

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Out of the **240** audit recommendations embodied in the Calendar Year (CY) 2022 Annual Audit Report (AAR), **161** were implemented and the remaining **79** were not implemented and were reiterated in Part II of this Report. Details are presented below:

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 1, pages 68-80	<p>The existence, completeness, and valuation of the Property and Equipment (PE) account balance of P55.498 billion could not be ascertained due to errors, non-observance of standard operating procedures, and lapses in internal control.</p> <p>a) Variance of P6.670 billion between the balances per books of accounts and the Report on the Physical Count of Property, Plant, and Equipment (RPCPPE)</p>	<p>Management direct:</p> <p>a. CAAP-HO, ACs II, VI, and AC IX Inventory Committee, in coordination with the Supply and Accounting Divisions, to implement COA Circular No. 2020-006 dated January 31, 2020, to establish the existence of the properties;</p> <p>b. CAAP-HO, ACs II, III, VI, VIII, and IX to make the necessary adjustments to reflect the correct balances of the PE accounts in the financial statements;</p> <p>c. AC V - Masbate Airport to submit the complete RPCPPE;</p> <p>d. AC V - Virac Airport to remove/exclude from the RPCPPE the properties and equipment below the capitalization threshold;</p> <p>e. Accountants and responsible officials of CAAP-HO, ACs II, III, VI, VIII, and IX to exhaust all means to determine the cost of the properties;</p> <p>f. Accountants and responsible officials of CAAP-HO, ACs II, III, V, VI, VIII, IX, and XI to</p>	<p>Recommendations (c), (d), (f), and (g) were implemented while recommendations (a), (b), and (e) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 1 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>conduct reconciliation of balances per books of accounts and RPCPPE; and</p> <p>g. AC XII Inventory Committee to prepare and submit the results of the physical count of PEs through the RPCPPE.</p>	
	<p>b) Non-recognition of Service Concession Asset relative to the Caticlan Airport Development Project in the amount of P3.516 billion</p>	<p>Management direct the Accounting Division to:</p> <p>a. Review both parties' compliance with the Airport Concession Agreement provisions and analyze the related transactions carefully;</p> <p>b. Prepare the necessary accounting entries and submit the Journal Entry Vouchers to the Audit Team; and</p> <p>c. Coordinate with the DOTr and/or the Concessionaire, and require them to submit reports/documents on the construction, operation, and maintenance of the Caticlan Airport, pursuant to Paragraph 15.10.1 of the Concession Agreement, to support the necessary accounting/adjusting entry/ies.</p>	All of the three recommendations were implemented.
	<p>c) Variance amounting to P127.300 million between the balances of the General and</p>	<p>Management direct:</p> <p>a. CAAP-HO, ACs II, and X's Accounting Division (AD) to reconcile the GL and SL balances, update the</p>	All of the four recommendations were not implemented.

Ref.	Observations	Recommendations	Status of Implementation
	Subsidiary Ledgers for PE accounts	<p>records, and prepare necessary adjusting entries; and</p> <p>b. AC X to enjoin the Accountant and Property Custodian to update the lapsing schedule and RPCPPE once data is complete and make necessary adjustments to reflect the correct amount of reported PEs and related accumulated depreciation for the fair presentation of financial statements.</p> <p>Management direct AC X:</p> <p>c. To ensure that the Appraisal Team is composed of at least one in-house appraiser or its equivalent to be able to properly conduct the physical count and valuation during the implementation of one-time cleansing as prescribed in COA Circular No. 2020-006 dated January 31, 2020; and</p> <p>d. To maintain Property, Plant, and Equipment Ledger Cards (PPELC) for the Accounting Unit and Property Cards (PC) for the Property and Supply Office/Unit for all existing and newly acquired PEs,</p>	The observation was reiterated with modification in Part II, No. 1 of this report.

Ref.	Observations	Recommendations	Status of Implementation
		which should always have reconciled balances.	
	d) Non-recording of properties resulting in the understatement of Property and Equipment (PE) and/or Semi-Expendable Property by an undetermined amount	<p>Management direct:</p> <p>a. CAAP-HO Asset Management Division (AMD), Aerodrome Development and Management Service (ADMS), SD, and AD, to expedite the validation of the unrecorded land/infrastructure assets/equipment by obtaining the necessary documents (i.e., documents for the transfer of properties, appraisal reports, titles, etc.);</p> <p>b. CAAP-HO and AC III to coordinate with the source agencies for documents to support the transfers;</p> <p>c. CAAP-HO SD and AD to obtain the documents to support the acquisition of firearms and determine its cost; otherwise, conduct an appraisal to assess its value, if warranted; and accordingly, AD to record the firearms in the books of accounts; and</p> <p>d. CAAP-HO, AC III AD to make the necessary adjustments to reflect the correct balances of the</p>	<p>Recommendation (b) was implemented while recommendations (a), (c), and (d), were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 1 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		accounts in the financial statements.	
	e) Non-derecognition of unserviceable properties resulting in an overstatement of PE accounts by P6.877 million and the continuous non-disposal of previously derecognized unserviceable properties at a minimum amount of P31.089 million	<p>a. Direct the CAAP-HO and AC II AD to:</p> <ul style="list-style-type: none"> i. Validate the supporting documents, and prepare the necessary journal entries to derecognize the unserviceable PE from the books of accounts; ii. Submit the Journal Entry Voucher to the Audit Team and complete documents for review; <p>b. Direct Area Center XI to:</p> <ul style="list-style-type: none"> i. Require the Property Control/Supply Unit to prepare a checklist of all unserviceable PPE with complete data in the Inventory and Inspection Report of Unserviceable Properties (IIRUP), duly signed as prepared by the Property Control/Supply Unit Head and approved by the Head of CAAP and submit a copy of the same to the Audit Team and Disposal and Appraisal Committee (DAC) for inspection; ii. Require the DAC to prepare the Appraisal Review Report on Property for Disposal 	<p>Recommendations (a.i), (a.ii), (b.i), (b.ii), and (b.iii) were implemented while recommendation (c) was not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 34 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>(ARRPD) showing the appraised values of the assets and submit a copy to the Audit Team for review;</p> <p>iii. Instruct DAC to convene and agree on the items' disposal mode and recommend the applicable mode of disposal for CAAP Head's approval and submit these documents to the Audit Team for evaluation and action before disposing of unserviceable items; and</p> <p>c. Instruct the CAAP-HO, ACs II, VI, VII, XI, and XII Disposal Committee to undertake the immediate disposal procedures of unserviceable properties to avoid possible loss due to further deterioration and devaluation of the said properties and to decongest the storage area.</p>	
	f) Non-recognition of depreciation expenses and the non-derecognition of properties resulted in the overstatement of Work/Zoo Animals account	<p>a. Management direct AC XII to compute for the depreciation of the Work/Zoo animals account and its related accounts, to ensure the fair presentation of the assets in the financial statements.</p> <p>b. Direct AC XII to prepare the necessary journal</p>	Both recommendations were implemented.

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		entries, duly supported with complete documents, to derecognize the dead K-9 dogs.	
AAR 2022 Observation No. 2, pages 81-89	<p>The accuracy and validity of the <i>Accounts Receivable (AR)</i> and <i>Operating Lease Receivable (OLR)</i> balance of P6.089 billion could not be ascertained due to the existence of the material amount of past due accounts, unreconciled variances, unconfirmed balances, abnormal/negative receivable balances, and inadequacy of impairment/expected credit losses.</p> <p>a) Existence of past due accounts of P4.080 billion or 64 per cent of the consolidated receivable balance, including dormant accounts from ATO balances amounting to P234.090 million</p>	<p>Management instruct the Accounting Division/Units in CAAP-HO and all its Area Centers (ACs) to:</p> <ol style="list-style-type: none"> Exert more effort to issue monthly Statement of Accounts (SOA) to all air operators/airline companies reflecting the current billings and arrearages, and issue demand letters to all delinquent clients; Formulate accounting policy/ies for an effective and efficient billing and collection system, including an updated policy and procedures for the imposition of penalties and surcharges to all delinquent accounts, for approval by the Board of Directors; Exert diligent effort to locate all the supporting documents necessary to establish the existence and validity of long outstanding and dormant receivables and exhaust all remedies to collect them; and 	<p>Recommendation (b) was implemented while recommendations (a), (c), and (d), were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 2 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		d. Evaluate the dormant accounts and request authority to write them off, if warranted, in accordance with COA Circular No. 2016-005.	
	b) Variance of P349.869 million between General Ledger (GL) and Subsidiary Ledger (SL) balances per Aging Reports of Accounts (AR) Receivable/ Operating Lease Receivable (OLR)	<p>1. Management instruct the Accounting Division/Units in CAAP-HO and all its ACs to conduct an in-depth examination and periodic reconciliation of the variances between the GL and the SL balances and prepare the necessary adjusting entries if warranted.</p> <p>2. Management instruct the CAAP-HO AD to:</p> <p>a. For the Unidentified Remittances under the <i>Undistributed Collections</i> account:</p> <p>i. Issue a memorandum enjoining all clients to submit the remittance advice, proof of payment, and reference numbers of billings paid/settled for the timely issuance of official receipts and updating of SLs;</p> <p>ii. Conduct a regular reconciliation of the account and verify/determine other causes of the accumulation of unidentified</p>	<p>Recommendations (2. a.i), (2. b), and (2.c) were implemented while recommendations (1), (2.a.ii), and (2.d) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 2 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>remittances and take corrective action to prevent the recurrence thereof;</p> <p>b. Conduct a regular (at least quarterly) reconciliation of the <i>Other Unearned Revenue/Income</i> account vis-à-vis <i>Accounts Receivable</i>. Ascertain the income already earned from advance payments of ANCs and take up the necessary adjusting entry/ies in the books;</p> <p>c. Prepare the JEV to record the unrecorded CY 2022 billings of ANCs amounting to P3.069 million and submit a copy thereof to the Audit Team; and</p> <p>d. Conduct an intensive review on the preparation of the Report of Aging of Receivables and all of its corresponding SLs to ensure the accuracy and correctness of the balances reported in the books of accounts.</p>	
	c) Variance of P333.308 million between the accounting records and the amount confirmed by 38 airline companies and	<p>Management instruct the CAAP-HO AD to:</p> <p>a. Designate personnel who will coordinate directly with the clients/airline companies to reconcile the balances between</p>	<p>Both recommendations were not implemented.</p> <p>The observation was reiterated with modification in Part</p>

