

EXECUTIVE SUMMARY

INTRODUCTION

The Maasim Water District was established through Sanguniang Bayan Resolution No. 169 dated October 18, 1989 of the then Sanguniang Bayan of the Province of South Cotabato with Presidential Decree No. 198, as amended, as the enabling law for the creation of water districts. On May 23, 1990, the District was issued the Conditional Certificate of Conformance (CCC) No. 444 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 incidental to said purpose.

The powers, privileges and duties of the District are exercised and performed by the through the Board of Directors, as the policy-making body composed of the following:

Chairman	-Ceriaco L. Velita	-Professional Sector
Vice-Chairman	-Cornelio Gicale	-Business Sector
Secretary	-Priscilla P. Glenogo	-Educational Sector
Treasurer	-Florita G. Faciol	-Women's Sector
Members	-Panfilo G. Libradilla	-Civic

HIGHLIGHTS OF FINANCIAL OPERATION

For the calendar year 2011, the Maasim Water District collected a total revenue of ₱2,988,520.50 of which, ₱2,453,561.04 and ₱534,959.46 came from Income from water works system and other income from water works, respectively. The collected income comprised of 82% and 18% of the total source of fund of the Maasim Water District.

During the year the agency expended ₱1,731,546.05 for personal services and ₱993,501.57 for Maintenance and Other Operating Expenses for its operation.

SCOPE OF AUDIT

A financial and compliance audit was conducted on the accounts and operations of the Maasim Water District. The audit included the analysis and verification of the trial balance accounts and its financial statements.

AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

The Auditor rendered a qualified opinion on the Financial Statements due to some deviations from the prescribed laws, rules and regulations pertaining to its operation such as: the inadequate provision for the 5% of the total budget for GAD, failure to prepare and submit the monthly bank reconciliation statements and other documents, as well as the conduct of its physical inventory of all PPE amounting to ₱3,337,223.93 and the failure to prepare and Annual Procurement Plan (APP).

SIGNIFICANT FINDINGS AND RECOMMENDATION

The findings and recommendations were discussed with the concerned officials and employees of the District. Management comments were incorporated in the report. The most significant findings and recommendations are as follows:

- 1. The Maasim Water District was not able to adequately provide for the Gender and Development (GAD) Budget requirement of 5% of the total appropriation for the year contrary to the provisions of RA 7192.**

Provide adequate budget for GAD undertakings of at least 5% of the appropriations of the agency for the year.

- 2. Cash in bank account amounting to P24,939.11 as of December 31, 2011 cannot be ascertained due to management's failure to prepare and submit the monthly bank reconciliation statements and other documents covering its depository transactions, not in accordance to Section 74 of PD 1445.**

Management should prepare and submit the monthly bank reconciliation statements and other documents covering depository transactions in accordance with Section 74 of PD 1445 to allow the validation of cash in bank accounts.

- 3. The validity, correctness and existence of Property, Plant and Equipment (PPE) amounting to P3,337,223.93 could not be ascertained due to the Maasim Water District's Office failure to complete its physical inventory of all PPE, in violation to Section 119, 120 and 124 of the New Government Accounting System (NGAS) Manual.**

The complete inventory of all properties owned by the Water District be undertaken and reconcile them with the accounting and property records in order to establish the correctness and validity of the balances of the PPE accounts.

- 4. The Water District Office failed to prepare an Annual Procurement Plan for CY 2011 as stipulated in the provision of Section 7 RA 9184.**

Management should prepare the Annual Procurement Plan (APP) in compliance with provisions of Republic Act 9184, especially considering that all procurement should base on the approved APP.

STATUS OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the four (4) recommendations, all were implemented.