



04 December 2024

**MARIA CHRISTINA P. ANTONIS**

OIC-Supervising Auditor

Commission On Audit

Metropolitan Waterworks and Sewerage System

Dear **Auditor Antonis**:

We are respectfully submitting the Metropolitan Waterworks and Sewerage System Regulatory Office's Agency Action Plan and Status of Implementation for Calendar Years 2023 and 2022, as of 30 November 2024, as outlined below:

RECOMMENDATION TYPE	PART				Total	%
	II. Audit Observation and Recommendations		III. Prior Years' Audit Recommendation			
		%		%		
A.NON- PPE (PBB – Sustained Compliance with Audit Findings)	9	100.00%	1	100.00%	10	100.00%
On-going	3	33.33%	0	0.00%	3	30.00%
Partially Implemented	2	22.22%	0	0.00%	2	20.00%
Closed	1	11.11%	1	100.00%	2	20.00%
Fully Implemented	3	33.33%	0	0.00%	3	30.00%
B. PPE	2	100.00%	0	0.00%	2	100.00%
Fully Implemented	2	100.00%	0	0.00%	2	100.00%

The MWSS RO has fully implemented **30%** of the non-PPE audit recommendations, which meets the minimum required percentage for sustained compliance with the audit findings for the CY 2024 Performance-Based Bonus.

Furthermore, **20%** of the non-PPE audit recommendations have been tagged as closed, based on the result of your initial validation, and **100%** of the PPE audit recommendations have been fully implemented.

Thank you very much.

Respectfully yours,

  
**CLAUDINE B. OROCIO- ISORENA**

Deputy Administrator, Administration and Legal Affairs



**MWSS RO**  
**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**  
 Audit Observations and Recommendations  
 For Calendar Years 2023 and 2022  
 As of: 30 November 2024

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 2023 AAR A.2 pages 119-122	<b>Property, Plant, and Equipment</b>  The year-end balance of the PPE amounting to P248.048 million includes unaccounted Information Technology Equipment and Software items with a carrying value of P11.663 million and excludes Architectural and Engineering Design cost of P6.719 million, Accumulated Surplus by P6.623 million and Depreciation Expense by P127,668.00, contrary to the relevant provisions of IPSAS 1 and 17	a. Request for specific authority from the COA to derecognize from the book of accounts the non-existing/missing IT Equipment and Software without available records of accountability pursuant to COA Circular No. 2020-006 after providing documentation of unaccounted items that were included in the PPE Account;	a. To request from the COA the specific authority to derecognize from the book of accounts the non-existing / missing IT Equipment and Software;	Admin. Dept.	Sept. 2024	Dec. 2024	Fully Implemented	N/A	The MWSS RO has already submitted to the COA the letter requesting specific authority to derecognize from the book of accounts the non-existing/missing IT equipment and software, dated 27 November 2024 (Annex “A”).
		b. Prepare the necessary adjusting entries to capitalize the consultancy services totaling P6.719 million, recognize the corresponding Depreciation Expense in the estimated amount of P223,420.00 and effect	b. To prepare the necessary adjusting entries capitalizing the consultancy services for Architectural and Engineering Design and recognizing the corresponding	Admin. Dept. – Finance Section	Sept. 2024	Dec. 2024	Fully Implemented	N/A	The Admin – Finance Section has already prepared and recorded the necessary adjusting journal entries recognizing the consultancy services as part of the Building account and its



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		the adjustment on Accumulated Surplus	depreciation expenses						corresponding depreciation expense
CY 2023 AAR A.2 pages 122-124	<b>Receivable and Payable Accounts</b>  The faithful representation of MWSS RO's Receivables and Payable accounts, amounting to P193.922 million and P67,806 million, respectively, as at December 31, 2023, could not be ascertained due to the inclusion of dormant and abnormal account balances totaling P2.030 million and P221,769.00, respectively, which did not conform to paragraph 27 of IPSAS 1.	a. Prioritize the review, analysis, and reconciliation of the details of the dormant and abnormal balances totaling P2.030 million and P221,769.00, respectively, and take – up the required adjustments;	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. 2024	Dec. 2025	On-going	N/A	As of this date, the Financial Analyst already vouched the records from CY 2002-2007.  However, the Financial Analyst opted not to renew the existing contract.
		b. Maintain the necessary subsidiary records to support the balances of the accounts	a. To prepare the necessary adjustments and maintain the necessary subsidiary records for the fair presentation of accounts	Admin Dept. – Finance Section	Sept 2024	Dec 2025	On-going	N/A	As of this date, the RO has already selected a Financial Analyst (Contract of Service) to assist in the reconciliation of the subject accounts, who is expected to assume in the first quarter of next year.  Once reconciled, a corresponding adjusting entries will be made.

