaling P1.114 million were not on timely manner or delayed ranging from 2 to 173 days. In addition, cash advances granted to 22 officials and employees between September 2, 2016 to December 9, 2016 totaling P327,858 were liquidated only in CY 2017, or delayed ranging from 4 to 248 days.

16.5. The late liquidations of the cash advances were attributed to the inability to submit complete supporting documents despite verbal reminders and issuance of

demand letters to the officers/employees concerned by the Accounting Division. Besides, NIA MC No. 65, s. 2010, which requires withholding of salaries and other benefits due to officers and employees in settlement of their cash advances was not strictly enforced.

16.6. Likewise, additional cash advances for local travel were granted by CO and RO VIII to its officers and employees amounting to P109,230 and P233,821, respectively, or totaling P343,051 even their previous cash advances were still unsettled.

16.7. Moreover, cash advances for local travels totaling P4.203 million remained unliquidated as at December 31, 2017 by the Special Disbursing Officer and the officers and employees of ROs VI, XI and XIII. Details are shown in Table 43.

**Table 43 – Unliquidated cash advances as at December 31, 2017**

<b>RO/Project</b>	<b>Amount</b>
VI/JRMPP II	P 3,106,428
XI	853,161
XIII	243,884
	<b>P 4,203,473</b>

JRMPP – Jalaur River Multi-purpose Project II

16.8. The late liquidations and the granting of additional cash advances even previous ones are still unsettled indicated that there were lapses in monitoring of the granting, utilization and settlement of cash advances. Although refunds of excess cash advances were made aptly by the officers/employees, the possibility of fund misuse could not be discounted.

**16.9. We recommended that Management require the Accounting Division/Section of CO and concerned ROs to:**

- a. Direct and remind concerned officers/employees to submit their liquidations reports with complete supporting documents and refund excess of their cash advances on timely manner to avoid withholding of salaries and other benefits due to them pursuant to COA Circular No. 97-002 dated February 10, 1997 and NIA MC No. 65, s. 2010; and**
- b. Strictly monitor cash advances of the officers/employees to ensure that no additional cash advances are given unless the previous ones are fully liquidated and all cash advances are fully settled at year-end.**

16.10. Management commented that they have already sent demand letters requiring employees of CO who have outstanding cash advances to submit their liquidation reports immediately or within the prescribed period, otherwise their salaries will be withheld starting in June 2018 pursuant to NIA MC No. 65, s. 2010 dated November 26, 2010.

16.11. The concerned ROs gave the following comments:

- a. In RO VI, a personnel from JRMPP II was assigned to monitor the liquidations of cash advances. Additional cash advances were being processed owing to the limited number of bonded personnel in relation to the number of

activities that need to be carried out. Demand letters were sent to concerned officers and employees to expedite liquidations. In case no settlements will be made after issuance of the second demand letter, salary of the concerned accountable officer will be withheld.

b. In RO VIII, the Acting Regional Manager explained that cash advances granted to employees with previous unliquidated cash advances were for the purchase of plane tickets paid to ticketing agents. The purchase of plane tickets was treated as advances to officers and employees to be liquidated upon presentation/submission of boarding passes upon completion of the travel. Also, they assured to monitor the cash advances.

16.12. As a rejoinder, we appreciate Management's action on the issuance of demand letters requiring/reminding employees to liquidate their cash advances within the prescribed period.

## **GENDER AND DEVELOPMENT (GAD)**

**17. GAD Plan and Budget (GPB) for Fiscal Year (FY) 2017 was not submitted to the Philippine Commission on Women (PCW) as the GAD Focal Point System (GFPS) was not familiar yet on the guidelines for the preparation and submission of the annual GPB contrary to PCW, National Economic and Development (NEDA) and DBM Joint Circular (JC) No. 2012-01, thereby precluding the assessment on the gender-responsiveness of the GAD programs, activities and projects (PAPs) undertaken by the NIA during the year.**

17.1. Section 8.2 of the PCW, NEDA and DBM JC No. 2012-01 provides:

*The GFPS of the agency shall review all submitted GPBs and as needed, provide comments or recommendations for revision. Agency review of GPBs shall focus on the alignment of the GAD plan with the GAD agenda and the correctness and alignment of the entries in each column of the GPB template, e.g. if the proposed activities respond to the identified gender issue or cause of the issue, the issues are correctly identified or formulated, if there are clear indicators and targets, if the proposed budget is realistic, if the number of proposed activities are doable within the year, among others. The GFPS shall then submit the final GPBs and the corresponding GAD ARs to PCW for review and endorsement to DBM.*

17.2. PCW Memorandum Circular (MC) No. 2015-04 dated September 30, 2015 specifically provides the deadline for the online submission of GBPs for FY 2017 through the PCW Gender Mainstreaming System (GMMS) which was on February 1, 2016.

17.3. The GPB for FY 2017 of the NIA was not submitted to the PCW for review and its endorsement to the DBM contrary to PCW, NEDA and DBM JC No. 2012-01. Inquiry from the GFPS revealed that they were not yet oriented with the requirements in the preparation and submission of the GPB.

17.4. Moreover, review of the GPB for FY 2017 submitted to the Audit Team on January 31, 2018, showed the following:

a. The template used was not the format prescribed under PCW, NEDA and DBM JC No. No. 2012-01; it lacked columns for the source of budget and responsible unit/office. Thus, it could not be determined where the budget for each planned PAPA was charged whether from, e.g. corporate operating budget, subsidy from the National Government and Official Development Assistance. Likewise, responsible office could not be pinpointed in the implementation of the planned activities.

b. The GAD planned activities and budget were only for organization-focused, none for client-focused activities, thus defeating the objective of gender mainstreaming which is to integrate gender perspective in the mandate of a particular government agency.

17.5. Further, the GPB for FY 2017 of the NIA CO showed that there were eight planned activities for organization-focused with a total budget of P3.60 million, as shown in Table 44.

**Table 44 - GAD Planned Activities for Organization-Focused of the NIA CO for FY 2017**

<b>PAPs</b>	<b>Identified GAD Activity</b>	<b>Targets</b>	<b>GAD Budget</b>
1. GAD Training for NIA men and women and GFPS, CO, ROs, Field Offices (FOs) and Project Offices (POs)	GAD Trainings (Basic Gender Sensitivity Training /Gender Responsive Planning)	3 Batches- CO, Regional Irrigation Managers and Project Managers	P 1,000,000
2. Observance of Women's Month	GAD Month Program of Activities (Attendance to GAD related Celebrations; Recognition of the most outstanding GFPS)	March	300,000
3. Attendance to GAD Trainings/ Undertakings with country-wide sponsorship	Attendance to Country-wide GAD activities/national undertakings	12 activities	100,000
4. Maintenance of the NIA GAD Corner	NIA GAD Corner	year round	500,000
5. Sex disaggregated data of the Agency	Establishment of Sex disaggregated data bank of the agency from CO, FOs and POs (from Human Resources records/ from training attendance, etc.)	Year round	200,000
6. Provision of child minding center	Conduct of survey on the age of women employees and Construction of Day Care Center	Approval of proposal	500,000
7. Re-echo of Anti-Violence Against Women and Their Children (VAWC) and Magna Carta of Women to Rank and File Employees	Re-echo seminars	Year round	500,000
8. Regular GFPS Meetings	GAD Focal system Meeting	Monthly	500,000
			<b>P 3,600,000</b>

17.6. As such, the non-submission of the GPB for FY 2017 precluded the PCW to review on the gender-responsiveness of the planned GAD programs/activities to be undertaken by the NIA in CY 2017.

**17.7. We recommended that Management direct the NIA CO GFPS to prepare GPB using the prescribed templates and submit on timely manner to the PCW for review and assessment on the gender responsiveness of the GAD's PAPs and, its endorsement to the DBM by familiarizing on the guidelines and requirements prescribed under PCW, NEDA and DBM JC No. 2012-01 and PCW issuances on GAD.**

17.8. Management explained that only in the first quarter of CY 2017 when they learned that the submission of GPB to PCW is thru Gender Mainstreaming and Monitoring System (GMMS). Thus, they initiated to conduct a training-workshop on GMMS last September 12-13, 2017. As a result of the training, they were able to submit their GPB for FY 2019 and GAD AR for 2017 to PCW thru GMMS last March 2018.

17.9. Moreover, they informed that the GPB is prepared and submitted by each RO to the PCW, as consolidation at the CO is no longer needed, except for MARIIS and UPRIS. Through the use of the system, CO can access and monitor the reports submitted by ROs. Hence, they assured of a much better implementation of GAD PAPs in CY 2018 and onwards.

17.10. As a rejoinder, we appreciate Management's initial actions on the audit recommendations which will be validated and monitored in CY 2018.

## **COMPLIANCE WITH TAX LAWS**

**18. In seven ROs and JRMPP II, taxes withheld in prior and current years totaling P117.139 million remained unremitted to the Bureau of Internal Revenue (BIR) as at December 31, 2017, contrary to Section 272 of the Internal Revenue Code of 1997 and Revenue Regulation (RR) No. 2-98. Likewise, in RO IV-B, an interest amounting to P81,679 was paid due to late payments while in RO XIII, taxes were not withheld from contractors' advance Government Money Payments (GMP) and payments to suppliers out of cash advances amounting to P13.775 million.**

18.1. Section 272 of the Internal Revenue Code of 1997 states that:

*Every officer or employee of the Government of the Republic of the Philippines or any of its agencies and instrumentalities, its political subdivisions, as well as government-owned or controlled corporations, xxx, under the provisions of this Code or rules and regulations promulgated thereunder, is charged with the duty to deduct and withhold any internal revenue tax and to remit the same in accordance with the provisions of this Code and other laws. Xxxx.*

18.2. Further, Section 2.81 of RR No. 2-98, as amended by Section 5 of RR No. 10-2008 provides that: *"In general, the employer shall be responsible for the withholding and remittance of the correct amount of tax required by deducting and withholding from*

*the compensation income of his employees. If the employer fails to withhold and remit the correct amount of tax, such tax shall be collected from the employer together with the penalties or additions to the tax otherwise applicable.”*

18.3. The regulations of the BIR on the withholding of taxes and remittance thereto were partially complied by the Agency, in view of the following:

- a. In seven ROs and JRMPP II, taxes withheld in prior years and current year, except for the month of December 2017, totaling P117.139 million remained unremitted as at December 31, 2017. Details are shown in Table 45.

**Table 45 – Unremitted Withholding Taxes as at December 31, 2017**

Office	Amount
CAR	P 6,676,991
V	2,642,043
VI	2,834,472
VIII	7,156,060
IX	13,382,305
X	59,153,045
XI	24,629,669
JRMPP II	664,463
	<b>P 117,139,048</b>

- b. Interests, penalties and surcharges amounting to P81,679 were imposed by the BIR in RO IV-B due to delayed remittance of taxes withheld.

- c. In RO XIII, advance GMP to contractors representing mobilization fees for contracts awarded to them in the total amount of P13.615 million and payments to supplier out of cash advances of accountable officers amounting to P160,280 were not subjected to withholding taxes as mandated under Section 12 of RA No. 9337 which provides that, *“The Government or any of its political subdivisions, instrumentalities or agencies, including government-owned or -controlled corporations (GOCCs) shall, before making payment on account of each purchase of goods and services which are subject to the value-added tax xxx, deduct and withhold a final value-added tax at the rate of 5% of the gross payment thereof.”*

18.4. In view of the foregoing, the government was deprived of revenue due to non-withholding of taxes, while NIA might be charged with penalties, interests and surcharges due to non/delayed remittances of taxes withheld.

18.5. **We recommended that Management direct the concerned ROs to:**

- a. **Exert utmost efforts to ensure that all taxes withheld are remitted on time to BIR to avoid incurrence of interests, penalties and surcharges;**
- b. **Require the employee of RO IV-B who was responsible on the late remittance of the withholding taxes to refund the interests, penalties and surcharges paid to the BIR amounting P81,679; and**
- c. **Deduct the withholding taxes on the advance payment to contractors and payment out of cash advances to suppliers in accordance with the BIR rules and regulations.**

18.6. Management gave the following comments:

- a. In CAR, reconciliation is on-going on prior year's unremitted withheld taxes.
- b. In RO IV-B, they have a pending request with the BIR Revenue District Office (RDO) to waive the surcharges, interests, and/or compromise penalties imposed to the Agency. Refund will be made, in case their request is disapproved by BIR.
- c. In RO VI, the unremitted amount was already remitted, but was erroneously recorded under other funds. Partial adjustment was already made in the amount of P0.515 million and subsequent adjustments, if any, will be made as a result of analysis and reconciliation.
- d. In RO XIII, the Acting Division Manager informed that they had overlooked the BIR provisions and assured to impose withholding taxes on payments to contractors and suppliers pursuant existing BIR rules and regulations.

18.7. As a rejoinder, we will monitor and validate Agency's implementation of the above audit recommendations in CY 2018.

#### **COMPLIANCE WITH GSIS, HDMF AND PHIC LAWS/REGULATIONS**

**19. In CO, remittances to the GSIS, HDMF/Pag-IBIG and PHIC/PhilHealth of employer/employees' contributions and payments of loan amortizations for CY 2017 aggregating P11.119 million were delayed contrary to RA No. 8291 or the GSIS Law, RA No. 9679 or the 2009 HDMF Law, and RA No. 10606 or the 2013 National Health Insurance Act. Likewise, CO and two ROs were imposed with interests totaling P63,067 by the GSIS and PhilHealth due to late remittances. Moreover, in five ROs prior year's GSIS, Pag-IBIG and PhilHealth premium contributions totaling P4.486 million are still unremitted as at December 31, 2017.**

19.1. RA No. 8291, the GSIS Law, requires the employer to remit directly to the GSIS the employees' and employer's contributions within the first 10 days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees. Accordingly, the Law further provides that agencies which delay the remittance of any and all monies due the GSIS shall be charged interests as may be prescribed by the Board, but not less than two per cent simple interest per month. Such interest shall be paid by the employers concerned.

19.2. Likewise, Section 3 of Rule VII of RA No. 9679, the 2009 HDMF Law, provides, among others, that all employers shall remit to the Pag-IBIG their contributions and the contributions of their covered employees as well as the latter's loan amortizations or payments; penal sanctions shall be imposed upon the employers who fail to include the payment of contributions on time, or delay the remittance of the required contributions; and the heads of offices and agencies shall be administratively liable for non-remittance of the required contributions to the Pag-IBIG.

19.3. Also, Item 4 of HDMF Circular No. 275 dated January 22, 2010 provides that the employer shall remit the required monthly employer and employee contributions to the nearest Pag-IBIG branch or its authorized collecting banks in accordance with the following remittance schedule:

<b>First Letter of employer's name</b>	<b>Due date</b>
A to D	10 <sup>th</sup> to 14 <sup>th</sup> day of the month following the period covered
E to L	15 <sup>th</sup> to the 19 <sup>th</sup> day of the month following the period covered
M to Q	20 <sup>th</sup> to the 24 <sup>th</sup> day of the month following the period covered
R to Z, Numeral	25 <sup>th</sup> to the end of the month following the period covered

19.4. Further, the same Item of the said HDMF Circular provides that failure of the employer to pay or remit the contributions on the prescribed schedules, the employer shall be charged a penalty equivalent to 1/10 of 1 per cent per day of delay of the month due starting the first day immediately following the due date until the date of full settlement.

19.5. On the other hand, Section 18.a of RA No. 10606 or the 2013 National Health Insurance Act and its IRR states that:

*The monthly premium contribution of employed members shall be remitted by the employer on or before the date prescribed by the Corporation.*

19.6. PhilHealth Circular (PC) No. 0001, s. 2014, dated January 9, 2014 prescribes the revised payment schedule for the applicable month starting March 2014 onwards for all government and private employers, as follows:

<b>Existing</b>	<b>New Payment Schedule</b>	
Every 10 <sup>th</sup> day of the month following the applicable period	Employers with *PENs ending in 0-4	Every 11 <sup>th</sup> -15 <sup>th</sup> day of the month following the applicable period
	Employers with PENs ending in 5-9	Every 16 <sup>th</sup> – 20 <sup>th</sup> day of the month following the applicable period

19.7. Further, PC No. 2016-0034 dated December 9, 2016 provides that interests and/or surcharges for late payments by employers both in the government and private sectors shall be equivalent to two per cent of principal amount or P200.00 whichever is higher, compounded monthly based on the number of months delayed. Also, a fraction of a month shall be computed as one whole month delayed; i.e. premium contribution delayed for 1 day shall already be considered a delay for one month.

19.8. The requirements of the GSIS, Pag-IBIG and PhilHealth laws/regulations on deduction and remittance of employees' and employer's contributions were partially complied with in CO and ROs, in view of the following observations:

- a. During CY 2017, remittances of employer and employees' contributions and/or loan payments/amortizations by CO to GSIS, Pag-IBIG and PhilHealth totaling P11.119 million were late. Details of remittances and number of days/months delayed are shown in Table 46.

**Table 46 – Late remittances by CO to GSIS, Pag-IBIG and PhilHealth for CY 2017**

	<b>Amount</b>	<b>Days/months delayed</b>
GSIS	P 6,462,907	3 to 158 days
Pag-IBIG	1,492,745	3 to 116 days
PhilHealth	3,163,113	1 to 13 months
	<b>P 11,118,765</b>	

b. Inquiry from the responsible accounting personnel revealed that the late remittances were due to, among others, non-acceptance by GSIS of the remittances because of differences in the computation of the contributions/premiums due to GSIS and, the delayed submission of daily time records (DTRs) and approved leave forms by concerned employees to Accounting Division, necessary in the processing of their salaries paid thru disbursement vouchers.

c. Also, the late remittances of PhilHealth contributions were attributed to the late adoption of the Electronic Premium Remittance System (EPRS), causing the delay of generating the electronic Statement of Premium Account (SPA), a pre-requisite for the acceptance of premium contribution payments.

d. In CO-PMO, CARP-IC and ROs IV-B and VI, late remittances to GSIS and PhilHealth resulted in incurrence of interests of P63,067.

e. Prior year's premium contributions of GSIS, Pag-IBIG and PhilHealth amounting to P4.486 million remained unremitted as at December 31, 2017. Details of unremitted contributions are shown in Table 47.

**Table 47 – Unremitted prior years contributions by ROs to GSIS, Pag-IBIG and PhilHealth as at December 31, 2017**

<b>RO</b>	<b>GSIS</b>	<b>Pag-IBIG</b>	<b>PhilHealth</b>	<b>Amount</b>
CAR	P 205,930	P 36,359	P 58,992	P 301,281
V	297,544	-	-	297,544
VI	1,744	104,338	1,212,945	1,319,027
VIII	1,124,791	223,321	18,509	1,366,621
XI	1,201,671	-	-	1,201,671
	<b>P 2,831,680</b>	<b>P 364,018</b>	<b>P 1,290,446</b>	<b>P 4,486,144</b>

19.9. The delays in the remittances to GSIS, Pag-IBIG and PhilHealth of contributions/premiums and loan amortizations would result in unnecessary cash outflows and additional expenses due to imposition of interest, penalties and surcharges. Also, same would cause errors in employees' records of their remittances that may affect their claims/benefits from these Agencies.

**19.10. We recommended that Management require the Accounting Division/ Section of CO and concerned ROs to:**

a. **Remit the employer/employee contributions and loans payments to GSIS, Pag-IBIG and PhilHealth on timely manner to avoid interests, penalties and surcharges and ensure that the computations of GSIS employees and employer's contributions are correct to facilitate the remittances to GSIS; and**

**b. Hold the concerned employee/s responsible for late remittances and require them to refund the interests for late payments to GSIS and PhilHealth.**

19.11. Management gave the following comments:

a. In CO PMO CARP-IC, they assured to prepare and remit timely the employer and employees' contributions and loans payments to GSIS, Pag-IBIG and PhilHealth to avoid interests, penalties and surcharges.

b. Also, in CO, they have reviewed their records regarding PhilHealth remittances for all the months with interests for late payments. As such, all were diligently made and processed on the last week of applicable month to give ample time to the remitting unit for the check preparation and actual payment to PhilHealth. However, due to the establishment of EPRS by PhilHealth on later part of CY 2016, the office was left to handle the needed reconciliation per month of the list of premiums per their record versus the Statement of Premium Account (SPA) which they still have to pick-up in the PHIC office. This additional procedure created a set-back (caused delay and being penalized) that they could not control since they were on the stage of adopting the new system.

c. In RO IV-B, the Accounting Section already coordinated with the GSIS on the proper form and documentation required to waive the interest incurred. Further, they agreed with the recommendation of the Audit Team.

19.12. As a rejoinder, we enjoin Management to remind the concerned personnel of CO and ROs to remit timely the employer and employees' contributions/payments of loans to GSIS, Pag-IBIG and PhilHealth to avoid interests, penalties and surcharges.

## **COMPLIANCE WITH PROCUREMENT LAW**

**20. Inadequate/poor execution of the evaluation and validation procedures in the conduct of bidding, post qualification and awarding by the BAC and its TWG resulted in the award of 68 contracts amounting to P840.313 million to bidders with the lowest calculated bid who did not pass the eligibility requirements as they have: (a) no similar completed contracts to the contract to be bid; (b) questionable availability of pledged project personnel and equipment as these are likewise pledged to on-going projects with NIA and to contracts bid on the same date and with almost the same period of implementation; and (c) deficient legal, technical, and financial eligibility documents, contrary to the Revised IRR of RA No. 9184 and Government Procurement Policy Board (GPPB) Manual of Procedures for the Procurement of Infrastructure Projects.**

20.1. The 2016 Revised IRR of RA No. 9184, otherwise known as the "Government Procurement Reform Act," was promulgated for the purpose of prescribing the necessary rules and regulations for the modernization and standardization of the procurement activities of the Government of the Philippines (GOP). Said Revised IRR includes provisions on determining the eligibility of bidders using the prescribed criteria, as well as, the authenticity of all statements made and documents submitted by the bidder with the Lowest Calculated Bid (LCB).

20.2. Audit disclosed that 68 contracts with aggregate amount of P840.313 million were awarded by NIA, albeit non-compliance of the winning bidders to the documentary requirements and pertinent provisions of RA No. 9184 and its Revised IRR, as they (contractors) have: (a) no similar completed contracts to the contract to be bid; (b) questionable availability of pledged project personnel and equipment as these are likewise pledged to on-going projects with NIA and to contracts bidden on the same date and with almost the same period of implementation; and (c) deficient legal, technical, and financial eligibility documents. The detailed discussion of the deficiencies in the procurement and award of the 68 infrastructure contracts is presented in Annex A of this Report.

20.3. The non-adherence and poor execution of validation procedures by the BAC and its TWG in the conduct of preliminary examination of the bids and the post qualification resulted in awarding of the 68 contracts to non-compliant contractors/suppliers.

20.4. **We reiterated our previous year's recommendations that Management require the:**

**a. BAC and its TWG to ensure that the procedures in the Revised IRR of RA No. 9184 and GPPB Manual of Procedures for the Procurement of Infrastructure Project in the conduct of post qualification are strictly followed to assure Contractor's compliance with the eligibility requirements.**

**b. Legal Department to:**

**b.1 Conduct investigation to determine liability of the contractors for submitting deficient documents to support compliance with the eligibility requirements of the Contract; and**

**b.2 Take appropriate action against contractors found to be guilty of submitting eligibility requirements that contain false information and falsified documents that led to their awarding of the Contracts instead of disqualification and impose corresponding sanctions as provided in the Revised IRR of RA No. 9184, if warranted.**

**c. Internal Audit Services and the Legal Department to conduct investigation to determine the extent of the participation of NIA officials, members of the BAC and its TWG in the award of contracts to non-compliant contractors and file appropriate charges, if warranted.**

20.5. During the exit conference, Management informed that the Internal Audit Services (IAS) had already conducted investigation and a Report thereon was furnished to the Audit Team, NIA CO in December 2017.

20.6. The following are the comments of the concerned ROs:

a. In CAR, they agreed with the audit recommendations and assured not to commit same lapses in future transactions.

b. In RO IV-B, MOMARO IMO assured adherence to the recommendations. Moreover, they have already advised some of their contractors to pullout their equipment leased out to other contractors to ensure that the projects commenced on time. Meanwhile, the OMIMO Acting Manager commented that he had instructed the BAC and its TWG to rigidly and religiously check the completeness of every single procurement documents, prior to undertaking of the next step of procurement activities and strictly adhere to the relevant provisions of RA No. 9184 and its Revised IRR.

c. In RO V, the BAC committed to comply with the recommendations.

d. In RO X, they informed that measures were already discussed by the BAC, TWG and Secretariat on how to effectively cope up with the lapses committed, in preparation for the succeeding procurement activities.

20.7. As a rejoinder, we acknowledge the investigation conducted by IAS in compliance with prior year's audit recommendations. However, review of the Investigation Report showed that only two awarded projects were covered and the extent of the participation of NIA officials, members of the BAC and its TWG in the award of contracts to non-compliant contractors were not disclosed in said Report. Thus, we request the full implementation of the above recommendations in CY 2018.

## **C. PERFORMANCE/VALUE FOR MONEY**

### **IMPLEMENTATION OF PROJECTS/CONTRACTS**

**21. The implementation of 436 irrigation contracts/projects with total contract cost of P11.938 billion resulted in significant delays, ranging from 2 to 2,558 calendar days in view of inadequate planning, and inefficient execution of surveys, investigation, and engineering design. Hence, the farmer-beneficiaries were not able to timely benefit from the said irrigation projects, and could further result in wastage of government resources when the unfinished/uncompleted contracts would be terminated. Also, defaulting Contractors, which 12 contracts in the aggregate cost of P68.943 million, were not imposed with liquidated damages and were granted with contract time extensions, the validity of which could not be ascertained due to inadequate evaluation and incomplete documentation. Moreover, increase/decrease in quantities of work items for 22 contracts with total cost of P552.201 million were considered unauthorized, since not covered with an approved change/variation orders.**

21.1. The NIA is mandated to contribute to the country's program on rice self-sufficiency and alleviation of poverty through irrigation development. It is tasked to develop and manage water resources for irrigation and provide necessary services on a sustainable basis consistent with the agricultural development program of the government.

21.2. One consideration of the government for entering into a contract for an infrastructure project is the timely completion thereof to achieve its intended benefits. The contracting parties are bound to adhere faithfully to the agreed terms and conditions of the contract.

*Inadequate planning, inefficient execution of surveys and investigations and problem on the acquisition of Right of Way (ROW) -*

21.3. Review, on a test basis, disclosed that the implementation of NIA projects had been incurring considerable delays, a recurring issue that the Agency had been unable to address; hence, repeatedly raised in the AARs since CY 2012. As at December 31, 2017, delays, ranging from 2 to 2,558 calendar days (CDs), were noted in the implementation of 436 contracts/projects with total cost of P11.938 billion. Details are shown in Table 48.

**Table 48 – Delayed Implementation of NIA Contracts/Projects**

Office/RO/Project	No. of projects/ contracts	Contract amount	No. of CDs of delay as at 12/31/17
<b>CO</b>	<b>28</b>	<b>P 6,338,103,440</b>	
PIDP	3	439,274,873	921 to 990
NIS RIP	7	1,011,839,226	46 to 124
SRIP	6	2,500,413,076	176 to 344
CMIPP II	3	731,805,370	191 to 216
HCAAP	3	509,569,065	1,088 to 1,805
UMRIP	3	677,578,647	438 to 535
TIP	1	165,965,547	766
SJPIP	1	204,785,295	<b>2,558</b>
QUIPOT	1	96,872,341	705
<b>ROs</b>	<b>408</b>	<b>5,600,211,644</b>	
CAR	54	160,120,000	2 to 152
II	39	251,285,808	-
III	9	74,958,790	45 to 105
IV-A	19	106,731,791	-
IV-B	29	389,111,000	2 to 437
V	18	256,214,039	-
VI	58	367,230,000	5 to 245
IX	117	1,775,432,942	-
X	5	142,596,931	5 to 187
XI	46	884,841,005	11 to 1,658
XIII	5	23,378,641	over 610
BBMP	8	65,310,697	189 to 1,064
JRMPP II	1	1,103,000,000	-
	<b>436</b>	<b>P 11,938,315,084</b>	

*PIDP-Participatory Irrigation Development Project*

*SRIP –Small River Irrigation Projects*

*HCAAP-Help for Catubig Agricultural Advancement Project*

*TIP-Talakag Irrigation Project*

*QIP-Quipot Irrigation Project*

*NIS RIP-National Irrigation Sector Rehabilitation and Improvement Project*

*CMIPP-Casecnan Multipurpose Irrigation and Power Project II*

*UMRIP-Umayan River Irrigation Project*

*SJPIP-Sta. Josefa Pump Irrigation Project*

21.4. Hereunder are the problems and issues encountered by NIA, which resulted in the delays of the implementation of the projects/contracts shown in Table 48.

- a. In the CO, review of the Implementation Status of On-going Civil Works Contracts (ISOGCWC) disclosed that 28 projects with contract costs aggregating P6.338 billion incurred delays ranging from 46 to 2,558 CDs (Table 48). Besides, 11 on-going contracts aggregating P3.400 billion have already incurred negative slippages ranging from 0.40 per cent to 56.91 per cent. Details are shown in Table 49.

**Table 49 - Contracts Implemented by CO with Negative Slippage**

Project	No. of contacts	Amount	Percentage of negative slippage
NISRIP	4	P 579,823,862	0.40% to 35.62%
SRIP	2	699,252,159	14.41% to 48.96%
BBMP II	4	1,909,789,451	13.59% to 56.91%
ARISEP	1	210,997,353	11.70%
	<b>11</b>	<b>P 3,399,862,825</b>	

*ARISEP-Agno River Irrigation System Extension Project*

b. In addition, there are seven contracts implemented by CO with a total cost of P1.488 billion under termination process. Details are shown in Table 50.

**Table 50 - Contracts Under Termination Process**

Project	No. of Contracts	Amount
NISRIP	3	P 457,475,819
SRIP	2	752,727,996
HCAAP	2	277,711,051
	<b>7</b>	<b>P 1,487,914,866</b>

c. The delays in the projects implementation were due to, among others, IAs'/farmers' requests for water delivery, hence water schedules were not synchronized with the civil work activities and unworkable site brought about by unfavorable weather conditions. As a result, civil works were suspended and contract time extensions (CTEs) were granted to the contractors. The contractors were directed to prepare catch-up-plans, to revise construction program/schedule, and to adopt measures to recover the delays.

d. In CAR, 54 irrigation projects with a total cost of P160.120 million are not yet completed as at December 31, 2017 incurring 2 to 152 CDs delay due to inaccessible road, unworkable site, frequent rains in the area, closure of road going to the project sites caused by landslides, ongoing delivery of irrigation water on the proposed canal, inclement weather condition and ROW problems. Also, 37 of the 54 projects have incurred delays of more than 10 per cent of the specified contract time plus any time extension.

e. In RO II, the Status of accomplishment of the irrigation projects implemented in CY 2017 showed that of the 100 irrigation projects targeted to be completed in CY 2017, 38 projects with a total cost of P248.993 million remained unfinished while one project has not yet started as at December 31, 2017. The delays were caused by on-going farming activities, high level of water, continuous heavy rains, and adverse peace and order situation in the working areas. The projects were supervised by the Cagayan Batanes IMO (CBIMO) and Nueva Viscaya Interim IMO (NVIMO). CTEs or work suspensions were granted to contractors.

f. In RO III, nine civil works projects totaling P74.959 million have yet to start, 75 to 135 CDs after the issuance of Notice to Proceed (NTP) due to unworkable site and ROW problem. One of the projects, the Calamay Communal Irrigation

System (CIS), which has yet to start, but the contractor had already been paid mobilization fee amounting to P1.245 million.

g. In RO IV-A, of the 19 projects, five are on-going but already delayed and with variation orders caused by ROW problem, typhoon, erosion due to flooding.

h. In RO IV-B, the causes of delay for 29 irrigation projects with contract costs aggregating P389.111 million included issues on ROW, conflicting timetable with cropping schedules, and unworkable field conditions. Of the 29 projects, 22 incurred delays which ranged from 2 to 437 CDs reckoned from dates of receipt by the contractors of the NTP while 11 projects which were granted with CTEs still incurred delays as at December 31, 2017.

i. In RO V, review showed that the 18 contracts with total contract amount of P256.214 million were programmed to be completed in CY 2017; however, accomplishments ranged from 24.07 per cent to 69.64 per cent only. Moreover, the Burgos CIS project with contract amount of P0.889 million under Restoration/Rehabilitation of Existing Irrigation System (RREIS) Projects of Sorsogon-Masbate IMO is not yet completed as at December 31, 2017. Its physical status was only 70.32 per cent complete despite the lapse of one year from its targeted completion date of December 31, 2016. Among the reasons why the projects had not been meeting the deadline of completion were: ROW issues, unworkable site due to bad weather and flooding, and water delivery schedules. Hence, most of these projects were granted CTEs or variation orders (VOs).

j. In RO VI, 58 irrigation projects costing P367.230 million were delayed ranging from 5 to 245 CDs which caused by revision of plans, ROW problem, inaccessibility of the project site, unavailability of materials, peace and order situation, and conflict with farmers' schedule of water delivery and bad weather conditions.

k. In RO IX, of the 117 infrastructure projects targeted to be completed during CY 2017, only 81 were reported either ongoing or not yet started. The average percentage of physical completion was 54.42 per cent. Besides, 36 projects which were implemented since CYs 2012-2016 were also reported as ongoing, suspended or terminated contracts. The contractors were directed to submit catch-up-plan based on a revised time schedule; however, the projects are still delayed.

l. In RO X, of the five irrigation contracts/projects, four with a total contract amount of P106.347 million were granted several time extensions which significantly delayed the implementation ranging from 5 to 187 CDs due to non-settlement of road ROW. Also, the Monthly Progress Report of Regional Management Office showed that contract with Reference No. CW-BUK-GAA-2013-TALIP, Package 5, Construction of Access Road and Closed Conduit Canal at TIP costing P36.250 million incurred negative slippage of 14 per cent as at September 30, 2017 due to accumulated water from underground source and constant raining at the site.

m. In RO XI, 46 irrigation projects programmed in CYs 2012-2017 with total contract cost of P884.841 million incurred significant delays ranging from 11 to 1,658 CDs caused by, among others, unworkable site due to weather condition and ROW problem. Moreover, seven of the 15 projects at Lasang River Irrigation System which were implemented from CYs 2012-2017 were unfinished. In Davao del Norte IMO (DDNIMO), implementation of Contract No. DDN-LMC-2015-08 with a contract amount of P13.477 million incurred significant delay of up to 497 CDs also due to unsettled road ROW problems. The resistance of the one family caused the suspension of the construction activities of the contractor. Series of negotiations were made but still these did not work, since the heirs of the said family blocked the entry in their land.

n. In RO XIII, of the five irrigation projects with contract amounts aggregating P23.379 million, two communal irrigation projects in Siargao Islands, Surigao del Norte, remained unimplemented for over 610 days due to inadequate project planning, survey, investigation, and detailed engineering. Moreover, despite absence of any physical accomplishment in the project locations, actual costs incurred relative thereto already amounted to P1.745 million and purported physical accomplishments ranging from 6.69 per cent to 7.78 per cent were already reflected in their reports for the said projects, thus rendering the same unreliable.

o. In the implementation of BBMP II, eight projects with total contract amount of P65.311 million are either not started, incurred significant delays, suspended, uncompleted, expired or terminated due to lack of necessary government permits, inadequate planning and supervision, and inefficient execution of detailed engineering survey and design including ROW problem. Also, completion of four infrastructure projects totaling P29.684 million incurred significant delays of 29 to 241 CDs from their targeted date of completion, not to mention the work suspensions of 161-255 CDs and time extensions of 22-30 CDs due to ROW problems, unfavorable weather condition, and revision of Program of Works.

p. JRMPP II was delayed despite the incurrence of cumulative expenses of P1.103 billion. Implementation of this Project should have been from November 28, 2012 to November 28, 2017 or a 5-year period, but due to the delay in the procurement of consultancy services for the Detailed and Construction Supervision and the Writ of Kalikasan, which halted the construction for two years, an extension was requested and approved by the National Economic and Development Authority on December 14, 2017 and the new project completion schedule is from November 2017 to September 2021. Loan validity was also extended from May 28, 2018 to March 28, 2022.

