

MWSS RO
AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
 Audit Observations and Recommendations
 For Calendar Year 2017
 As of : August 31, 2018

AS OF August 31, 2018									
Ref	Audit Observation	Audit Recommendation	Agency Action Plan				Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken	
			Action Plan	Person/Dept Responsible	Target Implementation Date				Status of Implementation
					From	To			
C. Compliance Audit									
MWSS - REGULATORY OFFICE									
RO-17-01 C. 20 (COA AAR CY 2017) pp. 116-117	Notices of Disallowance with issued Notice of Finality (NFD) amounting to P78,508,955.76 was not recorded in the books as of year-end, contrary to Section 22.6 of COA Circular No. 2009-006, dated September 15, 2009 re: Rules and Regulations on Settlement of Accounts (RRSA).	COA recommended that Management: 1. Record as Receivables the amount of P78,508,955.76 as of December 31, 2017; and 2. Cause the immediate settlement and payment of the disallowances by persons found liable pursuant to Sections 7.1.1 and 7.1.3, Chapter II, of the RRSA.” In reply to the query of the RO			July 2018	Dec. 2018	Implemented Pending	The RO did not received the COE as it was sent to the MWSS Corporate Office. The RO was only notified then when it received the endorsement from the Office of the MWSS Administrator	Updates: 1. Complied. The recievable was recorded under JV No. 1-18-001; 2. In the absence of the amounts per employee in the issued Certificate of Execution (COE), Management will ask COA for an updated list providing the amount of receivable per employee before issuing the individual notice of collection to all affected employees.

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	remained with the Cooperative in spite the non-realization/accomplishment of the project, has incomplete documentation and failed the public purpose test as required under Section 4 (6) and 4(2) of PD 1445.	money including all accruing interest from CY 2005 up to the present. With due recognition of Management's effort to demand from the MWSS-RO Multi-Purpose Cooperative the refund of the seed money, uncluding full accounting of all disbursement and bank statements showing the balance of the fund, we stand by our recommendation and shall issue the appropriate ND if the information long requested is not received within a reasonable period of time.							Audit Recommendations.
RO-17-08 C.22 (COA AAR CY 2017) pp. 120-122	MPLP Loan amortization (Housing and Car Loan) of 21 current employees amounted to P17,500.00 or a measly .002% of the total amount	COA recommended for Management: a) To re-evaluate/ revisit the paying capacity of concerned employees vis-a-vis their actual net			July 2018	Dec. 2018	Implemented		Updates: a) Management, after the review and evaluation of the paying capacity of the concerned employees, held a

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	due of P7,394,947.91 as of December 31, 2017, indicates a dismal and grossly disproportionate collection rate compared to their capacity to pay resulting to arrearages and contrary to the provisions of the Loan Contract and to the detriment of public interest.	<p>pay to date so that loans are fully paid within the period stipulated in the contracts; and</p> <p>b) Invoke the Deed of Assignment in case of Motor Vehicle Loan defaults where the MWSS RO is authorized to collect the proceeds from the employees' salaries, bonuses, Insurance, benefits and other emoluments to ensure the full payment of the loan.</p> <p>Rejoinder:</p> <p>COA stand by by their recommendation</p>					Pending	<p>dialogue and discussed the audit observation and recommendation. After a lengthy discussion, the concerned employees agreed to voluntarily increased their monthly deduction and signed an "Authority to Deduct" from their salaries the committed amount which started on June 15, 2018;</p> <p>b) Management shall issue Notices invoking the Deed of Assignment to those employees who will be in default.</p> <p>On the issue of the post-dated checks (PDC) and arrears of recently resigned/separated</p>	

