

03 October 2023

MILAGROS B. SONIDO

OIC - Director IV

CGS Cluster 3 – Public Utilities

Commission on Audit

Commonwealth Avenue, Quezon

COMMISSION ON AUDIT
RECORDS MANAGEMENT DIVISION

RECEIVED BY: Jrg
DATE: 10/6/23 TIME: 11:06
DOC. NO. _____

Dear Ms. Sonido:

We are respectfully transmitting herewith the Metropolitan Waterworks and Sewerage System Regulatory Office's Agency Action Plan and Status of Implementation for Calendar Year 2022 and 2021¹ as of 30 September 2023 as shown below:

RECOMMENDATION TYPE	PART				Total	%
	II. Audit Observation and Recommendations		III. Prior Years' Audit Recommendation			
	Sub-Total	%	Sub-Total	%		
A. NON- PPE						
Fully Implemented	3	50.00%	0	0.00%	3	37.50%
Partially Implemented	0	0.00%	0	0.00%	0	0.00%
On-going	3	50.00%	2	100%	5	62.50%
Not Implemented	0	0.00%	0	0.00%	0	0.00%
Delayed	0	0.00%	0	0.00%	0	0.00%
Total (PBB – Sustained Compliance with Audit Findings)	6	100.00%	2	100%	8	100.00%
B. PPE						
Fully Implemented	2	33.33%	0	0.00%	2	33.33%
Partially Implemented	2	33.33%	0	0.00%	2	33.33%
On-going	1	16.67%	0	0.00%	1	16.67%
Not Implemented	1	16.67%	0	0.00%	1	16.67%
Delayed	0	0.00%	0	0.00%	0	0.00%
Total	6	100.00%	0	0.00%	6	100.00%

Thank you very much.

Respectfully yours,

CLAUDINE B. OROCIO- ISORENA

Deputy Administrator

Administration and Legal Affairs

¹ Annex “A”



Annex "A"

MWSS RO
AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
 Audit Observations and Recommendations
 For Calendar Years 2022 and 2021
 As of: 30 September 2023

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
A.2 Financial Audit – MWSS REGULATORY OFFICE									
CY 2022 AAR A.2 pages 94-96	Due from Central Office / Head Office The recognition of Receivable amounting to P256.272 million representing the funding of the Regulatory Office (RO) for CY 2022 from the MWSS CO is without basis and is contrary to Article 12.2 of the Revised Concession Agreements executed between the MWSS and the Concessionaires and IPSAS 1 and 9, resulting in the overstatement of both the Receivable and Revenue accounts by P256.272 million as at December 31, 2022	a. Require the Accounting Section to derecognize the Receivable from the MWSS CO amounting to P256.272 million to correct the overstatement of the Income from Waterworks and Due from Central Office / Home Office accounts;	a. To make the necessary adjusting entry derecognizing the Receivable from the MWSS CO	Admin Dept. – Finance Section	July 2023	Dec 2023	Fully Implemented	N/A	The Admin – Finance Section already prepared and recorded the necessary adjusting journal entry derecognizing the Receivable from MWSS CO and the Income from Waterworks (JV-08-23-48)
		b. Seek clarification from the Office of the President on the source of funding of MWSS RO for CY 2022	b. To follow-up with the Office of the President the clarification on the source of funding of MWSS RO for CY 2022	Legal Affairs Dept.	June 2023	Aug 2023	Fully Implemented	N/A	Various correspondences were sent to the OP seeking clarification on the sources of funding. Seek post facto confirmation from DBM of an RO en banc approval of the

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
									expenditures for CY2022 & 2023 utilizing the savings and based on CY2021 DBM approved COB as its re-enacted budget.
CY 2022 AAR A.2 pages 96-101	Property, Plant and Equipment The balance of PPE amounting to P160.876 million as at December 31, 2022 contains the following errors: a) non-recognition of land controlled by MWSS RO; b) non-recognition of depreciation expense estimated at P1.379 million on the building amounting to P102.114 million resulting in the overstatement of the PPE account by P1.379 million; and c) recognition of unaccounted items with carrying amounts totaling P11.663 million, contrary to IPSAS 1 and 17	a. Property Section to assess the fair market value of the land turned over by MWSS CO and the Accounting Section to recognize the subject parcel of land at its fair market value;	a. To assess the fair market value of the land turned over by the MWSS CO; b. To make the corresponding journal entry recognizing the subject parcel of land;	Admin Dept. – Property Section Admin Dept. – Finance Section	July 2023	Dec 2023	Fully Implemented	N/ A	The Admin. Dept. in its memorandum dated 29 September 2023, assessed the fair market value of the land turned-over by the CO to PhP87,500,000.00 (Ca-2 with base unit value of PhP35,000), based on Quezon City Ordinance No. SP-2556, S-2016 titled "An ordinance approving the schedule of fair market values of lands and basic unit construction for buildings, and other structures

