

**MANGALDAN WATER DISTRICT**  
Mangaldan, Pangasinan

  
JAM PEARL B. DALOPE

**AGENCY ACTION PLAN and  
STATUS of IMPLEMENTATION  
Audit Observations and Recommendations  
For the Calendar Year 2021  
As of December 15, 2022**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
AAR Part II, No. 1	The existence of obligations under Guaranty/Security Deposits Payable amounting to ₱115,977.89 aged two to fourteen years and for which no claim has been filed as of December 31, 2021, was doubtful. Likewise, these accounts were not reverted to the Unappropriated Surplus or Retained Earnings, pursuant to COA Circular No.99-004 dated August 17, 1999,	We recommended that Management review the validity of the Guaranty/Security Deposits Payable which are outstanding for more than two to fourteen years and if found no valid claims against MAWAD, revert these payables to the Unappropriated Surplus/ Retained Earnings, in accordance with COA Circular No. 99-004.	To review the Guaranty/Security Deposits Payable and if found no valid claims, revert these payables to the Accumulated Surplus.	Finance Division – Violeta Gayaga	January 2022	May 2022	Fully Implemented, January 2022.	-	JEV No. 2022-01-024 was prepared reverting the Guaranty/Security Deposits Payable to the Accumulated Surplus.

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
	thus it tends to overstate the liabilities and affects the fair presentation of said accounts in the financial statements.								
AAR Part II, No. 2	Of the total amount of ₱131,202,598.63 Property, Plant and Equipment (PPE), properties amounting to ₱127,755,428.63 was not inventoried as of December 31, 2021 thus, the Report on Physical Count of PPE (RPCPPE) was not prepared, contrary to Section 490 of the Government Accounting and Auditing Manual (GAAM), Volume I and Section 6.3 of COA Circular No. 2020-006. Consequently, the existence and condition of the PPE and the	We recommended that Management create an inventory committee to conduct a complete physical inventory-taking of PPE amounting to ₱127,755,428.63. Henceforth, conduct physical count of all PPE semi-annually or annually in adherence to Section 490 of GAAM, Volume I.	To create an inventory committee to conduct a complete physical inventory-taking of PPE. To conduct physical count of all PPE semi-annually or annually.	Administrative Division – Marlyn De Guzman	January 2022	December 2022	Fully Implemented, June 2022.	-	MAWAD Inventory/Inspection Committee was already created in 2005, and was amended through Office Order No. 18, S. 2022 dated June 2, 2022.  MAWAD is consistently conducting its monthly physical count and prepares Monthly Inventory Reports. Physical Inventory-taking of PPE

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
	accuracy of the reported balances in the financial statements cannot be ascertained since reconciliation cannot be made between the Accounting and Property's records.							in Pumping Stations and offices was also conducted.	
AAR Part II, No. 3	The accuracy of the General Ledger (GL) Balance of the Property, Plant and Equipment (PPE) amounting to ₱131,202,598.63 as of December 31, 2021 could not be ascertained due to the absence of their corresponding Subsidiary Ledgers (SL) contrary to Sections 111 and 114 of Presidential Decree (PD) No. 1445.	We recommended that Management direct the Accountant to prepare the SL for PPE amounting to ₱131,202,598.63 to ensure the accuracy and reliability of the account balance in the GL.	To prepare the SL for PPE to ensure the accuracy and reliability of the account balance.	Finance Division – Violeta Gayaga	January 2022	May 2022	Fully Implemented, January 2022.	-	Subsidiary Ledger was prepared for PPE accounts.



Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
AAR Part II, No. 4	The District failed to maintain Property Card (PC) for Property, Plant and Equipment (PPE). Also, the Property Acknowledgment Receipts (PAR) were not issued or updated when there were transfers of accountability contrary to Annexes A-7 and F-8 of the Manual on New Government Accounting System (NGAS) for Corporate, thus, the existence and accountability of the PPE cannot be determined and verified.	We recommended that Management require the Property Officer to maintain Property Card on the PPE of the District. We recommended further that the General Manager require the Property Officer to issue or update the corresponding PAR to all end-users.	To maintain the Property Cards of the PPE. To issue or update the corresponding PAR to all end-users.	Administrative Division – Donald Relleve	January 2022	December 2022	Ongoing.	Property Cards and Property Acknowledgment Receipt of other PPE items are still to be updated and accomplished.	
AAR Part II, No. 5	The rates provided for the Allowance for Impairment of Accounts Receivable (AR) are doubtful due to the lack of basis or study performed to support the	We recommended that the General Manager require the Commercial Division to submit documents supporting the Board Resolution No. 2, S.	To submit documents supporting the basis for the Allowance for Impairment and its imposition on	Commercial Division – Cecille Fabia	January 2022	December 2022	Fully Implemented, September 2022.	- The District has adopted New Rates of Allowance for Impairment of AR through the Board Resolution No. 35, S.	

