

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Out of 88 prior year's audit recommendations, 48 were fully implemented, 27 were partially implemented and 13 were not implemented by management, as shown below:

Reference	Observations	Recommendations	Status of Implementation
2017			
No. 1 page 55	The balances of the Property and Equipment (PE) accounts with a total cost of P108.314 billion are unreliable due to the unreconciled discrepancy of P105.066 billion between the accounting records and the Report on the Physical Count of Property, Plant and Equipment (RPCPPE); and recognition of PE in the books amounting to P60.876 billion using inaccurate appraised values. Moreover, their existence was not fully established due to conduct of incomplete inventory taking.	<p>a. Create an Inventory Committee to conduct physical inventory of all property and equipment of the Authority to ascertain their existence and actual conditions;</p> <p>b. Reconcile any discrepancy found in the accounting and property records; and</p> <p>c. Request for the increase of the Authority's capital, if warranted.</p>	<p>Implemented</p> <p>An Inventory Committee was created per Authority Order No. 190-18 dated August 24, 2018.</p> <p>Not implemented</p> <p>Reiterated in Audit Observation No. 1 of this Report.</p> <p>Partially implemented</p> <p>The Finance and Legal Officers are presently meeting with the Committee on Transportation of the House of Representatives.</p>
No. 2 page 60	Balances of Accounts Receivable (AR) account in the General Ledger (GL) and the Subsidiary Ledger (SL) of the Head Office (HO) and in the Area Centers (AC) are unreconciled showing a net variance of P100.696 million.	<p>Chief Accountant to:</p> <p>a. Exert utmost efforts to reconcile the differences between the SL and GL balances by assigning additional personnel to locate all the necessary documents; and</p> <p>b. Assign a dedicated staff to identify the abnormal balances of</p>	<p>Not implemented</p> <p>Reiterated in Audit Observation No. 2 of this Report.</p> <p>Not implemented</p>

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		the AR and effect the adjusting entries.	Reiterated in Audit Observation No. 2 of this Report.
No. 3 page 63	3. The non-liquidation of funds transferred to various agencies of the government resulted in the long-outstanding year-end balances of the "Due from" accounts amounting to P64.157 million, of which P18.834 million pertains to the undocumented account of the then Air Transportation Office (ATO). Moreover, the unreconciled differences between the accounting records and results of confirmation totaled P23.793 million.	<p>Chief Accountant to:</p> <p>a. Closely collaborate with the concerned agencies to resolve the unreconciled differences in the fund transfers balances and adjust accordingly the affected accounts;</p> <p>b. Effectively enforce the liquidation of outstanding balance of the Provincial Government of Misamis Oriental including the refund of any unspent balance;</p> <p>c. Provide allowance for impairment on undocumented and unlocated ATO accounts; and</p> <p>d. Coordinate with former ATO Accounting officials for the documentation of undocumented and non-moving accounts and record all actions taken thereof.</p>	<p>Partially implemented</p> <p>Management has been coordinating with the concerned agencies to resolve the differences in the balances of the fund transfers.</p> <p>Not implemented</p> <p>Not implemented</p> <p>Reiterated in Audit Observation No. 4 of this Report.</p> <p>Partially implemented</p> <p>The Chief Accountant is exerting best effort in locating additional documents to support the ATO balances.</p>
No. 4 page 65	The Construction In Progress (CIP) account of the HO and AC V included completed projects amounting to P679.421 million and	<p>Chief Accountant to:</p> <p>Prepare the necessary adjusting entries for the reclassification of the completed projects from</p>	Partially implemented

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	P4.247 million, respectively, which are not classified to appropriate PE account.	CIP accounts to appropriate PE accounts and to recognize the corresponding depreciation and accumulated depreciation for the completed projects.	HO - The amount of P381.390 million was already adjusted. AC V - The OIC, Accounting Division, has already reclassified the amount of P4.247 million from CIP to its proper PE accounts per Journal Entry Voucher (JEV) No. 17-12-043A.
No. 5 page 66	Various transactions in the HO amounting to P236.124 million were erroneously recorded under CIP-Buildings and Other Structures account, contrary to COA Circular No. 2015-010.	Chief Accountant to: Prepare the necessary adjusting entries to reclassify transactions under the CIP-Buildings and Other Structures accounts to their appropriate PE accounts.	Partially implemented The amount of P170.047 million or equivalent to eight (8) infrastructure projects were already adjusted. Unadjusted amount of P66.077 million is awaiting for the final billing of the contractor.
No. 6 page 67	The cost of two completed projects amounting to P1.125 million and unidentified disbursements amounting to P0.489 million remain in the CIP-Infrastructure Assets account.	Chief Accountant to: Effect the correct adjusting entries and exert extra effort to produce/locate the documents pertaining to the unidentified disbursements amounting to P489,279 for adjustment in the books.	Partially implemented Adjusting entry for the cost of two completed projects amounting to P1.125 million was taken up under JEV No. 17-09-22 and JEV No. 17-09-23. The amount of P0.489 million remained unadjusted due to the absence of supporting documents.