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B.2 Non-Financial Audit Observation – MWSS REGULATORY OFFICE									
CY 2023 AAR B.2 pages 139-143	<b>Property, Plant, and Equipment</b>  Deficiencies identified in the approval of MWSS RO of the variation orders in the total net additive amount of P8.488 million for the design and construction of the MWSS RO Building violate the provisions of Annex “E” of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9187, to wit:  a. Processing time on the request of fourteen (14) variation orders incurred significant delays, contrary to Section 1.5 € of Annex “E” of the 2016 RIRR of RA No. 9184; and  b. Deficiencies were noted in the submitted proof of requests of four variation orders, absence of proof of authority from the Contractor of the request of 10 variation orders, and supporting documents of five variation orders not signed by the authorized representative of the Contractor, contrary to Section 1.5 (b) and 1.5 (c) of Annex “E” of the 2016 RIRR of RA No. 9184	a. Justify the incurred delays in the processing of the requests for variation orders in accordance with Section 1.5 ( e) of Annex “E” of the 2016 RIRR of RA No. 9184; and	a. To provide and submit justification on the incurred delays in the processing of the request for variation orders.	Project Management Unit (PMU) – Building	June 2024	Dec. 2024	Fully Implemented	N/ A	The RO, in its letter dated 20 June 2024, already provided the justification on the delays in the processing of the request for variation orders.
		b. Provide the duly signed copy of authority for the requests to change orders/extra work orders and the copy of authorization of the representative of the contractor, including the duly executed authority of the officers/employees to sign the supporting reports and computations on behalf of the Contractor	b. To provide and submit the duly signed copy of the author authority for the requests to change orders/extra work orders and the copy of authorization of the representative of the contractor, including the duly executed authority of the officers/employees to sign the supporting reports and computations on behalf of the Contractor	PMU – Building	June 2024	Dec. 2024	Fully Implemented	N/ A	In addition, duly signed copy of authority for the requests to change orders/extra work orders and the copy of authorization of the representative of the contractor, including the duly executed authority of the officers/employees to sign the supporting reports and computations on behalf of the Contractor were also attached in the above-mentioned letter under Annex “AI”.



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CY 2023 AAR B.2 pages 143-144	The absence of reportorial requirements on Semi-Expendable Properties of MWSS RO totaling P10.932 million results in the increased risk of missing and misappropriated properties, leading to financial losses to the agency contrary to Section 444.7 of COA Circular No. 2022-004 dated May 31, 2022	a. Require the Senior Property Officer to prepare and maintain the prescribed forms, registries, and reports mentioned in COA Circular No. 2022-004 to strengthen controls over the semi-expendable properties, segregate semi-expendable properties as low-valued and high-valued items, and property establish the agency's property accountabilities	a.To prepare and maintain the prescribed forms, registries and reports mentioned in COA Circular No. 2022-004	Admin. Dept. - Property Section	Sept. 2024	Dec. 2025	On-going	N/ A	The Property Section has been using the Inventory Custodian Slip since CY 2023. As of this date, the Property Section is utilizing the prescribed forms, registries, and reports.
CY 2023 AAR B.2 pages 144-145	<b>Unserviceable Assets</b>  The deficiencies identified in the Inventory and Inspection Report of Unserviceable Property (IIRUP) prepared by the MWSS RO have led to the unsuccessful disposal of unserviceable properties totaling P1.628 million contrary to COA Circular No. 89-296, resulting in further deterioration of assets.	a. Property Section to prepare the Inventory Report of Unserviceable Properties (IIRUP) pursuant to the requirements of COA Circular No. 89-296	a. To prepare the Inventory Report of Unserviceable Properties pursuant to COA Circular No. 89-296	Admin Dept. - Property Section	Sept. 2024	Dec 2025	Partially Implemented	N/ A	The Property Section is currently preparing and updating the Inventory and Inspection Report of Unserviceable Properties as basis for disposal. An initial report was submitted to the COA last 01 September 2023;

