

**MWSS RO**  
**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**  
 Audit Observations and Recommendations  
 For Calendar Year 2015  
 As of: December 31, 2016

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| Ref   | Audit Observation   | Audit Recommendation   | Action Plan  | Person/Dept Responsible  | Target Implementation Date |               | Status of Implementation | Reasons for Partial/Delay/Non-implementation, if applicable | Action Taken/Actions to be Taken  |
|---|---|--|--|--------------------------|----------------------------|---------------|--------------------------|---|---|
|   |   |  |  |                          | From                       | To            |                          |   |   |
| <b>A2 CURRENT YEAR'S AUDIT OBSERVATIONS AND RECOMMENDATIONS</b> |   |  |  |                          |                            |               |                          |   |   |
| <b>MWSS - REGULATORY OFFICE</b>                                 |   |  |  |                          |                            |               |                          |   |   |
| A.2.1<br>(COA AAR<br>CY 2015)<br>pp. 67-72                      | Cash amounting to P317.410 million remained idle in the regular current account earning minimal interest of P1,080 million per annum rather than investing it in other high yielding investment in government securities as authorized under Sec. 2 of Administrative Order No. 173 and Sec. 17 of DOF Department Order No. 141-95, as amended. | COA recommended and Management agreed to consider investing its excess or idle cash balance in government issued securities offering high yielding interest rate pursuant to Sec. 2 of Administrative Order No. 173, Sec. 17 of DOF Department Order No. 141-95, as amended and Sec. 3.2.1 of DOF Circular No. 1-06. | The MWSS RO shall prepare a Cash Position Report to monitor the level of idle cash in the regular current accounts. The RO shall correspondingly adjust the placements to optimize interest yield without sacrificing liquidity requirements of MWSS RO. | Admin. Dept-<br>Treasury | Feb<br>2016                | July<br>2016  | Fully<br>implemented     |   | To date, the MWSS RO's idle cash balance in the current account with Land Bank of the Philippines (LBP) are invested in Special Savings/Time Deposit Placements to maximize income. |
| A.2.2<br>(COA AAR<br>CY 2015)<br>pp. 67-72                      | MWSS RO maintained bank accounts with the Philippine National Bank (PNB), a non-government depository bank, contrary to Sec. 5.2 of DOF Department Circular No. 001-2015 dated 1 June 2015, as amended.   | COA recommended and Management agreed to:<br><br>a. Transfer all government funds from PNB to authorized government banks strictly within the transitory period  |  | Admin. Dept-<br>Treasury | Jan<br>2016                | March<br>2016 | Fully<br>implemented     |   | All PNB accounts were closed and transferred to LBP Katipunan Branch.   |

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| A.2.3<br>(COA AAR<br>CY 2015)<br>pp. 67-72 | Payment of the Collective Negotiation Agreement (CNA) Incentive of FY 2015 was erroneously recorded to the Retained Earnings account instead | allowed under Sec. 6 of DOF Department Circular No. 002-2015; and<br><br>b. Analyze and resolve immediately the reconciling item "Unaccounted Differences from 2000 to 2008" for PNB account No. 388332100027 before transfer of the fund to other government depository bank. | The Admin. Dept.-Treasury staff shall continually pursue the on-going search for the records needed in the reconciliation of the unaccounted difference from 2000 to 2008 to finally close the remaining book balance of the PNB current account. Should we need to trace back from the original source documents, we will request from MWSS-COA office for records as references. | Admin. Dept.-Accounting | March 2016                 | March 2016               | Fully Implemented   | The MWSS RO created "GL Code No. 749-3 OTHER PERSONNEL BENEFITS - CNA" which will be used in recording said  |
|  |  |  |  | Admin. Dept.-Treasury   | March 2016                 | Dec 2016                 | Fully Implemented   | The reconciling items were established in the latest Bank Reconciliation. It is reclassified to Other Assets account per JV12-16-087 while the tracing of the source documents shall be done by requesting from the records submitted to COA Resident Auditor from 2000 to 2008. The source documents will be used to support the journal entries in closing the account |

