

Reference	Audit Observation	Audit Recommendation	Status of Implementation
	<p>Fixtures totaling P0.403 million deemed semi-expendable properties remained recorded under PPE account; and</p> <p>b. Disposed 16 motor vehicles transferred to the Local Government Units (LGUs) were still recorded under the account Motor Vehicles at P16.851 million and one (1) disposed motor vehicle was not recorded in the book even prior to transfer.</p> <p><i>Unsupported accounts/adjustments</i></p> <p>c. Adjustments totaling P267.207 million pertaining to the land sold to National Waterworks and Sewerage Authority (NWSA) employees and Silhouette Trading way back 2006 and 1983, respectively; and</p> <p><i>Unreconciled variance between the records of Accounting Department and Property Management Department (PMD)</i></p> <p>d. Unaccounted disposed unserviceable motor vehicles and other transportation equipment amounting to P29.527 million;</p>	<p>million,</p> <p>i. Submit proof of appraisal in previous years pertaining to the land under TCT No. 61126; and</p> <p>ii. Prepare the necessary and appropriate adjustments to derecognize the carrying value of the land under TCT No. 61126 sold in CY 2006.</p> <p>d. On the adjustment amounting to P39.032 million,</p> <p>i. Secure from the appropriate Government Agency information on the actual land area to establish the correct total land area sold to Silhouette Trading; and</p> <p>ii. Submit proof of valuation of the land under TCT No. 36069 to corroborate the erroneous measurement recognized in the books once proven that there was typographical error</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Partially Implemented</i></p> <p>Management has requested the DENR-LMB in Binondo, Manila for copies of Consolidation-Subdivision Plan PCS-13 as well as the respective lot data computations which encompasses TCT No. 36069.</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>

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	<p>e. Discrepancies on the cost of 53 units of unserviceable assets sold in CY 2014; and</p> <p>f. Disposed units of Office Equipment per PMD's Inventory and Inspection Report of Unserviceable Properties (IIRUP) were 147 but only 137 units per Accounting records.</p>	<p>in the land area. Thereafter, analyze the transaction and prepare the necessary adjustments.</p> <p>e. Reconcile the records between the Accounting and Property Management Departments to examine the discrepancy on the disposal/sale of the unaccounted unserviceable GAE totaling P29,526,663 and make the necessary adjustments.</p> <p>f. Submit justification on the negotiated price for the sale of unserviceable vehicles that was lower than 80 percent of the appraised value which is not in accordance with the Manual on Disposal of Government; and</p> <p>g. Reconcile the records of Finance and Property Management Departments on the sold 53 units of unserviceable vehicles and make the necessary adjustments.</p> <p>h. Explain the discrepancy in the number of units of disposed Office Equipment between the Accounting Records and PMD's IIRUP, and the process used to</p>	<p><i>Partially Implemented</i></p> <p><i>Not Implemented</i> No compliance was submitted by Management</p> <p><i>Not Implemented</i> No compliance was submitted by Management</p> <p><i>Not Implemented</i> No compliance was submitted by Management</p>

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		reconcile the account with net book value of P491,168.38.	
A.4 (COA AAR CY 2017) pp. 62-64	Turned-over MWSS properties to the two Concessionaires amounting to P67.280 billion per Inventory Report, upon privatization in CY 1997, were not reclassified as Service Concession Assets in accordance with the Philippine Public Sector Accounting Standards (PPSAS) 32.	Reconcile the PMD and Finance records and correctly identify the turned-over assets to MWSI and MWCI then reclassify to Service Concession Asset account accordingly.	<i>Fully Implemented</i>
A.6 (COA AAR CY 2017) pp. 66-76	<p>The Receivable Accounts year-end balance totaling P6.123 billion included unreliable amount contrary to various issuances, due to:</p> <p>a. Receivables from Concessionaires amounting to P52.440 million and P1.519 million from inactive Raw Water Accounts which remained outstanding for more than five (5) years;</p> <p>b. Discrepancies totaling P2.310 million between the balance per books and confirmed balance with various government agencies for the leased properties;</p> <p>Also, loss to government of P1.117 billion representing the uncollected long outstanding receivables from water service customers prior to MWSS'</p>	<p>a. Analyze the receivable account and if a shortfall of collection is found, immediately collect from the two Concessionaires the amount advanced by the MWSS to pay the matured loans;</p> <p>b. Enforce collection of Receivables from Inactive Raw Water customers particularly the significant outstanding balance of Mr. Ramos amounting to P1.504 million, and set-up an allowance for doubtful accounts for receivables in accordance with paragraph 72 of PPSAS 29; and</p> <p>c. Formulate a collection schedule of all outstanding Receivables from the Concessionaires with specific timeline to be agreed by them.</p> <p>d. Reconcile the</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Partially</i></p>

