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01 100 2034753

Audit Report as per

ISO 9001:2015

for

ANGAT WATER DISTRICT

**269 M. A. Fernando St. Sta. Cruz, Angat,
Bulacan, Philippines**

| Client | Standard | Certification Number | Audit Type |
|----------------------|---------------|----------------------|--------------------|
| ANGAT WATER DISTRICT | ISO 9001:2015 | 01 100 2034753 | Surveillance Audit |

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Client's representative Mr. ARTURO Torres

Audit (team) leader Elisa Cruz

Audit team -

Audit date 2022-11-10

1. Audit result

Management system effectiveness was verified by an appropriately selected audit team. This applies in particular to the compliance of workflows with standard requirements and descriptions in the management system documentation. The audit objectives as mentioned in the audit plan, the special features of the organization's business activities, the applicable statutory and regulatory requirements set forth in other generally applicable documents were also taken into account. This was done by means of a sampling approach, by conducting interviews and reviewing the appropriate documentation. Audit findings and recommendations regarding opportunities for improvement have been set forth in section 4 of this report.

| | |
|--|---|
| Nonconformities from last audit | There were no nonconformities revealed during last audit. |
| Nonconformities current audit | The current audit did not reveal any nonconformities. |
| Re-Audit | A re-audit is not required. In case the current audit did reveal nonconformities please refer to the nonconformity report for more details. |
| Stage 1 Audit | The current audit is a surveillance audit. Hence, a stage 1 audit was not performed. |

The organization has established and maintains an effective system to ensure compliance with its policy and objectives. The audit team confirms in line with the audit targets that the organization's management system complies with, adequately maintains and implements the requirements of the standard.

Recommendations:

- Maintenance of the existing certification

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2. Scope

2.1 Description of the organization

Local Water Utilities Administration issued the Conditional Certificate of Conformance Number 292 on June 11, 1987. The Angat Water District and the worn-out facilities of the Municipal Water System were turned over to the AWD. The district was classified under the depressed Category with 250 water connections.

Late 1990s, the AWD had successfully secured the financial and technical assistance from the Local Water Utilities Administration for the construction of a new water system to replace the battered one. The management promised the water users of 10 hours of service instead of 2 hours upon completion of the project. After the completion of the new water system, 24 hours of service were given, thereby the increase in water connections. The AWD continues to grow and increase its service connections. An additional reservoir and support well were constructed.

Through the combined efforts and sacrifices of the personnel, the AWD was chosen by the LWUA as the Most Outstanding Water District in the Philippines (Average Category) in 1995 and 2001. In 2006 the AWD bagged the Outstanding Water District Award (Medium Category) Nationwide and the Top Water District Performer Award (Medium Category) in 2007.

On June 27, 2019, the AWD received the Certificate of Categorization as a Category B Water District from the Local Water Utilities Administration for achieving 10,091 active service connections as of December 31, 2018.

From the 250 service connections under the depressed category in 1987, the district is now classified under Category B Water District with 11 pumping stations serving 14 out of 16 barangays with 10, 578 active concessionaires

Vision

One Hundred Percent Area Coverage and consumers' satisfaction.

Mission

To develop more water sources and maintain highest level of operations. (e.g. products, services), key processes/activities, affiliation with corporations, key accounts, clientele, etc.

2.2 Scope of certification

| Standard | Scope of certification |
|---------------|---|
| ISO 9001:2015 | Provision of Water Services to Concessionaires of Angat, Bulacan. |

The audit took appropriate account of multi-shift operations and provided for representative auditing considering the activities performed during the shifts.

| Shift | Not audited | Reason |
|--|-------------|--------|
| Office operations Monday to Friday that is from 08:00AM to 05:00PM or at flexible schedule for some processes at 0830H/0900H – 1730H-1800H. Pump Station operations with limited | | |

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| Shift | Not audited | Reason |
|---|-------------|--------|
| manpower at night shift to ensure continuous operation. | | |

The audit has not been carried out in the context of a multi-site certification.

The audit was done on-site and didn't include any remote auditing activities.

Locations audited during the audit are marked accordingly within below table. The following sites and their scopes are included in the scope of certification:

| Certificate No. | Name/Address of site | Employees | Scope of certification | Audited |
|-----------------|---|-----------|---|---------|
| 01 100 2034753 | ANGAT WATER DISTRICT 269 M. A. Fernando St. Sta. Cruz, Angat, Bulacan, Philippines | 48 | Provision of Water Services to Concessionaires of Angat, Bulacan. | X |

3. Changes in the management system / Contract review

The following major changes have been implemented in the management system and the management system documentation since the last audit:

An increase in manpower from 40 permanent employees to 40 permanent employees and 8 JO, total of 48.

