

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

A. Corporate Office

Out of the **145** audit recommendations, **14** were fully implemented, **28** were partially implemented and **103** were not implemented.

Reference	Audit		Status of Implementation
	Observations	Recommendations	
A. Financial Audit – Corporate Office			
A.1 (COA AAR CY 2019) pp. 52-57	A total of P156.884 billion in assets and its upgrades provided by the Concessionaires under the concession agreements with the MWSS were not recognized in the MWSS books, contrary to IPSAS 32 – Service Concession Arrangements: Grantor, thereby, understating the assets, liability and revenue accounts.	<p>a. Account the service concession assets provided by the Concessionaires and subsequent costs incurred for the upgrade of all service concession assets, and recognize the same in the MWSS books under the cost model; and</p> <p>b. Recognize the corresponding liability and revenue under the Grant of Right to the Operator Model.</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.1 of this AAR pp. 56-59</p> <p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.1 of this AAR pp. 56-59</p>
A.2 (COA AAR CY 2019) pp. 57-66	<p>The validity and accuracy of the Property, Plant and Equipment (PPE) account balance of P46.094 billion remained doubtful due to:</p> <p>a. absence of proof of ownership over the 175 land assets totaling 3,784,012.70 sq. m. with net book value of P4.912 billion and unrecorded 23 land titles;</p>	<p>a. On the land property titles:</p> <p>a.1. Secure the land titles of the 175 land assets to support the MWSS claims of ownership over the lands recorded in the books;</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>

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	<p>b. Improperly recorded transactions totaling P1.013 billion;</p> <p>c. Unreconciled net variance of P3.247 billion on Land, Office Building and Other Structures between the records of Finance Department and Inventory Report of the Asset Management Department; and</p> <p>d. Inexistent, dilapidated, non-operational and/or abandoned various Office Building and Other Structures totaling P5.117 billion, hence, contrary to paragraph 27 of IPSAS 1 – Presentation of Financial Statements and Section 58 of P.D. No 1445. Moreover, unserviceable properties totaling P266.553 million remained undisposed, while the Physical Inventory Report as of December 31, 2019 was not submitted.</p>	<p>a.2. Evaluate the unrecorded 23 land titles whether these should be included in the Inventory Report and taken up in the books of accounts; and</p> <p>a.3. Ensure proper safekeeping of the land titles.</p> <p>b. Effect the necessary reclassification entries on the following:</p> <p>b.1. Land reported as not-in-service recorded in the accounting books as PPE-Land to the appropriate Investment Property account pursuant to IPSAS 16 – Investment Property; and</p> <p>b.2. The cost of completed projects from CIP account to the appropriate PPE accounts duly supported with Certificate of Completion and Acceptance and the depreciation computed from the year of the project completion.</p> <p>c. Expedite the disposal through public auction, of all unserviceable properties and prioritize</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Partially Implemented</i></p>

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A.1		<p>those assets still recorded in the books to avoid further deterioration and decline in value of the subject assets and to generate additional funds for the Agency.</p> <p>d. Comply with the following:</p> <p>d.1. Submit the Physical Inventory Report as of December 31, 2019 with proper analysis and reconciliation with the Accounting records to establish the accuracy of the recorded balances of the PPE accounts;</p> <p>d.2. Provide a specific status on the properties reported as not-in-service and abandoned together with a Management plan for the utilization of these properties; and</p> <p>d.3. Account for the various items of PPE which cannot be located/missing.</p> <p>e. Prepare and submit the Property Inventory Form as required under</p>	<p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Partially Implemented</i></p>

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(COA AAR CY 2018) pp. 45-55	e. Non-submission of Property Inventory Form (PIF) which served as basis for the assessment of general insurance coverage over all insurable assets, properties and interests of the government with the General insurance Fund of the Government Service Insurance System in violation with COA Circular No. 2018-002.	COA Circular No. 2018-002 in order to determine the accuracy of the insurance coverage of the MWSS properties.	Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73
A.3 (COA AAR CY 2017) pp. 47-62	<p><i>Unsupported accounts/adjustments</i></p> <p>f. Adjustments totaling P267.207 million pertaining to the land sold to National Waterworks and Sewerage Authority (NWSA) employees and Silhoutte 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>g. Unaccounted disposed unserviceable motor vehicles and other transportation equipment amounting to P29.527 million;</p> <p>h. Discrepancies on the cost of 53 units of</p>	<p>f. On the adjustment amounting to P228.176 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>g. On the adjustment amounting to P39.032 million:</p> <p>i. Secure from the appropriate</p>	<p><i>Not Implemented</i></p> <p>No compliance submitted by the Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by the Management</p> <p><i>Partially Implemented</i></p>

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	<p>unserviceable assets sold in CY 2014; and</p> <p>i. 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>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 to corroborate the erroneous measurement recognized in the books once proven that there was typographical error in the land area. Thereafter, analyze the transaction and prepare the necessary adjustments.</p> <p>h. 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>i. 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</p>	<p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>

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		<p>with the Manual on Disposal of Government;</p> <p>j. Reconcile the records of Finance and Property Management Departments on the sold 53 units of unserviceable vehicles and make the necessary adjustments; and</p> <p>k. 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 reconcile the account with net book value of P491,168.38.</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>
A.3 (COA AAR CY 2019) pp. 66-68	<p>The Other Assets account balance of P724.425 million is not reliable due to absence of objective evidence of existence as evident in the:</p> <p>(a) undocumented garnished, dormant and unreconciled accounts totaling P685.609 million; and</p> <p>(b) unmonitored and undisposed non-operational assets amounting to P38.816 million, thus, contrary to the qualitative characteristic of faithful representation provided in paragraph 27 of the IPSAS</p>	<p>a. Analyze the composition of all garnished, dormant and unreconciled assets totaling P685.609 million based on the available data /records and to submit the details/schedules and other supporting documents;</p> <p>b. Submit schedule and status of the physical existence of the various non-operational assets amounting P38.816 million which remain undisposed for more than 10 years; and</p> <p>c. Conduct regular monitoring of these non-</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.6 of this AAR pp. 84-87</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.6 of this AAR pp. 84-87</p> <p><i>Not Implemented</i></p>

