



**AGENCY ACTION PLAN and  
STATUS OF IMPLEMENTATION  
Audit Findings and Recommendations  
For Calendar Year 2018  
As of December 31, 2019**

TEAM 5, AUDIT GROUP  
COA DISTRICT I  
DATE 12-20-2019  
RECEIVED BY Jfw 4:02 pm

Name of Agency: Mangaldan Water District

Ref	Audit Observations	Audit Recommendations	Agency Action Plan				Reason for Partial/Delay /Non-Implementation	Action taken/Action to be taken	
			Action Plan	Person/Dept. Responsible	Target Implementation Date				Status of Implementation
					From	To			
1.	The Report on Physical Count of Property, Plant and Equipment (RPCPPE) was not reconciled with the General Ledger balance of the PPE account showing a discrepancy of ₱6,975,073.92 thus, propriety and existence of the District's PPE could not be adequately established affecting the faithful presentation of the account in the Financial Statements (FS) contrary to Chapter 3 of the Philippine Financial Reporting Standards and	COA recommended that Management immediately reconcile and investigate the causes of the discrepancy between the amounts reflected in the Report on Physical Count of PPE and Financial Statements, in compliance with Chapter 3 of the Philippine Financial Reporting Standards and Section 73.a of Government Accounting Manual, Volume I.  COA, also recommended that Management update its depreciation schedule and provide complete records for the Report on Physical Count of PPE for each PPE Items.	The discrepancy between the amounts reflected in the Report on Physical Count of Property, Plant and Equipment (RPCPPE) and the General Ledger is due Expansion of Waterways and Distribution lines in different Barangays which was not included in the Physical Count of PPE.  Also, the updating of depreciation schedule is still in process after reconciling unserviceable asset and fully depreciated are still in the records of PPE.	Finance Division and Property Supply Officer A	Dec. 2019	June 2020	On going	Still on going	For compliance

	<p>Section 73.a of Government Accounting Manual, Volume I.</p> <p>Further, fully depreciated assets in the total amount of ₱12,264,879.93 and cannot be identified in the RPCPPE were not yet derecognized in the books, thus, overstating the PPE account and its related accumulated depreciation.</p>							
2.	<p>Accounts Receivable (AR) from concessionaires amounting to ₱2,791,475.81 includes receivables of ₱654,683.31 from inactive water consumers, of which, ₱199,612.76 are dormant accounts, affecting the fair presentation of the account in the Financial Position of the District as provided under Chapter 3 of the Philippine Financial Reporting Standards (PFRS).</p>	<p>COA recommended that those in charge in the billing section make the necessary reconciliation of records by determining the correct and exact amounts of the active and inactive concessionaires based on their individual records in order that necessary adjustments/corrections be made.</p> <p>COA further recommended that Management file a request for Write-Off, to the Office of the Auditor, of the inactive or non-moving amount in the books of accounts following the guidelines and procedures under COA Circular No. 2016-005, dated December 19, 2016 which shall be supported by valid and verified documents.</p>	<p>The Management filed a request for write-off, to the office of the Auditor of the inactive consumers with corresponding dormant Accounts.</p>	<p>Commercial Department</p>			<p>Fully implemented per Decision Nos. 2019-01-6,8-12,14-23,25-77,79-94 dated April 22, 2019</p>	<p>Complied</p>