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		b. Property Section to expedite the registration of the vehicles and the transfer of ownership to MWSS RO to facilitate its 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	Closed	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 to 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 already included the subject vehicles in the list of</p>



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		c. Disposal Committee to oversee the disposal of unserviceable assets	c. To expedite the disposal of the remaining unserviceable assets	Admin Dept. - Property Section & Disposal Committee	Sept. 2024	Dec 2025	Partially Implemented	No bidder to some of the unserviceable assets for disposal	<p>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>The Property Section is currently updating the Inventory and Inspection Report of Unserviceable Property as recommended by the COA.</p> <p>The Disposal Committee will be reconstituted considering the mandatory retirement of the Chairperson and the resignation of one of the members.</p> <p>Once completed, the disposal</p>

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									committee will commence the disposal of the remaining unserviceable assets.								
CY 2023 AAR B.2 pages 147-148	<b>Gender and Development</b>  The absence of a Responsibility Center Code of MWSS RO’s GAD Focal Point System resulted in the discrepancies amounting to P5.008 million between the recorded GAD-related expenses under the Other MOOE Account totaling P6.972 million and the reported actual expenses in the GAD Accomplishment Report in the amount of P11.980 million contrary to COA Circular No. 2021-008 dated September 6, 2021	a. Required the GAD Committee to create/assign a separate Responsibility Center Code for the GFPS which shall serve as RC for GAD-related expenses	To assign General Ledger Account per expense type for Gender and Development related items such as the following, to name a few: <table><tr><td>5-02-03-990-02</td><td>Other Supplies Expense - GAD</td></tr><tr><td>5-02-99-030-02</td><td>Representation Expense - GAD</td></tr><tr><td>5-02-02-010-02</td><td>Training Expense - GAD</td></tr><tr><td>5-02-03-070-02</td><td>Maintenance, Sampling and Other Consumable - GAD</td></tr></table>	5-02-03-990-02	Other Supplies Expense - GAD	5-02-99-030-02	Representation Expense - GAD	5-02-02-010-02	Training Expense - GAD	5-02-03-070-02	Maintenance, Sampling and Other Consumable - GAD	Admin Dept. – Finance Section	May 2024	Dec. 2024	<b>Fully Implemented</b>	N/A	The Admin. Dept – Finance Section already assigned and utilized GL accounts per expense type for GAD since May 2024.
5-02-03-990-02	Other Supplies Expense - GAD																
5-02-99-030-02	Representation Expense - GAD																
5-02-02-010-02	Training Expense - GAD																
5-02-03-070-02	Maintenance, Sampling and Other Consumable - GAD																



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			5-02-11-990-04	Other Professional Services - GAD					
Part III. Prior Year's									
CY 2022 AAR A.2 pages 101-103	<b>Other Deferred Credits</b>  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. Refund the amount of P17.984 million to the Concessionaires pursuant to Article 12.2 of the Revised Concession Agreement	a. To seek guidance from the DBM whether the RO can remit the subject refund to the Bureau of Treasury.  b.To refund the amount of P17.984 million, if found necessary.	Admin. Dept.	May 2024	Dec 2024	Closed	N/A	The RO has sought guidance from the DBM regarding whether it can remit the subject refund to the Bureau of Treasury and consider it as government income.  In its letter dated 23 July 2023, the DBM responded that the MWSS RO is not required to remit the subject collections to the Bureau of Treasury. This is because the MWSS RO utilizes its corporate funds to cover the costs of the consultancy services in question,

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								<p>and the collection of the refund was in accordance with the Concession Agreement in effect at the time those consultancy services were rendered. Furthermore, this amount is part of the passed-on expenses recovered from customers.</p> <p>The Admin Dept. has conducted an initial meeting with the COA representatives concerning upcoming consultancies of a similar nature, such as CAPEX audit and regulatory financial audit. The subject findings were also tackled. As discussed, we will make the necessary adjusting entry to reclassify</p>	



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					From	To			
									the subject payable into the Trust Liability account.