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		that that all arrearages by recently separated and current employees be updated/re-structured including the payment of the appropriate monthly amortization in order that all loans are repaid on time or within the remaining 10 years/term of payment as stipulated in the contract. Any deviation from the agreement, should be considered by the MWSS-RO as sufficient grounds to take the necessary legal action to protect public interest and resources.						employees, Management agreed and committed to exert efforts to demand prompt payments from them. <u>Updates:</u> The collections through PDC has improved with the updating of payments by former employees. For those who have not updated their PDCs, Management will issue Demand Letters.	
RO-17-08 C.23(COA AAR CY 2017) pp. 122-123	Loan amortization arrears totaling P544,261.10 from six (6) former employees with receivable balance	COA recommend that Management a) Take legal action to immediately collect the			July 2018	Dec. 2018	Partially Implemented	<u>Updates:</u> The collections through PDC has improved with	

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	of P2,542,471.08 as of year-end have not been collected in violation of the provision of the Loan Contract, thus depriving MWSS-RO of funds which can be used for other public purposes.	<p>P544,261.10 arrears or the entire loan balance consistent with the loan contract and revisit its policy on any accommodation or arrangements in the payment amortizations thru post-dated checks; and</p> <p>b) Require the immediate settlement of all loans from resigning employees to avoid exposure of the agency from absconding since any half measure further exposes the agency from employees absconding from their obligation as evident in several cases on its loan receivables."</p>					Implemented		<p>the updating of payments by former employees. For those who have not updated their PDCs, Management will issue Demand Letters.</p> <p>Updates:</p> <p>a) Management informed the employees who have loan balances that in case they opt to resign or be separated from the service, Management might require full settlement of their loans upon resignation or separation from the service as per audit recommendation.</p>
RO-17-08.24 (COA AAR CY 2017)	Receivables totaling P1,091,209.26 from separated/retired officers/employees	COA reiterated their recommendation that Management finally take the appropriate legal			July 2018	Dec. 2018	Pending		<p>Update:</p> <p>Management will send final</p>

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p. 124	representing Motor vehicle Loans remained outstanding for more than 10 years, contrary to the Loan Contracts.	action to recover the unpaid receivables from the separated/retired employees in order to protect its interest and more importantly recover public funds.”						demand letters to concerned former employees.	
RO-17-08 C. 25 (COA AAR CY 2017) p. 124	MWSS-RO has no guideline for settlement of Receivable from deceased employee resulting to lost opportunity to protect government asset.	COA recommended that Management a) Take appropriate action to transfer legal ownership of the motor vehicle from the deceased employee to MWSS-RO and consider all options to maximize the use of the asset or auction it to protect public interest; and b) Formulate guidelines to be adopted and implemented in similar circumstances.			July 2018	Dec. 2018	Pending <		

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RO-17-06 C.26 (COA AAR CY 2017) pp. 125-126	The Advances to UP National Engineering Center (UP-NEC) in the amount of P4.925 million as at year end for the Public Assessment of Water Services Project (PAWS) remained unliquidated despite the project completion in CY 2011 contrary to Memorandum of Agreement (MOA) dated October 24, 2007.	COA recommended for Management to follow-up on their demand from UP-NEC for the immediate refund/return of the outstanding advances from the project. If no response is received, consider other legal remedies to enforce collection of the advances.			July 2018	Dec. 2018	Pending		Updates: Per the feedback of the COA MWSS RO Audit Team Leader (Mr. Reynoso) to the RO, he conferred with the COA Resident Auditor of the University of the Philippines (UP) on May 11, 2018 and was informed that upon verification with their records, no Financial Report dated July 12, 2016 relative to the PAWS Project as claimed by UP was received by their Office. Subsequently, after a meeting with concerned UP personnel, the Auditor informed MWSS RO that they advised UP to remit to MWSS-RO any savings from the project immediately. Management will send a final demand letter to the UP NEC.
RO-17-03	The former PNB Regular and MVFP accounts remained	COA reiterated our previous year's recommendation to			July 2018	Dec. 2018	Pending		Management will seek the Philippine National Bank's (PNB) assistance by