	Further, the AR balance is not reconciled with the Ageing of AR which also serves as the Subsidiary Ledger, having a discrepancy of P20,525.65 for the active and P20,414.70 for the inactive concessionaires.	Moreover, COA also recommended that Management prepare the Ageing of Dormant Receivables to support the request for write-off and indicate in the remarks column the existence of the applicable conditions such as absence of records, unknown whereabouts of the accountable officers and other applicable conditions.	Complied				Fully implemented		Complied
3	<p>The Report of Physical Count of Property, Plant and Equipment (RPCPE) and other Property Records were maintained by the Accounting Division instead of the Property Supply Officer contrary to Section 42, Chapter 10, Government Accounting Manual (GAM), Vol. 1, thus, check and balance for the inventories cannot be established.</p> <p>Further, Property Acknowledgement Receipts (PAR) were not issued to officers or employees who received or who are in actual possession of the District's properties</p>	<p>COA recommended that Management:</p> <ol style="list-style-type: none"> <li>1. Require the Property/Supply Officer to prepare and maintain Property Cards in all existing properties found during the inventory in compliance with Section 42, Chapter 10 of the GAM, Vol. 1.</li> <li>2. Require the Property/Supply Officer to maintain, update and issue Property Acknowledgement Receipts (PAR) to end users to establish proper accountability of the property and renew the same every three years unless cancelled or transferred to other end-user.</li> </ol>	<p>As per COA's recommendation the Property Supply Officer will maintain the Property Cards in compliance with Section 42, Chapter 10 of the GAM, Vol. 1.</p> <p>The Property/Supply Officer started maintaining and updating and is already issuing Property Acknowledgement Receipts (PAR) to end users.</p>	Property Supply Officer A			On going		For compliance
				Property Supply Officer A			On going		Partially implemented



	amounting to P20,276,883.04 contrary to Section 21, Chapter 10, of GAM, Vol. 1, therefore, proper accountability for the asset cannot be determined especially in case of loss.								
4	Mobile allowances received by the General Manager, Division Heads and the GM's Secretary were excessive, with amounts at P3,500.00, P2,500.00 and P2,000.00, respectively, per month, in violation of COA Circular No. 2012-003 dated October 29, 2012.	COA recommended that Management reduce the amount of mobile expenses that may be reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month in order to avoid excessive and unreasonable amounts of expenditures for the interest of the District. Monthly reimbursement of the cellphone load shall be supported by the corresponding official receipt.	Management complied with the audit recommendation to reduce the amount of mobile expenses reimbursed by the General Manager, Division Heads and the GM's Secretary to a reasonable and justifiable amount every month for a good cause and the interest of public service GM 3,000.00, 3 Division Managers at 2,000.00 each and 1,500.00 for the Secretary. The mobile load expenses reimbursed every month is supported with official receipt which took effect last April 2019.	General Manager/3 Division Heads & GM's Secretary	May 2019	present	Fully Implemented		Complied
5	The District granted and paid overtime benefit to its employees instead of compensatory	COA recommended that the General Manager strictly enforce and implement the provisions under CSC-DBM Joint	Water District will strictly monitor work loads of employees to know whether it is steady	Administrative Division			Not Implemented	Subject for Study	Delayed

	<p>time-off amounting to ₱23,804.36 in violation of the policies and guidelines issued under CSC-DBM Joint Circular No. 1 s. 2015, dated November 25, 2015 and the directive to continuously adopt austerity measures in the government.</p>	<p>Circular No. 1 s. 2015, dated November 25, 2015 thru a careful assessment of the works to be undertaken by the employees whether the rendition of overtime services is extremely necessary and to enforce and implement the non-monetary benefit under CSC-DBM Joint Circular No. 2, s. 2004 and No. 2-A, s. 2005 thru the compensatory time-off wherein an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.</p> <p>Also, recommended that the General Manager stop allowing employees to render overtime with pay unless within the purview of the above-cited Joint Circulars of the CSC-DBM on the rendition of overtime services; otherwise, payments will be the subject of disallowance as provided under the above-cited COA Circular No. 2012-003 dated October 29, 2012.</p>	<p>or variable in order to ensure that overtime services and overtime pay are effective and provide welfare for the employees, good management performance in the interest of public service. Beside, overtime pay is minimal and not extravagant expense of the Water District.</p>						
6	<p>Reimbursable expenses incurred by the Members of the Board of Directors in the discharge of their official duties of the District exceeded the twenty-five</p>	<p>COA recommended that Management monitor and limit the reimbursement of expenses of the members of the Board of Directors on communication, meals and others within 25% of the actual per diem received by the board as</p>	<p>Refunded per COA's recommendation: 1. Teresita G. Cera P586.74 with OR No. 00516339 dated August 30, 2019 2. Linda S. Ang P 586.74 with</p>	<p>Accounting Department</p>			<p>Complied</p>		<p>Complied</p>