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	the unconfirmed balance of P819.195 million in CAAP-HO	<p>CAAP and the clients' records; take up the necessary adjustments in the books of accounts, if warranted, and furnish the Audit Team with the results of reconciliation made; and</p> <p>b. In coordination with other concerned offices under the Flight Standards Inspectorate Service (FSIS), devise a definite plan to be embodied in the policy on billing and collection to address the long-standing issue of unreconciled/uncollected prior years' receivable balances particularly on flights previously handled by the operators' former ground handlers.</p>	II, No. 2 of this report.
	d) Existence of negative/ abnormal receivable balances in AC VIII totaling P10 million	<p>Management direct the CAAP-HO AD/Units in:</p> <p>a. CAAP-HO to disseminate to all the Accounting Units in ACs the current practice in recording over/advance payments and unidentified collections to ensure uniformity and consistency in recording;</p> <p>b. AC VIII to:</p> <p>i. Conduct an in-depth investigation to find the root cause/s of abnormal/negative balances; and</p>	All of the three recommendations were implemented.

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		<ul style="list-style-type: none"> ii. Coordinate with CAAP-HO the preparation of the necessary adjusting entries to reclassify the negative/abnormal balances to their proper account. 	
	e) Inadequate allowance for impairment/ expected credit losses based on PFRS 9	<p>Management instruct the CAAP-HO AD/Units in CAAP-HO and all Area Centers to:</p> <ul style="list-style-type: none"> a. Adhere to the impairment requirements of PFRS 9 on the recognition and measurement of ECL of <i>AR/OLR</i>, and accordingly, incorporate the same in its Accounting Policy; and b. Prepare adjusting entries to ensure the fair presentation of the receivable accounts and the related impairment loss accounts in compliance with PFRS 9. 	<p>Both recommendations were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 2 of this report.</p>
AAR 2022 Observation No. 3, pages 89-90	CAAP accepted the payment for Air Navigational Charges (ANCs) based on its fixed peso equivalent per billing instead of the peso equivalent at the time of payment, contrary to the provision of PAS 21, resulting in the understatement of <i>Accounts Receivable</i> and <i>Gain on Foreign Exchange</i> by at least P41.383 million.	<p>Management instruct the CAAP-HO AD:</p> <ul style="list-style-type: none"> a. For CY 2022-2023 billings paid in pesos, determine the difference between the ANCs paid by the clients using the forex rates at the time of billing (as shown in the SOA) vis-a-vis at the time of their payment and issue supplemental SOA to collect the unpaid difference; 	All of the three recommendations were implemented.

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		<p>b. Issue billing statements to clients showing only the amount of ANC's in US dollars, and if clients opt to pay in Philippine peso, compute its peso equivalent using the applicable Bankers Association of the Philippines' (BAP) Spot USD/PHP rate at the time of payment; and</p> <p>c. Strictly adhere to CAAP Circular 03-11, series of 2011, by accepting payment of operational charges either i.) in USD or ii.) its peso equivalent at the time of payment.</p>	
AAR 2022 Observation No. 4, pages 91-92	Non-recognition of exchange differences, contrary to the provision of PAS 21, resulted in the overstatement of <i>Accounts Receivable</i> and <i>Retained Earnings</i> by at least P21.919 million.	<p>Management direct the CAAP-HO AD to:</p> <p>a. Record dollar-denominated transactions in accordance with the provisions of PAS 21 and accordingly recognize in the books of accounts the foreign exchange gain or loss arising therefrom;</p> <p>b. Further, validate whether the prior year's receivable balances of P21.919 million from the selected clients were due to the unrecognized foreign exchange differences in CYs 2005 - 2008, and prepare the necessary adjustments in the books</p>	<p>Recommendation (a) was implemented while recommendations (b), and (c) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 2 of this report.</p>

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		<p>of accounts, if warranted. Otherwise, enforce the collection of said amount to the respective clients; and</p> <p>c. Review the SLs of other clients and ascertain whether the prior years' outstanding balances per books of accounts were also due to the unrecognized foreign exchange differences. Prepare the necessary adjustments, if warranted.</p>	
AAR 2022 Observation No. 5 pages 92-93	Non-translation of dollar-denominated ANC's at the end of the reporting period, contrary to the provision of PAS 21, resulting in the overstatement of <i>Accounts Receivable</i> and understatement of Loss on Foreign Exchange by at least P16.757 million.	Management direct CAAP-HO AD to ensure that foreign currency-denominated transactions be translated on December 31 of each year using the BAP Spot USD/PHP closing rate and recognize the corresponding unrealized foreign exchange gain/loss in the books of accounts, pursuant to the provisions of PAS 21.	Implemented
AAR 2022 Observation No. 6, pages 93-99	The Inventory Held for Consumption accounts totaling P153.643 million was not faithfully presented in the financial statements due to: a) unreconciled variance between accounting records and the Report on Physical Count of Inventories (RPCI); b) inaccurate use of cost	<p>a. In CAAP-HO:</p> <p>i. Designate/create a Committee that will, once and for all, conduct a thorough and detailed reconciliation of the property and accounting records to establish the true balance of the inventory accounts, to</p>	<p>Recommendations (a.iii) and (d) were implemented while recommendations (a.i), (a.ii), (a.iv), (b.i), (b.ii), (b.iii), (c.i) and (c.ii) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 4 of this report.</p>

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	<p>formula; and c) unrecognized loss on impairment for obsolete accountable forms.</p> <p>a) Variance between accounting records and the RPCI amounting to P102.392 million</p> <p>i) Issuances of various office supplies inventories were not reflected in the Report of Supplies and Materials Issued (RSMI) submitted to the Accounting Division. They were not appropriately recorded in the books of accounts, resulting in the overstatement of Office Supplies Inventory and the understatement of Office Supplies Expenses by P1.283 million.</p> <p>ii) Receipt and utilization of fuel and lube oil remained unrecorded in the</p>	<p>be headed by the Department Manager III, Finance Department, who will closely monitor the compliance of the concerned offices thereof;</p> <p>ii. Direct the Department Manager III, Finance Department, to coordinate with the concerned offices and devise a policy on finally settling and recording prior and current years' fuel consumption in the books of accounts and ensure that future issuances are promptly recorded thereafter;</p> <p>iii. Instruct the Supply Division to ensure that all issuances are supported with complete and properly accomplished RISs, duly reported in the RSMI submitted to the Accounting Division;</p> <p>iv. Direct the Department Manager III, Finance Department, to instruct the Accounting Division to (1) prepare and maintain SLCs for all inventory accounts</p>	

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	<p>books, resulting in the overstatement of Other Prepayment accounts by P57,812 and the misstatement of the FOLI and FOLE accounts by an undetermined amount.</p> <p>iii) Doubtful existence and completeness of the OSMI balance of P25.697 million</p>	<p>to be regularly reconciled with the SC maintained by the Supply Division, and (2) conduct verification as to the completeness and accuracy of the RSMI submitted before recording in the books of accounts, and monitor its compliance thereof;</p> <p>b. In AC V:</p> <p>i. Direct the Inventory Committee to conduct a complete count of the Authority's inventories and prepare and submit a complete RPCI;</p> <p>ii. Instruct the Accounting In-Charge to maintain complete and updated Supplies Ledger Cards;</p> <p>iii. Require the Supply Officer and Accounting In-Charge to reconcile their records and prepare the necessary adjusting entry, if any;</p> <p>c. In AC VI:</p> <p>i. Direct the Inventory Committee to conduct a rigid physical count of inventories in each</p>	

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		<p>airport under AC VI jurisdiction;</p> <p>ii. Direct the accountant and the supply officers to reconcile the inventory account balances in the GL and RPCI; and</p> <p>d. In AC XII, to stop the practice of recording purchases of supplies as outright expenses and henceforth, record the purchase of supplies and materials in its appropriate inventory accounts and recognize the corresponding issuances as an expense based on the RSMI prepared by the Supply Unit.</p>	
	<p>b) Inconsistent/ erroneous use of inventory cost formula in CAAP-HO resulted in the understatement of Accountable Forms, Plates, and Stickers Inventory (AFPSI) account by P2.915 million</p>	<p>Management to direct the Department Manager III, Finance Department to:</p> <p>a. Oversee the resolution of the issue by ensuring that the AD will consistently apply the average cost method when accounting for supplies inventories; and</p> <p>b. Prepare the necessary adjusting entries to correct the erroneous recording due to the inconsistent use of the cost formula.</p>	Both recommendations were implemented.