21.5. The aforementioned problems and issues encountered by NIA that caused delays in the implementation of the contracts/projects could have been avoided had Management considered/addressed the same during the planning phase and dutifully complied with the prerequisites to ensure efficient implementation of infrastructure projects pursuant to RA No. 9184 and its Revised IRR, particularly the following provisions:

*Section 17.6 - No bidding and award of contract for infrastructure projects shall be made unless the detailed engineering investigations, surveys and designs, including the acquisition of the ROW, for the project have been sufficiently carried out and duly approved in accordance with the standards and specifications prescribed by the Head of the Procuring Entity concerned or his duly authorized representative, and in accordance with the provisions of Annex "A" of this IRR.*

*Item 1, Annex "A" - Detailed Engineering for the Procurement of Infrastructure projects of the Revised IRR of RA No. 9184 - xxx The findings contained in the feasibility study, if undertaken for the project, shall be examined. If, in the course of this exercise, it is found that changes would be desirable in the design standards of principal features, as proposed, specific recommendations for such changes shall be supported by detailed justifications for such changes, including their effects on the cost, and (if necessary) the economic justification.*

21.6. Thus, the farmer-beneficiaries are deprived of timely benefits from the said irrigation projects, and could further result in wastage of government resources when the unfinished/uncompleted contracts would eventually be terminated.

*Non-imposition of liquidated damages and non-termination of contracts -*

21.7. Sections 8.1 and 8.4 of Annex "E" of the Revised IRR of RA No. 9184 provide that:

*Section 8.1 - Where the contractor refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the contractor shall pay the procuring entity for liquidated damages, and not by way of penalty, an amount, as provided in the conditions of contract, equal to at least one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.*

*Section 8.4 - In case that the delay in the completion of work exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the contractor, the procuring entity concerned may rescind the contract, forfeit the contractor's performance security and takeover the prosecution of the project or award the same to a qualified contractor through negotiated contract.*

21.8. Review disclosed that liquidated damages were not imposed against the defaulting contractors for 12 contracts with total costs of P68.943 million and, the contracts were not terminated or rescinded, as shown in Table 51.

**Table 51 – Delayed Implementation of Contracts/Projects without Liquidated Damages**

RO/Project	No. of Projects/Contracts	Contract cost
BBMP II	8	P 58,587,155
CAR	2	5,527,000
II	2	4,829,000
	<b>12</b>	<b>P 68,943,155</b>

21.9. In the implementation of BBMP II, liquidated damages were not imposed against the defaulting contractors and the four contracts were not terminated or rescinded on projects totaling P36.713 million which either incurred negative slippages of more than 10 per cent or contract had already expired due to the contractor’s fault or negligence. In addition, there are four projects costing P21.874 million that despite the issuance of Notices of Termination and Notices of Negative Slippage to defaulting contractors, the contracts have not yet been terminated or rescinded. Ocular inspection conducted on said infrastructure projects on various dates confirmed the unfinished works.

21.10. In CAR, no liquidated damages were imposed on two projects, namely: (i) Contract No. UCRIS-04-2010 Upper Chico River RIS-Area 6, with a contract price of P2.587 million; and (ii) Contract No. CW-C-UCRIS-04-2010 Area 6, with a contract price of P2.940 million, which were completed beyond the contract period.

21.11. In RO II, liquidated damages totaling P253,667 were not imposed and deducted from the claims of the contractor. Records showed that Management and the contractor entered into an agreement for Job Order (JO) Nos. PIDP2-C-DRISS-3 and PIDP2-C-DRISS-1, both dated January 28, 2016, for Construction of Canal, Canal Structures and Access Road along Lateral C and Lateral C-Extra; and Construction of Canal, Canal Structures along Main Canal and Main Canal-Extension at Dummon River Irrigation System, Dummon, Gattaran, Cagayan, with contract amounts of P2.677 million and P2.152 million, respectively. Under the contracts, both projects shall be completed for a period of 150 calendar days each commencing from the date of receipt of JO by the contractor. The JO contracts were received by the contractor on February 9, 2016, therefore, the projects were expected to be completed on or before July 8, 2016. However, the projects were completed only on September 7, 2016 and August 18, 2016, respectively.

21.12. The lack of action by Management to impose liquidated damages due to delayed/non-completion of the contracts/projects within the specified timelines, and to rescind or terminate the contracts, signifies Agency’s laxity in enforcing the stipulations of the contract agreements to the disadvantage of the government.

*Inadequate evaluation and incomplete documentation to support the granting of Change Orders (COr)/Variation Orders (VOs) -*

21.13. Paragraph 3.1, Annex “E” of the IRR of RA No. 9184 states that:

*Under no circumstances shall a contractor proceed to commence work under any Change Order or Extra Work Order unless it has been approved by the Head of the Procuring Entity or his duly authorized representative.*

21.14. Review revealed that there were inadequate evaluation and incomplete documentation to support the granting of COr/VOs, contrary to the provisions of COA Memorandum No. 2005-027 dated February 28, 2005, which enumerates additional documents required to be submitted to the Audit Team for the review/evaluation of the changes in the contract as prescribed under COA Circular No. 2012-001 dated June 14, 2012, which include, among others, copies of the following:

- a. Approved COr;
- b. Approved original plans indicating the affected portion(s) of the project and duly revised plans and specifications, if applicable, indicating the changes made which shall be color coded;
- c. Report establishing the necessity/justifications for the need of such COr;
- d. Approved/revised Program Evaluation and Review Technique/Critical Path Method (PERT/CPM) Network Diagram which shall be color coded, reflecting the effect of additional/deductive time on the contract period and the corresponding detailed computation for the additional/deductive time;
- e. Approved detailed breakdown of contract cost for the VO;
- f. COA Technical Evaluation Report for the original contract; and
- g. Additional performance security in the prescribed form and amount if VO exceeds 10 per cent of the original contract cost.

21.15. The COr/VOs were granted to contractors for contracts/projects with total costs of P552.201 million. Review disclosed that the granting of COr/VOs on 22 contracts/projects was not supported with required documents, listed in Table 52.

**Table 52 - Deficiencies/Lacking Documents to Support COr/VOs**

Office/ RO Contract No.	No. of projects/ contract	Amount (in Millions)	Deficiencies/lacking documents
<b>CO</b>	<b>2</b>	<b>P 432.936</b>	
PIDP11-C-BRISN-3	1	81.726	<ol style="list-style-type: none"> <li>a. Approved COr;</li> <li>b. Original plans indicating the affected portion(s) of the project and duly-approved revised plans and specifications, if applicable, indicating the changes made, which shall be color-coded;</li> <li>c. Detailed breakdown of contract cost for the COr;</li> <li>d. Agency's report, establishing the necessity/justification(s) for the need of such COr, which shall include: (i) computation as to the quantities of the additional works involved per item indicating the specific stations where such works are needed; and (ii) date of inspection conducted and the results of such inspection.</li> </ol>
SRIPD-C-17	1	351.210	<ol style="list-style-type: none"> <li>a. Approved VO; and</li> <li>b. Evaluation made on the necessity of the deletion and addition of work</li> </ol>
<b>ROs</b>	<b>20</b>	<b>119.265</b>	
IV-A	19	106.732	<ol style="list-style-type: none"> <li>a. Copy of contracts and VO/COrs;</li> </ol>
XI	1	12.533	<ol style="list-style-type: none"> <li>a. Copy of VO No. 1 was not dated and all four VOs have no concurrence by the contractor;</li> <li>b. Copy of the approved original plans indicating the affected portion(s) of the project and duly revised plans and specifications, changes made which shall be color coded; and</li> <li>c. Copy of the agency's report establishing the necessity/ justification(s) for the need of such COr which shall include: (i) the computation as to the quantities of the additional works involved per item indicating the specific stations where such works are needed; (ii) the date of inspection conducted and the results of such inspection; (iii) detailed estimate of the unit cost of such items of work for new unit costs including those expressed in volume/area/lump-sum/lot; and (iv) copy of the approved detailed breakdown of contract cost for the VO.</li> </ol>
	<b>22</b>	<b>P 552.201</b>	

21.16. Likewise, other deficiencies observed are discussed as follows:

a. In the CO, review of the Statement of Work Accomplishments (SWA) for Contract No. PIDP11-C-BRISN-3, supporting the final billing, disclosed an increase/decrease in quantities of work items or a net increase in contract cost of P1.225 million (final firm-up cost of P81.726 million minus original contract cost of P80.501 million). The contractor, however, did not secure an approved CO from NIA before changes were made to the original work items; thus, the work performed deviated from the contract. On the other hand, as there was no report presented to justify the need for a CO, the veracity and validity of material increases in quantities and total costs of certain work items, such as, clearing and grubbing, canal excavation, and embankment, construction and compaction, could not be ascertained. For instance, the extended coverage of clearing and grubbing from an area of 7,382 square meters (sq.m.) to 90,830.84 sq.m. did not seem to correlate, to a significant decrease in quantity for the concrete structures and concrete canal linings. Said inconsistency casts doubt on the validity of the changes undertaken by the contractor.

b. In Contract No. SRIPD-C-17 in the CO, review of the SWA for final billing disclosed a net increase in contract cost of P27.108 million resulting from increase in the quantities of work items, i.e. excavation, overhaul materials, random fill, filter drain, drilling and pressure grouting costing P45.804 million and decrease in quantities in embankment materials, rock excavation and concrete structures costing P18.696 million. The increase in contract costs was due to increase in quantities from 25 per cent to 248.77 per cent, an indication that major revision was made in the civil works which could not be considered as a mere tolerable error in estimating the quantities. There were no documents showing details of the particular scope of work deleted or added, but only the increase and decrease in quantities of each item of work shown in the SWA. Additionally, there was no evaluation made on the necessity of the deletion and addition of work items.

c. In RO IV-A, verification of the submitted Status report on irrigation projects as at year-end revealed that there were 19 projects valued at P106.732 million, five of which are not completed and/or delayed. VOs were issued due to revision of plans and IA's requests, among others, and were not submitted to the Audit Team for review within the prescribed period thus, any deficiencies could not be promptly discovered and timely adjusted and/or corrected.

d. In RO XI, specifically in Davao del Norte IMO, there were four VOs, issued from December 1, 2015 to May 25, 2017 for Lasang RIS Project under Contract No. DDN-LMC-2015-08, which were not supported with the required documents as listed in Table 52.

21.17. Considering that the COs/VOs were not duly approved by authorized approving officials and lacked documentary requirements had rendered the changes (increase/decrease) in scope of works and quantities of materials of the contracts/projects unauthorized.

*Inadequate evaluation and incomplete documentation to support the granting of CTEs -*

21.18. Paragraph 3 of Appendix 1: Review by the Bank of the Procurement Decisions and Publication of Awards of Contract; Guidelines on the Procurement of Goods, Works, and Non-Consulting Services by World Bank (WB) Borrowers, states that:

*Modifications of the signed contract. In case of contracts subject to prior review, before agreeing to (a) a material extension of the stipulated time for performance of a contract; xxx, the Borrower shall seek the Bank's no objection. [Underscoring supplied]*

21.19. Moreover, Annex “E” of COA Memorandum No. 2005-027 dated February 28, 2005 provides for the documentary requirements to validate the reasonableness of additive grounds for the issuance and the period of the requested CTE for infrastructure projects. Said documents include the approved revised PERT/CPM Network Diagram, reflecting the effect of the subject time extension on the original contract time and previously-issued CTE.

21.20. As observed in the previous years’ audit, contracts that were incurring delays due to various causes as discussed earlier, were granted CTEs.

21.21. Audit disclosed that the evaluation made by the Agency in granting CTEs to various contractors was not adequate and not fully supported with documentations; hence, the propriety of the CTEs granted specifically their compliance with Clauses 26, 30, 45 and 47 of the General Conditions of the Contract (GCC), Item 3 of Appendix 1 of the WB Procurement Guidelines, and Section 10, Annex E of the Revised IRR of RA No. 9184 could not be ascertained.

21.22. Review disclosed that the CTEs granted by CO and three ROs for the contracts/projects were not supported with complete documents listed in Table 53.

**Table 53 – Deficiencies/Lacking Documents to Support CTEs**

Office/RO Contract No.	CTE (in CDs)	Deficiencies/lacking documents
CO - PIDP11-C-BRISN-3	230	<b>Work suspension to give way to IAs’ request of water delivery during cropping season/standing crops:</b> <ol style="list-style-type: none"> <li>No-objection letter from the WB</li> <li>Approved revised PERT/CPM Network Diagram for the 2<sup>nd</sup> CTE</li> <li>Two Suspensions of Work although issued then by the Division Manager of Compostela IMO were not approved by the PIDP PMO</li> </ol>
CMIPP2/NCB-C-S6-1	285	<b>Unworkable CDs due to heavy rains/bad weather condition:</b> <ol style="list-style-type: none"> <li>Original copy of contractor’s request for CTE</li> <li>Evaluation Report by NIA establishing the need for time extension including a detailed computation on how the number of CDs extension was determined</li> <li>Tabulation of the CDs considered unworkable</li> <li>Certification issued by PAGASA on the significant typhoon occurrence in the area from July 2015 to January 2016</li> <li>Weather Chart Report for the CDs period, duly checked, reviewed, recommended, and approved by concerned NIA personnel</li> <li>Daily activities prepared, submitted, and noted by concerned NIA personnel with signed as “Conforme” by the contractor</li> </ol>

Office/RO Contract No.	CTE (in CDs)	Deficiencies/lacking documents
		<ul style="list-style-type: none"> <li>g. Letter-request from the contractor</li> <li>h. Duly-approved Suspension of Work No. 1 stating, among others, the start date of suspension and the reason for suspension</li> <li>i. Notice of Resumption of Work No. 1 dated November 29, 2016</li> <li>j. Revised Construction Program consistent with the CTE granted</li> <li>k. Duly-supported evaluation report of NIA on the said suspension</li> </ul>
SRIPD-C-17	295	<p><b>Peace and Order Problem:</b></p> <ul style="list-style-type: none"> <li>a. Report from the contractor and the Regional/Provincial IMO of the site condition</li> <li>b. Certification/Report by the Department of Interior and Local Government (DILG)</li> <li>c. Investigation Report and recommendation of the Project Management Office (PMO)</li> <li>d. Evaluation of the SRIP PMO and recommendation</li> <li>e. The Situational Report of Philippine National Police (PNP)-Kitcharao Municipal Police Station issued on December 18, 2011 stated a general peace and order condition of the whole area of the PNP responsibility. However, there was no news item that reported unfavorable peace and order situation pertaining to the said covered communities</li> <li>f. A certification issued on December 18, 2011 by the PNP of the general condition of the area was not sufficient to conclude that a problem on peace and order existed. Hence, the work Suspension was not based on incident carefully investigated/evaluated</li> <li>g. The December 2011 PNP Certification was not confirmed by the DILG</li> </ul> <p><b>Unworkable CDs due to heavy rains/bad weather conditions:</b></p> <ul style="list-style-type: none"> <li>h. NIA Daily Inspector Report prepared by the NIA Engineer</li> <li>i. Monthly Statistical Report.</li> </ul>
<b>ROs -</b>		
IV-A	23 to 192	CTEs, revised plans and other related documents
IV-B	-	CTEs together with copies of approved suspension orders and certifications that the extensions were for the implementation of the scope of works affected by ROW problems, rainy CDs and /or cropping season and falling under the critical path of the PERT/CPM
V	-	<ul style="list-style-type: none"> <li>a. Certification from the PNP Station and confirmed by the DILG for the peace and order problem</li> <li>b. Pictures showing the site unworkable condition</li> <li>c. Daily Weather Chart prepared by the contractor, duly certified by the IA and noted by the PIO</li> <li>d. Photocopy of the daily logbook entries of contractor reflecting unworkable weather conditions signed by the contractor's representative and concerned NIA personnel</li> <li>e. Report and pictures of damages, if any</li> <li>f. Work suspension order</li> <li>g. Work resumption order</li> <li>h. Date and result of inspection of the Field Office</li> <li>i. Written consent of bondsmen</li> <li>j. Performance security correspondingly extended to conform to the change of the contract time</li> </ul>

21.23. In the CO, CTEs for Contract No. PIDP11-C-BRISN-3 exceeded maximum construction time, without no objection document from WB, and without approved revised PERT/CPM Network Diagram. The time duration of the contract was computed at 354 CDs or equivalent to 11.8 months, which was, nevertheless, more than the nine months maximum time for construction. In other words, an additional three months were already provided to supposedly take care of the work suspension during the cropping season.

21.24. However, the PIDP PMO granted the contractor two CTEs for additional 230 CDs or a material increase of 64.97 per cent [230 CDs / 354 CDs] in contract time duration. Thus, original completion date of September 14, 2014 was revised twice – on January 7, 2015 and on November 23, 2015. Since available data is incomplete, the reported

accomplishment for the period covered under Suspension of Work No. 1 could not be fully quantified.

21.25. Under Suspension of Work No. 2, there was a reported work accomplishment of about 13.05 per cent [46.55 per cent as at September 2014 less 33.50 per cent as at May 2014], which even included works pertaining to concrete lining, with total cost of P10.505 million [contract cost of P80.501 million multiplied by 13.05 per cent work accomplishment]. Said reported accomplishments, thus, cast doubt on the validity of the work suspensions ordered and consequently, the CTEs granted.

21.26. As regards the Contract No. CMIPP2/NCB-C-S6-1, the implementation of the contract was originally for the duration of 360 CDs or equivalent to 12 months with the targeted completion date of May 20, 2016. However, due to unfavorable weather condition, the PMO of CMIPP2 granted four CTEs for a total of 285 additional CDs or equivalent to 9.5 months; thus, revising the completion date to March 1, 2017 and the implementation period for a total of 21.5 months or 645 CDs [360 CDs plus 285 CDs].

21.27. For Contract No. SRIPD-C-17, CTEs granted for a total of 295 CDs were not supported with adequate evaluation and complete documentation to establish that the site condition warrants the grant of CTEs pursuant to the GCC.

21.28. Moreover, since the advance payments were not completely supported with documents to support the inspection and evaluation of the mobilized equipment and deployment of key project personnel and, the absence of Monthly Statistical Report and supporting NIA's Daily Inspector's Report, the contractor's compliance with the contract requirements on the equipment and key project personnel could not be established. The absence of the evaluation by the IMO and PMO relative thereto showed that these were not considered in the issuance of work suspensions. NIA should have established that the work suspensions were not caused by the Contractors' failure to deploy the equipment and personnel requirements. The evaluation of unworkable days could have considered determination of the affected activities during the unworkable days whether they were under the critical path.

21.29. In RO IV-A, CTEs which ranged from 23 to 192 CDs, revised plans and other related documents to support the delays in the completion of 19 projects with contract amounts totaling P106.732 million were not submitted within the prescribed period to the Audit Team, thereby precluding the timely review thereof and communicating any deficiencies noted to Management for appropriate action.

21.30. In RO IV-B, CTEs together with copies of approved suspension orders and certifications that the extensions were for the implementation of the scope of works affected by ROW problems, rainy days and/or cropping season and falling under the critical path of the PERT/CPM were not submitted to the Audit Team, which hindered the verification as to the propriety of the CTEs granted to the contractor.

21.31. In RO V, requests of contractors for CTE were not supported with written consent of bondsmen. Moreover, the validity of the performance security was not correspondingly extended to conform to the change of the contract time. Also, the validity of time extensions granted for contracts under Agrarian Reform Infrastructure

Support Project - Phase III (ARISP III) could not be ascertained due to incomplete documentation.

21.32. In view of the absence of duly approved/supported CTEs and other documentary requirements, validation could not be easily conducted whether the extensions of time granted to the contractors in implementing the contracts/projects were necessary and valid.

*Other documentary deficiencies -*

21.33. Section 4 of PD No. 1445 provides for the fundamental principles governing the financial transactions and operations of any government agency, among which, is “[C]laims against government funds shall be supported with complete documentation.” [Section 4(6)]

21.34. Said provision was reiterated under Revised Documentary Requirements for Common Government Transactions, as prescribed under COA Circular No. 2012-001 dated June 14, 2012. The same Circular prescribes the basic documents for each type of government disbursements.

21.35. As in previous years’ audit, poor documentation and record keeping have been consistent concerns in the post audit of payments of Progress Billings (PBs). In some cases, although Notices of Suspension (NS) were issued, some vital supporting documents were still not submitted casting doubt on whether these documents actually existed.

21.36. Review showed that the payments made by the CO in the total amount of P866.821 million for advance mobilization fees and PBs on three contracts were without complete documentation as exemplified in Annex B of this Report.

21.37. Likewise, payments totaling P162.651 million by two ROs/IMOs, shown in Table 54, for infrastructure projects were made even without complete documents. The documents not commonly attached to the disbursement vouchers included: (a) Statement of time elapsed; (b) Clearance from the Provincial Treasurer that the corresponding sand and gravel fees have been paid; (c) Approved Program of Work (POW) for the project and approved revised POW due to COr/VO; (d) As built Plans; and (e) Pictures, before, during and after construction of work items.

**Table 54 – Payments made by ROs even without complete documents**

<b>RO/IMO</b>	<b>No. of projects</b>	<b>Amount paid (in Million)</b>
CAR	7	P 6.127
PIMO and OMIMO	No data	147.33
XI	1*	9.194
		<b>P 162.651</b>

\*Contract No. LMC ds 2016-02

21.38. In view of incomplete documentation, the propriety of the payments of the aforementioned contracts totaling P1.029 billion [P866.821 million plus P162.651 million] could not be ascertained.

*Other deficiencies-*

21.39. In the audit of infrastructure projects, other deficiencies were observed:

a. In the CO, a report of the actual key personnel deployed in the project to support the claim for advance payment was not required from the IMO. The NIA Daily Inspector's Reports (NDIRs) that would provide information on the deployment of key project personnel and manpower were not submitted to the PMO, hence monitoring on the compliance of the contractor on the key project personnel of the contract was not made. In Contract Nos. PIDP11-C-BRISN-3 and SRIPD-C-17, key project personnel, i.e. Project Managers and Project Engineers, pledged in the technical bidding documents differed from the Project Managers and Project Engineers signing the reports of accomplishment. The replacement was neither reported by the IMO nor evaluated and approved by the PMO, contrary to Clause 6.5 of the GCC.

b. In RO XIII, 30 completed and/or rehabilitated communal irrigation projects (CIP) with aggregate costs of P155.495 million, which were funded out of the CYs 2015 to 2017 appropriations, are not turned over yet by the Agency to the concerned IAs as at year-end for management. Thus, the completed projects might be exposed to risks of damage and deterioration considering that these are not yet being managed by the IAs.

21.40. **We recommended that Management:**

a. **Adhere strictly to the provisions of Section 17.6 of RA No. 9184 and Item 1 of Annex "A" of its Revised IRR that no bidding and awarding of contract for infrastructure projects be made unless the requisites thereof such as, detailed engineering investigations, surveys and designs, including the acquisition of the ROW, are duly addressed/complied with and approved to ensure that all contracts are efficiently carried out to avoid delays in the implementation of the irrigation projects;**

b. **Require the Managers of the Implementing Units to:**

b.1. **Act with dispatch in resolving the existing issues/problems that are currently hampering/delaying the completion of the projects;**

b.2. **Evaluate meticulously and judiciously requests for changes in the scope of works/quantities of work items and time extensions to ensure that COr/VOs and CTEs are duly approved by NIA Administrator or his authorized representative and both are duly supported with complete documents; and**

b.3. **Turn over immediately all completed and operational CIPs to the concerned IAs duly covered with Memorandum of Agreement embodying the terms and conditions, as well as the duties and responsibilities of both the Agency and the IAs;**

- c. Require the Accounting Division/Section of the CO and concerned ROs/IMOs to immediately enforce liquidated damages for projects that incurred negative slippages without valid justification and approved time extensions;**
- d. Consider rescinding/terminating the contracts and forfeit the contractor's Performance Security for projects with negative slippages of more than 15 per cent resulting from contractor's fault or negligence;**
- e. Instruct the Legal Department and the Internal Audit Services Department to:**
  - e.1. Conduct investigation to determine persons responsible for: (i) not imposing liquidated damages; (ii) approving/granting of COr/VOs and CTEs without proper evaluation and documentation; (iii) not terminating the contracts that incurred huge negative slippage due to contractor's fault; (iv) allowing replacements of the key personnel without proper evaluation and approval; (v) payment of advance payments and progress billings based on incomplete supporting documents, such as, evaluation of the quality of work delivered; and**
  - e.2. File appropriate case against the persons responsible, if warranted; and**
- f. Direct the concerned PMOs and ROs/IMOs to immediately submit to the Audit Teams for audit purposes, the lacking documents supporting the advance payments, PBs and; henceforth, ensure adequate supervision over the implementation of the contracts/projects.**

21.41. During the exit conference, top Management commented that:

- a. The main causes of delays are attributable to ROW problem, lack of project management skills and manpower due to rationalization plan, political interventions, and peace and order situations.
- b. The construction of the projects commenced without addressing the ROW problem as budgets thereon are embedded in the project costs. As such, NIA is contemplating that budgets for ROW shall be separated from the project costs to ensure that ROW claims are settled or paid before the start of the construction.
- c. As to lack of management's skills and manpower, NIA will institute measures to improve the skills of personnel and propose for a new organizational structure to increase the personnel, particularly in the Legal Department to be assigned in the ROs. Likewise, necessary investigations will be conducted and that sanctions be imposed against the personnel responsible based on the results of the investigation, to be referred to Office of the Ombudsman, if necessary.

21.42. The concerned ROs gave the following comments:

a. In RO III, the concerned contractor together with the project-in-charge conducted an ocular inspection in the project sites where suspensions of works were requested. They are continuously monitoring the job sites to determine the actual situation and to know if the project sites are already workable.

b. In RO IV-A, they agreed with the audit recommendations. The Regional Manager and other concerned officials explained that there were instances when the construction of the project was already on-going when requests for change or disagreement in the approved plan/program of work (POW) would arise. The Regional Manager stressed that an intense dialogue with the IAs and other concerned participants in the planning and implementation of irrigation projects will be undertaken to avoid issuance of VOs which impeded the timely completion of projects.

c. In RO IV-B, OMIMO, they informed that they are using a checklist for documentary requirements provided by the RO; however, the checklist did not conform to COA Circular No. 2012-001. The Acting Division Manager had instructed the Accounting Processor to meticulously check the DVs and their supporting documents. In PIMO, they agreed to comply with the recommendations. They also committed that they will furnish the Audit Team with copies of suspension order; approved time extensions; and a copy of NIA MC No. 40, s. 2017 that provides guidelines regarding the Agency's imposition of liquidated damages on projects with more than five per cent slippage.

d. In RO V, the main reason/cause for delays of project implementation is the late release of funds from CO. Necessary and appropriate measures to address the accumulation of negative slippages of on-going projects are being done through constant issuances of warnings to contractors with negative slippages from levels of 5 per cent, 10 per cent, 15 per cent and above. Meetings with the contractors and other stakeholders are regularly being conducted at the IMO level to discuss and resolve problems/issues affecting project implementation. Moreover, the RO is deploying the Engineering Unit's technical staff to inspect and assess the on-going projects on a regular basis. They also informed that the extension of the validity of the performance bond and the written consent of bondsmen, whenever applicable, now form part of the required documents to be attached to all requests for CTE. They assured to strictly monitor the grant of CTEs and the supporting documents are complete.

e. In RO VI, the Antique IMO explained that various factors beyond their control, such as, delay in the funds releases, weather condition and timing of planting and harvesting by farmers, contributed to the delays in the implementation of projects. They asserted that every phase of implementation of projects is closely monitored to minimize deviations from the POW. Further, in compliance with the audit recommendations, they will, henceforth, enhance the reliability and consistency of the timelines set for every project. On the other hand, the Aklan-Capiz IMO assured that they will submit documents with regard to the reason for delayed accomplishment, such as reason for extension or suspension.

f. In RO IX, they informed that after conducting thorough review of the implementation of prior years' projects (2012-2016), they had identified several issues affecting the project implementation, such as: (i) ROW problems, although most of these problems were already resolved; (ii) schedule of water delivery; (iii) delays in the releases of funds; and (iv) lack of manpower due to the Rationalization Plan, which downsized the RO's 294 plantilla positions to 96 positions. They informed that when circumstances that led to the delays were not attributable to the contractor, CTEs were granted. The RO had terminated some contracts and has taken over some projects for implementation under force account works and several delinquent contractors were already meted out with liquidated damages. They are already undertaking the implementations of projects by administration for delayed infrastructure projects previously undertaken by local contractors.

g. In RO XI, the Division Manager of Engineering and Operations Division informed that they will provide justification regarding the implementation of 23 irrigation projects that incurred significant delays in the project completion.

h. In RO XIII, Surigao del Norte Satellite IMO admitted that there had been deficiencies in the implementation of the project, but all were done in good faith. Nevertheless, they assured that they will strictly impose and properly compute the liquidated damages, if any, on future projects. For Contract Package 3 MAP-IP-022-ASDI-AND-IMO-12, they informed that contractor's performance in this project was very low causing a negative slippage; thus, the contract was eventually terminated.

i. In BBMP II, they informed that due to the unresolved ROW problems, two contracts for the construction of core houses were due for termination. They have been sending reminders to the contractors regarding their contract status and deducting liquidated damages in the final payment. They also assured to comply with the evaluation of project performance through the Contractors Performance Evaluation System in accordance with the NEDA guidelines. Moreover, they informed that they have issued Order of Termination for two projects. Lastly, the Project Manager agreed to the audit observation that there were significant delays in the completion of the infrastructure projects.

j. In JRMPP II, they took cognizance and embraced the audit recommendations. They assured that they will be taking actions to at least minimize, if not totally eliminate, issues and concerns tending the delays in the project implementation.

21.43. As a rejoinder, we appreciate Management assurance that they will be instituting measures to address the problems and issues on the delayed implementation of the irrigation projects. However, their compliance with the above-mentioned audit recommendations will be monitored in CY 2018.

**22. Fund transfer amounting to P4.060 million, received on May 4, 2017 from the Department of Labor and Employment (DOLE) by NIA RO VI for livelihood projects of affected Indigenous Peoples (IPs) due to the construction of JRMPP II, remained unutilized as at year-end; thus, depriving the 406 intended beneficiaries**

**of the eight barangays of the Municipality of Calinog, Iloilo, of the timely benefits that could have been derived from the livelihood projects.**

22.1. A Memorandum of Agreement (MOA) was entered into by and between the DOLE and the NIA RO VI sometime in December 2016. The MOA states that:

*The DOLE-RO No. VI has been given the responsibility to implement the DOLE Livelihood (Kabuhayan) Livelihood/Enterprise Formation Program to enable the unemployed poor, seasonal and low-wage workers to start individual livelihood or collective enterprise undertakings with the goal of moving them out of poverty and making them productive.*

*Whereas, DOLE-RO No. VI shall implement the foregoing livelihood intervention in the Municipality of Calinog, Province of Iloilo, in partnership with National Irrigation Administration Regional Office VI, as Co-Partner.*

*Whereas, this partnership is vital to ensure the successful implementation of the said projects and achieve their desired social outcomes.*

Xxx

## *II. Implementation and Monitoring of the Project*

*The project implementation shall be within thirty (30) to sixty (60) days from release of the fund assistance to the PROPONENT unless delayed for justifiable reason/s. Monitoring of the project covered by this Agreement shall start thirty (30) days from release of the assistance to the beneficiaries for duration of three (3) years.*

22.2. The beneficiaries of the livelihood projects are 406 IPs who are affected families within the eight barangays in the Municipality of Calinog, Province of Iloilo, due to the construction of JRMPP II. The livelihood projects include, among others, chicken, hog and goat raising; “trisikad” driving; handicraft-making; corn production and dressmaking. Thus, these would involve procurement of farm commodities and/or agricultural inputs.

22.3. The objectives of the livelihood projects are to: (a) enhance the livelihood in eight barangays; (b) improve product quality by providing appropriate tools and equipment for production and labeling; and (c) augment income of beneficiaries from the project as expected.

22.4. The DOLE-RO VI issued check dated December 28, 2016 for fund assistance to JRMPP II in the amount of P4.060 million for the implementation of various livelihood projects under the Kabuhayan Project of the Department. The fund was received by JRMPP II on May 4, 2017. As stipulated in the MOA, the intervention to the beneficiaries, which would involve delivery of farm commodities/agricultural inputs, should be completed within 30 to 60 days upon release of the funds or sometime in July 2017.

22.5. The construction activities of the JRMPP II which resumed only sometime in March or April 2018 caused the delayed implementation of livelihood projects which resulted in non-utilization of funds as of December 31, 2017. Likewise, the JRMPP II

has yet to familiarize on the procurement process for the farm commodities/agricultural inputs. Thus, delayed delivery of interventions deprived the intended beneficiaries of the timely benefits that could have been derived from the livelihood projects.

**22.6. We recommended that Management direct JRMPP II to: (a) fast track the implementation of the livelihood projects to address the needs and improve the lives of the IP families affected by the construction of JRMPP II; and (b) strictly adhere to the terms and conditions of the MOA.**

22.7. Management commented that:

a. The NIA-DOLE Livelihood Project is part of the JRMPP II Inter-Agency Convergence Initiative which generally aims at delivering the conditions stipulated in the Tri-Partite MOA by and among the National Commission on Indigenous People (NCIP), NIA and the Panay Bukidnon Halawodnon IP Community in the Municipality of Calinog, Province of Iloilo.

b. The Project Manager, thru the Institutional Development Division (IDD) tapped DOLE in October 2016 to extend livelihood development programs to the eight indirectly project-affected barangays of the Municipality of Calinog. Both NIA and DOLE conducted planning meetings and orientations about the project and consequently went to the concerned IP communities and facilitated business planning.

c. Although, the check was drawn on December 28, 2016, the fund assistance was received only on May 4, 2017 upon the NIA's compliance of documentary requirements. It was not immediately deposited to NIA's account since the Management was hesitant of the possible legal implications due to lack of experience on procurement of farm commodities like the poultry, livestock and other supplies.

d. The JRMPP II sought advice from DOLE that suggested to access technical assistance from the Department of Agriculture (DA). However, prices of the livestock and poultry from DA were way higher compared to the approved budget of DOLE. Thereafter, purchase requests and Supplemental Project Procurement Management Plan for CY 2017 based on DOLE approved project proposal were prepared. Initial canvassing was also made from August to November 2017 reflecting the major increase in prices of commodities, for instance, hogs increased to P3,500/head from P3,000 in 2016. Also, a number of beneficiaries were replaced since some were already deceased, others went abroad while others have transferred residency.

e. The IDD is working closely with Finance Division in facilitating the procurement process and looking forward to implement the project at the soonest possible time.

22.8. As a rejoinder, we take note of Management commitment to implement the livelihood project the soonest possible time, which will be monitored and validated in CY 2018.

## **SUMMARY OF UNSETTLED AUDIT DISALLOWANCES, CHARGES AND SUSPENSIONS**

**23.** As of December 31, 2017, for all funds, i.e. General, Corporate and Special, unsettled audit disallowances and charges amounted to P2.949 billion and P1.435 million, respectively; while unsettled audit suspensions totalled P1.510 billion and US\$3.864 million. The details and status are presented in Annexes C, D and E, Part IV of this Report.

**PART III - STATUS OF IMPLEMENTATION OF PRIOR YEAR'S  
AUDIT RECOMMENDATIONS**

Of the 102 audit recommendations embodied in the CY 2016 Annual Audit Report (AAR) for all funds (General, Corporate and Special), 4 were fully implemented, 63 were partially implemented and 35 were not implemented. The summary is shown below.

