



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

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
National Kidney and Transplant Institute
East Avenue, Quezon City

We have audited the accompanying financial statements of the National Kidney and Transplant Institute, which comprise the balance sheet as of December 31, 2012, statement of income and expenses, 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 notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with State Accounting Principles 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.

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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 audit opinion.

Basis for Qualified Opinion

As discussed in Comments and Observations No. 1, the count of drugs and medicines, medical and other supplies totaling P105.723 million did not reconcile with the balance per books of P294.008 million resulting in a variance of P188.285 million due to erroneous recording of deliveries and issuances of the said supplies. The variance accumulated through the years due to the non-conduct of regular reconciliation of balances of accounts.

As discussed in Comments and Observations No. 2, a discrepancy of P38.355 million was noted between the book balance of the Cash with Collecting Officer account and the amount of cash actually on hand with the Cashier as of December 31, 2012 due to the inability to conduct periodic reconciliation between the book balance and the Cash Record Book of the Cashier, thereby casting doubt on the accuracy of the account balance in the financial statements.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the National Kidney and Transplant Institute as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with State Accounting Principles.

COMMISSION ON AUDIT

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GEMILIANO V. MALOLES, JR.
Supervising Auditor, Audit Group C
Cluster 6, Corporate Government Sector

April 30, 2013

NATIONAL KIDNEY AND TRANSPLANT INSTITUTE
BALANCE SHEET
December 31, 2012
(With comparative figures as of December 31, 2011)
(In Philippine Peso)

	Notes	2012	2011 (As restated)
ASSETS			
Current Assets			
Cash and cash equivalents	3	957,602,838	919,876,310
Receivables, net	2b, 4	375,806,663	347,652,597
Inventories	2c, 5	294,008,384	295,168,780
Total current assets		1,627,417,885	1,562,697,687
Non-current Assets			
Property and equipment	2d, 6	1,829,127,670	1,368,453,356
Other non-current assets		10,333,449	10,333,449
Total non-current assets		1,839,461,119	1,378,786,805
TOTAL ASSETS		3,466,879,004	2,941,484,492
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	7	517,328,234	278,537,097
Due to other government agencies	8	21,184,259	11,662,731
Other current liabilities	9	574,215,004	472,456,339
Total liabilities		1,112,727,497	762,656,167
Equity			
Donated capital		135,755,157	136,743,946
Reserves		108,938,059	108,938,059
Retained earnings	10	2,109,458,291	1,933,146,320
Total equity		2,354,151,507	2,178,828,325
TOTAL LIABILITIES AND EQUITY		3,466,879,004	2,941,484,492

The notes on pages 7 to 14 form part of these financial statements.