

Reference	Observations	Recommendations	Status of Implementation
No. 3 page 29	Discrepancy of P611.879 million between the accounting records and confirmation replies due to the delay in the implementation of the automated billing collection information.	<p>Chief Accountant and the OIC – MIS Division to:</p> <p>a. Expedite the automation project for billing, invoicing and collection system; and</p> <p>b. Formulate a policy wherein penalty shall be imposed on late payments and initiate legal action against delinquent debtors.</p>	<p>Not Implemented</p> <p>Reiterated under Part II, No. 2.</p> <p>Not Implemented</p> <p>Reiterated under Part II, No. 2.</p>
No. 4 page 30	Accounts Receivable balance amounting to P5.045 billion in the Head Office and P129.963 million in the three (3) Area Centers are considered past due accounts wherein objective evidence that an impairment loss has been incurred and that the AR balance needs to be assessed for write-off. Also, the provision for Allowance for Doubtful Accounts is grossly insufficient.	<p>Chief Accountant to:</p> <p>a. Assign additional personnel to assist in locating the pertinent documents to reconcile the difference between the GL and SL balances and clear the abnormal / negative balances of the account and effect the necessary adjustments;</p> <p>b. Coordinate with the OIC-MIS Division to expedite the automation project for billing, invoicing and collection system;</p> <p>c. Determine the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Partially Implemented</p> <p>The Philippine Airlines account was provided with an allowance for impairment loss.</p>

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		<p>original effective interest rate (i.e. the effective interest rate compounded at initial recognition) as provided in Paragraph 63 of PAS No. 39; and</p> <p>d. Make a thorough review of the accounts which remained in the books for 1 year or more and if found to be dormant, initiate action to file a request from COA an authority to write-off said accounts following the provisions under COA Circular No. 2016-005 dated December 19, 2016.</p>	<p>Partially Implemented</p> <p>According to the Chief Accountant, they are still sending demand letters to those overdue accounts before they request from COA authority to write-off.</p>
No. 5 page 33	The accuracy and validity of the Property and Equipment (PE) account with a carrying amount of ₱1.423 billion in the Head Office is unreliable due to the discrepancy amounting to ₱2.784 billion between the book balances of accounting records and inventory report / property records.	Accounting and Property/ Supply Divisions - to reconcile fully the discrepancy and to strictly prepare/maintain and update PPELCs and Property Cards (PCs) for effective control and reconciliation of PE accounts.	Not Implemented Reiterated under Part II, No. 1.
No. 6 page 35	Unserviceable property in the Head Office and in Area Centers 1 and 5 were not disposed, thus, could be subject to possible pilferages and further deterioration.	Property Officer - to prepare the necessary Inventory and Inspection Report of Unserviceable Property (IIRUP) for Inspection and determine the proper mode of disposal pursuant to	Partially Implemented Only Area Center I was able to dispose unserviceable property.

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		Section 79 of PD No. 1445 in order to obtain the best recoverable value from its disposition	
No. 7 page 36	Sixteen (16) CAAP motor vehicles with a total cost of ₱11.959 million were not recorded in the books of the Head Office as of December 31, 2016.	Chief Accountant - to effect the appropriate adjusting entries to recognize / record in the books the 16 motor vehicles and its related accumulated depreciation.	Fully Implemented Out of the 16 unrecorded motor vehicles, 14 have been recognized in the books based on JEV Nos. 17-05-41, 17-07-34, and 17-08-38 to 48.
No. 8 page 37	The Construction In Progress (CIP) – Other Public Infrastructure account with a total carrying amount of ₱1.06 billion in the Head Office as of December 31, 2016 include completed projects and unclassified disbursements amounting to ₱720.658 million and ₱1.615 million respectively.	Chief Accountant to - a. Prepare the necessary adjusting entries for the reclassification of the completed projects from CIP-Other Public Infrastructure to appropriate PE and Due from Regional Office accounts; b. Recognize and record the corresponding depreciation and accumulated depreciation for the completed projects; c. Produce / locate the documents pertaining to the unidentified disbursements amounting to ₱1,615,198.46 and prepare the necessary adjusting entries.	Partially Implemented Only P486,710,503.43 of the completed projects included in the CIP account were transferred to appropriate accounts. Partially Implemented Only the projects that were adjusted have been recognized with depreciation and accumulated depreciation. Partially Implemented Only P1,125,919.46 of projects/disbursements were identified and adjusted to appropriate account.

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		c. Adopt stricter measure to enforce settlement of long outstanding / unliquidated CAs including imposition of sanctions against accountable officers and employees who continue to neglect their obligations in accordance with the provision of COA Circular No. 96-004, EO 248 as amended by EO 298 and PD 1445.	Partially Implemented The Accountable Officer (AO) signs a document stating that the Chief Accountant is authorized to deduct from the salary of the AO in case of non-liquidation of the CA within the reglementary period.
No. 11 page 41	Discrepancies between the General Ledger balance as compared to the Prior Year and Current Year Cash Advances and Aging Schedule totals (SLs) as of December 31, 2016 amounting to P4.422 million and P4.718 million respectively.	Chief Accountant - to exert extra effort to verify the discrepancies noted and reconcile the same in order to provide reliable financial records.	Partially Implemented Reconciliation of discrepancies is on-going.
No. 12 page 42	The balance of Other Receivables (149) account as of December 31, 2016 amounting to P28.360 million is unreliable due to: a. Inclusion of balances of cash advances granted to officers and employees who have already died, retired and resigned amounting to P6.195 million; and b. Unreconciled discrepancy between the GL and SL	a. Chief Accountant - to exert extra efforts to demand the liquidation of these cash advances granted to those who are no longer connected with the Authority; b. Consider requesting for Authority to write-off in accordance with the guidelines set forth under COA Circular No. 2016-005 for those already determined to be dormant receivables; and	Partially Implemented 41 demand letters were sent to those with unliquidated cash advances. Partially Implemented Four requests for write-off were submitted to the Audit Team.

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	balances amounting to P20.326 million.	c. Assign Accounting personnel to conduct detailed examination on the discrepancy and prepare the necessary adjustments.	Partially Implemented According to the Chief Accountant, a team is being created to conduct the reconciliation of the discrepancy.
No. 13 page 43	<p>The balance of the Accounts Payable (AP) account as of December 31, 2016 amounting to P131.657 million is unreliable due to:</p> <p>a. Inclusion of balances that have been outstanding for more than two (2) years amounting to P27.284 million;</p> <p>b. Unreconciled / unsubstantiated balance amounting to P22.463 million;</p> <p>c. Erroneous entries of transactions amounting to P51.405 million</p>	<p>Chief Accountant to:</p> <p>a. Prepare the necessary adjusting journal entry to revert the AP balances which have remained in the books and no actual and valid claims have been filed for 2 years or more pursuant to the aforecited regulations;</p> <p>b. Maintain the required SL and ensure that payments to creditors will be posted therein to facilitate validation / verification; and</p> <p>c. Conduct a thorough analysis / examinations of the erroneous entries made and effect the necessary correcting entries.</p>	<p>Not Implemented</p> <p>Reiterated under Part II, No. 11.</p> <p>Fully Implemented.</p> <p>Not Implemented</p> <p>Reiterated under Part II, No. 11.</p>
No. 14 page 45	The CAAP Employees Multi-Purpose Cooperative (CEMPC) is earning from its canteen operation at CAAP's expense because of non-payment of concession privilege fee (CPF) and utilities which is not in accordance with Article 62, No. 2 of the	a. The Authority and CEMPC should make a Concession Agreement / Contract for the total number of square meters occupied in the CAAP canteen building;	Not Implemented Reiterated under Part II, No. 12.

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	<p>Philippine Cooperative Code of 2008 (Republic Act 9520) and earns additional income through sub-lease, contrary to item no. 2.12 of the Contract of Lease.</p>	<p>b. The Accounting Division should bill and collect from CEMPC monthly Concession Privilege Fee (CPF), consumption of utilities such as water, light and telephone incurred; and</p> <p>c. Require CEMPC to stop sub-leasing spaces in the canteen building to third parties.</p>	<p>Not Implemented</p> <p>Reiterated under Part II, No. 12.</p> <p>Not Implemented</p> <p>Reiterated under Part II, No. 12.</p>
<p>No. 15 page 47</p>	<p>Basis for the computation of Air Navigational Charges (ANC) billed to airline operators/customers and recorded in the books as Income from Communication Facilities not in accordance with CAAP Circular No. 03-11 series of 2011.</p>	<p>a. Instruct the ATS to use the actual distance flown as per Flight Statistics Thales as the basis for the computation of the ANC pursuant to the provision of CAAP Circular No. 03-11 series of 2011, subject to the distance cap provided in Board Resolution No. 2013-003;</p> <p>b. Direct the Billing Section of the Accounting Division to recompute the amount billed to all the airlines and immediately send the revised billing statement for collection of income due the Authority if found to be not in accordance with the regulation.;</p>	<p>Partially Implemented</p> <p>The billing section started using the actual distance flown as per FST on June 2017.</p> <p>Not Implemented</p> <p>Reiterated under Part II, No. 20.</p>

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		<p>c. Direct the Billing Section of the Accounting Division to comply with Section 4, Part III of CAAP Circular No. 03-11, series of 2011 which states that, "For each flight at any airport in the Philippines, a charge equivalent to one half (1/2) of the charge computed based on the derived formula of Section 2 of this part shall be imposed;</p> <p>d. Direct the Accounting Division to strictly observe Section 4 Part III of CAAP Circular No. 03-11, series of 2011 which further states that, "Unless otherwise provided, charges for Domestic Commercial (Schedules/Non Schedules) and Domestic General Aviation Flights, however, shall not be less than Four Hundred Pesos (P400.00); and</p> <p>e. Require the Chief Accountant to observe consistency in recognizing income from early opening charges and extension charges.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

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No. 16 page 48	Deficiencies in internal control for billing, collection and requisition of accountable forms are still prevalent.	<p>Chief Accountant to:</p> <p>a. Properly identify the name and addresses of the operators/ customers in the billing statements to expedite the sending out of the same;</p> <p>b. Prepare the schedule of overdue accounts receivable on a quarterly basis and for the Director General or his authorized representative to examine, review and sign thereafter and indicate the actions instituted or future actions to be taken for their collection as provided in Section 64 (2) of GAAM, Volume 1; and</p> <p>c. Make an assessment of the Impairment Losses on the accounts receivable, if any, and prepare a request for write-off as provided in COA Circular No. 2016-005 dated December 19, 2016 and/or provide an allowance for the identified uncollectible accounts.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>

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No. 17 page 50	The absence of the electronic linkage between CAAP's flight operating system to the Billing Section of the Accounting Division cause delays in the generation of flight data capture processes and adversely affects the timely, efficient and effective billing system and accurate recording of transactions.	ATS - to link the automatic flight operating system to the Accounting Division to expedite the preparation of the billing statements and its recording in the books of accounts.	Not Implemented Reiterated under Part II, No. 21.
No. 18 page 50	The Authority failed to complete the inventory of physical assets, thus, as a consequence not all insurable risks were covered by the General Insurance Fund of the GSIS, contrary to Republic Act No. 656 known as the "Property Insurance Lay" as amended by Presidential Decree No. 245 dated July 13, 1973, exposing various property to unnecessary risk of not being indemnified for any damage or loss to any fortuitous events such as fire, earthquake typhoon and/or flood.	Revisit RA 656 and instruct the Property Officer to prepare and submit inventory reports of all insurable property to GSIS to ensure that all insurable assets and property are adequately covered / insured with the General Insurance Fund of the GSIS.	Partially Implemented There are still five (5) airports not insured.
No. 19 page 52	CAAP did not fully meets its commitment to pursue women empowerment and gender equality due to: a. Non allocation of at least five percent (5%) of agency's total appropriation for the implementation of the GAD program,	a. Provide/allocate at least five percent (5%) of the DBM approved COB for the formulation of the annual GAD Plan and Programs to address the gender issues raised for the benefit of the riding public and their employees and in	Not Implemented Reiterated under Part II, No. 24.

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	<p>contrary to RA No. 9710 and paragraph 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01;</p> <p>b. Non-implementation of several GAD projects due to non-inclusion in the APP; and</p> <p>c. Review and endorsement with the Philippine Commission on Women (PCW) of the agency's GAD plan and budget was not obtained.</p>	<p>accord with the provisions set in the above mentioned Joint Circular;</p> <p>b. Instruct the GAD focal person to coordinate with the proper officials to make sure that the proposed PAs are included in the APP; and</p> <p>c. Submit on time the GPB to PCW to facilitate its review and endorsement.</p>	<p>Not Implemented</p> <p>Reiterated under Part II, No. 24.</p> <p>Not Implemented</p> <p>Reiterated under Part II, No. 24.</p>
<p>No. 23 page 58</p>	<p>The evident laxity in monitoring controls coupled with red flags signaling some indications of fraud had deprived the government of revenues from sales of Terminal Fee Tickets amounting to more or less P17.922 million for the period October 1, 2015 to March 31, 2016.</p>	<p>Area Manager to :</p> <p>a. Make the necessary explanation/justification on the noted observations and support the same with all pertinent documents necessary for an intelligent evaluation of the facts and circumstances relevant to the finding.</p> <p>b. Submit the following:</p> <p>1. Flight Monitoring Reports showing the number of revenue and non-revenue passengers such as transit passengers, children two (2)</p>	<p>Not implemented.</p> <p>Management has continued monitoring the collection process of terminal fees.</p> <p>Not Implemented</p> <p>Documents required to further evaluate the difference were not submitted.</p>