The implementation of these changes in the existing management system and the management system documentation was verified within the framework of the audit. The order details which form the basis of the audit (incl. number of employees, scope and sites) reflect the actual situation in the organization.

The description of the scope in the certificate appropriately reflects the scope of the management system.

The audit plan was not changed during the audit.

4. Audit findings

The audit findings related to the audited standard are listed in the Annex to this report. In view of the sampling approach applied to the audit, weaknesses and nonconformities may still exist which have not been identified during the audit.

| No. | Department / Process / Location | Positive findings |
|-----|---------------------------------|---|
| 1 | - / Management / - | Completed Projects - Construction Of 30 Cum. Steel Elevated Tank At Brgy. Laog, April 30, 2022 - Pipelaying Of 488 Meters Of Pe Tube 3" At Tugatog Brgy. Marungko, March 31, 2022 |

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| | | |
|---|---|---|
| | | - Pipelaying Of 1,351 Meters Pe Tube At Pinaglagarian St. To Masagana Village, Brgy. Pulong Yantok, June 30, 2022 - Pipelaying Of 387m Pe Tube 2" At Japan St. Brgy. Binagbag, August 30, 2022 |
| 2 | - / Management / - | Management commitment to continually improve - New purchase of Chlorine Analyzer Lovibond MD100, July 8, 2022 - Yearly planned of reservoir structural integrity for all existing reservoir |
| 3 | - / Pump Station Operation / Encanto and Encanto PS | The cleanliness and orderliness of Encanto and Paltok Pump Stations. |
| 4 | - / Customer Complaints / - | There is remarkable decrease of customer complaints 54 to 25 from last year |

The following recommendations and opportunities for improvement were identified during the audit and are intended to contribute to the continuous improvement of the management system.

| No. | Department / Process / Location | Recommendations and opportunities for improvement |
|-----|--|--|
| 1 | - / Internal Quality Audit / - | May improve the use of internal audit checklist considering to record the evidences of compliance verified during the audit, as sampled, Construction and Maintenance, May 27, 2022 lack of evidences. Likewise, detailed evidence for each pump station during the conduct of actual audit to clearly determine compliance to the requirement. |
| 2 | - / Document Control / - | May need to review the management of the records in terms of retention and disposition period for other documented information (i.e. QMS Manual, procedures, etc.) |
| 3 | - / Purchasing / - | Improvement of performance evaluation by simplifying the criteria and measurable to determine the assessment objectively. Ensure the following: - consistently conduct of performance evaluation of supplier/external provider - required permits for accreditation of supplier/external provider are updated. |
| 4 | - / Human Resources / - | Ensure to analyse the competency gaps based on the Performance Evaluation (Performance Commitment and Review) |
| 5 | - / Accounting, Cash Management and Budget / - | It is noted that there are some with error in were recorded. Analysis, containment and corrective action must ensure. |
| 6 | - / Customer Account and Services Division / - | Need to establish set rules with regards to sudden change of consumption. May need reviewing the accuracy of existing water meter more than five (5) years (life of the water meter is 5 years based on |

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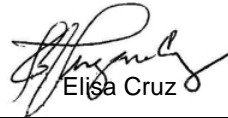
| | | |
|---|-----------------------|---|
| | | NWRB) Reference standard on the allowable error for the verification of water meters may be considered to include in the water meter verification. |
| 7 | - / Pump Stations / - | Ensure compliance to legal /regulatory requirements (e.g. Permit to Operate) |

5. Dates

| | |
|---------------------------------------|-------------------------------|
| Due date for the next audit | 2023-10-24 |
| Agreed date for the next audit | To be scheduled with customer |
| Audit release date | 2023-04-03 |

2022-11-10

Signature date



Elisa Cruz

Signature audit (team) leader

All information gained during the audit will be treated with strict confidentiality by the audit team and the certification body.

