

EXECUTIVE SUMMARY

INTRODUCTION

Buenavista Water District (BWD) was created by virtue of Sangguniang Resolution No. 35-81 dated October 1, 1981 under the administration of Mayor Cayetano A. Amoroso, the Municipal Mayor of Buenavista. Conditional Certificate of Conformance (CCC) No. 406 was issued to BWD by Local Water Utility Administration (LWUA) on July 5, 1989.

In October 26, 1995, the Municipality of Buenavista passed Municipal Ordinance No. 05-95, otherwise known as the “Municipal Water System Act of 1995” and operated the Buenavista Water Supply System Act (BWSS) utilizing the old facilities of the defunct NAWASA with partial rehabilitation cost of approximately P2M.

In July 31, 1996, the Sangguniang Bayan of Buenavista passed Municipal Ordinance 6-96 which repealed Municipal Ordinance No. 05-95 and authorized the Local Chief of Buenavista to turn over the operation and facilities of the BWSS to BWD and commenced its operation on 24th of October 1996.

As of December 31, 2012, Buenavista Water District is a Category C District. It has 3,170 active connections and 555 inactive connections. The District has a collection efficiency of 92%.

For CY 2012, Buenavista Water District had total assets of P36,063,393.50, total liabilities and deferred credits of P 22,884,536.90 and equity of P13,178,856.60.

SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of Buenavista Water District for Calendar Year 2012. The audit consisted of verification, reconciliation and analysis of accounts, and such other procedures considered necessary to ascertain the extent of compliance with laws, rules and regulations and budgetary requirements.

STATE AUDITOR’S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the financial statements as of December 31, 2012 because of the material difference between the actual physical count of Property, Plant and Equipment and Inventories amounting to P38,928,152.25 and P1,273,047.13 against Accounting Records of P39,120,439.07 and P1,312,015.85 respectively, showing a difference of P192,286.82 and P38,968.72, thus the fairness of the presentation of these accounts in the financial statement is doubtful.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

- 1. Splitting of contract was done on the Re-activation of Pump Station 2 Project of the District, with a total project cost of P 1,024,540.00 into three (3) small value procurement, in violation of the provision of Section 54.1 of the Revised IRR of Republic Act 9184. The transaction was also not posted in the PhilGEPS in violation of Section 21.2 of the same IRR.**

Stop the practice of splitting contracts and have projects procured through public bidding if warranted to ensure a more advantageous price .

Post Invitation to Bid/Request for Expression of Interest in the PhilGEPS to have a wide range of price offers and afford the most advantageous price to the government.

- 2. The Bids and Awards Committee (BAC) of the District did not prepare and submit to the GPPB the semi-annual “Procurement Monitoring Report” in violation of Section 12.2 of the Revised IRR of RA 9184.**

Direct the Bids and Awards Committee to prepare and submit to the GPPB the Procurement Monitoring Report as required by Section 12.2 of the Revised IRR of RA 9184.

- 3. The Board of Directors of the District received/claimed Year-End Financial Assistance for CY 2012 of P5,000.00 each, in violation of Executive Order No. 7, Memorandum Circular No. 015-10 and COA Resolution No. 2004-006.**

Stop the payment of financial assistance and other allowances to the members of the Board of Directors of the District.

Require the BOD to refund the financial assistance of P5,000.00 each.

- 4. Physical Inventory Report as of December 31, 2012 for Property, Plant and Equipment and Inventories amounting to P38,928,152.25 and P1,273,047.13, respectively, did not tally with the balances per account items in the Accounting books of P39,120,439.07 and P 1,312,015.85 thus, the accuracy of the recorded PPE and Other Inventories accounts was doubtful.**

Direct the Accounting Department and the Supply Office to reconcile immediately the variances between the Accounting Records and the Physical Inventory and PPE Reports to have reliable balances and fair presentation of the Financial Statements.

- 5. Cash Advances amounting to P186,931.61 remained unliquidated due to the management’s failure to enforce liquidation thereof and implement the provision that no additional cash advance shall be granted unless the previous one is liquidated, as mandated under COA Circular 97-002 and Section 89 of PD 1445.**

Enforce strictly the liquidation of the outstanding unliquidated cash advances. Discontinue the granting of additional cash advances if the previous ones are not yet liquidated.