<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
<b>FINANCIAL OPERATIONS</b>	
<p>1. The Prior Period Adjustments (PPAs) totaling P814.915 million and P2.653 billion in calendar years (CYs) 2015 and 2016, respectively, were directly presented in the Combined Statement of Changes in Net Assets/Equity (SCNA/E) instead of restating the affected accounts in which errors occurred, contrary to Philippine Public Sector Accounting Standards (PPSAS) 3. Likewise, the PPAs lacked the appropriate supporting documentation which precluded the verification of the accuracy of the amounts presented in the SCNA/E. Consequently, the fair presentation of the financial statements as a whole was adversely affected.</p> <p>We reiterated our previous years' recommendations that Management require the Accounting Division to:</p> <p>a. Strictly comply with PPSAS 3 in presenting correction of prior period errors by restating the comparative amounts for the period(s) presented in which errors occurred and provide adequate disclosure in the Notes to the Financial Statements; and</p> <p>b. Submit list/schedules showing the details of the PPAs supported with complete/appropriate documentation.</p>	<p>Updated and reiterated in Part II - Observation and Recommendation No. 1 of this Report.</p> <p>Partially Implemented.</p> <p>Only accounts affected by corrections of errors in CY 2016 Net Income were restated. Other prior period errors were still directly presented in the CY 2017 SCNA/E without restating the affected accounts.</p> <p>Not Implemented</p> <p>The list/ schedules remained unsubmitted to the Audit Team.</p>

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**Observations and Recommendations****Actions Taken/Comments**

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2. The accuracy, completeness, and reliability of Property, Plant and Equipment (PPE) account with carrying amount of P211.180 billion as at December 31, 2016 could not be established due to, among others, a) non-recognition of the net carrying amount of the portion of the irrigation facilities that have undergone repairs/rehabilitations despite cost of repairs/rehabilitations already accumulated to P22.953 billion from CYs 2011 to 2016; b) non-reclassification of long completed irrigation projects amounting to P21.223 billion to proper asset account; c) insufficient provision for depreciation of depreciable assets valued at P28.290 billion; d) existence of variance of P13.342 billion between results of physical count and accounting records; e) incomplete documentations for the transfer of completed projects totaling P6.935 billion from Construction in Progress (CIP) account to appropriate PPE accounts; and f) inadequate accounting and property records to substantiate the P56.992 billion PPE accounts.

We reiterated our previous years' recommendations that Management:

a. Instruct the Accounting Division/Section to:

a.1 Comply with PPSAS 17 and recognize impairment of assets and devise policy guidelines relative thereto;

Partially Implemented.

The net carrying amount of irrigation facilities that have undergone major rehabilitations/repairs was not derecognized in CY 2017.

The proposed Memorandum Circular (MC), on the guidelines on derecognition/ revaluation/ appraisal of completed projects including long completed irrigation projects, is now under review by top Management. The proposed MC includes the procedures

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**Observations and Recommendations****Actions Taken/Comments**

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	on provisions of impairment of assets.
a.2 Conduct analysis and inventory of the recorded irrigation systems under CIP or PPE account to determine the actual cost of the existing assets (net of the impairment);	Partially Implemented. Analysis of PPE account is on-going.
a.3 Provide depreciation for all assets capitalized;	Partially Implemented.  The CO already provided depreciation for CY 2016 amounting to P664.458 million, P177.241 million and P1.068 million for Corporate, General and Special Funds, respectively. For CY 2017, the unrecognized depreciations on long completed irrigation projects due to non-classification to proper asset accounts amounted to P23.240 billion. Also, under Corporate Fund, depreciation for CY 2017 was computed based on the lump sum amount of the cost of PPE sans the details for each PPE class.
a.4 Maintain and regularly update SLs for all PPE accounts, and conduct a continuous analysis of the accounts to ensure that the totals of the SLs and the balances of the corresponding controlling accounts are equal at all times;	Partially Implemented.  Despite the instruction by the CO, there were ROs that did not maintain/update SLs for PPE.
b. Require the EOD to regularly submit project completion report and turnover documents of all completed projects to the Accounting Division/Section for proper recording in the books;	Partially Implemented.  For the CY 2016, NIA had already transferred completed projects to proper PPE accounts amounting to P8.849 billion under the Agno River Irrigation Project, P2.307 billion under the Southern Philippines Irrigation Sector Project, P15.804 million under the Participatory Irrigation Development Project, and P8.854 million under the Locally Funded Project (Fund 101).

Observations and Recommendations	Actions Taken/Comments
c. Direct the PMO, Accounting Division/Section and EOD to jointly exert effort to complete the documentation necessary to transfer completed CIP to proper asset account;	Partially Implemented.  Preparation of Project Completion Reports is continuously undertaken.
d. Instruct the Inventory Team to conduct complete physical inventory of all properties and reconcile result thereof with the accounting records and thereafter, submit copy of the Report on the Physical Count of PPE (RPCPPE) to the respective auditors on or before January 31 of the ensuing year; and	Partially Implemented.  In CO, physical count and inventory report of PPE for CY 2017 was submitted to the Audit Team.
e. Require both the Accounting Division/Section and Property Section to exhaust all efforts to unflinchingly reconcile their records on a regular basis so that discrepancies thereon are immediately corrected.	Partially Implemented.  As at December 31, 2016, CO had reconciled the amount of P1.055 billion for Fund 501.
We further recommended that Management:	
f. Require the concerned Regional Irrigation Managers to create a Committee which would facilitate the proper disposal of unserviceable properties in accordance with Section 79 of PD No. 1445; and	Not Implemented.  Various unserviceable properties located in ROs IV-B, V, X and XIII were not disposed as of December 31, 2017.
g. Instruct the Accounting Division/Section to adopt the new threshold of P15,000.00 in the recognition of PPE in compliance with the provisions of the GAM and reclassify to appropriate account the items in the PPE which have unit acquisition cost of less than the capitalization threshold of P15,000.	Not Implemented.  The adoption of PPSAS was deferred in CY 2018 FSSs.
3. Payments totaling P18.004 billion made to Power Sector Assets and Liabilities Management Corporation (PSALM) for CYs 2013 to 2016 representing NIA's share in the debt service advances for the San Roque Multi-Purpose Project (SRMPP) Loan from Japan Bank for International Cooperation (JBIC) were recorded in the books under the PPE	Reiterated in Part II - Observation and Recommendation No. 2 of this Report.

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**Observations and Recommendations****Actions Taken/Comments**

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account without adequate documentation to confirm its ownership over a tangible property

We recommended that Management:

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Secure from NPC/PSALM complete documents to establish the extent of NIA's legal ownership over SRMPP to substantiate the booking of the payment as PPE-Public Infrastructure Irrigation, Canals, and Laterals, in compliance with PPSAS 17 on the recognition of property, plant and equipment and to ensure its legal rights over the asset; and                                                                                                                                                                                                                                                                                                                                                                                                    | Not Implemented.<br><br>During the exit conference, Management committed to coordinate/communicate with NPC and other parties in the MOA to determine and establish ownership/right over the irrigation canals, laterals, regulating structure and other non-power component of the SRMPP. |
| b. Coordinate with the NPC relative to the legal rights/ownership over the dam facilities taking into consideration the following: (a) the facilities were built under BOT agreement covered by PPA, (b) the MOA provided that in exchange for the US\$400 million, the Consortium agreed to the early transfer of the dam and other structure to NPC, and (c) the NPC just advance the payments to the consortium which were later reimbursed by NIA, DPWH and DENR.                                                                                                                                                                                                                                                                                   | Not Implemented.                                                                                                                                                                                                                                                                           |
| 4. The reliability of the year-end balances of the Cash In Bank (CIB) account totaling P2.434 billion is doubtful due to, among others: (a) non-preparation of Bank Reconciliation Statements (BRSs) for accounts totaling P363.393 million; (b) variances totaling P130.622 million between books and bank statements, trial balance (TB) and SLs, records of the IMO and the RO, and records of Accounting and Cashier Units; (c) existence of unsupported, improperly identified, and long-outstanding reconciling items on bank accounts in net amount of P59.702 million; (d) bank accounts aggregating P78.210 million with no supporting documents or SLs; (e) existence of negative balances and dormant accounts totaling P93.097 million; and | Reiterated in Part II - Observation and Recommendation No. 4 of this Report.                                                                                                                                                                                                               |

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**Observations and Recommendations****Actions Taken/Comments**

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(f) understatement of P2.461 million in CIB account as the foreign currency deposit was not translated using the closing rate while unreleased checks at year-end were not restored to cash balance. In addition, CIB accounts were maintained with unauthorized depository banks, contrary to Item 5.2 of Department of Finance (DOF) - Department Circular (DC) No. 001-2015 dated June 1, 2015.

We recommended that Management:

a. Require the Accounting Division/Section of CO and ROs to:

a.1 Set a timeframe within which to prepare the BRSs on a monthly basis for all bank accounts to determine the causes of discrepancies between the book and bank balances. Recognize the need to adjust the books for identified reconciling items;

Partially Implemented.

In CY 2017, BRSs were still either prepared late or not prepared at all by the CO and various ROs.

a.2 Ensure that submitted BRSs to the COA Office are accompanied by original copy of bank statements, cleared checks, debit and credit memos, updated SL/GL and other related documents that will support amounts presented in the Statement;

Partially Implemented.

BRS for various CIB accounts in the CO and ROs were not supported with proper and complete documents, such as debit/credit memos and other related documents.

a.3 Exert all efforts to reconcile records among Accounting and Cashiering Office from CO down to the ROs and IMOs. As far as practicable, do not close books from one office unless reconciled with the records or books of another office;

Partially Implemented.

The Accounting Division, CO continuously reconcile banks and books balances, however, as to long outstanding reconciling items, necessary supporting documents could not be located. The CO will coordinate with ROs to locate files that originated from them to reduce the reconciling items.

a.4 Make a thorough review of all available reports and records to identify transactions that might have caused the existence of unidentified reconciling items. Review entries

Partially Implemented.

The Accounting Division continuously reconcile and review the transactions to identify reconciling items.

Observations and Recommendations	Actions Taken/Comments
<p>posted in the GL/SL and bank statements;</p>	
<p>a.5 Scrutinize all available records such as Cash/Check Disbursement Journals, Cash Receipt Journals and General Journals and trace transactions posted in the SL/GL to identify errors or items that might have caused the existence of negative cashbook balance and unaccounted accounts;</p>	<p>Partially Implemented. The Accounting Division continuously reconcile and review the transactions to identify errors and unaccounted accounts.</p>
<p>a.6 Exert effort to secure relevant documents to facilitate a detailed analysis of transactions relative to dormant accounts with negative balances;</p>	<p>Partially Implemented. Reconciliation is on-going.</p>
<p>a.7 Translate the amount of Foreign Currency Deposit using the closing rate at year-end;</p>	<p>Partially Implemented. For CY 2017, BSP closing rate was not used in translating two US dollar accounts to peso which resulted in the overstatement of CIB year-end balance by P0.698 million.</p>
<p>a.8 Coordinate with the Cash Division in the submission of the schedule of unreleased checks at year-end, as basis to prepare the JEV and record the restoration in the CIB account of cash equivalent to the unreleased checks and recognition of the appropriate payable/liability account;</p>	<p>Not Implemented. Unreleased checks under Special Fund of CO in the amount of P16.785 million were not restored to cash balance at year-end.</p>
<p>b. Instruct the Regional Irrigation Manager of RO No. IV-B to: (i) open a separate bank accounts for the COB and the Corporate Fund LFPs, and (ii) require the concerned Accountant to maintain separate SL for each bank account for efficient monitoring of transactions and balances; and</p>	<p>Partially Implemented. Management required the Chief Accountant of RO IV-B and the accounting processors of the IMOs to properly establish actual cash balance of Fund 501 LFPs and open separate bank accounts for efficient monitoring.</p>
<p>c. Ensure the transfer of all bank balances maintained in unauthorized depository banks to Authorized</p>	<p>Partially Implemented. CO had already transferred its deposits</p>

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**Observations and Recommendations****Actions Taken/Comments**

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Government Depository Banks (AGDBs) pursuant to DOF- DC No. 001-2015 dated June 1, 2015.	from PNB to LBP.
5. In Region VIII, delays ranging from one to 76 days in the remittance of collections totaling P5.366 million exposed the funds to high risk of misuse or misappropriation. In Region XI, collections in January 2017 totaling P2.011 million were recorded as collections in the month of December 2016, thereby overstating the Cash Collecting Officer account as at December 31, 2016 by the same amount.	
We recommended that Management require the:	
a. Regional Irrigation Manager of RO No. VIII to direct the concerned Field Collectors/Collection Representatives to remit their collections daily and intact in accordance with Section 69 of PD No. 1445; and	Partially Implemented. Collections were still not remitted daily and intact in various IMOs.
b. Regional Irrigation Manager of RO No. XI to instruct the Chief Accountant of the Region to effect the necessary adjustments in the books of accounts to reflect the correct balances of the Cash-Collecting Officer in the Financial Statements.	Fully Implemented. The Cashier exercised due diligence to ensure that collections are remitted regularly considering that the office relied heavily on collections.
6. The reliability of the balances of Inter/Intra-Agency Receivables and Other Receivables accounts totaling P15.183 billion are adversely affected due to: a) the existence of dormant/inactive accounts in the books for five to more than 44 years totaling P743.866 million; b) receivables totaling P715.189 million have either no SLs or details are not indicated in the SLs and no supporting documents to substantiate the balances of the accounts; and c) the balance of the Due from National Government Agencies (NGAs) in the CO is P8.732 million more than the balances confirmed by the National Printing Office (NPO),	Related discussion in Part II – Observation and Recommendation No. 8 of this Report.

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**Observations and Recommendations****Actions Taken/Comments**

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Procurement Services (PS) and the Bureau of Fisheries and Aquatic Resources (BFAR), thereby casting doubt on the accuracy and reliability of the balances of the accounts as at December 31, 2016.

We recommended that Management:

a. Require the Accounting Department/Section in CO and ROs to:

a.1 Prioritize the analysis of the dormant and inactive accounts and effect the necessary adjustments;

Partially Implemented.

Several Accounting personnel are assigned to analyze inactive and dormant accounts.

a.2 Request for authority to write-off the dormant receivable accounts following the guidelines provided under COA Circular No. 2016-005 dated December 19, 2016;

Not Implemented.

Request for write-off of dormant receivable accounts was not filed in CY 2017, although NIA MC No. 81, s. of 2017, dated October 20, 2017 was issued prescribing guidelines and procedures on the write-off of dormant accounts receivable, unliquidated cash advances and fund transfers.

a.3 Maintain and update SLs for all receivable accounts;

Partially Implemented.

a.4 Hasten the recording of all liquidations made by the NPO and PS, reconcile the discrepancy with the records and effect adjustments, if warranted;

Partially Implemented.

a.5 Give priority on the retrieval of related information/details/documents pertaining to the dormant accounts;

Partially Implemented.

a.6 Review and analyze all bills/statement of accounts sent to BFAR and determine which among these are already paid to facilitate the recording of all payments made by BFAR;

Partially Implemented.

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**Observations and Recommendations****Actions Taken/Comments**

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- b. Instruct the Property Department in the CO to:
- b.1 Immediately submit to the Accounting Department all reports and supporting documents necessary for the timely recording of the liquidations to the NPO and PS accounts; and Partially Implemented.
  - b.2 Prepare the Liquidation Report of Agency Procurement Request with supporting documents and submit immediately to the Accounting Department to avoid delay in the recording of the same. Partially Implemented.
7. The correctness of balance of Accounts Receivable - Irrigation Service Fees (AR-ISF) and Pump/CIP/Communal Irrigation System (CIS) account of P22.388 billion as at December 31, 2016 could not be ascertained due to: a) no serious efforts to reconcile the GL and SLs of the AR-ISF account with a variance of P155.891 million; b) discrepancy of P73.971 million between the SLs and Irrigation Fee Register; c) subsidiary records were not maintained/updated for accounts totalling P2.817 billion; d) unsupported adjustment of receivables of P16.833 million; e) undocumented deductions on receivables of P126.468 million; f) no allowance for doubtful accounts was provided for AR-Pump/CIP/CIS account amounting to P109.132 million; and g) existence of dormant accounts of P2.786 million. Reiterated in Part II - Observation and Recommendation No. 3 of this Report.
- We recommended that Management require the Regional Irrigation Managers of the concerned ROs to:
- a. Direct the Accounting Section to maintain/update SLs for all receivable accounts, periodically reconcile the SLs balances with the GL and records of the RO and the IMOs/field offices, and update the recording/posting of transactions at all times; Partially Implemented.  
Updating of SLs requires necessary supporting documents which could no longer be located by Accounting personnel.

Observations and Recommendations	Actions Taken/Comments
<p>b. Conduct immediate investigation on the reduction/ deduction made by the different IMOs on their accounts receivables and require the Accounting Section to make necessary adjustments in the books of accounts, if warranted;</p>	Not Implemented.
<p>c. Intensify collection activities to avoid accumulation of long overdue receivables accounts; and</p>	<p>Not Implemented.</p> <p>With the passage of RA No. 10969 or the Free Irrigation Service Act on February 2, 2018, NIA ceased the collection of ISF from all farmers with eight hectares and below landholdings.</p>
<p>d. Request for authority to write-off dormant receivables following the guidelines set forth in COA Circular No. 2016-005 dated December 19, 2016.</p>	<p>Not Implemented.</p> <p>Request for write-off of AR-ISF from farmers with eight hectares and below landholdings and IAs' dormant/past accounts is pending until issuance of IRR of RA No. No. 10969.</p>
<p>8. Only P3.786 billion or 71.23 per cent was collected on AR-ISF/Pump/CIP/CIS during the year out of the Agency's collection target of P5.315 billion. Likewise, the collection target set in CY 2016 was only 25.38 per cent of last year's outstanding balance of P20.939 billion, resulting in the accumulation of outstanding AR – ISF/Pump/CIP/CIS aggregating P22.388 billion as at December 31, 2016 of which P12.038 billion or 53.77 per cent are already past due for one to more than 15 years primarily due to lack of stringent measures in enforcing collection, wanting of workable strategies to address collection problem, and the pronouncement of the current administration of free irrigation, thereby depriving the Corporation of much needed funds in the pursuit of its mandate.</p>	
<p>We recommended that Management require the concerned ROs to:</p>	
<p>a. Focus on intensifying the collection of long outstanding receivables to generate</p>	Partially Implemented.

Observations and Recommendations	Actions Taken/Comments
revenue, especially that the 'NO ISF POLICY' per NIA MC No. 13, Series of 2016 will take effect starting CY 2017;	During CY 2017, collections of ISF was not intensified due to the passage of RA No. 10969, lack of necessary manpower, El Niño and La Niña phenomena.
b. Exert effort to inform the farmer-beneficiaries of the NIA's policies on the payment of ISF back accounts embodied in MC No. 54, Series of 2013 as amended by MC No. 14, s. 2016; and	Partially Implemented.  Collection of long outstanding receivables was affected due to the passage of RA No. 10969 which gives free irrigation service to all farmers with eight hectares and below landholdings.
c. We also reiterated our previous year's recommendation that Management consider providing allowance for doubtful accounts based on collectability of the receivable balances and evaluation of such factors as aging of the accounts and identified doubtful accounts.	Not Implemented.  During exit conference, Management committed to provide adequate allowance for impairment for AR-ISF, pending issuance of the IRR of RA No. 10969.
9. The balance of the Accounts Payable account of P5.037 billion as at December 31, 2016 is doubtful due to, among others: a) inclusion of non-payable charges totaling P335.604 million; b) accounts totaling P2.381 billion have no SLs or supporting documents; c) existence of accounts with abnormal balances amounting to P803.234 million; d) unreconciled difference of P4.819 million between the GL balance vis-à-vis balance per schedule; e) non-moving accounts ranging from over two to 15 years and f) erroneous recording of payment amounting to P1.069 million.	Reiterated in Part II - Observation and Recommendation No. 5 of this Report.
We recommended that Management direct the concerned Accountants of the CO and ROs to:	
a. Analyze the transactions, review all pertinent documents, make the adjustments, where necessary and comply with the existing accounting rules and regulations on the recognition of Accounts Payable;	Not Implemented.  No adjustment was made for items/accounts misclassified to Accounts Payable.

Observations and Recommendations	Actions Taken/Comments
<p>b. Adhere to the guidelines and procedures on reversion of accounts payable without supporting schedule and/or has been outstanding for two years or more;</p>	Not Implemented.
<p>c. Investigate the cause of the variance between the GL and the schedule of Accounts Payable;</p>	Partially Implemented.
<p>d. Make the necessary adjustment relative the erroneous recording of the settlement of Accounts Payable.</p>	Not Implemented.
<p>10. Existence of unreconciled variance totalling P430.431 million as at December 31, 2016 between the records of NIA and the Source Agencies (SAs), dormant accounts of P6.212 million without supporting schedules/related documents, and negative (debit) balance of P392,279 cast doubts on the accuracy and completeness of Due to National Government Agencies (NGAs) account.</p>	Reiterated in Part II - Observation and Recommendation No. 7 of this Report.
<p>We reiterated our previous years' recommendations that Management:</p>	
<p>a. Require the Accountants in the CO and ROs to:</p>	
<p>a.1 Analyze the Due to NGAs account and adjust the entries made during transfer of funds to the ROs, and henceforth, treat these fund transfers as advances for the implementation of projects using the Due from ROs account for monitoring purposes, and close said account upon submission of duly approved and audited liquidation reports by the ROs;</p>	Partially Implemented.
<p>a.2 Use reciprocal account Due to CO account for receipt of funds and to close the account upon submission of duly approved liquidation reports to the CO;</p>	Partially Implemented.

Observations and Recommendations	Actions Taken/Comments
a.3 Prepare/submit the duly approved and liquidation reports to the CO, as basis in recording the utilized funds and for submission to the SAs;	Partially Implemented.
a.4 Periodically reconcile records with the concerned NGAs and submit to the latter the duly approved Liquidation Reports/ Statements of Disbursements by the Head of Agency;	Partially Implemented. During the exit conference, PMO CARP-IC personnel informed that they have already discussed with DAR the variance. The time frame to finish the reconciliation is still for discussion and reconciliation is currently on-going.
b. Refund immediately any unused funds to the NGAs, in compliance with COA Circular No. 94-013 dated December 13, 1994.	Not Implemented.
c. Require the CO Accounting Division to coordinate with the SAs to determine the details of the funds transfers that remained unliquidated in their books and require the concerned Regional Accountants to submit immediately liquidation reports and supporting documents; and	Partially Implemented.
d. Require the CO Finance Department to seek advice from the SAs on what course of action to be taken to warrant the recording of the liquidation in the SAs' books in the absence of supporting documents.	Partially Implemented.
11. Existence of discrepancy of P204.389 million between the year-end balances of reciprocal accounts, i.e. Due to Regional Offices (ROs) and Due from Central Office (CO) of P225.004 million and P20.615 million, respectively, thus affecting the accuracy of the balances of the Intra-agency Payables of P478.623 million and Intra-agency Receivable of P610.219 million as at December 31, 2016.	Related discussion in Part II - Observation and Recommendation No. 6 of this Report.

Observations and Recommendations	Actions Taken/Comments
<p>We reiterated our previous year's audit recommendation that Management require the:</p>	
<p>a. CO Accounting Division to provide the concerned ROs with copy of the SL for the Due to ROs account together with supporting documents to assist the ROs in the reconciliation process;</p>	<p>Partially Implemented. Only the discrepancy between the balances of Due to ROs and Due from CO under the Corporate Fund was eliminated.</p>
<p>b. Require the concerned ROs Accountants to submit the statement of reconciliation of reciprocal accounts to CO Accounting Division for the latter to effect the necessary adjustments in the books of accounts; and</p>	<p>Partially Implemented.</p>
<p>c. Set a timeline within which all the concerned officials and personnel complete the analysis of the reciprocal accounts with the end in view of eliminating the variance of P204.389 million.</p>	<p>Partially Implemented.</p>
<p>We further recommended that Management require the CO and ROs Accountants to periodically reconcile the reciprocal accounts to prevent accumulation of variances.</p>	<p>Partially Implemented.</p>

## STATUS OF IRRIGATION DEVELOPMENT

12. Despite considerable amount of government funds provided for irrigation, the reported status of irrigation development is still relatively low as 1,272,649 hectares or 40.68 per cent out of the estimated total irrigable area of 3,128,631 hectares remain to be developed as of December 31, 2016. There was no significant increase in irrigable areas developed as the generation of new areas for development was not given precedence in NIA's Irrigation Development Program aggravated by the shortfall in the accomplishments in the generation of

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**Observations and Recommendations****Actions Taken/Comments**

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new areas, thereby affecting the attainment of increasing agricultural productivity to improve the socio-economic welfare of farmer-beneficiaries.

We recommended that Management exert all efforts to achieve its target in the generation of new areas for irrigation development to increase agricultural production and productivity thereby improving the socio-economic welfare of farmer-beneficiaries.

Partially Implemented.

Policies and guidelines have been put in place to address short fall in physical accomplishments of project that subsequently affected the generation of new areas. Some of these policies are contained in NIA MC No. 40, Series of 2017, Administrative actions on Contracts with negative slippage.

**IMPLEMENTATION OF PROJECTS/CONTRACTS**

13. Unsatisfactory performance of ineligible Contractors, inadequate planning, and inefficient execution of surveys, investigation and engineering design, resulted in significant delays, ranging from 11 to 1,438 days, in the implementation of 82 irrigation contracts/projects with total contract cost of P4,535.968 million. In addition, 25 contracts with total cost of P6.002 billion incurred negative slippages from 0.90 per cent to 62.80 per cent, while 5 contracts with total cost of P458.547 million were terminated due to, among others, fault of the contractors. Thus, the farmer-beneficiaries are not able to timely benefit from the said irrigation projects, and could result in wastage of government resources when the unfinished/uncompleted contracts would be terminated. Moreover, liquidated damages were not imposed on Contracts that incurred delays due to grant of contract time extensions, validity of which could not be ascertained due to inadequate evaluation and incomplete documentation.

Reiterated in Part II - Observation and Recommendation No. 21 of this Report.

Observations and Recommendations	Actions Taken/Comments
<p>We reiterated our previous year's recommendations that Management:</p>	
<p>a. Require the Managers of the Implementing Units to:</p>	
<p>a.1 Act with dispatch in resolving the existing issues/problems that are currently hampering/delaying the completion of the projects;</p>	Not Implemented.
<p>a.2 Strictly comply with the provisions of the GCC and Revised IRR of RA No. 9184 in the grant of contract time extension;</p>	Not Implemented.
<p>a.3 Ensure that the grants of contract time extensions are completely supported with documents;</p>	<p>Not Implemented.</p> <p>The approved contract time extensions furnished to COA were not completely supported with documents.</p>
<p>a.4 Immediately enforce liquidated damages for projects that incurred negative slippages without valid justification and approved time extensions;</p>	Not Implemented.
<p>b. Direct the Bids and Award Committee (BAC) and BAC Technical Working Group (TWG) to ensure that the requisites for the bidding of infrastructure contracts provided in Section 17.6 of the Revised IRR of RA No. 9184, such as the detailed engineering investigations, surveys and designs, including the acquisition of the ROW, are complied with to ensure that all the undertakings are economically and efficiently carried out to protect the interest of the government; and</p>	Not Implemented.
<p>c. Consider rescinding/terminating the contracts and forfeit the contractor's Performance Security for projects with negative slippages of more than 15 per cent resulting from contractor's fault or negligence.</p>	Partially Implemented.

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**Observations and Recommendations****Actions Taken/Comments**

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We likewise recommended that Management require the Legal Department and the Internal Audit Services Department to: (a) conduct investigation to determine persons responsible for (i) not imposing liquidated damages, (ii) approving/ granting of contract time extensions without proper evaluation and documentation, and (iii) not terminating the contracts that incurred huge negative slippage due to Contractor's fault; and (b) file appropriate case, if warranted.

Partially Implemented.

The Internal Audit Services conducted audit on projects awarded to two contractors; however, the extent of the participation of NIA officials, members of the BAC and its TWG in the award of contracts to non-compliant contractors were not indicated in the report.

14. Full mobilization of equipment, actual deployment/replacement of key project personnel, and progress of projects' activities on site could not be ascertained in the implementation of 19 civil works contracts with total cost of P3.262 billion due to poor monitoring of contractors' compliance with the equipment and key personnel requirement of the contract and submission of reports required under the General Conditions of the Contract (GCC), Special Conditions of the Contract (SCC) and Technical Specifications of the Contract (TSC), thereby contributing to the delay in the implementation of irrigation projects as potential problems that might occur might not be immediately identified and resolved.

We recommended that Management require:

- a. The CMD and the PMO to strictly comply with the GCC, SCC and TSC to ensure adequate supervision and monitoring of the implementation of the Contracts;

Partially Implemented.

The concerned Department issued reminders to the respective contractors to exert their efforts to cope up their delays. However, despite of various reminders, the contractors failed to catch up, thus, five contracts were finally terminated in CYs 2016 and 2017 under Board Resolution (BR) Nos. 8360-16 and 8351-16, series of 2016, and BR Nos. 8391-17, 8451-17, 8460-17, series of 2017.

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**Observations and Recommendations****Actions Taken/Comments**

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b. The Internal Audit Services Department in coordination with the concerned units of NIA to formulate policy guidelines on the supervision and monitoring of the contract to include, among others: (i) the responsible person, (ii) activities to be done, (iii) the timelines and (iv) the reports/documentation to be submitted covering all phases of the contract implementation; and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Partially Implemented.<br><br>The Engineering Department conducted two batches of seminar-workshop on the processing of Contractors' Request for Payment and the preparation of the Monthly Statistical Report last July 27-28, 2017 and August 17-18, 2017 which were participated by contractors' representatives and NIA representatives. The seminar-workshop aimed to educate the participants regarding relevant government rules and regulations on the processing of claims for payment. |
| c. Require the IMO and the PMO to submit to the Auditor for review the pre-final inspection report, punch list, final inspection report and final firmed up contract quantity and cost of the contracts reported to have been substantially completed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Partially Implemented.<br><br>Management submitted sets of photocopied documents, such as, the punch-list – Action Taken Report Final Inspection, Resolution of Final Inspection and Completion for the five contracts under PIDP.                                                                                                                                                                                                                                                               |
| 15. Inadequate/poor execution of the validation procedures in the conduct of post qualification by the BAC and its TWG resulted in the award by NIA CO and NIA RO No. VIII of 32 contracts with total cost of P1.760 billion to bidders with the lowest calculated bid who did not pass the eligibility requirements as they have: a) no similar completed contracts to the Contract to be bid, b) questionable availability of pledged project personnel and equipment as these are likewise pledged to on-going projects with NIA and to contracts bidded on the same date and with almost the same period of implementation, c) doubtful claimed similar work experiences, and d) deficient legal, technical and financial eligibility documents, contrary to the Revised IRR of RA No. 9184 and Government Procurement Policy Board (GPPB) Manual of Procedures for the Procurement of Infrastructure Projects. | Reiterated in Part II - Observation and Recommendation No. 20 of this Report.                                                                                                                                                                                                                                                                                                                                                                                                                    |

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**Observations and Recommendations****Actions Taken/Comments**

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We reiterated our previous year's recommendations that Management require the:

a. BAC and its TWG to ensure that the procedures in the Revised IRR of RA No. 9184 and GPPB Manual of Procedures for the Procurement of Infrastructure Project in the conduct of post qualification are strictly followed so as to assure Contractor's compliance with the eligibility requirements;

Partially Implemented.

As a preventive action, NIA issued various Memoranda to address procurement and implementation issues/problems, to wit:

i. MC No. 67, s. 2016 - Guidelines in the Implementation of the 3-Strike Policy in Procurement of Contract for Infrastructure Works, Goods and Consulting Services;

ii. MC No. 10, s. 2017 - Non-participation in the Procurement of Civil Works of Contractors with negative slippages on its On-going Contract/s with NIA;

iii. MC No. 11, s. 2017 – Strict Adherence to the Revised Implementing Rules and Regulations of RA No. 9184 and Existing Memoranda on the Procurement of Infrastructure Projects, Goods and Consultancy Services; and

iv. MC No. 40, s. 2017 – Administrative Sanctions on Contracts with Negative Slippages

b. BAC and the PMO to see to it that the Contracts are adequately covered by a Performance Security valid up to the final acceptance of the project;

Not Implemented.

c. Legal Department to:

c.1 Conduct investigation to determine liability of the Contractors for submitting deficient documents to support compliance with the eligibility requirements of the Contract;

Not Implemented.

Observations and Recommendations	Actions Taken/Comments
<p>c.2 Take appropriate action against Contractors found to be guilty of submitting eligibility requirements that contain false information and falsified documents that led to the awarding of the Contracts to them instead of disqualification and impose corresponding sanctions as provided in the Revised IRR of RA No. 9184, if warranted; and</p>	<p>Not Implemented.</p>
<p>d. Internal Audit Services and the Legal Department to conduct investigation to determine the extent of the participation of NIA officials, members of the BAC and its TWG in the award of Contracts to non-compliant Contractors and file appropriate charges, if warranted.</p>	<p>Partially Implemented.</p> <p>The Internal Audit Services conducted an audit on the Procurement/ Implementation and Disbursement Transactions of Sample PIDP Projects Procured at CO on August 14 to 25, 2017. The IAS concluded that there was a failure of bidding for Contract No. PIDPC-UCRISI-1 and Contract No. PIDP2-C-ZRISI-1R because upon evaluation, the winning contractor failed on the technical and financial eligibilities on the following ground:</p>
	<p>i. Misrepresentation on the competence of the Joint Venture (JV) key staff and insufficient experience in the construction of irrigation projects;</p> <p>ii. The JV does not have enough resources (equipment, manpower &amp; financial) to comply with their contractual obligations; and</p> <p>iii. The contractor has misled the BAC in submitting the list of equipment which were already pledged to other PIDP Contract.</p>
<p>16. Claims for Progress Billings totaling P486.898 million were processed and paid without complete and reliable documentations, contrary to Section 4(6) of PD No. 1445 and casting doubt on the regularity and propriety of the expenditures.</p>	<p>Related discussion in Part II – Observation and Recommendation No. 21 of this Report.</p>

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**Observations and Recommendations****Actions Taken/Comments**

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We recommended that Management:

a. Require the Legal Department and the Internal Audit Services to conduct investigation to determine persons liable and file appropriate charges if warranted for:

a.1 Payment of Progress Billings without complete documents;

Partially Implemented.

The Internal Audit Services (IAS) of NIA performed an audit on the Disbursement Transactions of Contract No. PIDPC-C-UCRISI-1 on August 14 to 25, 2017. The IAS recommendations included, among others, the following:

i. The PMOs, Engineering Department, Financial Management Department (FMD), and Accounting Division should ascertain the propriety of transactions and that contractual conditions and other documentary requirements are met before claims/DVs are processed and funds are disbursed;

ii. FMD and PIDP-PMO should explain why claims for Progress Billing Nos. 1 and 2 were paid even without proper documentation;

iii. Engineering Department should ensure compliance with other particular and special conditions such as, imposition and demand of liquidated damages prior to request for payment of final progress billing or termination of the project. Penalties and sanctions for delinquent contractors must be enforced such as, blacklisting of contractors, filing of case against the insurance company, in case of refusal to pay for the performance bond, and disciplinary measures to concerned officials for neglect of duty.

Observations and Recommendations	Actions Taken/Comments
a.2 Reporting complete delivery of steel gates that were not actually delivered;	Partially Implemented.
a.3 Payment of the overhaul without the required testing for the excavated materials, classified the excavated materials as 100 per cent waste materials that require hauling, and the non-evaluation of the actual volume of materials hauled;	Partially Implemented.
a.4 Payment of the Reinforced Steel Bars (RSB) without the Mill Certificate;	Partially Implemented.
a.5 Non-installation of RSB within the prescribed period; and	Partially Implemented.
b. Consider revising the future Contracts to include in the cost of reinforced concrete pipes the supply and delivery of RSB, instead of a separate pay work-item to ensure that payment will not be made without its installation. This method is being adopted by the DPWH.	Not Implemented.
17. Increase in quantity of various items of work totalling P 23.811 million and decreases in quantity due to deletion of work totalling P18.761 million in two Participatory Irrigation Development Project (PIDP) Contracts were not covered with approved change orders/variation orders, contrary to the General Conditions of the Contract (GCC), thus payment relative thereto are without legal basis. Moreover, Contract PIDP2-NVBISN-1R with revised contract amount of P79.364 million due to change in design to suit actual field condition resulted in an overrun amounting to P17.988 million, equivalent to 24.15 per cent of the original contract amount of P74.478 million, contrary to GCC 27 and 43 limiting the cumulative amount of variation orders to 10 per cent of the original contract cost.	Related discussion in Part II – Observation and Recommendation No. 21 of this Report.

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**Observations and Recommendations****Actions Taken/Comments**

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We recommended that Management require the:

a. PIDP PMO to impose sanctions on the persons responsible for the preparation and approval of detailed engineering and designs of the Project due to cumulative variation orders exceeding more than 20 per cent of the contract amount; and

Not Implemented.

b. Legal Department and the Internal Audit Services to conduct investigations to determine persons liable and file appropriate charges, if warranted, for:

Not Implemented.

b.1. Implementing and payment of additional works/variation order of more than 20 per cent and without approved change order; and

b.2. Deletion of work items without evaluation and approval.