Agency Sign-off:

CLAUDE 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



Sir Gil Maravilla &lt;sirgil.maravilla@ro.mwss.gov.ph&gt;

**ANNEX "A"****Fwd: Request for the Authority to Derecognize Non-Existing Property, Plant and Equipment (PPE)****Central Records Office CRO** <CRO@ro.mwss.gov.ph>  
To: Sir Gil Maravilla <sirgil.maravilla@ro.mwss.gov.ph>

Tue, Dec 3, 2024 at 2:36 PM

Good day!

Forwarding the email below for your information and reference.

Thank you.

----- Forwarded message -----

From: **COA MWSS** <coamwss.main2020@gmail.com>

Date: Thu, Nov 28, 2024 at 4:52 PM

Subject: Re: Request for the Authority to Derecognize Non-Existing Property, Plant and Equipment (PPE)

To: Central Records Office CRO &lt;CRO@ro.mwss.gov.ph&gt;

Dear Ma'am/Sir,

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:**

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On Thu, 28 Nov 2024 at 16:45, Central Records Office CRO &lt;CRO@ro.mwss.gov.ph&gt; wrote:

Dear Sir/Ma'am,

Good day!

This is to respectfully transmit the attached letter dated 27 November 2024 regarding the above-mentioned subject.

Kindly acknowledge receipt of this email.

Thank you very much.

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**CENTRAL RECORDS OFFICE**

cro@ro.mwss.gov.ph



**MWSS Regulatory Office Building**  
Katipunan Avenue, corner H. Ventura Street, Barangay Pansol,  
Balara, Quezon City,  
Philippines, 1108



<http://ro.mwss.gov.ph>

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**CENTRAL RECORDS OFFICE**

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Philippines, 1108



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27 November 2024

**MARIA CHRISTINA P. ANTONIS**

Officer-In-Charge - Supervising Auditor

Commission on Audit (COA)

Metropolitan Waterworks and Sewerage System (MWSS)

**Subject: Request for the Authority to Derecognize Non-Existing Property, Plant and Equipment (PPE)**

Dear Auditor Antonis:

This letter is in reference to the audit findings concerning the Property, Plant, and Equipment (PPE), specifically regarding unaccounted IT equipment and software, as discussed in the COA Annual Audit Report for Calendar Years 2022 and 2023. The report includes the following audit recommendation:

**Request for specific authority from the COA to derecognize from the books of accounts the non-existing/missing IT Equipment and Software without available records of accountability, pursuant to COA Circular No. 2020-006, after providing documentation of unaccounted items that were included in the PPE Account.**

To provide context, in CY 1999, the MWSS Board of Trustees (BOT) approved the development of a survey mechanism designed to monitor and evaluate the quality of services provided by the two (2) Concessionaires, known as the Public Performance Audit (PPA) Project, now referred to as the Public Assessment of Water Services (PAWS) project. That same year, MWSS received a subsidiary loan of USD 2.3 million from the International Bank for Reconstruction and Development/World Bank (IBRD) to finance the PPA project. For this purpose, MWSS engaged Renardet S.A./Louis Berger Group Consortium (R/LBC) as a consultant to design and pilot the survey methodology system. Following the BOT's directive, the MWSS Regulatory Office (RO) was tasked with implementing the consultancy project, as it aligned with the functions of the MWSS RO concerning the assessment of the concessionaires' service quality, while also being responsible for the loan repayment to IBRD.

By virtue of MWSS Resolution No. 18-99 dated February 15, 1999, the engagement of the University of the Philippines Diliman, through the National Engineering Center (UP-NEC), was approved as the local institution to benefit from the Transfer of Technology and Expertise component of the PAWS project from R/LBC.

On September 15, 2000, UP-NEC and R/LBC entered into a Memorandum of Agreement to provide counterpart staff as required by R/LBC concerning the Transfer





of Technology and Expertise component of the consultancy service, ensuring UP-NEC's full participation in the development and operation of the large-scale PAWS project. R/LBC completed the project at a total cost of Php 116.635 million, drawn from the subsidiary loan for the design of the survey methodology system and its pilot testing. Supporting documents including the copies of the final report detailing the developed survey methodology system and the results of the pilot survey have already been submitted to your office.

To provide further clarity regarding the recording of costs incurred for the PPA Project conducted in 1999, we believe that the applicability of COA Circular No. 2020-006 dated January 31, 2020, may be reconsidered to facilitate a reclassification entry to Intangible Assets and its potential delisting from the books of the MWSS RO.