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
		b. Accounting Section to provide the necessary adjusting journal entries to recognize the depreciation expense of	c. To make the necessary adjusting journal entries recognizing the depreciation expenses of the newly constructed office building;	Admin Dept. - Finance Section	April 2023	May 2023	Fully Implemented	N/A	for the revision of real property assessments in Quezon City, pursuant to the provisions of the Local Government Code of 1991 (RA 7160) and its Implementing Rules and Regulations, and for other purposes". The Admin - Finance Section already prepared and recorded the necessary adjusting journal entry recognizing the land turned over by the MWSS CO (JV-09-23-50) The Admin - Finance Section already prepared and recorded the necessary adjusting journal

for the revision of real property assessments in Quezon City, pursuant to the provisions of the Local Government Code of 1991 (RA 7160) and its Implementing Rules and Regulations, and for other purposes". The Admin - Finance Section already prepared and recorded the necessary adjusting journal entry recognizing the land turned over by the MWSS CO (JV-09-23-50)

The Admin - Finance Section already prepared and recorded the necessary adjusting journal

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
		the newly constructed office building; and c. Accounting and Property Sections to reconcile their records on the unaccounted PPE items, provide sufficient details and supporting documents, and take up the necessary adjustment to the PPE account	d. To reconcile the unaccounted PPE items, provide sufficient details and supporting documents and take up the adjustment if necessary	Admin Dept. Property Section & Finance Section	July 2023	Dec 2023	On-going	N/A	entry recognizing the depreciation expense of the newly constructed office building (JV-04-23-16) The Property Section is currently consolidating all the supporting documents of the subject PPE items. A corresponding adjusting entry will be made once completed.
CY 2022 AAR A.2 pages 101-103	Other Deferred Credits Reimbursements from the concessionaires in CY 2022 amounting to P17.984 million was recognized under the Other Deferred Credits instead of Due to Concessionaires account contrary to IPSAS 1 and the Revised Concession Agreements resulting in the overstatement of the balance of Other Deferred Credits account by P17.984 million and understatement of the Due to Concessionaires account by the same amount as at December 31, 2022	a. Take-up the adjusting entry to reclassify the Other Deferred Credits amounting to P17.984 million to Other Payables; and	a. To make the necessary journal entry reclassifying the Other Deferred Credits to Other Payables	Admin Dept. - Finance Section	July 2023	Aug 2023	Fully Implemented	N/A	The Admin - Finance Section already prepared and recorded the necessary adjusting journal entry reclassifying the Other Deferred Credits to Other Payables (JV-08-23-49)

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
		b. Refund the amount of P17.984 million to the Concessionaires pursuant to Article 12.2 of the Revised Concession Agreement	b. To refund the amount of P17.984 million	Admin Dept.	Sept 2023	Dec 2024	On-going	N/A	The MWSS RO will refund as soon as the source of funding is guaranteed and the funds are available.
B.2 Non-Financial Audit Observation – MWSS REGULATORY OFFICE									
CY 2022 AAR B.2 pages 112-116	Procurement Procurement of consultancy services relative to the Fifth (5 th) Rate Rebasing have the following deficiencies a) reimbursable expenses amounting to P3.342 million were not duly supported with the required deliverables/milestones; and b) utilization of Technology and Knowledge Transfer from the four previous rate rebasing contracts was not evident as shown in the hiring of almost exactly the same number of consultants, contrary to COA Circular No. 2012-001, the 2016 Revised Implementing Rules and Regulations (RIRR) of RA 9184 and the pertinent provisions of the Consulting Services Agreement	a. Require the Rate Rebasing Management Committee (RRMC) and the Accounting Section to Provide documents on deliverables to support payment of reimbursements amounting to P3.342 million; and	a.To submit copy of accomplished and accepted reports and other supporting documents as required under the Consultancy Services Contract and Terms of Reference. However, consistent with the MWSS RO’s reply dated 03 April 2023 to COA AOM No. RO-2023-008, “the payment of Reimbursable Expenditures is not premised on the submission of Deliverables. Upon showing that the Reimbursable Expenditures were reasonably incurred and that the Consultants have submitted the required documents, the MWSS RO can already reimburse the Consultants.”	RRMC & Admin Dept. – Finance Section	Sept. 2023	Dec 2023	On-going	N/A	As of date, the Admin Dept. already received the reports on Historical Cash Flows and Future Cash Flows. The corresponding payments for remuneration were already received by the Consultant. Disbursement Voucher and other documentary requirements will be included in the submission for the 3 rd Q CY 2023. Other deliverables / reports will be