18. Insurable properties totaling P4.411 billion were not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS), contrary to Administrative Order (AO) No. 33 dated August 25, 1987 and COA Circular No. 92-390 dated November 11, 1992, thus exposing the Agency of not being indemnified for any damage or loss of uninsured properties due to fortuitous event, such as, flood, typhoon, hurricane, volcanic eruption, earthquake, and other convulsions of nature.

Reiterated in Part II - Observation and Recommendation No. 10 of this Report.

We recommended that Management require the Regional Irrigation Managers of the concerned ROs to:

a. Ensure that all insurable assets and properties are adequately insured with the GIF of the GSIS to protect the Agency and government properties in the event of fire, earthquake, typhoon, flood and any other calamities; and

Partially Implemented.

Insurable properties of ROs IV-A, IV-B, VI and JRMPP II are not insured with GIF of the GSIS.

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**Observations and Recommendations****Actions Taken/Comments**

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- b. Prepare and submit inventory reports of all insurable properties to the GIF of the GSIS, copy furnished COA. Partially Implemented.

**COMPLIANCE**

19. Lapses in the granting, utilization and liquidation of cash advances such as: a) delayed liquidation of cash advances for travel totaling P1.380 million ranging from 31 to 460 days and for special activities totaling P2.117 million ranging 31 to 1,095 days; b) granting of additional cash advances although previous ones are not yet settled; c) allowing the grant of special cash advance to undesignated/not bonded disbursing officers totaling P1.713 million; and d) expenses amounting to P3.211 million incurred out of the cash advances were not supported with appropriate documents, all in contrary to pertinent law, rules and regulations, resulting in overstatement of Advances to Officers and Employees account and understatement of expense accounts and exposed government funds to possible misuse. Reiterated in Part II - Observation and Recommendation No. 16 of this Report.

We recommended that Management:

- a. Strictly enforce compliance with existing law, rules and regulations and prescribed guidelines on cash advances to avoid accumulation of unsettled accounts as at year end; Partially Implemented.
- b. Ensure proper monitoring of cash advances granted and the liquidations thereof. No additional cash advance must be granted unless the previous ones have been fully liquidated; Partially Implemented.
- c. Send demand letters to the concerned officers and employees who have long outstanding cash advances; Partially Implemented.

<b>Observations and Recommendations</b>	<b>Actions Taken/Comments</b>
<p>d. Withhold the salaries of officers or employees who refuse to liquidate their cash advances after the issuance and receipt of demand letters;</p>	<p>Not Implemented.  In CO, Management sent demand letters to officers and employees to submit their liquidation reports immediately/within the prescribed period, otherwise their salaries will be withheld starting June 2018.</p>
<p>e. Grant only to the duly bonded disbursing officer/employee the cash advances for special purpose or time bound activity; and</p>	<p>Fully Implemented.</p>
<p>f. Remind all accountable officers to submit liquidation reports with complete documentation.</p>	<p>Fully Implemented.</p>

**GENDER AND DEVELOPMENT (GAD)**

20. The NIA's GAD Budget for Fiscal Year (FY) 2016 was not fully utilized resulting in limited GAD programs/activities/projects (PAPs) while one RO did not receive any funding for the implementation of their GAD activities; hence, the intended beneficiaries, especially women, were denied of the benefits that could have been derived therefrom. In addition, there are ROs with GAD budget far below the mandated amount of at least five per cent of their total appropriation and three ROs/Projects with no GAD Plan and Budget (GPB), indicating a low degree of commitment to gender mainstreaming. Further, NIA's GPB was not approved by the Philippine Commission of Women.

Reiterated in Part II - Observation and Recommendation No. 17 of this Report.

We recommended that Management:

a. In CO, continue to implement more GAD client and organization-focused PAPs appropriate with Agency's mandate and within the approved plan and budget;

Partially Implemented.  
  
GPB for CY 2017 was not submitted to the PCW for review and assessment on the gender responsiveness of the GAD PAPs and its endorsement to the DBM.

Observations and Recommendations	Actions Taken/Comments
<p>b. In concerned ROs:</p> <p>b.1. Formulate a more comprehensive GPB that includes PAPs, which are aligned with the GAA and will result in tangible, visible and quantifiable results;</p> <p>b.2. Allocate at least five per cent of the approved budget for GAD related PAPs;</p> <p>b.3. Ensure the full implementation of the PAPs presented in the GAD Plan and the maximization of the utilization of the GAD budget; and</p> <p>b.4. Strictly adhere to the Policy Guidelines of Joint Circular No. 2012-01 of the PCW, NEDA, and DBM in the preparation of annual GPB and Accomplishment Report.</p>	<p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p>

## COMPLIANCE WITH TAX LAWS

21. Withheld taxes for over 21 years totaling P38.370 million in NIA CO and five ROs have not been remitted contrary to Bureau of Internal Revenue (BIR) regulations. Also, in Region III for General Fund, the balance of Due to BIR account amounting to P5.705 million was not adjusted. In Region IV-B for Corporate and Special Funds, abnormal/negative SL balances exist in the Due to BIR account totaling P10,326.

We recommended that Management:

- a. In CO, require the Accountant to: (i) analyze the unremitted balances and cause the immediate remittance to BIR to avoid unnecessary interest, surcharges and penalties on delayed remittances; and (ii) designate personnel to prepare an aging schedule of the unremitted balance to monitor the number of days incurred for late
- Partially Implemented.
- Due to lack of supporting documents, tracking and reconciliation, balances of back/old accounts still unremitted to BIR.

Observations and Recommendations	Actions Taken/Comments
remittance;	
b. In concerned ROs to:	
b.1. Create a task force that will concentrate solely on tracking down the origin of all the abnormal balances of the Due to BIR account, the location of related records/source documents pertinent to the said accounts, and adjustments of the substantial reconciling items and abnormal balances;	Not Implemented.
b.2. Designate a person to review prior years' transactions to determine the accuracy of the prior years' balances, and effect the adjustments, if warranted;	Partially Implemented.
b.3. Require the Accounting Section to maintain SLs or records and monitor the withholding and remittances of taxes on a monthly basis;	Partially Implemented.
b.4. Direct the Accountant to immediately remit the outstanding balance if determined to be unremitted taxes of prior years; and	Not Implemented.
b.5. Ensure that penalties due to late remittances shall be borne by responsible officials of the Agency and not by the government	Not Implemented.

**COMPLIANCE WITH GSIS REGULATIONS**

22. Payroll deductions for GSIS loans totalling P2.293 million representing prior years' balances remained unremitted as of December 31, 2016, thus exposing NIA to risk of paying interest and penalty charges and likewise disadvantageous to the concerned GSIS members. Moreover, the Due to GSIS account has SL accounts with abnormal balances	Related discussion in Part II - Observation and Recommendation No. 19 of this Report.
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**Observations and Recommendations****Actions Taken/Comments**

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totalling P1.543 million and dormant accounts totalling P2.360 million, rendering the balance of the account doubtful.

We recommended that Management:

a. Instruct the CO Accountant to:

a.1. Strictly comply with the prescribed guidelines on remittances of withheld payroll deductions to avoid unnecessary interest and/or penalties imposed on delayed remittances especially on the part of the concerned GSIS members;

Not Implemented.

In CAR and ROs V, VI, VII and XI, the unremitted employer's and employees' contributions amounted to P2.832 million as of December 31, 2017.

a.2. Exert effort in analyzing, reviewing and reconciling the balances of inactive/dormant accounts; and

Partially Implemented.

Review of back accounts of unremitted payroll deductions requires adequate time to reconcile.

b. Direct the Regional Irrigation Manager in CAR to require the Accounting Section to monitor the withholding and remittances of payroll deductions on a monthly basis.

Fully Implemented.

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### Deficiencies in the Procurement of Infrastructure Projects and Goods

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
<b>CO – General Fund</b>	<b>2</b>	<b>P 364.575</b>	
<b>SRIPD-C-17</b> Construction of Kitcharao earthfill dam and its appurtenant structures under the Small Reservoir Irrigation Project	1	351.210	Non-compliance with the eligibility requirement of having completed a single contract similar to the contract to be bid equivalent to at least 50 per cent of the Approved Budget for the Contract (ABC).
<b>NISRIPD-S-3</b> Supply and delivery of one unit hydraulic excavator, crawler mounted, 0.70m bucket capacity, make/model: Volvo/EC 210B; and one unit hydraulic excavator, crawler, swampy, long reach 0.40m bucket capacity, make/dodel: Volvo/EC 210BLR	1	13.365	<p>a. Copy of consular invoice from the foreign supplier with the corresponding details;</p> <p>b. Breakdown of home consumption value of the items;</p> <p>c. Breakdown of expenses in the importation;</p> <p>d. Tax receipts paid in the Bureau of Custom (BOC) or the Bureau of Internal (BIR) indicating the exact specifications and/or serial number of the equipment procured by the government as a proof of payment of all taxes and duties due on the same equipment supplied or sold to the government (Administrative Order 200 dated November 21, 1990; and</p> <p>e. Detailed breakdown of the ABC.</p>
<b>CAR</b>	<b>30</b>	<b>53.179</b>	
<b>CIS-01-2016</b> Rehabilitation of CW-C-Bun-ayan Bago	1	2.595	<p>a. No PhilGEPS Certificate of registration (Platinum Membership) was attached to the disbursement vouchers (DVs); and</p> <p>b. Documents that should be included in the first envelope during the opening of the bids on December 29, 2015 were submitted only after the opening of bids based on the dates of said documents.</p>
<b>CW-C-INANG-ANGYOD/ CIP-01-2017</b>	1	0.465	No PhilGEPS Certificate of registration (Platinum Membership) was attached to DVs
<b>CW-C-COGAWE (BALIKONGKONG)/ CIS-01-2017</b>	1	3.254	-do-

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
CW-C-KARAW/ CIS-01-2017	1	0.652	No PhilGEPS Certificate of registration (Platinum Membership) was attached to DVs
CW-C-DUPPA/ CIS-01-2017	1	0.752	-do-
CW-C-LIMOS SIDOG/ CIS-01-2017	1	0.931	-do-
CW-C-SESEC-AN/ CIS-01-2017	1	6.197	-do-
CW-C-PALAW/ CIS-01-2017	1	0.657	-do-
CW-C-NAMBU CAYAN/ CIS-01-2017	1	3.748	-do-
CW-C-A-OY (AROP)	1	0.660	-do-
CW-C-COMPRA DANANAO/ CIP-01-2017	1	1.872	-do-
Contracts implemented by Kalinga IMO (KIMO)	19	31.396	a. Tax clearance; and b. Statement of single largest completed contract (SSLCC)
<b>RO IV-B</b>	<b>8</b>	<b>79.203</b>	
<b>PIDP4B-BBRISN-1</b>			
Rehabilitation and/or upgrading of Baco-Bucayao River Irrigation System (BBRIS)	1	44.743	a. No verification performed on the completeness of information in the contractor's key personnel affidavit to work on the contract;  b. Post qualification report did not indicate whether the Technical Working Group (TWG) conducted actual inspection of the equipment and/or evaluated the proof of ownership or lease purchase agreement supporting the Equipment Utilization Schedule of the on-going projects of the contractor; and  c. Requirements under letters f and g of the Instruction to Bidder (ITB) Clause 31.4g were not attached.  d. Performance Security posted by the contractor did not conform as required per ITB Clause No. 32.2

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
R4B-MMR-BBRIS-20M-CY17-07 CY 2017 BBRIS	1	20.080	<p>a. No verification performed on the completeness of information in the contractor's statement of all on-going government and private contracts (SAOGPC); and</p> <p>b. Incomplete disclosure of information in the SAOGPC and submission of doubtful documents contrary to Item 4 of Omnibus Sworn Statements executed by the contractor.</p>
CY 2017 Climate Change Adaption Works (CCAW) – <b>NIA OMIMO</b>	6	14.380	<p>a. All bidders did not submit SSLCC, instead, statement of all government and private contracts which are similar or not similar in nature showing either one or two contracts;</p> <p>b. Percentage of completion on the statement of ongoing government and private contracts were not expressly stated;</p> <p>c. Submission of two computations of Net Financial Contracting Capacity (NFCC);</p> <p>d. All bidders did not follow the format in the computation of breakdown of their financial bids as prescribed in the Bidding Documents, instead, Bill of Quantities (BOQ) and Detailed Estimates were submitted;</p> <p>e. In the No. 9 provision of Omnibus Sworn Statement submitted by the Amianan Construction, it was the RCNC who was swearing instead the former. Also, only digital signature was affixed on this statement; and</p> <p>f. The digital signatures of the proprietor of Amianan Construction were affixed in all of the technical and financial proposal rendering the bid proposals doubtful.</p>
<b>RO V – General Fund</b>	1	<b>4.125</b>	
Slope protection works/supply/delivery/installation of coco coir and vetiver grass for MNOH RIS NASISI-Bahamas and Ogsong Liago City, Albay		4.125	<p>Submission of erroneous documents:</p> <p>a. Tax return;</p> <p>b. Independent Auditor's Report; and</p> <p>c. Financial Statements (FSs).</p>

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
<b>RO VIII – Corporate Fund</b>	<b>23</b>	<b>299.656</b>	
<b>PIDP-CL-LBRISN-2</b>	1	6.879	<p>a. Eligibility requirements –</p> <ol style="list-style-type: none"> <li>1. DTI registration;</li> <li>2. Mayor's/business permit; and</li> <li>3. Tax clearance</li> </ol> <p>b. Audited FSs submitted covered only two years contrary to ITB Clause No. 12.1(c) of the World Bank Bid Data Sheet which requires audited FSs for the past three years;</p> <p>c. Bidder presented two different data/amount in the computation of NFCC; one was based on 2015 FSs and the other was based on 2016 FSs; and</p> <p>d. Copy of the newspaper of general circulation, not attached.</p>
<b>PIDP-CL-LBRISN-3</b>	1	10.984	<p>a. The same deficiencies stated under Contract No. PIDP-CL-LBRISN-2; and</p> <p>b. Project engineer and material engineer assigned to the project were the same as those assigned in the first project awarded mentioned above.</p>
<b>PIDP-CL-LBRISN-4</b>	1	17.881	<p>a. Eligibility requirements –</p> <ol style="list-style-type: none"> <li>1. DTI registration;</li> <li>2. Mayor's/business permit; and</li> <li>3. Tax clearance</li> </ol> <p>b. Copy of the minutes of pre-bid conference;</p> <p>c. Audited FSs duly received by BIR;</p> <p>d. Computation of NFCC;</p> <p>e. List of equipment pledged for use in the project were the same for use in the other awarded project of the bidder with almost the period of construction; and</p> <p>f. Non-publication in the newspaper of general circulation.</p>

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
<b>PIDP-CL-LBRISN-5</b>	1	22.955	a. The same deficiencies enumerated under Contract No. PIDP-CL-LBRISN-4; and  Project engineer and material engineer assigned to the project were the same as those assigned in PIDP-CL-LBRISN-3.
<b>BIGRIS No. 36-2017</b>	1	16.058	a. The same deficiencies enumerated in PIDP-CL-LBRISN-3 and PIDP-CL-LBRISN-4;  b. Inconsistent computation of NFCC of the bidder and TWG, using different data.
<b>BIGRIS No. 35-2017</b>	1	16.392	a. The same deficiencies enumerated in PIDP-CL-LBRISN-3, PIDP-CL-LBRISN-4 and PIDP-CL-LBRISN-5;  b. Copy of the bidder's SSLCC; and  c. Bidder did not comply with the requirement of completed similar project within the 10 year period as required under ITB Clause No. 12.
<b>BNLSL-LCB-37-2017</b>	1	18.699	a. The bidder used different data/amount in the computation of NFCC from that presented during the opening of the bids for PIDP-CL-LBRISN-3, PIDP-CL-LBRISN-4 and PIDP-CL-LBRISN-5, and BIGRIS No. 35-2017; and  b. Photocopies of documents not authenticated/certified.
<b>BITRIS-No. 29-2017</b>	1	13.528	a. Eligibility requirements not attached;  b. Copy of audited FSs duly received by BIR; and  c. Computation of NFCC of bidder was inconsistent with the computation of TWG per its evaluation.
<b>BTRIS No. 30-2017</b>	1	17.428	a. Eligibility requirement not attached;  b. Audited FS duly received by BIR;  c. Project engineer and material engineer assigned to the project were the same as those assigned in BITRIS No. 29-2017;  d. Computation of NFCC by the bidder and TWG was based on 2014 FS contrary to the requirement in ITB Clause No. 5.5 which

<b>Contract no./project</b>	<b>No. of contract</b>	<b>Contract cost (in Million pesos)</b>	<b>Lacking documents and other deficiencies</b>
			requires latest FS submitted to BIR prior the conduct of bidding; and
			e. Inconsistent application of the value of ongoing projects by the bidder and TWG.
<b>DGMRIS No. 62-2017</b>	1	12.269	<p>a. Eligibility requirements;</p> <p>b. Project Engineer and Material Engineer assigned to the project were the same as those assigned in BITRIS-No. 29-2017 and BTRIS No. 30-2017;</p> <p>c. NFCC computation was not supported with FSs duly received by the BIR; and</p> <p>d. Value of ongoing projects used in the computation of NFCC provided by the bidder during the opening of bids was inconsistent with the valued applied by the TWG during its bid evaluation/screening.</p>
<b>BNLSL No. LCB-40-2017</b>	1	0.823	<p>a. Different amount of current liabilities applied in the computation of NFCC;</p> <p>b. Bidder presented two different values of ongoing projects in the computation of NFCC one with a key factor of 15 and the other with a key factor of 10; and</p> <p>c. Bidder's SSLCC not attached.</p>
<b>BITRIS No. 08-2017</b>	1	5.857	Computation of NFCC did not include deduction of current liabilities from the current assets of the bidder's FSs, resulting in a higher NFCC. The error was not corrected by the TWG.
<b>BNLSL-LCB-10-2017</b>	1	5.275	<p>a. SSLCC not attached; and</p> <p>b. Key personnel assigned to the project were the same as those assigned in bidder's other awarded projects by NIA.</p>
<b>BNLSL-LCB-14-2017</b>	1	6.756	<p>a. Key personnel assigned to the project were the same as those assigned in the other awarded project of the bidder mentioned under Contract No. BNLSL-LCB-10-2017; and</p> <p>b. The TWG in its bid evaluation changed the key factor of 10 used by the bidder to 15.</p>

<b>Contract no./project</b>	<b>No. of contract</b>	<b>Contract cost (in Million pesos)</b>	<b>Lacking documents and other deficiencies</b>
<b>BNLSL-LCB-05-2017</b>	1	9.292	Key personnel assigned to the project were the same as those assigned in the bidder's other project mentioned in BNLSL-LCB-10-2017 and BNLSL-LCB-14-2017.
<b>BIGRIS No. 18-2017</b>	1	15.067	<p>a. Key personnel assigned to the project were the same as those assigned in the bidder's other awarded projects by NIA, defying the commitment made by the personnel contained in the affidavit that they will be personally present at the jobsite during the period of their assignment in the contract;</p> <p>b. Inconsistent computation of NFCC of the bidder and TWG;</p> <p>c. The bidder had only four completed projects similar to the project bid during the last three years from date of submission and receipt of bids for the project totaling P54.129 million contrary to the requirement of five years.</p>
<b>DGMRIS No. 02-2017</b>	1	15.622	<p>a. Photocopies of documents not authenticated/certified;</p> <p>b. Key personnel assigned to the project were the same as those assigned to the bidder's other awarded project of the same duration and commencement of work, despite commitment made;</p> <p>c. SSLCC not attached; and</p> <p>d. Audited FSs duly received by BIR not attached.</p>
<b>DGMRIS No. 01-2017</b>	1	15.421	<p>a. Error and inconsistent computation of NFCC of the bidder and TWG. The error was due the different application of the key factor wherein the TWG used a higher factor than that used by the bidder, and the amount of current asset used; and</p> <p>b. The key personnel assigned to the project were the same as those assigned to the other projects awarded to the bidder mentioned in BIGRIS No. 18-2017 and DGMRIS No. 02-2017.</p>
<b>BTRIS No. 14-2017</b>	1	10.288	<p>a. Error in the computation of NFCC by the bidder; and</p> <p>b. The key personnel assigned to the</p>

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
			project were the same as those assigned in BIGRIS No. 18-2017, DGMRIS No. 02-2017 and DGMRIS No. 01-2017.
<b>BIGRIS No. 47-2017</b>	1	18.032	<p>a. Eligibility requirements not attached;</p> <p>b. Audited FSs duly received by the BIR not attached, hence, TWG had no basis for the evaluation and computation of the NFCC;</p> <p>c. The bidder and TWG had different computation of NFCC due to different year of FSs applied. The bidder used CY 2015 FSs as basis while the TWG used CY 2016 FSs; and</p> <p>d. Key personnel assigned to the project were the same as those assigned in BIGRIS No. 18-2017, DGMRIS No. 02-2017, DGMRIS No. 01-2017 and BTRIS No. 14-2017.</p>
<b>DGMRIS No. 39-2017</b>	1	13.040	<p>a. Eligibility requirements not attached; and</p> <p>b. Key personnel assigned to the project were the same as those assigned in BIGRIS No. 18-2017, DGMRIS No. 02-2017, DGMRIS No. 01-2017, BTRIS No. 14-2017 and BIGRIS No. 47-2017.</p>
<b>DGMRIS No. 23-2017</b>	1	18.790	Key personnel assigned to the project were the same as those assigned in BIGRIS No. 18-2017, DGMRIS No. 02-2017, DGMRIS No. 01-2017, BTRIS No. 14-2017, BIGRIS No. 47-2017 and DGMRIS No. 39-2017.
<b>BTRIS No. 42-2017</b>	1	12.320	<p>a. Eligibility requirements not attached;</p> <p>b. Inconsistent data presented by the bidder in its computation of NFCC; and</p> <p>c. Key personnel assigned to the project were the same as those assigned in BIGRIS No. 18-2017, DGMRIS No. 02-2017, DGMRIS No. 01-2017, BTRIS No. 14-2017, BIGRIS No. 47-2017, DGMRIS No. 39-2017 and DGMRIS No. 23-2017.</p>
<b>RO X – Corporate Fund</b>	<b>4</b>	<b>39.575</b>	
<b>BUBRIS – INFRA-01-2017</b> Infrastructure project for Bubunawan River Irrigation System	1	10.949	<p>a. SSLCC of the winning bidder did not reached 50 per cent of the ABC;</p> <p>b. Observers were not notified by the Bids</p>

Contract no./project	No. of contract	Contract cost (in Million pesos)	Lacking documents and other deficiencies
			<p>and Awards Committee (BAC) for the pre-procurement conference and post-qualification process, contrary to Sections 13.1 and 13.3 of the Revised IRR of RA No. 9184;</p> <p>c. Copies of supplemental bid bulletin, notice of award (NOA) and Notice to Proceed (NTP) were not posted in the PhilGEPS and NIA websites; and</p> <p>d. TWG post qualification report did not contain the validation of key personnel to be used in the project</p>
<p><b>CW-BUK-RRECIS-2017-SAWAGA</b> Infrastructure project for Sawaga-Simaya Communal Irrigation System</p>	1	8.612	<p>a. NOA was issued beyond the 15 CDs from the determination by the BAC of the bidder with the lowest calculated responsive bid (LCRB);</p> <p>b. The signed contract agreement was delayed by eight CDs as well as the NTP by five days based on the “Should be” earliest possible time;</p> <p>c. The contract was not signed and served to the winning bidder within 10 days; and</p> <p>d. The NTP was not issued to the winning bidder within seven CDs from the date of approval of the contract.</p>
Construction of diversion dam and road gravelling	1	13.867	a. Non-compliance with the documents required to be submitted for eligibility and for technical requirements as prescribed in Section 30.1 of the revised IRR of RA 9184 ;
Construction of irrigation canal (CARIIS Main Canal 2) and its appurtenant structures	1	6.147	b. Non-compliance with the use of the standard form in the preparation of contractor’s equipment, project % of completion and the manpower included in the organizational chart
<b>68</b>		<b>P 840.313</b>	

**Lacking Documents to Support Advance Payments and Progress Billings made by CO**

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
PIDP11-C- BRISN-3	Rehabilitation of West Area and Construction of West Extension Area, including appurtenant structures and supply, delivery, and installation of steel gates for Batutu River Irrigation System (BRIS) under the Participatory Irrigation Development Project Quantities	P 81.726	<p><b>I. Advance payment for first half of 15 per cent of contract price -</b></p> <ul style="list-style-type: none"> <li>a. Technical and financial proposals of two non-winning bidders</li> <li>b. Bid security of the contractor</li> <li>c. Documents that should have been submitted by the contractor within three calendar days (CDs) from receipt of the notice of the Bids and Awards Committee (BAC) that the contractor has the Lowest Calculated Bid, such as: <ul style="list-style-type: none"> <li>i. Certified true copy of tax clearance</li> <li>ii. Latest income and business tax returns</li> <li>iii. Certificate of PhilGEPS registration</li> </ul> </li> <li>d. Detailed computations of contract time supporting the PERT/CPM Network Diagram</li> <li>e. Technical specifications (TS)</li> <li>f. Scope of work</li> <li>g. Certified true copy of the minutes of pre-procurement conference</li> <li>h. Certified true copy of the notice of the pre-procurement conference issued with evidence of receipt thereof by the participants</li> <li>i. Letter from withdrawing bidder</li> <li>j. Records of the BAC on the issuance of bidding documents (with corresponding official receipt [OR] reference numbers for the sale of bidding documents, as well as, the covering Collection and Deposit Report)</li> <li>k. Construction Safety and Health Program (CSHP) approved by the DOLE</li> <li>l. Contractor's Environmental Management Plan (EMP)</li> </ul>	P 6.038
			<p><b>II. Progress billing (PB) Nos. 1-4 -</b></p> <ul style="list-style-type: none"> <li>a. Equipment Mobilization Report showing the contractor's compliance with the mobilized equipment pursuant to clause 12.1.f(ii) of the ITB</li> <li>b. Monthly Statistical Report Nos. 1-4</li> <li>c. Preliminary inspection report</li> <li>d. Detailed Quantity Calculations (DQC) for PB Nos. 1 and 2. Meanwhile, for PB Nos. 3 and</li> </ul>	81.726

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<p>4, the document labelled as DQC, which was nonetheless signed as checked by the NIA Project Engineer and Compostela Valley IMO Project Manager sans the approval, was descriptive more of a summary rather than the details of accomplishment. In addition, there was no indication that appropriate review and approval was made on the document attached to the DQC, which was found out to be the supposed DQC for showing the appropriate details of accomplishment, and the supporting drawings as well</p> <p>e. Documents to support actual delivery of the construction supplies/materials and its compliance with the specifications of the contract and the report/results of the testing of the drawn samples for each constructed work item, as should have been supposedly required in the TS of similar contracts. These documentary deficiencies are enumerated below:</p> <ul style="list-style-type: none"> <li>i. DQC duly checked, evaluated, and reviewed by the concerned NIA personnel</li> <li>ii. DQC and supporting drawings duly checked, reviewed, and approved by concerned NIA personnel</li> <li>iii. Certification from NIA Project Engineer (person in-charge) that the work accomplished was inspected/validated and found to be in accordance with the TS of the contract</li> <li>iv. Certification from the NIA Materials Testing Engineer (person in-charge) that the work accomplished was in accordance with the TS relative to the materials used and method of construction and was built in accordance with the plans and drawings</li> <li>v. Documents showing actual work done per day (manpower utilization and equipment utilization)</li> <li>vi. Certification issued by the NIA Materials Testing Engineer to the effect that the work accomplished, measured and covered by such progress payment, have attained the desired degree of compaction in accordance with the drawings and specifications of the TS</li> <li>vii. Delivery receipt (DR) of the cement procured and quality control test conducted by the supplier</li> </ul> <p>f. Reports of Testing issued were short of the data on the frequency/number and the type of test conducted. Also, there was no evaluation made by NIA relative to the completeness of reports supporting the required testing</p> <p>g. Incomplete documents supporting payments made by the Contractor to the supplier</p>	

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<p>for the delivery of Reinforcing Steel Bars (RSBs) in the total amount of P10.863 million, such as: DRs, Cash Sales Invoice, Manufacturer's Mill Certificate and Certificate of Acceptance.</p> <p>h. Documents to support final billing (PB No. 4):</p> <p style="padding-left: 20px;">h.1. Letter request from contractor for final inspection</p> <p style="padding-left: 20px;">h.2. As-built-plans</p> <p style="padding-left: 20px;">h.3. Supporting Annexes to the Resolution of Final Inspection and Completion, such as:</p> <p style="padding-left: 40px;">i. Pre-Final Inspection Report relative to the Pre-final inspection conducted on November 23-27, 2015;</p> <p style="padding-left: 40px;">ii. Indorsement of the PIDP Project Manager dated January 15, 2016 for the Pre-Final Inspection Report;</p> <p style="padding-left: 40px;">iii. Indorsement Letter of the PIDP Project Manager dated April 1, 2016 for the Punch Lists including photos of the completed contract works; and</p> <p style="padding-left: 40px;">iv. Indorsement Letter of the PIDP Manager dated July 4, 2016 for the Final Inspection Report and Certificate of Compliance.</p>	
CMIPP2/NC B-C-S6-1	Construction of Super Diversion Canal including related structures and supply, delivery, installation, and commissioning of steel gates under CMIPP	415.995	<p><b>I. Advance payment -</b></p> <p>a. Certified true copy of:</p> <p style="padding-left: 20px;">i. Letters from two withdrawing bidders dated both March 9, 2015</p> <p style="padding-left: 20px;">ii. Letter of NIA notifying the contractor on the failure of the latter to comply with the requirement of bid documents and to file Motion for Reconsideration (MR)</p> <p>b. Records of the BAC on the issuance of bidding documents (with corresponding OR reference numbers for the sale of bidding documents, as well as, the covering Collection and Deposit Report)</p> <p>c. Good For Construction (GFC) plans and drawings duly checked, reviewed, recommended, and approved by concerned NIA personnel</p> <p>d. There is no indication that the EMP submitted by the Contractor has been duly approved by the EMB. Hence, it could not be ascertained whether its plan to achieve the environmental objectives and targets of the Project has been in accordance with the standards set by the EMB.</p>	62.399

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<b>II. PB Nos. 1-7 -</b>	365.448
			<p>a. MSR Nos. 1 to 17 for the period May 31, 2015 to October 31, including pictures taken on construction activities per work item.</p> <p>b. Material Testing Reports submitted were not certified as true copy, thus, there is no assurance that the same is a faithful reproduction of the original document.</p>	
SRIPD-C-17	Construction of Kitcharao Earthfill Dam and its Appurtenant Structures under the Small Reservoir Irrigation Project(SRIP)	351.210	<p><b>I. PBs –</b></p> <p>Monthly Statistical Report (MSR) containing information such as: a) Daily activities of contractor in tabulated form; b) Physical progress for the month or period and estimated progress for the succeeding month or period; c) Overall Implementation Schedule based on the Program of Work duly approved by Procuring Entity's representative; d) A tabulation of Employees showing the supervisory staff and the number of the several classes of labor employed by the contractor during the month or period (Daily manpower Utilization Report); e) List of the equipment utilized for the performance of the Contract Work during the month or period (Equipment Utilization Reports); and f) Materials and Financial Allocation Resources Utilization and Weather Chart and Rainfall Summary</p> <p>The lacking documents, among others, are as follows:</p> <p>a. Payment for Item 101 – Temporary Works was not supported with: a) Lay out drawings/Plan of Campsite Facilities, program of erection and specifications duly approved by NIA Deputy Administrator for Engineering (section I-101 of TS); b) Equipment Mobilization/Report on the inspection conducted by NIA on the equipment mobilized: initial and total requirement with information relative to the conformity of the mobilized equipment with respect to number, capacity condition with the contract requirement; c) Detailed Cost of Derivation for the Accomplished Mobilization, Construction Plan, Construction Equipment Mobilized reports submitted were not checked, evaluated and reviewed by the concerned NIA personnel; d) Photos of temporary constructed facilities; e) Certification from NIA Project Engineer (person-in-charge) that the temporary works accomplished were inspected and found to be in accordance with the technical specification of the contract; and f) Report on periodic check-up conducted by NIA of the contractor's equipment moved-in for the contract work</p> <p>b. Payment for 102 - Clearing and Grubbing was not supported with documents such as: a) Certification from the NIA Project Engineer that the clearing and grubbing paid were</p>	351.210

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<p>validated and found to be in accordance with the Technical Specifications of the Contract;</p> <p>b) Pictures before and after clearing and grubbing made indicating the specific location; and c) Details of the increase in quantity</p> <p>c. Payment for Item 103 - Diversion Care of River during construction and Unwatering Foundation was not supported with: a) Approved scheme for handling the river during construction which include the arrangement, location and height of the cofferdam, materials used in the structures and the procedure in placing and compacting the fill materials; and b) Method of Dewatering excavations and foundations</p> <p>d. Payment for Item 104 - Excavation and Foundation Preparation was not supported with documents such as: a) Certification from the NIA Project Engineer (person in-charge) that the excavation paid was validated and computation for payment was in accordance with the TS; b) Documents showing actual work done per day (man power utilization and equipment utilization); and c) Details of the increase in quantity.</p> <p>e. Payment for Item 105 – Overhaul/Disposal was not supported with: a) Computation of the volume of the waste materials based on the net end areas versus stationing diagram and mass diagram for each lateral and canal duly verified and approved by the NIA Engineer (person-in-charge) and the Administrator, respectively (Section IX of TS); b) Certificate from the Contractor duly certified by the NIA Engineer on the actual disposal area with corresponding hauling distance; c) Supporting documents showing the hauling activity such as information on dump trucks trip and man-power utilization; d) Area of Free Haul distance; and e) Details of the increase in quantity.</p> <p>f. Payment 106 - Dam Embankment/ Structure Backfill was not supported with a Certification from the NIA Project Engineer (person in-charge) that the structure backfill paid were validated and found to be in accordance with the TS.</p> <p>g. Payment for Item 107a– Impervious Clay core was not supported with documents such as: a) Certification from the NIA Project Engineer (person in-charge) that the embankment construction and Compaction paid were validated and found to be in accordance with the TS; b) Certification issued by the NIA materials testing engineer to the effect that the constructed embankment measured and covered by such progress payment has attained the required degree of compaction; c) Results of testing conducted on the embankment; and d) Details of the increase in quantity</p> <p>h. Payment for Item 108 - Concrete Structures was not supported with document such as:</p>	

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<p>a) Certification from the NIA Project Engineer (person in-charge) that the concrete structure was constructed in accordance with Section XV of the TS and was built in accordance with the plan and drawings; b) Certified true copy of DR of the cement and quality control test made by the supplier (Cement should conform to the requirements of standard specifications for Portland Cement - ASTM: C-150 Type 1); c) Validation of NIA Materials Engineer on the moisture content of the cement and storage age of not exceeding 60 days; d) Results of routine control test and analysis of aggregates at various stages of processing, transporting, stockpiling, re-draining, and batching made by the contractor; and e) Results of testing made on the concrete samples provided by the Contractor (1514 of Section XV states that concrete sampling shall be carried out on during concrete operations at the rate of one standard sample for each 75 cu meters of concrete fraction thereof placed during each continuous placing operations but in no case shall there be less than one sample for each day concreting)</p> <p>i. Payment for Item 109 – Concrete Pile was not supported with documents such as: a) Certification from NIA Engineer that the work item were delivered in accordance with the specification; and b) DR duly noted by the NIA Inspector.</p> <p>j. Payment for Item 110 - RSBs were not supported with original copies of: a) Sales Invoice (SI) Nos. 91472, 91475 and 91476 dated October 13, 2012 and SI Nos. 93305, 933033 and 80349 dated December 15 and 17, 2012; b) DR Nos. 1652,1653,1544,1545 dated June 20, 22, 27 and 28, 2012; c) Corresponding DR of the latter Invoices that would show such items were delivered to the site; d) DR Nos. 3128 and 3129 both dated March 16, 2013 duly received by NIA representatives; e) UP Construction Materials and Structures Laboratory (Lab.) Report No. 140498 dated June 7, 2012 Test Result; f) Certified true copy of DR No. 11277 dated July 25, 2012; g) Results of the Material testing by the contractor on the RSB delivered with NIA authorized representative shall at random, take two representative samples of RSB per lot covered by the manufacturer's Mill Certificate; h) Ultrasonic Testing Reports dated July 17 and 19, 2013 conducted by E'WELL Testing Services bearing the signature of the Lab. Manager./NDT Supervisor; i) DR dated November 4, 2014 (submitted is unnumbered receipt); j) Quality Test Report on RSB dated October 11, 2014 covered by Lab. Nos. RSB 11614-1 to 06; k) Quality Test Result for the period February 1, to April 30, 2015; l) Field Density Test (FDT)/Lab. Nos. 883 to 1020 for the period Feb. 1 to April 30, 2015 in support to the submitted Summary of FDT; m) FDT/Lab. Nos. 901 to 1089 for the same period above in support to the submitted Summary of FDT-</p>	

