

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the **125** audit recommendations, **24** were fully implemented, **24** were partially implemented and **77** were not implemented, detailed as follows:

	Audit Recommendations	Fully Implemented	Partially Implemented	Not Implemented
Corporate Office	107	17	22	68
Regulatory Office	18	7	2	9
	125	24	24	77

A. Corporate Office

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
A. Financial Audit – Corporate Office			
CY 2020 AAR A.1 pages 56-59	The Service Concession Assets (SCA) and Deferred Service Concession Revenue with carrying amounts of P157.852 billion and P156.884 billion, respectively, as at December 31, 2020 are not supported with details and supporting documents, and the 2019 financial statements are materially misstated due to non-restatement of the opening balances of net assets/equity accounts which adversely affected the faithful representation of the said accounts in the financial statements for 2020 and 2019, contrary to International Public Sector Accounting Standards (IPSASs) 1, 3 and 32.	<p>a. Require the Finance Department to submit the following pertinent reports and records requested to substantiate the initial recognition of SCA and Deferred Service Concession Revenue:</p> <ol style="list-style-type: none"> 1. Confirmed detailed balances of the SCA in the books of the concessionaires as of December 31, 2020; 2. MWSS Detailed Plan for the adoption of IPSAS 32 for the 3-year transitional relief period; 3. Manual of Policy for the adoption of IPSAS 32; 	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.1 of this AAR pp. 55-62</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.1 of this AAR pp. 55-62</p> <p><i>Not implemented</i></p>

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		<p>4. Summary of major additions and improvements to the SCA for CYs 2019 and 2020;</p> <p>5. Summary of unserviceable properties turned over to the MWSS for CYs 2019 and 2020; and</p> <p>6. Copy of concessionaires' Manual of Procedures or Policies on turned-over of unserviceable properties or retirements to the MWSS;</p> <p>b. Require the Finance Department to restate the opening balances of net assets/equity accounts in the prior period financial statements presented on comparative basis with the current year financial statements and provide the required disclosure on the adoption of IPSAS 32; and</p> <p>c. Require the Finance Department to perform a thorough analysis and validation of the Service</p>	<p>Reiterated in Audit Observation No. A.1 of this AAR pp. 55-62</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A1 of this AAR pp. 55-62</p> <p><i>Fully implemented</i></p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.1 of this AAR pp. 55-62</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.1 of this AAR pp. 55-62</p> <p><i>Partially implemented</i></p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
		Concession Assets and regularly monitor the subsequent events affecting the PPE accounts, upgrade on existing assets, impairment and depreciation of the SCA, including the General Administrative Equipment (GAE).	Reiterated in Audit Observation No. A.1 of this AAR pp. 55-62 This observation was first raised in the AAR for CY 2017 and reiterated on CY 2018 to 2020.
CY 2020 AAR A.2 pages 59-73	The following errors and deficiencies in the Property, Plant and Equipment (PPE) account with carrying amount of P20.437 billion cast doubt on the faithful representation of the transactions affecting PPE and related accounts, caused by the lapses in the monitoring of assets and resulted to material misstatements adversely affecting the fair presentation of the said account in the financial statements, and the deterioration, loss, and wastage of MWSS properties contrary to the pertinent provisions of IPSASs. 1, 17 and 21, Section 111 of Presidential Decree No. 1445, COA Circular No. 80-124 and MWSS-CO Memorandum Circular No. 2020-03: a. Incomplete Physical Inventory and Non-submission of Physical	a. AMD to conduct complete annual physical inventory and submit the CY 2020 Physical Inventory Report (PIR) and Inspection and Inventory of Unserviceable Properties (IIRUP) with identification and description of turned-over GAEs from the concessionaires and with analysis and reconciliation with the Accounting records; b. AMD to account and secure the land titles in MWSS's name and institute procedures on proper safekeeping and custody of the land titles and determine the ownership of the 23 land titles under the custody of MWSS that were not recorded in the books. c. Finance Department to provide allowance for impairment losses to reflect the recoverable	<i>Partially implemented</i> Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75 <i>Not implemented</i> Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75 <i>Not implemented</i>

Reference	Audit		Status/ Actions Taken
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	<p>Inventory Report (PIR) for CYs 2019 and 2020;</p> <p>b. Non-provision of impairment losses for the inexistent, dilapidated, non-operational and/or abandoned Office Building and Other structures with carrying amount of P5.117 billion;</p> <p>c. Unreconciled variance amounting to P3.248 billion between the CY 2018 Physical Inventory Report and the accounting records;</p> <p>d. Unsupported adjustment amounting to P39.032 million relative to the sale of land to Silhoutte Trading in CY 1983;</p> <p>e. Non-adjustment of the CIP account amounting to P156.551 million for the completed projects;</p> <p>f. Various MWSS properties were occupied by private individuals or taken back by the donors;</p> <p>g. Several deep wells (DWs) can no longer be located;</p> <p>h. Upgrading works were left unfinished and</p>	<p>amount of the inexistent, dilapidated, non-operational and/or abandoned Office Building and Other structures with carrying amount of P5.117 billion;</p> <p>d. AMD to provide status of inspection of the reported non-operational and abandoned properties and prepare a Management plan for the disposal of these unserviceable properties through public auction or other modes of divestment as may be warranted after duly complying with prior inspection and appraisal procedures laid down under MWSS-CO Memo Circular 2020-003, including the turned over GAE;</p> <p>e. Finance Department and AMD to address the causes of the P3.248 billion unreconciled variance in CY 2018 and account for the status and developments after conducting the Inventory for CY 2020;</p> <p>f. Finance Department to submit the supporting documents for the adjustment made amounting to P39.032 million pertaining to the</p>	<p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p>

