

## EXECUTIVE SUMMARY

### Introduction

The Antipas Water District was established thru Sangguniang Bayan Resolution No. 37, Series of 1996 of the then Sangguniang Bayan of the Province of Cotabato with Presidential Decree No. 198, as amended, as the enabling law to the creation of water districts. On July 3, 1997, the District was issued the Conditional Certificate of Conformance (CCC No. 565) by the Local Water Utilities Administration (LWUA). 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:

Chairman	-	Dir. Benjamin H. Lopez
Vice Chairman	-	Dir. Antonio A. Bayhon
Treasurer	-	Dir. Judith S. Osorio
Secretary	-	Dir. Analita C. Buenavides
Member	-	Dir. Emmanuel E. Tamayo

The operational activities at the Antipas Water District is under the direct supervision of Engr. Ronald R. Abasolo, General Manager. Multi-tasking was observed at the district having employed only six (6) permanent employees to perform varied office tasks and services to its water concessionaires.

### Financial Highlights

	<u>2012</u>	<u>2011</u>
Assets	P 19,117,937.17	P 17,485,317.09
Liabilities	3,534,386.90	3,894,578.64
Government Equity	15,583,550.27	13,590,739.45

## Sources and Application of Funds

	<u>2012</u>	<u>2011</u>
Cash Inflows from Operating Activities	P 9,133,878.13	P 8,411,890.00
Cash Outflows	<u>5,989,384.99</u>	<u>6,283,810.00</u>
<b>Cash Provided by Operating Activities</b>	<b>3,144,493.14</b>	<b>2,128,080.00</b>
Cash Outflows from Investing Activities	<u>47,974.00</u>	<u>308,306.00</u>
<b>Cash Provided by Operating and Investing Activities</b>	<b><u>3,096,519.14</u></b>	<b><u>1,819,774.00</u></b>
Cash Inflows from Financing Activities		
Cash Outflows from Financing Activities	<u>668,720.00</u>	<u>669,120.00</u>
Cash Provided by Financing Activities	<u>( 668,720.00)</u>	<u>( 669,120.00)</u>
<b>Total Cash Provided by Operating, Investing and Financing Activities</b>	<b>2,427,799.14</b>	<b>1,150,654.00</b>
Add: Cash and Cash Equivalents, January 1	<u>2,698,011.00</u>	<u>1,547,357.00</u>
Cash Balance End, December 31	<u>P 5,125,810.14</u>	<u>P 2,698,011.00</u>

## Scope of Audit

A financial, compliance and value for money audit was conducted on the accounts and operations of the Antipas Water District for Calendar Year 2012. The audit consisted of verification, reconciliation, analysis of accounts, inspections and such other procedures considered necessary. The audit was aimed at ascertaining the propriety of disbursements, the reliability of financial reports and agency's compliance with government accounting and auditing rules and regulations.

## Auditor's Report

The auditor rendered a qualified opinion on the financial statements due to the failure of the District to process the required Certificates of Titles of the lands, ownership of which is doubtful, amounting to P1,715,000.00.

## Observations and Recommendations

1. Non Revenue Water Percentage of Antipas Water District reached far more than the acceptable level as required under LWUA Memo Circular 004.10 dated February 23, 2010 for five years now, which is detrimental to the District's achievement of its goals and objectives.

We recommend that the District should undergo rehabilitation of their distribution lines that cause continuous leakings to provide better services to their concessionaires and constrained revenue losses. Appropriate funds for the purpose.

2. Erroneous recording of the processing fees and other legal fees in dealing with the land title had caused misstatements in the asset and expense accounts, thus affecting their fair presentation in the financial statements.

We recommend to the auditee to make proper adjustment/s in the books of accounts the misstatement/s and misclassifications made in the PPE and expense accounts.

3. The Antipas Water District failed to use the PhilGEPS in its procurement activities contrary to the pertinent provisions of the Revised Implementing Rules and Regulations (IRR) of R.A. 9184; hence, not ensuring transparency and the widest information dissemination.

We recommend that the required procurement activities, such as the Notice of Award, Notice to Proceed and Approved Contract, shall be posted in the PhilGEPS in accordance with existing provisions of the Revised IRR of R.A. 9184.

4. The Antipas Water District management fell short in providing adequate funding for the employees' leave earned credits amounting to P449,875.08; hence, not being able to sustain the said benefits which could put the employees' interests and rights at risk.

We recommend that the management should provide sufficient cash back up to employees' leave credits to ensure payment of benefits of the employees in the future and to provide budget for the purpose.

5. Accuracy of the Land and Land Improvement account totaling ₱1,715,000 could not be ascertained due to questionable ownership resulting to possible legal battles and affecting the fair presentation of the account in the financial statements.

We recommend that Management facilitate the immediate documentation of the properties and immediately work out on the land title processing in favor of the District to avoid possible legal conflicts.

### **Implementation of Prior Year's Audit Recommendations**

Out of four (4) audit recommendations contained in the 2011 Annual Audit Report, two (2) were fully implemented and two (2) are on-going.