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	privatization.	<p>discrepancies noted between the lessees' records and accounting records, and effect adjustments if necessary to arrive at the correct receivable account balance; and</p> <p>e. Submit to this Office all new/renewal leased contracts entered into by MWSS.</p> <p>f. Request from the Commission on Audit for authority to write-off from the books, accounts which qualify for derecognition pursuant to COA Circular No. 2016-005, in particular, the water sewer customer accounts.</p>	<p><i>Implemented</i></p> <p>Only the account of Supreme Court was reconciled.</p> <p><i>Implemented</i></p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>
A.7 (COA AAR CY 2017) pp. 76-78	<p>Material variance of P1.924 billion existed between the book balances of domestic and foreign loans payable and the confirmed balance by the Bureau of the Treasury (BTr).</p> <p>The issue on JBIC/OECF loan as a grant/equity from the National Government remained unresolved resulting to non-remittance to the BTr of the accumulated P2.014 billion collections from the two Concessionaires for the payment of the aforementioned loan.</p> <p>Likewise, the validity of the loan assumed from NHA amounting to</p>	<p>a. Require the Finance Department to reconcile the variances/ discrepancies in the Loans Payable account with the BTr to present fairly the financial position of the agency and provide explanation on the non-repayment of IBRD 1272;</p> <p>b. Set a definite period to settle/reconcile with the BTr on the issue of the JBIC/OECF loan and if found that it is indeed a loan, remit immediately to the BTr the amount collected from the Concessionaires as payment for the loan; and</p> <p>c. Make representation</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Implemented</i></p> <p><i>Not Implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
	<p>a. Non-recognition of liability totaling P118 million payable to Public-Private Partnership (PPP) Center of the Philippines representing the project development cost for the New Centennial Water Source-Kaliwa Dam Project and the Rehabilitation, Operation and Maintenance of the Angat Hydroelectric Power Plant Auxiliary Turbines 4 & 5 contrary to PPSAS 1 and Section 59 of P.D. No. 1445;</p> <p>b. Trust liability due to Public Information Agency amounting to P10 million were without the actual receipt of funds contrary to Section 3(4) of PD 1445;</p> <p>c. Non-remittance of P4.123 million withheld from salaries of MWSS employees payable to various MWSS Cooperatives and/or Associations;</p> <p>d. Improper accounting entries to recognize and/or derecognize Trust Liabilities for the salaries of Ipo Watershed workers contrary to Section III (2) – 112 of PD 1445;</p>	<p>the PDMF fund, duly supported with pertinent documents, in compliance with PPSAS 1.</p> <p>b. Recognize trust funds only if the sum of money have come officially into the possession of the agency or have been received for the fulfillment of obligation, as defined under Section 3(4) of PD 1445, thus, adjust the amount as necessary.</p> <p>c. Analyze the accuracy and validity of the outstanding balance of the other liability and its various accounts such as but not limited to liabilities with various MWSS Cooperatives and/or Associations totaling P4.123 million, and remit immediately as necessary.</p> <p>d. Derecognize the trust liabilities received for Salaries of Ipo Watershed workers only upon liquidation of funds to the Concessionaires</p> <p>e. Immediately collect the over remittance to MWSS-ESWF amounting to P419,134 and prepare the necessary correcting entries.</p> <p>f. Prepare reversing entries for the accruals</p>	<p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p>

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A.19	<p>e. Over remittance of 0.419 million to MWSS Welfare Fund representing payment of housing project loan;</p> <p>f. Over accrual of MOOE totaling P0.770 million resulted in the overstatement of the Accrued Payables account and understatement of the Retained Earnings</p> <p><i>Unsupported accounts/ adjustments</i></p> <p>g. Inclusion of trust liabilities totaling P8.604 million without supporting documents contrary to Sections 4(6) and 98 of PD 1445; and</p> <p>h. Non-maintenance of subsidiary ledgers on Payable accounts, contrary to Section 114(2) of PD 1445.</p>	<p>made in CY 2016 totaling 634,440 and P135,822 and stop the practice of re-accruing the previously accrued personnel services which overstated the accrued payable account, when no closing or reversing entries of such accrual were made.</p> <p>g. Submit copy/ies of MOA/Trust Agreement and other supporting documents of all trust liabilities with outstanding balance as of year-end.</p> <p>h. Ensure that only those claims properly supported by complete documentation are recorded as liabilities in the books as required under Section 4(6) of PD 1445.</p> <p>i. Analyze and review the validity of all recorded other payable accounts and, if warranted, revert to Retained Earnings/ Surplus the payables that remained outstanding for more than two (2) years pursuant to DBM-COA Joint Circular No. 99-06.</p> <p>j. Maintain subsidiary ledgers for all accounts payable as provided under Section 114(2) of PD 1445.</p> <p>k. For the amount due to</p>	<p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p>