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No. 7 page 67	The Authority failed to impose liquidated damages amounting to P1.165 million and P0.311 million at the HO and AC IX, respectively, for the delay incurred by the contractors.	<p>Chief Accountant to:</p> <p>a. Submit an explanation why the Authority has not imposed the liquidated damages against the contractor due to the delay incurred in the completion of the infrastructure projects and strictly comply with Section 8.1 of Annex E of the Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184 and impose sanction against personnel concerned as provided under Section 127 of PD No. 1445 on Administrative Disciplinary action;</p> <p>b. Require the contractor to immediately pay the estimated liquidated damages and/or deduct the amount from the final payment for the project to the contractor; and</p> <p>c. Direct the Project-In-Charge to strictly monitor status of infrastructure projects and coordinate with the Accounting Unit regarding delays in project completion.</p>	<p>Partially implemented</p> <p>The Chief Accountant instructed the Project Engineer to coordinate immediately with the contractor for the payment of the liquidated damages.</p> <p>The project-in-charge in AC IX already coordinated with the accounting section for the deduction of liquidated damages.</p> <p>Partially implemented</p> <p>The project-in-charge in AC IX already coordinated with the accounting section for the deduction of liquidated damages.</p> <p>Implemented</p> <p>The Project-In-Charge-HO has submitted to the Chief Accountant the status of on-going projects.</p>
No. 8 page 70	The Advances to Contractors account includes long outstanding advances totaling P1.605	<p>Chief Accountant to:</p> <p>Exert extra effort in verifying the balances of</p>	Not implemented

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	million in connection with projects that are no longer on-going and had been terminated.	the unrecovered/unrecouped advances to contractors and prepare adjustments as applicable and send demand letters to the contractors concerned to refund the unrecouped amount for the terminated/ completed projects.	Reiterated in Audit Observation No. 19 of this Report.
No. 9 page 71	Double recording on the recognition of the Advances to Contractors for the 15 percent mobilization fee to J.C. Albason Builders & Supply, thus, overstating the account by P1.230 million.	Chief Accountant to: Prepare adjusting entry to reverse the double recording to Advances to Contractors account and the recognition of the payable for the 15 percent advance payment made for the rehabilitation of FSIS Building at CAAP compound.	Implemented Management has prepared the necessary adjusting entry to reverse the double recording per JEV No. F-18-01-045 dated January 31, 2018.
No. 10 page 72	Of the total Advances to Officers and Employees account balance of P12.569 million as of year-end, P11.234 million or 89.38 percent which are due and demandable were not liquidated as of year-end, contrary to the provisions of COA Circular No. 96-004; Executive Order (EO) No. 248, as amended by EO 298; and Section 89 of PD 1445.	a. Revisit its practices in the grant, utilization and liquidation of cash advances and henceforth stop the practice of granting additional cash advance/s to accountable officers and employees unless their previous cash advances have been fully accounted for/liquidated. In addition, direct the Chief Accountant to make analysis on the abnormal balances and effect the necessary adjusting entries; and	Implemented For CY 2018, no additional cash advances were granted to officers and employees with outstanding cash advances.

