



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Liangá Water District
Liangá, Surigáo del Sur

We have audited the accompanying financial statements of the Liangá Water District, which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion


- i. The accuracy of the year-end Cash in Bank account balances of P2,034,659.57 cannot be ascertained due to the failure of the Accounting Unit to prepare the Bank Reconciliation Statements for its two bank accounts as of December 31, 2017.
- ii. No Journal Entry Voucher was prepared to record the restoration of the amount of unreleased/unclaimed check amounting to P27,689.82 and the recognition of the appropriate payable/liability account at the end of the year contrary to Section 2 of COA GAFMIS Circular Letter No. 2002-001 dated December 16, 2002, thereby understating the cash and payable accounts by the same amount.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Lianga Water District as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Philippine Financial Reporting Standards.

COMMISSION ON AUDIT

By:


AGRIPINA Q. MAGNO
State Auditor IV
OIC-Supervising Auditor

February 28, 2018
COA, Regional Office No. XIII
Butuan City



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

The Management of the Lianga Water District 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 statement 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 reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Lianga Water District in accordance with the Philippine Public Sector Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.

EDITHA C. MOSQUERA
Chairperson

Feb 9, 2018
Date Signed

JULIUS CHRISTIAN G. CALANGIAN
Accounting Processor A

February 9, 2018
Date Signed

WILFREDO G. SANCHEZ
General Manager D

FEBRUARY 9, 2018
Date Signed