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(COA AAR CY 2016) pp. 113-117 A.22 (COA AAR CY 2016) pp. 121-124		MCMC totaling P2,340,916.72, require it to settle the issues raised in Audit Finding No. E.1 before remittance can be made. l. Inform the employees who are qualified to receive the loyalty incentive to avoid accumulation of long outstanding claims. m. Disburse PBB for CY 2015 to the 99 eligible officers and employees as authorized by GCG totaling P4,004,411.	No compliance was submitted by Management <i>Not Implemented</i> No compliance was submitted by Management <i>Partially Implemented</i>
A.11 (COA AAR CY 2017) pp. 89-90	Unreconciled variance of P19.548 million or 4.74 percent of the year-end balance of the Investment in Special Reserve Fund (SRF) between the book balance and the balance confirmed by the Bureau of the Treasury (BTr).	a. Immediately reconcile the book balance of the Investment in Special Reserve Fund as against the confirmed balance with the BTr; and b. Effect the corresponding adjustment for the difference noted amounting to P19.548 million.	<i>Not implemented</i> No compliance was submitted by Management <i>Not implemented</i> No compliance was submitted by Management
A.12 (COA AAR CY 2017) pp. 90-92	Assessment and collection of MWSS' forty percent (40%) share in net income from the operations of LMRZ including some provisions of the Memorandum of Agreement (MOA) remained unenforced as of CY 2017, contrary to Section 2 of PD No. 1445.	a. Assess, bill, and collect from the AFI the 40 percent share of income of MWSS from the operation of LMRZ from CYs 2004 to 2017, if any, by: i. Settle the issue on the 15 per cent Management fee representing the general and administrative expenses to arrive at the net income of the	<i>Not Implemented</i> No compliance was submitted by Management <i>Not Implemented</i> No compliance was submitted by Management

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		<p>LMRZ operations; and</p> <p>ii. Validate the propriety of the disbursements reported in Statement of Donations and Expenses incurred in accordance with government accounting rules and regulations pursuant to Section 6 of the MOA; and</p> <p>b. Review the legal implication on the fact that two of the requisites for the agreement to be valid as provided in Section 22 of the MOA was not complied with: (1) Approval of proper authorities; and (2) Ratification by the LGQC Sanggunian.</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>
<p>A.13 (COA AAR CY 2017) pp. 92-99</p>	<p>The existence of abnormal/negative, and dormant balances totaling P1.788 billion affects the reliability and accuracy of total asset and liability account balances contrary to Sections 111 and 114(2) of PD No. 1445.</p>	<p>a. Conduct a thorough review/analysis of the affected accounts to determine the causes of abnormal/negative balances and effect necessary adjustments to reflect the correct balances of these accounts and ensure that Section 4(8) of PD 1445, as well as sound accounting practices are being observed.</p> <p>b. Intensify efforts to collect the receivables and exhaust all viable means to collect the dormant receivable accounts;</p> <p>c. Conduct comprehensive review, analysis and reconcile</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance</p>

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		<p>dormant asset and liability accounts totaling P145.524 million and P164.507 million, respectively, and if warranted:</p> <ul style="list-style-type: none"> i. Request for authority to write-off receivable accounts that have been dormant for more than 10 years in accordance with COA Circular No. 2016-005; ii. Revert to Retained Earnings/Surplus the payables that remained outstanding for more than two (2) years pursuant to DBM-COA Joint Circular No. 99-06; and iii. Request for authority to write-off and/or adjustment of dormant account balances that remained non-moving for more than five (5) years. 	<p>was submitted by Management</p> <p><i>Not Implemented</i> No compliance was submitted by Management</p> <p><i>Not Implemented</i> No compliance was submitted by Management</p> <p><i>Not Implemented</i> No compliance was submitted by Management</p>
A.14 (COA AAR CY 2017) pp. 100-105	<p>The reliability and accuracy of 62 percent of recorded Cash and Cash Equivalent accounts totaling P3.321 billion were doubtful due to:</p> <ul style="list-style-type: none"> a. Funds received by MWSS for specific purposes totaling P2.075 billion or 70 percent of the Cash in Bank – Local Currency, Time Deposits were not deposited and 	<ul style="list-style-type: none"> a. Maintain separate bank accounts for the trust funds received for specific purposes and classify in the books as restricted accounts to determine the cash available for Agency's operations; b. Analyze and reconcile the abnormal balances of the account PNB Time Deposit of P(488,503) and PNB 	<p><i>Partially Implemented</i> Management has maintained separate account for ADDSP fund.</p> <p><i>Not Implemented</i> No compliance was submitted by Management</p>