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<p>Downstream, FDT/Lab. Nos 892 to 1059 for the same period above in support to the submitted Summary of FDT-Upstream; and n) Certification from NIA Material Engineer that the quality testing report covered by the above mentioned Lab. Test Result are completely verified and found to be un accordance with the TS of the contract.</p> <p>k. Payment for Item 111 - Concrete Joints and Materials was not supported with documents such as: a) Results of testing of Polyvinyl Chloride (PVC) waterstop in conformity with the requirements of Specifications CRD-C572 of the US Army Corps of Engineers which shall conform to the ozone resistance required for rubber waterstop; b) Result of Rubber waterstop in accordance with appropriate sections of Federal Test Method Standard No. 601 of which the ozone concentration when tested shall be 85 to 100 parts per million; and c) Inspection on Joint Sealant wherein each pack of the base compound and curing agent shall be subject to inspection and approval by NIA before acceptance or shipment.</p> <p>l. Payment for Item 112 - Filter Drain was not supported with document showing the method of construction (Filter Drain, Section XIII) that the materials damped and spread on the prepared bed and each layer for the filter drain was compacted by a suitable compactor to a degree approved by the Engineer, by which placement of succeeding layers will be allowed only after the Engineer has approved the placement and compaction of the preceding layers.</p> <p>m. Payment for Item 113 - Drilling &amp; Grouting was not supported with documents such as: a) Result of Water Pressure Testing as required by the Engineer during the drilling of holes or after drilling is completed, or during or after grouting, full holes or part of them; b) Documents to show the existing water level in the hole to be tested which were established and recorded by the contractor before commencement of pressure testing; and c) Result of the grout samples required by the Engineer.</p> <p>n. Payment for Item 114 - Rubble Masonry was not supported with a certification from the NIA Materials Testing Engineer (person in-charge) that the rubble masonry was constructed in accordance with Technical Specifications relative to the materials used and method of construction and was built in accordance with the plan and drawing, contrary to Section XIV, 1402 of the Technical Specifications of the Civil Works Contract.</p> <p>o. Payment for Item 115 - Grouted Riprap was not supported with a certification from the NIA Project Engineer (person in-charge) that the grouted riprap were constructed using the materials and method of construction prescribed</p>	

No.	Contract Title	Cost (in Millions)	Documentation deficiencies/lacking documents	Amount paid (in Millions)
			<p>in the Technical Specifications of the contract.</p> <p>p. Payment for Item 116 - Anchors Bars was not supported with DR and Inspection and Acceptance of the NIA Engineer of the delivered items and the corresponding installation.</p> <p>q. Payment for Item 117 – Dam Instrumentation was not supported with original copy of Sales Order No. 21106, Dispatch No. 19249 dated Aug. 2013 covered by Delivery Contract No. 6393999043483 of the Pneumatic Piezometer and Result of Inspection, Testing conducted on the piezometer and Acceptance of the NIA Engineer.</p> <p>r. Payment for Item 118 – Miscellaneous was not supported with documents such as: a) The various tests for the cylinder, steel quality were conducted by the contractor instead of other licensed laboratory; b) Report on the concrete cylinder tests conducted, in support to the submitted Summary Test Result, Summary of Field Density; and c) Original DRs duly noted by NIA Inspectors.</p> <p>s. Payment for Extra Work Order – Wye Branch of Outlet Works was not supported with a Clear copy of Details of Extra Work Order No. 2 (Submitted copy is unreadable).</p> <p><b>III. Final billing (PB No. 13) –</b></p> <p>a. Approved final firmed quantities and cost</p> <p>b. Certificate of final completion</p> <p>c. Preliminary inspection report</p> <p>d. Detailed report on Material Test Requirements and Completed Works by the Final Inspection and Acceptance Committee, which would show that the required test were conducted with satisfactory results</p> <p>e. Warranty security</p> <p>f. As built plans</p> <p>g. Copy of the Final Inspection Report conducted on September 21 to 25, 2015</p> <p>h. Certificate from the IMO that the corrective works were done on the defects found by the Inspection Team</p> <p>i. Summary of Test requirements for materials and completed works showing that the required tests were conducted with satisfactory results (Annex J of the Resolution of Final Inspection)</p>	
<b>P 848.931</b>				<b>P 866.821</b>

**Details and Status of Unsettled Notices of Disallowance (NDs)  
As of December 31, 2017**

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
<b>I. GENERAL FUND</b>				
<b>Central Office</b>				
2017-014-102/ 12-20-2017	Payments for Advance/Mobilization Fees under Contract No. PIDPC-C-UCRISI-1 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	PIDP Manager/ Bids and Awards Committee (BAC)-A, Member; Former Administrator; Acting Deputy Administrator for Engineering and Operations/BAC-A Chairman; Deputy Administrator for Engineering and Operations/ Vice – Chairman, BAC-A; Former Administrator; Member, BAC – A; Vice-Chairman, BAC-A; Member, BAC Technical Working Group (BAC-TWG); Member, BAC – TWG; Head, BAC-TWG; Project Manager, PIDP; Asst. Project Manager, PIDP; Principal Engineer C; Supervising Engineer; Acting Deputy Administrator for Finance and Administration; Manager, Engineering Department; Principal Engineer A; Acting Deputy Administrator for Engineering and Operations; Supervising Engineer A; Division Manager; Regional Manager, CAR; and Contractor/Payee	P 201,272,895.12	Within the appeal period
2017-013-102/ 10-11-2017	Payment of claims under Contract No. PIDP11-C-BRISN-1 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Deputy Administrator for Engineering and Administration/ Vice Chairman, BAC – A; Former Acting Deputy Administrator for Engineering and Operations; Former Acting Deputy Administrator for Administrative and Finance; Former Acting Deputy Administrator for Engineering and Operations; PIDP Project Manager; Principal Engineer A; Supervising Engineer A; Former Acting Deputy Administrator for Engineering and Operations/Chairman, BAC; Former NIA Administrator; Former PIDP Manager/Member, BAC - A Member; Head, BAC TWG; Head, BAC Secretariat	81,587,134.60	With Appeal from the ND before the CGS Cluster 5 Director

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2017-012-102/ 04-20-2017	Payment of claims under Contract No. SPISPI-C-3 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former NIA Administrator; Former NIA Senior Deputy; Former Deputy Administrator for Engineering Operations/ Former Project Manager, SPISP and Manager of Engineering Department (ED); Former Acting Deputy Administrator for Engineering Operations; OIC, Construction Management Division, ED; Supervising Engineer Contract Administration Section, CMD; Manager, CMD, ED; Senior Engineer A, CAs – CMD, Engineering Department; Engineer A, CAS – CMD, ED; and Contractor/ Claimant	9,129,808.99	With Appeal from the ND before the CGS Cluster 5 Director
2017-011-101 04-18-2017	Payment of interest charges due to delayed payments of Progress Billings under Contract No. BBMPD-C-3 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Administrator; Former Manager, Engineering Department; Former, Acting Deputy Administrator for Engineering and Operations; Manager Engineering Department; Head, CAS CMD Engineering Department; Principal Engineer A, CAS CMD Engineering Department; and Contractor	13,000,000.00	-do-
2017-010-101/ 04-18-2017	Payment of interest charges due to delayed payments of Progress Billings under Contract No. CMIPP-C-S1 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Deputy Administrator for Engineering & Operations; Acting Manager, Engineering Department; Acting Manager CMD, Engineering Department; Principal Engineer A, CAS CMD Engineering Department; and Contractor	10,825,033.74	-do-
2017-009-101 04-03-2017	Payment of claims under Contract No. R6-JRMP-II-NCB-C-1 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former NIA Administrator; Former Deputy Administrator for Engineering and Operations/Chairman, BAC – A; Vice-Chairman, BAC – A; Regional Irrigation Manager, RO No. VI and concurrent Project Manager, JRMP-II/Member, BAC – A; BAC – A TWG; Members, BAC – A TWG; Head, BAC – A,	80,813,154.60	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
		Secretariat; and Contractor/ Payee		
2017-008-101/ 03-29-2017	Payment of claims under Contract No. CMIPPD-C-S5-9 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Deputy Administrator for Engineering and Operations; OIC, Deputy Administrator for Engineering and Operations; Former NIA Administrator; Former Acting Deputy Administrator for Engineering and Operations/Chairman, BAC – A; Vice – Chairman, BAC – A/Vice – Chairman, NIA Board of Directors; Members, BAC – A; Chairman, BAC TWG; Members, BAC – A TWG Chairman, NIA Board of Directors (BOD); Members, NIA BOD; and Contractor/Payee	117,343,947.72	With Appeal from the ND before the CGS Cluster 5 Director
2017-007-101/ 03-28-2017	Payment of claims under Contract No. CMIPP2/NCB-C-S6-2 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Deputy Administrator for Engineering and Operations/Chairman, BAC – A; Former NIA Administrator; Former Senior Deputy Administrator; Acting Manager, Engineering Dept.; Members, BAC – A; Vice Chairman, BAC – A; Member, BAC Technical Working Group (BAC-TWG); Members, BAC – TWG; Head, BAC – TWG; and Contractor/Payee	95,274,436.74	-do-
2017-006-101/ 03-23-2017	Payment of claims under Contract No. PIDP2-C-MRISN-1R considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Deputy Administrator for Engineering and Operations/Vice –Chairman, Bid and Awards Committee – A; Former Acting Deputy Administrator for Engineering and Operations/Chairman, Bids and Awards Committee; Former NIA Administrator; Former Project Manager, PIDP/Member, BAC – A; Former Manager, Administrative Department Member, BAC – A; Members, BAC – A; Head, BAC TWG; and Contractor/Payee	35,681,359.23	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2017-005-101/ 02-20-2017	Payment of claims under Contract No. SRIPD-C-24 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Deputy Administrator for Engineering and Operations; Acting Deputy Administrator for Engineering and Operations; Former Administrator; BAC – A Chairman/Formal Acting Deputy Administrator for Engineering and Operations; Member, BAC – A/Project Manager SRIP; Vice – Chairman, BAC – A; Members BAC – A; Former Acting Manager Accounting Division; Acting Manager, Accounting Division; BAC Secretariat - Member; Chairman, BAC – A, TWG; Members, BAC – A TWG; and Contractor/Payee	121,645,171.43	-do-
2017-004-101/ 02-17-2017	Payment of claims under Contract No. SRIPD-C-23 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Former Administrator; Former Administrator/ Vice Chairman of the NIA Board; BAC – A Chairman/Acting Deputy Administrator for Engineering and Operations; Former Deputy Administrator for Engineering and Operations/ Member, BAC – A; Deputy Administrator for Administrative and Finance; Acting Deputy Administrator for Engineering and Operations; Member BAC – A/Formal Manager, SRIP; Acting Project Manager, SRIP; Former Acting Manager, Accounting Division; Acting Manager, Accounting Division; Member BAC-A /Member, BAC – A TWG; Vice Chairman, BAC – A; Member BAC – A; BAC TWG – Chairman; BAC TWG – Member; BAC – A TWG Member; Chairman – NIA BOD; Members – NIA BOD; and Contractor/Payee	435,809,849.91	With Appeal from the ND before the CGS Cluster 5 Director

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2017-003-101/ 01-16-2017	Payment of claims under Contract No. UMRIPD-C-3 considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Deputy Administrator for Engineering and Operations, Member/ BAC – A; Deputy Administrator for Administrative and Finance; Former Administrator; Chairman, BAC – A; Vice – Chairman, BAC – A; Members, BAC – A; Members BAC – A TWG; Member BAC – A TWG/Chairman, TWG; Member, BAC Secretariat; and Payee/Contractor	138,945,742.35	-do-
2017-002-101/ 01-15-2017	Payment of 7.5 per cent mobilization fee considered as irregular expenditure as defined under COA Circular 2012-003 dated October 29, 2012	Administrator; Acting Deputy Administrator; Deputy Administrator for Engineering and Operations/ Chairman BAC –A; Vice Chairman, BAC – A; Members, BAC – A; Acting Manager, Accounting Division; Manager, Engineering Department/ Head, BAC – A TWG; Members, BAC – A TWG; Head, BAC – A Secretariat; and Contractor/Payee	19,360,652.56	With Appeal from the ND before the CGS Cluster 5 Director
2017-001-101/ 01-11-2017	Payments of claims under Contract No. SRIPD-C-21 considered as irregular expenditures as defined under COA Circular 2012-003 dated October 29, 2012	Administrator; Former Administrator; BAC – A Chairman/ Acting Deputy Administrator for Engineering and Operations; Former Acting Manager Accounting Division; Members BAC – A; Provisional Member BAC-A; Acting Deputy Administrator for Engineering and Operations; Chairman, BAC-A Technical Working Group (TWG); Members, BAC-A TWG; Chairman – NIA BOD; Members – NIA BOD; and Contractor/Payee	203,675,370.73	-do-
2016-007-101/ 12-16-2016	Payment of claims under Contract No. SRIPD-C-20 which was awarded not strictly in accordance with the procedure prescribed under RA No. 9184 and IRR.  Entering into contract without full appropriation and adequately covered with an	Former Administrator; Former BAC-A Chairman Former BAC-A Vice-Chairman; Members of the BAC-A; Head, BAC TWG; Members of the BAC TWG Head, BAC-A Secretariat; Member, BAC-A Secretariat; Chairman of the NIA BOD; Members of the NIA BOD; and Payee.	167,422,114.84	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	approved Multi-Year Obligation Authority in violation of Section 85 of PD 1445.			
2016-006-101/ 12-16-2016	Payment of claims under Contract No. SRIPD-C-26 which was awarded not strictly in accordance with the procedure prescribed under RA No. 9184 and its Revised IRR.	Former Administrator; Former BAC-A Chairman Former BAC-A Vice-Chairman; Members of the BAC-A; Head, BAC TWG; Members of the BAC TWG Head, BAC-A Secretariat; Member, BAC-A Secretariat; Former Acting Manager, Accounting Division; and Payee	25,311,068.06	With Appeal from the ND before the CGS Cluster 5 Director
	Entering into contract without full appropriation and adequately covered with an approved Multi-Year Obligation Authority in violation of Section 85 of PD 1445.			
2016-005-101/ 12-16-2016	Payment of claims under Contract No. CMIPP2/NCB-C-S4-1 which was awarded not strictly in accordance with the procedure prescribed under RA No. 9184 and its Revised IRR.	Former Administrator; Former Senior Deputy Administrator; Former BAC-A Chairman; BAC-A Vice Chairman; Members of the BAC-A Head, BAC TWG; Members of the BAC TWG; Member, BAC Secretariat; and Payee	122,473,922.21	-do-
2016-003-102/ 4-6-2016	Procurement of 16 units motor vehicle Model Nissan Frontier Navarra 4 WD MT per Contract No. NISRIPD-S-1 exceeded the current prevailing market price per unit at the time of purchase and no volume discount availed	Former Administrator; Deputy Administrator for Administrative and Finance; Former Deputy Administrator for Engineering and Operations; Former Chairman, BAC-A; Former Vice Chairman, BAC-A; Members of the BAC-A; Head, TWG; and Members of the TWG	272,000.00	-do-
2016-002-102/ 3-28-2016	Procurement of 17 units Nissan Frontier Navarra 4 WD MT per	Deputy Administrator for Admin & Finance; Former Administrator; Project Manager PIDP/ Member of	289,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	Contract No.PIDP-S-7 exceeded the current prevailing market price per unit at the time of purchase and no volume discount availed	BAC-A; Chairman, BAC-A; Members of the BAC; Vice Chairman, BAC-A; Head, TWG Members of the TWG; Asst. Project Manager, PIDP; And Payee		
2016-001-102/ 3-21-2016	Procurement of 19 units motor vehicle Model Nissan Frontier Navarra 4 WD per Contract No. PIDP-S- 2R2 exceeded the current prevailing market price per unit at the time of purchase and no volume discount availed	Former Administrator; Former Project Manager, PIDP and Member of BAC-A; Chairman BAC-A; Vice-Chairman, BAC-A; Head , BAC TWG; Members of the BAC TWG; Head, BAC Secretariat; and Payee	494,000.00	With Appeal from the ND before the CGS Cluster 5 Director
2015-007-102/ 12-17-2015	Delivered items were not in accordance with the specifications indicated in the Contract.	Former Administrator; Former Deputy Administrator for Administrative and Finance; Former Manager, Administrative Department and Vice Chairman BAC-B; Manager, Accounting Division; Chairman and Members of BAC-B; Chairman and Members of BAC-TWG; Technical Inspector Materials Planning Services Chief; and Payee	1,157,990.00	-do-
2015-006-102/ 12-2-2015	Payment of per diems and reimbursement were made to the Consultant for the number of days he was within the base of operation which is considered irregular and unnecessary expenditures pursuant to COA Circular 2012-003 dated October 29, 2012	Acting Deputy Administrator for Engineering and Operations; Acting Manager, Accounting Division; PIDP Project Manager; PIDP Manager Engineering Division; Senior Financial Planning Specialist; and Consultant	116,590.83	-do-
2015-003-102/ 10-7-2015	Payment of Item 117- Supply and Delivery of Steel Sheet Piles which did not conform to the contract specifications for	Acting Deputy Administrator for Engineering and Operations; Deputy Administrator for Engineering and Operations; PIDP Project Manager; Principal Engineer A Cluster Head,	27,717,840.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	the Contract No. PIDP2-C-VISN-1R	VIS/BCIS/BRIS; Project in Charge/ Field Supervisor NIA VIS; Member of TPIG, CBIMO; Chief, Engineering Section Head Technical Project Inspectorate Group; Acting Manager; Acting Regional Manager; and Payee		
2015-002-101/ 7-2-2015	Payment of per diems and reimbursement of vehicle rental to the consultant when he was within the base of operation for the Consultancy Services on Construction Supervision and Quality Assurance	Deputy Administrator for Engineering and Operations; Acting Deputy Administrator for Engineering and Operations; Manager, Construction Management Division; PIDP Project Manager; Acting Manager, Accounting Division; Senior Financial Planning Specialist; Manager, PIDP Engineering Division; and Consultant	573,636.02	With Appeal from the ND before the CGS Cluster 5 Director
2015-001-101/ 6-16-2015	Payment for items 125, 126 and 127 was disallowed in audit due to non-submission of the documents required under NS No. 2014-017-101 dated May 16, 2014 which was received by NIA on May 20, 2014.	Administrator; Acting Deputy Administrator; OIC Deputy Administrator for Engineering and Operations; Acting Administrator; Manager, Accounting Division; Manager Engineering Department; Project Manager, SJPIPD-C-1; Acting Manager, Engineering Division; Manager Construction Division; Manager Engineering Division; Senior Engineer A; Manager, CMD Engineering Department; Supervising Engineer A; OIC Construction Management Division; Senior Engineer; Contractor Quantity Surveyor; Construction Manager; and Project Manager; and Payee	47,057,674.15	-do-
HCAAP 2014-001(12)/ 8-28-2014	Overpayment of accomplishment and non-deduction of the cost of material withdrawn by the contractor to NIA	Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; Project Manager, HCAAP; Chief, Construction Section; OIC, Operation Division; Manager, General Accounting; Team Leader, Consultant; Payee; and Contractor's Project Manager and Office Engineer	6,343,953.68	With CGS Cluster 5 Decision No. 2016-029 dated September 23, 2016. The Decision was elevated to the COA Commission Proper (CP) for automatic review
HCAAP 2014-002 (12)/ 8-28-2014	Overpayment of accomplishment and non-deduction	Acting Deputy Administrator for Engineering and Operations; Manager,	15,872,260.75	With CGS 5 Decision No. 2016-039 dated

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	of the cost of material withdrawn by the contractor to NIA	Engineering Dept.; Project Manager, HCAAP; Chief, Construction Section; OIC, Operation Division; Manager, General Accounting; Consultant's Team Leader, Payee;; and Contractor's Project Manager and Office Engineer		October 12, 2016. The Decision was elevated to the COA CP for automatic review
HCAAP 2014-003 (12)/ 8-28-2014	Payment for overrun or increase in quantity for item 104.b of the Contract.	Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; Project Manager, HCAAP; Chief, Construction Section; OIC, Operation Division; Manager, General Accounting; Consultant's Team Leader; Contractor's Engineering Manager, Project Manager, Chief Office Engineer and Office Engineer	168,774,744.39	With Appeal from the ND before the CGS Cluster 5 Director.
2014-005-101/ 4-11-2014	Payment of honorarium to officers of NIA and other reimbursable cost	Administrator; Acting Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Acting Manager, Accounting Division; and Payee – NIACONSULT, Inc.	934,145.01	With COA Order of Execution (COE) dated January 27, 2016 in the amount of P799,145.01 net of P135,000 representing honorarium paid to NIA Officers which was covered by ND 2013-001 NIACON (12) and subject of CGS 5 Decision No. 2014-010 dated 8/23/2014. CGS 5 Decision under Petition for Review before the COA CP
2014-006-101/ 4-11-2014	Payment of honorarium to officers of NIA and other reimbursable cost	Administrator; Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; Manager, General Accounting; Acting Manager, Accounting Division; Manager, Budget Division; and Payee – NIACONSULT, Inc.	1,164,821.36	With COE dated January 27, 2016 in the amount of P312,321.36 net of P852,500 representing reimbursement of remuneration/ honorarium paid to NIA Officers which was covered by ND No. 2013-001 NIACON(12) dated 8/27/2013 and ND No. 12-005-NIAC(11) dated 11/23/2012 and

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
				subject of CGS 5 Decision No. 2014-010 dated 8/23/2014 and CGS Decision No. 2013-003 dated 4/16/2013. CGS 5 Decision under Petition for Review before the COA CP
2014-008-101/ 4-30-2014	Payment of honorarium to officers of NIA and other reimbursable cost	Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; Acting Manager, Accounting Division; Manager, Budget Division; and Payee – NIACONSULT, Inc.	534,282.75	With COE dated October 28, 2015 received by Management on 1/20/2016 in the amount of P348,782.15 net of P185,500 representing reimbursement of remuneration/ honorarium paid to NIA Officers which was covered by ND 2013-001 NIACON(12) dated 8/27/2013 and subject of CGS Decision No. 2014-010 dated 8/23/2014. CGS Decision under Petition for Review before the COA CP
2014-009-101/ 5-2-2014	Payment of honorarium to officers of NIA and other reimbursable cost	Administrator; Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; Manager, General Accounting; Acting Manager, Accounting Division; Manager, Budget Division; and Payee – NIACONSULT, Inc.	857,729.32	With COE dated January 27, 2016 received by Management on February 10, 2016 in the amount of P587,729.32 net of P270,000 representing reimbursement of remuneration paid to NIA officers which was covered by ND No. 2013-001 NIACON(12) dated 8/27/2013 and subject of CGS 5 Decision No. 2014-010 dated 8/23/2014. CGS 5 Decision under Petition for Review before the COA CP

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2014-010-101/ 5-6-2014	Payment of honorarium to officers of NIA and other reimbursable cost	Administrator; Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; Manager, General Accounting; Acting Manager, Accounting Division; Manager, Budget Division; and Payee – NIACONSULT, Inc.	647,262.50	With COE dated October 28, 2015 in the amount of P196,762.50 net of P450,500 representing reimbursement of remuneration/ honorarium paid to NIA Officers which was covered by ND No. 12-005-NIAC (11) dated 11/23/2012 and subject of CGS Decision No. 2013-003 dated 4/16/2013. CGS Decision with Petition for Review before the COA CP.
2014-011-101/ 5-7-2014	Payment of honorarium to officers of NIA and other reimbursable cost	Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Acting Manager, Accounting Division; Manager, Budget Division; and Payee – NIACONSULT, Inc.	733,665.09	With COE dated October 28, 2015 in the amount of P194,665.09 net of P539,000 representing reimbursement of remuneration paid to NIA officers which was covered by ND No. 2013-001 NIACON(12) dated 8/27/2013 and subject of CGS 5 Decision No. 2014-010 dated 8/23/2014. CGS 5 Decision under Petition for Review before the COA CP
12-015-101(04)/ 11-28-2012	Transfer of income already paid by Fund 101 to Fund 501	Deputy Administrator; Assistant; Administrator for PDI; Acting Manager, CMD; and OIC, General Accounting Division	1,928,918.53	Notice of Finality of Decision (NFD) issued on June 14, 2013
11-03-101 (10)/ 12-7-2011	Cost of auditing services charged to General Fund	Acting Administrator; Acting Deputy Administrator for Administrative and Finance; Manager, Accounting Division; and Acting Manager, Budget Division	3,246,721.00	With CGS 5 Decision No. 2012-006 dated Sept. 26, 2012 affirming the ND, with NFD dated June 14, 2013

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
11-010-102 (09)/ 07-19-2011	Overpayment of Terminal Leave	Acting Dep. Administrator for Administrative and Finance; Manager, Accounting Division; Manager, Budget Division; OIC, Personnel Division; Manager, Cash Division; and Payee	18,305.76	With NFD dated June 14, 2013
			<b>2,158,307,203.97</b>	
<b><u>CAR</u></b>	Various		<b>1,311,296.50</b>	No details in the report
<b><u>RO I</u></b>	Various		<b>7,998,623.48</b>	-do-
<b><u>RO III</u></b> <b><u>UPRIIS</u></b>	Various		<b>6,843,899.86</b>	-do-
<b><u>RO IV-A</u></b> -	Payment of NIA Region IV –A employees Collective Negotiation Agreement (CNA) incentives		<b>90,000.00</b>	With Petition for Review before COA CP
<b><u>RO V</u></b> 12-001-101 (07,08,09)/ 11-14-2012	NS turned into ND due to non-submission of Liquidation Report of NIA Fund Transfer to LGU of Camarines Sur	LGU Camarines Sur	<b>43,942,500.00</b>	With Appeal from the ND
<b><u>RO VI</u></b> <b>Regional Office</b>				
2017-009-101 GF (16) 09-20-2017	Overpayment of PERA	Various NIA employees	90.91	Within the appeal period
2017-008-101 GF (16) 09-20-2017	-do-	-do-	90.91	-do-
2017-007-101 GF (16) 09-20-2017	-do-	-do-	1,090.91	-do-
2017-006-101 GF (16) 09-20-2017	-do-	-do-	1,535.45	-do-
2017-005-101 GF (16) 09-20-2017	-do-	-do-	1,447.35	-do-
2017-004-101 GF (16) 09-20-2017	-do-	-do-	54,650.39	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2017-003-101 GF (16) 09-20-2017	-do-	-do-	54,564.07	-do-
2017-002-101 08-14-2017	-do-	-do-	15,587.36	-do-
11-005-101-(10)/ 12-29-2011	47th Anniversary Expenses Suspension not explained within 90 days (NS No. 10-001-101)	NIA -do-	150,000.00	For issuance of NFD
11-004-101-(10)/ 02-08-2011	Payment of CNA incentive for CY 2009.	-do-	775,000.00	With Appeal from the ND
2010-003-101-(10)/ 04-21-2010	Excessive expenses (taxi fare)	-do-	1,300.00	For issuance of NFD
09-011-101-(01/02)/ 11-13-2009	DVs and SDs were not submitted to the Office of the Auditor	-do-	39,026.98	-do-
09-009-101-(09)/ 11-13-2009	Excessive expenses (taxi fare)	-do-	600.00	-do-
09-006-101-(08)/ 11-13-2009	-do-	-do-	2,100.00	-do-
09-004-101-(08)/ 11-13-2009	Excessive expenses - per diem	-do-	520.00	-do-
09-002-101-(08)/ 11-13-2009	Hotel accommodation already claimed in per diems	-do-	1,040.00	-do-
09-001-101-(08)/ 11-13-2009	-do-	-do-	1,040.00	-do-
			<b>1,099,684.33</b>	
<b><u>ILOILO-</u></b>				
<b><u>GUIMARAS IMO</u></b>				
2017-001-101 08-31-2017	Overpayment of PERA	NIA Employees/Payee	2,908.84	Within the appeal period
11-002-101/ 05-13-2011	Payment of items mobilization/demobilization as part of pay	Various NIA Employees and contractor	24,000.00	For issuance of NFD
11-001-101/ 02-17-2011	Payment of honoraria of BAC members for CY 2010	NIA Employees/Payee	32,000.00	-do-
			<b>58,908.84</b>	

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
<b>Antique IMO</b>				
2013-003-101(12)/ 01/04/2013	Salaries and PERA of casual employees were charged to projects.	Various casual employees	51,550.77	For issuance of NFD
2013-002-101(12)/ 01-03-2013	Salaries and wages of casual employees were charged to project.	-do-	808,786.35	-do-
2012-013-101(12)/ 12-18-2012	Travel of NIA-AIMO employees	NIA Antique IMO Officers and Employees	55,629.00	-do-
2012-012-101(12)/ 12-14-2012	Travel of regular and casual employees to NIA 49th Anniversary at NIA CO	-do-	103,530.00	For issuance of NFD
2012-010-101(11)/ 11-20-2012	Travel of Job Order Personnel to NIA 49th Anniversary in NIA CO	Job Orders Personnel	23,231.60	-do-
2012-006-101(11)/ 04-11-2012	Travelling Expenses	NIA employees/payee	3,520.00	-do-
2012-005-101(11)/ 04-11-2012	-do-	-do-	3,520.00	-do-
	-do-	-do-	3,520.00	-do-
2012-004-101(11)/ 04-11-2012				
2012-003-101(11)/ 04-11-2012	-do-	-do-	7,017.00	-do-
2012-002-101(11)/ 04-11-2012	-do-	-do-	7,017.00	-do-
2012-001-101(11)/ 04-11-2012	-do-	-do-	13,400.00	-do-
2006-01-101 (05)/ 02-24-2006	Transportation Allowance	-do-	16,050.00	With COE.
			<b>1,096,771.72</b>	
<b>Aklan IMO</b>				
2012-101-001- (08/09/10/11) / 8-16-2012	Payment of CNA incentive for CYs 2008-2011	Various NIA employees	<b>197,000.00</b>	With Appeal from the ND
<b>Jalaur River Multi-Purpose Projects, Stage II</b>				
17-11-102 (16) 09-20-2017	Overpayment of wages and PERA	NIA employees/payee	63,536.59	Within the appeal period
17-10-102 (16) 09-20-2017	-do-	-do-	875.22	-do-
17-09-102 (16) 09-20-2017	-do-	-do-	678.22	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
17-08-102 (16) 09-20-2017	Excess payment of wages	-do-	587.31	-do-
17-07-102 (16) 09-20-2017	Overpayment of wages and PERA	-do-	103,785.21	-do-
17-06-102 (16) 09-20-2017	Excess payment of wages	-do-	784.31	-do-
17-05-102 (16) 09-20-2017	Excess payment of maternity leave	-do-	587.31	-do-
17-04-102 (16) 07-28-2017	Overpayment of PERA	-do-	26,544.26	-do-
17-03-102 (16) 07-28-2017	-do-	-do-	21,452.40	-do-
17-02-102 (16) 07-28-2017	-do-	-do-	20,450.25	-do-
17-01-102 (16) 07-28-2017	Overpayment of PERA	-do-	10,088.79	-do-
			<b>249,369.87</b>	
<b><u>RO VII</u></b>	-	NIA RO VII Officials	<b>554,263.66</b>	
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<b><u>RO VIII</u></b>	-		<b>55,750.00</b>	No details provided in the report
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<b><u>RO X</u></b>				
<b><u>Bukidnon IMO</u></b>				
12-001-101-12/ 03-04-13	Reimbursement of expenses for meals incurred	NIA employees	6,406.50	Unsettled
12-002-101-12/ 03-04-13	Reimbursement of expenses for the procurement of vehicle spare parts, labor paid for overhaul & crankshaft alignment and welding	-do-	7,913.00	-do-
12-003-101-12/ 03-04-13	Reimbursement for expenses incurred for food during the monthly meeting on February 6, 2012	NIA employees	3,227.00	-do-
12-004-101-12/ 03-04-13	Reimbursement for expenses incurred for procurement of various hardware supplies and etc.	-do-	5,182.85	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
12-003-101 FSDE-IRPEP-11/ 08-28-12	Payment of CNA CY 2009 to Noel D. Oraño	-do-	5,469.84	-do-
12-004-101- FSDE-IRPEP-11/ 08-28-12	Payment of CNA CY 2009 to Dennis L. Ferrera	-do-	6,089.85	-do-
12-005-101- FSDE-IRPEP-11/ 08-28-12	Payment of CNA CY 2009 to Joachem L. Diez	-do-	6,807.99	-do-
12-006-101- FSDE-IRPEP-11/ 08-28-12	Payment of CNA CY 2009 to Oscar B. Cordoba Jr.	-do-	6,807.99	-do-
12-007-101- FSDE-11/ 08-28-12	Payment to Jovecito Visayas for round trip plane ticket on June 19- 25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary	-do-	7,026.00	-do-
12-008-101 FSDE IRPEP-11/ 08-28-12	Payment of cash advance to Joachem L. Diez, Engineer Assistant A for travelling expenses & per diems on June 18- 25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary	-do-	14,142.48	-do-
12-009-101 FSDE-IRPEP-11/ 08-28-12	Payment of cash advance to Vicente Q. Haro, Jr. Foreman A, for travelling expenses & per diems on June 18- 25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary	NIA employees	14,142.48	-do-
12-010-101 FSDE- IRPEP-11/ 08-28-12	Payment of cash advance to Jennefer C. Maldo, Engineer Assistant A, for travelling expenses & per diems on June 18- 25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary charged to FSDE 10-101-2011-002- IRPEP	-do-	14,142.48	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
12-011-101 FSDE-IRPEP-11/ 08-28-12	Payment of cash advance to Elpidio D. Lucernas, Jr., Engineer Assistant A, for travelling expenses & per diems on June 18-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary charged to FSDE 10-101-2011-002-IRPEP	-do-	14,142.48	-do-
12-012-101 FSDE- IRPEP-11/ 08-28-12	Payment of cash advance to Noel D. Oraño, Survey Aide, for travelling expenses & per diems on June 18-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary charged to FSDE 10-101-2011-002-IRPEP	-do-	14,142.48	-do-
12-013-101 FSDE-IRPEP-11/ 08-28-12	Payment of cash advance to Charlie M. Calonge, Engineer B, for travelling expenses & per diems on June 18-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary charged to FSDE 10-101-2011-002-IRPEP	-do-	10,142.48	-do-
12-014-101 FSDE-IRPEP-11/ 08-28-12	Payment of cash advance to Lorna I. Tejero, SWRFT, for travelling expenses & per diems on June 18-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary charged to FSDE 10-101-2011-002-IRPEP	-do-	3,262.48	-do-
12-015-101 FSDE-IRPEP-11/ 08-28-12	Payment of cash advance to Dennis L. Ferrera, Engineer Asst. B, for travelling expenses & per diems on June 18-	-do-	14,142.48	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary charged to FSDE 10-101-2011-002-IRPEP			
12-016-101 IRPEP Dagumbaan CIS-11/ 08-28-12	Payment of cash advance to Al S. Capundag, Foreman A, charged to IRPEP Dagumbaan CIS for traveling expenses & per diems on June 18-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary	-do-	7,742.48	Unsettled
12-017-101 IRPEP IDP-11/ 08-28-12	Payment of cash advance to Lanilyn Q. Balubao, IDO, charged to IRPEP-IDP for traveling expenses & per diems on June 21-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary	-do-	11,826.48	-do-
12-018-101- IRPEP IDP-11/ 08-28-12	Payment of cash advance to Belna M. Acobo, Sr., IDO, charged to IRPEP-IDP for traveling expenses & per diems on June 21-25, 2011 to Manila to attend the NIA 48 <sup>th</sup> Anniversary	-do-	11,826.48	-do-
12-020-101 FSDE IRPEP-11/ 08-28-12	Payment of round trip plane ticket to Sheena Y. Ortillo charged to Construction in Progress (270) on June 19 & 25, 2011 to attend NIA 48 <sup>th</sup> Anniversary	-do-	5,112.80	-do-
12-021-101 FSDE IRPEP-11/ 08-28-12	Payment of round trip plane ticket to Julius Velasco charged to Construction in Progress (270) on June 19 & 25, 2011 to attend NIA	-do-	5,029.48	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	48 <sup>th</sup> Anniversary			
12-022-101 FSDE IRPEP-11/ 12-29-12	Payment to Jimmy L. Apostol, Division Manager A for reimbursement of various goods purchased	-do-	9,893.17	-do-
12-023-101 IRPEP-Paiwaig CIS-11/ 12-29-12	Payment of 10days monetization of leave for CY 2011 of Belna M. Acobo	-do-	9,796.00	-do-
12-024-101 IRPEP-IDP-11/ 08-28-12	Payment of 15 days monetization of leave for CY 2011 of Elsa R. Jurolan, Supervising IDO	-do-	9,681.28	-do-
12-025-101 FSDE IRPEP-11/ 08-28-12	Payment of 20 days monetization of Leave for CY 2011of Joachem L. Diez	-do-	8,318.75	-do-
12-026-101 FSDE IRPEP-11/ 08-28-12	Payment of 15 days monetization of Leave for CY 2011 of Oscar B. Cordoba, Jr.	-do-	3,327.50	-do-
12-028-101 FSDE IRPEP-11/ 12-28-12	Payment of 10 days monetization of Leave for CY 2011 of Noel D. Oraño	-do-	5,288.51	-do-
12-029-101 FSDE IRPEP-11/ 12-29-12	Payment to Jimmy L. Apostol, Division Manager A, for reimbursement of goods P1,092.00 (fruits) and software P3,000.00 purchased	-do-	4,092.00	-do-
12-030-101 FSDE IRPEP-11/ 12-29-12	Payment to Lorna I. Tejero, SWRFT for reimbursement of various goods purchased	-do-	7,536.00	-do-
12-031-101-FSDE IRPEP-11/ 12-29-12	Payment to Elsa R. Jurolan, Senior IDO for	-do-	5,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	reimbursement of expenses during the M & E Orientation			
12-032-101 FSDE IRPEP-11/ 01-08-12	Payment to Lorna I. Tejero, SWRFT for reimbursement of expenses incurred for meals purchased	-do-	11,078.50	-do-
12-033-101-FSDE IRPEP-11 01-09-12	Payment to Elsa R. Jurolan, Sr., IDO for reimbursement of expenses incurred for catering services during the BUWAFFIA meeting on October 5, 2011	-do-	11,080.00	-do-
12-034-101 FSDE IRPEP-11/ 01-09-13	Payment to Elsa R. Jurolan, Sr., IDO for reimbursement of expenses incurred for meals during the conduct of inventory of completed irrigation facilities under IRPEP Fund on Nov. 21, 22 & 23, 2011	-do-	5,075.00	-do-
12-035-101 FSDE IRPEP-11/ 01-09-13	Payment to Dennis L. Ferrera, Engineering Assistant B for reimbursement of expenses incurred of various dates for meal, bread, groceries-snack items	-do-	3,070.65	-do-
12-036-101 FSDE IRPEP-11/ 01-10-13	Payment to Joachem Diez, Engineering Asst. B, for reimbursement of expenses incurred in the purchased of helmet and goggles	NIA employees	2,298.00	-do-
			<b>290,263.94</b>	
<b>RO XI</b>				
09-02-F101-09/ 12-1-2009	Excess payment of overtime services	Head, Accounting Unit; Project Manager; and Payee	58.56	With NFD

