REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

# INDEPENDENT AUDITOR'S REPORT

**THE BOARD OF DIRECTORS**
Calabanga Water District
San Antonio, Calabanga, Camarines Sur

**Qualified Opinion**

We have audited the financial statements of the Calabanga Water District (CAWADI), Calabanga, Camarines Sur, which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Bases for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the CAWADI as at December 31, 2023, and its comprehensive income and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards (PFRS).

**Basis for Qualified Opinion**

The Auditor issued a Qualified opinion due to the following:

1. Comparison of the year-end balance of Accounts Receivable (AR) per GL amounting to ₱13,048,387.27 with the Aging Report totaling ₱11,694,532.30 disclosed a difference by ₱1,353,854.97 and reconciliation thereof cannot be facilitated due to the non-maintenance of SLs by the Accounting Unit, thus, cast doubt on the accuracy of the account balance, contrary to Section 64 of the Government Accounting and Auditing Manual (GAAM), Volume I.

2. The balance of AR as of December 31, 2023 amounting to ₱13,048,387.27 includes prior years' accounts which have been non-moving/dormant for more than 10 years totaling ₱893,362.68 and the collection thereof is already doubtful, thus, affected the fair presentation of the balance of AR in the FS.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities

in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Key Audit Matters**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**COMMISSION ON AUDIT**
By:

**EDNA A. BELMONTE**
State Auditor V
Supervising Auditor

January 29, 2024