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<p>C.5 (COA AAR CY 2016) pp. 152- 161</p>	<p>recorded in a separate restricted accounts contrary to Section 3(4) of P.D. 1445;</p> <p>b. PNB time deposit account with a carrying negative balance of P488,503 remained unadjusted/unreconciled in the books in spite closing of the account in CY 2015 in compliance with DOF Circular Nos. 001-2015 and 002-2015;</p> <p>c. Recurring net reconciling items between the book and bank balances totaling P3.138 million remained unadjusted for more than 10 years in the Cash in Bank – Local Currency, Current and Savings Accounts resulting in misstatement of the accounts;</p> <p>d. Non-preparation and non-submission of monthly Bank Reconciliation Statement for Local and Foreign Currency Savings Accounts of MWSS, contrary to Section 74 of P.D. 1445; and</p> <p>e. Misclassification of accounts for the refund of unclaimed salaries and wages of Bantay Gubat amounting to P40,144 wherein Cash-Disbursing Officer Account (103) was</p>	<p>Current Account of P(221,696), and effect the necessary adjustments to arrive at accurate account balances;</p> <p>c. Make representation with the banks for the submission of debit and credit advices to support the reconciling items; verify the recurring reconciling items and make the necessary adjusting entries;</p> <p>d. Prepare BRS on all Local and Foreign Currency Savings Accounts at the end of each month in compliance with Section 74 of PD 1445 and submit the same to COA; and</p> <p>e. Prepare the necessary correcting entries on the misclassification noted in Cash-Disbursing Officer (103) account and thereafter, ensure proper recording to reflect the accurate account balances.</p> <p>f. Effect the bank migration program and close any account maintained with private depository banks as required under DOF Department Circular Nos. 001-2015 and 002-2015;</p>	<p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>

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	credited instead of Other Payables-Trust Liabilities account (439-31).		
A.15 (COA AAR CY 2017) pp.105-107	<p>The OPE-Input Tax (185-01) and OPE-Creditable Withholding VAT (185-02) accounts having a year-end balances of P2.148 million and P0.182 million, respectively, showed unreconciled/unused tax credit of P1.416 million after considering the tax credit applied in December 2017 VAT remittance filed in January 2018.</p> <p>Likewise, the adjusted year-end balance of OPE-Expanded Withholding Tax (185-03) account in the amount of P27.866 million is not reconciled with the creditable withholding tax balance of P14.960 million per BIR Form No. 1702 (Annual Income Tax Return) filed in CY 2017, thereby showing a variance of P12.906 million.</p>	<p>a. Reconcile the accounts OPE-Input and OPE-Creditable Withholding VAT to reflect the correct tax credits available to the Agency; and</p> <p>b. Verify and substantiate the tax credits variance per BIR Form 1702 against the recorded book balance of the account Other Prepaid Expense-EWT.</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p>
A.17 (COA AAR CY 2017) pp.110-113	<p>Lapses were observed in the recording and payment of Telephone-Mobile expenses, to wit:</p> <p>a. Additional transaction charges of P7,774 in the post-paid plan bill were deemed personal/unofficial in nature;</p> <p>b. Non-issuance of Property Acknowledgment Receipt (PAR) on the</p>	<p>a. Settle the additional bill charges which are found personal/unofficial in nature amounting to P7,774.</p> <p>b. For monitoring purposes, require the issuance of Property Acknowledgment Receipt (PARs) on handsets/mobile phones issued to MWSS Officials in accordance with</p>	<p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p>

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	<p>mobile phones provided to the officers and employees is contrary to Section 21, Chapter 10, Property, Plant and Equipment, of the Government Accounting Manual for NGAs (Volume 1); and</p> <p>c. The authorized monthly communication charges of P5,000 for the Administrator, Senior Deputy Administrator and Deputy Administrators may be considered excessive.</p>	<p>Section 21, Chapter 10, of the Government Accounting Manual for NGAs (Vol. 1).</p> <p>c. Revisit the MWSS Memorandum Circular No. 06-2007 and consider reducing the allowed limit for the monthly authorized communication allowance for the Administrator, Senior Deputy Administrator and Deputy Administrators to an amount sufficient to cover the postpaid plan subscription.</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>
<p>A.2 (COA AAR CY 2016) pp. 48-54</p>	<p>The reported year-end balance of the account Other Receivables of P5.623 billion was unreliable due to:</p> <p>a. Recognition of the disputed claims by Concessionaire MWSI consisting of borrowing cost and penalty on delayed remittance of concession fee of P4.048 billion and P1.118 billion, respectively, or a total of P5.166 billion, not in accordance with PPSAS 19;</p> <p>b. Inclusion of Guarantee Deposits with Concessionaires MWSI and MWCI of P64.798 million and P55.681 million, respectively, representing active customer's deposits withheld by</p>	<p>a. Submit an updated report on the arbitration on the disputed claims with MWSI as reported in the AAPSI for CY 2015;</p> <p>b. Verify the discrepancies noted amounting to P10,052,992.85 between the year-end balance of guarantee deposits receivable totaling P160,579,648.05 and balance of guarantee deposits payable totaling P170,632,640 and ensure that the recorded guarantee deposits payable pertain only to those claims other than those of the active customers which should be transferred to the concessionaires;</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p><i>Reiterated in Part II AOR No. 2 page 55 of this Report</i></p>