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
09-05-F101-09/ 12-1-2009	Excess payment of overtime services	Head, Accounting Unit; Project Manager; and Payee	110.37	For deduction in the claims of the persons liable.
09-09-F101-09/ 12-1-2009	-do-	-do-	319.61	With NFD
09-10-F101-09/ 12-1-2009	-do-	-do-	234.32	-do-
09-13-F101-09/ 12-1-2009	-do-	-do-	91.98	-do-
09-18-F101-09/ 12-1-2009	-do-	-do-	26.12	-do-
09-03-F101-09/ 12-1-2009	Excess claim of traveling expenses	-do-	640.00	For issuance of NFD
09-07-F101-09/ 12-1-2009	Payment for diesel not in accordance with the purpose of releases from DBM for F101	Head, Accounting Unit and Project Manager	56,559.80	-do-
09-08-F101-09/ 12-1-2009	Expenses not related to purpose of cash advance	Head Accounting Unit; Project Manager; and Payee	24,400.00	ND affirmed under COA RO XI Decision No. 2014-19; With COE dated 7/28/2015.
09-17-F101-09/ 12-1-2009	Excess claim of traveling expenses	Head Accounting Unit; Project Manager; and Payee	540.00	For issuance of NFD
09-22-F101-09/ 12-1-2009	-do-	-do-	418.36	-do-
09-24-A-F101-09/ 12-2-2009	Suspension which matured into disallowance due to failure to submit tickets for bus fares	-do-	700.00	-do-
09-25-F101-06/ 12-28-2009	Suspension which matured into disallowance due to failure to submit boarding pass	-do-	8,042.00	-do-
09-28-F101-06/ 12-28-2009	-do-	Head, Accounting Unit and Project Manager	6,822.00	-do-
09-29-F101-07/ 12-28-2009	-do-	Head, Accounting Unit and Regional Irrigation Manager	3,411.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
09-30-F101-07/ 12-28-2009	Suspension which matured into disallowance due to excess payment of court appearance fee	Head, Accounting Unit; Project Manager; and Payee	800.00	-do-
09-31-F101-07/ 12-28-2009	Suspension which matured into disallowance due to failure to submit boarding pass of NIA HO personnel	Head, Accounting Unit & Regional Irrigation Manager	6,180.63	-do-
09-35-F101-07 12-28-2009	-do-	-do-	4,422.00	-do-
09-43-F101-08/ 12-28-2009	-do-	-do-	4,976.00	-do-
09-44-F101-08/ 12-28-2009	Suspension which matured into disallowance due to fuel expense not reported in Monthly Report of Fuel Consumption and Official Travel	Head, Accounting Unit; Project Manager; and Payee	800.00	-do-
09-45-F101-08/ 12-28-2009	-do-	-do-	372.00	-do-
09-47-F101-08/ 12-28-2009	-do-	-do-	815.40	-do-
09-48-F101-08/ 12-28-2009	Suspension which matured into disallowance due to failure to submit boarding pass	Head, Accounting Unit; and Regional Irrigation Manager	5,672.87	-do-
09-49-F101-08/ 12-28-2009	-do-	-do-	4,917.51	-do-
09-50-F101-08/ 12-28-2009	-do-	-do-	5,672.87	-do0
-	various	Head, Accounting Unit; & Regional Irrigation Manager	56,140.00	No details provided in the report
			<b>193,143.40</b>	
<b><u>RO XII</u></b>				
<b><u>CIMO</u></b>				
12-001-101 (11)/ 3-1-2012	Payment of CNA incentives	NIA Cotabato IMO Employees	<b>475,000.00</b>	With NFD dated October 30, 2015
<b><u>RO XIII</u></b>				
	various	NIA Region 13 Officials	<b>11,559,168.74</b>	No details provided in the report

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
<u>URIP</u>	various	NIA URIP Officials	<b>1,877,250.00</b>	With partial settlement of P5,993.67
<u>ADS-IMO</u>	various	NIA ADS-IMO Officials	<b>6,037,500.00</b>	No details provided in the report
<b>TOTAL GENERAL FUND</b>			<b>2,242,237,598.31</b>	

## II. CORPORATE FUND

### Central Office

2017-01-501/ 06-23-17	Payment to Kyro Builders for Contract No. UMRIPD-C1, Construction of Umayam Dam Diversion and its appurtenant structures for Umayam River Irrigation Project.	Former Deputy Administrator for Engineering and Operations/Vice-Chairman, BAC-A; Acting Deputy Administrator for Engineering and Operations; Former Administrator (deceased); Former Acting Deputy Administrator for Engineering and Operations; Chairman, BAC-A; Members, BAC-A; Member, TWG; BAC-A Secretariat and Contractor/Payee	119,460,053.27	With Appeal from various liable persons
2016-009-501/ 10-25-16	Payment to Masangkay Computer Center for the supply and delivery of various IT equipment.	Former Manager, Administrative Department; Former Deputy Administrator for Administrative and Finance; Chairman, BAC-B; Members, BAC-B; Chairman, TWG; Members, TWG; Technical Inspector; and Payee	769,226.08	With Appeal from the ND
016-008-501/ 09-02-16	Payment of the Supply, Printing & Delivery of 1,200 pcs. collared T-shirts and 1,200 Conference bags for the NIA-IA Convention-Consultation and Mass Turn-over of Completed Project to Irrigators' Associations.	Administrator; Acting Deputy Administrator for Administrative and Finance; Division Manager, Institutional Development Division; Manager, Operations Department; Deputy Administrator for Engineering and Operations; and Acting Manager, Administrative Department	372,000.00	-do-
2016-007-501/ 07-29-16	Payment to Travellers International Hotel Group, Inc. (Resorts World Manila) for the lease of venue including accommodation	Administrator; Acting Deputy Administrator for Administrative and Finance; Division Manager, IDD; Manager, Operations Department; Deputy Administrator for Engineering and Operations; and Acting Manager, Administrative	8,437,400.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	and meals for 1,200 participants.	Department		
2016-005-501/ 08-05-16	Payment for Overtime Services rendered in the period November 17-30, 2015	Administrator; Deputy Administrator for Engineering & Operations; Acting Manager, Administrative Department; Acting Manager, Accounting Division; Manager, Human Resource Development Administrative Department; Acting Manager, Budget and Revenue Division; Project Manager, JRMP II; and Payee - Various JRMP II Personnel	23,900.25	-do-
2016-004-501/ 08-03-16	Payment of meals and snacks which was served in the year 2013. Expense was only recognized when payment was made in the year 2015	Project Manager, PIDP; Assistant Project Manager, PIDP; and Acting Manager, Budget and Revenue Division	5,386.00	Issued NFD on 2/22/17; Partially settled; NSSDC No. 2017-005-501 dated June 28, 2017
2016-003-501/ 07-22-16	Payment for Overtime Services rendered in the period January to December 2015	Administrator; Deputy Administrator for Engineering & Operations; Acting Manager, Administrative Department; Acting Manager, Accounting Division; Manager, Human Resource Development Administrative Department; Acting Manager, Budget and Revenue Division; Project Manager, PIDP; Assistant Project Manager, PIDP; and Payee - Various PIDP Personnel	473,543.50	With Appeal from the ND
2016-002-501/ 04-25-16	Supply and Delivery of Twenty (20) units Pick-up Truck, Double Cab, 4x4, DED, Model Nissan Frontier Navarra 4 WD MT under NIA Corporate Fund (F501).	Administrator; Manager, Operations Dept.; Chairman, BAC-A; Vice-Chairman, BAC-A; Head, BAC Secretariat; Members, T WG; and Payee	520,000.00	-do-
2016-001-501/ 04-04-16	Reimbursement of jet plane fuel and incidental expenses in the total amount of P406,315.78 paid to Subic Air by the Administrator in	Former Administrator and Manager, Public Affairs and Information Staff (PAIS)	406,315.78	With Appeal from the ND

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	connection with his official travel to Maguindanao, Cotabato and Cauayan, Lal-lo, Cagayan on April 16, 2015 and May 12, 2015, respectively			
2015-016-501(12)/ 09-15-15	Payment of CNA incentive for CY 2012 in excess of the DBM prescribed ceiling of P25,000. Additional incentive likewise not approved by the Board of Directors	Administrator/ Vice Chairman of the BOD; Manager, Administrative Department; Manager, Accounting Division; and Payees	955,000.00	With CGS-5 Decision No. 2016-061 dated December 7, 2016, affirming the ND
2015-015-501(12)/ 09-08-15	-do-	-do-	723,000.00	-do-
2015-014-501(12)/ 09-08-15	-do-	-do-	312,000.00	-do-
2015-013-501(12)/ 09-07-15	-do-	-do-	317,000.00	-do-
2015-012-501(12)/ 09-04-15	-do-	-do-	840,000.00	-do-
2015-011-501(12)/ 09-04-15	-do-	-do-	273,000.00	-do-
2015-010-501(12)/ 09-02-15	-do-	-do-	615,000.00	-do-
2015-009-501(12)/ 08-24-15	-do-	-do-	69,000.00	-do-
2015-008-501(12)/ 08-24-15	-do-	-do-	234,000.00	-do-
2015-007-501(12)/ 08-12-15	-do-	-do-	1,170,000.00	-do-
2015-006-501(12)/ 08-17-15	-do-	-do-	507,000.00	-do-
2015-005-501(12)/ 08-17-15	-do-	-do-	124,000.00	-do-
2015-004-501(12)/ 08-12-15	-do-	-do-	507,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2015-003-501(12)/ 08-12-15	-do-	-do-	156,000.00	-do-
2015-002-501(12)/ 02-12-15	-do-	do-	700,000.00	Partially settled; with CGS-5 Decision No. 2016- 061 dated December 7, 2016, affirming the ND
2014-002-501(12)/ 05-30-14	-do-	-do-	29,250.00	Issued NFD dated February 12, 2016; COE issued March 11, 2016
2014-001-501(12)/ 11-08-13	-do-	do-	16,961.15	Issued COE issued March 21, 2016; with partial settlement
2013-118-501(11)/ 11-07-13	-do-	-do-	37,000.00	With pending Petition for Review before the COA CP
2013-117-501(11)/ 10-29-13	-do-	-do-	21,500.00	-do-
2013-116-501(11)/ 10-29-13	-do-	-do-	7,000.00	-do-
2013-115-501(11)/ 10-29-13	-do-	-do-	37,000.00	-do-
2013-114-501(11)/ 10-29-13	-do-	-do-	17,000.00	-do-
2013-113-501(11)/ 10-29-13	-do-	-do-	37,000.00	-do-
2013-112-501(11)/ 10-29-13	-do-	-do-	37,000.00	-do-
2013-111-501(11)/ 10-25-13	-do-	-do-	37,000.00	-do-
2013-110-501(11)/ 10-25-13	-do-	-do-	7,000.00	-do-
2013-109-501(11)/ 10-25-13	-do-	-do-	17,000.00	-do-
2013-108-501(11)/ 10-25-13	-do-	-do-	17,000.00	-do-
2013-107-501(11)/ 10-25-13	-do-	-do-	308,500.00	-do-
2013-106-501(11)/ 10-24-13	-do-	-do-	74,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2013-105-501(11)/ 10-24-13	-do-	-do-	14,000.00	-do-
2013-104-501(11)/ 10-24-13	-do-	-do-	5,000.00	-do-
2013-103-501(11)/ 10-24-13	-do-	-do-	5,000.00	-do-
2013-102-501(11)/ 10-23-13	-do-	-do-	22,500.00	-do-
2013-101-501(11)/ 10-23-13	-do-	-do-	22,500.00	-do-
2013-100-501(11)/ 10-23-13	-do-	-do-	15,000.00	-do-
2013-099-501(11)/ 10-23-13	-do-	-do-	6,000.00	-do-
2013-098-501(11)/ 10-22-13	-do-	-do-	6,000.00	-do-
2013-097-501(11)/ 10-22-13	-do-	-do-	7,500.00	-do-
2013-096-501(11)/ 10-16-13	-do-	-do-	25,830.00	-do-
2013-095-501(11)/ 10-07-13	-do-	-do-	25,000.00	-do-
2013-094-501(11)/ 10-07-13	-do-	-do-	296,000.00	-do-
2013-093-501(11)/ 10-07-13	-do-	-do-	21,500.00	-do-
2013-092-501(11)/ 10-07-13	-do-	-do-	27,500.00	-do-
2013-091-501(11)/ 10-07-13	-do-	-do-	5,000.00	-do-
2013-090-501(11)/ 10-07-13	-do-	-do-	7,000.00	-do-
2013-089-501(11)/ 10-04-13	-do-	-do-	80,000.00	-do-
2013-088-501(11)/ 10-04-13	-do-	-do-	37,000.00	-do-
2013-087-501(11)/ 10-04-13	-do-	-do-	154,000.00	-do-
2013-086-501(11)/ 10-04-13	-do-	-do-	148,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2013-085-501(11)/ 10-04-13	-do-	-do-	210,000.00	-do-
2013-084-501(11)/ 10-04-13	-do-	-do-	6,000.00	-do-
2013-083-501(11)/ 10-04-13	-do-	-do-	14,000.00	-do-
2013-082-501(11)/ 10-04-13	-do-	-do-	37,000.00	-do-
2013-081-501(11)/ 10-03-13	-do-	-do-	111,000.00	-do-
2013-080-501(11)/ 10-02-13	-do-	-do-	195,500.00	-do-
2013-079-501(11)/ 09-30-13	-do-	-do-	111,000.00	-do-
2013-078-501(11)/ 09-30-13	-do-	-do-	37,000.00	-do-
2013-077-501(11)/ 09-30-13	-do-	-do-	74,000.00	-do-
2013-076-501(11)/ 09-30-13	-do-	-do-	37,000.00	-do-
2013-075-501(11)/ 09-30-13	-do-	-do-	111,000.00	-do-
2013-074-501(11)/ 09-27-13	-do-	-do-	111,000.00	-do-
2013-073-501(11)/ 09-27-13	-do-	-do-	37,000.00	-do-
2013-073-501(11)/ 09-27-13	-do-	-do-	354,500.00	-do-
2013-072-501(11)/ 09-20-13	-do-	-do-	74,000.00	-do-
2013-071-501(11)/ 09-20-13	-do-	-do-	23,000.00	No settlement to date
2013-070-501(11)/ 09-13-13	-do-	-do-	885,000.00	With pending Petition for Review before the COA CP
2013-069-501(11)/ 09-12-13	-do-	-do-	465,500.00	-do-
2013-068-501(11)/ 09-12-13	-do-	-do-	148,000.00	-do-
2013-067-501(11)/ 09-12-13	-do-	-do-	255,500.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2013-066-501(11)/ 09-11-13	-do-	-do-	17,000.00	-do-
2013-065-501(11)/ 09-10-13	-do-	-do-	37,000.00	-do-
2013-064-501(11)/ 09-11-13	-do-	-do-	296,000.00	-do-
2013-063-501(11)/ 09-10-13	-do-	-do-	30,000.00	-do-
2013-062-501(11)/ 09-09-13	-do-	-do-	27,500.00	-do-
2013-061-501(11)/ 09-09-13	-do-	-do-	37,000.00	-do-
2013-060-501(11) 09-09-13	-do-	-do-	7,500.00	-do-
2013-059-501(11)/ 09-09-13	-do-	-do-	222,000.00	-do-
2013-058-501(11) 09-09-13	-do-	-do-	21,500.00	-do-
2013-057-501(11)/ 09-04-13	-do-	-do-	37,000.00	-do-
2013-056-501(11)/ 09-04-13	-do-	-do-	37,000.00	-do-
2013-055-501(11)/ 09-04-13	-do-	-do-	235,000.00	-do-
2013-054-501(11)/ 09-02-13	-do-	-do-	894,500.00	-do-
2013-053-501(11)/ 09-03-13	-do-	-do-	925,000.00	-do-
2013-052-501(11)/ 09-02-13	-do-	-do-	37,000.00	-do-
2013-051-501(11)/ 09-02-13	-do-	-do-	629,000.00	-do-
2013-050-501(11)/ 09-02-13	-do-	-do-	666,000.00	-do-
2013-049-501(11)/ 09-02-13	-do-	-do-	74,000.00	-do-
2013-047-501(11)/ 08-29-13	-do-	-do-	592,000.00	-do-
2013-046-501(11)/ 08-29-13	-do-	-do-	592,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2013-045-501(11)/ 08-29-13	-do-	-do-	111,000.00	-do-
2013-044-501(11)/ 08-29-13	-do-	-do-	1,184,000.00	-do-
2013-043-501(11)/ 08-23-13	-do-	-do-	1,036,000.00	-do-
2013-042-501(11)/ 08-23-13	-do-	-do-	222,000.00	-do-
2013-041-501(11)/ 08-23-13	-do-	-do-	259,000.00	-do-
2013-040-501(11)/ 08-23-13	-do-	-do-	74,000.00	-do-
2013-039-501(11)/ 08-23-13	-do-	-do-	185,000.00	-do-
2013-038-501(11)/ 08-23-13	-do-	-do-	962,000.00	-do-
2013-037-501(11)/ 08-23-13	-do-	-do-	111,000.00	-do-
2013-036-501(11)/ 08-23-13	-do-	-do-	185,000.00	-do-
2013-035-501(11)/ 08-23-13	-do-	-do-	444,000.00	-do-
2013-034-501(11)/ 08-22-13	-do-	-do-	814,000.00	-do-
2013-033-501(11)/ 08-22-13	-do-	-do-	814,000.00	With Petition for Review with COA CP
2013-032-501(11)/ 08-22-13	-do-	-do-	555,000.00	-do-
2013-031-501(11)/ 08-16-13	-do-	-do-	555,000.00	-do-
2013-030-501(11)/ 08-13-13	-do-	-do-	296,000.00	-do-
2013-029-501(11)/ 08-13-13	-do-	-do-	518,000.00	-do-
2013-028-501(11)/ 08-13-13	-do-	-do-	370,000.00	-do-
2013-027-501(11)/ 08-06-13	-do-	-do-	37,000.00	-do-
2013-024-501(12)/ 03-22-13	Overpayment of Representation and Transportation Allowance (RATA)	Acting Manager, Accounting Division; Manager, Administrative Department; Manager, Cash Division; and	22,000.00	Partially settled; NSSDC No. 2017- 004-501 dated. March 29, 2017

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	for the period January 1 to December 31, 2012	Payee		
2013-012-501(11)/ 02-22-13	Overpayment of Representation Allowance (RA) for the period January to October 2011	Manager, Accounting Division; Acting Deputy Administrator for Administration and Finance; Officer-in-Charge, Administrative Department; Manager, Administrative Department; Manager, Cash Division; and Payee	8,000.00	COE issued March 3, 2016
11-018-501(09)/ 04-13-11	Payment of CNA incentive for NIA managerial employees for the year 2009 in violation of DBM Budget Circular No. 2006-1 dated February 1, 2006	Manager, Accounting Division Manager A, Administrative Department; & Payee/s	28,400.00	Partially settled; NSSDC No. 2017- 001-501 dtd. 3/29/17 & 2017- 008-501 dated 9/28/17
11-017-501(09)/ 04-18-11	-do-	-do-	136,500.00	Partially settled; NSSDC No. 2017- 003-501 dtd. 3/29/17 & 2017- 007-501 dtd. 9/27/17
11-016-501(09)/ 04-18-11	-do-	-do-	132,000.00	Partially settled; NSSDC No. 2017- 003-501 dtd. 3/29/17
11-015-501(10)/ 04-18-11	-do-	-do-	45,000.00	Partially settled
11-012-501(10)/ 04-18-11	Overpayment of Representation Allowance (RA) for the period January to October 2010	Officer-in-Charge, Administrative Department; Manager, Administrative Department; Officer-in- Charge, Accounting Division; Manager, Cash Division; and Payee	19,000.00	Issued COE dated January 22, 2016
11-007-501(10)/ 04-18-11	-do-	Acting Deputy Administrator; Officer-in-Charge, Administrative Department; Manager, Administrative Department; Officer-in- Charge, Accounting Division; Manager, Accounting Division; Manager, Cash Division; and Payee	19,200.00	Issued COE dated January 22, 2016
11-004-501(10)/ 04-18-11	-do-	Manager, Accounting Division; Manager, Cash Division; and Payee	800.00	Issued COE dated January 22, 2016

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
10-016-501(09)/ 03-16-10	Payment of CNA incentive for NIA Contractual employees for the year 2009 not authorized due to their No employee-employer relationship	Acting Sr. Deputy Administrator; Acting Deputy Administrator for Admin. and Finance; Manager, Accounting Division; Manager, Cash Division; & Payees	19,904.15	Partially settled
			<b>157,474,170.18</b>	

**REGIONS  
CAR**

12-001-501-11/ 06-05-12	Grant of CNA Incentive for 2011 was in excess of P25,000.00 limitation prescribed by DBM BC No. 2011-5	Various	760,000.00	With Appeal from the ND; EDSE submitted to the Regional Office on January 14, 2013.
12-003-501-10/ 06-27-12	-do-	-do-	2,350,000.00	-do-
12-004-501-10/ 06-27-12	-do-	-do-	2,050,000.00	-do-
12-005-501-10/ 06-27-12	-do-	-do-	500,000.00	-do-
12-008-501-11/ 10-19-12	Unreasonable contract cost with a variance of 15.61% above the contract amount	-do-	944,427.30	With Appeal from the ND before COA-CAR
12-009-501-10/ 11-26-12	Actual accomplishment on the project of only 97.49%	-do-	123,762.90	With COA-CAR Decision No. 2015-007 dated March 13, 2015, denying the Appeal
13-001-501-12/ 01-16-14	Overpayment of CNA incentive for 2011	-do-	1,843,750.00	With Appeal from the ND before COA-CAR
13-002-501-12/ 01-17-14	-do-	-do-	3,045,000.00	-do-
13-003-501-12/ 01-17-14	-do-	-do-	320,000.00	-do-
-	-	-	7,694,318.71	No breakdown
			<b>19,631,258.91</b>	

**Region I**

2011-05-001/ 05-06-11	Payment of CNA for CY 2010 in	Regional Irrigation Manager, Sr. Corporate Accountant, et al.	460,000.00	With COA Decision No. 2016-478
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<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
	excess of DBM prescribed ceiling of P25,000.00 Additional incentive likewise not approved by the Board of Directors			dated December 28, 2016, affirming the ND. No update submitted by region.
2011-05-002/ 05-12-11	-do-	Regional Irrigation Manager, Sr. Corporate Accountant, et al.	72,000.00	With COA Decision No. 2016-478 dated December 28, 2016, affirming the ND. No update submitted by region.
2011-08-003/ 08-16-11	-do-	Regional Irrigation Manager, Sr. Corporate Accountant, et al.	192,000.00	Under Appeal. No update submitted by region.
2011-10-004/ 10-14-11	Repair of service vehicle with plate No. SFT-401	NIA employee	162,440.00	Under Appeal. No update submitted by region.
2012-07-001/ 07-25-12	Payment of CNA for CY 2010 in excess of DBM prescribed ceiling of P25,000 Additional incentive likewise not approved by the Board of Directors.	Regional Irrigation Manager, Chief Corporate Accountant, et al.	1,565,000.00	COA Decision No. 2015-039 dated October, 2015 received on October 27, 2015 by Management. No update submitted by region.
NIA RO-2013-02-501/ 12-27-13	-do-	-do-	1,730,750.00	CGS-5 Decision No. 2015-015 dated October 30, 2015, affirming the ND. No update submitted by region.
NIA ARIIP-2013-12-001(501)/ 12-27-13	-do-	Project Manager, Division Manager C (Admin. And Finance Division), Finance Officer B (Accountant) & Individual Payee	11,841,500.00	With Appeal from the ND
NIA ROI-2015-03-001-501 COB(13))/ 04-30-15	Viability Incentive Grant (VIG)	Payees	750,950.00	CGS-5 Decision No. 2015-020 dated December 22, 2015, received on March 1, 2016 by Management. No update submitted by region.
11-001-501(10)/ 05-11-11	Payment of CNA incentive for CY 2010 in excess of	NIA-LUIMO Employees	115,000.00	With Appeal from the ND

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	the DBM prescribed ceiling of P25,000			
12-001-501(11)/01-31-12	-do-	-do-	115,000.00	With COE No. 2015-300 dated December 28, 2015
12-002-501(12)/8/22/2012	-do-	-do-	216,000.00	With Appeal from the ND
LUIMO-2013-01-501(12)/12-27-2012	-do-		654,000.00	CGS-5 Decision No. 2015-015 dated October 30, 2015.
15-001-501-(2014)/03-19-2015	Payment of VIG for Calendar Years 2013 and 2014.	NIA-LUIMO Employees	770,000.00	CGS-5 Decision No. 2015-020 dated December 22, 2015
11-001-501(10)/05-11-11	Payment of CNA for CY 2010 in excess of DBM prescribed ceiling of P25,000 Additional incentive likewise not approved by the Board of Directors.	Division Manager, Sr. Accounting Processor A, et al.	180,000.00	With Appeal from the ND
12-001-501(11)/01-09-12	-do-	Division Manager, Sr. Accounting Processor A, et al.	64,440.00	-do-
PIMO-2013-01-501/12-27-13	-do-	Division Manager, Sr. Accounting Processor A and various payees	2,255,750.00	With CGS-5 Decision No. 2015-015 dated October 30, 2015, affirming the ND. No update submitted by region.
PIMO-2015-01-001-501COB(13)/4-30-15	Payment of VIG for CY 2013	Division Manager, et al.	2,209,456.99	With CGS-5 Decision No. 2015-020 dated December 22, 2015
12-001 04-11-12	CNA Incentive for FY 2011	NIA employees	80,000.00	With Appeal from the ND
12-002 12-06-12	-do-	-do-	882,000.00	-do-
SM-12-001-(12) 12-06-12	-do-	-do-	360,000.00	With NFD
2011-001/05-11-11	-do-	-do-	68,000.00	With Appeal from the ND

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2012-001-501-COB/ 08-31-12	-do-	NIA INIMO Employees	5,000.00	-do-
2012-002-501-COB/ 08-31-12	-do-	-do-	10,000.00	-do-
2012-003-501-COB/ 08-31-12	-do-	-do-	125,000.00	-do-
2012-004-501-COB/ 08-31-12	-do-	-do-	35,000.00	-do-
2015-01-501-COB 04-28-15	Payment of VIG CY 2013	-do-	814,100.00	-do-
2015-01-501-COB 04-28-15	-do-	-do-	1,611,391.00	-do-
15-001(14) 05-07-15	-do-	Various payees	508,000.00	1st appeal denied; With Petition for Review from COA CP
15-002(14) 05-07-15	-do-	-do-	235,000.00	-do-
15-003(14) 05-07-15	-do-	-do-	83,000.00	-do-
15-004(14) 05-07-15	-do-	-do-	16,000.00	-do-
15-005(14) 05-07-15	-do-	-do-	75,000.00	-do-
15-006(14) 05-07-15	-do-	-do-	28,000.00	-do-
			<b>28,289,777.99</b>	
<b>Region II</b>	-	-	<b>6,755,883.05</b>	No details provided in the report
<b>Region III</b>	-	-	<b>44,994,384.81</b>	-do-
<b><u>CMIIPP</u></b>				
2013-004-501(12)/ 12-02-13	Payment of CNA 2012	Chief Corporate Accountant; Division Manager B; Project Manager; and All Payees	<b>1,326,000.00</b>	Partially settled with NSSDC No. 17-001
<b><u>UPRIIS</u></b>	-	-	<b>216,241,354.98</b>	No details provided in the report
<b><u>Region IV-A</u></b>				
2013-005-501(12)/ 10-16-13	Payment of CNA for RO IVA	NIA employees	2,082,000.00	With Petition for Review before COA CP

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2013-006-501(12)/ 10-18-13	Payment of CNA for Laguna-Rizal IMO	-do-	1,683,000.00	-do-
2013-007-501(12)/ 10-19-13	Payment of CNA for RO IVA	-do-	1,979,250.00	-do-
2015-001-501(13)/ 11-20-15	Payment of VIG CY2013 for RO IVA	-do-	852,700.00	-do-
2015-002-501(13)/ 11-20-15	Payment of CNA CY 2013for Laguna-Rizal IMO	NIA employees	514,139.66	-do-
2015-003-501(13)/ 11-20-15	Payment of CNA CY 2013 for Cavite-Batangas IMO	-do-	984,005.51	-do-
2013-004-501/ 10-14-13	Payment of CNA CY 2012 for Quezon IMO	-do-	1,472,250.00	-do-
2015-001-501(14)/ 11-20-115	Payment of VIG for CY 2013	-do-	923,000.00	-do-
			<b>10,490,345.17</b>	

**Region IV-B**

2013-001-501(12)/ 12-20-13	Excess CNA Payment – Regional Office	NIA employees	195,000.00	With Petition for Review before the COA CP
2013-002-501 (12)/ 12-20-13	-do-	-do-	2,120,000.00	-do-
2015-001-501(13)/ 09-03-15	Payment of VIG	-do-	5,000.00	-do-
2015-002-501 (13&14)/ 09-03-15	-do-	-do-	107,810.95	-do-
2015-003-501 (12&13)/ 09-09-15	-do-	-do-	1,343,861.68	-do-
2015-004-501 (13&14)/ 09-09-15	-do-	-do-	4,116,638.03	-do-
2015-001-501 (14)/ 10-27-15	-do-	-do-	354,495.27	-do-
2015-002-501 (13)/ 10-27-15	-do-	-do-	41,848.97	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2016-001-501 (13)/ 03-18-16	-do-	-do-	415,544.71	ND affirmed under CGS 5 Decision No. 2016-056 dated November 17, 2016.
2016-002-501 (14)/ 03-18-16	-do-	-do-	991,427.60	With Appeal from the ND
			<b>9,691,627.21</b>	

**Region VI**

2017-14-501 (16) JRMP II/ 09-20-2017	Unauthorized extension of travel	NIA employees	6,251.88	Within the Appeal period
2017-13-501 (16) JRMP II/ 09-20-2017	Overpayment of Wages and PERA	NIA employees	133,043.07	-do-
2017-12-501 (16) JRMP II/ 09-20-2017	-do-	-do-	875.22	-do-
2017-11-501 (16) JRMP II/ 09-20-2017	-do-	-do-	90.91	-do-
2017-10-501 (16) JRMP II/ 09-20-2017	-do-	-do-	66,864.87	-do-
2017-09-501 (16) JRMP II/ 09-20-2017	-do-	-do-	966.13	-do-
2017-08-501 (16) JRMP II/ 09-20-2017	-do-	-do-	1,156.18	-do-
2017-07-501 (16) JRMP II/ 09-20-2017	-do-	-do-	769.13	-do-
2017-06-501 (16) JRMP II/ 09-20-2017	-do-	-do-	769.13	-do-
2017-05-501 (16) JRMP II/ 09-20-2017	-do-	-do-	176,233.41	-do-
2017-04-501 (17) JRMP II/ 07-28-2017	-do-	-do-	58,270.09	-do-
2017-03-501 (17) JRMP II/ 07-28-2017	-do-	-do-	20,452.49	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2017-02-501 (16) JRMP II/ 07-28-2017	-do-	-do-	21,086.48	-do-
2017-01-501 (16) JRMPP II/ 07-28-2017	-do-	-do-	10,179.80	-do-
2015-002-501 (13) JRMPP II / 09-07-2015	Payment of ANEEP Conference and registration fee	-do-	72,000.00	-do-
2014-001-501 (12) JRMPP II/ 02-13-2014	Payment of CNA incentive for CY 2012.	All JRMP Personnel Concerned, M.A. Gadong, et al.	4,029,500.00	With Appeal from the ND
2017-007-501 (LFPs) RO/ 09-20-2017	Overpayment of wages and PERA	M.A.G. Santander, et al.	722.27	Within the Appeal period.
2017-006-501 (LFPs) (16) RO/ 09-20-2017	-do-	-do-	1,444.54	-do-
2017-005-501 (LFPs) RO/ 09-20-2017	-do-	-do-	1,444.54	-do-
2017-004-501 (LFPs) RO/ 09-20-2017	-do-	-do-	58,732.71	-do-
2017-003-501 (LFPs) (16) RO/ 09-20-2017	-do-	-do-	2,472.71	-do-
2017-002-501 (LFPs) (16) RO/ 09-20-2017	-do-	-do-	7,251.32	-do-
2017-001-501 (LFPs) RO/ 09-14-2017	-do-	-do-	42,686.89	-do-
15-01-501-(14) RO/ 06-16-15	Payment of VIG for CY 2013.	NIA employees	812,453.07	With Appeal from the ND before the Cluster Director, CGS Cluster 5.
13-009-501 (12) RO/ 01-10-13	Payment of CNA incentive for CYs 2011 and 2012	-do-	8,989,750.00	-do-
2012-007-501 (11) RO/ 08-30-12	Various expenses during NIA 48th NIA Anniversary	-do-	157,656.33	For issuance of Notice of Finality of Decision (NFD).