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
		b. Utilize the reports of previous Rate Rebasing Exercises pursuant to the Technology and Knowledge Transfer provision of the contract as required under the 2016 RIRR of RA 9184	b. To utilize as reference the reports of previous Rate Rebasing Exercises, specifically in the improvement of the delivery of the MWSS RO's services and in the attainment of its mandates and core functions. Given the lack of manpower in the MWSS RO to conduct the Rate Rebasing Exercise and to prevent any perception of biases, the MWSS RO cannot utilize the technology and knowledge transfer in such a way that the MWSS RO, on its own, will conduct the next Rate Rebasing Exercise.	MWSS RO	Sept. 2023	Dec 2023	On-going	N/ A	submitted once available.
CY 2022 AAR B.2 pages 117-118	Unserviceable Assets The non-disposal by the MWSS RO of the unserviceable properties totaling P1.986 million as of December 31, 2022 is contrary to Section 79 of Presidential Decree NO. 1445 and DBM National Budget Circular No. 425 dated January 28, 1992, resulting in further deterioration of the assets	a. Property Section to prepare the Inventory Report of Unserviceable Properties as basis for disposal	a. To prepare the Inventory Report of Unserviceable Properties;	Admin Dept. – Property Section	July 2023	Dec 2023	Partially Implemented	N/ A	The Property Section is currently preparing the inventory of the unserviceable properties as basis for disposal. An initial list was submitted to the COA last 01 September 2023;


Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
		b. Property Section to take action on the registration of the vehicles and the transfer of ownership to MWSS RO to facilitate disposal	b. To take action on the registration of the vehicles and the transfer of ownership to MWSS RO to facilitate disposal	Admin Dept. – Property Section	July 2023	Dec 2023	Not Implemented	The Property Section already sought assistance with the Legal Dept. The Legal Dept. on its issued opinion advised that the subject vehicles may be disposed without the need to transfer first its ownership under the name of the RO.	<p>The RO also sought guidance from the Land Transportation Office (LTO) on the documents that need to be issued to the winning buyer. The LTO, in its letter, advised the RO would need to issue the following in favor of the winning buyers:</p> <p>a. Certificate of sale;</p> <p>b. Notarized Affidavits stating that the pertinent requirements under RA 11057 and its IRR have been fully complied with</p> <p>In view of the foregoing, the Disposal Committee</p>

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
		c. Disposal Committee to work for the disposal of unserviceable assets in compliance with Section 79 of PD 1445 and DBM NBC MP. 425	c. To expedite the disposal of the remaining unserviceable assets	Admin Dept. - Property Section & Disposal Committee	June 2023	Dec 2023	Partially Implemented	N/A	<p>already included the subject vehicles in the list of properties for disposal.</p> <p>The RO already conducted disposal last June 2023. Post bidding documents were submitted to the COA last 08 August 2023.</p> <p>Also, the RO submitted to the COA the bidding documents for the Disposal of remaining unserviceable vehicles for review and approval. Once approved, the RO will commence the another set of disposal procedure.</p>

Part III. Prior Year's

Ref	Audit Observation	Audit Recommendation	Agency Action Plan					Reasons for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Actions to be Taken
			Action Plan	Person/ Dept. Responsible	Target Implementation Date		Status of Implementation		
					From	To			
CY 2021 AAR B. 19 pages 105-107	The validity and reliability of the Due from Officers and Employees, Other Payables and negative prepayment accounts amounting to P1.354 million, P0.664 million, and P145,855 respectively, cannot be established due to non-submission of documents which affected the fair presentation of the said account balances and contrary to IPSAS 1, PD 1445, COA Circular No. 2016-05, DBM -COA Joint Circular No. 1 s. 2021, and Executive Order Mo. 87 s. 2019.	a. Review, analyze, and reconcile the details of the Due from Officers and Employees and Other Payables accounts as well as the negative items in the Prepayments accounts;	a. To review, analyze, and reconcile the details of the Due from Officers and Employees and Other Payables accounts as well as the negative items in the Prepayments accounts;	Admin Dept. – Finance Section	Sept. 2023	Dec 2024	On-going	N/ A	The RO hired a Finance Analyst (Contract of Service) to assist in reconciliation of the subject accounts. Once reconciled, a corresponding adjusting entries will be made.
		b. Prepare the necessary adjustments and maintain the necessary subsidiary records for the fair presentation of accounts	b. To prepare the necessary adjustments and maintain the necessary subsidiary records for the fair presentation of accounts	Admin Dept. – Finance Section	Sept 2023	Dec 2024	On-going	N/ A	