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| A2.4<br>(COA AAR<br>CY 2015)<br>pp. 67-72 | Relevant provisions of the Revised Implementing Rules and Regulations (RIRR) of RA 9184 were not complied with in the procurement of goods, to wit: (1) the issuance of a written invitation to three observers in various stages of the bidding process; (2) the posting of the Notice of Award (NOA) and Notice to Proceed (NTP) in the agency website; and (3) the submission of certification by the BAC Secretariat on the posting of the NOA at a conspicuous place. | authorizing the grant of CNA.<br><br>COA recommended and Management agreed to henceforth:<br><br>a. Invite as observers representatives from the Non-Government Organizations (NGOs) and duly recognized private sector representative to witness the various stages in procurement procedures, in addition to COA, in compliance with Sec. 13.1 of the IRR of RA 9184;<br><br>b. Post in the MWSS RO website and in conspicuous places the NOA and NTP, as required under Sections 37.1.6 and 37.4.2 of the IRR; and | the provisions of Section 4.4.4 of DBM Budget Circular No. 2015-23, dated November 23, 2015 authorizing the grant of CNA Incentive. | RO BAC                  | Apr 2016                   | Dec 2016 | Fully Implemented        |   | payments.                        |

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|   |  | c. Henceforth, include in the contract documents submitted to COA, the certification from the BAC Secretariat that the NOA was posted in conspicuous places in MWSS premises. | Meetings at least three (3) days prior to the procurement milestone.<br><br>The BAC and its Secretariat, in coordination with the Administration Department of the MWSS-RO, commit to abide by the requirements of COA for the review of contracts. The BAC Secretariat shall assign a specific member to compile the documents. | RO BAC                  | Apr 2016                   | Dec 2016 | Fully Implemented        |   |                                  |
| <b>A.3 CURRENT YEAR'S AUDIT OBSERVATIONS AND RECOMMENDATIONS COMMON TO MWSS CO &amp; RO</b> |  |   |  |                         |                            |          |                          |   |                                  |
| A.3.1. (COA AAR CY 2015) pp. 72-77  | Documentation requirements for disbursements for Janitorial and Security Services provided under | COA recommended and MWSS CO and RO Management agreed to:<br>a. Immediately  | Prospectively, the MWSS Regulatory Office (RO) shall require the submission of the   | Admin. Dept-            | March                      | Apr 2016 | Fully                    |   | The RO has sent letters          |

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|     | COA Circular No. 2012-001, dated 14 June 2012 were not complied with, to wit: Accomplishment Report and Proof of renittance to concerned government agency and/or GOCCs (BIR/Social Security System (SSS/Pag-ibig), before any payment for Janitorial and Security totaling P793,037.20 and P962,636.58, respectively. | require the submission by the Janitorial and security service providers of the Accomplished Reports and the Report and Proof of renittance to the concerned government agency and/or GOCCs (BIR/SSS/Pag-ibig) for the payments made and the affidavit to the January to the period January to March 2015 and submit the same to MWSS CO and RO for audit, otherwise, a Notice of Suspension shall be issued; and<br><br>b. Henceforth, ensure that the disbursements for Janitorial and security services are supported with complete documents required under COA Circular 2012-001. | Accomplishment Reports and the Report and Proof of Renittance to the concerned agency and/or GOCC's (BIR/SSS/Pag-ibig) for the payments made and submit the same to your office for audit.<br><br>The said documents shall be made as prerequisite to the payment of their monthly billings. | Accounting              | 2016                       | March 2016 | Apr 2016                 | Implemented<br><br>Fully Implemented                        |                                  | to the Security and the Janitorial Services provider on 21 April 2016, requiring the submission of the said reports/documents in their respective Monthly Billing Statement. As a result, subsequent billings of the said agencies are accompanied with the required reports.<br><br>The MWSS RO shall ensure that all future transactions involving Janitorial & Security Services will be supported by all the necessary documents enumerated under the COA Circular No. 2012-001. |



| Ref | Audit Observation | Audit Recommendation  | Agency Action Plan |                         |                            |                          |   |                                  |  |
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|     |                   |   | From               | To                      |                            |                          |   |                                  |  |
|     |                   | <p>c. Institute periodic audit of all employees' accumulated leave prior to approval and payment of their respective monetized leave credits and terminal leave benefits; and</p> <p>d. Require the Administration Dept to, henceforth, strictly observe to the provisions of Sec. 2 of the CSC-DBM Joint Circular No. 2-97 Sec. 22 of the Omnibus Rules on Leave CSC Resolution No. 98-3142 and CSC Resolution No. 000034 on the granting and approval of monetization of leave credits.</p> |                    | Admin. Dept Personnel   | Apr 2016                   | Jul 2016                 | Fully Implemented   |                                  |  |
|     |                   |   |                    |                         |                            |                          |   |                                  |  |

