

EXECUTIVE SUMMARY

A. Introduction

The National Water Resources Board (NWRB), formerly known as National Water Resources Council (NWRC), was created by virtue of PD No. 424 dated March 28, 1974 and later reorganized in 1987 under EO 124-A. It is the government body responsible for coordinating and regulating all water resources management development activities. Its principal objectives is to achieve a scientific and orderly development and management of all water resources of the Philippines consistent with the principles of optimum utilization, conservation and protection to meet the present and future water needs..

The strengthening of NWRB so that it may effectively carry out its very broad and its important mandates, to regulate and coordinate the water sector had been recommended during the National Water Summits held in 1994 and 1996 and more recently by the National Water forum held on March 22, 2004.

NWRB's board members came from agencies that are claimant of water resources. Conflicts of interest among members made the issuance of Executive Order No. 123 dated September 2020, to exclude those with direct claims on water resources and include the NWRB as member aside from being the Secretariat. The EO transfer the Board from an attached agency of the Department of Public works and Highways to the Office of the President in the interim and eventually attached to the Department of Environment and Natural Resources (DENR).

Organizational Structures

The NWRB's Board is composed of six members and six alternates chaired by the Secretary of DENR. The Board is supported by a full time working staff headed by an Executive Director and assisted by a Deputy Director. It has a total of 126 permanent personnel consisting of 41 technical, 78 non-technical and 7 key officials. The board staff has 5 operating divisions with 4 sections each under its supervision.

B. Financial Highlights

	2005	2004	Inc./Dec.
Income	P 32,234,526.36	P 19,903,832.26	P 12,330,694.10
Allotment	38,852,555.00	44,846,822.16	(5,994,267.16)
Cont. Appropriation	14,393.86		14,393.86
Obligations incurred	32,696,356.10	41,151,220.64	8,454,864.54
Unexpended Bal.	6,170,592.76	3,695,601.52	2,474,991.24

C. Scope of Audit

The audit covered the financial transactions of the National Water Resources Board for the calendar year 2005. The objectives of the audit were to ascertain the fairness and reliability of the Board's financial position and results of operations, and to determine compliance of the agency with the prescribed rules and regulations

D. Auditor's Report

The auditor rendered a qualified opinion on the fairness of the presentation of the financial statements due to the audit observations summarized below.

E. Summary of Significant Observations and Recommendations

The significant observations and recommendations, which are discussed in detail in the attached report, are summarized below:

- Property, Plant and Equipment (PPE) with a balance of P 38,094,931.78 were not reconciled with the subsidiary ledger and the physical inventory of P38,618,377.60. and P34,725,300.11, respectively, thus discrepancies of P (523,445.82) and P3,369,631.67, respectively, existed which made the account doubtful Likewise, Memorandum Receipt (MR) used in issuing property to end users are not yet replaced with the Acknowledgement Receipt for Equipment (ARE) which is the prescribed form under NGAS.

We recommended and management agreed to reconcile the discrepancies between the GL, SL and physical count. Make necessary adjustments in the books. Likewise, the Property Officer will prepare and issue ARE to replace the MR to end user.

- Dormant receivable accounts recorded under RA books totaling P 4,894,927.17, overstate the receivables account which comprises of: a) Due from Officers and Employees P26,552.06; b) Receivables – Disallowances/Charges P 277,175.73; c) Other Receivables P 11,760.00 and d) Due from NGA's P 4,579,439.38.

We recommended and management agreed to review COA Circular No. 97-001 dated February 5, 1997, on the proper disposition/closure of dormant funds/accounts and implement those that are applicable to the above cited accounts for proper disposition/closure, if warranted.

- Accounts Receivable (NG) of P 395,268,372.22, can not be ascertained due to the suspense account of P130,861,134.57, which was used as a balancing figure in the SL. The suspense account are not supported with particular creditors which made the account doubtful and overstated.

We recommended and management agreed to reconcile, analyze individual permittee's accounts to establish their validity and existence. Identify the names of creditors lodged in the suspense account and determine its collectivity.

- Accounts payable amounting to P 587,029.73 were more than two years dormant, hence validity was doubtful.

We recommended and management agreed to review and analyze creditors account and revert to the unappropriated surplus or Government Equity, accounts with no valid claimants and those payables not covered by perfected contacts.

- Accounts Receivable amounting to P 395,268,372.22 was not provided with allowance for doubtful accounts.

We recommended and management agreed to provide an allowance for doubtful accounts based on collectivity of receivable balances and evaluation of factors as aging of the accounts, collection experience, expected loss experiences and identified doubtful accounts.

- Unserviceable and unused serviceable properties amounting to P 2,471,004.87 and P1,260,622.65, respectively, not reclassified as Other Assets Account.

We recommended and management agreed to prepare the appropriate Journal Entry Voucher re-classifying the unserviceable and serviceable PPE not being used to Other Assets. No more depreciation will be charged.

- Office Supplies Inventory was overstated by P846,424.31 due to inclusion of PPE in the inventory accounts.

We recommended and management agreed to prepare the necessary adjustment to correct the Office Supplies Inventory and PPE as well as the depreciation accounts.

- Withholding tax payable of P1,042,385.21 are of doubtful validity.

We recommended and management agreed to review, trace, analyze entries posted in the Fund 101 SL and reconcile the withholding taxes deductions against remittances. For Fund 102 prepare SLs and reconcile SL balances with the GL control account.

- Unbooked donated equipment received from JICA & Dasmariñas Water District.

We recommended and management agreed that the Technical Service Committee appraise the value of the donated equipment and subsequently, the accountant will record in the books.

F. Status of Implementation by the Auditee of Prior Years' Audit Recommendations

For the calendar year 2004, of the 13 audit recommendations, only 7 or 54% were fully implemented and 6 or 46% were partially implemented.