Reference	Observations	Recommendations	Status of Implementation
		<p>b. Instruct the Chief Accountant to strictly implement Authority Order No. 266-17 dated November 9, 2017 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 Section 89 of PD 1445.</p>	<p>Partially implemented</p> <p>As of December 31, 2018, out of 39 Accountable Officers, only 16 AOs were subjected to deductions in accordance with Authority No. 266-17.</p>
<p>No. 11 page 74</p>	<p>The balance of the Accounts Payable account in the HO as of December 31, 2017 amounting to P371.878 million is unreliable due to the inclusion of balances totaling P14.038 million that have been outstanding for periods ranging from more than 2 to 18 years; and erroneous entry resulting in the understatement of the account balance by P3.944 million.</p>	<p>Chief Accountant to:</p> <p>a. Prepare the necessary adjusting journal entry to revert to Cumulative Results of Operations-Unappropriated (CROU) the AP balances which have remained in the books for 2 years and more and no actual claims have been filed pursuant to the aforesaid regulations; and</p> <p>b. Effect the necessary adjusting entry to correct the errors in the AP and other corresponding accounts.</p>	<p>Implemented</p> <p>JEV No. F-18-12-197 dated December 31, 2018 was prepared to correct the balance of Accounts Payable.</p> <p>Implemented</p> <p>JEV No. F-18-01-27 dated January 31, 2018 was drawn to correct the errors.</p>

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No. 12 page 75	The Authority granted the CAAP Employees Multi-Purpose Cooperative (CEMPC) the privilege to occupy an available space and to use all utilities for free in excess of the privilege granted in Article 62 (2) of RA 9520.	<p>a. The Chief Accountant to send bill and collect the cost of utilities consumed by the CEMPC; and</p> <p>b. The Property Officer to install sub-meters for power and water supply.</p>	<p>Awaiting for the completion of the installation of the sub-meters.</p> <p>Partially implemented</p> <p>Partially implemented</p>
No. 13 page 75	Luneta Advertising, Inc. continue to occupy the leased premises without a contract.	<p>Enforcement and Legal Service Division to:</p> <p>Expedite the execution of the lease contract of Luneta Advertising, Inc. After which, copy of the contract and all the documents forming part thereof shall be submitted to the Auditor within five working days from the execution, for auditorial and legal review.</p>	<p>Implemented</p> <p>A copy of notarized contract was submitted.</p>
No. 14 page 76	Remittances from AEROTHAI amounting to \$1.804 million or P84.140 million from May 2015 to November 2017 were recorded as Miscellaneous Income without the necessary supporting documents, thus, verification of its correctness cannot be done.	<p>a. Request from the AEROTHAI the following documents to support the remittances made by AEROTHAI:</p> <p>1. <i>33.3 percent of the total revenues generated per month</i> - Monthly Revenue Statement of the RGSs included in the Agreement, certified correct by AEROTHAI</p>	<p>Implemented</p> <p>Submitted the required documents.</p>

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		<p>2. <i>all trainings, meetings and conferences to be attended by Air Navigation Systems (ANS) Specialists or any authorized official/s of the CAAP that concerns the AEROTHAI's existing RGSs - List of Trainings attended by the authorized CAAP officials and personnel including the duration of training, venue and names of attendees and documents pertinent to the payments made.</i></p> <p>3. <i>any taxes, fees including wire transfer fee and duties - Official Receipts for taxes and fees and remittance advice from banks for the wire transfer fees and duties and bank charges</i></p> <p>b. To revisit the MOA and/or issue an addendum to include provisions for the submission of the above-mentioned documents every time remittances are made and consider the imposition of penalties in case of late remittances in order to</p>	<p>Not implemented</p>

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		enforce the timely remittances which should be made quarterly.	
No. 15 page 78	Interest from deposits in CAAP's depository banks amounting to P89.194 million as of December 31, 2017 were not remitted to the Bureau of the Treasury (BTr), contrary to Section 5.3.2, Department of Finance (DOF) Circular No. 01, s. 2017 dated May 11, 2017.	Furnish COA a copy of the DOF approved certificate of exemption from automatic remittance of interest income otherwise remit the interest income due to BTr or set up a liability to BTr for interest income earned.	Not implemented
No. 16 page 79	The Authority applied the 12 percent Value Added Tax (VAT) on the Approved Budget for the Contract (ABC) instead of five percent as provided under Department of Public Works and Highways Department Order No. 197, series of 2016 dated October 7, 2016 re: Revised Guidelines in the Preparation of ABC.	Chief Accountant to: Deduct the seven percent excess VAT from the billings of the contractors.	Partially implemented Letter request dated July 5, 2018 by CAAP to Atty. Faith M. Farochilen-Umandap, Chief, Law and Legislative Division, Bureau of Internal Revenue for ruling on the effect of the BIR Memorandum Circular No. 85-2017 in the preparation of the Approved Budget for the Contract for government projects. A follow-up letter dated February 6, 2019 was made by COA on the status of the letter request. As of to date, no reply has been received by CAAP.