**B 2 REITERATION OF PRIOR YEARS AUDIT FINDINGS & RECOMMENDATIONS**  
**MWSS - REGULATORY OFFICE**

B2.1. (COA AAR CY 2015) pp. 156-162

The validity of PPE accounts costing P147.590 million (exclusive of Building COA recommended and Management agreed to:

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|     |   |  | Action Plan  | Person/Dept Responsible | Target Implementation Date | Status of Implementation |   |                                  |   |
|     | costing P2,815 million) as of 31 Dec 2015 remained doubtful mainly due to:<br><br>(a) Exclusion of assets related to the PAWS Project totalling to P119,359 million in the Physical Inventory Report;                   | a. Include the IT Equipment in the Inventory Report with information on the current condition e.g. Serviceable or Unserviceable, and the location of the asset.<br><br>b. Reclassify all unserviceable assets to the Other Assets account; | The MWSS RO shall convene the Disposal Committee to process the disposal of the unserviceable assets.      | Admin. Dept- Accounting | Apr 2016                   | May 2016                 | Fully Implemented   |                                  |   |
|     | (b) Non-reclassification of unserviceable assets in the amount of P 777,722 from the PPE accounts to Other Assets account and non-recognition of impairment loss as provided for in PAS 36 on Impairment of Assets; and | c. Facilitate the immediate disposal of the unserviceable assets in accordance with the Manual of Disposal of Government Property; and   | The MWSS RO shall convene the Disposal Committee to process the disposal of the unserviceable assets.      | Admin. Dept- Accounting | July 2016                  | Dec 2016                 | Fully Implemented   |                                  | The MWSS RO has facilitated the disposal of the unserviceable assets with the submission of the Inventory of unserviceable assets for approval by the Resident Auditor. Once the MWSS RO receives the said approval, the Disposal Committee shall convene to process the disposal in accordance with the Manual of Disposal of Government Property. |
|     | (c) Improperly accomplished Inventory Reports as there was no certification from the in-charge of the Inventory Committee and no approval by the Agency Head.   | d. Submit properly accomplished Physical Inventory Report pursuant to COA Circular No. 80-124, dated 18 Jan 1980.  | MWSS RO shall use the Inventory Count form as prescribed in the COA Circular No. 18-124. The same shall be | Admin. Dept- Accounting | Apr 2016                   | Onwards                  | Fully Implemented   |                                  |   |



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|                                     |  |  |  |                         | From                       | To       |   |                                  |   |
| B.22. (COA AAR CY 2015) pp. 156-162 | The Accounts Payable balance totaling P91,577 million was unreliable due to the:   | COA recommended that Management require the Finance Department to:   | The Admin. Dept. Accounting staff are continually conducting analysis of the accounts and searching for the records needed in the reconciliation to finally establish the accuracy of the said accounts. | Admin. Dept. Accounting | Oct 2016                   | Dec 2016 | Fully Implemented   |                                  | The MWSS RO has made adjusting entries under JV No. 07-16-041.  |
|                                     | a. Inclusion of amounts due to officers and employees of P48,420 million without supporting documents and negative account balance of P3,281 million which reduced the ending balance to P45,139 million;<br>b. Accrual of expenses totaling P22,460 million for goods not yet delivered and services not rendered at year end including expenses of | a. Determine the validity of the undocumented Due to Officers and Employees account - claims, analyze the abnormal balance and effect the necessary adjusting entry, if warranted;<br>b. Substantiate the accrued expenses with valid and complete supporting documents to support the validity of the recorded liabilities. Revert immediately those invalid and non-existing payables; | Should we need to trace back from the original source documents, we will request from MWSS-COA office for records as references.<br><br>In the recent  | Admin Dept. Accounting  | Jan 2016                   | May 2016 | Fully Implemented   |                                  | The MWSS RO has made the necessary adjusting entries to reverse the accrued expense under JV No. 01-16-003 for the month of January 2016. |