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	<p>various deficiencies were noted during inventory-taking and inspection;</p> <p>i. Various deep wells (DWs) were observed to be temporarily suspended due to water qualities, non-operational and abandoned but not yet dismantled;</p> <p>j. Non-submission of the Inventory Report of Unserviceable Properties for the disposal of unserviceable motor vehicles amounting to P78.025 million; and</p> <p>k. Discrepancies in the deep wells were noted between the record/list of inventory items of MWSS CO as against the record/list of the MWCI</p>	<p>land derecognized in the books upon sale to Silhouette Trading, reconcile the discrepancies noted, and make the necessary adjustments, if warranted;</p> <p>g. Finance Department to reclassify the cost of completed projects to the appropriate PPE accounts and recognize the related depreciation expense reckoned from the date that the assets became operational;</p> <p>h. AMD to confer with the Legal Department on MWSS rights over the properties occupied by private individuals or taken back by donors to determine the appropriate action to enforce its rights against the unlawful/unauthorized use of the said properties or the proper accounting treatment of said properties;</p> <p>i. AMD and Finance Department to identify the decommissioned and abandoned deep wells with the structures thereon and determine the carrying amount of said properties for the recognition of</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p>

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	Observations	Recommendations	
		<p>impairment loss in the books as warranted;</p> <p>j. AMD to conduct investigation on the unfinished upgrading of the deep well appurtenances in San Fabian St. Robles Subdivision, Cainta, Rizal and identify who shall be made liable for the unfinished work which resulted to the deterioration of the appurtenance and for the missing pump casing;</p> <p>k. AMD to address and resolve the cause or causes of the temporary stoppage of the deep well operation by regular communication and coordination with the concessionaires;</p> <p>l. AMD to submit the Report on the Inventory of Unserviceable Properties disposed in 2016 amounting to P107.552 million and the remaining unserviceable properties as of December 31, 2020;</p> <p>m. Finance Department to review the records pertaining to the sale of unserviceable GAE with discrepancies amounting to P29.527 million, reconcile the</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p>

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CY 2017 AAR A.3 pages 47-62		<p>pertinent records and make the necessary adjustments; and</p> <p>n. 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; (ii) prepare the correct and updated record of MWSS (iii) formulate an overall strategy relative to the deep wells that have already ceased operations; (iv) install security measures in the areas where the deep well operations were stopped, suspended or abandoned, in order to protect and safeguard the remaining properties including the deep well appurtenances; and (v) recover the salvage value of the metal pipes, equipment and other items for disposal.</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.2 of this AAR pp. 62-75</p>
	<p>Unsupported accounts/adjustments</p> <p>a. Adjustments totaling P267.207 million pertaining to the land sold to National Waterworks and Sewerage Authority (NWSA) employees and Silhoutte Trading</p>	<p>a. 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>	

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	way back 2006 and 1983, respectively; and	ii. Prepare the necessary and appropriate adjustments to derecognize the carrying value of the land under TCT No. 61126 sold in CY 2006.	<i>Not implemented</i> No compliance was submitted by Management This observation was first raised in the AAR for CY 2009 and reiterated on CY 2010 to 2020.
CY 2020 AAR A.3 pages 73-78	The collectability of the receivables carried in the books at P4.255 billion is doubtful due to the dormancy of the accounts and may not reflect the reasonable recoverable amounts due to the absence of assessment and regular monitoring of the accounts, hence the balance is materially misstated as of December 31, 2020, and may affect generation of additional funds for operations contrary to paragraph 22 of IPSAS 26, COA Circular No. 2016-005 and the 1997 Concession Agreement.	<p>a. Provide allowance for impairment losses on the dormant receivables to reflect the recoverable amounts;</p> <p>b. Analyze the dormant receivable accounts to determine if they are qualified for write-off under COA Circular No. 2016-005 and accordingly, request for authority to write-off from the Commission on Audit;</p> <p>c. Submit an updated report on the arbitration of the disputed claims with MWSI amounting to P4.048 billion together with all the supporting legal documents;</p> <p>d. Formulate a schedule of payment for the Guarantee Deposits and Debt Service, and</p>	<p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p><i>Partially implemented</i></p>

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		<p>impose the collection of the amounts due from the Concessionaires;</p> <p>e. Analyze and reconcile the receivable account from the two Concessionaires and if a shortfall of collection is found, immediately enforce collection of the amount advanced by the MWSS to pay the matured loans; and</p> <p>f. Send demand letters on the Receivables from government agencies and Inactive Raw Water customers amounting to P5.005 million and P1.519 million, respectively.</p>	<p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p>This observation was first raised in the AAR for CY 2009 and reiterated on CY 2012 to 2020.</p>
CY 2020 AAR A.4 pages 79-81	<p>The Lease Receivables account is overstated by P15.514 million due to the recognition of the account despite non-renewal of lease contracts which affected the faithful presentation of the Receivables account and contrary to IPSAS 1.</p> <p>In addition, the non-collection of rental payments amounting to</p>	<p>a. Finance Department to provide the correcting entries for the noted misstatements in the Lease Receivables account amounting to P15.514 million; and</p> <p>b. Office of the Administrator to make representations with the management of LWUA and SC for the renewal of the Contract of Lease</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR</p>

