

STATUS OF PRIOR YEARS' RECOMMENDATIONS

Recommendations	Management Actions
<p>1. Accounts Receivable</p> <ul style="list-style-type: none"> • Require the Accounting Division to effect the following measures: <ul style="list-style-type: none"> ○ Reconcile the variances between the balances of the general ledger, subsidiary ledger and aging of accounts of receivable. ○ Reconcile the variances between the subsidiary ledger balances and confirmed balances by airline companies. ○ Provide adequate allowance for doubtful accounts. ○ Exert more efforts to collect the long-outstanding receivables by sending demand letters and filing collection suits. ○ Charge penalties on delinquent accounts; • Update/revise the schedule of fees and charges for the other aviation services rendered by the Authority; and <p>2. Transfer of ATO-Asset Account Balances (Other Assets, Due from National Government Agencies (NGAs) and Due from Local Government Units (LGUs) & Receivables-Disallowances/Charges)</p> <ul style="list-style-type: none"> • Create a Special Committee which shall focus on the validation, documentation and preparation of necessary adjustments on the accounts. <p>3. Cash</p> <ul style="list-style-type: none"> • Immediately record collections and make arrangements with client Airlines for the latter to inform immediately the Authority upon remittance, so as to be able to record the transactions upon receipt of telegraphic transfers/payments; and • Coordinate with PNB regarding the inactive cash account with a balance of P758,854.90 due to various unpaid loans of then ATO employees. 	<p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Partially Implemented.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Fully implemented.</p> <p>Not implemented.</p>

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<p>4. Property, Plant and Equipment (PPE)</p> <ul style="list-style-type: none"> • Conduct yearly physical count of the Authority's property and equipment to establish their existence, condition and to support and to support the PPE balance reflected in the financial statements ; • Draw journal vouchers to derecognize at the Central Office books the properties pertaining to the Area Centers and provide copies thereof to the Area Centers concerned so that they could, in turn, recognize the same in their books; • Fully establish ownership over the sixteen (16) unrecorded vehicles and recognize the same in CAAP's books of accounts, and, • Insure all insurable properties and equipment of CAAP with the General Insurance Fund of the GSIS. <p>5. Letters of Credit</p> <ul style="list-style-type: none"> • Exert extra efforts to determine the banks wherein subject deposits on letters of credit amounting to P18.332 million were made. <p>6. Reciprocal Accounts</p> <ul style="list-style-type: none"> • Issue accounting guidelines on the recording of fund transfers from the Central Office to the Area Centers and the recording of collection and remittances of Area Centers to ensure that the accounts Due from Regional Offices and Due to Central Office, with balances amounting to P136.790 million and P62.720 million, respectively, on December 31, 2010 are reconciled and eliminated in the preparation of the financial statements. <p>7. Due from DOTC/ Due to Other NGAs</p> <ul style="list-style-type: none"> • Coordinate with the Department of Transportation and Communications to determine the purpose of the P51.4 million fund transferred to then ATO (which was recorded as Due from DOTC and later reclassified as Due from Other NGAs) so that proper liquidation maybe made to close the account. 	<p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p> <p>Not implemented. Reiterated in Comments and Observations No. 1.</p>

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<p>8. TRUST FUND AGREEMENT WITH ICAO</p> <ul style="list-style-type: none"> • Submit to the Office of the Auditor the following: <ul style="list-style-type: none"> ○ Justification as to the continuance of the Trust Fund Agreement and the reasons why the Philippine Civil Aviation has not regained the Category I (Pass) status; ○ Information on the status of CAAP's programs to address the eight (8) deficiencies noted by FAA in the latter's audit report in 2007; ○ Annexes to the Trust Fund Agreement, and any amendments thereto and necessary documents to support the basis of the remittances to ICAO from 1996 to 2008 and the supporting documents pertaining to the disbursement schedules; and ○ Contract agreements and supporting documents on COSCAP-SEA Programme, FP Programme and the TRAIN AIR MSA and other project/service agreements with ICAO and the status of the projects/service agreements. • Require the Accounting Division to reconcile the recorded transactions with ICAO records and immediately prepare the necessary adjusting entries: <ul style="list-style-type: none"> ○ Prepare the liquidation reports for the remittances intended for the annual contribution to the Cooperative Development for Operational Safety and Continuing Airworthiness Program- South East Asia (COSCAP- SEA) by the Philippines and the payment for the purchase of ICAO annexes for AANSOO to adjust the account; ○ Prepare the adjusting entry to reclassify the expenses incurred thru the trust fund from training expenses to consultancy services; ○ Maintain subsidiary ledger for Deferred Charges Account. • Require ICAO, through the International Civil Aviation Coordinating Staff (ICACS), to submit promptly the periodic statements as stated in Clause 7 of the Trust 	<p>Partially implemented. The Authority has spent a total of \$14.835 million from its inception in 1996 up to 2012. COSCAP-SEA and FP Programmes contracts submitted pending evaluation. Reiterated in Comments and Observations No.4</p> <p>Fully implemented.</p> <p>Partially implemented.</p> <p>Partially implemented.</p> <p>Not implemented. Reiterated in Comments and Observations No. 4.</p> <p>Not implemented. Reiterated in Comments and Observations No. 4.</p> <p>Not implemented. Reiterated in Comments and Observations No. 4.</p> <p>Fully Implemented</p>