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	1 – Presentation of Financial Statements.	operational assets and prepare the necessary monitoring report thereon.	Reiterated in Audit Observation No. A.6 of this AAR pp. 84-87
A.4 (COA AAR CY 2019) pp. 68-70	Incomplete reconciliation and unavailability of documents to support the beginning balances of various asset and liability accounts amounting to P574.475 million and P884.548 million, respectively, rendered the balances of the affected accounts doubtful, contrary to the qualitative characteristics of financial reporting on reliability and faithful representation, in accordance with IPSAS 1 – Presentation of Financial Statements.	<p>a. Conduct continuous and regular reconciliation of the unreconciled/unverified accounts to establish the accuracy of the affected account balances; and</p> <p>b. Provide the details/schedule and other supporting documents relating thereto.</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 81-83</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 81-83</p>
A.5 (COA AAR CY 2019) pp. 70-71	The Loans Receivable Others account of retired/separated MWSS and Non-MWSS employees granted under the Multi-Purpose Loans Program (MPLP) totaling P13.856 million as of December 31, 2019 has been long outstanding in the books for several years already due to lapses in the monitoring of the uncollected/dormant accounts, contrary to Section 6.1 of COA Circular No. 2016-005 dated December 19, 2016. Its non-collection deprived MWSS of funds for its operations.	<p>a. Conduct regular monitoring, analysis and reconciliation of the loans receivable account; and</p> <p>b. Send demand letters to the respective MWSS and non-MWSS personnel to collect and recover the loans and submit the same to this Office together with the proof of receipt and/or explanation of the recipient.</p>	<p><i>Not Implemented</i></p> <p>Notice of Disallowance No. 2019-03-05 (PYs) dated August 30, 2019 was issued.</p> <p><i>Not Implemented</i></p> <p>Notice of Disallowance No. 2019-03-05 (PYs) dated August 30, 2019 was issued.</p>
A.6	Non-reconciliation of the Due from Officers and	a. Analyze the negative loan balances;	<i>Not Implemented</i>

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(COA AAR CY 2019) pp. 71-72	Employees accounts resulted in the negative housing/car loan balances of four employees totaling to P437,523.20, thus, it understated the affected asset and liability accounts, contrary to Section 7 of COA Circular No. 2016-005 and paragraph 27 of IPSAS 1 – Presentation of Financial Statements.	<p>b. Make the necessary adjustment/reclassification entries; and</p> <p>c. Stop the deduction of the loan amortization from the concerned employees and refund the excess amount collected.</p>	<p>Reiterated in Audit Observation No. A.15 of this AAR pp. 104-105</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.15 of this AAR pp. 104-105</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.15 of this AAR pp. 104-105</p>
A.7 (COA AAR CY 2019) pp. 72-74	Funds received in Calendar Years (CYs) 2010 and 2015 by MWSS for specific purposes totaling P60.930 million remain recorded in the books as Cash in Bank account instead of in the Restricted Fund/Cash account, thus, misstating the said accounts, and thereby contrary to IPSAS 1 – Presentation of Financial Statements and 2 – Cash Flow Statements.	<p>a. Evaluate the status of the funds received from the Lessee and from the BTr amounting to P 37,067,944.92 and P 23,862,644.96, respectively; and</p> <p>b. Reclassify the funds to its appropriate accounts in accordance with IPSAS 1 – Presentation of Financial Statements and 2 – Cash Flow Statements, as disclosed by the nature and purpose of the funds.</p>	<p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>
A.8 (COA AAR CY 2019) pp. 74-76	Lapses in the monitoring and conduct of periodic reconciliation of short-term investments/time deposits accounts resulted in a discrepancy of P310.098 million between the bank confirmed balance and the	a. Conduct regular monitoring and/or periodic reconciliation of cash and cash equivalents to reflect the correct book balance;	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.20 of this AAR pp. 111-112</p>

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	<p>book balance as of December 31, 2019. Moreover, subsidiary ledgers were not maintained for ten time deposit accounts totaling P947.818 million. These cast doubt on the accuracy of the balance per books, and are contrary to paragraph 27 of IPSAS 1 – Presentation of Financial Statements, Section 114(2) of P.D. 1445 and runs counter to sound internal control.</p>	<p>b. Investigate/analyze the discrepancy between the balance per bank as against the book balance and effect the necessary adjustment(s) for the LBP and PNB accounts amounting to P654,399.62 and P488,502.91, respectively; and</p> <p>c. Maintain and update regularly the subsidiary ledgers of the ten LBP time deposit accounts to support the detailed balances in the general ledger and to have an available data for decision-making purposes.</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.20 of this AAR pp. 111-112</p> <p><i>Fully Implemented</i></p>
A.9 (COA AAR CY 2019) pp. 76-78	<p>Cash receipts from the sale of scrap materials amounting to P16.688 million for CY 2019 was recorded in the books as liability under the Other Deferred Credits account which is not in conformity with IPSAS 9 – Revenue from Exchange Transactions.</p>	<p>a. Analyze the Other Deferred Credits account pertaining to cash received from the sale of scrap materials and reclassify to proper income or retained earnings account;</p> <p>b. Ensure that the amount of the actual proceeds from sale of scrap materials or from the salvaged materials out of the disposed properties as reported in the Disposal Report prepared by the Disposal Committee is equal to the cash collected and reported; and</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97</p>

