

EXECUTIVE SUMMARY

A. Introduction

The Norala Water District (NWD) was established thru the passage of Sangguniang Bayan Resolution No. 20 dated March 23, 1982 with the amended Presidential Decree no. 198, as the enabling law to the creation of water districts. It was granted the Conditional Certificate of Conformance (CCC) No. 213 on September 6, 1982 giving recognition to its existence as a local water district by the Local Water Utilities Administration (LWUA). It became fully operational as a corporate entity when it was transferred by the Municipality of Norala on June 6, 1988.

The mandates of the district are:

- To acquire, install, improve, maintain and operate water supply and distribution systems for domestic, industrial, municipal and agricultural uses for residents and lands within the boundaries of the district;
- To provide, maintain and operate waste water collection treatment and disposal facilities; and
- 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.

The powers, privileges and duties of the District are exercised and performed by and through the Board of Directors, as the policy-making body composed of the following:

Chairperson	-	Ms. Eriberta P. Pulido
Vice-Chairman	-	Mr. Pablo D. Payopelin
Secretary	-	Dra. Ellen D. Januto
Member	-	Mr. Jose N. Figueroa
Member	-	Mr. Jerry L. Catedrilla

Day to day activities are executed by General Manager, Ms. Jovelyn P. Perez together with the other three (3) permanent employees, one (1) casual employee and four (4) job order employees.

B. Financial Highlights

The following are the financial highlights:

	2012	2011	Inc. (Dec.)	%
Assets	11,069,863.45	10,745,564.24	324,299.21	3%
Liabilities	8,378,679.53	9,900,111.57	(1,521,432.04)	-15%
Equity	1,850,437.17	845,452.62	1,004,984.55	119%
Gross Income	6,131,689.13	5,379,456.34	752,232.79	14%
Expenses	4,106,563.91	3,923,895.24	182,668.67	5%
Net Income	2,025,125.22	1,455,561.10	569,564.12	39%

C. Scope of Audit

The audit covered the financial transactions of the District for the Calendar Year 2012.

D. State Auditor's Report on the Financial Statements

We rendered an unqualified opinion on the fairness of presentation of the financial statements.

E. Observations and Recommendations

Favorable Observations

- a) **The agency had complied religiously with existing tax laws and regulations imposed by the Bureau of International Revenue, thus, helping the national government in the collection of tax revenues.**

We commend Management's compliance with existing laws and regulations imposed by the Bureau of Internal Revenue in order to help the national government in the collection of much needed revenues and to avoid any penalties and surcharges.

- b) **The agency's loan re-payments to LWUA were made promptly thereby incurring no penalties thereon.**

We commend the District's continued financial performance so as to maintain its good credit standing with LWUA.

Financial and Compliance Audit

- 1) **Out of the total accounts receivables of ₱ 881,843.03 from customers, ₱ 606,795.43 remain outstanding for more than one (1) year, hence, depriving the District of funds needed for its operations.**

We recommend that management should maximize collection efforts to further increase the District's funds for its operations.

- 2) Accounts Receivable – Customers balance as of December 31, 2012 do not reconcile with the customers ledger card, thereby leaving a difference of ₱ 13,956.47 resulting to an inaccurate presentation of the account and contrary to existing regulations.**

We recommend that management should exert efforts to determine the nature of the noted variances in order to present a reliable presentation of the account and in accordance with existing regulations.

F. Implementation of Prior Year's Audit Recommendation

In CY 2011 Annual Audit Report, out of twelve (12) audit recommendations, five (5) were fully implemented, one (1) was on-going, and six (6) were partially implemented.