

EXECUTIVE SUMMARY

Introduction

The Wao Water District is located in the Municipality of Wao, the far distance municipality of the first district of the Province of Lanao del Sur. It was established pursuant to Presidential Decree No. 198 as amended as enabling law to the creation of water districts. On May 26, 1993, the district was issued the Conditional Certificate of Conformance (CCC No. 519) by the Local Water Utilities Administration (LWUA). The mandates of the Districts are:

- To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and land within the boundaries of districts;
- To provide, maintain and operate waste water collection treatment and disposal facilities;
- To conduct such other functions and operations incidental to water resource development, utilization and disposal within the district, as are necessary or incidental to said purpose;
- To provide adequate, affordable supply of potable water to its concessionaires;
- Attain corporate viability, maintain organizational efficiency, pursue technological dynamism and consciousness in environmental protection; and
- To sustain a highly reliable system for the benefits of all people within the service area.

For the Calendar Year 2019, the district caters a total billed connections of **4,553** which was slightly increased by 1.8% compared to last year's actual number of service connections of **4,469**. As of the year end, the agency accomplished major project is the completion of the construction of water supply System funded through loan amounting P 10,734,564.00 and maintenance of water operation system.

The power, activities and privileges of the Wao Water District are to be exercised by the policy making power through Board Resolutions by the following:

Chairman	- Rogelio R. Musico
Vice Chairman	- Elizabeth O. Carumba
Treasurer	- Ana Maria R. Yao
Secretary	- Josephine B. Ata
Auditor	- Marcelina S. Balista

For the CY 2019, the agency was administered by a new set of Board of Directors. The former Chairperson Ms. Angelita L. Yutig was replaced by Rogelio R. Musico , a former auditor of the Board.

The business operation are performed by the agency's thirty (30) personnel composed of twelve (16) regular employee , four (4) casual employees and Sixten (16) job orders . the personnel are working hand in hand with the dynamic leadership of Engr. Tomas C. Carumba , Jr., the General manager of the Wao Water District.

Highlights of Financial Operations

The financial profiles of the Wao water District for the Calendar Year 2019 with comparative figures for the Calendat Year 2018 is shown below:

A. Financial Condition

Account	2019	2018	Amount Increase(Decrease)	%
Assets	P 54,465,348.66	P 41,448,219.73	13,017,128.93	31%
Liabilities	16,641,444.01	6,979,540.43	9,661,903.58	138%
Equity	37,823,904.65	34,468,679.30	3,355,225.35	9.7%

B. Financial Performance

Account	2019	2018	mount Increase(Decrease)	%
Income	21,153,216.09	20,617,050.73	536,165.36	2.6%
Less: Expenses				
PS	9,557,878.41	7,753,269.18	1,804,609.23	23%
MOOE	<u>6,940,945.90</u>	<u>6,797,987.33</u>	<u>142,958.57</u>	16%
Total	<u>16,498,824.31</u>	<u>14,551,256.51</u>	<u>2,397,567.80</u>	16%
Income from operation	4,654,391.78	6,065,794.22	(1,411,402.44)	(23%)
Add: Other Income	0,00	<u>0.00</u>	0.00	0%
Total	<u>4,654,391.78</u>	<u>6,065,794.22</u>	(1,411,402.44)	<u>(23%)</u>
Less: Other Exp				
Interest Exp	275,205.90	342,653.58	(67,447.68)	19.6%
Non cash Exp.	946,022.19	1,152,969.99	(206,947.80)	17.9%
FinancialAssitance	77,938.34	<u>51,484.01</u>	26,454.33	<u>51%</u>
NET INCOME/LOSS	<u>1,299,166.43</u>	<u>1,547,107.58</u>	(247,941.15)	<u>(16%)</u>
	<u>3,355,225.35</u>	<u>4,518,686.64</u>	<u>(1,163,461.29)</u>	<u>(25%)</u>

The financial condition of Wao Water District for the CY 2019 as compared to last year was increased its total assets & Equity at 31 % and 9.7% respectively . Likewise the total liabilities was increased by 138 % due to increase of loan proceeds. The results of operations for the CY 2019 shows that the Net Income amounting to 3,355,225.35 was decreased by 25 % or a total equivalent of 1,163,461.29 compared to last years 2018 net income amounting to P 4,518,686.64 due to the 25% increase of disbursement for personal services

Scope of Audit

The Financial and Compliance audit were conducted on the accounts and financial operation of Wao Water District for the CY 2019. The audit aim to ascertain the fairness of presentation of the financial conditions and results of the operation for the year ended 2019 as well as the management compliance with the accounting & auditing laws, rules & regulations.