Reference	Observations	Recommendations	Status of Implementation
No. 17 page 81	Non-submission of a complete Inventory of Physical Assets of the Authority to Government Service Insurance System (GSIS) resulted in non-coverage of some insurable properties under the Insurance and Bonding Risks with the General Insurance Fund of the GSIS, as required under RA 656 known as the "Property Insurance Law", as amended by PD 245 dated July 13, 1973, thereby exposing various CAAP properties to risks of not being indemnified for any damages or losses due to any fortuitous events such as fire, earthquake, typhoon and/or flood.	Revisit RA No. 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 to properly protect the government property in the event of serious loss due to fire, earthquake, typhoon and/or flood.	Partially implemented The 5 airports remained uninsured.
No. 18 page 82	Deficiencies were noted relative to Contracts of Service (COS) which were not in accordance with Department of Budget and Management (DBM) Circular No. 2017-09, Revised IRR of RA 9184 and COA Circular No. 2012-003.	<p>a. Ensure that the provisions stipulated in the COS, except those pertaining to benefits or emoluments for which only regular employees are entitled to, are fully complied with;</p> <p>b. Adhere to the provisions of Revised IRR of RA 9184 in all its procurement activities;</p> <p>c. Delete the provision relative to the entitlement of the Consultants to the</p>	<p>Implemented</p> <p>Provisions stipulated in the COS were complied and found in order.</p> <p>Implemented</p> <p>Personnel concerned were hired under COS and not Consultancy Contract, thus, RA 9184, and its IRR, was not applicable.</p> <p>Implemented</p> <p>Already modified subsequent contracts</p>

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		<p>benefits, productivity, cash bonuses and other emoluments due to the regular and temporary employee as may be approved by CAAP Board; and</p> <p>d. Revisit all the individual consultancy/service contracts and evaluate the need for their renewal in line with the existing laws and regulations.</p>	<p>in compliance with the recommendation.</p> <p>Implemented</p> <p>CAAP is undergoing reorganization to address the need to recruit a new generation of aviation professionals in compliance with the demands of the Civil Aviation, International Civil Aviation Organization (ICAO) and development of airports. The said reorganization is set to be completed on November 2019.</p>
<p>No. 19 page 87</p>	<p>Deficiencies were noted on the Integration of the Domestic Passenger Service Charge (DPSC) at the Point of Sale of airline tickets under CAAP Memorandum Circular (MC) No. 022-17, series of 2017, as follows:</p> <p>a. The Circular does not specifically define who are referred to in the statement “other authorized by law and the Office of the President”.</p>	<p>a. Legal Service Division to:</p> <p>Revisit/enhance/ amend the policy guidelines on the integration of DPSC to include the following:</p> <p>1. Specifically identify who are those mentioned as “locally-recognized exempted passengers”;</p>	<p>An enhanced Implementing Guidelines is being developed taking into consideration the audit recommendations cited and further consultation with the partner stakeholders will be conducted.</p> <p>Implemented</p>

Reference	Observations	Recommendations	Status of Implementation
	<p>b. The remittances of the DPSCs are not made daily or within the next banking day, net of service charge and do not include collections for unflown and cancelled flights.</p> <p>c. The Service Fee (SF) was offset from the DPSC collections, contrary to Philippine Accounting Standards (PAS) 1.</p> <p>d. Submission of documents, considered as integral part of the Remittance Report of ArCs, are to be done by the ArCs only upon written request from CAAP and/or COA.</p>	<p>2. Make arrangements with the Airline Carriers (ArCs) to cause the full deposit of all DPSC (flown, unflown and cancelled flights) collected by them on a daily basis or not later than the next banking day to a bank account to be opened by the Authority with an Authorized Government Depository Bank (AGDB) for the purpose;</p> <p>3. Remittance of the DPSCs at gross amount and submission by the ArCs of the corresponding statement of account for the service fee to ensure proper approval of payment of expense;</p> <p>4. Submission of the Flight Manifest and the Flight Summary without the need of a written request and make these documents mandatory and integral part of the Remittance Report and Details of Remittance; and</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Reference	Observations	Recommendations	Status of Implementation
		and all pertinent provisions in CAAP Circular No. 03-11 dated April 11, 2011, subject to the distance cap provided in Board Resolution No. 2013-003 dated January 18, 2013.	The Billing Section adopted the use of actual distance flown as the basis for computation of ANC.
No. 21 Page 94	Delay in the preparation and sending out of billing statements caused by the breakdown of the Billing and Collection Information System (BACIS) since year 2011 resulted in non-accrual of income which is not in accord with Paragraph 28 of Philippine Accounting Standard (PAS) 1 and Paragraph 4.47 and 4.49 of the Conceptual Framework for Financial Reporting.	<p>a. Adopt an effective billing and collection system that includes full automation of billing data and integrates the source units (ANS and ACs), the Accounting Division (assessment and preparation of billing statements) and the Administrative Section (delivery) to ensure accurate assessment, prompt issuance of billing statements and timely and correct recognition of revenues;</p>	<p>The CAAP HO, in complying with the recommendations, is already in the process of procuring a computerized financial and administrative system which includes billing and collection that will address the issue of delay in the preparation, sending out billings as well as charging interest on late payment.</p> <p>Partially implemented</p>

