

EXECUTIVE SUMMARY

Introduction

The Antipas Water District was established thru Sangguniang Bayan Resolution No. 37, Series of 1996 of the then Sangguniang Bayan of the Province of Cotabato with Presidential Decree No. 198, as amended, as the enabling law to the creation of water districts. On July 3, 1997, the District was issued the Conditional Certificate of Conformance (CCC No. 565) 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 or incidental to said purpose.

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

| | |
|---------------|--------------------------|
| Chairman | - Emmanuel E. Tamayo, CE |
| Vice-Chairman | - Antonio A. Bayhon |
| Secretary | Gary S. Osorio |
| Treasurer | - Rosie M. Taposok |
| Member | - Analita C. Buenavides |

The operational activities at the Antipas Water District are under the direct supervision of Engr. Ronald R. Abasolo, General Manager. Multi-tasking was observed at the district having employed only ten (10) permanent employees to perform varied office task and services to its water concessionaires.

Audit Scope and Methodology

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Government Auditing Code of the Philippines (P.D. 1445), we have audited the accounts and operations of the District covering the period January 1, 2019 to December 31, 2019.

The audit was conducted in accordance with the generally accepted state auditing standards, and accordingly included such tests of the accounting records and other related documents and evaluation of the design and operating effectiveness of the controls and such other procedures, as necessary, in the audit.

The audit was conducted to (a) verify the level of assurance that may be placed on management’s assertions on the financial statements; and (b) recommend agency improvement opportunities.

Financial Highlights

The financial condition and results of operation of the Antipas Water District for Calendar Year 2019 with comparative figures for CY 2018 were as follows:

| Financial Condition | 2019 | 2018 | Increase/(Decrease) | |
|---------------------|----------------|---------------|---------------------|---------|
| | | | Peso Value | % |
| Assets | ₱22,385,323.06 | ₱22,359,396.1 | 25,926.92 | 0.12% |
| Liabilities | 1,578,901.39 | 1,217,163.63 | 361,737.76 | 29.72% |
| Equity | 20,806,421.67 | 21,142,232.51 | (335,810.84) | (1.59%) |

| Results of Operations | 2019 | 2018 | Increase/(Decrease) | |
|-----------------------|----------------|---------------|---------------------|----------|
| | | | Peso Value | % |
| Income | ₱10,008,133.60 | ₱9,993,940.18 | 14,193.42 | 0.14% |
| Expenses | 9,834,588.83 | 9,737,229.71 | 97,359.12 | 1.00% |
| Net Income (Loss) | 173,544.77 | 256,710.47 | (83,165.70) | (32.40%) |