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	P47.026 million affected the generation of MWSS funds and contrary to Sections. 4 and 102 of Presidential Decree No. 1445.	and payment of rental fees totaling P47.026 million for the lease of MWSS properties.	pp. 82-87 This observation was first raised in the AAR for CY 2014 and reiterated on CY 2020.
CY 2020 AAR A.5 pages 81-83	Assets and liabilities amounting to P574.475 million and P884.548 million, respectively, included in various assets and liabilities accounts in the financial statements as of December 31, 2020 were unaccounted and undocumented, hence, the faithful representation of the related accounts was not established contrary to IPSASs. 1 and 21, Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and Sections 1 and 2 of Executive Order No. 87, series of 2019.	The Finance Department provide allowance for impairment loss on the unaccounted and undocumented assets reported at P574.475 million and revert back the unaccounted and undocumented liabilities totaling P884.548 million to Accumulated Surplus/Deficit account.	<i>Fully implemented</i> Provision on Allowance for Impairment was provided thru JEV No. 2021-12-004724 and reversion to Accumulated Surplus/Deficit was made thru JEV No. 2021-12-004723
CY 2020 AAR A.6 pages 84-87	The existence and validity of the Other Assets account amounting to P225.001 million cannot be ascertained due to the dormancy of the account and non-submission of supporting documents, hence did not reflect the reasonable recoverable amounts, that affected the faithful representation of the asset accounts	a. Require the Finance Department to provide allowance for impairment losses to reflect the reasonable recoverable amounts; b. Require the Finance Department to submit to the Commission on Audit a request for write-off of the dormant accounts, if the said	<i>Not implemented</i> Reiterated in Audit Observation No. A.8 of this AAR pp. 92-93 <i>Not implemented</i> Reiterated in Audit Observation No. A.8 of this AAR pp. 92-93

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	contrary to IPSASs 1 and 21.	<p>accounts qualify for write-off;</p> <p>c. Require the Legal Department to provide status of claims under government litigation, claims from AOs for cash shortage and garnished accounts; and</p> <p>d. Require the Legal Department to identify all the persons liable for the necessary legal action of MWSS to recover its claims.</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.8 of this AAR pp. 92-93</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.8 of this AAR pp. 92-93</p> <p>This observation was first raised in the AAR for CY 2014 and reiterated on CY 2015 to 2020.</p>
CY 2020 AAR A.7 pages 87-90	Unreconciled variance amounting to P101.362 million between the book and bank balances of Cash in Bank account reported in the financial statements at P3.105 billion, due to non-preparation of Bank Reconciliation Statements (BRS) casts doubt on the validity and accuracy of the account balance contrary to paragraph 27 of IPSAS 1, COA Circular No. 2020-02, and Sections 74 and 122 of Presidential Decree (PD) No. 1445.	Finance Department prepare and submit the periodic bank reconciliation statements for all the bank accounts and take up the necessary adjustments on the variances noted, including the closed PNB accounts with net amount of P171,964.10 to arrive at the correct balance of the Cash in Bank account.	<p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.9 of this AAR pp. 93-94</p> <p>This observation was first raised in the AAR for CY 2011 and reiterated on CY 2012 to 2020.</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
CY 2020 AAR A.8 pages 90-92	Cash in Bank is overstated by P62.831 million due to the Management's practice of recognition of Cash in bank – Foreign Currency Savings Account for the ODA loan availments under Direct Payment Procedure mode which affected the fair presentation of the account in the financial statements contrary to IPSAS 1 and COA Circular 2020-02.	<p>a. Take up the necessary adjustments to correct the misstatement amounting to P62.831 million; and</p> <p>b. Stop the practice of recording cash in bank for the ODA loan availments under Direct Payment Procedure mode.</p>	<p><i>Fully implemented</i></p> <p>Implemented thru various CY 2021 JEVs</p> <p><i>Fully implemented</i></p>
CY 2020 AAR A.9 pages 92-97	<p>Other Deferred Credits account was overstated by P31.808 million caused by the following errors affecting the Liability account and contrary to IPSASs 1, 3 and 9:</p> <p>a. Recognition of Other Deferred Credits amounting to P16.583 million instead of Sales from Scrap materials;</p> <p>b. Recognition of Other Deferred Credits amounting to P1.386 million instead of Sales from Bidding documents;</p> <p>c. Recognition of Other Deferred Credits amounting to P620,053 instead of Trust Liabilities – Customers' Deposit Payable; and</p>	<p>a. Provide the correcting entries for the misstatements in the Other Deferred Credits account amounting to P31.808 million and stop the practice of recording the receipts of proceeds from sale of scrap materials as Other Deferred Credits, instead, record the same by closing the related PPE account and corresponding accumulated depreciation, and gain or loss on sale;</p> <p>b. Establish a source document for the monitoring of the PPE/scrap materials sold for proper dropping of the accounts;</p> <p>c. Record the proceeds from sale of bid documents as</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.4 of this AAR pp. 80-82</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.4 of this AAR pp. 80-82</p> <p><i>Fully implemented</i></p>