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	<p>b. The amount of P13.370 million was spent for the purchase of several equipment in various ACs that remain idle/unused and the repair of infrastructure that are unnecessary.</p>	<p>a. Management to:</p> <ol style="list-style-type: none"> 1. Require the Planning and Design Section to conduct actual inspection and evaluation of the project site before preparing the Design Plans of a project. The detailed 	<p>Implemented</p> <p>HO - Management has bidden out the rehabilitation of the staff house, awaiting for the issuance of the Notice to Proceed.</p> <p>Partially implemented</p> <p>HO - Management is exerting efforts to provide the detailed engineering activities for every project.</p> <p>Implemented</p> <p>AC V - Management has resorted to undertake the repairs and requested reimbursement from the contractor.</p> <p>Implemented</p> <p>HO - Management assigned the Communication Navigation and Surveillance Systems Officer V to maintain the property.</p> <p>Implemented</p> <p>Conducted coordination meetings with respective end users/project planners and implementers before procurement of equipment and infrastructure projects.</p>
		<p>c. Pursue the rehabilitation of the old staff house to accommodate the participants to GAD trainings and other activities of CAAP;</p> <p>d. Comply with the required detailed engineering activities for every infrastructure project included in the Annual Procurement Plan;</p> <p>e. Inform immediately the contractor of the defects discovered and require him to undertake repair or forfeit the performance security, when applicable; and</p> <p>f. Assign an employee to properly maintain the property.</p>	

Reference	Observations	Recommendations	Status of Implementation
		<p>engineering investigation, surveys and design must be sufficiently carried out taking into consideration all the scope of work needed so that the purpose and benefits for which a project is constructed could be attained at the maximum level;</p> <p>2. Require the contractor in writing to correct/repair the defects discovered to avoid issuance of Notices of Disallowances (NDs); and</p>	<p>Partially implemented</p> <p>AC V</p> <p>The overhead water tank at the Crash Fire Unit is already being used. However, the water tank near the staff house remained unutilized.</p> <p>AC IX</p> <ul style="list-style-type: none"> • The 5 horsepower (HP) pump already delivered but not yet installed. • Repairs of fence in Zamboanga International Airport is already completed. • Undelivered items in 2017 were already delivered except the CCTV. • Provision of perimeter fence at

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		<p>3. Include in the Project Procurement Management Plan only items that are needed to avoid the procurement of unnecessary items of equipment.</p> <p>b. Management should find measures to bring the equipment to good running condition and a permanent solution to address the problem of recurring holes in the runway.</p>	<p>Jolo Airport is not yet implemented.</p> <ul style="list-style-type: none"> Repairs of fence in Jolo is already completed. <p>Implemented</p> <p>PPMP for CY 2019 has been reviewed to avoid procurement of unnecessary items.</p> <p>Implemented</p> <p>ZIA is one of the oldest runway and considering that big air buses are landing, possibility of pot holes cannot be avoided, hence temporary emergency solutions are being done.</p>
No. 23 Page 104	Three ACs did not observe/comply with certain provisions of the Revised IRR of RA 9184, thereby, defeating the purpose of transparency and competitiveness in the procurement of infrastructure, goods and services and other control measures.	<p>Strictly adhere to the provisions of the Revised IRR of RA 9184 in all stages of the procurement of infrastructure, goods and services to ensure transparency and competitiveness in the procurement process and implement control measures. Specifically, we recommended that-</p> <p>a. The Bids and Awards Committee submit an explanation and justification for awarding the contracts despite the</p>	<p>Implemented</p> <p>Management had reconstituted the BAC to ensure compliance with RA 9184.</p>