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	<p>Concessionaires from the collection of accounts receivable from water and sewer services of MWSS, contrary to the Conceptual Framework for Financial Reporting as prescribed by PPSAS; and</p> <p>c. Variance of P4.734 billion and P163.865 million between the book balances and the confirmed balances of the accounts with MWSI and MWCI</p>	<p>c. Provide justification on the recording of Guarantee Deposits Payable only during the MWSS privatization; and</p> <p>d. Reconcile the other receivables accounts with MWSI and MWCI showing a variance per confirmation as against balance per books totaling P4.734 billion and P163.865 million, respectively, and demand payment of the valid receivables.</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Partially Implemented</i></p>
<p>A.7 (COA AAR CY 2016) pp. 70-83</p>	<p>The validity and accuracy of the account Other Assets with year-end balance of P1.926 billion were doubtful due to non-adoption of the Philippine Public Sector Accounting Standards (PPSAS) 16 and 31, and COA Circular 2015-010 on proper accounting recognition and inclusion of garnished, dormant, unreconciled, and unserviceable asset accounts totaling P1.326 billion.</p>	<p>On the cash accountabilities transferred to Other Assets account, require the Finance Department to justify the recording of the balances to the Other Assets account; substantiate the validity of these accounts by providing sufficient and relevant supporting documents/information and immediately identify and take legal action to run against erring accountable officers and MWSS creditors responsible for the outstanding cash accountabilities.</p>	<p><i>Not Implemented</i></p> <p><i>Reiterated in Part II AOR No. 3 page 57 of this Report</i></p>
<p>A.8 (COA AAR CY 2016) pp. 83-89</p>	<p>The probability of collecting Accounts Receivable totaling P1.186 billion was remote since these accounts have been outstanding for 5 to 20 years.</p>	<p>On Raw Water accounts, enforce Paragraphs 14 and 15 of the Policies and Guidelines for Raw Water Accounts as regards penalties and interest on late payments.</p>	<p><i>Partially Implemented</i></p>
<p>A.16 (COA AAR</p>	<p>The propriety to derecognize the account</p>	<p>a. Explain the earned interest of P77,321.51</p>	<p><i>Not Implemented</i></p>

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CY 2016) pp. 108-109	Sinking Fund in the amount of P29.510 million was questionable due to non-reconciliation of the balance with the Bureau of the Treasury (BTr) to ascertain the correct sinking fund balance at year-end.	<p>even after the redemption date of the Angat Serial Bonds and remittance of the remaining balance of the Sinking Fund by the BTr; and</p> <p>b. Reverse the entries made in JEV-2016-12-004219 (i) pending reconciliation of the balance of the Sinking Fund Reserve with the BTr; and (ii) submission of the copy/ies of bank statement/s of the Current Account No. 244-500163-8 maintained by MWSS with PNB MWSS Branch.</p>	<p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>
A.17 (COA AAR CY 2016) pp. 109-112	<p>The reported year-end balance of the account Foreign Loans Payable of P8.761 billion and Loss on Foreign Exchange of P510.984 million were unreliable due to:</p> <p>a. Account Foreign Loans Payable (ADB 1746-PHI) and the related Loss on Foreign Exchange were understated by P19.945 million and P0.623 million, respectively, due to improper adjustment made in the books; and</p> <p>b. Exchange differences arising from the settlement of foreign loans were not recognized on the settlement date, which</p>	<p>a. Prepare the necessary adjusting entry to correct the understatement in the reported year-end balance of Foreign Loans Payable – ADB 1746-PHI and its related Loss on FOREX amounting to P19.945 million and P.623 million, respectively;</p> <p>b. Reconcile with the Bureau of the Treasury on the outstanding loan balance of ADB 1746-PHI between records per books and per BTr; and</p> <p>c. Ensure that the exchange differences arising from payment of loans be recognized on the settlement date and</p>	<p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>