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Annex ISO 9001:2015

| Item | Audit result |
|--|---|
| Context of the organization | <p>The organization has determined internal and external issues related to the following subject areas:</p> <ul style="list-style-type: none"> - Full Implementation of Septage management System - Interruption of 274/7 water supply of clean and potable water - Negative Net Income n the average net income for the past 12 months - Not granting the PBI - Proper implementation & completion of project - Complying to at least 30% of COA findings in the COA AOM issued to the AWD - AWD not interested in JV with Private water service provider <p>The organization has identified interested parties and the requirements of these parties. Examples for such parties are:</p> <p>Interested Parties Needs and Expectations Customers - Quality and Safe Water Employees/Customers - Salary and benefits Regulatory Agencies - Compliance of requirements Management - Efficiency and Productivity External Providers - Payment and continued business Local Government Units - Compliance to Requirements</p> |
| Policy and objectives | <p>Top management has declared its quality policy binding and implemented. The quality policy is appropriate and provides a framework for the respective quality objectives. It commits all employees to pursue continuous quality system improvement. The quality objectives are measurable and are controlled, communicated and updated regularly. Key quality objectives include:</p> <ul style="list-style-type: none"> • <=30 % Non-Revenue Water • 4.0 Customer Satisfaction Rating • 100% Compliance to all PBB Requirements • 90% Collection Ratio • 100% Compliance with LWUA Regulatory & Statutory Requirements • 100% Compliance with BIR Regulatory & Statutory Requirements • Maintained 95% of household connections are receiving 24/7 of uninterrupted supply of clean, safe and potable water • 100% Monitoring of daily Chlorine Residual of random water samples met the 0.5 to 1.5 parts per million deviation allowed by PNSDW |
| Process control incl. outsourced processes | <p>The processes available in the organization have been identified and documented. Process workflows and interactions have been described and appropriately controlled. The processes are evaluated at regular intervals by means of key performance indicators. Key processes within the scope of product realization include:</p> <ul style="list-style-type: none"> • Water quality inspection • Daily Leakages/ Maintenance Report |

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| | <ul style="list-style-type: none"> • Quality equipment and calibration • Pump station maintenance • Availability and competence of manpower • Availability operation materials • On time, accurate and complete payment collection • Planning, Design and Construction of Water Supply System <p>The following processes have been outsourced and are appropriately reviewed and controlled:</p> <ul style="list-style-type: none"> • Water quality test laboratory • Calibration • Security |
| Risk-based thinking | <p>The requirements for risk-based thinking are being realized in the organization as follows:</p> <p>Risk-based thinking has been applied for the following processes:</p> <ul style="list-style-type: none"> • Pump Station Operation • Administration • Human Resource • Purchasing • Engineering • Administration • Commercial • Finance <p>Examples of risks and opportunities of processes identified are:</p> <ul style="list-style-type: none"> -- Unable to detect the high-risk areas and other weaknesses of the division due to weak Internal audit - Weak internal audit due to absence of the assigned internal auditor - Unavailability of the auditee/s on the scheduled audit due to WFH arrangement during pandemic - Unavailability of Auditors that will lead to delay in the audit schedule - Lapses on the audit date that will lead to renewal of certificate - Corruption of files due to computer virus - Inability to trace records due to absence of the assigned personnel - Use of highly confidential record as scrap that will lead to violation against the DPA of 2012 - Failed bidding resulting to delayed procurement - Quoted items are already phase out during serving of purchase order due to long process of procurement - Difficulty in implementation of ISO 9001:2015 policy for the second surveillance audit due to negligence of employees - Delay in publication of vacant positions vacated by incumbents that were promoted |

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| | <p>to higher positions due to late approval of submitted appointments by CSC</p> <ul style="list-style-type: none"> - No attendance to trainings due to unavailability of needed trainings from CSC accredited agencies - On time preparation & submission Physical targets/accomplishment to LWUA on time/ Grant PBB - Accurate meter reading to eliminate errors and customer complaints - Posted early announcements on water interruptions, programs, activities to disseminate information to the public - Water interruption due to power interruption during calamity - No maintenance assistance on personal vehicle used by WRFO performing their official duties & responsibilities - Damage to property or lost of something valuable in the PS because of Unsecured pumping stations due to absence of 24/7 security of PS <p>Examples of measures taken to react on identified risks are:</p> <p>Monitoring of LWUA Policy and date of submission of reports & document requirements</p> <ul style="list-style-type: none"> - Monitor the implementation of IATF MCs and AWD Policy on Covid-19 Response Measures - Monitor AWD Citizens' Charter & RA 11032 - Monitor the implementation of RA 9275/ AWD-Baliwag WD MOA on Desludging & Treatment Services, Purchase AWD own Vacuum Truck, Request for additional capacity to BWD if possible - Inform supplier to submit requirements together with the price quotation or look for other suppliers who can provide the complete requirements - Expedite procurement process the earliest possible time as indicated in RA 9184 - Monitor the implementation of ISO 9001:2015 Policy - Monitor the follow-ups of appointment status to CSCFO - Monitor Training Plan & Develop in-house training based on the needs of employees & look for webinars - monitoring of errors of meter readings per zone - On-time dissemination of information /advisories on water interruption, programs, activities - Continue follow up Meralco on the reported power interruption for proper action - Monitor the providing maintenance assistance in case the personal service used in performing their official duties & responsibilities that needs repair - Monitor the building of fences and properly locked gates <p>Examples of risks and opportunities concerning the context of the organization are:</p> <p>Incompliance to LWUA requirements due to late submission and not achieving the required Performance target of AWD</p> <ul style="list-style-type: none"> - Did not maintain the 100% Resiliency Programs on Covid-19 Response Measures due to neglect of duty - Compliance to 8888, Did not act on complaints within 72 hours upon receipt due to negligence - Problem in full Implementation of Septage management System due to limited capacity of Baliwag WD Vacuum Truck |