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
2011-005-501 (11) RO/ 02-07-12	Payment of CNA incentive for CY 2011	-do-	1,770,000.00	With Appeal before the Regional Director, COA Regional Office VI
2011-006-501 (11) RO/ 12-29-11	Payment of CNA incentive for CYs 2009 and 2010	-do-	3,788,000.00	-do-
2011-004-501 (10) RO/ 08-31-11	Payment of CNA incentive for CY 2009.	-do-	6,220,000.00	-do-
09-002-501 (09) RO/ 11-06-09	Payment of NIPAP	-do-	7,816.54	For issuance of NFD.
2017-001-501LFPs IGIMO 08-31-2017	Overpayment of PERA	NIA employees	33,725.19	Within the Appeal period.
2015-01-501 IGIMO (13)/ 06-24-2015	Payment of VIG for CY 2013.	-do-	3,332,764.67	With Appeal before the Cluster Director, CGS Cluster 5.
2012-001-501 IGIMO/ 10-15-2012	Payment of CNA incentive for CY 2011	-do-	5,664,000.00	With Appeal before the Regional Director, COA Regional Office VI.
2012-001-NDC IGIMO/ 08-24-2012	-do-	-do-	512,693.84	-do-
2011-001-501 (10) IGIMO/ 07-26-2011	-do-	-do-	6,990,000.00	-do-
2011-001-501 IGIMO/ 03-30-2011	-do-	-do-	465,000.00	-do-
2015-001-501 (13) Antique IMO/ 06-24-2015	Payment of VIG for CY 2013.	NIA Antique IMO Officers and Employees	821,396.90	ND affirmed under CGS 5 Decision No. 2016-010 dated May 20, 2016
2013-004-501 (12) Antique IMO/ 01-04-2013	Payment of salaries and wages of casual employees charged to F501-BSGC.	NIA employees	389,788.05	For issuance of NFD
2012-009-501 (12) Antique IMO/ 10-29-2012	Payment of CNA incentive for CY 2011	NIA Antique IMO Officers & Employees	757,500.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2012-008-501 (12) Antique IMO/ 10-29-2012	-do-	-do-	510,000.00	-do-
2012-007-501 (12) Antique IMO / 10-29-2012	-do-	-do-	373,000.00	-do-
2011-003-501 (11) Antique IMO/ 11-04-2011	Payment of Honorarium as BAC Member	-do-	1,400.00	-do-
2011-002-501 (11) Antique IMO/ 11-03-2011	-do-	-do-	1,800.00	-do-
2011-001-501 (10) Antique IMO/ 03-08-2011	Payment of CNA incentive for CY 2010	-do-	50,000.00	With Appeal before the Regional Director, COA Regional Office VI.
2009-006-501 (09) Antique IMO/ 12-29-2009	Overpayment of Incentive Pay	NIA employee	271.42	For issuance of NFD
2009-001-501 (09) Antique IMO/ 12-29-2009	-do-	-do-	53,044.71	-do-
2016-001-501 (15) Aklan IMO/ 12-21-2016	Excess payment for CNA 2015	NIA employees	13,000.00	Partially settled on the amount of P2,000 (Total ND of P15,000)
2015-002-501- (07/08) Aklan IMO/ 07-29-2015	Payment of CNA incentive CY 2007	-do-	10,000.00	For issuance of NFD
2015-001-501-(14) Aklan IMO/ 06-10-2015	Payment of VIG CY 2013	NIA employees	622,000.00	ND affirmed under CGS 5 Decision No. 2016-010 dated May 20, 2016.
2012-501- 01(08&09) Aklan IMO/ 08-16-2012	Payment of CNA incentive for CYs 2008 and 2009	NIA employees	2,370,000.00	With Appeal before the Regional Director, COA Regional Office VI.
2012-501-02(09) Aklan IMO/ 08-16-2012	Payment of CNA incentive for CY 2009	-do-	1,800,000.00	-do-
2012-501-03(09) Aklan IMO/ 08-16-2012	-do-	-do-	570,000.00	With Appeal before the Regional Director, COA Regional Office VI.
2012-501-04(09) Aklan IMO/ 08-16-2012	Payment of CNA incentive for CY 2010.	-do-	1,800,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2012-501-05(09) Aklan IMO/ 08-16-2012	Payment of CNA incentive for CY 2009	-do-	648,000.00	-do-
2012-501-06(09) Aklan IMO/ 08-16-2012	Payment of CNA incentive for CY 2010.	-do-	1,680,000.00	-do-
2012-501-07(09) Aklan IMO/ 08-16-2012	Payment of CNA incentive for CY 2011.	-do-	1,050,000.00	-do-
2015-002-501-(07/08) Capiz IMO 07-27-2015	Payment of CNA for CY 2007	-do-	9,350.00	For issuance of NFD
2015-001-501-(14) Capiz IMO 06-10-2015	Payment of VIG for CY 2013	NIA employees	186,727.00	ND affirmed under CGS 5 Decision No. 2016-010 dated May 20, 2016
			<b>57,174,401.49</b>	
<b><u>Region VI</u></b>				
<b><u>(Formerly Region XVI)</u></b>				
2015-002-501 (07) Negros Oc IMO/ 08-04-15	Payment of CNA for CY 2007	NIA employee	5,000.00	With Appeal before the Cluster Director, CGS Cluster 5.
2015-001-501 (07) Negros Oc IMO/ 08-04-15	-do-	-do-	5,000.00	For issuance of NFD
2015-007-501 (14) Negros Oc IMO/ 07-06-15	Payment of VIG for CY 2013	NIA employees	136,075.00	With Appeal before the Cluster Director, CGS Cluster 5.
2015-006-501 (14) Negros Oc IMO/ 07-06-15	-do-	-do-	54,445.00	-do-
2015-005-501 (14) Negros Oc IMO/ 07-06-15	-do-	-do-	274,200.00	-do-
2015-004-501 (14) Negros Oc IMO/ 07-06-15	-do-	-do-	1,214,250.00	-do-
2015-003-501 (14) Negros Oc IMO/ 07-06-15	-do-	-do-	214,000.00	-do-
2015-002-501 (14) Negros Oc IMO/ 07-06-15	-do-	-do-	573,000.00	-do-
2015-001-501 (14) Negros Oc IMO/ 07-06-15	-do-	-do-	850,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2015-008-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	104,848.70	-do-
2015-007-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	107,120.00	-do-
2015-006-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	595,985.00	-do-
2015-005-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	81,000.00	-do-
2015-004-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	911,400.00	-do-
2015-003-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	452,000.00	-do-
2015-002-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	610,000.00	-do-
2015-001-501 (13) Negros Oc IMO/ 07-06-15	-do-	-do-	425,000.00	-do-
2014-007-501 (13) Negros Oc IMO/ 06-19-14	Payment of CNA incentive for CY 2013.	NIA employees	221,000.00	-do-
2014-006-501 (13) Negros Oc IMO/ 06-19-14	-do-	-do-	276,000.00	-do-
2014-005-501 (13) Negros Oc IMO/ 06-19-14	-do-	-do-	507,000.00	-do-
2014-004-501 (13) Negros Oc IMO/ 06-19-14	-do-	-do-	507,000.00	-do-
2014-003-501 (13) Negros Oc IMO/ 06-19-14	-do-	-do-	195,000.00	-do-
2014-002-501 (13) Negros Oc IMO/ 06-19-14	-do-	-do-	585,000.00	-do-
2014-001-501 (13) Negros Oc IMO/ 06-19-14	-do-	-do-	702,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2014-006-501 (12) Negros Oc IMO/ 04-15-14	-do-	NIA employee	17,000.00	-do-
2014-005-501 (12) Negros Oc IMO/ 04-15-14	-do-	-do-	6,500.00	-do-
2014-004-501 (12) Negros Oc IMO/ 04-15-14	-do-	NIA employees	272,000.00	-do-
2014-003-501 (12) Negros Oc IMO/ 04-15-14	-do-	-do-	160,000.00	-do-
2014-002-501 (12) Negros Oc IMO/ 04-15-14	-do-	-do-	576,000.00	-do-
2014-001-501 (12) Negros Oc IMO/ 04-15-14	-do-	Various payees	480,000.00	-do-
			<b>11,117,823.70</b>	
<b>Region VII</b>				
2010-001-501(09)/ 06-03-10	Unnecessary transactions as defined under COA Circular No. 85-55A and the payment thereof was in excessive	NIA employees	10,286.00	No update from the Audit Team
2010-002-501(09)/ 06-03-10	Agency failed to deduct/ withheld and remit to the Bureau of Internal Revenue the 1% Expanded Withholding Tax and 5% VAT	-do-	4,360.50	-do-
2010-003-501(09)/ 06-03-10	Agency failed to deduct, withheld and remit to the Bureau of Internal Revenue the 1% Expanded Withholding Tax and 5% VAT contrary to BIR Memorandum Circular No. 56-2009	-do-	1,766.85	-do-
2010-001-501COB(10)/ 09-16-10	Payment of CNA Incentive to those who perform managerial functions	-do-	25,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2010-001-501(10)/ 09-16-10	-do-	-do-	25,000.00	With Appeal from the ND
2010-002-501(10)/ 09-16-10	-do-	-do-	25,000.00	-do-
2011-001-501 NDC(10)/ 02-02-11	Payment of services rendered was irregular since the appointing authority as shown in Plantilla of Casual Appointment to support such claim is the Regional Manager of NIA, Region 10, Cagayan de Oro City	-do-	7,622.20	No update from the Audit Team
2011-002-501 NDC(10)/ 02-02-11	-do-	NIA employees	15,744.40	-do-
2011-003-501 NDC(10)/ 02-02-11	Payment of U/CA was irregular since the appointing authority as shown in Plantilla of Casual Appointment to support such claim is the Regional Manager of NIA, Region 10, Cagayan de Oro City	-do-	4,000.00	-do-
2011-004-501 NDC(10)/ 02-02-11	Payment of services rendered was irregular since the appointing authority as shown in Plantilla of Casual Appointment to support such claim is the Reg'l. Manager of NIA, Region 10, CDO	-do-	9,246.64	-do-
2011-001-501 NDC(10)/ 02-02- 11	-do-	-do-	14,085.24	-do-
2011-002-501 NDC(10)/ 02-02-11	-do-	-do-	14,085.24	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2011-003-501 NDC(10)/ 02-02-11	Payment of Productivity Incentive Benefit was irregular since the appointing authority as shown in Plantilla of Casual Appointment to support such claim is the Regional Manager of NIA, Region 10, Cagayan de Oro City	-do-	2,000.00	No update from the Audit Team
2011-004-501 NDC(10)/ 02-02-11	Payment of U/CA was irregular since the appointing authority as shown in Plantilla of Casual Appointment to support such claim is the Regional Manager of NIA, Region 10, Cagayan de Oro City	-do-	8,000.00	-do-
2011-005-501 NDC(10)/ 02-02-11	Payment of overtime services was irregular since the appointing authority as shown in Plantilla of Casual Appointment to support such claim is the Regional Manager of NIA, Region 10, Cagayan de Oro City	-do-	2,621.21	-do-
2011-001-501 COB(10)/ 02-07-11	Payment of retainer's fee contrary to Retainership Agreement	Payees	68,250.00	-do-
2011-001-501 COB(11)/ 05-19-11	Payment of Year End Bonus and Cash Gift contrary to Section 4 of DBM Budget Circular No. 2010-1	-do-	12,000.00	-do-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2015-001(13)/ 11-26-15	Payment of VIG has no appropriate legal basis due to the absence of express authority from the President of the Philippines as required under pertinent laws and regulations	-do-	2,166,472.00	ND affirmed under CGS 5 Decision No. 2016-032 dated October 4, 2016.
2015-002(14)/ 12-02-15	-do-	-do-	1,805,637.70	-do-
2015-001-501 (PIO-13)/ 12-04-15	Payment of VIG has no appropriate legal basis due to the absence of express authority from the President of the Philippines as required under pertinent laws and regulations	-do-	2,579,093.76	ND affirmed under CGS 5 Decision No. 2016-032 dated October 4, 2016.
2015-002-501 PIO-(14)/ 12-04-15	-do-	-do-	2,263,041.96	-do-
2015-001-501 RO(13)/ 12-04-15	-do-	-do-	2,982,100.33	-do-
2015-002-501 RO(14)/ 12-04-15	-do-	-do-	4,601,733.91	-do-
2015-001-501(13)/ 12-08-15	-do-	-do-	2,396,722.57	-do-
2015-002-501(14)/ 12-08-15	-do-	-do-	3,418,715.20	-do-
			<b>22,462,585.71</b>	
<b><u>Region VIII</u></b>	-	-	<b>40,489,606.38</b>	No details provided in the report
			<b>12,144,578.80</b>	-do-
<b><u>Region IX</u></b>	-	-		
<b><u>Region X</u></b>				
2014-001-501- (2013)/ 01-01-2014	Payment of CNA incentive for CY 2012 in excess of the DBM prescribed ceiling of P25,000.00.	Regional Manager A; Division Manager A – Administrative and Finance Division; Chief Corporate Accountant B and other NIA Region X employees	1,957,000.00	With Appeal from the ND

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2015-001-501 (2013)/ 05-25-2015	Payment of VIG for CY 2013	Regional Manager; Division Manager A – Administrative & Finance Division; Chief Corporate Accountant B and other NIA Region X employees	3,961,897.00	ND affirmed under CGS 5 Decision No. 2017-008 dated Jan. 27, 2017.
2015-002-501 (2014)/ 06-02-2015	Payment of VIG for CY 2014	Regional Manager; Division Manager A – Administrative and Finance Division; Chief Corporate Accountant B and other NIA Region X employees	1,023,765.00	With Appeal from the ND
2014-001-501(2013)/ 01-13-2014 (LAMISCA)	Payment of CNA incentive for CY 2012 in excess of the DBM prescribed ceiling of P25,000	Division Manager A; Cashier B; Senior Accounting Processor A and other NIA – LAMISCA IMO employees	4,613,472.00	ND affirmed under CGS 5 Decision No. 2017-002 dated Jan. 13, 2017.
2015-001-501 (2014)/ 06-16-2015 (LAMISCA)	Payment of VIG for CY 2014	Division Manager A; Cashier B; Senior Accounting Processor A and other NIA – LAMISCA IMO employees	4,541,000.00	With Appeal from the ND
2015-002-501 (2013)/ 08-17-2015 (LAMISCA)	Payment of VIG for CY 2013	Division Manager A; Cashier B; Senior Accounting Processor A and other NIA – LAMISCA IMO employees	2,869,700.00	--do-
2015-003-501 (2013)/ 08-17-2015 (LAMISCA)	-do-	-do-	147,118.00	-do-
Bukidnon IMO	-	-	6,914,854.20	No details provided in the report
			<b>26,028,806.20</b>	
<b>Region XI</b>				
(Fund 501-COB)	-	-	17,121,010.39	-do-
09-01-F501-NDC/ 12/29/2009	Not properly supported with original bill	Payee	1,711.20	For issuance of NFD
09-02-F501-NDC/ 12/29/2009	Excess claim for traveling expenses	NIA Employee	240.00	For issuance of NFD
09-03-F501-NDC/ 12-29/2009	Expenses claimed not official but personal expenses	-do-	448.00	Payee deceased
09-05-F501-NDC/ 12/29/2009	Excess claim of traveling Expenses	-do-	2,800.00	For issuance of NFD
09-07-F501-NDC/ 12/29/2009	Excess claim for travelling expenses	-do-	1,220.00	Payee deceased

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
09-08-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance-due to payment of CY 2006 CNA Incentive not an appropriate charge to NDC Fund	-do-	93,000.00	With COA-RO XI Decision No. 2015-13
09-09-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance-due to failure to submit authority to charge representation expenses	NIA employees	18,022.75	D. delos Santos - Deceased
09-10-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance due to failure to submit RERs for taxi fares	NIA employee	5,620.00	Payee deceased
09-11-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance due to failure to submit boarding pass of AA Salazar in lieu of plane ticket	Claimant; Payee	5,239.72	With COA-RO XI Decision No. 2015-14
09-12-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance due to failure to submit boarding pass in lieu of plane ticket	-do-	4,584.00	For issuance of NFD
09-13-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance due to failure to submit boarding pass of Romeo Solis in lieu of plane ticket	-do-	5,534.00	No settlement from Management
09-14-F501-NDC/ 12/28/2009	Audit suspension matured into disallowance due to fuel expense not supported with Mo. Report of Travel	Payee	400.00	Payee deceased
2016-001-501(DDS)-(13)	Payment of CY 2012 VIG to officials and employees of NIA IMO Davao del Sur	NIA employees	173,000.00	With CGS-5 Decision No. 2016-058 dated Nov. 17, 2016, affirming the ND.

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2015-003-501(DDS)-(14)	Payment of CY 2013 VIG to officials and employees of NIA IMO Davao del Sur	-do-	1,485,500.00	-do-
2015-002-501(DDS)-(13)/10/20/15	Payment of CY 2012 VIG to officials and employees of NIA IMO Davao del Sur	-do-	1,077,500.00	-do-
2015-001-501(DDS)-(12)/9/18/15	Payment of CY 2012 CNA incentive in excess of prescribed ceiling of P25,000	-do-	1,615,750.00	Under Appeal
2013-001-501 DDS(12)/09-09-13	Payment of CY 2011 CNA incentive in excess of prescribed ceiling of P25,000	-do-	1,563,250.00	With CGS-5 Decision No. 2015-015
			<b>23,174,830.06</b>	

**Region XII**

2008-501-01(07)/07-02-2008	Payment of CNA incentive for CY 2007 in excess of the DBM prescribed ceiling of P25,000. Additional incentive likewise not approved by the Board of Directors.	Division Manager, Sr. Accounting Processor A and Payees - Employees of NIA	8,700.00	With NFD dated Feb. 12, 2015
2008-501-01(07)/07-02-2008	-do-	Division Manager, Sr. Accounting Processor A and Payee	10,000.00	-do-
2008-501-01(07)/07-15-2008	-do-	Division Manager, Sr. Accounting Processor A & Payees - Employees of NIA	4,350.00	-do-
2012-001-501(11)/01-24-2012	-do-	Division Manager, Sr. Accounting Processor A & Payee	285,000.00	With NFD dated October 30, 2015
2013-08-501(12)/12-21-2013	-do-	Division Manager, Sr. Accounting Processor A & Payees - Employees of NIA	2,292,000.00	-do-
2015-01-501(13)/03-03-2015	Payment of incidental expenses	Division Manager, Sr. Accounting Processor A and Payee	15,000.00	No update from the Audit Team

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
2015-01-501(13)/ 03-03-2015	Payment of training registration fee	Division Manager, Sr. Accounting Processor A and Payee	1,800.00	No update from the Audit Team
2013-001-501/ 09-26-2013	Payment of CNA incentive for CY 2012 in excess of the DBM prescribed ceiling of P25,000 Additional incentive likewise not approved by the Board of Directors.	Division Manager, Sr. Accounting Processor A & Payees - Employees of NIA	539,750.00	-do-
2013-01-501(12)/ 12-27-2013	-do-	Division Manager, Sr. Accounting Processor A and Payees - Employees of NIA	3,588,000.00	With NFD dated October 30, 2015
2012-001 to 42/ 02- 15-2012	-do-	-do-	195,000.00	-do-
2013-001-501/ 09- 26-2013	-do-	-do-	1,290,000.00	-do-
2014-001-501/ 03-19-2014	-do-	-do-	723,100.00	-do-
2012-003-501(11)/ 01- 24-2012	-do-	-do-	90,000.00	-do-
2012-004-501(11)/ 01- 24-2012	-do-	-do-	185,000.00	-do-
2013-001-501/ 09- 26-2013	-do-	-do-	2,245,500.00	-do-
2012-001-501(11)/ 01- 24-2012	-do-	-do-	80,000.00	-do-
2012-002-501(11)/ 01- 24-2012	-do-	-do-	10,000.00	-do-
2013-001-501/ 09- 26-2013	-do-	-do-	663,000.00	-do-
2013-001-501/ 09- 26-2013	-do-	-do-	569,500.00	-do-
			<b>12,795,700.00</b>	
<b>Region XIII</b>	Various NDs	-	<b>75,217.87</b>	No details provided in the report
<b>TOTAL CORPORATE FUND</b>			<b>700,358,352.51</b>	
<b>III. SPECIAL FUND</b>				
<b>Central Office</b>				
2016-002-158/ 8/04/16	Monetary remuneration of overtime	Payees	44,991.04	With Appeal from the ND before the Director, CGS

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	contrary to CSC-DBM J.C. No. 2 dated 10/04/04			Cluster 5
2014-016-158 (12)/6/25/2014	Payment of salaries, bonuses and allowances received by Mr. Adao after his compulsory retirement on April 16, 2012 or for the period of April 17, 2012 to December 31, 2012 has no legal basis.	NIA Employees; Payee	473,613.08	-do-
2014-011-158 (10)/5/23/2014	Payment of CNA CY 2010 Signing Bonus to NIA CARP officers and employees is contrary to existing rules and regulations.	CARP-IC officers & employees	1,200,000.00	For preparation of NSSDC
14-010-158 (10)/5/23/2014	-do-	-do-	1,200,000.00	For preparation of NSSDC
14-009-158 (09)/5/23/2014	Payment of CNA Signing Bonus to NIA CARP officers and employees for CY 2009 is contrary to existing rules and regulations.	-do-	522,000.00	For preparation of NSSDC
13-005-158 (12)/05/21/2013	RATA in excess of GAA prescribed rates.	Assistant Project Manager	24,000.00	Covered by COE dated March 29, 2016 which was received by Management on April 7, 2016
13-003-158 (12)/03/21/2013	-do-	NIA-CARP Employee	5,000.00	Covered by COE dated January 22, 2016 which was received by Management on February 4, 2016.
11-001-158 (08-07)/4/25/2011	Payment of honorarium to NIA CARP officials.	Former Project Manager, et al.	523,145.62	ND affirmed under Decision No. CGS-C-2011-36. Partial settlement of P148,877 as per NSSDC Nos. 2017-005-158, 2017-006-

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
				158,2017-007-158 and 2017-008-158 dated July 19, 2017, August 2, 2017, August 16, 2017, and November 10, 2017.
11-158-001 (10)/4/11/2011	RATA in excess of GAA prescribed rates.	Assistant Project Manager, et al.	20,381.00	Settlement thru salary deduction. Validation of schedule of instalment payments made by persons liable submitted on May 20, 2016 is on-going.
10-003-158 (09)/4/27/2010	Payment of CNA	Various NIA employees	60,000.00	Validation of settlement of disallowance is on-going.
10-002-158 (09)/4/27/2010	Payment of CNA	-do-	60,000.00	-do-
10-001-158 (09)/3/22/2010	Payment of CNA to job order contract personnel without basis.	Former Accounting Processor A, et al.	418,069.02	Validation of settlement of disallowance thru salary deduction submitted by Management is on-going
			<b>4,551,199.76</b>	
<b>REGIONS</b>				
<b>CAR</b>				
12-02-158-11/6/5/12	Grant of CNA Incentive for 2011	Various NIA employees	55,000.00	Disallowance affirmed under COA-CAR Decision No. 2015-044 dated July 20, 2015.
12-011-158-11/1/11/13	Actual accomplishment of the project is only 75.64% and excessive project cost	-do-	202,027.47	With Appeal from the ND
12-012-158-11/1/11/13	Actual accomplishment of the project is only 53.74%.	-do-	227,842.00	-do-
			<b>484,869.47</b>	
<b>Region I – La Union IMO</b>				
2013-01-158 (12)/2/11/2014	Payment of CNA Incentive for CY	Division Manager, Sr. Accounting Processor A, and	39,000.00	Affirmed under COA Decision No.

ND No./Date	Nature/Particulars	Persons Liable	Amount	Status
	2012 is in excess of the DBM prescribed ceiling of P25,000. Additional incentive likewise not approved by the Board of Directors.	Sr. Accounting Processor B and Payees		2015-015 dated October 30, 2015.
<b>Pangasinan IMO</b>				
2013-01-158 (12)/12/27/2013	-do-	-do-	78,000.00	-do-
			<b>117,000.00</b>	
<b>Region IV-A</b>				
13-005-501/10/16/2013	Payment of CNA incentives	Various NIA employees	90,000.00	With Appeal from the ND before the CGS Cluster 5 Director
13-006-501/10/18/2013	-do-	-do-	60,000.00	-do-
			<b>150,000.00</b>	
<b>Region VI</b>				
12-009-158/7/31/2012	Payment of CNA incentives for CYs 2006, 2008, 2010	-do-	98,000.00	With Appeal from the ND before the CGS Cluster 5 Director
11-008-158/2/18/2011	-do-	-do-	50,000.00	-do-
11-007-158/11/12/2009	-do-	-do-	150,000.00	With Appeal from the ND before the COA Regional Director
Various NDs	Excessive claims of per diem	-do-	7,924.00	For issuance of NFD.
2013-001-158 (12)/1/2/2013	Salary of casual employee	NIA – Antique IMO employee	76,331.42	-do-
			<b>382,255.42</b>	
<b>Region XI</b>				
09-01-F158-MINSSAD/11/25/2009	Unauthorized grant of honorarium from MINSSAD for CY 2008.	Various payees	240,076.47	With COA RO XI Decision No. 2015-05.
09-03-F158-MINSSAD/11/25/2009	Absence of boarding pass in lieu of plane tickets (audit suspension matured into disallowance).	Jetway Travel	29,909.00	Covered by COE dated February 18, 2015

<b>ND No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Liable</b>	<b>Amount</b>	<b>Status</b>
09-04-F158-MINSSAD/11/25/2009	-do-	Former NIA CO Personnel	13,729.32	No details provided
09-05-F158-MINSSAD/11/25/2009	No certification from General Accounting of NIA CO (audit suspension that matured into disallowance)	Region XI employee	7,560.00	With Appeal from the ND
09-06-F158-MINSSAD/11/25/2009	-do-	-do-	7,560.00	-do-
			<b>298,834.79</b>	
<b><u>Region XII</u></b>				
2012-006-158 (11)	Payment of CNA incentive	Region XII employees	<b>10,000.00</b>	-do-
<b><u>Region XIII</u></b>				
2012-005-GOP3 (2012) (SDS IMO)	Overpayment of wages	-do-	<b>2,280.81</b>	No Appeal; for issuance of NFD.
<b>TOTAL SPECIAL FUND</b>			<b>5,996,440.25</b>	
<b>GRAND TOTAL ALL FUNDS</b>			<b>P 2,948,592,391.07</b>	

Details and Status of Unsettled Notices of Charge (NCs)  
As of December 31, 2017

NC No./Date	Nature/Particulars	Persons Liable	Amount	Status
<b>I. GENERAL FUND</b>				
<b>Central Office</b>				
2016-001-102/ 4-06-2016	Non-forfeiture of bid security	Former BAC Chairman, et al.	P 1,200,000.00	
<b>TOTAL GENERAL FUND</b>			<b>P 1,200,000.00</b>	
<b>II. CORPORATE FUND</b>				
<b>RO I</b>				
11-001-501-(11)/ 06-03-11	Unremitted collection of Irrigation Fees	NIA LUIMO Employees	<b>P 189,892.00</b>	No status submitted
<b>RO II</b>				
-	-	-	<b>31,660.00</b>	No details submitted to COA-NIA CO by Region II Audit Team
<b>RO VI</b>				
2012-501-02 Aklan IMO/ 11-19-2012	Restitution of 10% discount for prompt payment	Payee	4,094.63	For enforcement due to lack of appeal
2012-501-05 Aklan IMO/ 11-19-2012	-do-	-do-	508.30	-do-
2012-501-08 Aklan IMO/ 11-19-2012	-do-	-do-	2,797.13	-do-
2012-501-09 Aklan IMO/ 11-19-2012	-do-	-do-	5,640.99	-do-
			<b>13,041.05</b>	
<b>TOTAL CORPORATE FUND</b>			<b>P 234,593.05</b>	
<b>GRAND TOTAL ALL FUND</b>			<b>P 1,434,593.05</b>	

Details and Status of Unsettled Notices of Suspension (NS)  
As of December 31, 2017

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
<b>I. GENERAL FUND</b>				
<b>Central Office</b>				
2016-014-102/ 11-07-2016	Lack of supporting documents for payment of Final Progress Billing No. 34 (Loan Proceeds Portion) for Contract No. ARIP-C-1 Re-regulating Pond Facilities for the Agno River Integrated Irrigation Project	Former Administrator; Former Deputy Engineering and Operations; Former Manager Engineering Department; Former OIC-Office of the Deputy Administrator for Engineering and Operations; Manager, CAS CMD; Former Acting Manager, Accounting Division; Project Manager, ARIP PMO; Manager Construction Division, ARIP PMO; Manager Engineering Division ARIP PMO	US\$ 3,863,966.92	Documents partially submitted. Evaluation of submitted documents on-going
			<b>US\$ 3,863,966.92</b>	
2017-003-101/ 12-20-2017	Lack of supporting documents for payment of one (1) unit Truck Tractor, 6x4 with 25 tons Low Bed Trailer for Contract No. PIDPN-S-6 for the Participatory Irrigation Development Project	Acting Manager, Financial Management Department; Acting Manager, Accounting Division; Former NIA Administrator; Former Acting Deputy Administrator for Engineering and Operations/Chairman, Bids and Awards Committee; Vice-Chairman, Bids and Awards Committee A; Member, Bids and Awards Committee A; Inspection Officer, MARIIS; Sr. Supply Officer, MARIIS; Manager, PPD; Member, Inspection and Acceptance Committee (IAC); Project Manager PIDP/Member IAC; Manager, Operations Department/Chairman, IAC	P 14,500,000.00	Period for compliance with the requirements of the NS not yet lapsed.
2017-002-102/ 12-20-2017	Lack of supporting documents for payment of two (2) units Hydraulic Excavator Model EW 145 wheel Type, 0.60 cu.m. for Contract No. PIDPN-S-5R for participatory Irrigation Development Project	Deputy Administrator for Administrative and Finance; Project Manager, PIDP; Acting Manager, Accounting Division; Former Administrator; Acting Deputy Administrator for Engineering and Operations/Chairman, Bids and Awards Committee;	11,700,000.00	-do-

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2017-001-102/ 10-13-2017	Lack of supporting documents for payment of one (1) unit Hydraulic Excavator, Crawler Mounted ,0.70m Bucket capacity, Make/Model: Volvo/EC 210B and One (1) Unit Hydraulic Excavator, Crawler, Swampy, Long Reach 0.40m Bucket Capacity, Make/Model: Volvo/EC 210BLR for Contract No. NISRIPD-S-3	Vice-Chairman, Bids and Awards Committee A; Member, Bids and Awards Committee A  Acting Deputy Administrator for Engineering and Operations; Acting Manager, Accounting Division; Deputy Administrator for Administrative and Finance Sector; Manager, Operations Department/Chairman, Committee on Inspection and Acceptance; NISRIP, Project Manager; Member, Committee on Inspection and Acceptance; Division Manager, Agusan del Sur IMO; Manager, Property Division; Member, Committee on Inspection and Acceptance; Acting Head, Procurement Section; Data Encoder; Inspection Officer; Contractor/Supplier	13,365,000.00	Period for compliance with the requirements of the NS not yet lapsed
2016-015-102/ 11-10-2016	Lack of supporting documents for payment of 7.5% Advance Payment (GOP and LP Portions) for Contract No. NISRIPD-C-3R2 Rehabilitation and Improvement of Muleta River Irrigation System and Construction of Irrigators Association Support Facilities under the National Irrigation Sector Rehabilitation and Improvement Project (NISRIP)	Administrator; Deputy Administrator for Engineering and Operations & BAC A Chairman; Project Manager, NISRIP Members of BAC-A; Accounting Manager, Accounting Division; Head, BAC TWG; Members of the BAC TWG	6,959,368.66	For review
2016-012-102/ 10-20-2016	Lack of supporting documents for payment of Progress Billing Nos. 1 & 2 for Contract No. PIDPC-UCRISI-1 Rehabilitation/ Restoration of Upper Chico River Irrigation System including supply, delivery, installation and commissioning of steel gates.	Administrator; Former Acting Deputy Administrator for Eng'g and Operations; Former Project Manager, PIDP; Regional Manager; Division Manager A, KIMO; Principal Engineer, NIA Senior Engineer A, KIMO; Quality Control Engineer; Project Manager, PIDP-PMO; Contractor	102,231,169.74	Documents submitted for further evaluation

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2016-011-102/ 10-7-2016	Lack of supporting documents for payment of Progress Billing No. 7/final for Contract No. SPISP-C-3 Construction of Binalawan Concrete Buttress Dam	Administrator; Former Deputy Administrator for Engineering and Operations; Acting Deputy Administrator for Engineering and Operations; Division Manager A/Project Engineer Negros Occidental IMO; Site Office Engineer; Materials Testing Engineer, Resident Engineer; Senior Engineer A, RIM Region 6; Manager, Engineering and Environmental Division CPMO-SPISP; Civil Works Design, DSD CO; Mechanical Works Design DSD CO; Principal Engineer A, CAS CMD; Principal Engineer A, PBME, CMD	15,248,418.51	-do-
2016-010-102/ 8-12-2016	Lack of supporting documents for payment of 15% mobilization for Contract No. NISRIPD-C-2 for the Rehabilitation and Improvement of Malatgao River Irrigation System and Construction of Irrigator's Association	Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Supervising Engineer A – CAS CMD; Senior Engineer, CAS CMD; Former, Manager, Accounting Division; Project Manager, NISRIP/BAC-A Member; Acting Division Manager, Palawan, IMO; Acting Regional Manager; Senior Deputy Administrator; BAC-A Vice Chairman; BAC-A Members; Head BAC TWG; Members of the BAC TWG; Head, BAC Secretariat; Member BAC Secretariat; NISRIP Representative	28,404,551.91	-do-
2016-009-102/ 6-16-2016	Lack of supporting documents for payment of Progress Billing No. 7 for Contract No. HCAAPD-C-2 Construction of Bulao Diversion Dam, Irrigation and Drainage Canals and Appurtenant Structures under Help for Catubig Agricultural Advancement Project	Administrator; Manager, Engineering Department; Supervising Engineer A – CAS CMD; Principal Engineer A- CAS CMD; Acting Manager, Accounting Division; Acting Manager CAS CMD; OIC, Operations Division; Acting Project Manager; Project Inspector	10,292,166.13	Documents submitted under evaluation specifically on the validity of time extension granted

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2016-007-101/ 4-19-2016	Lack of supporting documents for payment of 15% mobilization for Contract No. CMIPP2/NCB-C-S6-3 Construction of Super Diversion Canal (SDC) Sta. 50+540 – Sta. 51+850); Laterals “U” & “V” and Sub-Laterals including Related Structures and Supply Delivery, Installation and Commissioning of Steel Gates.	Acting Deputy Administrator for Engineering and Operations; Acting Manager, Accounting Division; Project Manager, CMIPP; Acting Manager, Engineering Department; Department Manager A, Legal Services Department; Department Manager A, Internal Audit Services	41,348,369.06	Documents submitted for further evaluation.
2016-006-101/ 3-18-2016	Lack of supporting documents for payment of Progress Billing Nos. 28, 29 and 30 for Contract No. SRIPD-C-16 Construction of Tangub Earthfill Dam and Appurtenant Structures under the Small River Irrigation Project	Administrator; Former Acting Deputy Administrator for Engineering and Operations; Deputy Administrator for Engineering and Operations; Former Acting Manager, Accounting Division; Former Project Manager. SRIP PMO; Acting Project Manager. SRIP PMO; Markbilt Construction	36,211,858.85	-do-
2016-005-101/ 3-3-2016	Lack of supporting documents for payment of 15% mobilization for Contract No. QIPD-C-3 Construction of Quipot Main Canal (Sta. 4+720 to 11+290.85 and Lateral A ( Sta. 0+000 to 3+672.80) and its Appurtenant Structures, including Supply and Delivery of 2 units 10”200mm x 200mm dia., 45 HP Pump and Accessories	Administrator; Deputy Administrator for Engineering and Operations; Regional Manager, Region IV-A; Supervising Engineer, DSD Principal Engineer A, CAS CMD; Resident Engineer; Acting Manager, Accounting Division; New Kanlaon Construction	14,386,661.12	-do-
2016-002-101/ 2-16-2016	Lack of supporting documents for payment of 15% mobilization for Contract No. QIPD-C-1 Construction of Quipot Diversion Dam and its Appurtenant Structures including Supply, Delivery, Installation and Commissioning of Barrage Steel Gates under Quipot Irrigation Proejct	Deputy Administrator for Engineering and Operations; Regional Irrigation Manager- Region 4A; Acting Manager, Accounting Division; Acting Deputy Administrator for Engineering and Operations; Former Acting Senior Deputy Administrator; Acting, Regional Irrigation Manager- Region 4A; Legal Officer V; Department	18,268,619.72	-do-

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
		Manager A, Operations Department; Division Manager B, NISRIIP; Principal Engineer A, EWMS; Division Manager B, PIDP; Supervising Engineer A, DSD; Senior Engineer A, CMD		
2016-001-101/ 1-21-2016	Lack of supporting documents for payment of Progress Billing Nos. 1 & 2 for Contract No. QIPD-C-2 Construction of Quipot Main Canal (Sta. 1+118.00 to Sta. 4+720) and its Appurtenant Structure	Administrator; Deputy Administrator for Engineering and Operations; Regional Irrigation Manager- Region 4A; Acting Manager, Accounting Division; Construction Engineer, Quezon IMO; Acting Division Manager A, Quezon IMO; Principal Engineer A, CAS CMD; Acting Manager, CAS CMD; Manager, Engineering Department; New Kanlaon Construction Inc.	64,762,316.44	-do-  Waiting for the next Progress Billing for the recoupment of overpayment for Item 4-Structure Excavation
2015-008-102/ 12-2-2015	Lack of supporting documents for the payment Final Progress Billing of Consultancy Services on Construction Supervision and Quality Assurance	Deputy Administrator for Eng'g and Operations; Acting Manager, Accounting Division; PIDP Project Manager; Senior Financial Planning Specialist; Manager, PIDP Engineering Division; Consultant	77,272.73	For issuance of NSSDC
2015-001-102/ 02-04-2015	Lack of supporting documents for the payment of various IT Equipment; (a) 11 units Branded Desktop Computer and (b) 10 units Projector	Manager, Administrative Department Manager, Budget and Revenue Division Acting Manager, Accounting Division Deputy Administrator, Administration and Finance	1,157,990.00	-do-
2014-033-101/ 12-11-2014	Lack of supporting documents for the payment of Progress Billings for the provision of technical assistance for the Feasibility Study of Alternative Dam Designs for Balog Balog Multipurpose Project Phase II to NIACI	Administrator; Acting Manager, Accounting Division; Manager, Engineering Department; Acting Deputy Administrator for Eng'g and Operations; Manager, Budget Division.; and NIACI	1,925,059.51	For issuance of Notice of Disallowance
2014-032-102/ 11-10-2014	Lack of supporting documents for the advance payment of	Administrator; Acting Manager, Accounting Division.; Manager,	33,021,447.07	Documents submitted for further evaluation.