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|                                    |   |   |  |                         | From                       | To       |                          |  |  |                                  |
|                                    | P1.960 million already paid.  | c. Ensure that only liabilities for which goods have been delivered and services rendered are recognized in the books; and<br><br>d. Prepare the necessary adjusting entries for accrued expenses that were already paid. | budget call for CY2017 of the DBM, the use of two (2) tier budget process was introduced for multi-year projects and programs, which RO plans to adopt in the CY2017 budget. | Admin. Dept. Accounting | Jan 2016                   | Onwards  | Fully Implemented        |  |  |                                  |
| B.2.3. COA AAR CY 2015 pp. 156-162 | Outstanding advances to UP National Engineering Center (NEC) in the amount of P5,967 million as at year end for the Public Assessment of Water Services Projects (PAWS) remained unrefunded by UP to MWSS RO although the project was completed in CY 2011. | COA recommended that Management provide time bound action plan to settle the issue with UP NEC for the return/refund of the outstanding balance from the PAWS project.  | MWSS RO shall continue to closely monitor and make follow-ups with the office of the Chancellor of UP Diliman and the PAWS Project Director, Dra. Matias of UP-NEC.          | ALALegal                | Jan 2016                   | Dec 2016 | Partially Implemented    | On 12 July 2016, the PAWS Project Director Dra. Matias submitted the Final Financial Report of the PAWS Project to the Resident COA Auditor of UP Diliman indicating a balance remaining of advances to UP-NEC amounting to P2.070M. | As per advice of the PAWS Project Manager, the remaining advances of P2.070M as reported, can only be remitted by the UP Diliman to the Regulatory Office, upon completion of audit on the Final Financial Report by the Resident COA Auditor of UP-Diliman. |                                  |
| B.2.4. COA AAR (COA AAR CY 2015)   | Due to GSIS, PAG-IBIG, Philhealth and other Funds carried negative  | COA reiterated their prior years' audit recommendation and  | The Admin. Dept.-Accounting has  | Admin. Dept. Accounting | Apr 2016                   | Dec 2016 | Fully Implemented        | Historical transactions earlier than 2010.   | An analysis and reconciliation of the accounts with  |                                  |

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| pp. 156-162   | balances totaling P100,314.00 and P686,846.00, respectively, indicating over – remittances to the concerned agencies and/or errors in the computation of amount dues.  | Management agreed to analyze the accounts with abnormal balances and effect/correcting entries, if warranted.   | continuously been conducting the analysis and reconciliation of the above mentioned accounts to establish accuracy of balances and to post the adjusting entries upon determination of the correct entries. |                         |                            |                          |   | abnormal balances were established. Adjusting entries to correct balances were per JV12-16-086.   |
| <b>B.3 RETERATION OF PRIOR YEARS' AUDIT OBSERVATIONS &amp; RECOMMENDATIONS COMMON TO MWSS CO AND RO</b> |  |   |   |                         |                            |                          |   |   |
| B.3.1<br>(COA AAR<br>CY 2015)<br>pp. 163-175  | The collection efficiency of Due from Officers and Employees and Loans Receivable – Others with year-end balances totalling P43,221 million remained low due to the Management's decision of allowing loan payment at the debtor's discretion and not on the agreed monthly amortization; the inaction of Management to recover the receivables from debtors no longer connected with MWSS; and non-collection of the P25 million seed money | Since this is a reiteration of prior years' audit recommendation, the COA strongly recommended that<br><br>a. Reconsider its decision allowing the payment of loans at debtor's discretion. Instead, enforce collection of monthly amortization such that he loans are fully paid within the period stipulated in the contract; and | MWSS RO shall closely monitor the car loans that will be insufficiently secured until the CPCS implementation. Loans with insufficient security will be asked to provide additional security,               | Admin/ALA               | Jan 2016                   | Dec 2016                 | Partially Implemented                                       | Awaiting the CPCS implementation<br><br>While payment of loans were suspended pursuant to BOT Res. No. 2012-127H dated 09/20/2012 and MWSS CO MC 2012-002 dated 10/23/2012, some of the MWSS RO employees are voluntarily paying their loan balances depending on their net |

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|                                      | granted to MWSS Multi-Purpose Cooperative.  | b. Initiate legal action to recover the unpaid receivables from employees no longer connected with MWSS RO.   | accelerate payments and settle their loans by way of their cars. | Legal/ALA               | Jan 2016                   | Jul 2016                 | Fully Implemented   | The MWSS RO shall revisit and evaluate the paying capacity of other concerned employees once the new Compensation and Position classification for GOCCs under Executive Order 203 s.2016 is implemented to the MWSS RO. |
| B.3.2 (COA MARR CY 2015) pp. 163-175 | Deficiencies in the handling, utilization, recording and monitoring of cash accountabilities of the Collecting and Disbursing Officers were found in audit. | COA recommended that Management require SDOs to: <ul style="list-style-type: none"> <li>a. Disburse funds in accordance with the nature/purpose and scope provided in MWSS Office Order authorizing the establishment of petty cash funds;</li> <li>b. Comply with the following COA</li> </ul> |  | Admin Dept Treasury     | Jan 2016                   | Onwards                  | Fully Implemented   | MWSS RO shall continuously ensure compliance with the COA Circular No. 97-002 in handling of petty cash fund.   |