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	d. Recognition of Other Deferred Credits amounting to P13.219 million instead of Deposits	<p>Miscellaneous Income and take up expenses related to bidding as a separate journal entry from the sale of bid documents to correctly reflect the substance of the transaction;</p> <p>d. Record the receipt of cash bonds as Customer's Deposit Payable account; and</p> <p>e. Review the records pertaining to the housing project to determine who among the payors actually availed of the housing project in order to adjust the undistributed collections totaling P13.219 million to the proper accounts.</p>	<p><i>Fully implemented</i></p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. A.4 of this AAR pp. 80-82</p> <p>This observation was first raised in the AAR for CY 2014 and reiterated on CY 2015 to 2020.</p>
CY 2020 AAR A.10 pages 97-98	The Other Assets – Restricted Fund is understated by P12.734 million due to non-monitoring and non-reconciliation of the account which affected the fair presentation of the financial statements contrary to IPSAS 1 and Section 111 of Presidential Decree No. 1445.	The Management agreed that Finance Department take up the necessary adjustments to correct the understatement of the reported balances of the Restricted Fund by P12.734 million.	<p><i>Fully implemented</i></p> <p>Reconciliation and Adjustment was made thru JEV-2021-12-004443</p>
CY 2020 AAR	Dormant accounts amounting to P60.658	Management agreed that Finance Department	<i>Not implemented</i>

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A.11 Pages 98-99	million and abnormal balances amounting to P2.048 million cast doubt on the reliability of the reported Other Payables accounts, thus, affecting the fair presentation of the accounts in the financial statements contrary to IPSAS 1.	analyze and review the validity of all recorded payables from various payees that remained outstanding for 5 years amounting to P60.658 million, for proper adjustment; and review the subsidiary accounts with abnormal balances and accordingly, take up the necessary adjustments.	Reiterated in Audit Observation No. A.11 of this AAR pp. 96-97 This observation was first raised in the AAR for CY 2014 and reiterated on CY 2018 and 2020.
CY 2020 AAR A.12 pages 99-101	Non-submission of the supporting documents for the closure of the bank account and derecognition in the books of the Angat Sinking Fund Reserve in the amount of P29.510 million intended for the Angat Serial Bonds raised doubt on the faithful representation of the account contrary to PD No. 1445 and Section 11 of CY 2020 General Appropriations Act (GAA).	Management agreed that Finance Department immediately reverse the derecognition entries made for the Sinking Fund and submit the supporting documents for the closure of the Angat Sinking Fund Reserve amounting to P29.510 million.	<i>Partially Implemented</i> Reversing entry was made thru JEV No. 2021-12-004731. Reiterated in Audit Observation No. A.21 of this AAR pp. 110-112
CY 2020 AAR A.13 pages 101-102	Unaccounted Certificates of Stock amounting to P2.045 million casts doubt on the validity of the Investment in Stocks of the same amount, thus, affecting the faithful representation of the account contrary to IPSAS 1 and Section 111 of Presidential Decree No. 1445.	Management agreed that Finance Department make representations with PLDT and MERALCO to verify and reconcile the correct balance of their investment and secure copies of stock certificates amounting to P2.045 million.	<i>Partially implemented</i> Reiterated in Audit Observation No. A.13 of this AAR pp. 98 This observation was first raised in the AAR for CY 2016 and reiterated on CY 2020.

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CY 2020 AAR A.14 pages 103-104	The Receivable-Disallowance/Charges account is understated by P27.313 million due to non-recognition of Notices of Disallowance with issued Notices of Finality of Decision (NFD) and the Due from Officers and Employees is overstated by P26.504 million contrary to Section 22.6 of COA Circular No. 2009-06, Rules and Regulations on Settlement of Accounts (RRSA), thus with net understatement of the Receivable account by P809,970.00.	<p>a. Reclassify the Due from Officers and Employees with outstanding balances of P26.504 million to Receivables-Disallowances/Charges; and</p> <p>b. Recognize additional Receivables-Disallowances/Charges amounting to P809,970.00 relative to the NFD issued for the Meal Allowance.</p>	<p><i>Not implemented</i></p> <p>No compliance was submitted by Management</p> <p><i>Fully implemented</i></p> <p><i>Recognition was made thru JEV No. 2021-12-004427</i></p> <p>This observation was first raised in the AAR for CY 2018 and reiterated on CY 2020.</p>
CY 2020 AAR A.15 pages 104-105	<p>The negative balance totaling P8.235 million in the Due from Officers and Employees account reduce the balance of the account and casts doubt on the validity of the balance at year end amounting to P36.171 million, thus, affecting the faithful representation of the account contrary to IPSAS 1 and COA Circular No. 2016-005.</p> <p>Likewise, various employees were continuously deducted monthly amortization totaling P1.278 million as of December 31 2020 despite having negative balances.</p>	Finance Department to prepare the necessary adjusting journal entries to correct the abnormal balances and to regularly analyze and monitor the Due from Officers and Employees account.	<p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. A.5 of this AAR pp. 82-87</p> <p>This observation was first raised in the AAR for CY 2019 and reiterated on CY 2020.</p>

