




**AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Findings and Recommendations
For Calendar Year 2020
As of December 21, 2021**

Annex A

DES 7-A AUDIT TEAM 5
COA REGION I
RECEIVED BY 
DATE: 12/21/2021

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.	Fully depreciated and serviceable PPE in the amount of ₱19,189,267.70 and the unserviceable properties that were not disposed yet, amounting to ₱1,147,003.81, or a total of ₱20,336,271.51 were derecognized from the PPE accounts contrary to PAS 16 prescribing the accounting treatment for PPE, thereby, affecting the reliability and fair presentation of the accounts in the Financial Statements (FS) of the District as prescribed under Philippine Accounting Standards (PAS) No. 1. Further, the non-disposal of the unserviceable properties is contrary to Section 79 of PD No. 1445, thus causing further deterioration that may deprive the District of an additional income from the sale thereof.	<p>We recommended that Management direct the Division Manager of the Finance Division to prepare the necessary adjusting entries by drawing a JEV reverting the properties to their specific PPE accounts and the accumulated depreciation as well as recognition of the retained earnings. Submit to the audit team copy of the JEV for review and verification.</p> <p>We further recommended that Management identify the assets that are fully depreciated and no longer serviceable and reclassify them to the Other Assets account and thereafter be disposed of and derecognized from the books to reflect the most accurate balances of the</p>	<p>To direct the DM-Finance to prepare the necessary adjusting entries.</p> <p>To dispose identified fully depreciated and unserviceable assets and thereafter be derecognized from the books.</p>	<p>Finance Division</p> <p>Property/Supply Officer; and Finance Division</p>	<p>July 2021</p> <p>July 2021</p>	<p>December 2021</p> <p>December 2021</p>	<p>Complied.</p> <p>Ongoing.</p>	<p>JEV No. 2021-04-087 (April 2021) was prepared reverting the properties to their specific PPE accounts and the accumulated depreciation as well as recognition of the retained earnings.</p> <p>The disposal of the unserviceable properties amounting to ₱1,147,003.81 is still in progress.</p> <p>Ongoing identification of unserviceable assets to be disposed, that thereafter be derecognized.</p>	

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		<p>accounts in the Financial Statements.</p> <p>We recommended further that Management create a disposal and appraisal committee to facilitate the disposal of the unserviceable properties in accordance with Section 79 of PD No. 1445, to prevent further deterioration of the assets.</p>	For compliance.	Finance Division	July 2021	December 2021	Complied.	The Board of Directors and the Management created a Committee to facilitate the disposal of unserviceable properties, on November 12, 2021 per Board Resolution No. 31, S. 2021.	
2.	<p>Reliability and accuracy of the Accounts Receivable (AR) account amounting to ₱2,935,883.30, could not be ascertained due to non-reconciliation between the General Ledger (GL) and the Subsidiary Ledgers (SL) resulting in a discrepancy of ₱147,555.50, contrary to Section 114 of PD No. 1445, pertaining to the keeping of accounts. Also, the Allowance for Impairment (AI) – AR with a balance of ₱134,850.58 was not accurate, hence, the AR was not presented to its net realizable value affecting the fair presentation of the AR reflected in the FS.</p>	<p>We recommended that Management direct the Division Manager of Finance (DMF) to reconcile the GL and SL balances of AR Account by tracing the discrepancy from the records maintained at the CD.</p> <p>We also recommended that Management require the CD personnel to submit regularly and on time the SL of AR account to the accounting for the latter's review and recording in the books of accounts.</p> <p>We recommended that Management require the DMF to prepare an adjustment thru a JEV, effecting the discrepancy of the AR and the AI and submit the same to the audit team for review and verification.</p>	<p>To instruct the Division Manager of Finance (DMF) to reconcile the GL and SL balances of the Accounts Receivable.</p> <p>To require the CD personnel to submit regularly and on time the SL of AR account to the accounting, for review and recording.</p> <p>To direct the DM-Finance to prepare the necessary adjusting entries.</p>	<p>Finance Division – Violeta Gayaga</p> <p>Commercial Division – Violeta Garcia</p> <p>Finance Division – Violeta Gayaga</p>	<p>July 2021</p> <p>July 2021</p> <p>July 2021</p>	<p>December 2021</p> <p>December 2021</p> <p>December 2021</p>	<p>Complied.</p> <p>Complied.</p> <p>Complied.</p>	<p>The discrepancy was adjusted by drawing the JEV No. 2021-04-088 (April 2021) to reconcile with the records maintained at the Commercial Division.</p> <p>Advised the DM-CD to submit regularly and on time the SL of Accounts Receivable.</p> <p>Prepared an adjustment thru JEV No. 2021-04-089 (April 2021), effecting the discrepancy in the AI.</p>	