	percent (25%) of the actual per diems received, contrary to Section 10 of Executive Order No. 65 dated January 2, 2012 in relation to Section 12 of EO 24, s. 2011, prescribing rules to govern the compensation of members of the BODs of Local Water Districts, hence disallowed in audit.	prescribed under EO No. 65 in relation to Section 5 of EO 24 s. 2011.  COA further recommended Management to require the members of the BOD to refund the total amount of ₱2,346.96 disallowed in audit.	OR No. 00516340 dated August 30, 2019 3. Francisco Evangelista P 586.74 with OR No. 00516341 dated August 30, 2019 and 4. Cesar Dizon P 586.74 with OR No. 00516342.						
7	The District allowed a job order employee to collect water bills payments and other forms of collections, thus, funds of the District are exposed to risk of loss or misappropriation.	COA recommended that Management assign a permanent employee to handle funds of the District and thereafter file an application for fidelity bond in accordance with the guidelines and procedures provided under Bureau of Treasury circular No. 02-2009 dated August 6, 2009.	The casual employee holding cash in the Paying Section is already bonded as of October 24, 2019 per Risk No. 09-194823N  All collections are remitted in the afternoon and are strictly being monitored by the Head Supervising Cashier.	Commercial Department			Complied		Complied
8	The Management was able to maintain its Non-Revenue Water (NRW) to 19.90%, within the performance criteria level of 30% set by LWUA.	COA, recommended the Management on their effort of maintaining the NRW within the performance level set by LWUA.	Complied						Complied



9	<p>The District dutifully complied with the prevailing tax laws and regulations, remitting on time all of its taxes due amounting to ₱2,800,296.96 for CY 2018.</p>	<p>COA, commended the Management for dutifully complying with the prevailing tax laws, rules and regulations, remitting/paying on time all of its taxes due and to keep the good work.</p>	<p>Complied</p>						<p>Complied</p>
10	<p>The District allocated only the amount of ₱2,000,000.00 for its GAD programs and projects which is below the required allocation of at least 5% of the agency's annual budget of ₱57,789,480.00 contrary to Section 2.3 of PCW-NEDA-DBM Joint Circular 2012-01.</p> <p>Furthermore, the GAD Accomplishment Report was not prepared in accordance with Section 10 of the said circular, thus evaluation of the program and project implementation could not be performed. It was also noted that the GAD Plans and Budget was not</p>	<p>COA recommended that Management direct the GAD focal person to prepare its GAD Plans and Budget in accordance with PCW-NEDA-DBM Joint Circular No. 2012-01 and to allocate funds thereto. Furthermore, we recommend that the GAD focal person prepare its accomplishment report in accordance with Section 10 and Annex B of the said joint circular which provides the guidelines in completing the AR template.</p>	<p>Appointed GAD focal person to Ms. Bernadeth D. Dizon.</p> <p>MAWAD 2019 GAD plan and GAD 2018 Accomplishment report is hereby accomplished and was duly received by LWUA Advisor Ms. Gigi Serafica. No Implementation due to the reason that LWUA has not forwarded an Approved GAD Plan.</p>				<p>Partially Implemented</p>	<p>GAD Plan and Budget was accomplished and already submitted to LWUA for approval</p>	<p>Partially Implemented</p>

	submitted to LWUA for review.								
11	The District has not prepared and developed its Disaster Risk Reduction Management (DRRM) Plan contrary to Section 35 of the General Provisions of the General Appropriations Act (GAA) of FY 2018, thus the District may not be able to respond in case of calamities relative to their operation.	COA recommended that Management establish and develop a DRRM Plan to provide continuous supply of safe water to its concessionaires even in times of calamities. We recommend further that Management assign responsible persons/units to form a skeletal workforce to promptly respond in those situations.	See attached Office Order No. 13, S.2019 dated March 22, 2019	Management	March 22, 2019		Fully Implemented		Complied

  
**ENGR. MARCELO M. PETONIO**  
 General Manager ✓

12/26/19  
 Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed