

EXECUTIVE SUMMARY

A. Introduction

The Dolores Water District (DWD) was created pursuant to Presidential Decree No. 198, otherwise known as the Provincial Water Utilities Act of 1973. The DWD is the enhanced service of an existing water system in Dolores, Abra. The expansion of the water system was financed through a commodity loan granted by the Local Water Utilities Administration (LWUA). The formal operations of DWD started in January 1999.

Our audit covered the examination, on a test basis, of the accounts and transactions of the DWD for the Calendar Years 2017 and 2018 in accordance with the International Standards of Supreme Audit Institutions (ISSAI) to enable us to express an opinion on the fairness of presentation of DWD's Financial Statements (FS) for the years ended December 31, 2017 and December 31, 2018.

The audit also aimed to verify the level of assurance that may be placed on management's assertions on the FS, ascertain compliance with rules and regulations, as well as propriety and validity of transactions, and determine the extent of implementation of prior years' audit recommendations.

B. Financial Highlights

Comparative Financial Position and Results of Operations

Particulars	2018	2017	Increase/(Decrease)	
			Amount	Percent
Assets	₱9,988,611.91	₱11,312,271.11	₱(1,323,659.20)	(11.70)
Liabilities	2,104,222.04	2,207,096.72	(102,874.68)	(4.66)
Equity	7,884,389.87	9,105,174.39	(1,220,784.52)	(13.41)
Income	4,207,833.73	7,066,696.55	(2,858,862.82)	(40.46)
Expenses	4,122,456.42	3,568,282.88	554,173.54	15.53
Net Income (Loss)	85,377.31	3,498,413.67	(3,413,036.36)	(97.56)

Budget and Actual Expenditures

Particulars	2018		2017	
	Budget	Actual Expenditures	Budget	Actual Expenditures
Personnel Services	₱2,492,602.44	₱2,032,886.46	₱2,015,613.84	₱1,590,210.19
Maintenance and Other Operating Expenses	1,592,967.75	1,539,366.03	1,360,881.75	1,740,536.65
Financial Expenses	394,944.00	166,019.52	394,944.00	183,444.00
Capital Expenditures	60,000.00	1,453,858.47	150,000.00	2,338,336.29

C. Opinion of the Auditor on the Fairness of Presentation of the Financial Statements

We rendered an unmodified opinion on the fairness of presentation of the financial statements as at December 31, 2017 and 2018.

D. Summary of Significant Observations and Recommendations

The following are some of the significant observations and recommendations:

1. The District did not formulate its Annual Procurement Plan (APP) to ensure that procurement projects were consistent with the annual budget for the calendar year 2018. Further, shopping was employed without complying with the requisites for such alternative method of procurement.

We recommended that Management formulate the APP as basis in undertaking procurement projects, and comply with the requirements of shopping when conditions warrant the use of such alternative mode of procurement.

2. Employees' loan repayments to private entities were accommodated as payroll deductions without due regard to the obligatory minimum net take home pay amount of ₱5,000.00.

We recommended that Management ensure that deductions shall not reduce employees' monthly net take home pay to an amount lower than what is prescribed by law for the applicable fiscal year, taking into account the order of preference for authorized deductions.

We further recommended that Management advise the employees concerned to coordinate with their private creditors for other alternative payment schemes, such as direct payment arrangement, in cases where net take home pay will be reduced below the minimum required amount.

3. Annual Gender and Development Plans and Budgets were not formulated by the District; thereby, the minimum 5% of annual appropriations which shall correspond to programs, projects, and activities addressing gender issues, could not be ascertained.

We recommended that Management prepare its annual GAD Plan and Budget totaling at least 5% of its annual appropriations.

4. The District has not complied with the development of a Water Safety Plan.

We recommended that Management commence the development its Water Safety Plan following the guidelines set under DOH AO No. 2014-0027, as amended, to comply with the national policy for drinking water quality management.

We further recommended that the WSP, when formulated, be submitted to LWUA for review and recommendation for approval by the DOH.

E. Summary of Total Suspensions, Disallowances and Charges

Unsettled audit disallowances of the DWD amounted to P43,541.88.

F. Status of Implementation of Prior Years' Audit Recommendations

Of the 30 prior years' audit recommendations, 20 were fully implemented while 10 were not implemented as of December 31, 2018.