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142	to Section 22 of Omnibus Rules on Leave.	regards the accrual of terminal leave benefits and effect the necessary adjustment, as necessary.	
B.3 (COA AAR CY 2016) p. 143	Unreconciled Cash in Bank balance of P1.367 million was included as part of Other Assets, thus affecting the accuracy of the account balance.	Reverse the reclassification entry and continue to exert efforts to reconcile the book and bank balances before proper adjustment can be effected.	<i>Fully Implemented</i>
B.4 (COA AAR CY 2016) pp. 144-145	The validity of PPE accounts costing P149.381 million (exclusive of Building costing P2.815 million) as of December 31, 2016 remained doubtful mainly due to: (a) non-conduct of physical inventory count; and (b) lapses in the implementation of physical monitoring procedures and issuance of property to end-users, contrary to COA Circular No. 80-124.	Conduct annual physical count of property to establish existence and determine their physical condition. Implement the use of the PAR in the issuance of equipment and other property to strengthen the establishment of accountability of end-users, however, MWSS-RO requested that the same be made only upon release or approval of the GAM for GOCCs.	<i>Fully Implemented</i> <i>Fully Implemented</i>
C. Compliance Audit – Corporate Office			
B.18 (COA AAR CY 2017) pp.113-114	MWSS continuously procured Gasoline, Oil, and Lubricants from Pilipinas Shell Petroleum Corporation (Shell Fleet Card) despite the absence of an approved contract contrary to Section 4(6) of Presidential Decree No. 1445, and services were engaged without the benefit of public bidding. No Monthly Report of Fuel Consumption are prepared by the General Services Division and non-submission of the same to the COA Auditor,	a. Submit the contract executed by and between the MWSS and Pilipinas Shell Petroleum Corporation on the use of Shell Fleet Card in procuring Gasoline, Oil, and Lubricants; b. Prepare the monthly report of fuel consumption using the report format provided in Appendix G of COA Circular No. 77-61 and submit the same to the Office of the Auditor; and	<i>Not implemented</i> No compliance was submitted by Management <i>Not Implemented</i> No compliance was submitted by Management