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	c) Unrecognized loss on impairment for obsolete accountable forms	<p>Management agreed to direct the Accounting Division and Supply Division in CAAP-HO to:</p> <ul style="list-style-type: none"> a. Account for all obsolete accountable forms in the custody of CAAP-HO and Area Centers; b. To recognize an impairment loss for the obsolete accountable forms, as necessary; and c. Ensure that the disposal of the obsolete accountable forms is in accordance with applicable laws, rules, and regulations, and record the disposal of inventory as necessary. 	<p>Recommendations (a) and (b) were implemented while recommendation (c) was not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 4 of this report.</p>
AAR 2022 Observation No. 7, pages 99-102	The balance of <i>Due to NGAs</i> account amounting to P1.694 billion could not be relied upon due to variance between the General (GL) and Subsidiary Ledger (SL) balances in CAAP Head Office (HO) books of accounts and the inclusion of long outstanding fund transfers and unsubstantiated transactions in CAAP-HO and Area Center X.	<p>Management direct:</p> <ul style="list-style-type: none"> a. CAAP-HO Accounting Division to: <ul style="list-style-type: none"> i. Reconcile the recorded transactions in the GL and the SLs; ii. Exert effort to locate the documents related to the ATO account balances of P50.473 million; iii. Prepare the necessary adjusting entries, if warranted; and 	<p>Recommendations (a.ii) and (c) were implemented while recommendations (a.i), (a.iii), and (b) were not implemented.</p> <p>The observation was reiterated with modification in Part II, Nos. 6 and 12 of this report.</p>

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		<p>b. The AC X Management to coordinate with CAAP-HO or with DOTr to request any proof of binding contract/ memorandum agreement between CAAP and the DOTr for the appropriate utilization of the fund based on the stated purpose; otherwise, cause the immediate return of the fund's balance to the DOTr.</p> <p>c. We further recommended that CAAP-HO coordinate with DOTr and request advice/ alternative solution, considering that the Area Centers are hesitant to issue the required Certifications to support the liquidation due to the absence of documents.</p>	
AAR 2022 Observation No. 8, pages 102-106	The consolidated balance of the <i>Other Receivable</i> (OR) account amounting to P58.868 million was doubtful due to a) the existence of unliquidated cash advances totaling P28.676 million; b) unadjusted prior years' receivable balances amounting to P19.947 million; and c) unsubstantiated receivable balances	<p>Management instruct the CAAP-HO AD to:</p> <p>a. Expedite the preparation of Management's comments/reply to the AOM issued by ICFAU and submit the documents required therein to facilitate the liquidation of the former DG's cash advance;</p> <p>b. Send demand letters to retired, resigned, and separated accountable</p>	<p>All of the four recommendations were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 21 of this report.</p>

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	<p>amounting to P7.342 million.</p> <p>a) Existence of unliquidated cash advances of Accountable Officers, no longer connected with the Authority, in the total amount of P28.676 million</p>	<p>officers to settle unliquidated cash advances, including the unsettled accountabilities of flight inspectors;</p> <p>c. Exhaust all means to locate pertinent records of these unliquidated cash advances and review/evaluate their collectability; and</p> <p>d. Request an authority to write off dormant accounts, if warranted, in accordance with the procedures prescribed under COA Circular No. 2016-005.</p>	
	<p>b) Unadjusted receivable balances (2016-2019) amounting to P19.947 million about Daily Subsistence Allowances (DSA) relative to flight inspections/certifications that did not take place or were canceled.</p>	<p>Management instruct the CAAP-HO AD to:</p> <p>a. Exhaust all means to locate the necessary documents to support the cancellation of flight inspections/certification totaling P19.947 million and prepare the necessary adjustments in the books of accounts; and</p> <p>b. Record the advance payment for DSA and other fees and charges as <i>Other Unearned Revenue/Income</i> upon receipt from airline operators, and debit the same account when CAAP has completed the</p>	Both recommendations were implemented.

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		conduct of flight inspection/certification.	
	c) Unsubstantiated balances amounting to P7.342 million	Management instruct the CAAP-HO AD to exert efforts to locate the documents to support the unsubstantiated receivables amounting to P7.342 million, identify the details and nature of the transactions, prepare, and maintain the corresponding subsidiary ledgers, and determine whether these receivables are still collectible.	Not Implemented The observation was reiterated with modification in Part II, No. 21 of this report.
AAR 2022 Observation No. 9, pages 106-108	The reliability and accuracy of the account balance of the Receivables – Disallowances/Charges account amounting to P97.961 million could not be ascertained due to the variance amounting to P22.648 million between the balances of the General Ledger (GL) and the Subsidiary Ledgers (SLs) in CAAP-HO.	Management instruct the Chief Accountant to: <ul style="list-style-type: none"> a. Verify the cause/s of the variance noted, reconcile the same, and make the necessary adjusting entry to correct its financial records; b. Account for all the Authority's disallowances/suspensions and charges, including the respective settlements; and c. Orient its Accountants on the proper recording of salary deductions and settlements. 	All of the three recommendations were not implemented. The observation was reiterated with modification in Part II, No. 7 of this report.
AAR 2022 Observation No. 10, pages 108-110	The existence, completeness, and accuracy of the Due from National Government Agencies (NGAs) account amounting to P70.503 million could	Management agreed to instruct: <ul style="list-style-type: none"> a. The Chief Accountant to: <ul style="list-style-type: none"> i. Take its duties and responsibilities 	All of the four recommendations were implemented.

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	<p>not be relied upon due to the continuous non-reconciliation of the variance between the records of CAAP-HO and the Procurement Services of the Department of Budget and Management (PS-DBM) amounting to P11.202 million.</p>	<p>seriously to monitor the fund transfers made by CAAP by ensuring that regular monitoring and reconciliation of accounts are being conducted, moving forward, in accordance with COA Circular 2016-005; and</p> <p>ii. Analyze the erroneous posting/entries observed by the Audit Team and prepare the necessary JEVs to correct the misstatements thereafter.</p> <p>b. The Finance Manager III, Finance Department, to:</p> <p>i. Facilitate the coordination with the PS-DBM to reconcile records between the two offices, as necessary; and</p> <p>ii. To designate personnel in the Accounting Division who will perform the reconciliation of accounts between the books of CAAP and the PS-DBM, and report the result of the said reconciliation to the Finance</p>	

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		<p>Department at regular intervals, to ensure that reconciliation is indeed being performed along with the preparation of JEVs to record any adjusting entries, if warranted.</p>	
<p>AAR 2022 Observation No. 11, pages 111-114</p>	<p>Offsetting of income and expenses and non-recording of the transferred assets from AEROTHAI understated the <i>Airport Equipment and/or Communication Equipment</i> by at least P23.637 million, and the related depreciation, repairs and maintenance expense accounts by undetermined amount, thus, contrary to the provisions of PAS 1, affecting the fair presentation of the Financial Statements.</p>	<p>Management instruct the CAAP-HO AD to:</p> <ol style="list-style-type: none"> Exert diligent effort to locate the documents supporting the actual cost of the existing RGSs/MSGs and the related capitalizable expenses; Prepare the necessary adjusting entry/ies to record in CAAP's books of accounts the transferred assets from AEROTHAI and all other related expenses and submit the JEV to the Audit Team for further evaluation; Submit an updated/revised Lapsing Schedule of Communication and/or Airport Equipment showing the cost, additions/deductions, and depreciation of the existing RGSs/MSGs; 	<p>All of the five recommendations were implemented.</p>

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		<p>d. Record the full amount of income earned and expenses incurred in the books of accounts. Refrain from offsetting income and expenses/charges except when an accounting standard permits; and</p> <p>e. Provide the Audit Team with a copy of the revised/amended Agreement.</p>	
AAR 2022 Observation No. 12, pages 114-116	Non-implementation of the seven per cent Profit-Sharing (PS) scheme relative to the extension of the Lease/Rental Payment Holiday in CY 2021, resulted in an understatement by an undetermined amount of the <i>Rent/Lease Income</i> and the related <i>Operating Lease Receivable (OLR) account</i> .	<p>a. Instruct the CAAP-HO Corporate Planning Office, in coordination with CAAP-HO BDD and ACIC, to revisit the provisions of the IRR to monitor and ensure that the provisions thereof are strictly enforced/implemented;</p> <p>b. Require the ACICs to follow up on the submission of 2021 AFS by the 173 concessionaires who availed of the 2021 Rental/Lease Holiday;</p> <p>c. Direct the Accounting/Billing Units in CAAP-HO and ACs to expedite preparing and issuing billing statements for CAAP's seven per cent profit share and pursue the collection thereof; and</p>	All of the four recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		d. Henceforth, ensure that policies and guidelines issued by CAAP be strictly implemented and monitored.	
AAR 2022 Observation No. 13, pages 116-119	The accuracy and completeness of the balance of the Transportation System Fees account amounting to P1.346 billion could not be ascertained due to the absence of clear-cut policy on the recording, reconciliation and monitoring of Domestic Passenger Service Charge (DPSC) collected by Airline Carriers. Moreover, DPSC was recorded on cash basis contrary to the requirement of PAS 1.	<p>a. For CAAP-HO Accounting Division and all AC Accountants, ensure that accrual basis of accounting is used in recognizing income;</p> <p>b. For CAAP HO – Corporate Planning Office (CorPlan):</p> <p>i. Issue guidelines prescribing the following:</p> <ul style="list-style-type: none"> • Format of reports to be prepared and maintained by all ACs that would facilitate the recording of accrued income as well as the monitoring of paying and exempt passengers. At a minimum, the documents must show the following information: Airport/location, Airline, Flight date and number, and number of passengers according to classification. The reports should be 	<p>Recommendations (c), (e), (f.i), and (f.ii) were implemented while recommendations (a), (b.i), (d.i), and (d.ii), were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 10 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>signed by duly authorized CAAP personnel and acknowledged/certified by the pilots or airline company representatives; and</p> <ul style="list-style-type: none"> Specify the office responsible, the steps to be done to reconcile regularly the AC records vis-à-vis the Airline companies' DPSC Remittance Report, and the actions to be taken whenever a variance is noted. <p>c. For CAAP-HO Accounting Division to provide all ACs with a copy of the Airline companies' DPSC Remittance Report together with the Summary of DPSC Collection, to facilitate the reconciliation of CAAP and airline records, and validation of the accuracy and completeness of the remittances received;</p> <p>d. For AC VI to:</p> <ul style="list-style-type: none"> Reconcile the Air Carriers' remittance reports with the Area Center's computation of the total DPSC 	

Ref.	Observations	Recommendations	Status of Implementation
		<p>based on the Summary of Outgoing Passengers for Domestic Flight DPSC reported monthly; and</p> <p>ii. Report to the CAAP-HO the result of reconciliation.</p> <p>e. For AC XI to strictly monitor the DPSC income and remittances from the Air Carriers by comparing the actual number of departing passengers upon boarding for domestic flights based on the Flight Data Summary against the DPSC Remittance Summary and coordinate with CAAP-HO for any discrepancies;</p> <p>f. For AC XII</p> <p>i. Direct the AC Accountant to recognize income from DPSC when earned and record in the books of accounts the period to which the income relates and reconcile the remittance report from Air Carriers and other pertinent documents with the records of ACs and Satellite Airports to ensure the validity and accuracy</p>	

Ref.	Observations	Recommendations	Status of Implementation
		<p>of the remitted DPSC from air carriers; and</p> <p>ii. Coordinate with and, if possible, secure written instruction from CAAP-HO on appropriate mechanisms to address the issues of non-submission of Remittance Reports from Air Carriers and delayed provision of Remittance Summaries, which affects the recording in the books of accounts of ACs.</p>	
AAR 2022 Observation No. 14, pages 120-122	<p>The <i>Construction in Progress</i> account balance of P677.094 million could not be relied upon due to the inclusion of completed and terminated projects, erroneous capitalization of Input Tax, and the unaccounted amount of P9.491 million recorded in the account.</p> <p>a) Inclusion of completed and terminated projects resulting in the overstatement of the CIP by P25.591 million and the</p>	<p>1. Management direct CAAP-HO Accounting Division (AD) and AC IX Accountants to:</p> <p>a. Coordinate with CAAP-HO Aerodrome Development & Management Service (ADMS)/AC's Airport Maintenance Section (AMS) to submit all documents related to the completed and terminated projects to support the preparation of reclassification/adjusting entries;</p> <p>b. Prepare the necessary adjusting entries for the reclassification of completed and terminated projects, including the</p>	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
	misstatement of other affected accounts	<p>provision for depreciation; and</p> <p>2. We further recommended that Management direct CAAP-HO AD to regularly update, review, and monitor the subsidiary ledgers of the CIP account, check the latest status of the projects based on the Status Report of CAAP and DOTr Downloaded Projects prepared by ADMS and collate all necessary documents (Certificate of Project Completion, Technical Inspection and Acceptance Report, Accomplishment Report, Certificate of Final Acceptance) to ensure that completed projects are reclassified accordingly.</p>	
	b) Erroneous capitalization of Input Tax resulting in the understatement of CIP account by P11.252 million and over/understatement of other related accounts	<p>a. Review the transactions relative to the projects, prepare the necessary adjusting entries to correct the noted deficiencies, and submit to the Audit Team a copy of the Journal Entry Voucher/s with the complete supporting documents; and</p> <p>b. Henceforth, ensure that progress billings are recorded in CAAP books</p>	Both recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		of accounts properly and accurately in accordance with PAS 16 and COA Circular No. 2020-002 dated January 28, 2020.	
	c) Unaccounted amount of P9.491 million recorded under CIP - Other Public Infrastructure of Area Center XI	<p>Management direct AC XI to:</p> <p>a. Verify the nature of costs tagged as Unaccounted Amount in the CIP account and, afterward, apprise the Audit Team of the results; and</p> <p>b. Effect the necessary adjustments in the books of accounts based on the pertinent supporting documents.</p>	Both recommendations were implemented.
AAR 2022 Observation No. 15, pages 123-124	The balance of the Due to BIR account amounting to P128.624 million, was unreliable due to unaccounted balances amounting to P14.487 million, which is not in accordance with Philippine Accounting Standard (PAS) 1.	Management direct the Accounting Division in CAAP-HO and Area Center III to reconcile their records to determine the nature and necessary details of the P14.487 million balance in the Due to BIR account, and after that, remit to the BIR the withholding taxes or prepare the necessary Journal Entry Vouchers to adjust the books of accounts, if warranted.	Not Implemented The observation was reiterated in Part II, No. 8 of this report.
AAR 2022 Observation No. 16, page 124	Erroneous computation of Minimum Corporate Income Tax (MCIT) for CY 2020 resulted in the understatement of Other Prepayment account and overstatement of the Deferred Tax Assets	<p>Management agreed to direct the Department Manager III, Finance Department to:</p> <p>a. Coordinate with the BIR to correct the unused tax credits of CAAP;</p> <p>b. Instruct the Accounting Division to prepare the</p>	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
	account by P7.454 million.	<p>necessary adjusting entry to correct the erroneous computation and application of tax credits for CY 2020 to CY 2021; and</p> <p>c. Ensure that the Accounting Division complies with the directive.</p>	
AAR 2022 Observation No. 17, pages 125-130	<p>The completeness of the <i>Cash and Cash Equivalents</i> account balance of P6.029 billion could not be ascertained due to: a) variance of P13.650 million between Cash in Bank GL and SL balances, b) P1.897 million unaccounted long outstanding balance, c) non-recognition of the transactions relative to the Right of Way (ROW) Fund for the Caticlan Airport Development Project, and d) P1.630 million unrecorded reconciling items.</p> <p>a) Variance of P13.650 million between the GL and SL balances of various Cash accounts in CAAP-HO and AC IV</p>	<p>a. Direct the CAAP-HO AD and AC IV Accountant to:</p> <p>i. Reconcile the variances noted between the GL and SL, then effect the necessary adjusting/correcting entries/postings, as warranted;</p> <p>ii. Maintain a Schedule of SL Balances periodically to compare with the GL balance for early detection of any variances;</p> <p>iii. We further recommended ensuring an up-to-date backup of all files stored at a secured backup facility; and</p> <p>b. In addition, we recommended that Management consider</p>	<p>Recommendations (a.iii) and (b) were implemented while recommendations (a.i) and (a.ii) were not.</p> <p>The observation and recommendations were reiterated in Part II, Observation No. 9 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>digitizing documents CAAP-wide to ensure that copies of important documents are secured and prevented from being lost and to make information more easily accessible, storable, maintainable, and shareable using digital technology.</p>	
	<p>b) Unaccounted long outstanding balances totaling P1.897 million under Cash-Collecting Officers account in CAAP-Head Office (HO) and Area Center (AC) X</p>	<p>a. Direct the CAAP-HO AD and AC X Accountant to verify the nature of the unaccounted balances and reclass/adjust accordingly to the appropriate accounts, as warranted;</p> <p>b. In AC X:</p> <ul style="list-style-type: none"> i. Coordinate with CAAP-HO to supervise and provide feedback on AC X's FS account reconciliations and request measures to facilitate immediate resolutions; and ii. Coordinate with CAAP-HO Legal Unit for consideration of filing appropriate administrative and other sanctions 	<p>All of the three recommendations were implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		against the erring Accountant under Executive Order No. 292 and applicable Civil Service rules and regulations, if warranted.	
	c) Non-recognition of the transactions relative to the ROW Fund for the Caticlan Airport Development Project	<p>a. Direct the AC VI Accountant to set up a trust liability for the funds received and record in the books of accounts the transactions in the Cash in Bank at LBP Kalibo branch; and</p> <p>b. Direct the "In Trust For" Account Officer to follow the standard disbursement procedures for government funds, prepare and maintain accounting books, records, forms, and reports pertaining to the ROW Fund and timely submit the required reports to COA.</p>	<p>Recommendation (a) was implemented while recommendation (b) was not implemented.</p> <p>The observation was reiterated in Part II, Observation No. 9 of this report.</p>
	d) Unrecorded reconciling items per books of accounts amounting to P1.630 million and delay and non-submission of Bank Reconciliation	a. Instruct the CAAP-HO TD and AD to coordinate with the concerned ACs and the Air Navigation Service to verify the nature of unrecorded/ unidentified book reconciling items in the BRS and effect the adjustments, as warranted; and	<p>Recommendation (a) was implemented while recommendation (b) was not implemented.</p> <p>The observation was reiterated in Part II, Observation No. 9 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
	Statements (BRSs)	b. In CAAP-HO and AC IX, considering that cash is the most liquid asset that should be monitored closely, designate personnel whose main task is bank reconciliation to prioritize timely preparation and submission of monthly BRS to make sure that the reconciling items, including book and bank errors, are immediately detected and recorded/adjusted in the books to ensure the validity and accuracy of the account balances in the financial statements.	
AAR 2022 Observation No. 18, pages 130-131	The existence and reliability of the Deferred Charges/Losses account totaling P13.606 million, could not be established due to the absence of valid and sufficient supporting documents to substantiate the balance.	a. Require the FSIS to submit pertinent documents to the Accounting Division to determine the project's current status with the FAA. Otherwise, explain why it failed to produce the necessary documents; and b. Direct the Finance Department to immediately make written representation to the FAA, signed by the Director General, inquiring about the project's status and, if necessary, for the refund of any remaining balance.	Both recommendations were not implemented. The observation was reiterated with modification in Part II, No. 21 of this report.