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		c. Recognize as income the corresponding amount of the carrying values of the properties to be dropped from the books.	<i>Not Implemented</i> Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97
A.10 (COA AAR CY 2019) pp. 78-79	Non-compliance of the provisions of paragraph 8 of IPSAS 17 – Property, Plant and Equipment resulted in the overstatement of loss on sale of disposed assets by P1.232 million.	Comply with IPSAS 17 – Property, Plant and Equipment on the recognition of gain or loss arising from the derecognition of an item of property, plant and equipment which shall be included in the surplus or deficit when the item is derecognized using the difference between the net disposal proceeds, if any, and the carrying amount of the item.	<i>Fully Implemented</i>
A.11 (COA AAR CY 2019) pp. 79-80	Proceeds from sale of bidding documents totaling P0.844 million was improperly carried in the books as liability under the Other Deferred Credits despite the non-refundable nature of the cash received from the sale of bidding documents, hence contrary to paragraph 28 of IPSAS 9 – Revenue from Exchange Transactions.	a. Recognize as earned the cash collected from the bidders for the payment of bidding documents and record the same as part of the Miscellaneous Income account to correctly reflect the transaction in accordance with IPSAS 9; and b. Prepare the adjusting entries to reflect the correct balance of liability account for CY 2019.	<i>Partially Implemented</i> Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97 <i>Partially Implemented</i> Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97
A.12 (COA AAR CY 2019) pp. 80-81	Cash Receipts from Bonds amounting P26,124.76 which serve as security for the use of the various	a. Evaluate, notify and process the refund, if warranted, of the cash bond collected which is	<i>Not Implemented</i>

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	MWSS Properties were not refunded after the use of such properties, leaving the amounts lodged in the Other Deferred Credits account, contrary to the faithful representation under the Qualitative Characteristics of Financial Reporting under IPSAS 1 – Presentation of Financial Statements.	<p>still under the Other Deferred Credits account considering that the reason for its recognition in the books as a liability is no longer applicable; and</p> <p>b. Determine the proper classification of the cash bond payments received taking into consideration the nature and the purpose of the cash bond collected.</p>	<p>Reiterated in Audit Observation No. A.9 of this AAR p. 129</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.9 of this AAR p. 129</p>
A.2 (COA AAR CY 2018) pp. 55-57	<p>The year-end balance of the Other Receivable account of P5.618 billion was not reliable due to inclusion of P4.175 billion or 74 per cent of which are:</p> <p>a. Disputed claims by MWSI consisting of borrowing cost amounting to P4.048 billion which is uncertain of collection and;</p> <p>b. Guarantee deposits of active customers already transferred to MWSI and MWCI amounting to P64.799 million and P62.308 million respectively.</p>	<p>a. Record the cost of borrowing totaling P4.048 billion in accordance with PPSAS 19 regarding contingent assets to which the realization or collection of the subject claims is virtually uncertain, pending outcome of the local arbitration proceedings; and</p> <p>b. Analyze and make necessary adjustments in the Other Receivables account representing the guarantee deposits of active customers which have been transferred to the concessionaires.</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</p>

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A.6 (COA AAR CY 2018) pp. 63-65	Other Deferred Credits to Income totaling P324.799 million were not valid obligations as these are credits (a) with no actual collections received and (b) already earned or realized, contrary to the definition of liabilities under Paragraph 7 of PPSAS 1.	a. Ensure that the amount recorded in the Other Deferred Credits account pertains only to cash collections received in advance and have not yet been earned or realized within the year, otherwise, adjust as necessary;	<i>Partially Implemented</i> Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97
		b. Identify the remaining book value of the disposed scrap materials, G.I. pipes and unserviceable assets to reflect the correct balance of the related asset, gain/loss on disposal and Other Deferred Credits;	<i>Not Implemented</i> Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97
		c. Recognize as income the liquidated damages of P25,705.26 received from ADB Industry PTE Ltd under JEV-2007-07-010223 and the advance collection for rent of P333,067.16 that were already earned or realized in the prior and current year, as deemed appropriate; and	<i>Fully Implemented</i>
		d. Determine who among the 138 payors actually availed of the housing project in order to reduce the undistributed collections totaling P13,019,097.58 under the Deferred Credits	<i>Partially Implemented</i> Reiterated in Audit Observation No. A.9 of this AAR pp. 92-97

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		account, to adjust to its proper account.	
A.8 (COA AAR CY 2018) pp. 67-68	<p>Due to PhilHealth account was understated by P78,879 due to (a) non-set-up of payable for December 2018 of the government share and (b) remittance of government share for March 2018 was inadvertently debited to the account.</p> <p>The deduction of Pag-IBIG loan amortization of P3,573 for the month of June 2018 was inadvertently posted in the GSIS subsidiary ledger.</p>	Make the necessary adjustments to arrive at the correct balances of Due to PhilHealth, Due to Pag-IBIG, Due to GSIS accounts and other affected accounts.	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.16 of this AAR pp. 105-106</p>
A.9 (COA AAR CY 2018) pp. 68-70	<p>The year-end balance of the Due to BIR account totaling P21.364 million showed unreconciled / unremitted balances of P1.240 million, after deducting the taxes withheld in December 2018 and remittance to the BIR in January 2019.</p> <p>Non-provision for Tax Refund Payable amounting P566,260 made at year-end due to delayed tax analysis and adjustments as required under the National Internal Revenue Code (NIRC) resulting in misstatement of the Due to BIR account. Also, the tax refunded to the employees exceeded by P42,625 by the actual creditable tax of P566,260.</p>	<p>a. Review and analyze each of the subsidiary ledger of the account Due to BIR and determine the unremitted tax collections and remit the same to the BIR and/or reconcile the balances. Likewise, make necessary adjusting entries to arrive at the correct account balance;</p> <p>b. Determine and record the Tax Refund Payable to employees at year-end and effect the necessary adjusting entries; and</p> <p>c. Analyze the under/over tax refund and if deemed appropriate, return to the concerned</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.18 of this AAR pp. 107-109</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.18 of this AAR pp. 107-109</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No.</p>