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<p>Fund Agreement to closely monitor the Trust Fund account balance.</p> <ul style="list-style-type: none"> • Relative to the consultancy agreement with TNA, we request that we be furnished a copy of the Terms of Reference of the same and be favored with a reply to our letter, dated March 28, 2011, requesting clarification on certain issues on the scope of work and the mode of procurement of the consultancy contract with TNA. 	<p>Fully implemented. Issued Notice of Suspension (NS) No. 12-17-(2011) dated November 22, 2012 in the amount of \$116,500 or P5.088 million. NS was lifted per Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) No. 13-07 dated June 25, 2013.</p>
<p>9. Unliquidated Cash Advances</p> <ul style="list-style-type: none"> • Withhold the payment of any money due to the officers and employees of the Authority until they have liquidated their long outstanding cash advances and henceforth, strictly comply with the provisions of COA Circular 97-002 dated February 10, 1997 regarding the liquidation of cash advances. • Require the Accounting Division to carry out the following: <ul style="list-style-type: none"> ○ Exert extra effort to reconcile the substantial difference between the SL and GL balances; ○ Reconcile regularly SL balances with GL account; and ○ Record the unrecorded JEVs and, henceforth, ensure that JEVs submitted to COA have been recorded in the Authority's books. 	<p>Partially implemented. The unliquidated prior years' cash advances for travelling expenses as of December 31, 2012 totaled P12.582 million. Reiterated in Comments and Observations No. 5.</p> <p>Partially implemented. Reiterated in Comments and Observations No. 5.</p> <p>Partially implemented. Reiterated in Comments and Observations No. 5.</p> <p>Fully implemented</p>
<p>10. Procurement</p> <ul style="list-style-type: none"> • Ensure that Petty Cash Funds should only be used for cash payment of operating expenses in small amounts which could not conveniently be paid in checks or which require immediate payment and Special Cash Advances should be used only for payment of current operating expenses which are difficult, impractical or impossible to make payments by checks. • Procure goods and services thru public bidding or other modes of procurement as required under RA 9184. • Reduce the number of PCCs/SDOs and refrain from using the Petty Cash Fund to pay the regular expenses; 	<p>Not implemented. Reiterated in Comments and Observations No. 10.</p> <p>Not implemented. Reiterated in Comments and Observations No. 10.</p> <p>Not implemented. Reiterated in Comments and Observations No. 10.</p>

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<ul style="list-style-type: none"> Avoid the splitting in the procurement transactions. 	<p>Not implemented. Reiterated in Comments and Observations No. 10.</p>
<p>11. Non-implementation of the DBM-approved CAAP Organization Structure and Approved Plantilla of Personnel</p> <ul style="list-style-type: none"> Submit explanation/justification why the filing up of positions based on the Plantilla of Personnel was not fully achieved despite the issuance of AO. No. 7 dated March 3, 2011. 	<p>Partially implemented. The Authority is nearing completion in the issuance of appointments to former ATO employees, hence, filling up of other plantilla positions will commence soon.</p>
<p>12. Consultancy Services</p> <ul style="list-style-type: none"> Submit justification/explanation why the Authority must hire so many consultants, contractuels/JOs and casual employees despite the Authority's approved organizational structure and plantilla of personnel by DBM and the DG's granted authority to appoint employees of CAAP. Comply strictly with the provision of COA Circular 2009-001 especially on the submission of the required supporting documents such as contract of service agreement of consultants; Personnel Data Sheet or Resume; Training certificates and documents in relation to the consultants line of expertise. 	<p>Not implemented. Reiterated in Comments and Observations No. 12</p> <p>Partially implemented. Reiterated in Comments and Observations No. 12</p>
<p>13. Casual Employees</p> <ul style="list-style-type: none"> Submit legal basis for the payments made to casual employees and henceforth, strictly adhere to CAAP's approved organizational structure, approved plantilla of personnel and COB. 	<p>Fully implemented.</p>
<p>14. Appraisal Reports conducted by INTECH</p> <ul style="list-style-type: none"> Submit the following: <ul style="list-style-type: none"> Submit documents required by TSU and failure to do so will result in the issuance of a Notice of Suspension (NS) on the payments made to INTECH; and Comments/explanations in the findings/ observations by the TSU to preclude issuance of NS. 	<p>Not implemented.</p> <p>Partially implemented. Issued Notice of Suspension (NS) No. 12-02-(2011) dated August 27, 2012. Letter reply by INTECH dated April 11, 2013 was</p>