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3.	Purchase Requests (PR) in the procurement of materials and fittings for water service connection were split into smaller quantity, contrary to Section 54.1 of 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 and COA Circular No. 76-41 dated July 30, 1976, hence transparency and competitive bidding to obtain the most advantageous price were not attained as required under the Procurement Law.	<p>We recommended that Management direct the Property Supply Officer (PSO) to refrain from splitting the PR in the procurement of materials and fittings for water service connection to obtain the most advantageous price for MAWAD, consistent with the policy of the government under the Procurement Law.</p> <p>We also recommended that Management require the BAC Secretariat to review comprehensively the APP prior to the procurement of materials and supplies, to faithfully enforce and adhere to laws, rules and regulations prescribed under RA No. 9184, the Government Procurement Law, to ensure economy and efficiency in the use of the MAWAD's resources.</p>	<p>To plan procurements way ahead of time and give allowance for unforeseen events that may require immediate procurements.</p> <p>To adhere with the provision of RA 9184 and its IRR.</p>	Administrative Division – Donald Relleve	July 2021	December 2021	Complied.	Strict monitoring of the 2021 APP prior to the procurement of such materials and fittings, for water service connections.	
				Administrative Division – Bernadeth Dizon	July 2021	December 2021	Complying.	To implement COA's recommendations on 2022 to start with the Agency's PPMP and APP-CSE and non-CSE 2022.	
4.	Payment of the labor and wages of Job Order (JO) Employees and Caretakers assigned at the pumping stations of the District in the total amount of ₱1,069,687.52 was charged against the Personal Services (PS) – Salaries and Wages –	We recommended that Management require the designated Budget Officer to stop charging and recording the payment of services of the JO and the COS against the PS-SWCC account.	To direct the Finance Division to stop charging and recording the payment of services of the JO and the COS against the PS-SWCC account.	Finance Division – Violeta Gayaga	July 2021	December 2021	Complied.	Complied, starting May 2021 FS.	

