

## EXECUTIVE SUMMARY

### A. Agency Profile.

The Cauayan City Water District was established by virtue of Presidential Decree No. 198 known and referred to as the Provincial Water Utilities Act of 1973 and was issued Certificate of Conformance No. 183 by the Local Water Utilities Administration (LWUA). It originally started as two (2) Rural Waterworks Sanitation Association (RWSA). The water system was constructed out of the United States International Development (USAID) funds thru the defunct Rural Water Development Council (RWDC) having supervision on RWSA, then E.O. 124 was issued abolishing (RWSA) and transferred its functions to LWUA, the umbrella organization of the more than 500 Districts all over the country.

The vision of Cauayan City Water District cognizant of the life giving preciousness of water prides itself as the leader and spearhead in the efficient provision of water, its conservation as a valuable natural resource and the shining exemplar of dedicated corporate entity and public utility and government service steward.

Its mission is to service the need of the community for potable, safe and premium quality water in sufficient quantity with the least minimum of operational downtime, manned by employees of high caliber and high degree of professionalism under a corporate structure that allows maximum effectiveness and efficiency and ensures customer satisfaction to the highest level possible.

### B. Major Accomplishment for the year 2011 are as follows:

1. Two (2) Structure Improvement
  - a. Construction of Perimeter Fence at Napocor Pump Station – P415,988.00
  - b. Construction of Convenience Facilities w/Porch - P254,990.37
2. Eighteen (18) Installation and replacement of electromechanical component in the amount of P 2,774,404.00
3. Thirty three (33) expansion/extension projects undertaken by the district: to wit:
  1. Twelve (12) Expansion of Mainline to the different streets of Cauayan – P1,844,258.67
  2. Three (3) Interconnection of Mainline - P 216,842.00
  3. Nine (9) Extension of Mainline - P 343,598.75
  4. Two (2) Rehabilitation of Mainline - P 194,145.80
  5. Three (3) Road crossing of Mainline - P 118,216.88
  6. One (1) Stand-By Motor Control - P 71,837.06
  7. One (1) Installation of Flow Meter - P 147,000.00
  8. One (1) Installation of Water Treatment - P 34,750.00
  9. One (1) Replacement of Submersible Pump 7.5 Hp and B.I Pipe 2”Ø - P 88,647.50

### C. SCOPE OF AUDIT

The objective of the audit is to ascertain the fairness and reliability of the agency's financial statements and the results of its operation and to determine whether plans, programs, project and activities for the year were attained in efficient, economical and effective manner. The audit includes financial and compliance audit.

### D. SIGNIFICANT FINDINGS AND RECOMMENDATIONS:

1. The Cauayan City Water District paid the donor's tax on a 262 sq. m. lot donated by the City of Cauayan, Isabela in the amount of P589,500.00, resulting in the irregular disbursement of public funds.

Request in writing the BIR District Office, Ilagan, Isabela, for the refund of the donor's tax paid by the District since the City of Cauayan is the donor.

2. The General Manager received an upgraded monthly salary fixed by the Board of Directors over and above the basic pay approved by the Department of Budget and Management, resulting in the overpayment of salary and year-end bonus and other allowances in the total amount of P186,956.50 for 2008 and P177,703.50 for the year 2009.

Follow strictly the salary rate per Plantilla of Personnel duly approved by the DBM as it is the body authorized by law to fix the compensation of government employees.

3. Inadequacy of control on procurement and absence of Annual Procurement Program resulted to overstocking of supplies and materials amounting to P5.1M.

Refrain from purchasing spare parts and expendable supplies and materials not actually needed. Procurement should be made on the basis of quarterly consumption.

Before procurement is made in the ensuing year, see to it shall all available items in stock should be consumed or utilized first.

To avoid repetition of overstocking, an Annual Procurement Plan from each office/department should be required and as a tool in the procurement of their supplies actually needed within three month period.

4. Procurement of construction materials, electrical supplies and supplies for stock was not in accordance with Republic Act 9184 or otherwise known as the Government Procurement Reform Act accumulated to P9.9M.

We recommend that the Head of the agency who exercise authority over the financial affairs, transactions and operations of the agency shall take care the management and utilization of government resources in accordance with laws, rules and regulations to ensure efficient, economical and effective operations of the government. The General Manager should implement the New Government Procurement Reform Act in its procurement transactions and also require to prepare the Annual Procurement Plan.

5. The agency extended medical benefits to Job Order employee in violation to Civil Service Commission rules and regulations that there exists no employee-employer relationship, therefore, not qualified for medical benefit.

We recommend that the agency should not extend medical benefits to Job Order Employee in violation to Civil Service Commission rules and regulation that there exist no employee-employer relationship and therefore not qualified for medical benefits.

#### E. STATUS OF IMPLEMENTATION OF PRIOR YEARS AUDIT RECOMMENDATION

Out of the five (5) audit recommendations, one is fully implemented; two (2) not implemented and reiterated as finding No. 1 and 3; one (1) partially implemented and one (1) is under appeal and reiterated as finding No. 2

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3. Payment of various construction materials on infrastructure projects were made without the Approved Program of Work

We recommend that all projects undertaken by the district should be supported with the Approved Program of Work. The head of the agency who exercised authority over the financial affairs, transactions, and operation of the agency, shall take care of the management and utilization of government resources in accordance with laws and regulations, and to ensure efficient, economical and effective operations of the government.

4. Inadequacy of control on procurement and absence of Annual Procurement Program resulted to overstocking of supplies and materials amounting to P3.9M.

Refrain from purchasing spare parts and expendable supplies and materials not actually needed. Procurement should be made on the basis of quarterly consumption.

Before procurement is made in the ensuing year, see to it shall all available items in stock should be consumed or utilized first.

To avoid repetition of overstocking, an Annual Procurement Plan from each office/department should be required and as a tool in the procurement of their supplies actually needed within three month period.

5. Motor vehicles amounting to P2.45M were not insured with the General Insurance Fund of the Government Service Insurance System in violation of COA Memo No. 96-048 and Memorandum Circular 634 of the Office of the President.

We recommend that the General Manager should see to it that all insurable government property should be insured with the General Insurance Fund of the Government Service Insurance System and registered all motor vehicles with a government plate numbers.

The Head of the agency who exercise authority over the financial affairs, transactions and operations of the agency shall take care the management and utilization of government resources in accordance with laws, rules and regulations to ensure efficient, economical and effective operations of the government.