

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Out of the **153** audit recommendations embodied in the Calendar Year (CY) 2023 Annual Audit Report (AAR), **65** were implemented, and the remaining **88** were not implemented and were reiterated in Part II of this Report. Details are presented below:

Ref.	Observations	Recommendations	Status of Implementation
AAR 2023 Observation No. 1, pages 70-77	<p>The faithful representation of the <i>Property and Equipment (PE)</i> account balance of P57.156 billion could not be established due to unreconciled variances of records and non-recording of properties which are not in accordance with the provisions of Paragraph 15, Philippine Accounting Standards (PAS) 1.</p> <p>a. Variance of 10.817 billion between the balances per books of accounts and the Report on the Physical Count of Property, Plant, and Equipment (RPCPPE).</p>	<p>a. CAAP Inventory and Reconciliation Committee, in coordination with the Supply and Accounting Divisions of CAAP-HO and ACs to:</p> <p>i. Strictly implement the guidelines outlined in COA Circular No. 2020-006 dated January 31, 2020, and CAAP Memorandum dated December 28, 2023, regarding the Physical Inventory Plan (PIP) for the One-Time Cleansing of PPE Account Balance of CAAP to reconcile the variances between the balances per books and the RPCPPE;</p> <p>ii. Assess the value of PE items found at the station in case no such information could be found in both accounting and supply records;</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>b. CAAP-HO and ACs Accounting Division to make the necessary adjustments for the recognition of PE items found at the station and disposition of non-existing/missing PE items, if warranted, to reflect the correct PE account balances;</p> <p>c. ACs V, IX, and XI to maintain updated accounting and property records;</p> <p>d. ACs II and V to finalize and submit the inventory reports and other supporting documents to the Audit Team; and</p> <p>e. Direct AC VI to issue demand letters to the accountable personnel responsible for non-existing or missing properties and instruct the Accounting Unit to set up receivable accounts for those personnel who were unable to produce the PE items, if appropriate.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
	<p>b. Variance between General Ledger (GL) and Subsidiary Ledgers (SL) amounting to P112.328 million as of December 31, 2023.</p>	<p>a. CAAP-HO AD to exert effort to locate the supporting documents of prior years' transactions to be able to reconcile the GL and SL balances and prepare the necessary adjusting entries, if warranted;</p> <p>b. AC X to enjoin the Accountant and Property Custodian to update the lapsing schedule and RPCPPE once the cleansing is completed and make necessary adjustments to reflect the correct amounts of reported PPEs and related depreciation expenses for the fair presentation of financial statements, copy furnish COA of the adjustments made;</p> <p>c. AC X Accounting Unit and the Property and Supply Office/Unit to maintain Property, Plant, and Equipment Ledger Cards (PPELC) and Property Cards (PC) for all existing and newly acquired PPEs, respectively, to ensure that the balances of both cards are always reconciled; and</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p>