In our accounting records, the costs incurred were recorded under IT Equipment and Software (Journal Voucher No. 83 dated October 31, 2003), as it was deemed a developed survey system without physical asset attributes. The costs associated with the survey methodology system will be amortized over the period of its useful life during the full-scale survey conducted by UP-NEC.

During the recent inventory taking, the subject PPE items were classified as unaccounted due to their nature and the absence of physical substance/attributes. Given that accountability for these PPE items cannot be determined and that the useful life of the survey methodology system has effectively concluded with the closure of the PAWS project, we believe that the subject Intangible Asset may now be derecognized from the MWSS RO books, pending the grant of specific authority from COA pursuant to Section 8 of COA Circular No. 2020-006 dated January 31, 2020.


In light of the above, the MWSS RO respectfully requests authority to derecognize the subject PPE items from our accounting records. To support this request, we have attached the following documents:

- A list of non-existing/missing PPEs and their carrying values, certified by the Head of the Accounting Unit and Department Manager for Administration, and approved by the Head of the Agency (Annex A);
- A certification from the Head of the Accounting Unit confirming that the non-existing/missing PPEs have exceeded their estimated useful lives (Annex B); and
- Reconciliation of PPEs per books and Physical Inventory Report for CY 2023 (Annex C).

Should you have any questions or require further information, please feel free to contact our Chief Corporate Accountant, Mr. Sir Gil P. Maravilla, at (+63) 909-8931385 or via email at [sirgil.maravilla@ro.mwss.gov.ph](mailto:sirgil.maravilla@ro.mwss.gov.ph).

We appreciate your assistance and support in this matter.

Respectfully yours,

  
**PATRICK LESTER N. TY**  
Chief Regulator





Metropolitan Waterworks and Sewerage System Regulatory Office  
List of Non-Existing/ Missing PPEs

PPE Account Group: IT Equipment and Software


Article/ Item	Description	Old Property Number	Person Accountable	Total Cost / Value	Accumulated Depreciation	Carrying Value	Remarks
IT Software	PAWS Project Cost	Cannot Identified	Cannot Identified	115,446,818.30	103,902,136.47	11,544,681.83	No Physical Substance.
IT Software	UPNEC PAWS II - Computer Software	Cannot Identified	Cannot Identified	71,286.00	64,157.40	7,128.60	For Derecognition
IT Software	Liquidation of Cash Advance PAWSII Year 3	Cannot Identified	Cannot Identified	365,059.77	328,553.79	36,505.98	pending the authority
IT Software	Liquidation of Cash Advance PAWSII Year 3	Cannot Identified	Cannot Identified	751,824.31	676,641.88	75,182.43	from the COA
				116,634,988.38	104,971,489.54	11,663,498.84	

Certified by

  
SIR GIL P. MARAVILLA  
Chief Corporate Accountant

  
RAMON A. JAVIER  
Manager for Administration Department

Approved by:

  
PATRICK LESTER N. TY  
Chief Regulator



## CERTIFICATION


This is to certify that the Property, Plant, and Equipment (PPE) items listed below, with a carrying value of **ELEVEN MILLION SIX HUNDRED SIXTY-THREE THOUSAND FOUR HUNDRED NINETY-EIGHT PESOS AND 84/100 (Php 11,663,498.84)**, have exceeded their estimated useful lives as prescribed in the applicable accounting standards and the guidelines set forth by the Commission on Audit (COA).

Description	Total Cost / Value	Accumulated Depreciation	Carrying Value
IT Equipment - PAWS Project Cost	115,446,818.30	103,902,136.47	11,544,681.83
IT Equipment - UPNEC PAWS II - Computer Software	71,286.00	64,157.40	7,128.60
IT Equipment - Liquidation of Cash Advance PAWSII Year 3	365,059.77	328,553.79	36,505.98
IT Equipment - Liquidation of Cash Advance PAWSII Year 3	751,824.31	676,641.88	75,182.43
<b>Total</b>	<b>116,634,988.38</b>	<b>104,971,489.54</b>	<b>11,663,498.84</b>

This certification is issued pursuant to the COA Circular No. 2020-006 dated 31 January 2020.

Quezon City, 27th of November 2024.