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CY 2020 AAR A.16 pages 105-106	Non-accrual of MWSS share for the contributions to GSIS, Pag-IBIG and PhilHealth amounting to P742,143, P11,900 and P75,374, respectively, due to the non-inclusion of the items in the accrual list for adjustment resulted to the understatement of expense and liability accounts by P829,417.19, contrary to IPSAS 1.	Require the Finance Department to include the recognition of employer share as part of year-end accruals.	<i>Fully implemented</i>
CY 2020 AAR A.17 pages 106-107	The validity of the withholding of government statutory contributions under the accounts Due to GSIS, PhilHealth and Pag-IBIG amounting to P722,010 was not ascertained due to the non-submission of the Journal Entry Vouchers (JEVs) contrary to IPSAS 1, COA Circular No. 2012-001 and PD No. 1445.	Require the Finance Department to immediately submit the JEVs of the statutory contributions amounting to P722,010 for our validation.	<i>Fully implemented</i> CY 2020 JEVs were submitted
CY 2020 AAR A.18 pages 107- 108	Discrepancies amounting to P4.510 million between the amount of taxes withheld on salaries and remitted. Also, abnormal balances amounting to P42,408 in the subsidiary ledgers (SL) and discrepancies amounting to P85,780 between the general ledgers (GL) and remittance schedules were noted in the statutory accounts - GSIS, PhilHealth, and Pag-IBIG due to the non-reconciliation of accounts	Reconcile the abnormal balances of subsidiary ledgers and the difference noted between the General Ledger and the Schedule of remittance of employees for GSIS, Philhealth and Pag-ibig; and Reconcile the discrepancies noted between taxes withheld from salaries and remitted	<i>Not implemented</i> Reiterated in Audit Observation No. A.14 of this AAR pp. 98-100 This observation was first raised in the AAR for CY 2016 and reiterated on CY 2018.

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	and cast doubt on the validity and accuracy of the accounts contrary to IPSAS No. 1.		
CY 2017 AAR A.7 pages 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> <p>This observation was first raised in the AAR for CY 2010 and reiterated on CY 2011 to 2017.</p>
CY 2017 AAR A.10 pages 81-89	<p>The recording of Payable and Other Liability accounts were deficient, as follows:</p> <p><i>Improper recording of accounts</i></p>	<p>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</p>	<p><i>Fully Implemented</i></p> <p>Payment of the approved reduced cost of P 64.536 million to PPP Center was made thru Check No.</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	<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>supported with pertinent documents, in compliance with PPSAS 1;</p>	<p>7632 under JEV No. 2021-11-004657</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>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><i>Not implemented</i></p> <p>No compliance submitted by Management</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>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</p>	<p><i>Not implemented</i></p> <p>No compliance submitted by Management</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
		totaling P4.123 million, and remit immediately as necessary;	
	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;	d. Derecognize the trust liabilities received for Salaries of Ipo Watershed workers only upon liquidation of funds to the Concessionaires;	<i>Not implemented</i> No compliance submitted by Management
	e. Over remittance of 0.419 million to MWSS Welfare Fund representing payment of housing project loan;	e. Immediately collect the over remittance to MWSS-ESWF amounting to P419,134 and prepare the necessary correcting entries;	<i>Not implemented</i> No compliance submitted by Management
	f. Over accrual of MOOE totaling P0.770 million resulted in the overstatement of the Accrued Payables account and understatement of the Retained Earnings	f. Prepare reversing entries for the accruals 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;	<i>Not implemented</i> No compliance submitted by Management
	<i>Unsupported accounts/ adjustments</i>		
	g. Inclusion of trust liabilities totaling P8.604 million without supporting documents contrary to Sections 4(6) and 98 of PD 1445; and	g. Submit copy/ies of MOA/Trust Agreement and other supporting documents of all trust liabilities with outstanding balance as of year-end;	<i>Not implemented</i> No compliance submitted by Management

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
CY 2016 AAR A.19 pages 113-117	h. Non-maintenance of subsidiary ledgers on Payable accounts, contrary to Section 114(2) of PD 1445.	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;	<i>Not implemented</i> No compliance submitted by Management This observation was first raised in the AAR for CY 2016 and reiterated on CY 2017.
		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;	<i>Not implemented</i> Reiterated in Audit Observation No. A.11 of this AAR pp. 96-97 This observation was first raised in the AAR for CY 2016 and reiterated on CY 2017.
		j. Maintain subsidiary ledgers for all accounts payable as provided under Section 114(2) of PD 1445;	<i>Not implemented</i> No compliance submitted by Management
		k. For the amount due to MCMC totaling P2.341 million require it to settle the issues raised in Audit Finding No. E.1 before remittance can be made;	<i>Not implemented</i> No compliance submitted by Management
		l. Inform the employees who are qualified to	<i>Not Implemented</i>
CY 2016 AAR A.22 pages 121-124			

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
		<p>receive the loyalty incentive to avoid accumulation of long outstanding claims; and</p> <p>m. Disburse PBB for CY 2015 to the 99 eligible officers and employees as authorized by GCG totaling P4.004 million.</p>	<p>No compliance submitted by Management</p> <p><i>Partially Implemented</i></p> <p>Disbursement of PBB for some MWSS personnel were made in CY 2016. No Management's update was received.</p> <p>This observation was first raised in the AAR for CY 2015 and reiterated on CY 2016 to 2017.</p>
CY 2017 AAR A.12 pages 90-92	<p>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.</p>	<p>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:</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</p>	<p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p><i>Not Implemented</i></p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
		<p>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>No compliance submitted by Management</p> <p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p>This observation was first raised in the AAR for CY 2011 and reiterated on CY 2012 to 2017.</p>
CY 2017 AAR A.15 pages 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</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>Reiterated in Audit Observation No. C.22 of this AAR p. 112</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. C.22 of this AAR p. 112</p> <p>This observation was first raised in the AAR for CY 2017</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	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.		
B. Other Audit Observations – Corporate Office			
CY 2020 AAR C.23 pages 117-123	MWSS proceeded with the implementation of the New Centennial Water Source Kaliwa Dam Project (NCWS KDP) despite the non-completion of the application of the necessary permits from the government agencies that may result to the cancellation of the Environmental Compliance Certificate (ECC) pursuant to the conditions and restrictions of the Department of Environment and Natural Resources (DENR).	Require the Engineering and Technical Operations Group to secure the necessary permits as required by the DENR for the implementation of NCWS KDP and the submission of the Compliance Monitoring Report together with the supporting documents.	<i>Partially implemented</i> Reiterated in Audit Observation No. C.20 of this AAR pp. 108-110 This observation was first raised in the AAR for CY 2019 and reiterated on CY 2020.
CY 2020 AAR C.24 pages 123-126	Failure to return the remaining Angat Dam Dyke Strengthening Project (ADDSP) Fund amounting to P24.056 million to the National Government (NG) and non-submission of the ADDSP Fund reportorial requirements to Department of Budget and Management (DBM) and Department of Public Works and Highways (DPWH) for the funds	a) Finance Department to immediately return the remaining ADDSP fund to the NG amounting to P23.750 million including interest earned; b) Engineering and Technical Operations Group to immediately send a demand letter to PGB for the submission of the Liquidation Reports and	<i>Fully implemented</i> Return of the ADDSP Fund was recorded thru JEV No. 2021-11-004404 <i>Fully implemented</i> MWSS letter to PGB dated October 22, 2021

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	transferred to National Power Corporation (NPC) and Provincial Government of Bulacan (PGB) totaling P529.550 million have impaired the accountability for public funds contrary to the provisions of the Memorandum of Agreement between MWSS and NPC and PGB and pertinent provisions of the 2020 General Appropriations Act (GAA).	Accomplishment Reports of the ADDSP Funds amounting to P292.390 million; and c) Engineering and Technical Operations Group to immediately submit the reportorial requirements of DBM and DPWH for the ADDSP Fund amounting to P529.550 million.	<i>Partially implemented</i> MWSS letter to DBM and DPWH dated October 22, 2021
CY 2020 AAR C.25 pages 126-127	Non-monitoring of the Advances to Contractors resulted to the non-recoupment of the advances totaling P278.402 million contrary to RA No. 9184.	a) Legal Services Department to send demand letters to all contractors with outstanding balances; and b) Finance Department to analyze the advances to contractors account, determine the causes of the negative balances, and take up the necessary adjustments to reflect the correct and accurate book balances.	<i>Not implemented</i> Reiterated in Audit Observation No. A.10 of this AAR pp. 94-96 <i>Not implemented</i> Reiterated in Audit Observation No. A.10 of this AAR pp. 94-96 This observation was first raised in the AAR for CY 2013 and reiterated on CY 2014 to 2017 and CY 2020.
CY 2020 AAR C.26 pages 128-129	Cash Advances amounting to P10.207 million were granted to employees despite unliquidated/unsettled previous cash advances	the Finance Department require the Accountant to issue a Certificate that the previous cash advances have been liquidated and accounted for in the books	<i>Fully implemented</i>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	contrary to Section 89 of P.D. 1445.	in compliance with Section 1.1 of COA Circular No. 2012-001, to ensure that Special Disbursing Officers are granted cash advances only after the liquidation or settlement of their previous cash advances in compliance with Section 89 of P.D. 1445.	
CY 2020 AAR C.27 page 129	Cash receipts from bonds amounting to P620,053.77 were not refunded to the lessees even after the lease term contrary to the Contract of Lease.	Require the Finance Department to immediately refund the cash bonds to the lessees amounting to P620,053.77 in accordance with the contract of lease.	<i>Not implemented</i> No compliance submitted by Management This observation was first raised in the AAR for CY 2019.
CY 2020 AAR C.28 pages 128-135	The CY 2020 GAD Plan and Budget (GPB) of P10.753 million or 0.22 per cent of the DBM – approved Corporate Operating Budget (COB) of P4.938 billion is way below the required minimum five per cent (5%) or P246.899 million and prevented the attainment of the GAD objectives contrary to PCW-NEDA-DBM Joint Circular No. 2012-01. Likewise, non-implementation of the GAD activities and unutilized GAD Budget amounting to P10.692 million or 99.44% of the	Require the Human Resources Department: a. Allocate the minimum required 5% of the total Corporate Operating Budget for GAD Plan and Budget in compliance with Section 6.1 of the PCW-NEDA-DBM Joint Circular No. 2012-01; b. Submit the basis for the indicated budget of P215.000 million submitted to PCW as against the total COB of P4.938 billion; c. Explain the statement in the Accomplishment	<i>Not implemented</i> Reiterated in Audit Observation No. C.26 and C.27 of this AAR pp. 117-121 <i>Fully implemented</i> <i>Fully implemented</i>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	total GAD budget did not conform to PCW Memorandum Circular No. 2020-03 dated April 27, 2020.	<p>Report that MWSS remitted funds to DOF for use as Covid-Response Emergency Fund and submit supporting document;</p> <p>d. Maximize the utilization of the GAD funds 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>e. Comply with the PCW recommendations for the unimplemented GAD activities in CY 2020 to be considered in the agency's CY 2021 GPB and succeeding GPBs in compliance with PCW MC No. 2020-05; and</p> <p>f. Require the Heads of the Implementing Departments to ensure that GAD projects are implemented and regularly assess the gender responsiveness of the programs and projects of the agency.</p>	<p><i>Partially implemented</i></p> <p>Reiterated in Audit Observation No. C.26 and C.27 of this AAR pp. 117-121</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. C.26 and C.27 of this AAR pp. 117-121</p> <p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. C.26 and C.27 of this AAR pp. 117-121</p> <p>This observation was first raised in the AAR for CY 2011 and reiterated on</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
			CY 2012 and 2016 to 2020.
CY 2019 AAR C.19 pages 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>No compliance submitted by Management</p> <p><i>Not implemented</i></p> <p>No compliance submitted by Management</p> <p>This observation was first raised in the AAR for CY 2019.</p>
CY 2018 AAR C.13 pages 74-82	<p>The lease contracts entered by the MWSS and its lessees for the continued use of MWSS' Land and Building were already expired and not renewed prior to the expiration of the lease term, thus, depriving the Agency of the right to demand better terms and condition, for its program implementation.</p> <p>There were no lease contracts and/or lease payments received from the tenants of the MWSS Living Quarters and office</p>	a. Execute a contract of lease with the MWSS employees occupying the Living Quarters, KKMK MWSS Union, Philippine Water Partnership, concerned branches of BPI, BDO, Metrobank and PNB, owner of the Pay&Go Machine, and TASJODA;	<p><i>Partially implemented</i></p> <p>KKMK was already ejected in the MWSS premises and the MWSS Office a letter/memo indicating that they are allowing their Employees to reside in Balara. For other tenants, no document was submitted.</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	<p>space/premises within the MWSS properties which deprives it to generate additional income, to wit:</p> <p>a. Eight MWSS employees and 15 non-MWSS employees residing in MWSS Living Quarters;</p> <p>b. Kaisahan at Kapatiran ng mga Manggagawa at Kawani sa MWSS (KKMK MWSS Union);</p> <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</p>	<p>b. 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>c. 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>d. 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><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>This observation was first raised in the AAR for CY 2018</p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
	<p>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>		
CY 2018 AAR C.17 pages 91-93	<p>Payments of monthly reimbursable allowance 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.</p>	<p>Require the OGCC to refund the amount of 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.</p>	<p><i>Not implemented</i></p> <p>Reiterated in Audit Observation No. C.25 of this AAR pp. 116-117</p> <p>This observation was first raised in the AAR for CY 2014 and reiterated on CY 2018.</p>
CY 2016 AAR C.8 pages 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; and</p> <p>b. Submit to the Office of the Auditor the Monthly</p>	<p><i>Partially implemented</i></p> <p>Not all trip tickets are duly accomplished</p> <p><i>Not implemented</i></p>

Reference	Audit		Status/ Actions Taken
	Observations	Recommendations	
		Report of Official Travels for audit as required under COA Circular No. 75-6.	No compliance submitted by Management This observation was first raised in the AAR for CY 2016
CY 2017 AAR D.38 pages 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</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>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><i>Partially implemented</i></p> <p>Four of 31 security guards were without submitted proof of remittances</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/ Actions Taken
	Observations	Recommendations	
	<p>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.</p> <p>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>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>Fully implemented</i></p> <p>This observation was first raised in the AAR for CY 2017</p>
<p>CY 2017 AAR D.39 pages 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><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/ Actions Taken
	Observations	Recommendations	
		<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>This observation was first raised in the AAR for CY 2017</p>
<p>CY 2016 AAR E.1 pages 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; and</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><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, no Management’s update was received.</p> <p>This observation was first raised in the AAR for CY 2016</p>

B. Regulatory Office

Reference	Audit		Status of Implementation
	Observations	Recommendations	
A. Financial Audit – Regulatory Office			
CY 2020 AAR B.19 pages 109-110	The restricted fund amounting to P103.774 million intended for the payment of future arbitrations was recorded as non-current asset contrary to paragraph 76 (d) of IPSAS 1, thus affecting the fair presentation of the account in the financial statements.	Reclassify the restricted fund amounting to P103.774 million from Restricted Fund account to Cash and Cash Equivalents.	<i>Fully Implemented</i> Entry made through JV-10-21-053.
CY 2020 AAR B.20 pages 111-112	Cash in Bank accounts included closed accounts of PNB Regular and PNB Motor Vehicle Financing Program (MVFP) / Multi-Purpose Loan Program (MPLP) accounts totaling P1.271 million due to non-reconciliation of the Cash in Bank accounts which casts doubt on the validity of the Cash in Bank contrary to paragraph 27 of IPSAS 1.	Reconcile the cash in bank accounts and prepare the necessary adjusting journal entries.	<i>Not Implemented</i> Reiterated in AOM No. RO-2022-08(2021). This observation was first raised in the AAR for CY 2017 and reiterated on CY 2018 to 2020.
B. Other Audit Observations – Regulatory Office			
CY 2020 AAR D. 29 pages 135-137 CY 2019 AAR D. 25 page 144	Cash Advances granted to UP National Engineering (UP NEC) amounting to P4.932 million intended for the Public Assessment of Water Services Project (PAWS) remained unliquidated contrary to Section 5.4 of COA Circular No. 94-013 dated December 13, 1994	Make a final demand to UP NEC for the immediate submission of the Liquidation Report of the funds transferred to them.	<i>Fully Implemented</i> MWSS-RO received full refund of the unexpended funds on November 9, 2021.

