

**MACABEBE WATER DISTRICT**  
Macabebe, Pampanga

**AGENCY ACTION PLAN and  
STATUS of IMPLEMENTATION  
Audit Observations and Recommendations  
For the Calendar Year 2017-2016  
As of December 31, 2018**

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
			Action Plan	Person/ Dept. Responsible	Target Implementation Date				
					From	To			
FAR 2016 and 2017 Obs. No. 1	The District failed to provide adequate allowance for impairment in violation of Philippine Financial Reporting Standard (PFRS) 9; therefore, the total assets reported were overstated..	The Audit Team recommended that Management to:  (a) Craft for board's approval, a policy on allowance for impairment that is more aligned to credit risks by the District and adjust the provision for impairment of receivables.	The Management together with the Board of Directors discuss this recommendation and come up with a board resolution.	Board of Directors and GM			Fully implemented		
FAR 2016 and 2017 Obs. No. 2	The District failed to recognize receivables amounting to P537,378.00 in violation of The Conceptual Framework for Financial Reporting, therefore, assets as at year end 2016 and 2017 were understated.	The Audit Team reviewed the details of the District's receivables and noted that audit disallowances for various allowances and incentives amounting to P537,378.00 that became final and executory remained unrecognized in the books as at year end of 2016 and 2017.  The Audit Team recommended that Management to:  (a) adjust the books to recognize the audit disallowances to be refunded as assets by debiting Receivables-disallowances/Charges and crediting Retained Earnings/(Deficit) both in the amount of P537,378.00.	The General Manager instructed the staff to coordinate with our legal counsel on how to appeal this disallowances.	Office of the GM / Finance Section /Cash Section			Partially Implemented	Waiting for legal advice from our legal counsel from the Office of the Government Corporate Counsel (OGCC)  Due to a short period of time to make an appeal, the GM instructed the finance and all employees concerned to pay the disallowance on installment basis effective Nov. 2018	

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FAR 2016 and 2017 Obs. No. 3	The District failed to specify a legally specific purpose for its cash advances in violation of COA Circular No. 97-002 dated February 10, 1997, hence, the granting, utilization and liquidation of cash advances could not be efficiently and effectively controlled.	The Audit Team recommended that Management to:  (a)specify the legally specific purpose of each cash advance  (b)increase the level of petty cash fund to accommodate the field operating expenses.	The Management specify the purpose intended for the cash advance in the liquidation report. But due to this AOM specific purpose of cash advance will be noted in the disbursement voucher instead of the liquidation report  The level of petty cash fund was already increased effective January 2018. From Five Thousand Pesos (Php 5,000.00) to Ten Thousand Pesos (Php 10,000.00)	Finance Section  Office of the GM / Finance Section /Petty Cash Custodian			Fully implemented  Fully implemented		
FAR 2016 and 2017 Obs. No. 4	Six parcels of land with an estimated zonal value of P263,000.00, were not recorded in the books of the District because of lack of title in violation of Philippine Accounting Standards (PAS) 16 thus total Property, Plant and Equipment was understated.	The Audit Team recommended that Management  (a) make efforts to secure copies of deeds of donation/title/MOA and register the same at the Land Registration Authority;  (b) inquire at the Municipal Assessors Office the prevailing market value of donated land at time of donation to be used as cost of the land; and  (c) record in the books the six parcels of land acquired thru donation to correct the understatement of PPE.	The Management coordinated with the concern agencies.  The General Manager seek the assistance of the Municipal Assessor regarding the market value of donated land  The Senior Accounting Processor will record the six parcels of land acquire thru donation.	Office of the GM / Finance Section  Office of the GM / Finance Section  Finance Section			Fully implemented  Fully implemented  Fully implemented		

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FAR 2016 and 2017 Obs. No. 5	Unserviceable assets amounting to P7,331,893.06 and P7,481,928.06 for 2016 and 2017, respectively, remain undisposed in violation of PD No. 1445; therefore their recoverable value may decrease.	The Audit Team recommended that Management  (a) implement the immediate disposal of the unserviceable property.	The Management upon signing the board resolution for the composition of the new Disposal committee will discuss all disposal for immediate action.	Office of the GM/ all Sections			Fully implemented		
FAR 2016 and 2017 Obs. No. 6	The rates paid to Job Order (JO) were inadequate in violation of CSC-COA-DBM Joint Circular No. 1 s. 2017; therefore, their welfare was not supported.	The Audit Team recommended that Management to:  (a) to ensure that the JO contract rates in the future are in accordance with CSC-COA-DBM Joint Circular No. 1 s. 2017.	The management will comply with the authorized rates for Job Order employees by 2019. Other JOs were given casual appointment. And by 2019 we will be hiring JOs thru agency for the implementation of CSC-COA-DBM Joint Circular No. 1 s. 2017	Office of the GM/ Human Resource Section/Finance Section			Partially implemented	The Management is still in the process of selecting and reviewing various agencies that will handle our job order employees.	Comply with CSC -COA-DBM Joint Circular No. 1 s, 2017 for the Job Order to be issued Casual Appointment.