Agency Sign-off:


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

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

RECOMMENDATION TYPE	PART				Total	%
	II. Audit Observation and Recommendations		III. Prior Years' Audit Recommendation			
	Sub-Total	%	Sub-Total	%		
A.NON- PPE						
Fully Implemented	3	50.00%	0	0.00%	3	37.50%
Partially Implemented	0	0.00%	0	0.00%	0	0.00%
On-going	3	50.00%	2	100%	5	62.50%
Not Implemented	0	0.00%	0	0.00%	0	0.00%
Delayed	0	0.00%	0	0.00%	0	0.00%
Total (PBB – Sustained Compliance with Audit Findings)	6	100.00%	2	100%	8	100.00%
B. PPE						
Fully Implemented	2	16.67%	0	0.00%	2	33.33%
Partially Implemented	2	33.33%	0	0.00%	2	33.33%
On-going	1	33.33%	0	0.00%	1	16.67%
Not Implemented	1	16.67%	0	0.00%	1	16.67%
Delayed	0	0.00%	0	0.00%	0	0.00%
Total	6	100.00%	0	0.00%	6	100.00%

Transmittal of MWSS RO Agency Action Plan and Status of Implementation for CY 2022 and 2021 as of 30 September 2023

3 messages

Central Records Office CRO <CRO@ro.mwss.gov.ph>

Wed, Oct 4, 2023 at 4:28 PM

To: cgascluster3@coa.gov.ph, COA MWSS <coamwss.main2020@gmail.com>, COA MWSS-Regulatory Office

<coamwss.ro@gmail.com>

Cc: Administration Department ALA <admin.dept@ro.mwss.gov.ph>

Dear Sir/Ma'am,

Good day!

This is to respectfully transmit the attached letter dated 03 October 2023 regarding the above-mentioned subject.

Kindly acknowledge receipt of this email.

Thank you very much.

--

CENTRAL RECORDS OFFICE

Katipunan Road cor H. Ventura Street

Brgy. Pansol, Quezon City.

1105 Philippines

Landline: (02) 435 8900



The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and other parties authorized to receive it. It may contain confidential or legally privileged communication. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this e-mail and then immediately delete it from your system. Opinions contained in this e-mail or any of its attachments do not necessarily reflect the opinions of the MWSS-RO.

**10-03-2023 - COA Transmittal of MWSS RO Agency Action Plan and Status of Implementation for CY 2022 and 2021 as of 30 September 2023.pdf**

5717K

COA MWSS <coamwss.main2020@gmail.com>

Wed, Oct 4, 2023 at 4:35 PM

To: Central Records Office CRO <CRO@ro.mwss.gov.ph>

Good day

This is to acknowledge receipt of your email, thank you

COMMISSION ON AUDIT
Corporate Government Audit Sector
Cluster 3 - Public Utilities
Audit Group F-MWSS

DISCLAIMER:

The information contained in this communication is intended solely for the use of an individual or entity to whom it is addressed and other parties authorized to receive it. It may contain confidential or legally privileged communication. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or taking any action in reliance to the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this e-mail and immediately delete it from your system. Opinions contained in this e-mail or any of its attachments do not necessarily reflect the opinions of the Commission on Audit.

[Quoted text hidden]

CGAS Cluster 3 <cgascluster3@coa.gov.ph>

Thu, Oct 5, 2023 at 11:35 AM

To: Central Records Office CRO <CRO@ro.mwss.gov.ph>

Cc: COA MWSS <coamwss.main2020@gmail.com>, COA MWSS-Regulatory Office <coamwss.ro@gmail.com>, Administration Department ALA <admin.dept@ro.mwss.gov.ph>

Received and noted.

Thank you,

Kyjill
OD Staff

--
--



Office of the Director

Cluster 3 - Public Utilities

Corporate Government Audit Sector

Commission on Audit

[Quoted text hidden]

CONFIDENTIALITY AND DISCLAIMER NOTICE:

"This message is confidential and is intended solely for the use of the individual or entity to whom it is addressed. If you have received this message in error please notify the sender immediately. If you are not the named addressee you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this message is strictly prohibited."