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	Casual/Contractual (SWCC) Account contrary to COA-DBM Joint Circular (JC) No. 2, s. 2020 dated October 20, 2020, thereby overstating the PS-SWCC Account. Also, the salaries and wages of casual employees amounting to ₱491,542.35 were erroneously recorded under the PS-Salaries and Wages-Regular (PS-SWR), contrary to the Revised Chart of Accounts for Government Corporations, thus PS-SWR is overstated while PS-SWCC is understated by the same amount.	<p>We also recommended that Management instruct the DM-Finance to charge the expenses against the MOOE in compliance with COA-DBM JC No. 1 s. 2020 dated October 20, 2020</p> <p>Lastly, we recommended that Management require the DM-Finance to record the payment of the salaries and wages of casual employees to its proper PS-SWR account pursuant to the RCA for Government Corporations.</p>	<p>To instruct the DM-Finance to charge the expenses against the MOOE.</p> <p>To require the DM-Finance to record the payment of the salaries and wages of casual employees to its proper PS-SWR account</p>	<p>Finance Division – Violeta Gayaga</p> <p>Finance Division – Violeta Gayaga</p>	<p>July 2021</p> <p>July 2021</p>	<p>December 2021</p> <p>December 2021</p>	<p>Complied.</p> <p>Complied.</p>	<p>Complied. Adjustments were made by drawing the JEV Nos. 2021-04-095 and 2021-04-096 (April 2021).</p> <p>Complied, starting May 2021 FS.</p>	
5.	The District paid the overtime services of four employees amounting to ₱63,410.50, contrary to the policies and guidelines prescribed under Civil Service Commission (CSC) and DBM JC No. 02, s. 2015, dated November 25, 2015, and Section 1(d) of Administrative Order (AO) No. 103, directing the continued adoption of austerity measures in the government, thereby the practice of continued cash payment of the overtime services instead of applying the non-monetary remuneration encourages the	We recommended that Management require the Division Manager (DM) of the Administrative Division to strictly enforce and implement the provisions of CSC-DBM JC No. 2, s. 2015, dated November 25, 2015, through a careful assessment and evaluation of the works to be undertaken by the pump operator employees whether the rendition of overtime services is extremely necessary for the operation of water services.	<p>To adhere with the duly approved prescribed flushing schedule.</p> <p>To assign/hire personnel who will assist in the monitoring of the District's Pumping Stations.</p>	Administrative Division – Marlyn De Guzman	July 2021	December 2021	Complied.	The MAWAD is continuously adhering to the austerity measure as far as overtime expenses is concerned. The amount herein is not extravagant because overtime incurred is extremely necessary to monitor 24/7 operations in the interest of public service.	

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	employees to render unnecessary overtime services.	We further recommended that Management instruct the DM to implement the non-monetary remuneration through the compensatory time-off where an employee is excused from reporting to work with full pay and benefit in lieu of the overtime services.	To effect offsetting of number of overtime hours into equivalent Compensatory Time Off (CTO).	Administrative Division – Marlyn De Guzman	July 2021	December 2021	Complied.	Water/Sewerage Maintenance Men are being authorized to render overtime services for service flushing in compensatory time-off.	
6.	Of the 220 water samples tested for microbial tests, 12 or 5.45%, were found below the standard parameters and framework for clean and safe water for drinking, thus the District's social responsibility in providing potable water services to the public is affected.	<p>We recommended that Management instruct the ECPWQD personnel to provide drinking water that must be clean, safe, and clear, free from all harmful organisms and chemical substances which constitute hazard to the health of the concessionaires and the general public by directing the personnel under the water quality division to effectively and efficiently conduct regular flushing of water pipes and blow-offs to remove any harmful organisms and chemical substances present in the water system.</p> <p>Further, we recommended that Management direct the ECPWQD personnel to replace the old pipes with leakages because this could be a source where waste of human nature</p>	<p>To instruct the Water/Sewerage personnel to effectively and efficiently conduct regular flushing of water pipes and blow-offs to remove any harmful organisms and chemical substances present in the water system.</p> <p>To direct the Engineering Division to replace old pipes with leakages to prevent contamination of water.</p>	<p>Engineering Division</p> <p>Engineering Division</p>	<p>July 2021</p> <p>July 2021</p>	<p>December 2021</p> <p>December 2021</p>	<p>Complied.</p> <p>Complied.</p>	<p>Flushing is regularly done and cleaning the surroundings of all the distribution lines including blow-offs to ensure that pollutants are removed from the source and water system.</p> <p>Monthly submission of water for bacteriological test to ensure that supply of water to our end-users in safe and potable to drink.</p> <p>The Management directed the Engineering Division to closely monitor the leakages of old and busted pipes where pollutants could contaminate the water, and made their recommendation of immediate replacement.</p>	