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FAR 2016 and 2017 Obs. No. 7	The District was not able to submit detailed accounts in violation of PD No. 1445 due to manually based accounting system, thus, Management's need for financial information and requirements by this Commission were not met.	The Audit Team recommended that Management to:  (a) install a computerized accounting system, after considering the costs, to facilitate the accurate and real-time financial reporting.	The Management is coordinating with some IT expert for the installation of Computerized Accounting System.	Office of the GM/ Finance Section			Fully implemented		



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FAR 2016 and 2017 Obs. No. 8	The District registered a rate of 35.91% and 27.92% of Non-Revenue Water (NRW) in CYs 2016 and 2017, respectively, which was more than the maximum acceptable non-revenue water of 20% set by Local Water Utilities Administration (LWUA) under Resolution No. 444 dated September 15, 2009 leading to lost income opportunity and/or wastage of natural resources.	The Audit Team recommended that Management to:  (a) prioritize capital expenditures focused on the reduction of NRW;  (b) conduct other NRW reduction programs such as incentives or rewards on reporting illegal connections, conducting regular inspection to trace leakages and preventive/regular maintenance of the distribution lines.	The Management will exert more efforts to the minimized Non-Revenue Water.  The Management is conducting this activity to reward those reporting illegal connections, regular monitoring and inspection of leakages and others.	Office of the GM Commercial Section/Technical Section  Office of the GM Commercial Section/Technical Section			Fully implemented  Fully implemented		

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FAR 2016 and 2017 Obs. No. 9	The District failed to collect and generate sex disaggregated data in violation of Philippine Commission on Women (PCW) Memorandum Circular No. 2014-05 dated November 28, 2014, therefore, GAD Plan and Budget, and its accomplishments may not be gender responsive.	The Audit Team recommended that Management to:  (a) improve their database or information systems to capture sex disaggregated data and submit a report thereon as mandated by PCW MC No. 2014-05 dated November 28, 2014 and in compliance with LWUA MC No. 011-17 dated June 20, 2017.	The Management will coordinate with LWUA with regards to the submission of sex disaggregated data and forms to be used to comply to the circular.	Office of the GM Commercial Section/ Technical Section/ Human Resources Section			Partial Implementation	The Management is still in process of coordinating with agencies concerned regarding the collection and generating sex disaggregated data.	

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FAR 2016 and 2017 Obs. No. 10	The District was not able to implement a septage management plan contrary to RA No. 9275, SC mandamus of 2008, and PD No. 198. As a result, waste water may continue to leak and flow to the river systems and contaminate the water.	<p>The Audit Team recommend that Management</p> <p>(a) prepare a feasibility study for a SMP</p> <p>(b) start preparations by budgeting for the eventual implementation of the SMP.</p>	<p>The Management is coordinating with the LGU and Private Firm for the implementation of septage management plan.</p> <p>The Management will study different aspects in preparing for the septage budget</p>	Office of the GM/ Technical Section			<p>Partial Implementation</p> <p>Partial Implementation</p>	<p>Still in process of negotiating with other agencies who are responsible for the septage management plan</p> <p>Seeking assistance from experts.</p>	

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FAR 2016 and 2017 Obs. No. 11	Of the three bank accounts of the District, two are still maintained with a private bank without considering Sections 2, 3 and 4 of Department of Finance Circular No. 01-2017 dated May 11, 2017 on the Amended Guidelines on Authorized Government Depository Banks (AGDB) thus exposing its funds to risk of possible loss in case of bankruptcy of the private bank.	The Audit Team recommend that Management  (a.) assess if the District met any of the conditions/circumstances set forth under Section 3 of the DOF Circular No. 01-2017 otherwise, secure approval from DOF and submit the requirements as provided under Section 4 of the same Circular or maintain bank accounts only in authorized government depository banks.	The Management opened an account with the government bank (LBP) to comply with the DOF circular No 001-2015 dated June 1, 2015.	Finance Section/Cash Section			Ongoing	The Management is on process of updating the signatory from LWUA.JSA.  And the Management is still on process of transferring PNB to LBP  The Management is doing its best to comply with the DOF Circular No. 01-2017 dated May 11, 2017, and for update of the status, we are transferring funds from PNB to LBP every month. And maintaining an account with PNB is mainly due to safety and security reasons. Even if LBP can cater our banking requirements, still PNB is nearer to our office and that travelling to LBP is difficult because the national road normally gets flooded in the area during rainy season. This makes the road frequently impassable to vehicles thereby necessitating us to take bancas and tricycle as alternative transportation resulting to longer travel time. Further, physical transporting cash exposes us to security risk from hold up or similar occurrences..	