The audit includes examination and verification from the financial reports submitted and records maintained by the accounting office.

Audit Opinion on the Financial Statements

We rendered a qualified audit opinion on the fairness of the presentation of financial statements as of December 31, 2019 except for the accuracy of the non current assets with a total amount of P48,613,505.81 for management non submission of an Inventory Report as of the year end 2019.

Significant Audit Findings & Recommendation

A. Favorable Findings

1. Management compliance and prompt settlement of the Notice of Suspensions (NS) No. 19-01-012-101, 19-02--012-101 dated December 14, 2019.

B. Major Findings

The major findings or deficiencies noted for the CY 2019 and corresponding recommendations which management should strictly be observe are as follows:

- 2. Philgeps approved budget amounted to P10,704,564.00 utilized for the construction of water supply system amounting to P10,704,564.00 which was awarded to GS Ferrolino Construction was 100 % completed and no management letter of invitation nor letter of notification to COA during the Pre & Post Bidding process were furnished in violation to Section 13 of the Implementing Rules & Regulation of RA 9184.**

We recommend that management shall notify through Letter of Invitation the Auditor or his representative as observer before the schedule on the opening of the bids of the Infrastructure projects which includes water supply system in order to monitor the procurement proceedings pursuant to Section 13 of the Implementing Rules 7 regulations of R.A. 9184.

- 3. Disbursement of funds for the implementation of GAD for the CY 2019 amounting to P 31,999.50 and P 69,0000 for Honorarium and Catering services respectively were not supported by a GAD Plan , GAD Budget and GAD Accomplishment Report for proper monitoring & evaluation pursuant to Philippine Commission on Women , DILG,DBM & NEDA Joint Circular No. 2012-01 as amended by JMC No. 2016-01.**

We recommend that management GAD Focal person shall prepare and submit an annual plan and accomplishment report for GAD activities as a basis in the implementation , monitoring & evaluation of the GAD activities pursuant to the National Commission on the Role of Filipino Women

- 4. Various procurement on supplies & materials for the CY 2019 were not inspected by the auditor or his duly authorized representative before being used due to failure of the management to notify the auditor within twenty four (24) hours from acceptance in violation to section 6.06 of COA circular No. 95-006 dated May 18,1995 and Section 44 of P.D. 1445.**

We recommend that management faithfully observe COA Circular No. 9-006 specifically Section 6.06 to notify the Auditor within twenty four (24) hours upon acceptance of the delivered procured of supplies & materials for ocular inspection and/or verification and the notice of inspection to auditor must be sent immediately through email of the auditor in the event that the auditor was reporting to

other unit of assignment. Likewise , we recommend that management shall strictly observe Section 44 of P.D. 1445

5. **Procurement of supplies and materials pertaining to the utilization of the unused fund loan amount from Wao Development Corporation amounting to P700,000.00 were not in accordance in the Annual Procurement Plan (APP) which violates Section 7.1 of the Implementing Rules and Regulations of R.A.9184 & COA Circular No. 2009-001 dated February 12, 2009, item No. 3.1**

We recommend that management or any responsible officials shall furnish a copy of the Purchase Order and a perfected Contract of the Project, Program & Activities within five (5) days upon approval for auditorial review. Likewise , we recommend that Management shall strictly observe Section 7.1 of the Implementing Rules & Regulations that procurement of supplies and materials shall be in accordance with an Annual Procurement Plan which shall bear the approval of the head of the procuring entity.

6. **The correctness and accuracy of the PPE of the increased amount of the Current Book Value (CBV) of P 58,555,752.63 before depreciation for the CY 2019 compared to CBV for the CY 2018 amounting to P 44,722,707.51 was not determined due to Non submission of Physical Inventory Report of the inventory committee for non expendable property as of December 31, 2019 showing the actual list of property with valuation in violation to Section 490 of the GAAM, Volume 1, thus affecting the fair presentation of the accounts in the Financial Statements**

We recommend that agency head shall create an Inventory Committee responsible to prepare Annual Physical Inventory of the Property, Plant & Equipment (PPE) to ensure the actual physical existence of the PPE reported in the financial statement. Moreover , we recommend that the property officer shall maintain a property & equipment ledger card to validate the correctness of the net book value in the asset account of the Statement of Financial Position.

Implementation of Prior Year's Audit Recommendations

The five (5) Audit recommendations contained in the CY 2018 & previous years , three (3) were partially implemented by the management and one (2) was not implemented which are reiterated in Part III of this report.