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 19, pages 131-133	The faithful representation of the year-end balance of <i>Advances to Contractors</i> account amounting to P7.220 million could not be ascertained due to the inclusion of dormant and unrecouped balances amounting to P3.566 million.	<ol style="list-style-type: none"> 1. Direct CAAP-HO Accounting Division (AD) to: <ol style="list-style-type: none"> a. Exert effort to locate the supporting documents and ascertain the validity and accuracy of the balances of the advance payments on the above projects; b. Prepare the necessary adjusting entries, if warranted; 2. We further recommended that Management: <ol style="list-style-type: none"> a. Direct CAAP-HO AD to coordinate with ADMS and Contractor 1 to ensure that the balance of the advance payment of P1.815 million relative to the Continuation of the Development of Casiguran Airport Project is deducted from the payment of the 2nd progress billing for the Baler Airport Development Project (Phase 1); b. Require ANS, in coordination with AD, to locate and validate the documents, if any, for the Repair of the 	<p>Recommendations (1.a), (2.b), and (2.c) were implemented while recommendations (1.b), and (2.a) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 6 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>VFR room and other floor levels at Control Tower Building, NAIA, and the Repair/improvement of the perimeter fence at NDB Station at Rosario Cavite; and</p> <p>c. Instruct CAAP-HO ADMS and ANS to expedite the verification of the existence of the contractors, take appropriate actions, and issue demand letters immediately.</p>	
AAR 2022 Observation No. 20, pages 133-136	<p><i>Guaranty/Security Deposits</i> Payable account balance of P99.427 million not be relied upon due to a variance of P1.458 million between General Ledger (GL) and Subsidiary Ledgers (SLs) and the inclusion of long outstanding balances of retention money for various projects.</p> <p>a) Variance of P1.458 million between the balances per General Ledger (GL) and Subsidiary Ledger (SL) of <i>Guaranty</i></p>	<p>Management direct:</p> <p>a. CAAP-HO AD to gather and review supporting documents, reconcile the GL and SL balances, and make the necessary adjustments in the books of accounts, if warranted; and</p> <p>b. AC V to prepare the subsidiary ledgers and aging schedules and reconcile the GL and SL balances.</p>	<p>Both recommendations were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 13 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
	<i>Deposits Payable</i> account		
	b) Inclusion of long outstanding balances of retention money, some of which have no supporting documents, or withheld but projects were already completed a few years back and/or terminated.	<p>Management direct the CAAP-HO AD to:</p> <p>a. Exert effort to locate documents, coordinate with ADMS/SD/End-user regarding the status of various CAAP projects to ascertain the validity of the recorded retention money, and evaluate the long outstanding balances per SL for: (1) possible reversion to Retained Earnings or (2) possible release of retention money to the respective contractors for projects with final acceptance and without discovered defects/issues after coordination between the End-user or assigned Project Engineer/s and the contractor/s, and (3) possible appropriate actions to be taken for terminated projects especially those contractors to whom the Authority has existing claims;</p> <p>b. Prepare and maintain an aging schedule for the account, with complete details (i.e., name of suppliers or contractors with their respective total balances and the</p>	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<p>corresponding number of days outstanding); and</p> <p>c. Effect the necessary adjustments in the books of accounts, as necessary.</p>	
<p>AAR 2022 Observation No. 21, pages 136-143</p>	<p>The Accounting System of CAAP could not be relied upon due to the absence of crucial internal controls as evidenced by the prevalent occurrence of the following: a) erroneous and non-posting of transactions, b) unreconciled variances between General Ledgers (GLs) and Subsidiary Ledgers (SLs), and c) negative balances within the accounts, which cast doubt on the fair presentation of affected accounts in the financial statements.</p>	<p>Management to direct the Department Manager III, Finance Department, to:</p> <p>a. Initiate the procurement or establishment of an automated accounting system;</p> <p>b. Review or revise the Accounting Division's current internal control policies or procedures to minimize the risk of inaccurate or unreliable financial statements by ensuring that posting of transactions and reconciliation of account balances are regularly performed; and</p> <p>c. Oversee that the Accounting Division conducts the following to resolve the current issues:</p> <p>i. Review all erroneous postings and prepare the necessary journal entries to correct them, as warranted;</p>	<p>All of the six recommendations were implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<ul style="list-style-type: none"> ii. Reconcile the variances noted between the GL and SL and prepare the necessary journal entries, as warranted; iii. Prepare SLs for the Trust Liabilities-Disallowances/Charges account and other critical accounts; and iv. Investigate each SL with negative balances and determine the appropriateness of previous journal entries. Prepare the journal entries to correct the issue after that. 	
AAR 2022 Observation No. 22, pages 143-146	CAAP granted financial assistance to 16 airline operators amounting to P52.875 million over the six-month period explicitly provided under Section 4 (gg) (2) of RA No. 11494 and MC No. 32-2020.	<ul style="list-style-type: none"> a. Coordinate with the 16 beneficiaries and arrange for the return of the excess grant they received; b. Re-evaluate the request of other Critically-Impacted Businesses to avail of the assistance program but were not granted and determine whether they are qualified for the program; and 	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		c. Coordinate with DOTr and request approval for the reallocation/distribution of P52.875 million to other qualified beneficiaries, if any, in accordance with the provisions of applicable laws, rules, and regulations. Otherwise, process the return of the excess financial assistance to DOTr.	
AAR 2022 Observation No. 23, pages 146-149	The payment for Flying Pay to CAAP personnel amounting to P15.617 million was not in accordance with Section 30 of Republic Act No. 776 and Section 315 (c) of the Government Accounting and Auditing Manual, Volume I, hence, an irregular expenditure.	a. Stop the payment of Flying Pay to officers and employees who traveled by plane and whose purposes are unrelated to aircraft operations and aerial missions; and b. Submit an explanation/justification to the Audit Team as to why these payments should not be disallowed in the audit.	Both recommendations were implemented.
AAR 2022 Observation No. 24, pages 149-152	The accuracy and regularity of payments to the service provider of Institutional Contract of Service (ICOS) personnel covering March 2020 to December 31, 2022, totaling P2.376 billion, were doubtful due to the non-validation of the claims before payment.	a. Direct the Chiefs of the Accounting Division, the HRMD, along with other key offices of CAAP to formulate a documented policy on the processing of all claims of the service provider. Ensure that controls are embedded in the process to ensure all claims are accurate, 100 per cent validated, reviewed, approved, and monitored. The policy must also include, among	Recommendations (b.i), (b.ii), (c.i), and (d) were implemented while recommendations (a), and (c.ii), were not implemented. The observation was reiterated with modification in Part II, No. 14 of this report.