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		employees the taxes withheld and demand the excess payment to those with overpayment of tax credits.	A.18 of this AAR pp. 107-109
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' privatization.</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;</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 discrepancies noted between the lessees' records and accounting records, and effect adjustments if necessary to arrive at</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</p> <p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</p>

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		<p>the correct receivable account balance; and</p> <p>e. 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>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 of this AAR pp. 73-78</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 P98.795 million remained doubtful/not valid for lack of the Memorandum of Agreement between MWSS, NHA and the two Concessionaires, all contrary to Section 111 of P.D. No. 1445</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; and</p> <p>b. Make representation with the BTr and NHA to determine if the loan amounting to P98.795 million recorded in the books is a valid obligation of MWSS and if found valid, make the necessary inclusion in the debt service letter to the Concessionaires for the payment of the said loan.</p>	<p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p>

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A.9 (COA AAR CY 2017) pp. 80-81	The Advances to Contractors account year-end balance totaling P851.809 million, P278.402 million (net) or 33 percent remained unrecouped/outstanding for more than four (4) years which deprived MWSS of additional funds for operation, contrary to Section 5.3 Annex E, RIRR of RA 9184.	a. Analyze the advances to contractors account and determine the causes of the negative balances, and effect the necessary adjustments to reflect the correct and accurate book balances;	<i>Not implemented</i> Reiterated in Audit Observation No. C.25 of this AAR pp. 126-127
		b. Initiate legal action against the contractors to recoup the advances;	<i>Not implemented</i> Reiterated in Audit Observation No. C.25 of this AAR pp. 126-127
		c. Blacklist the contractors who have outstanding advances from MWSS; and	<i>Not implemented</i> Reiterated in Audit Observation No. C.25 of this AAR pp. 126-127
A.10 (COA AAR CY 2016) pp. 90-93		d. Determine the officers/employees responsible for failure to deduct the outstanding advances from the progress billings and institute administrative sanctions.	<i>Not Implemented</i> Reiterated in Audit Observation No. C.25 of this AAR pp. 126-127
A.10 (COA AAR CY 2017) pp. 81-89	The recording of Payable and Other Liability accounts were deficient, as follows: <i>Improper recording of accounts</i> a. Non-recognition of liability totaling P118 million payable to Public-Private Partnership (PPP) Center of the	a. Recognize in the books the obligation due to PPP Center totaling P118,028,076 representing the project development costs charged against the PDMF fund, duly supported with pertinent documents, in compliance with PPSAS 1;	<i>Not implemented</i> No compliance submitted by Management

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	<p>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>e. Over remittance of 0.419 million to MWSS Welfare Fund</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 made in CY 2016 totaling 634,440 and P135,822 and stop the</p>	<p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	<p>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>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><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
A.19 (COA AAR CY 2016) pp. 113- 117		k. For the amount due to MCMC totaling P2,340,916.72, require it to settle the issues raised in Audi Finding No. E.1 before remittance can be made;	<i>Not implemented</i> No compliance submitted by Management
A.22 (COA AAR CY 2016) pp. 121- 124		l. Inform the employees who are qualified to receive the loyalty incentive to avoid accumulation of long outstanding claims; and m. Disburse PBB for CY 2015 to the 99 eligible officers and employees as authorized by GCG totaling P4,004,411.	<i>Not Implemented</i> No compliance submitted by Management <i>Partially Implemented</i> Disbursement of PBB for some MWSS personnel were made in CY 2016. No Management's update was received.
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> Reiterated in Audit Observation No. A.10 of this AAR pp. 97-98 <i>Not implemented</i> Reiterated in Audit Observation No. A.10 of this AAR pp. 97-98
A.12 (COA AAR CY 2017) pp. 90-92	Assessment and collection of MWSS' forty percent (40%) share in net income from the	a. Assess, bill, and collect from the AFI the 40 percent share of income of MWSS from	

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	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.	<p>the operation of LMRZ from CYs 2004 to 2017, if any, by:</p> <p>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 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 submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p>
A.13 (COA AAR CY 2017) pp. 92-99	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	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	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation Nos. A.3 pp. 73-78 of this AAR</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	to Sections 111 and 114(2) of PD No. 1445.	<p>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; and</p> <p>c. Conduct comprehensive review, analysis and reconcile dormant asset and liability accounts totaling P145.524 million and P164.507 million, respectively, and if warranted:</p> <p>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;</p> <p>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</p> <p>iii. Request for authority to write-off and/or adjustment of</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 pp. 73-78 of this AAR</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 pp. 73-78 of this AAR</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 pp. 73-78 of this AAR</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.3 pp. 73-78 of this AAR</p> <p><i>Not Implemented</i></p>

Reference	Audit		Status of Implementation
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		dormant account balances that remained non-moving for more than five (5) years.	Reiterated in Audit Observation No. A.3 pp. 73-78 of this AAR
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> <p>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 recorded in a separate restricted account 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</p>	<p>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;</p> <p>b. Analyze and reconcile the abnormal balances of the account PNB Time Deposit of P(488,503) and PNB 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; and</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.7 of this AAR pp. 87-90</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.7 of this AAR pp. 87-90</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.7 of this AAR pp. 87-90</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
C.5 (COA AAR CY 2016) pp. 152- 161	and Savings Accounts resulting in misstatement of the accounts; and 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.	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.	<i>Not implemented</i> Reiterated in Audit Observation No. A.7 of this AAR pp. 87-90
A.15 (COA AAR CY 2017) pp. 105- 107	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. 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.	a. Reconcile the accounts OPE-Input and OPE-Creditable Withholding VAT to reflect the correct tax credits available to the Agency; and b. Verify and substantiate the tax credits variance per BIR Form 1702 against the recorded book balance of the account Other Prepaid Expense-EWT.	<i>Not Implemented</i> No compliance submitted by Management <i>Not implemented</i> No compliance submitted by Management
A.17	Lapses were observed in the recording and payment	a. Settle the additional bill charges which are	<i>Fully implemented</i>

