

## EXECUTIVE SUMMARY

### A. INTRODUCTION

By virtue of Sangguniang Bayan Resolution No. 80 dated November 26, 2008, Poblacion Rural Waterworks Association, Inc. was converted to Dasol Water District (DAWAD) to expand its services to the entire Municipality of Dasol, Pangasinan. It was then issued with Conditional Certificate of Conformance No. 674 on July 21, 2009 making it eligible to avail comprehensive assistance program from the Local Water Utilities Administration (LWUA).

Classified by LWUA as Category “D” effective July 2012, DAWAD is serving 454 active concessionaires in 3 of the 18 barangays of the Municipality. It has two pumping stations located at Barangays Amalbalan and Poblacion.

DAWAD is being led by General Manager Ernest B. Cristobal who is duly assisted by six temporary employees. Its policy-making body is its Board of Directors (BOD) headed by Engr. Teodoro M. Cabanayan.

### B. FINANCIAL HIGHLIGHTS

#### B1. Comparative Financial Position

As of December 31, 2018, there was a decrease of 6.01% in assets, increase of 3.07% in liabilities and a decrease of 55.05% in government equity, summarized as follows:

Particulars	2018	2017	Increase (Decrease)	
			Amount	%
Assets	₱9,875,197.91	₱10,506,272.28	₱(631,074.37)	(6.01)
Liabilities	9,138,004.39	8,866,167.58	271,836.81	3.07
Government Equity	737,193.52	1,640,104.70	(902,911.18)	(55.05)

#### B2. Comparative Results of Operation

For CY 2018, the District incurred a 1.40% decrease in net income tabulated as follows:

Particulars	2018	2017	Increase (Decrease)	
			Amount	%
Income	₱2,312,875.15	₱2,604,670.85	₱(291,795.70)	(11.20)
Expenses	3,376,473.01	3,653,628.20	(277,155.19)	(7.59)
<b>Net Income</b>	<b>₱(1,063,597.86)</b>	<b>₱(1,048,957.35)</b>	<b>₱ ( 14,640.51)</b>	<b>(1.40)</b>

### **B3. Budget Utilization**

The District did not prepare its Corporate Operating Budget for the CY 2018.

### **C. SCOPE OF AUDIT AND METHODOLOGY**

A comprehensive audit was conducted on the accounts and operations of the Dasol Water District, for the year ended December 31, 2018. The audit consisted of the review of the operating procedures, inspection of programs and projects, interview with concerned officials and employees, verification, reconciliation and analysis of accounts and such other procedures deemed necessary.

### **D. INDEPENDENT AUDITOR'S REPORT**

The Auditor rendered a qualified opinion on the fairness of the presentation of financial statements because the existence, accuracy and reliability of the Property, Plant and Equipment (PPE) accounts amounting to ₱8,398,522.56 as of December 31, 2018 could not be ascertained because actual physical count of PPE was not conducted contrary to Section 111 of Presidential Decree (P.D.) No. 1445.

### **E. SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS**

Other than the basis for the qualified opinion, presented below are the other significant observations with corresponding recommendations which were discussed with the concerned agency officials during the exit conference. Corresponding comments are incorporated in Part II of the report:

1. Goods and services in the total amount of P216,399.60 were procured on reimbursement basis instead of paying directly to suppliers and/or creditors contrary to Section 93 of Presidential Decree (PD) No. 1445 and disregarding procurement laws laid down under Republic Act (RA) 9184.

We recommended that the Management pay directly to suppliers and/or creditors in the purchase of goods and services to promote transparency in the procurement process and so as to withhold appropriate taxes. Likewise, we recommended that Accounting Personnel strictly scrutinize the documentary requirements, to prove the legality and validity, before processing claims against Government Funds.

- The appointment papers of District employees were not submitted to the Civil Service Commission (CSC) for attestation and approval contrary to Section 19 of the 2017 Omnibus Rules on Appointments and Other Human Resource Actions.

We recommended that the District submit the appointment papers of the employees to CSC for attestation and approval in compliance with Section 19 of the 2017 Omnibus Rules on Appointments and Other Human Resource Actions.

- The District had not prepared and developed its Water Safety Plan (WSP) contrary to Department of Health (DOH) Administrative Order No. 2014-0027 dated September 4, 2014, thus safe quality of water supplied to concessionaires was not ensured.

We recommended the District's compliance with the policy on Water Safety Plan as provided under DOH AO No. 2014-0027 and ensure the supply of safe quality of water to concessionaires.

- The District could not determine whether its level of non-revenue water (NRW) rate was within the tolerable rate of 30 percent as prescribed under Local Water Utilities Administration Memorandum Circular No. 011-18 due to the absence of flow meter in one of its main supply sources.

We recommended that the District allocate budget for the installation of water flow meter in order to fully account the water production as well as quantity of non-revenue water. Likewise, we recommended that the District install adequate safeguards and protection measures in the use of water and facilities. Also, we recommended that leakages and defective water meters be immediately addressed to minimize revenue losses.

## F. TOTAL SUSPENSIONS, DISALLOWANCES AND CHARGES

Presented as follows is the summary of audit suspensions, disallowances and charges of the District for the CY 2018:

Particulars	Beginning Balance (12/31/2017)	CY 2018 Issuances		Ending Balance (12/31/2018)
		NS/ND/NC	NSSDC	
Suspensions	₱ 0.00	₱ 0.00	₱ 0.00	₱ 0.00
Disallowances	101,613.18	0.00	101,613.18	0.00
Charges	0.00	34,436.65	0.00	34,436.65
<b>Total</b>	<b>₱ 101,613.18</b>	<b>₱34,436.65</b>	<b>₱101,613.18</b>	<b>₱ 34,436.65</b>

## G. STATUS OF PRIOR YEARS' AUDIT RECOMMENDATIONS

The status of implementation of prior years' audit recommendations embodied in the 2017 Annual Audit Report is presented as follows:

Status	No. of Recommendations for Implementation		Percentage of Implementation	
	2017	2016 and below	2017	2016 and below
Fully Implemented	2	1	100%	100%
Partially Implemented	-	-	-	-
Not Implemented	-	-	-	-
<b>Total</b>	<b>2</b>	<b>1</b>	<b>100%</b>	<b>100%</b>

Details of the foregoing are presented in Part III of this report.