Certified correct:

  
**SIR GIL P. MARAVILLA**  
Chief Corporate Accountant





Reference	Supplier	Description	Cost	Accumulated Depreciation	Book Value
Journal Voucher (JV)-12-22-118	Renardet S.A	PAWS Project Cost (Unserviceable)	115,446,818.30	103,902,136.47	11,544,681.83
JV-12-22-118	Renardet S.A	UPNEC PAWS II - Computer Hardware	71,286.00	64,157.40	7,128.60
JV-12-22-118	UP-NEC PAWS CAPEX	Liquidation of Cash Advance PAWSII Year 3	365,059.77	328,553.79	36,505.98
JV-12-22-118	UP-NEC PAWS CAPEX	Liquidation of Cash Advance PAWSII Year 3	751,824.31	676,641.88	75,182.43
<b>Total</b>			<b>116,634,988.38</b>	<b>104,971,489.54</b>	<b>11,663,498.84</b>

The above items pertain to the project cost of the Public Assessment of Water Services (PAWS) Project of the University of the Philippines National Engineering Center (UP NEC). It was a survey mechanism envisioned to monitor and evaluate the quality of services provided by the two (2) Concessionaires, Maynilad Water Services Inc., and Manila Water Company Inc.

In the books of the MWSS RO, the cost incurred was recorded under IT Equipment and Software (JV No. 83 dated 10/31/2003) as it was considered a developed survey system without physical asset attributes. The cost of the survey methodology system was amortized throughout its useful life during the conduct of the full-scale survey by the UP-NEC.

#### **ACTIONS TAKEN / TO BE TAKEN**

Since there are no more expected future economic benefits that will flow to the MWSS RO, and the useful life of the Survey Methodology System can no longer be expected with the closure of the PAWS Project with UP-NEC, the subject assets may now be derecognized in the books of the MWSS RO.

The Admin-Finance made the JV-07-22-63 to derecognize the subject assets, however, the COA, in its Audit Observation Memorandum No. RO-2022-13(2022) dated 29 December 2022, found it improper due to the absence of authority by the COA to implement derecognition. Moreover, as advised by the COA, the Admin-Finance has submitted supporting documents i.e. copies of reports, supplemental agreements, and various correspondence that support the grant of loan to mobilize the project, to name a few. However, it still found to be insufficient to fully support the journal entry.

Thus, to comply with the COA's recommendation, the Admin-Finance reversed the derecognition through JV-12-22-118.

To fully implement the derecognition, the Administration Department will consolidate all the supporting documents to substantiate the journal entry. Upon completion, the MWSS RO will request authority from the Commission on Audit to derecognize these items. Once granted, the Admin-Finance will make the necessary adjusting entries.





## MEMORANDUM

TO: **RAMON A. JAVIER**  
Manager, Administration Department

FROM: **SIR GIL P. MARAVILLA**  
Chief Corporate Accountant

DATE: **15 January 2024**

SUBJECT: **RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT (PPE) PER BOOKS AND PHYSICAL INVENTORY REPORT FOR CALENDAR YEAR (CY) 2023**

**PHYSICAL INVENTORY**

The Physical Inventory Plan (PIP) was approved by the Chief Regulator on 22 November 2023. The Inventory Committee executed the conduct of the annual physical inventory-taking activities of the PPE, both acquired through purchase or donation, in accordance with the approved PIP. It is to ascertain the existence, completeness and condition of all PPEs owned by the office. Commission on Audit (COA) Representative was also invited as witness during the inventory-taking activities. The MWSS RO's Inventory Committee has managed to conduct the Annual Physical Inventory count using the standard form as prescribed by Commission on Audit (COA) Circular No. 2020-006.

Below is the schedule of the inventory-taking for each Regulation areas, to wit:

Regulation Area	Dates
Office of the Chief Regulator	04 December 2023
Customer Service Regulation Area	04 December 2023
Financial Regulation Area	05 December 2023
Technical Regulation Area	05 December 2023
Commission on Audit	06 December 2023
Administration and Legal Affairs	06 - 07 December 2023

**RECONCILIATION WITH THE ACCOUNTING RECORDS**

As prescribed in the COA Circular No. 2020-006, the Administration Department - Finance Section (Admin- Finance) reconciled the Physical Inventory Report CY 2023 with the accounting records. As a result, we found the following variances:

