

Annex "A"

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Ref	Audit Observation	Audit Recommendation	Agency Action Plan				Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken	
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					From	To			
		In reply to the query of the RO when it received the COE, the COA stand by their recommendation for the immediate settlement of the disallowances duly recorded as receivables since the issue has already been clarified in a letter dated March 15, 2018 by the COA Legal Services Sector to the MWSS-RO Chief Regulator, when the latter requested guidance from the former in the implementation of the subject COE thru a letter dated February 20, 2018.						Updates: Managment may also contemplate filing a petition for Declaratory Relief before the Reginal Trial Court.	

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RO-16-07 C.21 (COA AAR CY 2017) PP. 118-120	Loans amounting to P25 million granted to MWSS-RO Multi-Purpose Cooperative for land development and house construction remained with the Cooperative in spite the non-realization/accom plishment of the project, has incomplete documentation and failed the public purpose test as required under Section 4 (6) and 4(2) of PD 1445.	<p>COA again reiterate our recommendation that Management take legal action against the MWSS-RO Multi Purpose cooperative to collect or ensure the refund of the seed money including all accruing interest from CY 2005 up to the present.</p> <p>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.</p>			July 2018	Dec. 2018	On-going	A Notice of Disallowance No. 18-006-RO-(2009-2012) dated 22 October 2018 was issued.	<u>Update:</u> Management shall exhaust the Appeal process to resolve the matter.

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		<p>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 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</p>							

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		public interest and resources.							
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 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>COA recommend that Management</p> <p>a) Take legal action to immediately collect the 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</p>			July 2018	Dec. 2018	<p>Fully Implemented</p> <p>Partially Implemented</p>	<p>A Notice of Disallowance No. 18-006-RO-(2009-2012) dated 22 October 2018 was issued.</p>	<p><u>Updates:</u></p> <p>The Borrowers who are already separated from the MWSS RO are also refunding through Post dated checks.</p> <p>Management shall exhaust the Appeal process to resolve the matter.</p> <p>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</p>

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		from employees absconding from their obligation as evident in several cases on its loan receivables."							recommendation.
RO-17-08.24 (COA AAR CY 2017) p. 124	Receivables totaling P1,091,209.26 from separated/retired officers/employees representing Motor vehicle Loans remained outstanding for more than 10 years, contrary to the Loan Contracts.	COA reiterated their recommendation that Management finally take the appropriate legal action to recover the unpaid receivables from the separated/retired employees in order to protect its interest and more importantly recover public funds."			July 2018	Dec. 2018	On Going		Update: Management will send final 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			July 2018	Dec. 2018	Partially Implemented		a) Management is processing the necessary documents to transfer the ownership of the car to the MWSS RO;

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		public interest; and b) Formulate guidelines to be adopted and implemented in similar circumstances.					On Going		b) Management has required the concerned employees with loans to submit a Mortgage Redemption Insurance coverage.
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	Fully Implemented		Updates: The MWSS RO has elevated the matter to the UP Chancellor. A Demand Letter addressed to the UP Chancellor was sent on Dec. 12, 2018.
RO-17-03 C.27	The former PNB Regular and MVFP accounts remained unreconciled by P	COA reiterated our previous year's recommendation to comply with Section			July 2018	Dec. 2018	On Going		Management will seek the Philippine National Bank's (PNB) assistance by requesting for the retrieval

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(COA AAR CY 2017) p. 126	1,270,973.75 as of December 31, 2017 contrary to Section 74 of P.D. 1445."	74 of P.D. 1445 in so far as the transferred balance of PNB account is concerned."						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; b) Prepare MRFC			July 2018	Dec. 2018	Fully Implemented	a) Management has submitted the contract of Petron as MWSS RO's alternate supplier of gasoline, oil and lubricants, coolants, etc;	

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		for all its service vehicles.					Fully Implemented		b) Management has required the Property Officer to generate the MRFC report from the trip tickets database on a monthly basis.
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 P1,500/participant pursuant to Section 43, General Provisions, of the FY 2017 General Appropriations Act (GAA).	COA recommended that management: Cause the immediate refund of P225,552.16 representing the excess of actual cost incurred over the allowable amount of P1,500.00/participant pursuant to Section 43, General Provisions, of the FY 2017 GAA. COA recognized justification in the conduct of TBAs and Planning Sessions, however, they stand by their recommendation that the same be conducted with due regard to budget limitations			July 2018	Dec. 2018	Fully Implemented		Updates: 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 recommendation. However, Management may seek advice from the Resident Auditor on justifiable reasons that maybe entailed for additional cost for necessary/related activities.

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		documents supporting OT claims to ensure proper payment for allowable services rendered and refund as necessary.							the processing of all overtime claims where the mode of compensation of OT, which is CTO, would not be practical and advantageous to the Office. A case in point are the Drivers where CTO is not advisable as it would result to their absence on working days, and may cause disruption on other working days, the likelihood of which may cause disruption and impair the delivery of support services to other Regulation areas.
RO-17-02 C. 31 (COA AAR CY 2017) pp. 134-135	Excess monthly mobile phone charges by officials and employees totaling P79,751.12 remained unpaid/outstanding as of year-end, contrary to MWSS-CO Memorandum Circular No. 06-2007	COA recommended that Management: a) Immediately refund the P79,751 from various officers and employees whose mobile charges exceeded their			July 2018	Dec. 2018	Partially Implemented	Concerned employees respectfully requests for reconsideration for the refund.	Updates: a) Management shall discuss again with the concerned officers and employees for the refund of the excess mobile phone charges;

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	and Section 4(2) of PD 1445.	limit; and b) Establish its own mobile phone policy for officers/employees based on justifiable needs and exercise prudence in the use of public funds in accordance with Section 4(2) of PD 1445.					Fully Implemented		<p>The Finance Section will also discuss with COA the Gobe Mobile Phone Charges once the reconciliation of account with Globe is completed.</p> <p>b) Management is studying the Mobile Phone Policy of the Corporate Office to harmonize the proposed establishment of a Mobile Phone Policy for the MWSS RO officers/ employees with that of the MWSS CO;</p> <p>Updates:</p> <p>The Management has implemented full deduction from salaries for call charges that exceeded the established limits equivalent with that of the MWSS CO.</p>

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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.	<p>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.</p> <p>COA stand by their recommendation to deduct from succeeding claims of TA the proportionate amount computed 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,</p>			July 2018	Dec. 2018	On Going	<p>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.</p> <p>Management also pointed out that there is no clear guidelines as to how the proportionate deduction is to be computed.</p>	<p>Updates:</p> <p>Management shall exhaust the Appeal process to resolve the matter.</p>

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		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).						<div>b) The total actual EME did not exceed the limit for CY2017 per computation below:<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></div>	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 AAR CY 2017) pp. 139- 140	Use of government vehicles for Shuttle Services by designated drivers where the vehicles are presumably parked in the driver residences even on weekends, contrary to Item 5 of COA Circular No.75-6A dated December 15, 1975	<div>We recommended that Management comply with Item 5 of COA Circular No.75-6A dated December 15, 1975 and COA Circular No. 84-238 dated November 6, 1984 which provides safeguard to government motor vehicles.</div> <div>COA stand by their recommendation for management to comply with the COA</div>			July 2018	Dec. 2018	Fully Implemented	Management allows shuttle Drivers to park the shuttle vehicles to their residences because we believe that it is 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								

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		whether uploaded to the GMMS on time or not, as reference in audit, in compliance with COA Circular 2014-001.							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		Updates: The GAD Committee agreed to include in its 2019 plans and programs as recommended to ensure compliance 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.
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	Fully Implemented		Updates: The GAD Committee agreed with the recommendations and revisitr and reviewed its GAD programs, activities and projects to mainstream and attribute its regular activities in order to comply with the

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									recommendation.

Agency Sign-off:

Claudine B. Orocio-Isorena

CLAUDINE B. OROCIO-ISORENA

DA for Administration and Legal Affairs

MWSS Regulatory Office *[Signature]*

Note: Status of Implementation may either be a) Fully Implemented; b) on-gong; c) Not Implemented; d) Partially Implemented; or e) Delayed