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C.27 (COA AAR CY 2017) p. 126	unreconciled by P 1,270,973.75 as of December 31, 2017 contrary to Section 74 of P.D. 1445."	comply with Section 74 of P.D. 1445 in so far as the transferred balance of PNB account is concerned."							requesting for the retrieval of past bank statements and/or any data/documents that may help in reconciling the balances. Likewise, the Accounting Section committed to continue to analyze both PNB accounts and MWSS RO transactions to find accurate adjustments to reconcile the book and bank balances.
RO-17-04 C.28 (COA AAR CY 2017) pp. 126-128	Gasoline, Oil and Lubricants expenses were incompletely documented for the year totaling P526,012.33 contrary to Section 4(6) of PD 1445. Moreover, a Monthly Report of Fuel Consumption (MRFC) for all service vehicles were not prepared/submitted contrary to COA Circular No. 77-61, dated September 26, 1977.	COA recommended that Management a) Submit a copy of the agreement/ contract to support the inclusion of the MWSS-Regulatory Office in the contract for the supply of gasoline by the MWSS-Corporate Office;			July 2018	Dec. 2018	Pending		Updates: a) The RO will pursue within the year, the procurement of a supplier of gasoline, oil and lubricants, coolants, among others through competitive bidding. The existing Shell Fleet Cards of the MWSS RO were accepted by Shell as just an additional units under the

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		<p>b) Submit a copy of the agreement/ contract between MWSS-RO and its supplier for Oil and Lubricants; and</p> <p>c) Prepare MRFC for all its service vehicles.</p>					<p>Fully Implemented</p> <p>Fully Implemented</p>		<p>MWSS Corporate Office account. The inclusion of MWSS RO was considered under one and the same account name "MWSS".</p> <p>b) Management has submitted the contract of Petron as MWSS RO's alternate supplier of gasoline, oil and lubricants, coolants, etc;</p> <p>c) Management has required the Property Officer to generate the MRFC report from the trip tickets database on a monthly basis.</p>
RO-17-13 C. 29 (COA AAR CY 2017) pp. 128- 130	Expenses incurred for Team building and Planning sessions were deemed excessive by P225, 252.16 representing the excess of actual cost incurred over the allowable amount of	<p>COA recommended that management:</p> <p>Cause the immediate refund of P225,552.16 representing the excess of actual cost incurred over the allowable amount of P1,500.00/participant</p>			July 2018	Dec. 2018	Fully Implemented		<p>Updates:</p> <p>Moving forward, Management shall limit the cost to P1,500 per head for hotel accommodations, meals & incidentals in the conduct of its TBA or Planning Sessions as per audit</p>

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	P1,500/participant pursuant to Section 43, General Provisions, of the FY 2017 General Appropriations Act (GAA).	pursuant to Section 43, General Provisions, of the FY 2017 GAA. COA recognized justification in the conduct of TBAs and Palnning Sessions, however, they stand by their recommendation that the same be conducted with due regard to budget limitations provided under existing rules and regulation. Expenditures incurred in the conduct of TBAs should not be made in outright disregard of what is prudent and reasonable.						recommendation. However, Management may seek advice from the Resident Auditor on justifiable reasons that maybe entailed for additional cost for necessary/related activities.	
RO-17-09 C. 30 (COA AAR CY 2017) pp.130- 134	Payment of Overtime (OT) claims totaling P148,275.79 for CY 2017 were without the requisite documentary requirements contrary to COA Circular 2012-001 and Section 4(6) of P.D. 1445. Moreover,	COA recommended that Management: a) Comply with the General Policies and Limitations on Overtime Services and Overtime Pay cited under items 3.0 and 10.0 of Joint Circular No. 1 s. 2015 dated			July 2018	Dec. 2018	Fully Implemented	Updates: a) Management will ensure compliance with the existing rules on overtime services;	

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	overpayment of OT claims totaling P3,698 were noted in the evaluation of supporting documents.	November 25, 2015; b) Comply with the documentary requirements mentioned under item 5.10 of COA Circular 2012-001 dated June 14, 2012, and c) Remind responsible employees to exercise diligence in the evaluation of documents supporting OT claims to ensure proper payment for allowable services rendered and refund as necessary.					Fully Implemented 		