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	resulting to possible wastage of public funds.		
CY 2020 AAR D. 30 page 138	Unserviceable assets totaling P1.095 million remained undisposed contrary to Section 79 of Presidential Decree (PD) 1445 resulting to further deterioration of the assets.	Expedite the disposal of unserviceable assets amounting to P1.095 million in compliance with Section 79 of PD 1445 and DBM NBC No. 425.	<i>Partially Implemented</i> Reiterated in Audit Observation No. B. 16 of this AAR pp. 102-103 This observation was first raised in the AAR for CY 2020.
CY 2020 AAR D. 31 page 139	The non-monitoring and non-collection of Receivables from three (3) separated/retired officers/employees totaling P1.091 million may result to losses to the government and contrary to Section 6.1 of COA Circular No. 2016-005.	Take the appropriate legal action to recover the unpaid receivables from the separated/retired employees in order to protect its interest and recover public funds.	<i>Fully Implemented</i> Demand letters were sent to the debtors, one of which was able to completely settle his account.
CY 2020 AAR D. 32 pages 140-141	Deficiencies in identification/tagging of PPE contrary to Sections 5.6 and 5.7 of COA Circular No. 2020-006 resulted to difficulty in identification of PPE items during the physical inventory taking.	Adopt the format of the property code and identification tags as provided under Sections 5.6 and 5.7 and COA Circular No. 2020-006 dated January 31, 2020.	<i>Fully Implemented</i>
CY 2020 AAR D. 33 pages 141-142	MWSS RO's non-monitoring and non-reconciliation of the withheld taxes and mandatory contributions to Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), and Home	Analyze and reconcile the under/over remittances and take the appropriate actions to comply with applicable BIR, GSIS, Pag-IBIG, and PhilHealth regulations pertaining to collection and remittance of withheld amounts.	<i>Fully Implemented</i>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	Development Mutual Fund (Pag-IBIG) resulted to variances in the remittances, thus, exposing the agency to possible penalties/interest that maybe imposed, and contrary to Section 80 of the National Internal Revenue Code (NIRC), Implementing Rules and Regulations of Republic Act No. 8291, HDMF Circular No. 275 and PhilHealth Circular No. 2019-009.		
CY 2020 AAR D. 34 pages 142-145	The Agency's GAD Budget was unutilized by P9.544 million or 76.04% of the total budget due to non-revision of the GAD Programs and Projects contrary to PCW Memorandum Circular No. 2020-03 dated April 27, 2020.	Comply with GAD budget allocation as mandated, and work on the full implementation of the programmed projects and activities in the succeeding years to ensure attainment of the goals specified in the GAD plan.	<i>Fully Implemented</i>
CY 2020 AAR B. 22 pages 115-117	The Due from Officers and Employees account totaling P1.301 million is not supported by subsidiary records casting doubt on the validity and accuracy of the account and may result to non-collection of government funds contrary to IPSAS 1, Presidential Decree No. 1445 and COA Circular No. 2016-005.	<p>a. Finance Section to analyze and reconcile the subject receivables accounts amounting to P1.301 million;</p> <p>b. Accounting Section to maintain subsidiary records of all the receivable accounts; and</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. B.19 of this AAR pp. 105-107</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. B.19 of this AAR pp. 105-107</p> <p>This observation was first raised in the AAR for CY</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
		c. Administration Department to formulate a policy/guideline for the collection of dormant accounts.	2018 and reiterated on CY 2019 to 2020. <i>Not Implemented</i> Reiterated in Audit Observation No. B. 19 of this AAR pp. 105-107
CY 2020 AAR B.21 page 113-115	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)	a. 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. b. Accounting Section to maintain and submit the subsidiary records of the persons liable for the subject NFD amounting to P78.509 million. c. Accounting Section to reclassify the Due from Officers and Employees account amounting to	<i>Not Implemented</i> Reiterated in Audit Observation No. D. 28 of this AAR pp. 121-123. This observation was first raised in the AAR for CY 2017 and reiterated on CY 2018 and 2020. <i>Not Implemented</i> Reiterated in Audit Observation No. D. 28 of this AAR pp. 121-123. This observation was first raised in the AAR for CY 2017 and reiterated on CY 2018 and 2020. <i>Fully Implemented</i> Entry made through JV-10-21-054

Reference	Audit		Status of Implementation
	Observations	Recommendations	
		<p>P78.509million to receivables-Disallowances/Charges Account.</p> <p>d. Administration Department to formulate a policy on the settlement of disallowances with issued NFDs.</p>	<p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. D. 28 of this AAR pp. 121-123.</p> <p>This observation was first raised in the AAR for CY 2017 and reiterated on CY 2018 and 2020.</p>
CY 2017 AAR C.25 page 124	MWSS-RO has no guideline for settlement of Receivable from deceased employee resulting to lost opportunity to protect government asset.	<p>a. Take appropriate action to transfer legal ownership of the motor vehicle from the deceased employee to MWSS-RO and consider all options to maximize the use of the asset or auction it to protect public interest; and</p> <p>b. Formulate guidelines to be adopted and implemented in similar circumstances.</p>	<p><i>Partially Implemented</i></p> <p>Reiterated in Audit Observation No. B.18 of this AAR p. 105</p> <p><i>Not Implemented</i></p> <p>Reiterated in Audit Observation No. B.18 of this AAR p. 105</p>
CY 2017 AAR C.29 page 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	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,	<p><i>Not Implemented</i></p> <p>No compliance submitted by Management</p> <p>This observation was first raised in</p>

Reference	Audit		Status of Implementation
	Observations	Recommendations	
	P1,500/participant pursuant to Section 43, General Provisions, of the FY 2017 General Appropriations Act (GAA).	General Provisions, of the FY 2017 GAA.	the AAR for CY 2017