

MANGALDAN WATER DISTRICT
Mangaldan, Pangasinan

AGENCY ACTION PLAN and
STATUS of IMPLEMENTATION
Audit Observations and Recommendations
For Calendar Year 2023
As of December 31, 2024

CBS 7- A AUDIT TEAM 5
COA REGION -I
RECEIVED
DATE: Jan. 10, 2025
BY: [Signature]

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation	Action taken/ Action to be taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date				
					From	To			
AOM No. 2024-001	MAWAD paid monthly load allowance ranging from ₱300.00 to ₱4,500.00 to selected employees, despite the absence of legal basis as to the necessity of the grant, which is not in accordance with Section 2 of PD No. 1445, thus, the efficient, economical, and effective use of water district funds was not ensured.	We recommend that Management submit legal basis to support the grant of load allowance for further evaluation of the Audit Team.	To submit the Board Resolution granting Mobile Load Allowance 2024.	Senior Corporate Accountant A, Department Manager-Administrative	January 2024	June 2024	Fully Implemented, March 2024.		The District complied this recommendation through Board Resolution No. 2, S. 2024 granting Mobile Load Allowance to selected officers and employees, effective CY 2024. Copy furnished to the Audit Team.

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AOM No. 2024-002	A tax rate of five percent instead of 10% was applied in the computation of taxes on the payment of the BOD’s Per Diem, resulting in a deficiency amounting to ₱25,920.00 on taxes withheld and remitted by MAWAD. This is not in accordance with Section II of the BIR RMO No. 23-2014 dated June 20, 2014, and BIR RR No. 11-2018 dated January 31, 2018, thus may result in imposition of penalties.	We recommend Management to direct the Accountant to withhold the correct amount of taxes on payments of BOD Per Diem in compliance with the provisions of aforecited BIR Regulations to avoid possible imposition of penalties.	To provide the basis of the applied withholding tax rate, and require the directors to submit sworn declaration pursuant to the BIR RR No. 11-2018 for CY 2024.	Senior Corporate Accountant A	January 2024	June 2024	Fully Implemented, March 2024.		The Directors have submitted to the District their sworn declarations Annexes “B-1” and “B-2”, for CY 2024. Copies furnished to the Audit Team.
AOM No. 2024-003	The BAC did not post on the MAWAD’s website and in the PhilGEPS an invitation to foreign manufacturers to submit a manifestation of intention to participate in the procurement of goods, as required under Item 6.1 of Appendix 9 of 2016 Revised IRR of	We recommend that in cases of Direct Contracting as the mode of procurement of goods, the BAC shall post on the website of MAWAD and PhilGEPS, an invitation to foreign manufacturers to	To post invitation to bid on its website and on conspicuous places, in cases of Direct Contracting procurement.	BAC Chairperson	January 2024	June 2024	Fully Implemented, June 2024.		The District have started to post on its website and on conspicuous places, an invitation to foreign manufacturers to submit manifestation of intention to participate, in cases of direct contracting.

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	RA No. 9184, thus defeated the purpose of transparency and full compliance with the procurement law.	submit a manifestation of intention to participate, in adherence to Section 6.1 of Appendix 9 of 2016 Revised IRR of RA No. 9184.							
AOM No. 2024-004	Professional services and purchase taxes totaling ₱124,420.00, relative to purchase of lot, were treated as outright expenses instead of being recognized as directly attributable costs forming part of the acquisition cost of the lot. This accounting treatment is not in conformity with PAS 16, resulting in an understatement of the land account by the same amount.	We recommend that Management instruct the Accountant to reclassify and prepare the necessary adjusting entries to correct the misclassified accounts following the Revised Chart of Accounts (RCA) for government corporations.	To prepare the necessary adjusting entry on the Taxes, Duties, and Licenses.	Senior Corporate Accountant A	February 2024	August 2024	Fully Implemented, February 2024.		Complied through GJ-JEV-2024-02-033.