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		and pollutants could contaminate the water. Lastly, we recommended that Management advise the Customer Service personnel to provide immediate advisory to the affected concessionaires, on waters found contaminated and or with bacteria which can be harmful to human health, as part of transparency and accountability.	To direct the Commercial Division to advise any affected concessionaires on any waters found contaminated.	Commercial Division	July 2021	December 2021	Complied.	Complied.	
7.	The District incurred a loss of ₱3,005,350.27 or 20.44% of the total water production cost of ₱14,705,522.08 in producing the unaccounted water or the NRW of 930,449.00 m ³ thereby, affecting the efficiency and performance of the personnel involved in the production of water and the District in general in its public service.	We recommended that Management require the personnel at the Engineering and production Division to utilize the allocated resources in the production of water by adopting strategic measures and control to address the unaccounted water or the NRW to avoid wastage and loss of fund. Further, the electricity consumption must be optimized by regularly checking the water system operation while keeping the overall water production cost at a reasonable level.	To adopt strategic measures and control in addressing the unaccounted water or the NRW to avoid wastage and loss of fund.	Engineering Division – Leo De Vera	July 2021	December 2021	Complied.	Complied.	

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8.	The ratio of employees with the number of active concessionaires, the District being a Category B Local Water District, did not comply with the required ratio prescribed in Section VII.A of the Revised Local Water District Manual on Categorization, Re-categorization and Other Related Matters (LWD-MaCRO), thereby affecting the over-all performance of the District.	We recommended that Management comply with the ratio requirement of employee against its active concessionaires as required under the Revised Local Water District MaCRO by increasing the number of support personnel based on the available and vacant positions indicated in the approved Plantilla. The increase of personnel would certainly match the services the District could offer to its concessionaires in order to attain a more productive and efficient performance as a quality water service provider.	To comply with the ratio requirement of employee against its active concessionaires as required under the Revised Local Water District MaCRO.	For compliance.	January 2021	December 2021	Ongoing.	The Management hired 8 additional employees for the period January to October 2021. Another set of additional employees for the year 2022 are already included in the Budget 2022.	
9.	The Other Asset account amounting to ₱401,434.35 is of doubtful reliability due to the inclusion of disposed, destroyed and other properties, the status of which were not updated, contrary to the Asset Recognition Principle under Philippine Accounting Standards (PAS) No. 1. Further, unserviceable properties were not also disposed as of year-end, contrary to Section 79 of Presidential Decree No.79, causing further deterioration thereby depriving the District	We recommended that Management: a. Update immediately the status of the properties included in the Other Asset Account and derecognize in the books of accounts the disposed, destroyed and unserviceable properties with a total of ₱60,149.50 (₱18,307.00, ₱4,050.00, and ₱37,792.50) to reflect the most accurate balance of the asset account in accordance with PAS No.1;	To derecognize those properties that were disposed, destroyed, and unserviceable.	Finance Division – Violeta Gayaga	July 2021	December 2021	Complied.	The identified disposed, destroyed, and unserviceable properties were derecognized, per reference to JEV No. 2020-197 (September 2020).	

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	of additional income from the sale thereof.	<p>b. Identify the properties in the remaining amount of ₱341,284.85 which shall then be appraised and disposed adhering Section 79 of PD 1445;</p> <p>c. Prepare an Inventory and Inspection Report of Unserviceable Properties (IIRUP) and submit the same to the audit team for its proper action.</p>	<p>To identify the status of the properties in the remaining amount of ₱341,284.85.</p> <p>To prepare the Inventory and Inspection Report of Unserviceable Properties (IIRUP).</p>	<p>Finance Division – Violeta Gayaga</p> <p>Administrative Division – Donald Relleve</p>	<p>July 2021</p> <p>July 2021</p>	<p>December 2021</p> <p>December 2021</p>	<p>Ongoing.</p> <p>Ongoing.</p>	<p>The properties in the remaining amount of ₱341,284.85 were also derecognized simultaneously per reference to JEV No. 2020-197 (September 2020). The identified serviceable properties in the amount of ₱11,500 (₱9,880 and ₱1,620) were reverted back to “Other PPE”. The disposal of the unserviceable properties is still in progress.</p> <p>To prepare the Inventory and Inspection Report of Unserviceable Properties (IIRUP).</p>	


ENGR. MARCELO M. PETONIO
 General Manager


 Date

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