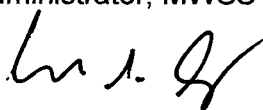


Republic of the Philippines
METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM

MEMORANDUM

FOR : **PDDG Reynaldo V. Velasco**
Administrator, MWSS


FROM : **RONALD S. ABRIGO**
Department Manager, Corporate Planning Department

RE : Internal Quality Audit of MWSS CO for 2017

DATE : 11 December 2017

We are pleased to submit to your office the Report on the Internal Quality Audit (IQA) conducted by the undersigned and Ms. Kathleen Agullana on the core and support processes of MWSS Corporate Office identified for certification to ISO 9001:2008 (or 2015). The audit contains the findings as well as recommendations of management to improve the processes for ISO certification.

The IQA forms part of the requirements contained in the 2017 Performance Targets of MWSS CO.

For signature/approval.

Approved by:



PDDG Reynaldo V. Velasco
Administrator, MWSS

Internal Quality Audit Report for MWSS Corporate Office

Introduction

MWSS Corporate Office (CO) is seeking certification of its Quality Management Systems certifiable to the Government Quality Management Systems Standards (GQMSS) on ISO 9001:2008. The core processes identified for ISO certification for MWSS CO are the Project Management Process and the Property Management Process. There is already in place an approved Quality Manual for both processes and support processes in the organization.

The MWSS Internal Quality Audit (IQA) was conducted in the month of November 2017.

Scope and Limitations

The focus of the Audit was on relevant provisions of section 5 (Management Responsibility), section 7 (Product Realization and section 8 (Measurement, Analysis and Improvement), as these are the sections deemed most applicable to the IQA. By default (applicability of relevant sections of GQMSS), the audit was basically directed towards Project Management. However, some of the GQMSS criteria/questionnaire items referred to an overall context not only confined to Project Management but touching also on the other core process Property Management as well as the support processes.

The MWSS CO ISO certification efforts are anchored on ISO 9001:2008. The 2015 version has changed some of the clauses and has introduced additional ones while retaining at least the first four clauses, such that the total number of clauses increased from eight (8) to ten (10). The trainings that we received are all based on the 2008 version only. While we have covered the relevant provisions of ISO 9001:2008 for our case in this Audit, we are not confident that we have covered all of the requirements of ISO 9001: 2015 version.

Objectives

1. To determine level of compliance with the Government Quality Management Systems Standards (GQMSS) of the processes of MWSS CO functions identified for certification
2. To comply with the IATF Requirements for PBB 2017
3. To accomplish one of the targets of MWSS CO in the 2017 MWSS Performance Scorecard as agreed with the Governance Commission on GOCCs (GCG)

Audit Findings and Recommendations

Commendatory

1. Criterion 5 of GQMSS on management responsibility specifically on customer focus (item 5.2) is manifested majorly via the following:
 - a) Making available and constantly improving its website to convey important information on MWSS. Website users even have access to MWSS official email address through which they relay their concerns and questions on water. MWSS has a dedicated procedure to respond to these queries.
 - b) While MWSS CO is no longer a frontline agency, it has adhered to the requirements on Citizen's Charter and Freedom of Information (FOI).

- a. It has its Citizen's Charter shown in its website and conspicuous places at the MWSS premises. The Charter, among others, relays the procedures on MWSS' redress and feedback mechanism.
 - b. The MWSS has a Freedom of Information (FOI) procedure in place as well as the manual that documents such procedures, pursuant to Executive Order No.2, series of 2016, on FOI.
 - c) Further, MWSS conducted a survey on its performance through the UP Center for Investigative Studies (UPCIDS) which was contracted to do the survey (*more information on this on item 10 of Audit Findings*).
- 2. Still on criterion 7 of the GQMSS, item 7.2.2 requires controls for review of requirements. MWSS conducts reviews on the propriety of project requirements from a legal point of view which is done by the Legal Department; technical aspect which is normally done by the Engineering department and; financial aspect done by the Finance department.
- 3. On item 7.2.3 (controls for communicating to client product information, inquiries, contract information and amendments), MWSS is basically compliant. It relays information about MWSS projects, history, profile and developments through its website, press releases and sometimes press conferences and confabs. On the context of bid information, it releases bid bulletins to its bidders to inform them of amendments, changes and developments on the bid documents.
- 4. For criterion 7.5.3 of the GQMSS (Controls for Identifying products), the product are the specifications of the technical processes contained in the Minimum Performance Standards Specifications (MPSS). The MPSS is part of the bidding documents which the bidders should comply with and, consequently, form part of the items being evaluated during bid evaluation.
- 5. Criterion 7.5.4 of the GQMSS (Controls for Care of Customer Property) is complied with as, submitted bidding documents are properly stored in sealed boxes prior to and after bid evaluation.
- 6. For item 8 of the GQMSS (Measurement, analysis and Improvement), the results of the Customer Satisfaction Survey conducted for MWSS by the UPCIDS were used as the basis for gauging customer satisfaction. The survey was directed towards two sets of respondents, the agencies which we are interfacing with and the water users, in general. The agency stakeholders include the local government units, GOCCs, MWSS' concessionaires, national government agencies and MWSS lessees. The primary survey parameters used were professionalism, responsiveness and transparency. The results indicate the following:
 - a. The respondent organizations were asked on several areas of engagement like accountability, communication, promptness, willingness to help, etc. with 'being courteous' as the most satisfactory MWSS characteristic garnering 5.52 points out of 7 possible points.
 - b. For water users, the same characteristic were used and MWSS' highest parameter was on 'willingness to help' with 4.58 points out of 7.
 - c. Overall, the stakeholders were satisfied with MWSS' services receiving a mean score of 4.56 over 7 (4.56/7). The highest score was on professionalism with 4.84, responsiveness with 4.64 and transparency with 4.55. The respondents from organizations were generally more satisfied with MWSS' performance with a mean score of 4.88 than water users (consumers) respondents which registered 4.3
- 7. As far as item 8.2.3 of the GQMSS (Measurement of processes) and item 8.2.4 (Controls to ensure that product conforms to the specified requirements) are concerned, the MWSS CO

uses the Strategic Performance Management System (SPMS) prescribed by the Civil Service Commission (CSC). The basic document used is the Office Performance Commitment Report (OPCR) which lists down the targets of the departmental unit. From the OPCR is derived the Individual Performance Commitment Report (IPCR), which states the individual's targets as agreed with his/her superior for the grading period. At the end of the grading period (year), the departmental performance is evaluated by a composite group called the Performance Management Team (PMT). The ratings of the departmental units, which are approved by the Administrator as endorsed by the PMT, are then used as base rating to determine the particular rating of an individual using the IPCR.

8. In the context of bidding procedures, conformance to items 8.2.3 and 8.2.4 is also manifested. The Bids and Awards committee (BAC) ensures that agency requirements are well-documented in the Tender documents. After submission of the bids, the BAC evaluates and ensures that the bids conform to the specified requirements in the Tender documents on governmental requirements, required authenticated signatures and minimum product specifications and standards (MPSS). Minutes of the BAC proceedings and records are maintained by the BAC secretariat.
9. For item 8.3 of the GQMSS (Control of Non-conforming product), the procedures for control of non-conforming product are well-documented in the approved Quality Manual. The particular section of the Quality Manual contains the procedural details on identifying non-conformity, disposition options and addressing and documenting the needed course of action.
10. *Conformance to item 8.4 of the GQMSS (Analysis of Data to determine effectiveness of the GQMSS and to demonstrate where continual improvement is needed).* The MWSS has commissioned the UPCIDS to do a comprehensive survey (see items 1c and 6 of Audit Findings above for related information) on the performance of MWSS on various aspects of performance. The respondents came from practically all sectors which have interface with MWSS (other GOCCs, NGA's, LGUs, lessees, constituents, water users, etc).
11. *Conformance to Item 8.5 of the GQMSS (Improvement).* Procedures for the corrective and preventive actions are well in place in the Quality Manual. There were several instances already when the MWSS applied corrective procedures and the necessary documentation. The first one was in April 2013 when work instructions on building maintenance were revised to conform to the new procedure. In 2014, the Quality Manual was again updated to include work instructions for functions of the Property Management that were not covered during the first preparation of the Quality Manual (e.g., Receipt of Office Supplies & Delivery to end Users, Transfer of Serviceable GAE, Return of Unserviceable GAE, etc).

Observations

12. There are no forms used to document complaints. But this is understandable as MWSS CO is not a frontline organization (ever since MWSS operations were transferred to its concessionaires during the privatization). However, letter (for external parties) is the means through which issues and complaints are raised against MWSS or any of its particular strategic business unit and/or personnel. Remedial action is immediately done by management in most cases.
13. The contextual interpretation of each criterion in the GQMSS is not uniform as there are instances when product, customers or customer property vary depending on what suits best the requirements of a particular provision of the GQMSS being addressed. For instance, the product referred in item 7.5.2 (Controls for identifying product to ensure that the product identity and its inspection and test status are clear at all stages) are the technical processes

that comprise the MPSS, while in item 7.5.5 (Controls to ensure that product is stored, handled, packaged and delivered to prevent damage), the product are the bidding documents submitted by the bidders.

Customer property in reference to Criterion 7.5.4 of the GQMSS is represented by the bidding documents submitted by the bidders (who necessarily represent here the customer). In the case of Property Management, the customer is basically MWSS' lessees which rent our properties.

Needs Improvement

14. On item 5.3 (Quality Policy), MWSS is wanting as there is no documented Quality Policy in place, despite having an approved Quality Manual.
15. Item 7 of the GQMSS pertains to Product Realization and one of its provisions (item 7.2.1) is to ensure that controls are present to determine requirements of the service/product (e.g., project requirements). While memoranda and reports are almost always made, filed and available, Minutes of Meetings are not always available. However, important decisions in the management level are contained in resolutions depending on nature (i.e., BAC Resolution, Management Committee Resolutions, Performance Management Team (PMT) Resolutions). However, Board decisions are ALWAYS documented through Minutes of the Board Meeting, which contain among others, Board Resolutions.
16. The Quality Manual contains documentation on the detailed processes of Project Management, Property Management and support processes. However, process documentation outside of the Quality Manual is not complete especially for the support processes. Such documentation is done only upon management instructions. One reason, perhaps, is the lack of a dedicated unit that will handle design/improvement/documentation of internal systems and procedures.
17. *Records Keeping.* Except for the bid documents and the existence of an ISO Documents Controller (cum HR Records Officer) who handles all ISO-related documentation, records-keeping leaves something to be desired of. There should be a centralized records management system (i.e., agency-wide standard filing process and records-keeping system). Each department has its own filing system that suits them. Currently we have plantilla positions of Records Officer only for Legal Department and Human Resource Department.

Recommendations

18. Prepare and have approved a Quality Policy which will embody the basic quality philosophy of the MWSS CO organization relative to its thrusts, vision and mission.
19. Minutes of Meetings on the Management Committee level should always be available and filed.
20. Put in place a unit or an ad-hoc unit that will be responsible for design, improvement and documentation of internal systems and procedures.
21. With reference to item 17 of the Audit findings, while this practice of record-keeping per se, is not particularly violative of any criterion of GGMSS, it suits well for any organization to have a uniform standardized system for the whole agency. In this regard, it bears well to put in place a person or a unit (or an ad-hoc unit) that will act as records custodian of the agency. Also, a standard filing and file retention system should be established following the policies of the proper records governmental body like the National Archives Office.
22. Embark on capacitation of personnel for ISO 9001:2015 version.

Moving Forward

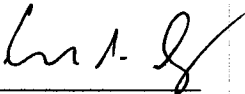
The MWSS is in the process of implementing the reorganized structure approved by the GCG that will go hand in hand with the granting of the Early Retirement Incentive Package (ERIP) to interested and displaced personnel. Indeed, one of the challenges that MWSS is now facing is how to go about coping with the requirements on ISO certification by regulatory bodies like the GCG and/or the IATF and making immediately operational the reorganized structure to be able to come up with hard evidence of records for use in our certification efforts. The retirement of our aging manpower has weighed heavily on our manpower complement and has affected many of our operations including our ISO certification efforts. Many of the personnel trained on ISO 9001:2008 by the Development Academy of the Philippines (DAP) have left the agency mostly due to retirement.

The Quality Manual has to be revisited in its totality as the core processes while remaining to be project management and property management for the reorganized MWSS, have undergone substantial changes in manpower (position description, number of personnel) and functional description and number of operating units.

It is perhaps an opportune time that with the reorganization of MWSS, a rekindling of our ISO consciousness coupled with ISO re-capacitation becomes imperative in our thrusts.

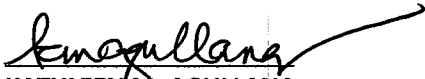
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