Reference	Audit		Status of Implementation
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(COA AAR CY 2017) pp.110-113	<p>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 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>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 Section 21, Chapter 10, of the Government Accounting Manual for NGAs (Vol. 1); and</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>Fully implemented</i></p> <p><i>Fully Implemented</i></p>
A.16 (COA AAR CY 2016) pp. 108-109	<p>The propriety to derecognize the account 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>	<p>a. Explain the earned interest of P77,321.51 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><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.12 of this AAR pp. 99-101</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
		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.	<i>Not Implemented</i> Reiterated in Audit Observation No. A.12 of this AAR pp. 99-101
A.25 (COA AAR CY 2016) pp. 133-134	The validity and accuracy of the account Investment in Stocks totaling P2.524 million was unreliable due to inclusion of stocks totaling to P2.012 million or 79.80 percent that cannot be validated or without complete/original copies of stock certificates.	a. Immediately produce the stock certificates with PLDT and MERALCO pertaining to the variance noted during inspection totaling P1.544 million, including the original copies of the stock certificates for its investment in stocks with MERALCO amounting to P0.468 million; and b. Reconcile the outstanding balance of investment in stocks with PLDT (account 192-01) for the variance noted per confirmation amounting to P0.372 million and closely communicate with PLDT and MERALCO to establish the correct year-end balance of investment in stocks.	<i>Not Implemented</i> Reiterated in Audit Observation No. A.13 of this AAR pp. 101-103 <i>Not Implemented</i> Reiterated in Audit Observation No. A.13 of this AAR pp. 101-103
B. Other Audit Observations – Corporate Office			
C.15 (COA AAR	Notice to Proceed (NTP) for the Detailed	Prioritize the completion of the requirements including	<i>Partially Implemented</i>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
CY 2019) pp. 84-88	Engineering and Design and Construction of the New Centennial Water Source - Kaliwa Dam Project (NCWS-KDP) or the Commercial Contract was issued by the MWSS despite the non-compliance with the requirements provided for under the Loan Agreement, thus preventing the effectivity of the Commercial Contract.	the conditions and restrictions set forth in the Environmental Compliance Certificate by compelling the Consultant to fulfill its obligations under the Consultancy Services Contract. Compliance with the requirements shall facilitate the implementation of the provisions of the Commercial Contract.	Reiterated in Audit Observation No. C.23 of this AAR pp. 117-123
C.16 (COA AAR CY 2019) pp. 88-90	The Resolution ng Pagpayag, allegedly executed by the members of the tribal groups/indigenous peoples (IPs) living within the MWSS Kaliwa Dam project site, is a requirement for the Free and Prior Informed Consent (FPIC) and a condition precedent to the issuance of the Environmental Compliance Certificate (ECC), is not compliant with the guidelines under NCIP Administrative Order No. 3, s. 2012. Hence, renders the project proponent non-compliant with the ECC, and thus, affects the effectivity of the Loan Agreement and the Commercial Contract.	Require the FPIC Team to craft a valid and proper Resolusyon ng Pagpayag that complies with the requirements under the NCIP Administrative Order No. 3, series of 2012 and other pertinent laws.	<i>Partially Implemented</i> Reiterated in Audit Observation No. C.23 of this AAR pp. 117-123
C.17 (COA AAR CY 2019) pp. 90-93	The expropriation of lots particularly for the right of way affected by the Kaliwa Dam Project is still pending, hence considered a ground for	a. Expedite the application and processing of existing and pending right of way acquisitions in accordance with RA 10752 as stated in the	<i>Partially Implemented</i> Reiterated in Audit Observation No. C.23 of this AAR