Reference	Audit Observation	Audit Recommendation	Status of Implementation
	not bonded contrary to Section 4.1 of the Treasury Circular No. 02-2009.	02-2009.	
C.7 (COA AAR CY 2016) pp. 165-168	<p>Monetization of employees' vacation and sick leave credits for CY 2016 amounting to P480,158 was not in accordance with the CSC Resolution No. 98-3142 re: Omnibus Rules on Leave.</p> <p>Further, 12 employees were found to have negative balance in their VL credits as of December 31, 2016.</p>	<p>a. Observe and apply Sections 22 and 23 of the Omnibus Rules on Leave (CSC Resolution No. 98-3142) including relevant CSC resolutions, in the computation of claims for monetization of leave credits monetization; and</p> <p>b. Delete from the payroll system the employees with negative leave credit balances and deduct from their salary claim the corresponding over availment of monetization of leave credits therefrom and require the HRRMD to regularly monitor the employees' leave balances.</p>	<p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>
C.8 (COA AAR CY 2016) pp. 168-170	<p>Trip tickets authorizing the use of government vehicles for official purpose were not properly accomplished and none was issued to four service vehicles. Also, the Monthly Report of Official Travels was not submitted to the Office of the Auditor as required in Item V of COA Circular No. 75-6.</p>	<p>a. Require the concerned employees/officers to submit the duly filled out trip tickets to support the use of the four service vehicles and henceforth, ensure that trip tickets are accomplished and duly approved by authorized officials before embarking on a trip;</p> <p>b. Enhance or improve the format of trip ticket by including spaces for the names and number of passengers; and</p> <p>c. Submit to the Office of</p>	<p><i>Partially Implemented</i> Not all trip tickets are duly accomplished</p> <p><i>Fully Implemented</i></p> <p><i>Not Implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
		the Auditor the Monthly Report of Official Travels for audit as required under COA Circular No. 75-6.	No compliance was submitted by Management
D. Compliance Audit – Regulatory Office			
C.20 (COA AAR CY 2017) pp.116-117	Notices of Disallowance with issued Notice of Finality of Decision (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) totaling P281,320.34.	<p>a. Record as Receivables the amount of P78,508,955.76 as of December 31, 2017; and</p> <p>b. 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.</p> <p>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.</p>	<p><i>Fully Implemented</i></p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>
C.25 (COA AAR	MWSS-RO has no guideline for settlement of	a. Take appropriate action to transfer legal	<i>Not Implemented</i>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
CY 2017) page 124	Receivable from deceased employee resulting to lost opportunity to protect government asset.	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.	No compliance was submitted by Management <i>Not Implemented</i> No compliance was submitted by Management
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.	a. Submit a copy of the agreement/contract to support the inclusion of the Regulatory Office in the contract for supply of gasoline by the Corporate Office; b. Submit a copy of the agreement/contract between RO and its supplier for Oil and Lubricants; and c. Prepare a Monthly Report of Fuel Consumption of all its service vehicles.	<i>Fully Implemented</i> <i>Fully Implemented</i> <i>Fully Implemented</i>
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).	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.	<i>Not Implemented</i> No compliance was submitted by Management
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	a. Comply with the General Policies and Limitations on Overtime Services and Overtime	<i>Fully Implemented</i>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
	documentary requirements contrary to COA Circular 2012-001 and Section 4(6) of P.D. 1445. Moreover, overpayment in OT claims totaling P3,698 due to errors/lapses in the evaluation of the attached supporting documents.	<p>Pay cited under Items 3.0 and 10.0 of Joint Circular No. 1 s. 2015 dated November 25, 2015; and</p> <p>b. Comply with the documentary requirements mentioned under Item 5.10 of COA Circular 2012-001 dated June 14, 2012.</p> <p>c. Remind responsible employees to exercise diligence in the evaluation of documents supporting OT claims to ensure proper payment for allowable services rendered.</p>	<p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>
C.30 (COA AAR CY 2017) pp.132-137	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.	Deduct from succeeding claims of 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 of COA Circular No. 2000-005, otherwise, a Notice of Disallowance shall be issued.	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p>
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 CY 2017 Corporate Operating Budget (COB) was not compliant with the provisions of Sections 6 and 8 of PCW-NEDA-DBM Joint Circular No. 2012-01. Likewise, optimum use of GAD funds was not achieved because the planned	<p>a. To improve efforts to mainstream the Gender and Development (GAD) programs, activities and projects to the regular activities of the agency in order to attain the GAD budget minimum requirement of at least five percent (5%) of its COB; and</p> <p>b. Moving forward, submit</p>	<p><i>Partially Implemented</i></p> <p><i>Not Implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
	activities were not fully accomplished.	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.	No compliance was submitted by Management
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 GAD mandate or major programs, contrary to Section 6.4 of PCW-NEDA-DBM Joint Circular No. 2012-01.	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.	<i>Partially Implemented</i>
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	Revisit or improve the planning and implementation of MWSS-RO's GAD activities to achieve its intended objectives.	<i>Partially Implemented</i>
D.2 (COA AAR CY 2016) pp. 172-176	The Petty Cash Fund (PCF) granted to the Special Disbursing Officer (SDO) amounting to P200,000 was in excess of the MWSS-RO's monthly disbursement requirements pursuant to Section 4.3.1 of COA Circular No. 97-002; and the amount of P723,541 or 54.56 percent of total PCF expenses for the year pertained to meals, snacks and grocery expenses.	<p>a. Reduce the PCF of the SDO in such amount necessary to cover petty expenses for one month pursuant to Section 4.3.1 of COA Circular No. 97-002;</p> <p>b. Follow the guidelines set forth by COA Circular No. 96-004 in defraying travel allowances to the employees; and</p> <p>c. Stop the practice of charging from the PCF the meals, snacks, and grocery expenses, including the travelling expenses and be guided by the provisions of COA Circular 2006-001 and COA Circular 96-004.</p>	<p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
D.6 (COA AAR CY 2016) pp. 178-182	Grant of Transportation Allowance (TA) totaling P183,750 to agency officials with assigned motor transportation was inconsistent with the pertinent provisions of DBM National Budget Circular No. 548	Require the refund of the TA amounting to P183,750 paid to officials with assigned motor vehicles, pursuant to DBM National Budget Circular No. 548, with explanation that the service vehicles were assigned to the concerned officials for accountability purposes but not for their exclusive use.	<i>Fully Implemented</i>
E. Performance Audit – Corporate Office			
D.38 (COA AAR CY 2017) pp.143-149	<p>Deficiencies in the payment of security services rendered by Catalina Security Services, Inc. totaling P25.070 million were noted contrary to the provisions of the contract, to wit:</p> <p>a. Salaries of the Detachment Commander totaling P239,793 were paid by MWSS which should have been free of charge and at no cost per Bid Form (integral part of the Security Contract)</p> <p>b. No proof of remittances of the Social Security Services (SSS), Home Mutual Development Mutual Fund (Pag-IBIG) and Philippine Health Insurance Corporation (PHIC) deductions/contributions of 31 security guards; and</p> <p>c. Individual time sheet/record of the security personnel do</p>	<p>a. Require Catalina Security Services Inc. to:</p> <p>i. Refund the amount of P239,793 representing the paid salaries of the Detachment Officer or deduct from the monthly billing of the security agency;</p> <p>ii. Submit proof of remittances of the Social Security Services (SSS), Home Mutual Development Mutual Fund (Pag-IBIG) and Philippine Health Insurance Corporation (PHIC) contributions of the 31 security personnel as discussed in Paragraph 38.b otherwise, no payment should be made;</p> <p>iii. Use bundy card system, if possible, or record the actual time of each security personnel reported for duty;</p> <p>iv. Compensate the cost</p>	<p><i>Fully Implemented</i></p> <p><i>Partially implemented</i></p> <p>Four of 31 security guards were without submitted proof of remittances</p> <p><i>Fully Implemented</i></p> <p><i>Not implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
	<p>not show the actual time of services rendered.</p> <p>The salaries totaling P3.285 million of security personnel who were assigned at Common Purpose Facilities were shouldered by MWSS instead of the Concessionaires. Likewise, private vehicles were allowed to park in the Basketball Court and Covered Parking Areas designated for MWSS Officers and Employees despite the presence of the security guards.</p>	<p>and damages the MWSS may incur arising from the existence of illegal settlers in MWSS land near Laiban Dam within the contract period;</p> <p>b. Consider transferring to the Concessionaires the security requirements in areas under the CPF; and</p> <p>c. Security personnel assigned at the two (2) parking areas should ensure that only MWSS Officers and Employees and other personnel with MWSS-related transaction utilize the subject parking areas.</p>	<p>No compliance was submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>Not complied with</p>
<p>D.39 (COA AAR CY 2017) pp.149-151</p>	<p>The contractual obligation over the operation and management of the Umiray Facilities was solely assumed by the MWSS and not jointly shared with the Concessionaires as ruled in the OGCC Opinion No. 112 and the Concession Agreement.</p>	<p>a. Provide justification on why MWSS retained its obligation over the operation and management of the Umiray Facilities as evidenced by deployment of its employees in the area, not in accordance with Article 6.13.2(v) of the Concession Agreement;</p> <p>b. Immediately submit all relevant documents and communications with the Concessionaires regarding its obligation over the operation and management of the Umiray facilities; and</p> <p>c. Resolve the issue as to</p>	<p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Not implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
		<p>what encompasses the “Raw Water Conveyance Component” mentioned in Schedule 9, to further determine as to who has the obligation over the operation and management of the Umiray Facilities, as provided under Article 12 of the Concession Agreement.</p>	<p>No compliance was submitted by Management</p>
<p>E.1 (COA AAR CY 2016) pp. 183-189</p>	<p>MWSS was deprived of income and incurred additional expenses from the operations of its basement area by allowing the MWSS Corporate Office Multi-Purpose Cooperative (MCMC) to manage and lease the same to private individuals and shoulder the electricity expenses consumed in the area, totaling P1.6 million and P0.89 million, respectively, for CY 2016. Further, an area leased by the MWSI was being occupied by a food establishment without approval/consent from MWSS.</p>	<p>a. Submit to this Office the authenticated documents bearing the name of officers who approved/allowed the MWSS Multi-Purpose Cooperative to manage and lease out the basement areas;</p> <p>b. Enforce collection/remittance of MWSS’ share on the income derived from the canteen space and the payment of electric consumption for the last two years;</p> <p>c. Comply with the provision of Section 4(2) of PD 1445 as regards the use of government property; and</p> <p>d. Take appropriate action in accordance with paragraph 14 of the lease contract thru written notice to the defaulting party with regard to MWSI’s failure to comply with the terms and conditions of the contract, in particular,</p>	<p><i>Not Implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Partially Implemented</i></p> <p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>