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	forwarded TSU for evaluation.
<p>15. Extension of Contracts</p> <ul style="list-style-type: none"> Strictly adhere to the provisions of the GPPB Revised Guidelines on the Extension of Contracts for General Support Services, and Section 38.1 of the Implementing Rules and Regulations of RA 9184 in the extension of security service contract which was made beyond the allowable one (1) year period. 	<p>Fully Implemented. A new contract of security services was implemented in 2012.</p>
<p>17. Reimbursable Allowances to OGCC lawyers</p> <ul style="list-style-type: none"> Strictly adhere to the provisions of E.O. 878 dated March 4, 1983 on the payment of monthly reimbursable allowance to lawyers of the Office of the Government Corporate Counsel (OGCC). 	<p>Fully Implemented. No payment was made to OGCC lawyers in 2012.</p> <p>However, we issued Notice of Suspension (NS) No. 11-02-(2010) dated October 17, 2011 in the amount of P1.2 million for 2010 payments. Inaction of the Authority led the Audit Team to issue Notices of Disallowance (ND) dated No. 12-01 (2010) and 12-02 (2011) both dated July 25, 2012 amounting to P1.2 million and .3 million respectively.</p>
<p>18. Issuance of gasoline to private vehicles</p> <ul style="list-style-type: none"> Strictly implement and adhere to the pertinent provisions of Administrative Order No. 239 and COA Circular No. 77-61 dated September 26, 1977 prescribing the use of the “Manual on Audit for Fuel Consumption of Government Motor Vehicles” to avoid issuance of gasoline and diesel to privately-owned vehicles. 	<p>Not implemented. Issued Notice of Suspension (NS) No. 11-03-(2010) dated December 12, 2011 in the amount of P1.3 million which ripened to Notice of Disallowance No. 13-01-(2010) dated February 08, 2013 amounting to P430,946.19.</p>
<p>19. Representation Expenses</p> <ul style="list-style-type: none"> Submit to COA all documents to prove the validity and correctness of the representation expenses incurred amounting to P1.403 million. 	<p>Fully implemented. Notice of Suspension (NS) No. 11-001-(2010) dated October 17, 2011 amounting to P1.403 million is settled per Notice of Settlement of Suspension/ Disallowance/Charge (NSSDC) No. 20-01 dated May 25, 2012.</p>

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<ul style="list-style-type: none"> • Issue guidelines on the payment of representation expense by specifically stating what and when expenses will qualify as representation expense and the necessary documents to support the same. 	Not Implemented.
<p>20. Non-submission of documents</p> <ul style="list-style-type: none"> • Submit the following documents to COA: <ul style="list-style-type: none"> ○ Service Contracts of the five (5) service providers and attach correct billing statements to the DVs; and ○ All documents to properly support the obligated transactions recorded in the Construction in Progress account be submitted. 	<p>Fully implemented. However, another AOM was issued since contracts submitted were still with the abolished ATO.</p> <p>Fully implemented. JEV was prepared to reverse the obligated transactions recorded in the construction in progress account for those obligated transactions without supporting documents.</p>
<p>21. Withholding and Remittance of taxes</p> <ul style="list-style-type: none"> • Evaluate the system in the withholding and remittance of taxes withheld to comply with Revenue Regulations and ensure that taxes withheld are remitted within the prescribed period to avoid penalties. • Maintain subsidiary ledgers for each type of taxes withheld to support the controlling GL account and facilitate compliance with Revenue Regulations. 	<p>Partially implemented. Prior year's withholding taxes in the total amount of P5,105,746.83 remained unremitted as of December 31, 2012.</p> <p>Not Implemented.</p>
<p>22. Dividends</p> <ul style="list-style-type: none"> • Recognize dividends payable equivalent to 50% of CAAP's net profit in the books. 	Fully implemented.