

EXECUTIVE SUMMARY

INTRODUCTION

The Bunawan Water District was formed on November 10, 1994 for the purpose of operating, maintaining and improving the water supply system of the municipality of Bunawan. A Conditional Certificate of Conformance (CCC) No, 549 was issued on February 5, 1996 by LWUA, the agency mandated to provide technical, financial and institutional development assistance. The source of the Bunawan Water District water supply is the Alfred Spring located at Barangay San Andres about 4km, northwest of the service area. A 45 cum. reinforced concrete ground reservoir located at the back of the Municipal building at the San Teodoro serves as booster reservoir.

Of the ten barangays of Bunawan, the BWD is presently supplying potable water to San Teodoro which has a population of 5,259 from 1,020 households. Out of the 1,020 households, 571 have water connections: 428 are classified as residential, 127 as commercial and 16 as institutional.

To provide better water services, on the year 2001 the 45cum. reservoir was improved and tapped to the system. Also another small intake box near Alfred Spring was developed on the year 2002. Service line was provided in Sitio Binahanan Area starting June 2002.

SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of Bunawan 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 unreconciled difference of P1,805,693.05 between the actual physical count amounting to P10,031,423.77 and accounting records of P11,837,116.82 of Property, Plant and Equipment, and the difference of P23,472.58 between actual physical count of P792,103.84 and accounting records of P815,576.42 of Supplies and Materials Inventory, thus the fairness of the presentation of these accounts in the financial statement were doubtful.

SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

- 1. The District did not include in their yearly budget provision for retirement benefits such as terminal leave for its retiring employees which may greatly affect their cash position by the time their employees retire.**

Provide in the yearly Annual Budget the provision for retirement benefits of retiring employees. This amount should form part of the District's restricted funds.

- 2. Bank Reconciliation Statements (BRS) were not submitted on time and supporting documents were not attached to the BRS contrary to the provision of COA Circular 96-011.**

Prepare and submit Bank Reconciliation Statements with complete supporting documents as required by Section 3.2 and 3.4 of COA Circular 96-011.

- 3. The District is not registered with the Philippine Government Electronic Procurement System (PhilGEPS); consequently, all of its procurement activities during the period January to December 2012 amounting to P889,348.68 were not posted in the System, as required under Section 8 of RA 9184. Thus, the agency was unable to fully benefit from the services offered by this Electronic Procurement System.**

Instruct the Property Officer to register the District with the Phil-GEPS and avail its services. Consequently, post all procurement activities more than P50,000.00 in accordance with Section 8.3.1 of RA 9184.

Also, instruct the Property Officer to inquire from DBM on the process of registration and instruction for its maintenance.

- 4. Accounts Receivable balance per accounting records of P647,284.96 does not tally with subsidiary records of the Billing and Collection System of P623,063.92, showing a difference of P24,221.04 as of December 31, 2012, casting doubt on the correctness of the Accounts Receivable balance presented in the Balance Sheet. Also, forty-six percent (46%) of the total Accounts Receivable was aged more than 60 days, thus the possibility of collection of these accounts is doubtful.**

Reconcile the balances of the Accounts Receivable per accounting records with that of the Aging Schedule of the Billing and Collection of Receivables to come up with a reliable balance of the Receivable Account.

Launch an aggressive campaign to improve collection efficiency and to ensure the sustainability of the operation of the District.

- 5. Physical Inventory Report as of December 31, 2012 for Property, Plant and Equipment and Other Inventories amounting to P10,031,423.77 and P792,103.84, respectively did not tally with the balances per subsidiary ledger of P11,837,116.82 and P 815,576.42 showing a difference P1,805,693.05 and P23,472.58, respectively, thus, the accuracy of the recorded PPE and Other Inventories accounts was doubtful.**

Direct the Accountant and the Storekeeper to reconcile immediately discrepancies between the accounting records and the actual count of Supplies and Materials Inventories and Property, Plant and Equipment. Prepare the

accounting entries to adjust the difference, to show reliable balance of the accounts in the Financial Statements.

Direct the Storekeeper to prepare the Monthly Report of Supplies and Materials Issued (MRSMI), and submit to the Accounting Section to support the adjusting entry to be made for supplies and materials issued.

GENDER AND DEVELOPMENT

6. 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.

- a. 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.
- b. Include in the over-all plan of the District the GAD activities and appropriate an amount at a minimum of five (5%) of the total appropriations to address the national government's objectives for gender equality in all areas of social and economic development.
- c. 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 five (5) audit recommendations embodied in the CY 2011 Annual Audit Report, only one (1) was implemented, one (1) was partially implemented and three (3) were not implemented.