Reference	Audit Observation	Audit Recommendation	Status of Implementation
		Paragraphs 2.1 and 8, and rescind or terminate the same should the defaulting party fail to remedy the breach within 30 days from its receipt of the written notice.	
F. Performance Audit – Regulatory Office			
F.1 (COA AAR CY 2016) pp. 189-208	Validation procedures performed by the Water Quality Control Department (WQCD) relating to the assessment of the water quality of treated water from the distribution system done by the two Concessionaires were not in accordance with prescribed standards set by Department of Health Administrative Order No. 2007-0012, also known as the Philippine National Standards for Drinking Water 2007.	a. Obtain samples on a random basis, with the exact location of the sample point in zone or area varying between sample rounds; and b. Include water-refilling stations as sample point in compliance to Section 2.5 of DOH Administrative Order No. 2007-0012.	<i>Fully Implemented</i> <i>Fully Implemented</i>
G. Compliance with GSIS Premium/Loan Amortization Deductions and Remittances			
F (COA AAR CY 2017) Page 152	Audit of GSIS, Pag-IBIG and PhilHealth in CY 2017 disclosed a variance of P56,090 after taking into account the remittance made in January 2018 for the December 2017 contributions.	Reconcile and explain the non-remittance of the prior years' outstanding balances of Due to GSIS/Pag-IBIG/PhilHealth/other GOCCs.	<i>Not Implemented</i> No compliance was submitted by Management