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|     |                   | <p>regulations:</p> <p>COA Circular No. 97-002 on the grant, utilization and liquidation of the cash advance;</p> <p>COA Circular No. 2012-001 particularly Section 1.1.2 thereof, on the documentary requirements in the liquidation of cash advances/petty cash fund and;</p> <p>COA Circular No. 92-389 on the requirement that all vouchers and supporting documents should be stamped "paid"</p> <p>c. Reduce the amount of the PCF of the AOs to such amount necessary to cover petty expenses for one month as provided in Section 4.3 of COA Circulars No. 97-002</p> |                    | Admin Dept<br>Treasury  | Jan<br>2016                | Onwards                  | Fully<br>Implemented  |                                  |

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| B.3.3<br>(COA AAR<br>CY 2015)<br>pp. 163-175 | MWSS has no approved plans and programs for GAD for CY 2015 required under E.O 273 to address GAD issues in the workplace. | COA recommended and Management agreed to comply with the provisions of E.O 273 on the institutionalization of the GAD plans and programs in MWSS. | In the absence of a full time personnel to handle the requirements in complying with the requirements under the E.O. 273, the MWSS RO shall continue utilizing personnel assigned with the GAD Committee on top of their respective regular functions.<br><br>MWSS RO will exert efforts to comply with the provision of the PCW-NEDA-DBM Joint Circular 2012-01 by mainstreaming the GAD Plan Programs to the regular programs and activities of | GAD Committee/<br>Admin. Dept | Jan 2016                   | Dec 2016                 | Partially Implemented                                       | On 12 May 2015, the RO made an effort to submit the hard copy of its 2015 GAD Plan to PCW, but the latter declined to accept the hard-copy submission because of its new guidelines of requiring the submission by all government agencies through GMMS. On that even date, it enrolled RO in its GMMS and at the same time guided the RO staff in encoding its 2015 GAD Plan in the GMMS.<br><br>At present, the preparation and implementation of | The MWSS RO has included in its 2017 Budget, a provision to hire one (1) additional personnel under Contract of Services (COS) to handle the GAD Plan requirements. |
|  |  | d. Require adequate bonding of all Accountable Officers in accordance with COA Circular No. 2006-5 and Treasury Circular No. 02-009.              |   | Admin Dept<br>Treasury        | Jan 2016                   | Onwards                  | Fully Implemented   |   |   |

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| B.3.4<br>(COA AAR<br>CY 2015)<br>pp. 163-175 | No elimination of reciprocal accounts was effected in the consolidation of the 2015 financial statements of the MWSS CO and the MWSS RO, due to unreconciled balance of P 142,556 million arising from: | COA recommended that Management<br>a. Reconcile immediately the discrepancies between the reciprocal accounts to come up with reliable account balances in the books of both MWSS CO and MWSS RO, and | the office in order to attain five percent (5%) of the total approved COB for gender and development programs. |                           |                            |                          | the GAD Plan is being handed by the GAD Committee composed of representatives from different Regulations area. Since all members of the Committee are also pre-occupied with their respective regular jobs/duties & responsibilities, the implementation of all the planned GAD activities for 2015 was affected. |                                  |
|  |   |   |  | Admin. Dept<br>Accounting | Nov<br>2015                | Dec<br>2015              | Fully<br>Implemented  |                                  |

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|     | <p>a. Non-settlement of the issue on the unretitled share of MWSS RO in the Concession Fees for CY 2014 in the amount of P 142,009 million; and</p> <p>b. The non-accrual of expenses by the MWSS RO which was paid by MWSS CO totaling P0.547 million.</p> | <p>b. Require the Finance Department to periodically reconcile and analyze the reciprocal accounts to preclude any discrepancy and ensure proper elimination in the consolidated financial statements.</p> | <p>The periodic reconciliation of the reciprocal accounts shall be conducted in coordination with the CO to comply with your recommendation.</p> | Admin. Dept Accounting  | Jan 2016                   | Onwards | Fully Implemented        |   |                                  |

Agency Sign-off:

*Joel C. Yu*  
**JOEL C. YU**  
 Chief Regulator  
 MWSS Regulatory Office