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| | <p>Concerning risk based thinking the following tools are used:</p> <ul style="list-style-type: none"> • SWOT Analysis • Risk Management (based on the concept of ISO 31000), reference to the Risk Register |
| Customer-related and other requirements | <p>The organization analyses and evaluates customer requirements and/or enquiries and any documented, assumed, statutory and regulatory requirements within the scope of a production and feasibility study performed in a team. The person who prepared the offer reviews the contract to ensure its compliance with the offer and documents this compliance in an order confirmation. The same procedure applies to amendments. The following process requirements significantly affect product or service quality:</p> <ul style="list-style-type: none"> • Water quality inspection • Microbiological Water Analysis • Maintenance activity • Quality equipment and calibration • Pump station maintenance • Availability and competence of manpower • Availability operation materials • Ontime, accurate and complete payment collection • Calibration of newly installed / replace meter • Customer support • Planning, Design and Construction <p>Key regulatory, statutory and customer-related requirements include:</p> <ul style="list-style-type: none"> • Local Water Utilities Administration (LWUA) • The Philippine National Standard for Drinking Water 2017 DOH • The Guidelines for Monitoring the Bacteriological Quality of Drinking Water in the Philippines DOH • RA 9184 (Government Procurement Act) • Qualification Standard of Civil Service Commission, revised 1997 • Energy Regulatory Commission • Environmental Compliance Certificate • National Water Resource Board Water Permits |
| Customer satisfaction and complaints | <p>The organization maintains documented and effective procedures governing the handling of information, data analyses, improvement actions and responses to customer feedback.</p> <p>The organization obtains customer satisfaction through survey of the clients in every transaction by sampling. The result of customer satisfaction survey is consolidated monthly. The overall rating of customer satisfaction for 2022 as of time of audit is 4.3 equivalent to Very Good.</p> <p>The organization handles customer complaints by following the established Complaints Procedure. Total Customer Complaints as of the time of audit is 25. There were several customer concerns such as low water and low pressure. These are</p> |

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| | checked and monitored regularly by the organization. |
| Internal audit and management review | <p>The organization measures the implementation, maintenance and effectiveness of the management system by means of annually scheduled system audits. The organization reliably carries out these audits last May 20, 24, 26 and 27, 2022 resulted into 24 Positive Findings, 23 Recommendation of Improvement and one (1) nonconformity.</p> <p>Top management reviews the organization's management system at regular intervals and in line with the requirements to ensure its continuous suitability, adequacy and effectiveness. The management review was carried out in accordance with the requirements and was effective.</p> <p>Date of last management review: 2022-11-07</p> |
| Use of certificate and logo | The organization uses the logo and the certificate (e.g. on business cards, company brochures, websites etc.) in compliance with the requirements. |

| | | | | | | | | | | | | |
|----------------------------|------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| Standard Clause | 4.1 | 4.2 | 4.3 | 4.4 | 5.1 | 5.2 | 5.3 | 6.1 | 6.2 | 6.3 | | |
| Rating * | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | |
| Minor nonconformity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Major nonconformity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Standard Clause | 7.1 | 7.2 | 7.3 | 7.4 | 7.5 | 8.1 | 8.2 | 8.3 | 8.4 | 8.5 | 8.6 | 8.7 |
| Rating * | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Minor nonconformity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Major nonconformity | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Standard Clause | 9.1 | 9.2 | 9.3 | 10.1 | 10.2 | 10.3 | | | | | | |
| Rating * | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | |
| Minor nonconformity | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Major nonconformity | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |

* Rating:

- 1 = conforming
- 2 = not audited in this audit
- 3 = nonconformity (see nonconformity report)
- 4 = not applicable