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		<p>years of age and below, OFWs, CAAP employees on official travel, deadhead and off-loaded passengers;</p> <p>2. Pre-Departure Passenger Tally Sheet with appropriate documents to support the identification of non-revenue passengers together with the TAR; and</p> <p>3. Documents on non-revenue passengers duly validated and approved by the proper authorities.</p> <p>In order that paying and non-paying passengers could be properly monitored and reconciled with revenues collected;</p> <p>c. Obtain machine generated flight information from airline companies and correctly record the data in the Flight Monitoring Reports to ensure the correctness of the data to be reconciled with the Teller's</p>	<p>Not Implemented</p>

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		<p>Accountability Report.</p> <p>d. Designate personnel other than the collectors to reconcile the collected amount with the number or revenue passengers for proper monitoring.</p> <p>e. Hire additional Collecting Officer so that the efficiency and effectiveness in handling revenue collections will be achieved.</p> <p>f. Rotate concerned employees to prevent the possible risk of collusion in the commission of fraud and concealment thereof.</p> <p>g. Designate a properly bonded personnel to perform the collection of terminal fees to mitigate the inherent risks on revenue collection.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>
<p>No. 24 Page 62</p>	<p>Terminal Fee tickets totaling 5,768 pieces with a face value of 75/100 per ticket or a total of P574,300.00 are missing and accounted due to the failure of the Agency to install control measures to safeguard accountable forms from</p>	<p>a. Install/adopt control measures in safeguarding its accountable forms by providing a locked storage cabinet so that access will be limited only to authorized employees, in</p>	<p>Fully Implemented</p>

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	<p>unauthorized access, thus posing a risk of possible fraudulent use or issuance thereof.</p>	<p>compliance with Section 123 of PD 1445.</p> <p>b. Exert extra effort in locating the 5,668 pieces of missing or unaccounted terminal fee tickets. If the said tickets could not be found, issue a notice of loss to prevent the possible fraudulent use of the same, as provided under COA Circular No. 84-233 dated August 2, 1984. Thereafter, file a request for relief from accountability, subject to evaluation of this Commission.</p>	<p>Not Implemented</p> <p>Reiterated under Part II, No. 37.</p>
<p>No. 25 Page 65</p>	<p>Non-implementation and delays in the implementation of projects with estimated project cost totaling P115.549 million deprived the intended beneficiaries of the benefits that could be derived therefrom.</p>	<p>a. Re-evaluate and expedite procedures in project implementation and strictly observe timelines/target dates for timely delivery of benefits; and</p> <p>b. Assign a person who will monitor status of implementation of all PAPs.</p>	<p>Partially Implemented</p> <p>There are still delays in project implementation.</p> <p>Fully Implemented</p>
<p>No. 26 Page 67</p>	<p>Various projects amounting to P2.453 million not in the APP or supplemental APP were implemented, contrary to Sections 7.1, 7.2 and 7.4, Rule II of the 2016 Revised IRR of R.A. 9184, a project with estimated</p>	<p>a. Ensure that all procurements are within the PPMP/APP or supplemental APP; and</p> <p>b. Closely monitor all the projects listed in the APP for 100 per</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>

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		<p>Technical Working Group and BAC Secretariat of the respective airports to work hand in hand with management for the immediate implementation of various projects.</p>	
<p>No. 28 Page 71</p>	<p>Three complete infrastructure projects undertaken by administration amounting to P1.309 million could not be verified properly due to the absence of detailed plans and drawings, and detailed program of work, contrary to Section 7.1, Rule II of the 2016 Revised IRR of R.A. 9184, otherwise known as the "Government Procurement Reform Act".</p>	<p>a. Ensure that the implementation of infrastructure projects will be in accordance with the approved APP. Under justifiable circumstances, the use of other mode of procurement shall be approved by the HoPE.</p> <p>b. If practicable, hire a licensed civil engineer for the Area Center to assist the satellite airport like Cotabato Airport or utilize the services of the existing civil engineer to ensure that detailed plans and drawing and detailed program of works are prepared and approved prior the implementation of projects</p> <p>c. Require the Airport Manager to request from the Area Center copy of the Approved POW and detailed plans and drawings for the proper</p>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>

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		<p>implementation of projects.</p> <p>d. Require the Supply Officer to maintain a ledger card for each project to ensure the proper recording of receipt and usage of materials and serve as basis for reporting, monitoring and evaluation purposes.</p> <p>e. Avoid assigning a Project In-charge that lacks technical expertise and who will have incompatible functions of allocation and disbursement of funds and custody of materials for sound internal control.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>