[illegible]

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		1445.						with that of the MWSS CO; The Management will provide copy of the updated policy to the COA once completed.	
RO-17-12 C. 32 (COA AAR CY 2017) pp. 135-137	Total proportionate amount of P49,142.06 was not deducted from the Transportation Allowance (TA) of 15 agency officials notwithstanding their frequent use of motor vehicles during the year, contrary to COA Circular No. 2000-005 dated October 4, 2000.	COA reiterated their recommendation for Management to deduct from succeeding claims to TA the proportionate amount of P49,142.06 that should have been deducted from the concerned officials who frequently used motor vehicles during the year, in line with Section 2.3 oof COA Circular No. 2000-005, otherwise, a Notice of Disallowance shall be issued. COA stand by their recommendation to deduct from succeeding claims of TA the proportionate amount computed			July 2018	Dec. 2018	Pending During the exit conference, Management did not agree with the computation of the proportionate reduction. Management opined that if more than one official who receives RATA shared the use of vehicle for a certain trip, the deduction should only be charged against the higher ranking official, or just one of the official. Management further believes that their current practice encourages carpooling which will save cost for the government. Management also	Updates: Management shall exhaust the Appeal process to resolve the matter.	

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		against all concerned officials who frequently use MWSS-RO's motor vehicles. In a recent decision, under CGS-CLUSTER 3 Decision No. 2018-17, dated May 29, 2018, MWSS-RO appeal on a similar matter for CY2016 was denied.						pointed out that there is no clear guidelines as to how the proportionate deduction is to be computed.	
RO-17-10 C. 33 (COA AAR CY 2017) pp. 137- 139	Miscellaneous /Representaionexpe nces totaling P14,426.81 were charged to the Maintenance and Other Consumable (account 759) rather than Extraordinary and Miscellaneous expenses (Account 883) contrary to Section 42 of the General Provisions of the General Appropriations Act (GAA) for FY 2017 and COA Circular No. 20016-001, dated January 3, 2006.	COA recommended that management: a) Reclassify the amount of P14,426.81 from Maintenance and Other Consumable (account 759) to Extraordinary and Miscellaneous expenses (account 883) and allocate the amount to the office of the official that incurred the expense with consideration of the statutory limits thereon; and			July 2018	Dec. 2018	Fully Implemented		Updates: a) Moving forward, Management has procured in bulk, consumable supplies (coffee, sugar, creamer and biscuits, among others) tagged as consumable supplies in the APP for Non-CUS in CY 2018, in accordance with RA 9184 and its Implementing Rules and Regulations. In compliance with the audit recommendation, the reclassification of the amount P14,426.81

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		<p>b) If determined to have exceeded the limit, cause the immediate refund of the Extraordinary and Miscellaneous expense otherwise a Notice of Disallowanve shall be issued accordingly</p> <p>COA stand by their recommendation to appropriately reclassify the charges as Extrordinary and Miscellaneous expense (EME) and determine if it has exceeded statutory limits or not. If so, a refund from the concerned official must be demanded otherwise we will issue a Notice of Disallowance (ND).</p>					Fully Implemented		<p>is presented in the restated Financial Statements of CY2018.</p> <p>b) The total actual EME did not exceed the limit for CY2017 per computation below:</p> <table><tr><td>Budget</td><td>P602,400.00</td></tr><tr><td>Actual</td><td>(510,591.00)</td></tr><tr><td>Reclassified</td><td>(14,426.81)</td></tr><tr><td>Savings</td><td>P77,482.19</td></tr></table>	Budget	P602,400.00	Actual	(510,591.00)	Reclassified	(14,426.81)	Savings	P77,482.19
Budget	P602,400.00																
Actual	(510,591.00)																
Reclassified	(14,426.81)																
Savings	P77,482.19																
RO-17-09 C. 34 (COA	Use of government vehicles for Shuttle Services by designated drivers where the vehicles	We recommended that Management comply with Item 5 of COA Circular No.75-6A dated December 15,			July 2018	Dec. 2018	Fully Implemented		Management allows shuttle Drivers to park the shuttle vehicles to their residences because we believe that it is								