Ref.	Observations	Recommendations	Status of Implementation
		<p>others, the duties and responsibilities of each office/personnel involved, the procedures to be done, the timelines, and documentary requirements.</p> <p>b. Require the Accountant to:</p> <p>i. Submit an explanation to the Director General as to why 100 per cent validation was not conducted on the subject payments and commit, moving forward, that they will review the processes of the Accounting Division and exercise prudence in the handling of government funds by ensuring that all claims against the Authority are first thoroughly validated prior to payment;</p> <p>ii. Orient its personnel handling the validation to ensure that they are well aware and knowledgeable on the payment/transaction they are validating.</p>	

Ref.	Observations	Recommendations	Status of Implementation
		<p>c. Instruct the Chief, HRMD to:</p> <ul style="list-style-type: none"> i. Ensure the timely updating of its master list and attach the same to the disbursement vouchers corresponding to the period billed; and ii. Only certify that the service provider has satisfactorily rendered services after obtaining sufficient documented evidence to support such certification from Area Centers. <p>d. Consider the decentralization of processing of payments to the service provider to manage better the volume of transactions that need to be validated.</p>	
AAR 2022 Observation No. 25, pages 152-154	Penalties in the amount of P33.910 million remained uncollected despite the issuance of demand letters, which was not consistent with Item 7.1.17 of the Terms and Conditions of the Contract with the Service Provider, thus, precluding the CAAP from using the funds for other priority	<p>1. AC I Management direct the Finance personnel to:</p> <ul style="list-style-type: none"> a. Deduct penalties and the amounts for the actual violations based on the Table of Offenses/Violations and Penalties from succeeding billings considering that these are explicitly identified in the contract; 	<p>Recommendations (1.b), (2.a), and (c) were implemented while recommendations (1.a) and (2.b) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 22 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
	projects, plans, and programs.	<p>b. Issue a demand letter/s for the collection of the unpaid penalties.</p> <p>2. AC I Management:</p> <p>a. Coordinate with the Enforcement and Legal Service of CAAP-HO for assistance/guidance in undertaking possible legal actions against the Service Provider to settle the penalties considering that the contract agreement ended in February 2022;</p> <p>b. Require the Accountant to record in the Authority's books of accounts the uncollected penalties in the amount of P33.91 million to recognize the related receivable properly; and</p> <p>c. Require the Accountant to issue another demand letter covering the discrepancy of P0.927 million.</p>	

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 26, pages 154-156	The absence of periodic review and monitoring on the implementation of the Contracts of Lease for Concession for the leased premises at CAAP-Head Office (HO) and AC V resulted in non-collection of rental fees and other charges by at least P1.174 million and P40,577, respectively.	<p>Management instruct the following:</p> <p>a. CAAP-HO Internal Audit Services (IAS) conduct a periodic review of operations, processes, and activities, particularly those embodied in the CAAP Concession Manual, and formulate/recommend the necessary improvement/s to it, if any, for the approval of the Top Management/Board of Directors;</p> <p>b. CAAP-HO AD:</p> <p>i. Expedite the preparation and issuance of billing statements and, henceforth, ensure the timely and regular issuance of billing statements to all concessionaires and the preparation of complete and accurate SLs;</p> <p>ii. Enforce the collection of unpaid rental fees and other charges, including the penalty and interest provided under Section 3.12 of the CLC;</p>	<p>Recommendations (b.i), (b.ii), (b.iii), (b.iv), (c.i), (c.ii), (c.iii), and (d) were implemented while recommendation (a) was not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 23 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>iii. Exert diligent effort to collate all the relevant documentation, including the prior years' CLCs of other concessionaires in CAAP-HO, to determine the exact amount of rental fees and charges from the inception of the contracts up to the subsequent renewals of the lease term; and</p> <p>iv. Monitor the payments made by Concessionaires to ensure that said payments are in accordance with the lease terms per CLC.</p> <p>c. CAAP-HO BDD:</p> <p>i. Strictly comply with the procedures in processing the renewal of CLC;</p> <p>ii. Verify and ensure that all lessees strictly comply with the documentary requirements before renewing any contract;</p> <p>iii. Regularly provide the CAAP-HO AD and the Office of the Auditor copies of the CLCs and all necessary</p>	

Ref.	Observations	Recommendations	Status of Implementation
		<p>documents to determine the exact amount of rental fees and charges due from the lessees; and</p> <p>d) Accounting/Billing Units in AC V to require the collection of unpaid rentals from concessionaires with long-time dues and ensure the issuance of demand letter/s for delinquent accounts.</p>	
AAR 2022 Observation No. 27, pages 157-158	CAAP did not file the creditable withholding taxes amounting to P27.041 million as tax credits in its annual income tax return, thus exposing the Authority to the risk of loss due to foregone tax credits.	<p>Management direct the Department Manager III, Finance Department to:</p> <p>a. Submit an explanation/justification as to why the tax credits were not applied in CAAP's income tax returns;</p> <p>b. Immediately coordinate with the BIR to file tax credits amounting to P27.041 million recorded under the WTaS account; and</p> <p>c. Moving forward, ensure proper monitoring of creditable withholding taxes in the WTaS account.</p>	<p>All of the three recommendations were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 17 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 28, pages 158-16	Taxes withheld on compensation from officers and employees, Government Money Payments (GMP), Value-Added Tax (VAT), Percentage Tax, and for the expanded withholding taxes from various suppliers amounting to P5.923 million in CAAP-HO were not remitted to the BIR within the prescribed period, thereby exposing the Authority to unnecessary penalties and interests.	<p>Management to instruct the Department Manager III, Finance Department in CAAP-HO to:</p> <ul style="list-style-type: none"> a. Designate personnel who will perform regular monitoring of withholding taxes to ensure all taxes withheld for a particular month are duly remitted to the BIR in the following month. We also recommended that the said personnel directly report any irregularities noted to the Department Manager III, Finance Department, to ensure compliance with existing tax laws; b. Determine, along with the Accounting Division, the amount of withholding taxes that are yet to be remitted to the BIR and remit the same immediately to avoid additional penalties and surcharges; and c. Strictly adhere to existing guidelines on the timely remittance of withholding taxes, moving forward. 	<p>Recommendation (b) was implemented while (a) and (c) were not.</p> <p>The observation was reiterated with modification in Part II, No. 18 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 29, pages 160-161	Disallowances and charges which have become final and executory in CAAP-HO totaling P6.778 million remained unsettled due to the laxity of Management in enforcing its settlement or recovery contrary to Section 7.1.3 of COA Circular No. 2009-006 dated September 15, 2009.	<p>Management to strictly adhere to the Rules and Regulations on the settlement of accounts prescribed under COA Circular No. 2009-006 by directing the:</p> <ul style="list-style-type: none"> a. Chief Accountant to withhold the salaries or any money due to all persons liable, who are still connected with CAAP, for the settlement of their liabilities; and b. Concerned CAAP officials to initiate and exhaust all legal means to collect/recover the disallowances and charges by sending demand letters, filing administrative/criminal actions in case of unjustified refusal to settle their liabilities, and/or other appropriate legal actions. 	<p>Both recommendations were not implemented.</p> <p>The observation was reiterated in Part II, No. 35 of this report.</p>
AAR 2022 Observation No. 30, pages 161-171	The absence/lack of policies, a manifestation of weak internal control, resulted in various deficiencies in the grant, utilization, and liquidation of <i>Petty Cash Fund (PCF)</i> , thereby exposing government funds to potential loss, misuse, and/or misappropriation.	a. Instruct the CAAP-HO Corporate Planning Office, in coordination with other relevant offices, to develop and recommend a policy, for Management to adopt and implement, regarding cash management and controls encapsulating the requirement outlined in Section 4 of PD 1445, COA Circular Nos. 97-002 and 2012-001, and other	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<p>applicable rules and regulations, including authorization and approval procedures, verifications, reconciliations, reviews of processes and activities, and documentation; detailing therein the responsibilities of the Management, the Accountant, the AOs, and other concerned employees, in the granting, utilization, liquidation, replenishment, handling, custody, and disposition of the funds. Considering that these are public funds, including a provision for administrative and legal sanctions that CAAP may impose in case of non-compliance;</p> <p>b. Require the Accountant/s, Internal Auditor/s, and AOs to attend training/seminars on Cash Management and Control Systems or any course designed for Accountable Officers to give them a better understanding of their responsibilities, the knowledge, and skills they need to perform their job, and for them to develop an appreciation of internal control system; and</p>	