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Segregate the unliquidated cash advance of the deceased official, the one who retired /separated from the government service and those that are still connected with the government. Demand payment of cash advance from those who have already retired/separated from the government or from those who issued/approved their clearances for money and property accountabilities.

- 6. Pre-Repair and Post-Repair Inspection Reports for repair and maintenance of service vehicles were not prepared, thus, inconsistent with Section 4(6) of PD 1445, the Property & Supply Management requirement and Section 362 of the Government Accounting and Auditing Manual (GAAM), Volume I, respectively. Likewise, spare parts spent for the repairs and maintenance of service vehicles, office equipment and water service connections amounting to P90,409.38 were not supported with Waste Materials Report, indicating weak internal control on the management of Property, Plant and Equipment, thus validity of disbursements is doubtful and the efficacy of the repairs conducted cannot be proven.**

Submit to the Office of the Auditor within five (5) days from the execution of the contract the Pre-Inspection and Post-Inspection Report and Waste Material Report as required by Section 9.2.3.4 of COA Circular 2012-001.

- 7. The accountability and control for the custody/use of Property, Plant and Equipment (PPE) was not clearly established due to the non-issuance of Acknowledgment and Receipt of Equipment (ARE) upon the issuance of the PPE to end-users.**

Direct the Supply Officer/Unit to issue AREs to all end-users of every PPE issued. A copy of ARE files should be kept, maintained and provided for each employee or recipient which will form part of the records as basis for their renewal every third year after issue.

Instruct the inventory committee to properly and completely fill out the prescribed Report on the Physical Count of PPE. In case of any discrepancy between the RPCPPE and the PPE ledger cards, the Inventory Committee and the Accountant should reconcile the differences noted; and

Require the Supply Officer to issue property tags/stickers for each PPE in order to identify and trace the location of the said PPEs.

- 8. Freight and Handling totaling P 13,132.51 which was spent to transport the Service Vehicle purchased by the District from Cebu City was not booked as part of the cost of the assets but as an expense in violation of Section 50 of the Manual on New Government Accounting System, Volume 1, resulting in the understatement of the Motor Vehicle Account by the same amount in the Financial Statement as of December 31, 2012.**

Adhere to the provision of Section 50 of the NGAS Manual, Volume 1 in recognizing the cost of assets purchased to present fair account balances in the financial statements.

GENDER AND DEVELOPMENT

- 9. Gender and Development (GAD) Plan was not formulated by the District in CY 2012, thus the objectives cited under DBM/NEDA/NCRFW Joint Circular No. 2004-1 and its mandate under Executive Order No. 273 was defeated or not addressed, hence, the execution of programs, projects and activities under the thrust of the National Government did not materialize.**

Plan, organize and formulate a GAD Focal Point or group of people within the agency who will be tasked to initiate, assess, facilitate and motivate the institutionalization of gender mainstreaming and women's empowerment with the agency in accordance with Executive Order No. 273. This group will also be responsible to advocate, coordinate, guide and monitor the development and implementation of the agency's GAD Plan and GAD-related programs, activities and projects, duly observing the guidelines prescribed under DBM, NEDA and NCRFW Joint Circular No. 2004-01, and most importantly, to make proper representation for the funding support of Gender and Development (GAD) Program of at least five percent (5%) of the total appropriation.

Include in the over-all plan of the District the GAD activities and appropriate an amount at a minimum of five (5%) of total appropriation to address the national government's objectives for gender equality in all areas of social and economic development.

Initiate activities towards achieving GAD goals such as :

- a. Conduct of training/seminar/workshops on gender sensitivity and responsive planning.
- b. Establish gender –responsive data base system including the generation of information pertinent to such data base.
- c. Conduct of GAD strategic or operational planning activities
- d. Conduct other activities supportive of the Career Advancement Program for Women in Government Service (CAPWING)

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Of the eleven (11) audit recommendations embodied in the CY 2011 Annual Audit Report, eight (8) were implemented and three (3) were not implemented, thus reiterated in this report.