Figure 1 – Comparative Financial Condition for CY 2019 and 2018

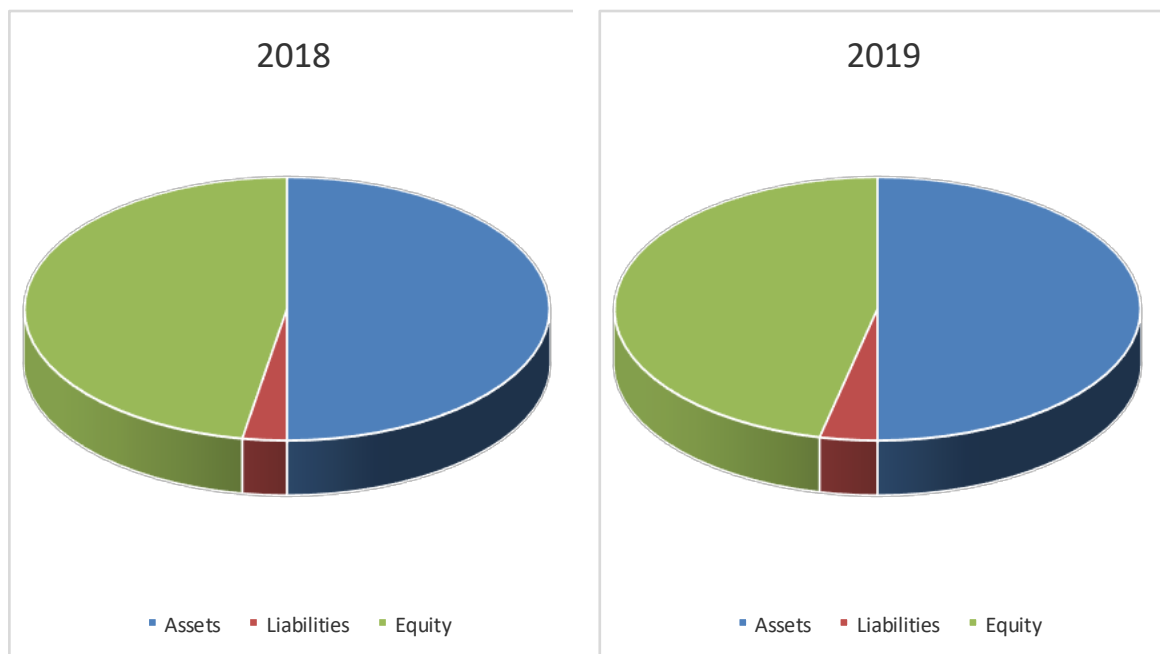
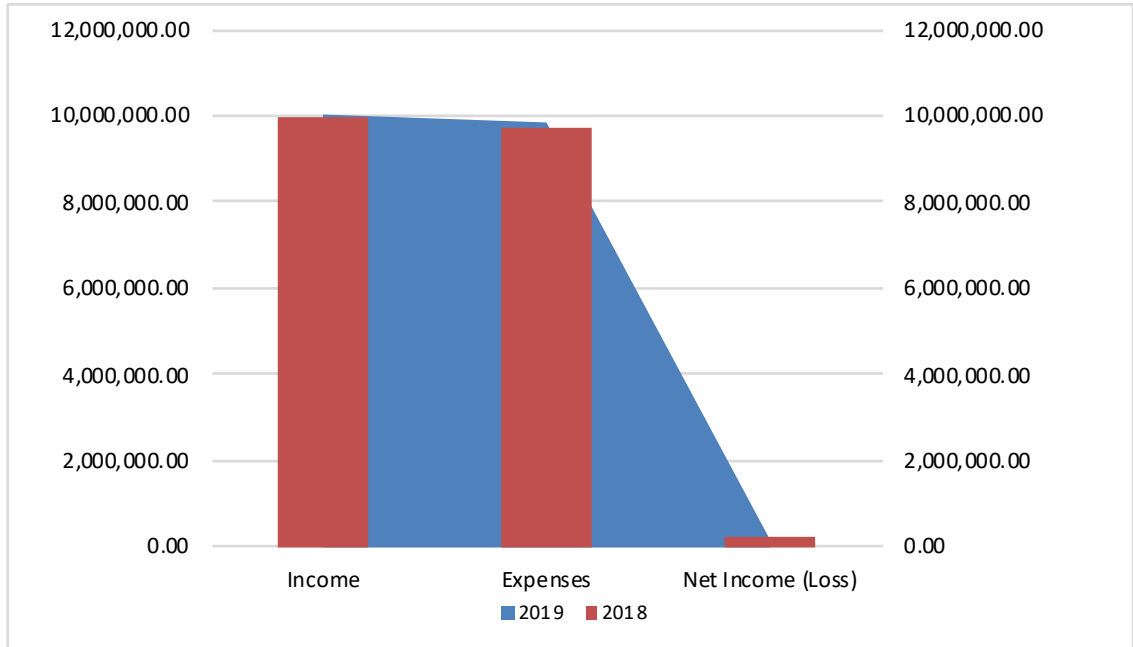


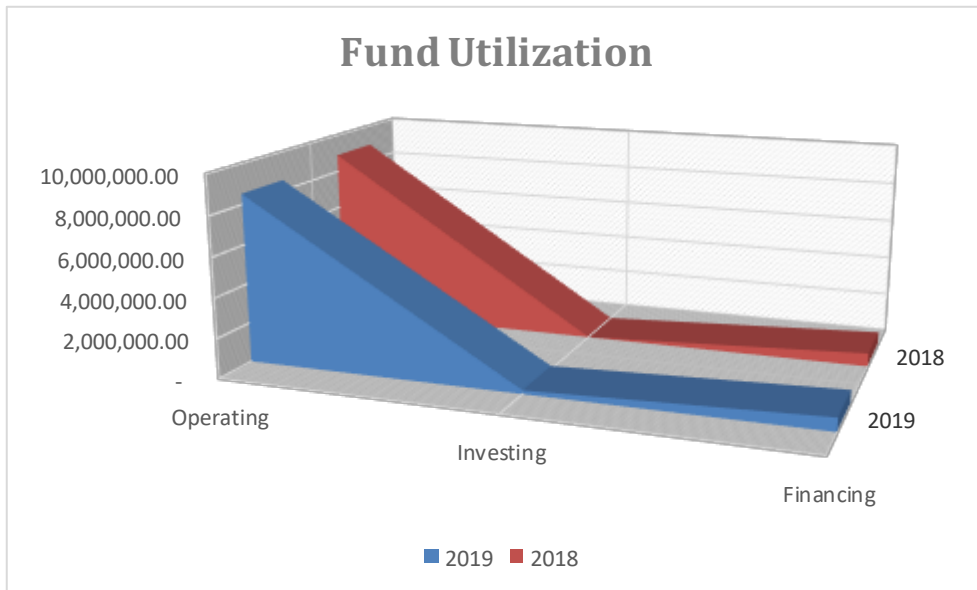
Figure 2 – Comparative Results of Operations for CYs 2019 and 2018



Sources and Application of Funds

Total cash receipts for Calendar Years 2019 and 2018 amounted to ₱10,274,260.06 and ₱9,944,712.67 respectively, which all sourced out from the District’s operating activities.