Ref.	Observations	Recommendations	Status of Implementation
		c. Direct the Internal Auditor to review and evaluate the effectiveness of the internal control system of CAAP, introduce and/or recommend to Management for its improvement to mitigate identified risks in cash management.	
	1) On the granting and utilization of cash advances for PCF: a) Disbursements out of the PCF in the total amount of P380,935 without an approved Petty Cash Voucher (PCV)	Management to instruct all PCCs to ensure that payment/s out of the PCF be made only when the requestor presents a duly approved PCV.	Implemented
	b) Regular expenses paid out of PCF	a. Instruct the PCCs in CAAP-HO and AC X to refrain from using the Petty Cash Fund to pay for regular and recurring expenses; and b. Direct the Supply and Procurement Divisions to carefully plan and schedule the timely procurement of goods and services, particularly those items included in the Project Procurement Management Plan and approved Annual	Both recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		Procurement Plan, to serve the demands of the requesting offices and prevent the frequent resort to emergency purchases.	
	c) The amount of P231,871 disbursed for purposes other than what was authorized	<p>a. Enjoin all PCCs to refrain from disbursing PCF for purposes other than those stated in the Authority Orders; and</p> <p>b. Designate Special Disbursing Officers to be granted special cash advances to defray expenses for the special purpose/time-bound undertakings such as in-house training and seminars.</p>	Both recommendations were implemented.
	d) Absence of policy on the disbursement of meals and snacks during the conduct of meetings	<p>a. Instruct the CAAP-HO Corporate Planning Office, in coordination with other relevant offices, to formulate a policy that will serve as CAAP's control mechanism on the disbursements for representation expenses, to include, among others, the following:</p> <p>i. Specific guidelines or criteria on what meetings/proceedings may entail costing for meals and snacks to ensure that disbursements related to it are indeed necessary.</p>	Both recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<p data-bbox="818 310 1133 573">ii. Allowable amount to be spent for snacks and meals to ensure costs are within budget and not at an excessive amount.</p> <p data-bbox="818 621 1133 1497">iii. Documentary requirements necessary for the disbursement. Enumerate all the necessary documents as required under relevant laws, rules, and regulations, and other documents to establish that the meeting/conference/seminar was indeed conducted, such as Notice of Meeting, Agenda, Attendance Sheet, Minutes of Meetings, or post-activity reports.</p> <p data-bbox="743 1545 1133 1728">b. Direct all Petty Cash Custodians to secure the necessary Purchase Request prior to disbursements.</p>	

Ref.	Observations	Recommendations	Status of Implementation
	2) On the liquidation of cash advances and replenishments of PCF: a) Disbursements not supported with complete documentation contrary to COA Circular No. 2012-001	Management direct CAAP-HO and AC V: a. Submit the lacking supporting documents on payments made from the PCF; and b. Henceforth, direct the Accountable Officers and the Accountant to ensure that complete supporting documents, as prescribed under COA Circular No. 2012-001, are attached to the vouchers.	Both recommendations were not implemented. The observation was reiterated in Part II, Observation No. 32 of this report.
	b) Splitting of transactions above P15,000 to avoid exceeding the ceiling to be disbursed through PCF	Management adhere to COA Circular No. 2012-001 and stop the practice of splitting transactions to circumvent applicable rules and regulations.	Implemented
	c) PCF unutilized for more than two years was not liquidated in contrast to COA Circular No. 97-002 dated February 10, 1997	Management to instruct the Accountable Officers to liquidate/return any cash advance that is no longer needed or has not been used for two months as prescribed by COA Circular 97-002.	Implemented
	3) On the handling, custody, and disposition of records: a) Prescribed cashbook/PCF Record not prepared/maintai	a. Enjoin all PCCs to prepare and maintain the prescribed cashbook/PCF record immediately; and b. Direct the CAAP-HO and AC X Accountants to brief/orient newly-appointed or designated	Both recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
	ned by some PCCs	Accountable Officers regarding the roles and responsibilities as such.	
	b) Unrecorded disbursement in the Petty Cash Fund Record (PCFR)	Management to direct the Accountable Officers to regularly and accurately record all PCF transactions in their respective PCFRs.	Implemented
	c) PCFR not reconciled vis-à-vis the cash on hand daily	Management to direct the Accountable Officers to reconcile the PCFR cash balance with the cash on hand daily.	Implemented
	d) PCFR not reconciled with accounting records	Management to direct the Accountant and the Accountable Officers to reconcile their books periodically.	Implemented
AAR 2022 Observation No. 31, pages 169-171	Non-compliance with rules in handling dishonored checks prescribed under COA Circular No. 91-368 dated December 19, 1991.	<p>Management agreed to:</p> <p>a. Direct the Cashiering Division-HO and all Collecting Officers to strictly adhere to existing rules in handling dishonored checks by:</p> <p>i. Carefully scrutinizing the checks presented for any deficiency, erasure, or alteration, specified in CHOM No. 15-460.A, before accepting them as payment and issuing an OR. Do not accept stale checks and do not issue OR for postdated checks;</p>	All of the six recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<ul style="list-style-type: none"> ii. Requiring payors with a record of dishonored checks to pay only in cash or by certified checks; iii. Issuing Notice of Dishonored Checks to the drawer and each indorser; iv. Preparing periodic reports such as the report of dishonored checks and the list of payors with previously dishonored checks; v. Recording and reporting dishonored checks and canceled ORs; and b. Instruct the Accountant to adjust entries for the dishonored checks and canceled ORs, if warranted. 	
AAR 2022 Observation No. 32, pages 171-173	The non-liquidation of cash advances for official travel of Accountable Officers (AOs), as well as the inaction of the Accountant in monitoring the cash advances and ensuring their timely liquidation, was not in accordance with COA Circular No. 96-004 dated April 19, 1996, which exposed the	<ul style="list-style-type: none"> a. For CAAP-HO, AC VI, and IX, as applicable: <ul style="list-style-type: none"> i. Formulate, adopt, and implement a policy encapsulating the requirement outlined in COA Circular No. 96-004 dated April 19, 1996, and other applicable rules and regulations, detailing therein the 	All of the five recommendations were implemented.p

Ref.	Observations	Recommendations	Status of Implementation
	<p>Authority to risk of possible loss or misuse of funds and the misstatement of the Advances to Officers and Employees and the related expense accounts.</p>	<p>responsibilities of AOs and the Accountant alike in the grant and liquidation of cash advances.</p> <p>Considering that these cash advances entail public funds, including a provision for administrative and legal actions the Authority may take in case of non-compliance;</p> <p>ii. Direct the Accountant to issue a final written reminder to all erring AOs to liquidate their existing cash advances on or before a specific date and provide a valid explanation as to why they have failed to liquidate their cash advances despite the demand; otherwise, cause the deletion of the name of the official or employee from the subsequent payrolls until such time that the cash advance/s for travel has been fully liquidated, in accordance with COA Circular No. 96-004 dated April 19, 1996;</p>	

Ref.	Observations	Recommendations	Status of Implementation
		<p>iii. If, despite the opportunity to liquidate their outstanding cash advances, the AOs still fail to settle their cash advances, instruct the Enforcement and Legal Service to assess each circumstance of non-liquidation for appropriate legal action, if warranted.</p> <p>b. For AC IX to exert all effort to locate the whereabouts of accountable officers who are no longer with CAAP; and</p> <p>c. For AC VI and IX, request a write-off of the accountabilities of deceased accountable officers and those with long outstanding accounts.</p>	
AAR 2022 Observation No. 33, pages 174-175	Non-compliance with Presidential Decree No. 1445 and COA Circular No. 97-002 dated February 10, 1997, on the grant and liquidation of cash advances, thereby exposing the Authority to risk of misappropriation/loss of assets.	<p>a. Designate additional SDOs to handle cash advances for the special purpose/time-bound undertakings to ensure timely liquidation of all cash advances;</p> <p>b. Demand the SDOs to liquidate their cash advances immediately and ensure they know their duties and responsibilities when handling cash advances</p>	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<p>and the repercussions of non-compliance; and</p> <p>c. Formulate, adopt, and implement a policy encapsulating the requirement outlined in COA Circular No. 97-002 dated February 10, 1997, and other applicable rules and regulations, detailing therein the responsibilities of SDOs and the Accountant alike in the grant and liquidation of cash advances. Considering that these cash advances entail public funds, including a provision for administrative and legal actions the Authority may take in case of non-compliance.</p>	
AAR 2022 Observation No. 34, pages 175-179	Absence of Certificate(s) of Title (COT) or, if available, not under the name of the Authority casts doubt on the validity of CAAP's ownership to several lots.	<p>a. CAAP-HO ADMS, AMD, and ELS to coordinate with MIAA to expedite the transfer under CAAP's name of the Certificate of Titles on the lots used at CATC and Manila Radar;</p> <p>b. CAAP-HO ADMS, AMD, and ELS to process the transfer of Certificate of Titles on Tagaytay Radar—Site 1 lot under CAAP's name;</p> <p>c. Area Center II to facilitate the titling of the 64 lots in the name of CAAP; allocate funds to complete the processing of</p>	<p>Recommendations (c), (d), (e), (f), (g.i), (g.ii), were implemented while recommendations (a), (b), (h.i), (h.ii), and (i) were not implemented.</p> <p>The observation was reiterated with modification in Part II, No. 29 of this report.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>Certificates of Title and other legal documents to support CAAP's claim of ownership of all its land properties; and safeguard government funds and properties by ensuring that transactions are legal, valid and proper;</p> <p>d. Area Center VIII to inquire and request from CAAP-HO Central Records and Archives Division (CRAD) for copies of the proof of ownership over these lands which were recorded in the books of accounts. Also, if some of these lands have a Deed of Sale only, propose to CRAD that the Registry of Deeds annotate these deeds.</p> <p>e. AC VI to justify the long outstanding unsettled transfer and titling of parcels of land and obtain required documentation to facilitate processing thereof;</p> <p>f. AC X to conduct a complete inventory of all lots purchased and/or received, expedite the processing of land titles, and request assistance from CAAP-HO to conduct land appraisal/revaluation;</p> <p>g. AC XI:</p> <p>i. Submit an updated and detailed (1) status report of the land titling and (2) status report</p>	

