

EXECUTIVE SUMMARY

INTRODUCTION

The Aglipay Water District (AGWAD) was created through Presidential Decree 198, as amended, to provide adequate supply of safe and potable water to concessionaries. It is a Government Owned and Controlled Corporation under the supervision of the Local Water Utilities Administration (LWUA).

The District is governed by five-member Board of Directors representing the civic, business, professional, education and women sector. It employs six employees headed by a General Manager. Its vision is to establish a self-liquidating, progressive and service oriented agency to be able to cater the needs for potable and clean water for its member beneficiaries guided by self determination and participatory program approach to its member beneficiaries, following a saying that “Water gives life to everything”.

A. FINANCIAL PROFILE

For the year 2011, the agency has a total income of P 614,356.45. Expenditure, on the other hand amounted to P 1,395,907.02. The agency’s assets, liabilities and capital were P1, 636,750.58, P2, 418,301.15 and (P781, 550.57), respectively.

B. SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of the Aglipay Water District for calendar year 2011. The audit was focused on the agency’s compliance with laws and accounting and auditing regulations, as well as adherence to prescribed policies and procedures.

C. AUDITOR’S OPINION ON THE FINANCIAL STATEMENTS

The auditor rendered an unqualified opinion on the fairness of presentation of the financial statements of the agency as of December 31, 2011.

D. SUMMARY OF SIGNIFICANT FINDINGS AND RECOMMENDATIONS

1. The accuracy and reliability of Fixed Assets account amounting to P1, 550,644.43 could not be ascertained due to the failure of the District to conduct complete physical inventory contrary to COA Circular No. 80-124.

We recommend that management should conduct a complete physical inventory of all properties owned by the District and prepare the corresponding report. It should reconcile

the inventory report with the accounting records in order to present the actual assets against the recorded assets of the District.

2. Various disbursements were not duly approved by concerned officials of the District in violation of Section 4 item (5) of PD 1445 and Section 344 of R.A. 7160. Hence, the validity, propriety and legality of these expenses are doubtful. In addition, not all disbursements were supported with necessary documents and/or properly signed by the concerned officers and employees.

We recommend that management should see to it that all disbursements bear the proper approval of the officials in the Disbursement Vouchers and necessary supporting documents are attached therein. Adherence to Section 4 of P.D. 1445 should be observed.

3. Gasoline expenditures amounting to P 29,633.00 were incurred and provided to vehicles which are not owned by the District, contrary to Section 340 (e) of COA Circular No. 91-368 and related rule of the Manual of Audit for Fuel Consumption.

We recommend that management should stop the practice of providing gasoline to private owned vehicle and consider the option of acquiring their service vehicle for official business.

4. Copies of the approved contracts/purchase orders, pre-repair evaluation reports and notice of deliveries were not promptly submitted to the Auditor's Office in violation of COA Circular No. 2009-001 dated February 12, 2009

We recommend that management should comply with the pertinent circulars to facilitate the review of purchase orders/contracts/change orders in case of procurement of goods/services and infrastructure projects respectively in compliance with the aforementioned regulation.

5. Failure of management to submit accounts within the period prescribed under Section 7.2 of the 2009 Rules and Regulations on the Settlement of Accounts barred the timely review of these documents and deprived management to of the chance of timely knowing the deficiencies noted in the audit of its financial transactions.

We recommend that the Acting Accountant and the Accountable Officers should submit the disbursement vouchers, official receipts and other financial reports promptly so that the propriety, regularity and legality of the transactions are determined on time.

E. STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

There was no prior years audit finding and recommendation since the full operation of the agency was on the last quarter of 2010. Hence, this is the first time that an Annual Audit Report is being prepared for the agency.