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AOM No. 2024-005	<p>Deficiencies in the documentary requirements submitted were noted in the audit of the Construction of Pumping Station with Backfilling and Perimeter Fence in Barangay Talogtog, Mangaldan, Pangasinan, with contract cost of ₱1,997,902.51. These deficiencies contravene the provisions of the 2016 Revised IRR of RA No. 9184, thus raising doubts on the validity and propriety of the recorded transactions.</p> <p>Likewise, payment thereof was not duly supported with complete documentation, which is not in conformity with Section 4(6) of PD No. 1445 and COA Circular No. 2012-001 dated June 14, 2012; thus, the</p>	<p>We recommend that Management instruct the members of the BAC to strictly comply with the aforecited provisions of the 2016 Revised IRR of RA No. 9184 and ensure that the necessary bidding documents in every phase of the bidding process are complete before recommending to the Head of Procuring Entity for approval.</p>	<p>To comply with the provisions of the 2016 Revised IRR of RA 9184, and to ensure the completeness of the bidding documents.</p>	<p>BAC Chairperson</p>	<p>February 2024</p>	<p>August 2024</p>	<p>Fully Implemented, February 2024.</p>	<p>The BAC submits the required TWG Detailed Bid Evaluation integrated in BAC Resolution, starting this current year 2024. It have also provided other documentary requirements as listed in the AOM, such as official receipts on issuance of bid documents, SLCC, and certificate of posting.</p> <p>The SCA verifies the completeness of the attached documents before payments are made.</p>	

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	validity and propriety of claim could not be established.								
AOM No. 2024-006	Notification of MAWAD of its posting of appropriate project signboard and/or public notice on the implementation of Construction of Pumping Station with Backfilling and Perimeter Fence in Barangay Talogtog, Mangaldan, Pangasinan with contract cost of ₱1,997,902.51 was not submitted to the Audit Team within ten days after the award of the infrastructure project or before the start of the program/activity which is not in accordance with Section 3.1 of COA Circular 2013-004 dated January 30, 2013.	We recommend that Management furnish the Audit Team a copy of notice of the posting of the appropriate signboards of its projects within the prescribed period for validation and attach pictures of the actual signboards to the DV as part of the supporting papers for the payment of the infrastructure project.	To comply with this audit recommendation.	Project Planning and Development Assistant B, BAC Chairperson	February 2024	August 2024	Fully Implemented, March 2024.		The District requires the contractors to post signboards at project sites, effective March 2024. Pictures of the signboard are attached to the first partial payments of projects.

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	Moreover, picture of actual signboard installed at the project site was not attached to the DV which is not in conformity with Section 4(6) of PD No. 1445; hence, defeating the principle of transparency, accountability, good governance and the right of the people to information on matters of public concern.								
AOM No. 2024-007	The prescribed postings of the RFQ, NOA, and PO for various transactions totaling ₱4,854,430.24, which were acquired through an alternative method of procurement, were not properly observed. This non-compliance contravenes Sections 54.2 and 54.3 of the 2016 Revised IRR of RA No. 9184, undermining the principles of transparency and full	We recommend Management, particularly the BAC, to comply with the posting of necessary documents in the PhilGEPS website, Agency website and at any conspicuous places for future procurement activities, as required by certain provisions of the 2016 Revised IRR of	To comply with the posting in the PhilGEPS website, MAWAD website and at conspicuous places for future procurements.	BAC Chairperson	February 2024	August 2024	Fully Implemented, April 2024.		The District adopts this recommendation to post the said documents on its website and on conspicuous places, starting on April 2024 procurements.

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	compliance with the procurement law.	RA No. 9184, to promote transparency and full compliance with the procurement law.							
AOM No. 2024-008	Payments totaling ₱9,408,544.84 for MAWAD’s various expenses were not supported with sufficient documentary requirements, which do not comply with Sections 2 and 4 of PD No. 1445, and COA Circular No. 2012-001, thus the validity and legality of the expenditures could not be ascertained.	We recommend Management instruct the Senior Corporate Accountant to strictly adhere to the provisions of Sections 2 and 4 of PD No. 1445, and COA Circular No. 2012-001 dated June 14, 2012, by ensuring that documents are complete and proper before processing claims against the Water District Funds.	To ensure that documents are complete and proper before payments shall be made.	Senior Corporate Accountant A	February 2024	June 2024	Fully Implemented, March 2024.		The requested documentary requirements were furnished to the audit team.