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
	Contract No. SRIPD-C-22, Construction of Upper Tabuating and its Appurtenant Structures	Engineering Dept.; Acting Deputy Administrator for Engineering and Operations; Project Manager, SRIP; & Contractor		
2014-031-102/ 11-10-2014	Lack of supporting Documents for the payment of Progress Billing No. 1 of Contract No PIDP11-C-BRISN-2 Rehabilitation of Lateral Canals East Side including Repair of Service Roads, Appurtenant Structures Including Supply, Delivery Installation and Commissioning of Steel Gates for Batutu River Irrigation System	Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; PMO Manager, PIDP; Regional Irrigation Manager, Region XI; Project Engineer/ Manager, Comval IMO; Manager, CMD; Acting Manager, Accounting Div.; Project Manager – Equiparco Construction Co.	23,232,164.88	-do-
2014-030-101/ 9-22-2014	Lack of supporting documents for the partial advance payment of Contract No. SRIPD-C-18 Construction of Marimay Earthfill Dam and its Appurtenant Structures	Administrator; Acting Manager, Accounting Div.; Manager, Engineering Dept.; Acting Deputy Administrator for Engineering and Operations; Project Manager, SRIP; Head, CAS CMD Engineering Department; Acting Deputy Administrator, Engineering and Operations; Manager, Cash Division	22,342,252.03	-do-
2014-029-102/ 9-22-2014	Lack of supporting documents for the partial advance payment of Contract No. PIDP10-C-MARISN-1 Construction of Maranding River Irrigation System including Supply, Delivery Installation and Commissioning of Steel Gates	Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Dept.; PMO Manager, PIDP; Head, CAS CMD Engineering Dept.; Acting Manager, Accounting Div.; Supervising Engr. A CAS-CMD	7,943,368.97	-do-

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2014-028-101/ 9-22-2014	Lack of supporting documents for the advance payment of Consultancy agreement for the Upgrading of Parcellary Maps of Selected National Irrigation System	Administrator; Acting Manager, Accounting Division; Manager, Engineering Dept. / BAC Member; Acting Deputy Administrator for Engineering and Operations /BAC Chairman; BAC Members; Manager, Budget and Revenue Division	1,460,325.30	-do-
2014-027-102/ 9-18-2014	Lack of supporting documents for the partial advance payment of Contract No.PIDP5-C-THIRISN-1r Rehabilitation of Tigman-Hinagyanan-Inarihan Rivers Irrigation System	Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department.; PMO Manager, PIDP; Head, CAS CMD Engineering Department.; Acting Manager, Accounting Division; Supervising Engr. A CAS-CMD	13,128,635.51	-do-
2014-026-101/ 9-16-2014	Lack of supporting documents for the advance payment of Provision of Technical Assistance for the Climate Change Vulnerability Mapping Project (CCVMP)	Administrator; Acting Manager, Accounting Division; Division Manager, IEC; Manager, Operations Department; Acting Manager, Accounting Division; Manager, Budget and Revenue Division; NIACI	13,728,181.83	-do-
2014-025-102/ 9-16-2014	Lack of supporting documents for the partial advance payment of Contract No. PIDPC-C-UCRISI-1 Rehabilitation of Upper Chico River Irrigation system including supply, delivery installation and commissioning of steel gates	Acting Deputy Administrator for Engineering and Operations; Acting Deputy Administrator for Administrative and Finance; Manager, Engineering Department.; PMO Manager, PIDP; Head, CAS CMD Engineering Department.; Acting Manager, Accounting Division; Supervising Engr. A CAS-CMD	8,924,880.31	-do-
HCAAP 2014-001 (12)/ 8-28-2014	Incomplete submission of documents supporting the payments of Progress Billings of Consultancy Services Contract in the implementation of the Help for Catubig Agricultural Advancement Project	Deputy Administrator Administrative and Finance; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department.; OIC- CMD; Head, CAS CMD; Project Manager, HCAAP Acting Project Manager , HCAAP; Acting Manager, Accounting Division; Consultants - Team Leader and Co-Team Leader	8,891,600.99	Documents submitted for further evaluation

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2014-022-102/ 07-15-2014	Lack of supporting documents for the payment of 15 per cent mobilization fee of Contract No. SRIPD-C-20 for the Construction of Ibato-Iraan Earthfill Dam and Appurtenant Structures under Small Reservoir Irrigation Project (SRIP)	Former Administrator Acting Manager, Accounting Division Project Manager – SRIP Acting Deputy Administrator for Engineering and Operations Manager, Engineering Department	68,224,695.34	For preparation of NSSDC
2014-020-102/ 6-23-2014	Lack of supporting documents for the Supply Delivery of Surveying Instruments under the National Irrigation Sector Rehabilitation and Improvement Project	Administrator; Acting Manager, Accounting Division; Manager, Budget and Revenue Division; Manager, Administrative Department	3,710,000.00	Documents submitted for further evaluation.
2014-016-101/ 5-6-2014	Lack of supporting documents for the payment of Undertaking of the Detailed Engineering Design of Balog Balog Multipurpose Project Phase II	Administrator; Acting Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department.; Acting Manager, Accounting Division; Manager, Budget Division Payee - NIACI	14,932,562.16	Certificate of final acceptance not submitted. For issuance of ND
2014-015-101/ 5-6-2014	Lack of supporting documents for the payment of Reassessment Study and Detailed Engineering and Design of Selected Dam Type of Libmanan Cabusao Dam and Rehabilitation Project	Administrator; Acting Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department.; Acting Manager, Accounting Division; Manager, Budget Division ; Payee - NIACI	8,584,227.00	-do-
2014-014-101/ 5-2-2014	Lack of supporting documents for the payment of Feasibility Study and Detailed Engineering Design of Tumauini River Multipurpose Project	Administrator; Acting Dep. Admin.; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Deptment; Acting Manager, Accounting Division; Manager, Budget Division; Payee - NIACI	21,446,960.31	-do-
2014-013-101/ 4-30-2014	Lack of supporting documents for the payment of Feasibility Study of Sapalan River Irrigation Project	Administrator; Acting Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Acting Manager, Accounting Division; Manager, Budget Division; Payee - NIACI	10,748,729.83	-do-

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2014-012-101/ 4-11-2014	Lack of supporting documents for the payment of Feasibility Study of Ilaguen Multipurpose Irrigation and Power Project	Administrator; Acting Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Acting Manager, Accounting Division; Payee - NIACI	25,659,406.23	-do-
2014-011-101/ 4-11-2014	Lack of supporting documents for the payment of Feasibility Study of Gandara River Basin Irrigation Project	-do-	19,998,848.51	Certificate of final acceptance not submitted. For issuance of ND
2014-001-101 (13)/ 1-9-2014	Lack of supporting documents for the payment of mobilization fee for Contract No. SRIPD-C-19 Construction of Barbar Earthfill Dam and its Appurtenant Structures	Administrator; Senior Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Deputy Administrator for Administrative and Finance; Manager, Engineering Department; Head, CAS CMD Engineering Department; Project Manager SRIP; Engineer B, CAS CMD; Acting Manager, Accounting Division	40,971,251.80	Documents submitted for further evaluation.
2014-003-101 (13)/ 1-22-2014	Lack of supporting documents for the payment of mobilization fee for Contract No. PIDP11-C-BRISN-3 Rehabilitation of Diversion Works, Main Canal West, Extension Area including appurtenant structures and supply delivery installation of Steel Gates for Batutu River Irrigation System	Deputy Administrator for Engineering and Operations; Deputy Administrator for Administrative and Finance; Manager, Engineering Department; PMO Manager, PIDP; Head, CAS CMD Engineering Department; Acting Manager, Accounting Division; Supervising Engineering A CAS-CMD; Senior Financial Planning Officer	6,037,604.65	-do-
2014-004-101 (13)/ 1-22-2014	Lack of supporting documents for the payment of mobilization fee for Contract No. PIDP11-C-BRISN-1 Rehabilitation of Diversion Works, Main Canal East, Lateral A-1 East including repair of service roads, appurtenant structures and supply delivery installation and commissioning of Steel Gates for Batutu River Irrigation System	Deputy Administrator for Engineering and Operations; Deputy Administrator for Administrative and Finance; Manager, Engineering Department; PMO Manager, PIDP; Head, CAS CMD Engineering Department; Acting Manager, Accounting Division; Supervising Engineering. A CAS-CMD; Senior Financial Planning Officer	5,703,508.77	For issuance of NSSDC

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2014-005-101 (13)/ 1-22-2014	Lack of supporting documents for the payment of mobilization fee for Contract No. PIDP2-C-NVBISN-1R Rehabilitation/ Restoration of Nueva Vizcaya-Bagabag Irrigation System including supply delivery installation and commissioning of Steel Gates and Construction of Gatekeepers Quarter	Deputy Administrator for Engineering and Operations; Deputy Administrator for Administrative and Finance; Manager, Engineering Dept.; PMO Manager, PIDP; Head, CAS CMD Engineering Department; Acting Manager, Accounting Division; Supervising Engr. A CAS-CMD; Senior Financial Planning Officer	11,171,650.38	-do-
2014-007-101 (13)/ 1-24-2014	Lack of supporting documents for the payment of Contract No. PIDP2-C-ZRISI-1R Rehabilitation / Restoration of Zinandungan River Irrigation System	Deputy Administrator for Engineering and Operations; Deputy Administrator for Administrative and Finance; Manager, Engineering Department; PMO Manager, PIDP; Head, CAS CMD Engineering Department; Acting Manager, Accounting Division; Supervising Engr. A CAS-CMD; Senior Financial Planning Officer	4,254,200.18	Documents submitted for further evaluation
2014-008-101 (13)/ 2-5-2014	Lack of supporting documents for the payment of Contract No. PIDP2-C-BCISN-1R, Rehabilitation/ Restoration and Extension of Banurbur Creek Irrigation Sytem including supply, delivery, installation and commissioning of steel gates and construction of Operation House	Deputy Administrator for Engineering and Operations; Deputy Administrator for Administrative and Finance; Manager, Engineering Department; PMO Manager, PIDP; Head, CAS CMD Engineering Department; Acting Manager, Accounting Division; Supervising Engr. A CAS-CMD; Senior Financial Planning Officer	9,811,452.27	-do-
2014-009-102 (13)/ 2-19-2014	Lack of supporting documents for the settlement of Progress Billing No. 33 (GOP Portion) Contract No. ARIP-C-1 Re-regulating pond facilities of Agno River Irrigation Project	Administrator; Manager, Accounting Division; Acting Manager Accounting Division; Deputy Administrator Engineering and Operations; Project Manager-ARIP; Manager Construction Division; Manager Engineering Division; Manager, Budget Division	27,140,711.89	For issuance of NSSDC

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2014-010-102 (13)/ 2-19-2014	Lack of supporting documents for the seminar-workshop conducted	Deputy Administrator Engineering and Operations; Manager, Budget Division; Project Manager- NISRIP; Acting Manager Accounting Division	197,500.00	Documents submitted for further evaluation
2013-004-101(12)/ 4-29-2013	Contract Price Escalation Nos. 1-3 for Contract No. BHIP2-C-2, Construction of Irrigation Canal and Appurtenant Structures for Bohol Irrigation Project, Stage I	Administrator; Manager, Accounting Division; Acting Manager Accounting Division; Senior Deputy Administrator; Project Manager BHIP; Asst. Project Manager; Chief, Contract Administration Section	39,078,014.61	-do-
2013-003-101(11)/ 4-22-2013	Lack of documents to support the time extensions granted for the payment of Contract No. SJPIPD-C-1 Construction of Main Canal and Construction of Pumping Station/Building including pull out, transfer, installation and commissioning of two (2) units 460 kw.	Administrator; Acting Senior Deputy Administrator.; OIC Deputy Administrator; Acting Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Deputy Administrator Administrative and Finance; Acting Manager Accounting Division	42,016,752.06	For issuance of NSSDC
2013-006-102 (13)/ 8-2-2013	Non submission of documents necessary for the evaluation of the revised contract due to time extension to support the payment of GOP Progress Billing No. 32 under Contract No. ARIP-C-1.	Administrator; OIC Deputy Administrator for Engineering and Operations; Manager, Engineering Department; Manager, Construction Division; Project Manager ARIP; Acting Manager, Accounting Division	4,614,325.52	-do-
12-017-101(11)/ 11-26-2012	Lack of supporting documents for payment of lodging fees of NIA officials	Manager, Engineering Department; Acting Manager, Financial Management Department; Acting Manager, Budget Division	48,093.75	Documents submitted for further evaluation
12-016-101 (11)/ 11-26-2012	Lack of supporting documents for payment of lodging fees of NIA officials	Acting Deputy Administrator for Engineering and Operations; Acting Manager, Financial Management Department; Acting Manager, Budget Division	26,550.00	-do-

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
12-015-101 (11)/ 12-4-2012	Lack of supporting documents for the payment of meals and accommodation of Irrigators Association National Congress	Manager, Institutional Dev.t Div.; Acting Manager, Financial Management Dept.; Acting Manager, Budget Div.	433,625.00	For issuance of NSSDC
12-012-101 (11) / 6-25-2012	Non submission of documents to support the payment of Monetary Incentives for CY 2010 National Level Outstanding Irrigators Association both CIA and NIA	Acting Deputy Administrator for Engineering and Operations; Acting Manager Budget Division; Manager, Operations Department; Acting Manager, Financial Management Department; Manager, Institutional Dev't. Division	150,000.00	For issuance of ND
12-011-101(11) / 6-25-2012	Non submission of documents to support the payment of meals and accommodation spent during the Irrigators Association National Congress	Manager, Institutional Dev't. Division; Manager, Operations Department; Manager, Financial Management Department; Acting Manager Budget Division	214,625.00	For issuance of NSSDC
11-007-102 (07)/ 11-29-2011	Lack of documents for the payment of additional cost in Item B Sub-Item Diversion and Care of River and Irrigation Canal during Construction & Dewatering Foundation under Contract No. CMIPPI-C-S1 (JBIC Financed Portion)	Administrator; Manager, Accounting Division; Assist. Administrator for PDI	34,538,860.49	For review
11-004-102 (11)/ 09-21-2011	Payment of Progress Billing No. 5 for the Contract No. SPISP-C-3 Construction of Binalawan Concrete Butress Dam and Appurtenant Facilities	Administrator; Senior Deputy Adm.; Manager, Engineering Department & Project Manager SPISP; Manager, Accounting Div.; Project Eng'r. – SRIP MO; Resident Eng'r – MBCIIP SRIP SMO; Payee	858,675.92	-do-
			<b>914,084,510.94</b>	
<b>CAR</b>	-	-	<b>3,009,514.85</b>	No details provided in the report
<b>Kalinga and Ifugao Mt. Province</b>			<b>85,128,231.36</b>	-do-
			<b>54,089.07</b>	-do-
			<b>88,191,835.28</b>	
<b>RO II</b>				
<b>RO</b>	Various PIDP –Fund 102 transactions		6,838,723.79	-do-

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
	Various Fund 101 transactions	-	6,500,983.84	-do-
<b>NIA QIMO</b>	Various Fund 101 transactions	-	200,953.26	-do-
<b>NIA CBIMO</b>	Various Fund 101 transactions	-	1,752,956.17	-do-
	Various Fund 102 transactions	-	90,315.12	-do-
			<b>15,383,932.18</b>	
<b><u>RO III BANE</u></b>	Various	-	<b>1,058,212.15</b>	-do-
<b><u>RO V</u></b>	The project was 36.10% above COA estimate and 26.10% above authorized limit	Engr. W.P. Ragodon, et al.	459,700.87	With justification
12-001-101 (12)/05-09-2012				
12-002-101 (12)/05-09-2012	The project was 19.78% above COA estimate and 9.78% above authorized limit	-do-	89,975.28	-do-
12-008-101/10-01-2012	The project was only 87.46% completed per Technical Inspection Report rendered by the COA Technical Inspector	-do-	321,928.49	-do-
12-009-101/10-03-2012	The project was 20.26% above COA estimate and 10.26% above authorized limit	-do-	136,472.77	-do-
12-011-101/11-05-2012	Cumulative amount of liquidated damages reaches 10% of the amount of the contract	-do-	4,902,538.59	-do-
12-012-101/11-05-2012	Cumulative amount of liquidated damages reaches 10% of the amount of the contract	-do-	3,758,313.48	-do-
			<b>9,668,929.48</b>	
<b><u>RO VI</u></b>				
<b><u>RO</u></b>				
09-002-101 (09)/11-13-2009	Lack of supporting documents	G. Abuzo, E. Lomigo, et al.	98,000.00	For issuance of ND
09-001-101 (09)/11-13-2009	-do-	-do-	112,506.00	-do-
09-002-102 (09)/11-13-2009	Conduct of training lack of supporting documents	-do-	80,793.75	-do-
09-001-102 (09)	Conduct of training lack of supporting documents	-do-	112,031.25	-do-

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
<b>Iloilo-Guimaras IMO</b>				
2010-002-101/ 10/14/2012	Lack of Supporting Documents	F. Colorado, J. Villanueva, et al.	268,195.11	-do-
11-003-101/ 6/8/2011	Lack of Authority to Disburse	-do-	4,544,858.14	-do-
11-002-101/ 3/7/2011	Payment of Collective Negotiation Agreement (CNA) incentive for CY 2010.	-do-	295,000.00	-do-
2010-001-101/ 10/15/2010	Lack of Supporting Documents	-do-	28,960.72	-do-
			<b>5,540,344.97</b>	
<b>Jalaur River Multi-Purpose Project Stage II</b>				
17-008-102- JRMPII (17)/ 12- 22-2017	Submission of justification/explanation on the relevance of seminar to the project and necessity of conduct of said seminar	Jesus Ezer D. Borci, et al.	28,457.00	Period for compliance with the requirements of the NS not yet lapsed
17-007-102- JRMPII (17)/ 10- 20-2017	Payment of DV not supported with required documents	Dominador B. Dela Cruz, et al.	13,193.60	-do-
17-006-102- JRMPII (17)/ 10- 20-2017	-do-	G.P. Corsiaga, et al.	122,751.78	-do-
17-005-102- JRMPII (17)/ 10- 10-2017	-do-	-do-	19,687.50	-do-
17-004-102 (16)/ 10-10-2017	Attendance to seminar to an agency not authorized by GPPB	A.V. Amadeo, et al.	4,774.62	-do-
17-003-102 (16)/ 10-09-2017	-do-	J.C.D. Grabato, et al.	4,671.62	-do-
17-002-102 (16)/ 10-06-2017	-do-	L.M.M. Dela-onio, et al.	19,995.26	-do-
17-001-102 (16)/ 10-04-2017	-do-	Deo Bart Cordero, et al.	19,055.50	-do-
			<b>232,586.88</b>	
<b>RO VIII</b>	No details		<b>13,220.00</b>	No details provided in the report
<b>RO X</b>				
<b>RO</b>				
2015-001-101- 2013/3-2-15	Contract project with L-Beths Construction under Contract Ref. No. CW-BUK-CF (PABLO)-2013-PULRIS-NEGO	Felix M. Razo Sharon Rose Sabenecio. Sabenecio Avelino Andilab Hilarion C. Cedeno Jimmy L. Apostol	16,966,788.82	Unsettled

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
2014-001-101-2013/ 9-10-14	Contract project with L-Beths Construction for Manupali River IS	Felix M. Razo Sharon Rose Sabenecio Avelino Andilab	22,570,512.00	-do-
<b>LAMISCA IMO</b>				
2016-001-101(2105)/ 2-16-16	Unsubmitted payrolls and supporting documents	Engr. Joecamine L. Gubat Alredo C. Donque Dorris S. Gorra	388,329.78	For Issuance of ND
			<b>39,925,630.60</b>	
<b><u>RO X</u></b>				
<b>Bukidnon IMO</b>				
2015-010-101 IRPEP/ 7-8-2015	Non-submission of color shaded plans indicating portion to be repaired and Agency's detailed estimates/back-up computation for Item Diversion and Care of River	RO/IMO officers/employees  Payee- MACRO ASIA Construction	29,449,996.46	For issuance of ND
2015-023-101 IRPEP/ (2014) 11-19-2015	Non-submission of Approved Program of Work; plans/drawings and specifications; bidding documents; affidavit and certificate of site inspection; printed copy of ITB posted in PhilGEPS and affidavit of publication and newspaper clippings.	RO/IMO officers/employees	9,357,296.63	-do-
2015-026-101 (2014)/ 12-28-2015	Non submission of materials testing result, statement o time elapsed and work accomplished.	RO/IMO officers/employees Payee – Domugan Construction	3,660,676.28	-do-
2015-027-101 (2014)/	Non submission of materials testing result, statement o time elapsed and work accomplished.	RO/IMO officers/employees	7,327,192.74	-do-
IRPEP	Payment of 3 <sup>rd</sup> and Final Billing to Wiro Construction	-do-	1,865,731.22	-do-
IRPEP	Various payments CIBR & CDR Vouchers	-do-	23,948.76	-do-
IRPEP	Various payments CIBR & CDR Vouchers	-do-	22,683.04	-do-

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
IRPEP	Various payments CIBR	-do-	9,533.02	-do-
IRPEP	Payment to DJ Nipa Stick Dealer & Construction Materials –CM 45-07-606	-do-	19,975.40	For issuance of ND
IRPEP	Monetization of Leave Credits	-do-	3,582.55	-do-
IRPEP	Payment of 5 <sup>th</sup> partial billing to Fortstone Construction Enterprises	-do-	418,606.68	-do-
2016-017-101 (2015)	Non liquidation Cash Advance for Midyear Assessment on September 7-11, 2015 charged to NISRIP Fund 102	-do-	815.00	-do-
	Non liquidation Cash Advance for FPPF on November 8 & 14, 2015 charged to NISRIP Fund 102	-do-	547.96	-do-
			<b>52,160,585.74</b>	
<b><u>RO XI</u></b>	Various		<b>139,500.00</b>	No details provided in the report
<b><u>RO XIII</u></b>	Various		<b>2,564,274.31</b>	-do-
<b>ADS-IMO</b>	Various		<b>215,910.00</b>	-do
<b>TOTAL GENERAL FUND (In Pesos)</b>			<b>P 1,129,179,472.53</b>	
<b>TOTAL GENERAL FUND (In US\$)</b>			<b>US\$ 3,863,966.92</b>	
<b>II. CORPORATE FUND</b>				
<b><u>Central Office</u></b>				
2017-003-501/05-02-2017	Non – submission of documents needed in the auditorial review of Procurement of Goods pursuant to COA Circular No. 2012-001 and the Revised IRR of RA 9184	Manager, Administrative Department; Acting Manager, Accounting Division; Payee	P 707,429.83	Fully settled with NSSDC No.2018-001-501 dated March 20, 2018
2017-002-501/04-06-2017	Payments made to M8 Manpower Services for the supply of janitorial services lacked Supporting Documents	Deputy Administrator for Administrative & Finance; Manager, Administrative Department; Acting Manager, General Services Division; Payee	6,428,688.47	Documents submitted for further validation

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
2017-001-501/ 01-25-2017	Non – submission of documents as prescribed by COA Circular No. 2012-001, COA Circular No. 2009-001, & the Revised IRR of RA 9184	OIC, Deputy Administrator for Engineering & Operations; Acting Manager, Accounting Division; Former Administrator; Chairman, BAC-A; Vice-Chairman, BAC-A; Members, BAC-A	84,602,307.75	-do-
2015-003-501/ 11-04-2015	Lack of Supporting Documents necessary for auditorial review of payments of contract No. NIACO-S-2R Supply and Delivery of Twenty (20) units pick-up Truck	Administrator; Acting Manager, Accounting Division; Manager, Operations Manager and Chairman, Committee on Inspection and Acceptance; Manager, Property & Procurement Division and Member, Committee on Inspection and Acceptance; Chairman, Vice-Chairman & Members of BAC-A ; Head and Members of Technical Working Group; Head, BAC Secretariat; Payee	29,200,000.00	For issuance of NSSDC as amount suspended was disallowed
2015-002-501/ 10-08-15	Deficiency of Supporting documents in the Construction of Umayam Diversion Dam & its Appurtenant structures, Contract No. UMRIPD-C-1	Administrator; Deputy Administrator for Engineering and Operations; Payee	173,036,646.04	-do-
2015-001-501/ 08-28-15	Lack of Supporting documents necessary for the auditorial review of the payment of janitorial services	Deputy Administrator for Administrative and Finance; Acting Manager, Accounting Division; Payee	878,355.13	Documents submitted for further validation
			<b>294,853,427.22</b>	
<b><u>RO II</u></b>	No Details submitted to COA-NIA CO by Region II Audit Team		<b>7,040,228.43</b>	
<b><u>RO V</u></b>				
NS 12-001-101 (12) 05-09-2012	The amount of P459,700.87 was suspended in audit. Per COA Resolution No. 91-052, the project was 36.10% above COA estimate and 26.10% above authorized limit.	Payees, Acting IMO Head	459,700.87	With justification
NS 12-002-101 (12)/ 05-09-2012	The amount of P89,975.28 was suspended in audit. Per COA Resolution No. 91-052, the project was 19.78% above COA	Regional Manager, FMD Manager; Acting IMO Head	89,975.28	With justification

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
	estimate and 9.78% above authorized limit.			
NS 12-009-101/ 10-03- 2012	The amount of P136,472.77 was suspended in audit. Per COA Resolution No. 91-052, the project was 20.26% above COA estimate and 10.26% above authorized limit.	-do-	136,472.77	-do-
NS 12-011-101/ 11-05- 2012	The amount of P4,902,538.59 was suspended in audit. Per Section 68 of Rule 22 of RA No. 9184, once the cumulative amount of liquidated damages reaches 10% of the amount of the contract, the procuring entity shall rescind the contract without prejudice to other courses of action and remedies open to it. Also, Item 3.A.2.C of Appendix 4 of RA No. 9184 also states that termination of contract shall be made if the contractor abandons the contract works, refuses or fails to comply with a valid instruction of the Procuring Entity (PE) or fails to proceed expeditiously and without delay despite a written notice by the PE.	Engr. William P. Ragodon – Regional Manager; Engr. Edmundo T. Villaluz – Project-in-Charge	4,902,538.59	-do-
NS 12-012-101/ 11-05- 2012	The amount of P3,758,313.48 was suspended in audit. Per Section 68 of Rule 22 of RA No. 9184, once the cumulative amount of liquidated damages reaches 10% of the amount of the contract, the procuring entity shall rescind the contract without prejudice to other courses of action and remedies open to it. Also, Item 3.A.2.C of	Engr. William P. Ragodon– Regional Manager; Engr. Felizardo A. Olfindo – Project-in-Charge	3,758,313.48	-do-

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
	Appendix 4 of RA No. 9184 also states that termination of contract shall be made if the contractor abandons the contract works, refuses or fails to comply with a valid instruction of the PE or fails to proceed expeditiously and without delay despite a written notice by the PE.			
			<b>9,347,000.99</b>	
<b>RO VI</b>				
09-001-501 RO/ 11-13-2009	Payment for Collective Negotiation Agreement (CNA) lack of supporting papers	V. Ramirez, E. Carreon, et al.	1,573,658.72	For issuance of Notice of Disallowance
2013-001-501 (2012) Iloilo-Guimaras IMO/ 01-10-2013	Payment of CY 2012 Collective Negotiation Agreement (CNA)	J. Dato-on, F. Colorado, J. Villanueva, et al	2,329,000.00	For issuance of ND
11-001-501 COB Iloilo-Guimaras IMO/ 02-18-2011	BAC Honoraria CY 2010	F. Colorado, J. Villanueva, L.G. Causing, BAC Members et al	64,000.00	For issuance of ND
2010-002-501 DA Iloilo-Guimaras IMO/ 07-02-2010	One unit Motor Engine Toyota 2L	F. Colorado, J. Villanueva, et. al	78,553.57	-do-
2010-001-501 DA Iloilo-Guimaras IMO/ 07-02-2010	Partial Payment of Siwaragan CIS	-do-	1,900,000.00	-do-
2012-003-501 Antique IMO/ 03-12-2012	Non-submission of supporting documents of the salary claim under unnumbered general payroll headed by Engr. Jose R. Oredina for the period January 1-15, 2012.	Timoteo D. Acosta, Jr.	13,298.76	-do-
2011-007-501(10) Antique IMO/ 07-19-2011	Payment of CNA Incentive is contrary to rules and regulations, hence considered irregular.	-do-	48,000.00	-do-
2011-006-501(10) Antique IMO/ 07-19-2011	-do-	NIA Antique IMO Officers & Employees	1,302,000.00	-do-

NS No./Date	Nature/Particulars	Persons Responsible	Amount	Status
2011-005-501(10) Antique IMO/ 07-01-2011	Payment of Cost of Living and Amelioration Allowance without specific authority from DBM/President of the Republic of the Philippines.	NIA Antique IMO Officers & Employees	497,301.80	-do-
2011-004-501(10) Antique IMO/ 07-01-2011	-do-	NIA Antique IMO Officers & Employees	49,490.00	-do-
2011-003-501(10) Antique IMO/ 07-01-2011	-do-	NIA Antique IMO Officers & Employees	1,008,300.00	-do-
2011-002-501(10) Antique IMO/ 03-17-2011	Payment of CNA Incentive is contrary to rules and regulations, hence considered irregular.	Timoteo D. Acosta, Jr.	369,000.00	-do-
2011-001-501(10) Antique IMO/ 03-17-2011	-do-	-do-	2,317,500.00	-do-
2010-002-501(10) Antique IMO/ 04-26-2010	Payment of Cost of Living Allowance and Amelioration Allowance.	-do-	226,245.76	-do-
2010-001-501(10) Antique IMO/ 04-26-2010	Payment of CNA CY 2010.	-do-	150,000.00	-do-
2011-001-(2010) Capiz IMO/ 01-26-2011	Payment of CNA	Various NIA employees	50,000.00	-do-
2011-002-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-
2011-003-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-
2011-004-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-
2011-005-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-
2011-006-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>	
2011-007-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-008-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-009-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-010-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-011-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-012-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-013-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
2011-014-(2010) Capiz IMO/ 01-26-2011	-do-	Various NIA employees	50,000.00	-do-	
15-04-501-JRMP II(12)/ 09-11-2015	Expenses in connection with PICE Seminar- Workshop	G. P. Corsiga, M. A. G. Santander, et al.	27,920.00	Justification submitted evaluation	for
15-03-501-JRMP II(12)/ 09-10-2015	Expenses in connection with PICE Mid-year Convention 2012	-do-	66,856.90	-do-	
15-02-501-JRMP II(12)/ 09-09-2015	-do-	-do-	223,848.90	-do-	
			<b>12,944,974.41</b>		
<b>RO VII</b>					
2011-011- 501(10)/ 02-07-11	Monthly Retainer's fee of Atty. Salvador D. Diputado	Atty. Salvador D. Diputado et al	84,000.00	No details provided in the report	
2011-001-501 COB(11)/ 09-05-11	CNA Incentives CY 2009	Diosdado A. Rosales et al.do-	306,000.00	-do-	
2011-002-501 COB(11)/ 09-05-11	CNA Incentives CY 2010	-do-	768,000.00	-do-	
			<b>1,158,000.00</b>		

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
<b><u>RO VIII</u></b>	No Details submitted to COA-NIA CO by Region VIII Audit Team		<b>1,118,363.78</b>	
<b><u>RO IX</u></b>	No Details submitted to COA-NIA CO by Region IX Audit Team		<b>350,961.43</b>	
<b><u>RO X</u></b>	No Details submitted to COA-NIA CO by Region X Audit Team		<b>42,888,724.53</b>	
<b><u>RO XI</u></b>	No Details submitted to COA-NIA CO by Region XI Audit Team (Fund 501-COB)		277,047.97	
	No Details submitted to COA-NIA CO by Region XI Audit Team (Fund 501-LFPs)		7,826,475.84	
			<b>8,103,523.81</b>	
<b><u>RO XII</u></b>				
SILBRIS 2014-001-501(14)	Payment of VIG CY 2013	NIA Employees	699,931.89	No details provided in the report
SCIMO/MABARIS 2014-001-501(14)	Payment of VIG CY 2013	NIA Employees	1,411,497.06	-do-
			<b>2,111,428.95</b>	
<b><u>RO XIII</u></b>	No Details submitted to COA-NIA CO by Region XIII Audit Team		<b>445,441.82</b>	
<b>TOTAL CORPORATE FUND</b>			<b>P 380,362,075.37</b>	
<b>III. SPECIAL FUND</b>				
<b><u>RO VI</u></b>				
09-004-158 (07)/ 12-21-2009	Lack of supporting documents on liquidation of cash advance	Various NIA Employees	16,000.00	For issuance of ND
09-003-158 (07) 12-21-2009	-do-	-do-	10,000.00	-do-
09-002-158 (07) 11-12-2009	-do-	-do-	8,958.00	-do-
09-001-158 (07) 11-12-2009	-do-	-do-	11,710.25	-do-
09-001-158A2 (07) 11-12-2009	-do-	-do-	9,972.25	-do-
			<b>56,640.50</b>	

<b>NS No./Date</b>	<b>Nature/Particulars</b>	<b>Persons Responsible</b>	<b>Amount</b>	<b>Status</b>
<b>RO X</b>				
2016-002-2015	CDR (Various payments)	Various payees	<b>12,599.45</b>	-do-
<b>RO XIII</b>				
10-001-158 (09) 01/06/2010	CARP- Lack of documentation on the payment of CNA.	Various personnel	<b>105,000.00</b>	Unsettled; for issuance of ND.
<b>TOTAL SPECIAL FUND</b>			<b>P 174,239.95</b>	
<b>GRAND TOTAL ALL FUNDS (In Pesos)</b>			<b>P 1,509,715,787.85</b>	
<b>GRAND TOTAL ALL FUNDS (In US\$)</b>			<b>US\$ 3,863,966.92</b>	