EXECUTIVE SUMMARY

A. Introduction

Buenavista Water District was created by virtue of Resolution No. 17 dated May 7, 1981 passed by the Sangguniang Bayan of Buenavista, Guimaras. At present the Buenavista Water District is operating under Conditional Certificate of Conformance No. 164 approved by the LWUA.

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The District's main function is to provide safe, economical and adequate water supply to the Municipality of Buenavista. It is committed to reach out and expand the delivery of efficient water services to all the barangays of Buenavista.

B. Financial Highlights

The Financial Position and the Results of Operations of Buenavista Water District for the calendar years (CY) ended December 31, 2016 and 2017, with the comparative figures for CY 2015, are presented below:

Comparative Financial Position

	2017 (P)	2016 (P)	2015 (P)
Assets	47,675,905.15	43,527,760.95	42,076,478.07
Liabilities	20,278,848.82	19,555,865.57	1,847,087.94
Equity	27,397,056.33	23,971,895.38	40,229,390.13

Comparative Results of Operations

	2017 (P)	2016 (P)	2015 (P)
Total Income	23,533,717.64	20,205,541.49	19,485,026.77
Total Expenses	22,652,369.00	20,004,080.83	19,333,771.36
Net Income (Loss) from Operations	881,348.64	201,460.66	151,255.41

C. Scope of Audit

The audit covered the examination, on a test basis, of the accounts and financial transactions and operations of Buenavista Water District for the period from January 1, 2016 to December 31, 2017 in accordance with State Auditing Standards. The audit also involved performing procedures to ascertain the propriety of financial transactions and compliance of the District to prescribed laws, rules and regulations.

D. Auditor's Opinion on the Financial Statements

We rendered a qualified opinion on the fairness of the presentation of the Statements of Financial Position, Statements of Comprehensive Income, Statements of Cash Flows and Statements of Changes in Equity for the years 2016 and 2017 for reasons stated in the Independent Auditor's Report under Part I of this Report.

E. Significant Findings and Recommendations

The summary of the significant findings and their corresponding recommendations which are discussed in detail in Part II of this Report is presented below.

1. Reports on the Physical Count of Property, Plant and Equipment (RPCPPE) were not prepared for PPE totaling P37,119,732.90 (net) and P39,494,293.95 (net) as of December 31, 2016 and 2017, respectively, contrary to the New Government Accounting System (NGAS)-Corporate and these assets were not assessed for indication of impairment contrary to Philippine Accounting Standard (PAS) 36 , thereby rendering the accuracy of the cost and fairness of the carrying amounts doubtful.

   We recommended and management agreed that the accuracy of the PPE at cost be ensured by conducting annual inventory count and preparing the corresponding RPCPPE to ascertain existence of the assets. Moreover, perform procedures to assess impairment of these assets, if any, to warrant that they are carried at no more than their recoverable amounts in compliance with the PAS.

2. Accounts Receivable (AR) from concessionaires of P1,248,653.65 and P1,107,321.87 as of December 31, 2016 and 2017, respectively, were not reconciled with the concessionaire ledgers contrary to management assertion on accuracy, thereby casting doubt on the reliability of the account and related account information.

   We recommended and management agreed that the reliability of the Accounts Receivable from concessionaires and related account information be enhanced. Ensure the accuracy of the account by performing full reconciliation of the balance per books and concessionaire ledgers.

3. Physical counts to ascertain the existence of the inventories totaling P938,117.08 and P1,074,709.98 as of the years ended December 31, 2016 and 2017, respectively, were not conducted contrary to the New Government Accounting Standards (NGAS)-Corporate, thereby rendering the accuracy of the balances doubtful.

   We recommended and management agreed that the accuracy of the Inventory accounts be ensured by giving priority to the required conduct of

physical count of these assets. Prepare the corresponding RPCI to show proof of the existence of the assets and support the year-end account balances, and keep the stock cards updated for monitoring purposes.

4. Cash amounting to P357,843.50 and P267,481.54 as of December 31, 2016 and 2017, respectively, were deposited with a rural bank in the locality without prior authorization from the Department of Finance (DOF) contrary to item 5.5 of its Department Circular No. 001.2015, thereby risking the security and safety for the funds.

   We recommended and management agreedthat deposit security and safety be ensured by maintaining it with a GFI. Otherwise, secure prior authorization from the DOF.

5. Water productions of 942,474 and 1,135,648, or a total 2,078,122 cubic meters (cu.m) in 2016 and 2017, respectively, exceeded the chemical parameters on alkalinity, hardness, pH and dissolved oxygen and not tested for lead, cadmium, benzene and arsenic contrary to LWUA MC No. 004-15, thereby adversely affecting water safety.

   We recommended and management agreed that water safety be ensured. Consistently comply with the chemical parameters on water production and closely monitor annual chemical test results to promptly address exceptions to the PNSDW 2007, if any.

6. Annual GAD plans and budgets (GPBs) for CY 2016 was not prepared while no GAD program/project was implemented in CY 2017 contrary to items 8.1 and 9.1, respectively, of PCW, NEDA and DBM Joint Circular No. 2012-01, thereby hindering the mainstream of gender perspectives and responsiveness in the District's operations.

   We recommended and management agreed that the District continue to annually formulate its GPBs which should be at least five percent of its total budgets and improve on the periodic implementation of its GAD programs/projects to ensure effective and efficient interventions in addressing gender issues in the workplace.

F. Status of Implementation of Prior Years' Audit Recommendations

Out of the fifteen (15) audit findings and recommendations in prior years, six (6) were fully implemented, seven (7) were partially implemented and two (2) were not implemented.

G. Status of Suspensions, Disallowances and Charges

Particulars	Beginning Balance 1/1/16 (₱)	Suspensions from 2016 to 2017	Disallowances from 2016 to 2017	Charges from 2016 to 2017	Settlements from 2016 to 2017	Ending Balance 12/31/17 (₱)
Suspensions	924,737.86	4,539,978.41			(4,727,231.58)	737,484.69
Disallowances	476,845.35		891,822.00			1,368,667.35
Charges	-0-			-0-		-0-
Total	1,401,583.21	4,539,978.41	891,822.00	-0-	(4,727,231.58)	2,106,152.04