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
	adopted percentages of the inactive accounts, contrary to PAS No. 36, Paragraph 4 and 5 of the SFAS No. 3 and Paragraph 37 of the Framework for the Preparation and Presentation of Financial Statements.	2018 dated January 12, 2018, with computation reflecting at least the average collection ratio of the inactive/ dormant accounts as a basis for the allowance made and its imposition on the inactive accounts receivable.	the inactive accounts receivable.					2022 dated September 9, 2022. Analysis of the historical collections from inactive accounts was performed to revise the existing provision for the doubtful accounts.	
AAR Part II, No. 6	The District's policy on the disconnection of the water service of concessionaires embodied under Board Resolution No. 27, s. 2013 for water service connection was not strictly implemented, thus, depriving the District of the funds for use in its operation.	We recommended that Management thru the General Manager strictly enforce its policy on the disconnection of water service to delinquent concessionaires with accounts not paid after 60 days	To strictly enforce the policy on the disconnection of water service to delinquent concessionaires with accounts not paid after 60 days.	Commercial Division – Cecille Fabia	January 2022	December 2022	Fully Implemented, December 2022.	-	MAWAD implements the disconnection policy to delinquent concessionaires.

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
AAR Part II, No. 7	The Management failed to rescind the contract on the drilling of one exploratory/ production well at Barangay Guesang with a project completion of 88.84% as of the target date, and 35% delay on the timely completion of the work which exceeds 10% as of December 31, 2021, contrary to Section 8.4 of Annex E of the 2016 RIRR of RA No. 9184.	We recommended that the General Manager strictly monitor the status of implementation of infrastructure projects and impose sanctions against the contractor whenever found not in compliance with the terms and conditions of the contract in accordance with the rules and regulations of the 2016 RIRR of RA No. 9184.	To monitor the status of implementation of infrastructure projects and impose sanctions against the contractor whenever found not in compliance with the terms and conditions of the contract.	Engineering Division – Leonardo De Vera	January 2022	June 2022	Fully Implemented, February 2022.	-	Status of completion of the infrastructure projects is strictly monitored.
AAR Part II, No. 8	The GAD Budget for the year of ₱2,200,000.00 was only 3.5% of the District's approved budget of ₱63,663,756.00, or 1.5% lower of the required allocation of at least 5% of the total agency budget contrary to	We recommended that Management direct the GAD Focal Point to allocate at least 5% of the total budget of the District in accordance with Section 32 of the GAA for CY 2021 and Item No. 6.a of the Joint Circular No.	To allocate at least 5% of the total budget of the District for GAD.	Finance Division – Anna Liza Ramos	January 2022	December 2022	Partially Implemented.	-	The GAD Budget for 2021 was actually ₱3,000,000. The additional ₱800,000 was appropriated for operation expenses, under the EME account.

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
					Target Implementation Date				
					From	To			
	Section 32 of the General Appropriations Act (GAA) for CY 2021 and Item No. 6.a of the Joint Circular (JC) No. 2012-01 of the Philippine Commission on Women (PCW), National Economic and Development Authority (NEDA) and Department of Budget and Management (DBM).	2012-01 of PCW, NEDA and DBM to properly fund its GAD planned activities.  We also recommended that Management direct the GAD Focal Point monitor the implementation of the District's GAD activities and ensure that these were utilized within the District's GAD budget.	To monitor the implementation of GAD activities and ensure that these were utilized within the GAD budget.	Administrative Division – Bernadeth Dizon	January 2022	December 2022	Fully Implemented, January 2022.	-	<p>₱3,000,000 divided by ₱63,402,756 (Total Operating Revenues, excluding interest) is rounded to 5%.</p> <p>Nevertheless, MAWAD will adopt the COA recommendation Budget 2023, since Budget 2022 was prepared in the same procedure.</p> <p>Implementation of GAD activities are consistently monitored, and are utilized within its budget.</p>

Agency Sign-off

  
ENGR. MARCELO M. PETONIO  
Name and Position of Agency Officer 

DEC 15 2022

Date

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