Ref.	Observations	Recommendations	Status of Implementation
		<p>on land acquisition and resettlement plan;</p> <p>ii. Make representation with the CAAP-HO to exert legal means to expedite the processing of the land titles;</p> <p>h. AC XII:</p> <p>i. Exhaust all possible legal means to secure TCT of all parcels of land acquired by all airports to confirm its legal ownership. Henceforth, ensure that land acquired is covered with TCTs registered under the name of the Authority;</p> <p>ii. Accounting Unit to update the supporting schedule of the land account to include relevant information necessary in ascertaining the ownership and accurate recording of the account; and</p> <p>i. ACs X and XII to facilitate surveying lots with undetermined portions to determine the exact parcels of land controlled by CAAP.</p>	

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 35, pages 179-181	Poor procurement planning in CAAP-HO resulted in the overstocking of Accountable Forms, which is contrary to Section 7.1 of the 2016 Revised Implementing Rules and Regulation (RIRR) of Republic Act (RA) No. 9184, Section 27 of the General Provisions of the 2022 GAA and Section 5 of COA Circular 2012-003, thereby, exposing the Authority to potential loss and wastage.	<p>Management to direct the Supply Division to:</p> <ol style="list-style-type: none"> Coordinate with all Supply Officers of CAAP ACs and formulate reorder points for each accountable form, and establish a clear process on when to purchase accountable forms to ensure that no overstocking will take place in the HO as well as in the ACs.; and Control and distribute postage stamps to properly monitor the supplies in accordance with the mandate of its Office. 	Both recommendations were implemented.
AAR 2022 Observation No. 36, pages 181-182	The low utilization of the FY 2022 Corporate Operating Budget (COB) of CAAP indicated the inability of Management to implement its identified priority projects which could hamper the delivery of public service and deprived the National Government of the funds which could have been used for other priority projects.	<ol style="list-style-type: none"> Instruct the concerned offices with low budget utilization rates to justify why their programs/projects remained unimplemented as of December 31, 2022; Evaluate the justification and use it to determine the appropriate strategies or courses of action to ensure immediate implementation or re-allocation of funds for other priority projects, if needed; Moving forward, institute measures, including the accountability of concerned offices, to ensure timely implementation of projects/activities and, consequently, the 	All of the four recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<p>utilization of funds within the year they were budgeted; and</p> <p>d. Direct the Budget Division to closely monitor the budget utilization of CAAP and, thereafter, periodically inform the Office of the Director General of any noted deviation so that the ODG may initiate immediate actions.</p>	
AAR 2022 Observation No. 37, page 182	Results of confirmation of receivables from lessees disclosed an unreconciled difference of P1.619 million.	Management instruct the CAAP-HO AD to trace and identify the causes of the difference between the balance per CAAP's and lessees' books, reconcile with the lessees' records, and make necessary adjustments in the books of accounts, if warranted.	Not Implemented The observation was reiterated in Part II, No. 24 of this report.
AAR 2022 Observation No. 38, pages 182-184	IT security policy was not effectively implemented, thereby exposing CAAP to potential security breaches or data loss.	<p>Management direct the CAAP-HO MISD to:</p> <p>a. Revisit CAAP's IT security policy, monitor and ensure that controls are implemented and operating effectively; and</p> <p>b. Disseminate the IT security policy to all CAAP employees/personnel to raise awareness and help the Authority protect against confidentiality, integrity, and availability threats.</p>	Both recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 39, pages 184-186	Missing deliverables due to non-compliance with the procedures prescribed in the Administrative and Finance Service (AFS) Operations Manual	<p>Management direct:</p> <p>a. CAAP-HO SD to:</p> <p>i. Strictly adhere to the guidelines prescribed in the AFS Operational Manual, particularly on receiving delivered Goods from suppliers and issuing supplies/equipment and Property Accountability for Goods Delivered/Received on-site;</p> <p>ii. Ensure complete documentation to establish accountability and ensure proper monitoring of the whereabouts of CAAP properties; and</p> <p>b. Instruct CAAP-HO MISD and SD to expedite the recovery of properties in the custody of employees already separated from CAAP.</p>	All of the three recommendations were implemented.
AAR 2022 Observation No. 40, pages 186-187	Defective/unserviceable contract deliverables not disposed of and still in possession of the end-users.	<p>a. Direct end-users of defective/unserviceable properties to return/surrender the properties to the Property Control Officer for their appropriate actions;</p> <p>b. Property Control Officer and Supply Division to collect returned/surrendered properties, prepare the Report of Waste Materials,</p>	All of the three recommendations were implemented.

Ref.	Observations	Recommendations	Status of Implementation
		<p>and cancel the item in the individual PAR/ICS; and</p> <p>c. Disposal Committee, in coordination with Supply Division, to facilitate the disposal of unserviceable properties in accordance with the procedures prescribed under Circular No. 89-296, AFS Operations Manual, and other pertinent laws, rules, and regulations, to avoid further deterioration and possible loss of value.</p>	
AAR 2022 Observation No. 41, pages 187-188	The Authority did not secure a contract or a subscription agreement with a reliable telecommunication company for the telephone services in the CAAP-HO. Instead, Management continuously paid a third-party or intermediary supplier, despite the lack of a valid contract or agreement, which placed the Authority in a disadvantageous position when imposing its rights for services it had been paying.	<p>a. Initiate appropriate legal remedies provided under RA 9184 against the service provider for their non-compliance with contract provisions; and</p> <p>b. Henceforth, ensure that all procurement made is duly supported with valid and binding contract agreements before payment.</p>	Both recommendations were implemented.
AAR 2022 Observation No. 42, page 189	Annual quality assessment or cost-benefit analysis on the service provider of CAAP for telephone services in the CAAP-HO was	We recommended that Management instruct the MISD to initiate the yearly assessment of telephone services to check if the cost-benefit analysis still favors the current service provider; if not,	Implemented

Ref.	Observations	Recommendations	Status of Implementation
	not conducted, contrary to Section 3.2.1.2 of Appendix 21 of the 2016 RIRR of RA No. 9184, which cast doubt on whether the telephone services availed by CAAP continued to be favorable to the Authority.	bid the said services with other telephone service providers.	
AAR 2022 Observation No. 43, pages 189-190	CAAP did not formulate a Gender and Development (GAD) Agenda contrary to PCW Memorandum Circular No. 2018-04 dated May 4, 2018. Moreover, CAAP did not prepare its GAD Plan and Budget (GPB) for CY 2022 as required under PCW-NEDA-DBM Joint Circular No. 2012-01 due to the Management's non-conduct of GAD planning and budgeting for two consecutive years.	Management instruct the GFPS Executive Committee to provide a detailed course of action it will undertake to ensure its compliance forthwith with PCW Memorandum Circular No. 2018-04 and PCW-NEDA-DBM Joint Circular No. 2012-01.	Implemented
AAR 2022 Observation No. 44, page 191	CAAP did not assign a Responsibility Center (RC) for the Gender and Development (GAD) Focal Point System contrary to COA Circular No. 2021-008 dated September 6, 2021.	Management instruct the Chief of the Budget Division to implement an RC Code specific to GFPS in compliance with COA Circular No. 2021-008 dated September 6, 2021.	Not Implemented The observation was reiterated in Part II, No. 41 of this report.

Ref.	Observations	Recommendations	Status of Implementation
AAR 2022 Observation No. 45, pages 191-192	The Canvass and Contract Committee (CCC) did not conduct a detailed evaluation of the eligibility of all bidders in determining the Lowest Calculated Bid (LCB) in the procurement of goods and services amounting to P26.908 million, contrary to Sections 30.1 and 32 of the Republic Act No. 9184 (R.A. No. 9184).	Direct the CCC at CAAP Dumaguete Airport and CAAP BPIA to henceforth, conduct a detailed evaluation on the eligibility of all bidders in determining the Lowest Calculated Bid and require CAAP Dumaguete to submit the Minutes of the Meeting/bidding, in accordance with Sections 30.1 and 32 of the Revised IRR of the RA No. 9184 to ensure a fair and equal opportunity/access to all prospective bidders.	Implemented
AAR 2022 Observation No. 46, pages 192-193	The Bids and Awards Committee (BAC) did not conduct a Pre-Procurement Conference for the procurement of five infrastructure projects, with an individual Approved Budget for the Contract amounting to more than P5 million, contrary to Section 20 of the Revised Implementing Rules and Regulations of Republic Act No. 9184.	Management ensure that henceforth, the BAC will conduct Pre-Procurement Conference for Infrastructure Projects with an ABC amounting to more than P5 million in accordance with the provision of Section 20 of the Revised IRR of RA No. 9184.	Implemented