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		<p>insufficiency of appropriation. Ensure that the approved Annual Procurement Plan (APP) and Approved Budget for Contract (ABC) including changes thereto, be considered in the procurement of infrastructure projects in the future pursuant to Sections 7.1 and 7.2 of the Revised IRR of RA 9184.</p> <p>b. Management strictly comply with the provisions of RA 9184 in awarding of contracts to qualified bidders and in the documentation of the related payments.</p>	<p>Implemented</p> <p>The reconstituted BAC already complies with most of the regulations of 9184 most especially in the awarding of contracts to qualified bidders.</p>
<p>No. 24 Page 107</p>	<p>Gender perspectives in CAAP's Programs, Activity and Projects (PAPs) were not fully considered in the formulation of the GAD Plan and Budget (GPB) resulting in several deficiencies/ inconsistencies.</p> <p>a. GAD budget was less than five percent of CY 2017 approved Corporate Operating Budget (COB).</p> <p>b. Only 8 out of the 38 approved GAD PAPs in the approved GPB for CY 2017 were implemented.</p>	<p>To prepare a timely Annual GPB equivalent to five percent of the total agency budget appropriations.</p> <p>To encourage close coordination among all personnel involved to implement fully all GAD-related activities included in the GPB.</p>	<p>Not implemented</p> <p>Reiterated in Audit Observation No. 27 of this Report</p> <p>Not implemented</p> <p>Reiterated in Audit Observation No. 28 of this Report.</p>

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	<p>c. GAD-attributed PAPs were not included in the GPB.</p> <p>d. Salaries of the personnel assigned to plan, implement and monitor GAD PAPs not incorporated in the GPB.</p>	<p>To formulate an effective monitoring system/process to ensure that all identified PAPs due for implementation will be timely and fully undertaken so that the benefits to be derived therefrom will be enjoyed by the beneficiaries.</p> <p>To consider in the computation of the cost of GAD activities the salaries of agency personnel assigned to plan, implement and monitor GAD PAPs on full time or part time basis or as an additional duty as required under the above-mentioned COA Circular.</p>	<p>Not implemented</p> <p>Reiterated in Audit Observation No. 28 of this Report.</p> <p>Partially implemented</p> <p>GAD TWG has started to include the personnel services attribution in the cost of GAD activities for CY 2018.</p>
<p>No. 25 Page 110</p>	<p>Budget for capacity development amounting to P4.7 million was not utilized.</p>	<p>Regularly undertake orientations and capacity development on GAD including GAD-related laws and commitments for employees including trainings on gender mainstreaming, gender analysis and gender-responsive planning and budgeting as required in Paragraph 4.2 of the PCW-NEDA-DBM Joint Circular No. 2012-01.</p>	<p>Partially implemented</p> <p>GAD TWG conducted workshops and seminars to capacitate concerned CAAP personnel.</p>
<p>No. 26 Page 111</p>	<p>The FY 2017 GPB was not endorsed by the PCW.</p>	<p>Secure a copy of the GPB duly endorsed by PCW to ensure that GAD programs and projects being implemented are in</p>	<p>Not implemented</p> <p>Reiterated in Audit Observation No. 30 of this Report.</p>

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		accordance with the PCW priority agendas and targets. Likewise, strictly adhere to the provisions of the PCW-NEDA-DBM Joint Circular No. 2012-001 and COA Circular No. 2014-001 dated March 18, 2014.	
Area Centers			
No. 29.1 AC I Page 115	Management paid a total of P5.722 million for security services rendered by Merit Security & Investigation Agency, Inc. beyond the allowable one year extension of contract contrary to Sections 4.1 and 4.6 of the Revised Guidelines on the Extension of Contracts for General Support Services.	<p>a. Discontinue the payment of security services beyond one (1) year after expiration of the contract;</p> <p>b. Discourage the extension of expired contracts for security services;</p> <p>c. Undertake procurement of security services through competitive bidding; and</p> <p>d. Strictly adhere to the provision of Section 5.0, of the GPPB Resolution No. 23-2007 dated September 28, 2007.</p>	<p>A new Security Agency has been hired to comply with the audit recommendations.</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>
No. 29.2 AC VI Page 116	The contract for security services entered into by CAAP with Eglematrix Security Agency, Inc. for the period August 1, 2016 to September 30, 2017	Faithfully adhere to the provisions of the GPPB Resolution No. 23-2007 dated September 28, 2007, re: contract extension of security	