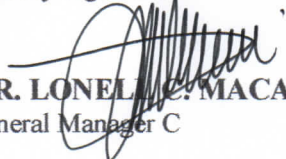


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FAR 2015 Obs. No. 3	The District defaulted in the payment of loans due to the National Housing Authority (NHA) of at least P10,799,077.51 consisting of P1,147,669.06, P6,591,623.76 and P3,059,784.69 in principal, interest on amortization and delinquency interest, respectively, due to lack of coordination and failure to appropriate funds therefore which could result in the payments of avoidable and higher interests and surcharges.	The Audit Team recommended that the Senior Accounting Processor A together with the Budget Officer to:  a.) coordinate and clarify the status of the granted loan from the NHA, if it was still a existing loan or affirm to be ready condoned which will be considered to be a government grant;  b) If proven to be an existing liability, cause the provision of funds to settle maturing obligations to minimized payment of interests and penalties and to formulate and implement prudent fund management to ensure the viability of the District.	The General Manager instructed the staff to coordinate and clarify the status of the granted loan from NHA. They were informed that it is still existing as loan.  The Management requested for the condonation of interest, penalties and charges, and if granted, the management is willing to pay the amount stated in the MOA.	Office of the GM / Finance Section  Office of the GM / Finance Section			Partial implementation  Not implemented	Under negotiation  Under negotiation with the concerned officials	Coordination with Cong. Juan Pablo Bondoc or Mr. Rico Laxa former NHA GM

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FAAR 2015 Obs. No. 5	The District was not able to provide water to five barangays in the coastal part of its franchise area, when it was targeted through the Philippine Development Plan (PDP) to reduce waterless areas to zero, due to geographical location and natural features, thus, the economic growth and public health at these barangays were not provided	The Audit Team recommended that the General Manager agreed to instruct the Production Division to:  (a) Evaluate and determine the proper measures on how to establish a water system on the coastal areas of Macabebe, and  (b) Implement expansion of water sources projects that are the most cost defective to achieve a 100 per cent water coverage.	Upon observation and evaluation it is not feasible to implement expansion and development of water sources in the coastal barangays of Macabebe;  This is because water in these areas are highly saline and the same households in the area do not have the capacity to pay for water bill.	BOD/ Office of the GM/ all Sections  BOD/ Office of the GM/ all Sections			Fully Implemented  Non-Implementation	Even if it is imperative to established water system in this area but because of the economic growth and geographical location, it cannot sustain the expenses that will occur in the future.	

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FAR 2015 Obs. No 8	The District was unable to create a Gender and Development 9GAD) Focal Point System and to prepare the Annual GAD Plan and Budget (GPB) and GAD Accomplishment Reports for submission to Philippine Commission on Women (PCW) and the Department of Budget and Management (DBM) for review and approval contrary to Section 2.3 of Joint Circular No. 2012-01	The Audit Team recommended that the General Manager together with the concerned officials:  (a) Create a GAD Focal Point System and send members to PCW conducted trainings on GAD;  (b) Prepare the prescribed format of Annual GPS and strictly adhere with the provisions of PCW-NEDA-DBM Joint Circular 20, 2012-01; and  (c) Submit the same together with the corresponding Accomplishment Report for review/approval of the PCW and DBM in accordance with the provisions of the guidelines set for the purpose	We have already created GAD Focal Point System and attends seminars/trainings about GAD  We are on the process of preparing our Agency's Annual GPB according to the provisions of PCW=NEDA-BDM Joint Circular No 2012-01  Submission of Annual GPB with the corresponding Accomplishment report will follow upon completion	Human Resources Section  Finance Section/Human Resource Section  Finance Section/Human Resource Section			Fully Implemented  Partially Implemented  Not Implemented		

Agency sign-off:

  
**MR. LONEL C. MACALINO**  
 General Manager C

November 14, 2018  
 Date

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