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	the termination of the contract under Section 17.6 of the Revised Implementing Rules and Regulations of the Republic Act 9184 also known as the Government Procurement Reform Law.	<p>Board Resolution No. 2019-181-CO;</p> <p>b. Compel the Engineering and Technical Operations Group to coordinate with the Legal Department on the status of the project accomplishment in relation to their participation in the expropriation of right of way; and</p> <p>c. Submit the complete inventory of the lots or parcel of land to be utilized in the project, including areas of the affected ICCs and IPs territories and the information regarding the status of the expropriation proceeding of private lots already commenced which are to be used or utilized in the construction of the Kaliwa dam, the conveyance tunnel, access roads and housing camps in the project areas to the Project Management Office.</p>	<p>pp. 117-123</p> <p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. C.23 of this AAR pp. 117-123</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.23 of this AAR pp. 117-123</p>
C.18 (COA AAR CY 2019) pp. 93-95	The MWSS already paid the Management Fees amounting to P32.446 million and availed drawdown from the Loan Facility without compliance with the specific contractual provisions and legal requirements set under	Make representation with the EximBank of China to recover the Management Fee of P32,445,831.69 which is considered as advance payment since the Loan Agreement is not yet effective.	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.23 of this AAR pp. 117-123</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	the Preferential Buyer's Credit Loan Agreement, thereby, depriving the MWSS to use in its operations the funds advanced from the time it was released until the actual effectivity of the Loan Agreement.		
C.19 (COA AAR CY 2019) pp. 95-98	The MWSS Internal Audit Department (IAD) is not fully functioning as mandated by existing laws, rules and regulations, and covered only the audit of MWSS Corporate Office. This was due to IAD's lack of manpower to fully perform its function. Hence, the MWSS is deprived of the opportunities to appropriately address the issues that can be identified in the management and operations audit of the IAD and to improve/enhance existing policies and procedures including internal controls.	<p>a. Board of Trustees consider increasing the present manpower complement of the IAD for the latter to fully operate in accordance with its mandated functions; and</p> <p>b. Internal Audit Department (IAD) conduct both management and operations audit of the CO and the RO.</p>	<p><i>Not Implemented</i></p> <p><i>Not Implemented</i></p>
C.20 (COA AAR CY 2019) pp. 98-105	Various MWSS property used to be sites of its deep well operations were occupied by private individuals or taken back by the donors. There are also issues in the ownership titles and deed of donations covering said property. Thus, hindering the possession and control by MWSS of said property for its use. Obviously, MWSS did not monitor the	a. Asset Management Department (AMD) and the Legal Department to evaluate the MWSS rights over the subject properties and to take appropriate action to enforce said rights against the unlawful/unauthorized use of said properties; and	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	<p>status of said property for a long time.</p> <p>a. Permanent structures were built on the MWSS property and these structures were made as dwellings with some portions leased to others, thus, depriving the MWSS of its right to use the facility.</p> <p>b. Deep wells constructed in the LGU-donated lots or on a privately-owned donated lot were already decommissioned and possession is restored to the donor without proper documentation.</p> <p>c. Deeds of Donation over the Right of Way (ROW) and title to the lots used for the deep well operations which will support the rights over the real property were not kept or in possession of the MWSS.</p>	<p>b. Require the AMD and other concerned department/s to ensure the documentation and safekeeping of the documents such as the deed of donation, certificate of titles and other papers / documents, including on proofs of receipt and return of the property to the donors. The officer/officers in-charge in the safekeeping must make available these documents especially during inventory and inspection.</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>
C.21 (COA AAR CY 2019) pp. 105-116	<p>Some deep wells (DWs) remained non-operational due to: unresolved water quality; uninstalled machineries/equipment, accessories and other appurtenances; outdated yet being used as storage or other than its intended purpose; and abandoned but not yet dismantled.</p>	<p>a. Address the cause or causes of the temporary stoppage of the deep well operation by coordinating with the concessionaire, the issue on water quality in Barangays Pag-asa and Bago-Bantay, Quezon City, in order to alleviate the impact of the water</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	Also, evidence of ownership is not available with the AMD. These issues prevent to optimize the use of the DWs which can augment the water supply in Metropolitan Manila.	<p>supply concerns in Metropolitan Manila;</p> <p>b. (i) Formulate an overall strategy on the properties of MWSS relative to the deep well that have already ceased operations; (ii) install security measures in the areas where the deep well operations were stopped or suspended or abandoned, in order to protect and safeguard the remaining properties of MWSS including the deep well appurtenances; and (iii) recover the salvage value of the metal pipes, equipment and other items for disposal; and</p> <p>c. Evaluate and update as necessary the existing policies of the MWSS in the safekeeping of titles, deeds and proof of ownership or right to use the property and other related transactions pertaining to its properties used in the deep well operations, with imposition of sanctions to officials and employees who erred in their duties and responsibilities pertaining to the custody and safekeeping of these records/documents. This is to prevent doubt on the rights and</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
		ownership of MWSS over the subject properties.	
C.22 (COA AAR CY 2019) pp. 117-125	Several deep wells (DWs) can no longer be located since structures were already erected on the DW sites. There are also MWSS properties which are being used other than for the deep well operations and the records of the AMD differs from that of the Concessionaire's. These are indications of lapses of the AMD in updating its records and in monitoring the MWSS properties for DW operations, hence, render the records of MWSS properties unreliable.	<p>a. Require the AMD to: (i) explain the discrepancies of the recorded PPE items (deep well pumping stations and appurtenances etc.) as against the inventory list of the concessionaire MWCI; and (ii) prepare the correct and updated record of MWSS;</p> <p>b. Conduct investigation on the unfinished upgrading of the deep well appurtenances in San Fabian St. Robles Subdivision, Cainta, Rizal and also determine who shall be made liable for the unfinished work which resulted to the deterioration of the appurtenance and for the missing pump casing; and</p> <p>c. Ensure that: (i) the MWSS properties are safeguarded from any intrusion or any unauthorized use thereof; (ii) there is proper safekeeping of the records that will show the MWSS ownership of the deep well pumping stations and the sites to where these stations were built, and documentation that the same were</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 59-73</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
		transferred or donated to the LGU or some private entity performing governmental functions like the operation and maintenance of deep well pumping stations; and (iii) for Legal Department to evaluate the appropriate action to be filed against the unlawful/unauthorized use of the MWSS properties.	