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	was made on a month to month basis.	<p>services, and make the following courses of action:</p> <p>a. Make representation with CAAP HO that procurement activities and the conduct of public bidding for a new contract of security services be made at the right time taking cognizant of the pertinent provisions of GPPB Resolution No. 23-2007 dated September 28, 2007;</p> <p>b. The Head of Procuring Entity or his duly authorized representative to report the contract extension exceeding six months with the GPPB in writing in compliance with the procedural requirement of the subject Resolution.; and</p> <p>c. The execution and notarization of the contract for security services should be made prior to the effectivity of the contract.</p>	<p>Implemented</p> <p>Follow-up letter to CAAP HO for the conduct of bidding was made.</p> <p>Implemented</p> <p>For future undertaking, Management assured compliance of the GPPB requirement.</p> <p>Implemented</p> <p>The execution and notarization of the contracts of Eagematrix were already corrected.</p>
No. 30 AC I Page 117	Non-collection of billed accounts to various concessionaires of the Authority resulted in accumulation of overdue Accounts Receivable amounting to P1.568 million which remained outstanding for more than	CAAP AC I Management to enforce a stricter collection policy on all its concessionaires, especially those with delinquent accounts. Likewise, continue sending demand letters to other defaulting	Partially implemented Management was able to collect P309,471.00 or 19 percent of P1.568 million.

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	one to ten years, thus, depicting inefficiency in collection.	clients. If warranted, institute appropriate legal remedies in order to collect past due accounts of various concessionaires of the Authority.	
No. 31 AC III Page 119	Accumulated leave credits of the AC's employees as of December 31, 2017 amounting to more or less P21.733 million were not taken up as liability/accrued expense in the books, contrary to PAS 19 on Employee Benefits. Conversely, an estimated unused mandatory leave amounting to P0.715 million were not deducted from the earned leave which is not in consonance with Section 25 of the Omnibus Rules on Leave Rule XVI of the Civil Service Memorandum Circular No. 42, thus resulted in the misstated liability and expense accounts.	<p>a. Recognize the employees' accumulated leave credits as additional liability in compliance to the provisions of PAS No. 19;</p> <p>b. Work back and reconcile earned leave credits to arrive at the correct balances of the leave credits;</p> <p>c. Update/record earned leave on a monthly basis;</p> <p>d. Deduct the five days unused mandatory leave credits from the accumulated leaves every end of the year to come up with the correct leave credit balance; and</p> <p>e. Prepare summary of leave credit balances of all employees at the</p>	<p>A Subsidiary Ledger for the balances of the leave credits were provided, updated on a monthly basis and reconciled. Unused five-day mandatory leave credits were also deducted at the end of the year.</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Reference	Observations	Recommendations	Status of Implementation
		end of the year duly attested by the employees.	
No. 32 AC III Page 121	Terminal fee collections of the accountable officer (AO) were not deposited intact and regularly, contrary to Section 69(1) of PD 1445 and Section 21 of the Manual on the New Government Accounting System (MNGAS), Volume I, thereby exposing the funds to risk or possible misuse.	AO to comply strictly with Section 69(1) of PD 1445 and Section 21 of the MNGAS, Volume I on the deposit intact of collections and on a daily basis, as appropriate.	Implemented Terminal fees are already incorporated in the plane tickets. Daily deposits were deemed impractical due to the minimal collections averaging P2,000.00 per day, thus remittances were made every other day or once a week, not exceeding P10,000.00.
No. 33 AC IV Page 124	The proposed Improvement of Water System at Busuanga Airport with an estimated project cost of P5 million remained unimplemented as of year-end, thereby depriving the intended users of immediate benefits that could be derived therefrom.	Ensure immediate completion of the project to improve the services of Busuanga Airport particularly the immediate use of the water system for the benefit of its employees, passengers, general public and other intended users.	Implemented Management has already completed the Improvement of Water System project at Busuanga Airport during the year.
No. 34 AC VI Page 125	Of the 178 Repairs, Maintenance and Non-Infrastructure Projects in 2017 with a total budget of P90.856 million, 84 projects worth P40.283 million were not implemented during the year while delays were noted in the implementation of 66 projects, which consequently delayed the delivery of basic services to intended beneficiaries.	a. Revisit and enhance its planning and monitoring strategies and observe strict adherence to the timelines in the implementation of projects to ensure timely delivery of services; b. Follow-up implementation of projects by the ADMS and Air Navigation Services (ANS), CAAP HO; and	Partially implemented There are still delays in the implementation of 2018 projects. Partially implemented There are still delays in the implementation of 2018 projects.