Funds were utilized as follows:



Opinion of the Auditor

A qualified opinion on the fairness of the presentation of the financial statements of the Antipas Water District as of December 31, 2019 has been rendered due to the errors in recording Terminal Leave Benefits (TLB) in the total amount of ₱324,736.26, hence affecting the propriety and reliability of TLB and leave benefits payable accounts as of year-end.

Summary of Significant Audit Observations and Recommendations

1. Errors in recording Terminal Leave Benefits (TLB) in the total amount of ₱324,736.26, various discrepancies noted in the employees' leave records as well as in the monetization of leave credits are contrary to existing rules and regulations.

We have recommended that Management:

- a) instruct the accounting personnel to record the accrued leave benefits payable to the employees on a monthly basis, observe recording of Terminal Leave Benefits (TLB) in the period to which they relate, and prepare the necessary journal entries to adjust the affected accounts in the financial statements as of December 31, 2019;
 - b) include in its succeeding Corporate Operating Budget (COB), if not supplemental budget, an appropriation for Terminal Leave Benefits (TLB) where payments for the purpose shall be sourced out. Total Budget for the year shall take into account priority line items to include in the COB especially if it is a mandatory personnel benefit such as the TLB;
 - c) require the HR personnel to adhere to the requirements set under Budget Circular No. 2016-2, CSC Resolution no. 000034 and Omnibus Rules on Leave to ensure the proper computation of monetization of leave credits (MLC) and TLB thereby avoiding overpayment of the same;
 - d) take effective measures to monitor the actual performance of tasks by the employees through conduct of monthly meetings in which issues and concerns on official matters and workloads among others, may be raised for appropriate preventive or corrective actions;
 - e) institute a periodic or monthly checking/ review of the employees' unused earned leave credits to ensure correctness of the recorded leave balances and ensure that the equivalent monetary value thereof is sufficiently backed up by a cash reserve; and
 - f) strictly follow the documentary requirements for monetization of leave credits pursuant to Item 5.14 of COA Circular No. 2012-001. Written request for leave monetization concerning more than ten (10) days shall be duly approved by the Head of the Agency.
2. The collectability of the dormant accounts receivable ranging 3 years and above in the amount of ₱469,599.85 cannot be ascertained due to: a) inconsistency in implementing the District's disconnection policy, and b) inadequate actions from management in collecting the past-due accounts.

We have recommended that Management ensure consistency in the implementation of the District's disconnection policy to prevent the accumulation of past-due accounts, employ workable and feasible collection strategies to activate dormant accounts and exert extra effort in collecting those accounts.

3. The District has implemented one (1) of the prior year's audit recommendations on GAD however, adequate capability buildings on gender and development was not yet made for the year 2019, thus concerned employees are not yet well-equipped with GAD-related regulations and guidelines.

We have recommended that Management:

- a) prioritize and intensify the attendance of its employees especially the members of the GFPS to GAD-related capacity development seminars, trainings and workshops to acquire adequate technical knowledge and skills and be updated with the recent development, laws, rules and regulations on GAD;
- b) develop and maintain its GAD Database containing gender statistics and sex-disaggregated data. Data gathering thru, among others, issuance of survey forms and questionnaires to target respondents shall be done by the District and results thereof must be tallied, processed and analyzed to be able to identify priority gender issues or GAD agenda; and
- c) sponsorships made for public relations and the like shall be recorded as extraordinary and miscellaneous expenses (EME) instead of representation expenses. Disbursements related to such shall not be charged against the GAD budget unless justified as clearly addressing a specific gender issue pursuant to Annex A of PCW-NEDA-DBM Joint Circular No. 2012-01.

Summary of Total Suspensions, Disallowances and Charges

The total audit suspension, disallowances and charges found in the audit of various transactions of the agency as of December 31, 2019 is ₱0.00, based on the Notice of Suspension (NS)/ Notice of Disallowance (ND)/ Notice of Charge (NC) issued by the Commission, as summarized hereunder:

| Particulars | Suspensions | Disallowances | Charges |
|---|-------------|---------------|---------|
| Summary of Audit Suspensions, Disallowances and Charges as of December 31, 2018 | ₱0.00 | ₱39,925.37 | ₱0.00 |
| Add: Issuances | - | - | - |
| Less: Settlements | | | |
| CY 2019 | - | 39,925.37 | - |
| Balance, December 31, 2019 | ₱0.00 | ₱0.00 | ₱0.00 |

Status of Implementation of Prior Years' Unimplemented Audit Recommendations

Of the twenty (20) prior years' audit recommendations embodied in the 2017-2018 Biennial Audit Report, eleven (11) were fully implemented, three (3) were partially implemented, five (5) are on the ongoing status of implementation, and one (1) was not implemented.