C.23 (COA AAR CY 2019) pp. 125-129	The allocated GAD budget of the MWSS Corporate Office for CY 2019 of P8.850 million represents only 0.18 per cent of the DBM - approved Corporate Operating Budget (COB) of P4.906 billion, way below the required minimum five per cent (5%) of the total agency's budget as required under Section 6.1 of the PCW-NEDA-DBM Joint Circular No. 2012-01. Out of the allotted amount, only P827,001.00 or 9.34 percent was actually expended for GAD activities, hence, the purpose of the law on women empowerment and gender equality was not addressed.	<p>a. Strictly allocate at least 5% of the total amount of the MWSS-CO appropriation for the implementation of GAD-related programs and activities as required under Section 36 (a) of RA 7610 or the Magna Carta of Women and Section 6.1 of the PCW-NEDA-DBM Joint Circular No. 2012-01;</p> <p>b. Maximize the utilization of the funds allocated for GAD through the implementation of GAD-related programs and projects which address gender and development issues in order to attain the objective for which the funds were provided; and</p> <p>c. Require the Heads of the Implementing Departments or Offices to ensure that GAD Programs, Activities and</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.28 of this AAR pp. 130-135</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.28 of this AAR pp. 130-135</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.28 of this AAR</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	<p>c. Water and Sewerage Sector Savings and Loan Association, Inc. (WASSLAI)</p> <p>d. Philippine Water Partnership (PWP); and</p> <p>e. Automated Teller Machines of Banco de Oro (BDO), Philippine National Bank (PNB), Bank of the Philippine Islands (BPI) and Metrobank, and Pay&Go Machine.</p> <p>Only a reasonable compensation is received by the MWSS from the Tandang Sora Jeepney Operators and Drivers Association (TASJODA) for the use of land as terminal/parking area of the Association due to the absence of a lease contract.</p> <p>Lease contract provisions on sub-lease and free parking slots are not strictly implemented by the MWSS which gives undue favor to the Local Water Utilities Administration (LWUA) and PNB, thus disadvantageous to the MWSS.</p>	<p>c. Demand collections from the WASSLAI and WASSECO the cost of utilities incurred from the previous and current years and settlement should be made prior to the execution of a lease contact with the WASSLAI;</p> <p>d. Require the LWUA to explain violation of Section 7 of the Lease Contract, and immediately demand the Agency's share from the lease payments of the NAPC and LBP; and</p> <p>e. Henceforth, make an annual review of all the lease contracts for any amendments and evaluate contracts that will expire before six months, to exercise Management prerogatives that are beneficial to the Agency.</p>	<p>no document was submitted.</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p>
C.14 (COA AAR CY 2018) pp. 83-84	The remaining balance of the fund received for the implementation of the Angat Dam and Dyke Strengthening Project (ADDSP) amounting to	Return the P23.75 million used for other purpose and maintain a separate account for trust funds received from the BTr and submit Journal Voucher	<i>Fully Implemented</i>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	<p>P23.750 million was used as payment of the guarantee fees payable due to non-segregation of the trust fund with the corporate funds, contrary to Section 4(3) of Presidential Decree No. 1445.</p> <p>The MWSS has not complied with the requirement of the MOA to provide copies to the Department of Budget and Management (DBM) and the Department of Public Works and Highways (DPWH) of the Liquidation and Accomplishment Reports on the ADDSP due to the failure of the Agency to demand the said reports from the National Power Corporation (NPC) and Provincial Government of Bulacan (PGB), the implementing agencies of the project.</p>	<p>(JV) for the fund transfer; and</p> <p>Demand from the NPC and PGB the liquidation reports of the fund transferred and physical and financial accomplishment on the ADDSP, and provide copies to the DBM and DPWH pursuant to the MOA.</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.24 of this AAR pp. 123-126</p>
C.16 (COA AAR CY 2018) pp. 89-90	<p>Notices of Disallowances with issued Notices of Finality of Decision aggregating P82.506 million were 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).</p>	<p>Require the Finance Department to recognize the disallowances that have become final and executory as Receivables-Disallowances totaling P82,506,510.50.</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. A.14 of this AAR pp. 103-104</p>
C.17	<p>Payments of monthly reimbursable allowance</p>	<p>Require the OGCC to refund the amount of</p>	<p><i>Not Implemented</i></p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
(COA AAR CY 2018) pp. 91-93	totaling P1.704 million to the Office of the Government Corporate Counsel (OGCC) lawyers were not in accordance with Section 4 of PD No. 1445 and Section 6 of EO No. 878.	P1.704 million representing the reimbursable expenses/allowance paid and submit to this Office the Official Receipt thereof. Otherwise, a Notice of Disallowance will be issued accordingly.	No compliance submitted by Management
B.18 (COA AAR CY 2017) pp.113-114	<p>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.</p> <p>No Monthly Report of Fuel Consumption are prepared by the General Services Division and non-submission of the same to the COA Auditor, contrary to COA Circular No. 77-61.</p>	<p>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; and</p> <p>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.</p>	<p><i>Fully Implemented</i></p> <p><i>Fully Implemented</i></p>
A.24 (COA AAR CY 2016) pp. 131-133	Closing of accounts Due to GSIS/ Pag-IBIG/Other GOCCs to Retained Earnings in CY 2014 totaling P2.047 million cannot be ascertained due to lack of supporting documents.	Analyze the payable accounts and submit documents supporting the reversion made in CY 2014.	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. A.18 of this AAR pp. 107-109</p>
C.6 (COA AAR CY 2016) pp. 161-164	<p>Grant and liquidation of cash advances were found not compliant with the prescribed guidelines, to wit:</p> <p>a. Cash Advances amounting to</p>	Issue a Certification as required in Section 1.1 of COA Circular No. 2012-001 to ensure that employees/officers are granted cash advances only after the settlement/liquidation of	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. C.26 of this AAR pp. 128-129</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	P664,715 were granted to employees despite unliquidated/unsettled previous cash advances, contrary to Section 89 of P.D. 1445.	their previous cash advances in compliance with Section 89 of P.D.1445.	
C.8 (COA AAR CY 2016) pp. 168-170	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>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; and</p> <p>b. Submit to the Office of the Auditor the Monthly Report of Official Travels for audit as required under COA Circular No. 75-6.</p>	<p><i>Partially Implemented</i></p> <p>Not all trip tickets are duly accomplished</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p>
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</p>	<p>a. Require Catalina Security Services Inc. to:</p> <p>i. Submit proof of remittances of the Social Security Services (SSS), Home 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><i>Partially implemented</i></p> <p>Four of 31 security guards were without submitted proof of remittances</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	<p>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 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>ii. Compensate the cost 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><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p>
D.39 (COA AAR CY 2017) pp.149-151	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.	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,	<p><i>Not implemented</i></p> <p>No compliance submitted by Management</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	112 and the Concession Agreement.	<p>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 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><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p>
E.1 (COA AAR CY 2016) pp. 183-189	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	<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; and</p> <p>b. Enforce collection/remittance of MWSS’ share on the income derived from the canteen space and the payment of electric</p>	<p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Partially Implemented</i></p> <p>Communication was already made by MWSS to the MCMC. However,</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	occupied by a food establishment without approval/consent from MWSS.	consumption for the last two years.	no Management's update was received.
A.15 (COA AAR CY 2016) pp. 105-108	The initial deposit of SM Prime Holdings Inc., including interest earned, totaling P36.250 million for the supposed lease of MWSS property along Katipunan Avenue was still retained in the MWSS' books due to the refusal of the former to accept the deposit despite declaration by the MWSS Board of Trustees that the pertinent contract is null and void. This might expose the MWSS of possible lawsuit for having no legal right to retain the same.	Immediately consign to the Court the initial deposit/payments received from SM Prime Holdings Inc., including interest earned thereof (net of 20 per cent final tax) otherwise, take possible legal action to resolve the issue on the Lease Agreement or consider other courses of action.	<i>Partially Implemented</i> Reiterated in Audit Observation No. A.10 of this AAR pp. 97-98