Reference	Observations	Recommendations	Status of Implementation
		<p>c. Assign a personnel to closely monitor procurement of equipment and/semi-expendable supplies included in the APP.</p>	<p>Implemented</p> <p>The Area Center hired additional Engineering staff to fast-track the preparation of POWs and efficiently monitor project implementations.</p>
<p>No. 35 AC VI Page 127</p>	<p>Of the 16 infrastructure projects for implementation in 2017 with a total budget of P125.500 million, 15 projects worth P123.500 million were not implemented during the year while delay was noted in the implementation of the lone project implemented, which consequently delayed the delivery of basic services to intended beneficiaries.</p>	<p>a. Revisit and enhance its planning and monitoring strategies and observe strict adherence to the timelines in the implementation of projects to ensure timely delivery of services; and</p> <p>b. Make representations with CAAP HO and follow up implementation of priority projects by the ADMS and ANS, CAAP HO.</p>	<p>Implemented</p> <p>Close coordination with ADMS and other concerned Offices at CAAP Central Office for the approval of the re-aligned projects and the immediate implementation of projects by ADMS was made.</p> <p>Implemented</p> <p>Communicated with the HO in the implementation of the priority projects undertaken at the area.</p>
<p>AC IX No. 36 Page 129</p>	<p>Management failed to issue billing statements for Operational Charges on time, thus resulting in understatement of the Income from Operations account and non-collection of related revenues in CY 2017. Moreover, the billing statements for CY 2015 and 2016 were only issued in CY 2017 resulting in uncollected revenues amounting to P52 million as of year-end hence, depriving the</p>	<p>a. Make/Prepare the assessment and billing of revenues within a month after these are earned and ensure that income/revenues are recognized in the period these are earned;</p> <p>b. Prioritize and expedite the collection of Operational Charges for CYs 2014 to 2016; and</p>	<p>Partially implemented</p> <p>Management will enhance/improve the assessment and billing function of the agency by assigning additional personnel to the unit.</p> <p>Partially implemented</p> <p>Billings of prior years have already been issued and is doing its best to update billing</p>

Reference	Observations	Recommendations	Status of Implementation
	government of much needed funds.	c. In case of personnel movement, ensure that the replacement is trained for the assigned functions to avoid inefficiencies in the job.	Implemented Those in charge have already been oriented by CAAP HO.
No. 37 AC XII Page 131	Terminal Fee tickets in AC XII totaling 418 pieces with a face value of P75 and P100 per ticket or a total of P39,300 are missing and unaccounted, thus posing a risk of fraudulent use or issuance thereof, contrary to Section 2 of Presidential Decree (PD) 1445.	a. Install necessary control measures in safeguarding its accountable forms by providing a locked storage cabinet so that access will be limited only to authorized employees in compliance with Section 123 of PD 1445; and b. Exert extra effort in locating the 418 pieces of missing or unaccounted terminal fee tickets. If the said tickets could not be found, issue a Notice of Loss to prevent possible 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.	Implemented Installation of vault and provision of steel cabinets with individual lock to secure documents and collections has been undertaken. Partially implemented Reiterated in Audit Observation No. 25 of this Report. Thoroughly conducted the search and exerted best efforts, recovered another 14 pcs equivalent to P1,400. Thus, remaining unaccounted terminal fee tickets is down to 404 pcs. Prepared Notice of Loss and thereafter, file a request for relief from accountability
No.38 AC XII Page 132	The AC failed to charge the domestic commercial and general aviation airline operators with the landing and take-off fees and aircraft parking	Direct the Billing Section to send billing statement to the concerned airline/aircraft operators for collection of income due the Authority in	Implemented Revised billing statements already sent out.

Reference	Observations	Recommendations	Status of Implementation
	charges for the use of the airport facilities, services, utilities and properties of the Authority in violation of Department Order (DO) No. 98-1178 issued by then Department of Transportation and Communications (DOTC), thus, resulted in the understatement of Income account by P59,727 as of December 31, 2017.	accordance with DO No. 98-1178.	