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AAR CY 2017) pp. 139- 140	are presumably parked in the driver residences even on weekends, contrary to Item 5 of COA Circular No.75-6A dated December 15, 1975	1975 and COA Circular No. 84-238 dated November 6, 1984 which provides safeguard to government motor vehicles. COA stand by their recommendation for management to comply with the COA Circular and adopt/implement practical and feasible arrangements to ensure that the motor vehicles are properly safeguarded. We will monitor Management's progress on the matter.							impractical to return the vehicle to the office in the evening and take it again in the morning to fetch the employees. Further, the vehicles are parked in a secured parking area and most importantly, cost-benefit wise, it is more advantageous to the government since fuel loaded to the vehicle will not be doubled. Likewise, Management added that the odometers are regularly monitored to prevent personal use by the drivers during the weekend.
GAD PLANS & PROGRAMS									
RO-17-11 C. 35 (COA AAR CY 2017) pp. 140-141	The MWSS RO's GAD Plans and Budget (GPB) of P0.823 million representing 0.24 percent of its CY2017 Corporate Operating Budget (COB) was not compliant with the provisions of Sections 6 and 8 of	COA reiterated their recommendation for management: a) To improve efforts to mainstream the Gender and Development (GAD) programs, activities and projects to the regular activities of the			July 2018	Dec. 2018	Fully Implemented		Updates: a) Management has attributed the regular operation activities, plans, programs, projects and activities in its annual GAD Plan and Budget to optimize

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	PCW-NEDA-DBM Joint Circular No. 2012-01. Likewise, optimum use of GAD funds was not achieved because the planned activities were not fully accomplished.	agency in order to attain the GAD budget minimum requirement of at least five percent (5%) of its COB; and b) Moving forward, submit to this Office copies of pertinent GPB and GAD AR whether uploaded to the GMMS on time or not, as reference in audit, in compliance with COA Circular 2014-001.					Partially Implemented		the utilization of funds for such purpose. b)The RO's GAD Committee is in the process of accomplishing the GPB and GAD AR for submission to the COA in compliance with the COA Circular 2014-001.
RO-17-11 C. 36 (COA AAR CY 2017) pp. 141- 142	Attributed program expenditures totaling P1,202,991.00 have no clear linkage to any of MWSS-RO's identified Gender Issue and/or GADmandate or major programs, contrary to Section 6.4 of PCW-NEDA-DBM Joint Circular No. 2012-01.	COA recommended that management comply with Section 6.4 of PCW-NEDA-DBM Joint Circular No. 2012-01 in the process of attributing agency major programs to the GAD budget and COA Circular 2014-001.			July 2018	Dec. 2018	Fully Implemented		The Management reviewed the aforementioned joint circular for more effective implementation and collaboration in the process of attributing the RO's major programs to the GAD Budget. MWSS RO Management will henceforth ensure to sustain compliance with the recommendation.

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RO-17-11 C. 37 (COA AAR CY 2017) pp. 142-143	Inefficiencies in the implementation of the Organization-Focused Activities as shown in the CY 2017 GAD AR	COA recommended for Management to revisit or improve the planning and implementation of MWSS-RO's GAD activities to achieve its intended objectives.			July 2018	Dec. 2018	Partially Implemented	Management agreed with the recommendations and committed to revisit and review its GAD programs, activities and projects, and mainstream and attribute it to the abovementioned regular activities in order to comply with the recommendation.	

Agency Sign-off:


CLAUDINE B. OROCIO-ISORENA
 DA for Administration and Legal Affairs
 MWSS Regulatory Office