B. Regulatory Office

Out of the **18** audit recommendations, **nine** were fully implemented, **one** was partially implemented and **eight** were not implemented.

Reference	Audit		Status of Implementation
	Observations	Recommendations	
A. Financial Audit – Regulatory Office			
B.14 (COA AAR CY 2019) pp. 83-84	Bidding document fees collected in the amount of P2.032 million were recorded as Trust Liabilities-BAC instead of revenue for CY 2019 and retained earnings for prior period collections as provided under IPSAS 9 –	Prepare the necessary adjusting entry to recognize the revenue from the trust liabilities in compliance with IPSAS 9.	<i>Fully implemented</i>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	records, which likewise affect the computation of terminal leave benefits	<p>HRIS on a monthly/quarterly/semi-annual basis, depending on the assessment of the frequency of the changes/activities of the super-user to ensure the integrity of the records maintained by the HRIS and the accuracy of the Terminal Leave Benefits; and</p> <p>c. Require the Senior IRM Officer to also perform periodic access reviews of the HRIS, to ensure that proper access (user, administrator, and super-user access) were granted to current employees only.</p>	<i>Fully Implemented</i>
D. 31 (COA AAR CY 2019) pp. 151-154	Conduct of various meeting and budgeting sessions of MWSS-RO outside the agency premises for CY 2019 with expenditures totaling P514,129.00 are deemed extravagant under Section 6 of COA Circular No. 2012-003 dated 29 October 2012.	<p>a. Stop the practice of conducting planning sessions outside the office premises, but instead, utilize the meeting rooms or halls within the MWSS compound; and</p> <p>b. Refund the amount of P514,129.00 representing extravagant expenditures, otherwise, a Notice of Disallowance shall be issued.</p>	<p><i>Not Implemented</i></p> <p>Notice of Disallowance No. 20-003-RO-(19) dated December 7, 2020 was issued.</p> <p><i>Not Implemented</i></p> <p>Notice of Disallowance No. 20-003-RO-(19) dated December 7, 2020 was issued.</p>
D. 33 (COA AAR CY 2019) pp. 155-156	The GAD Database/Sex-disaggregated data was not institutionalized as required under Section 4.4 of PCW-NEDA-DBM Joint Circular No. 2012-001.	Institutionalize the GAD Database/Sex-disaggregated data in compliance with Section 4.4 of PCW-NEDA-DBM Joint Circular No. 2012-001 by way of a detailed Gender Survey	<i>Fully Implemented</i>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
D.21 (COA AAR CY 2018) pp. 98-99	1. Reimbursement of Expenses amounting to P330,979.04 were billed by the Consultants beyond one month since it was incurred, contrary to Item 8.2 of the Terms of Reference of the Contract.	a. Comply with the provisions of the Contract and disallow the reimbursement of expenses beyond the month of its actual incurrence; and	<i>Fully Implemented</i>
	The Agreed-upon contract timeline was not strictly complied by the Consultants, resulting in the overall delay in the completion of the contract. Also, liquidated damages for delay totaling P1.037 million as provided for in Clause 54 of the General Conditions of the Contract RO-CS2017-1, were not deducted from the contract payments made.	b. Require the Consultants to refund the liquidated damages amounting to P1,036,535.08 or deduct the amount from future contract payments to be made to the Consultants Compute and deduct from the contract price any further liquidated damages resulting from the Consultant's delays in the fulfillment of the remaining deliverables/miles tones that should have been completed in October 31, 2018	<i>Fully Implemented</i>
D.23 (COA AAR CY 2018) pp. 103-104	The MWSS RO does not maintain subsidiary ledgers of various receivable accounts as required under Section 111 and 114 of P.D. 1445 (otherwise known as the Government Auditing Code of the Philippines) to keep track of financial transactions.	Maintain subsidiary records for all receivable and payable accounts as provided under Section 114(2) of P.D. 1445.	<i>Not Implemented</i> Reiterated in Audit Observation No. D.31 of this AAR pp. 139
C.20 (COA AAR CY 2017) pp.116-118	Notices of Disallowance with issued Notice of Finality of Decision (NFD) amounting to P78,508,955.76 was not recorded in the books as	a. Cause the immediate settlement and payment of the disallowances by persons found liable pursuant to Sections	<i>Not Implemented</i> Reiterated in Audit Observation No. B.21 of this AAR pp. 113-115

Reference	Audit		Status of Implementation
	Observations	Recommendations	
(COA AAR CY 2017) pp.128-130	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).	actual cost incurred over the allowable amount of P1,500.00/participant pursuant to Section 43, General Provisions, of the FY 2017 GAA.	No compliance submitted by Management
C.32 (COA AAR CY 2017) pp.136-137	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.	<i>Not Implemented</i> Notice of Disallowance No. 18-004-RO-(17) dated June 26, 2018 was issued.