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AOM No. 2024-009	Inventory accounts amounting to ₱3,694,231.95 were not supported with SLs as required under Sections 111 and 114 of PD No. 1445, thus, existence and correct valuation of Inventory accounts could not be ascertained.	We recommend Management direct the Accountant to prepare and regularly update the subsidiary ledgers of the inventory accounts for audit, control, and monitoring purposes.	To prepare and regularly update the subsidiary ledgers of the inventory accounts.	Senior Corporate Accountant A	February 2024	December 2024	Ongoing.		The District shall prepare the inventory/supplies ledger cards.
AOM No. 2024-010	The total balance of PPE accounts, amounting to ₱145,925,055.03, was misstated due to (a) erroneous recording of various properties, which is inconsistent with the Conceptual Framework of the PFRS and COA Circular No. 2020-002 dated January 28, 2020; and (b) Semi-Expendable Properties totaling ₱198,079.00 were still included in PPE account, which is not in accordance with COA Circular No.	We recommend that Management: a. Direct the Accountant to make the necessary reclassification/adjusting entries. To reclassify the erroneously recorded PPE items in their proper accounts and related depreciation. To adjust the Semi-Expendable Properties already issued to end-users.	To prepare the adjusting entries.	Senior Corporate Accountant A	February 2024	June 2024	Fully Implemented, February 2024.		Complied through GJ-JEV-2024-02-036 and 037.

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	2022-004 dated May 31, 2022, thereby impacting the fair presentation of the accounts.	b. Instruct the Property Officer to report the physical count of Semi-Expendable Properties in the RPCSP and to properly fill out the RPCPPE; and	To prepare the RPCSP and properly fill out the RPCPPE.	Property/ Supply Officer A	February 2024	December 2024	Ongoing.		To comply with this audit recommendation.
		c. Direct the Property Officer and Accountant to reconcile their records regularly.	To reconcile records regularly.	Senior Corporate Accountant A, Property/ Supply Officer A	February 2024	December 2024	Fully Implemented, March 2024.		Complied. The RPCPPE of said motor vehicle was corrected.
AOM No. 2024-011	The ownership of 11 parcels of land supposedly owned by MAWAD was not legally established, as they were not duly supported with the requisite documents of ownership as per Section 39(2) of PD No. 1445. Additionally, the cost of investments therein was not secured and is at risk of loss from possible third-party claims.	We recommend Management follow through the process of Certificate of Title of lots to establish the validity and legitimacy of ownership of the District and likewise, safeguard its investments on the properties.	To provide the documents supporting the ownership of lots purchased by the District.	Senior Corporate Accountant A	March 2024	July 2024	Fully Implemented, March 2024.		Complied. Transfer Certificate of Title (TCT), mother TCT with annotation of rights in favor to the District, Tax Declaration (TD), and Deed of Absolute Sale, as applicable, were furnished to the Audit Team.

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AOM No. 2024-012	The MAWAD’s GAD budget for CY 2023 was below the minimum of five percent of the COB, inconsistent with the requirement under Section 35 of the General Provisions of the GAA for FY 2023 and Section 1.2.2.1.3 of PCW MC No. 2022-03 dated August 31, 2022, hence, full compliance toward the objectives of GAD program was not attained.	We recommend Management to direct the GAD Focal Point System:							
	Moreover, only ₱1,892,518.41 or 51.85% of the total GAD budget was utilized in the implementation of its gender-related activities, thus, the efficiency and effectiveness in addressing gender issues towards the realization of the objectives of the country’s	a. Revisit the GPB and comply with a minimum allocation of five percent of the COB; and b. Implement GAD Plan and Budget consistent with pertinent rules and regulations.	To allocate at least 5% of the COB for GAD Plan and Budget. To monitor the implementation of the GAD plans/program.	Senior Corporate Accountant A GAD Focal Point Person	March 2024 March 2024	December 2024 December 2024	Fully Implemented, September 2024. Fully Implemented, June 2024.		GAD Plan and Budget for CY 2024 had been revised and resubmitted to LWUA. Copy furnished to the audit team. The District strictly monitors the implementation of the GAD programs.

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	commitments have not been fully achieved.								



ENGR. MARCELO M. PETONIO
General Manager

01/07/2025

Date

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