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		<p>d. Direct AC X to ensure that all relevant data, including appraisal values and derecognition of items, are updated in the relevant reports during the one-time cleansing of PPE.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p>
	<p>c. Non-recording of properties resulted in an understatement of Land, Other PE, and Semi-Expendable Property by an undetermined amount.</p>	<p>a. Require CAAP-HO Real Estate Titling Task Force (RETTF), in coordination with Asset Management Division (AMD), Aerodrome Development and Management Service (ADMS), Supply Division (SD), and Accounting Division (AD) to expedite the validation of the unrecorded land by obtaining the necessary documents (i.e. documents for the transfer of properties, appraisal reports, titles, etc.) and coordinate with the source agencies for documents to support the transfers;</p> <p>b. Instruct the CAAP-HO SD and AD to obtain the necessary documentation to substantiate the acquisition of firearms and determine their cost. If necessary, initiate an appraisal process to assess their value. Accordingly, instruct</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>the AD to accurately record the firearms in the books of accounts; and</p> <p>c. Direct the CAAP-HO AD to make the necessary adjustments to reflect the correct balances of the accounts in the financial statements.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 1 of this AAR.</p>
<p>AAR 2023 Observation No. 2, pages 77-84</p>	<p>The faithful representation of the carrying amounts of the <i>Accounts Receivable (AR) and Operating Lease Receivable (OLR)</i> accounts in the amount of P3.906 billion and P308.477 million, respectively, could not be ascertained due to the existence of past due accounts; inadequate allowance for impairment/expected credit losses; unreconciled variances; and unconfirmed balances contrary to Paragraph 15, PAS 1.</p> <p>a. Existence of past due accounts of P3.266 billion or 51.56 per cent of the receivable balance per SL/Aging Reports.</p>	<p>Instruct the Accounting Division in CAAP-HO and all Area Centers (ACs) to:</p> <p>a. Intensify efforts to promptly issue monthly Statement of Accounts (SOA) and/or Collection Notices to all air operators/airline companies, detailing current billings and arrearages. Continuously send demand letters to delinquent clients to ensure timely payment;</p> <p>b. Enforce diligently updated policies and procedures for collection, adhering strictly to the guidelines provided in CAAP Memorandum Circular No. 018-2023. Implement penalties and surcharges at a rate of 12 per cent per annum on all delinquent accounts;</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>c. Exert diligent efforts to locate all necessary supporting documents essential for verifying the existence and validity of long-outstanding and dormant receivables. Exhaust all available remedies to collect these outstanding amounts; and</p> <p>d. Evaluate the dormant accounts and request authority to write them off, if warranted, in accordance with COA Circular No. 2023-008.</p>	<p>Not implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>
	<p>b. Inadequate Allowance for Impairment/ Expected Credit Losses (ECL) based on PFRS 9.</p>	<p>CAAP-HO and ACs Accounting Division to:</p> <p>a. Adhere to the impairment requirements of PFRS 9 on the recognition and measurement of ECL of Accounts Receivable and, accordingly, incorporate the same in its Accounting Policy;</p> <p>b. Establish concrete plans to facilitate the completion of the detailed review and evaluation of the CAAP's receivables portfolio necessary for the calculation of the ECL; and</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>c. Prepare adjusting entries to ensure the fair presentation of the receivable accounts and the related impairment loss accounts in compliance with PFRS 9.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>
	<p>c. Variance of P344.790 million between the General Ledger (GL) and Subsidiary Ledger (SL) balances per Aging Reports of Accounts Receivable (AR)/Operating Lease Receivable (OLR).</p>	<p>Direct the Accounting Division in CAAP-HO and all Area Centers to conduct an in-depth examination and periodic reconciliation to identify the other possible factors contributing to the variance between the GL and the SL balances. Prepare the necessary adjusting entries, if warranted.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>
	<p>d. Variance of P579 million between the accounting records and the amount confirmed by 40 airline companies, and the unconfirmed balance of P1.168 billion in CAAP-HO.</p>	<p>Instruct the Accounting Division in CAAP-HO to:</p> <p>a. Designate dedicated personnel who would coordinate directly with the clients/airline companies for the reconciliation of balances between 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>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>b. Continuously pursue the coordination efforts initiated with the Regulatory Standards Department (RSD) of the Flight Standards Inspectorate Service (FSIS) to develop a concrete plan for inclusion in the billing and collection policy to address the persistent challenge of reconciling and collecting outstanding receivable balances from previous years, particularly on flights previously handled by the operators' former ground handlers.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2 of this AAR.</p>
<p>AAR 2023 Observation No. 3, pages 84-86</p>	<p>The reliability of the balance of the <i>Input Tax</i> account amounting to P269.582 million as of December 31, 2023, could not be ascertained due to the non-reconciliation of the variance of P210.671 million between the GL and the input tax computed from unpaid purchases in accounts payable.</p>	<p>Instruct the Accounting Division in CAAP-HO to:</p> <p>a. Reconcile the balance in the Input Tax account with the input tax recorded in the Accounts Payable account and prepare the necessary Journal Entry Voucher to rectify any discrepancies in the account balance;</p> <p>b. Prepare immediately SLs or a schedule of input taxes to support the Input Tax account, ensuring that essential information required for the preparation of the Summary Listing of</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 3 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 3 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>Sales and Purchases is readily available and included in the SL/ schedule; and</p> <p>c. Ensure the proper and continuous maintenance of the SLs or supporting schedule.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 3 of this AAR.</p>
<p>AAR 2023 Observation No. 4, pages 86-90</p>	<p>The <i>Inventory</i> accounts with an aggregate balance of P138.194 million, net of impairment, were not faithfully represented in the financial statements of CAAP due to: a) the unreconciled variance between accounting records and the Report on Physical Count of Inventories (RPCI) and Report on Physical Count of Semi-Expendable Properties (RPCSP) amounting to P47.193 million, b) unrecorded inventory issuances, and c) non-recognition of Allowance for Impairment.</p>	<p>1. For CAAP-HO, ACs V, VI, IX and XII to:</p> <p>a. Establish an Inventory Committee that includes both Chiefs of the Supply and Accounting Division who will be responsible for the following:</p> <p>i. Planning, executing, and reporting of the conduct of physical count of inventories, including the subsequent reconciliation of accounts;</p> <p>ii. Investigate any shortages to determine the accountability of erring personnel for overages, ensure that it is reconciled with control records; and</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 4 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>iii. The Committee to provide a valid and justifiable explanation to the Director General in the event of any failure to conduct the physical count, reconcile the records, or timely submit the RPCI and RPCSP to the Audit Team.</p> <p>b. Require both the Supply and Accounting Divisions to meticulously prepare and maintain Stock Cards (SCs), Semi-Expendable Property Cards (SPCs), Supplies Ledger Cards (SLCs), and Semi-Expendable Property Ledger Cards (SPLCs); and</p> <p>c. Ensure the timely and accurate preparation of Report of Supplies and Materials Issued (RSMIs), supported by duly accomplished Requisition and Issue Slips (RIS).</p> <p>2. For CAAP-HO and AC VI:</p> <p>d. Once the accuracy of the RPCI and RPCSP are validated and compared against other control records, require the</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 4 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 4 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>Accounting Division to recognize impairment in the books of accounts to write down inventory to its net realizable value in accordance with PAS 2.</p> <p>3. For CAAP-HO:</p> <p>e. Instruct the Accounting Division to prioritize the retrieval of records relative to Fuel, Oil, Lubricants Inventory (FOLI) consumptions for CY 2017 and CY 2018 and to record the utilization accurately in the books of accounts.</p>	<p>Part II No. 4 of this AAR.</p> <p>Implemented.</p>
<p>AAR 2023 Observation No. 5 pages 90-93</p>	<p>The accuracy and reliability of the balances in the <i>Leave Benefits Payable</i> account for CAAP-HO and AC VI, with an aggregate amount of P487.835 million, could not be ascertained due to deficiencies in maintaining the leave cards of its officers and employees.</p>	<p>a. CAAP-HO and AC VI Human Resource Management Division (HRMD) to initiate and prioritize the reconciliation of records between the HRMD and all CAAP employees to correct the balances in the leave cards, and submit a duly reconciled schedule of leave balances to the Audit Team and the Accounting Division;</p> <p>b. For CAAP-HO:</p> <p>i. HRMD to revisit its process for updating and maintaining leave</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 16 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/</p>

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		<p>cards. Ensure that the revised process will include the regular updating of leave cards and other internal control measures as approved by the Internal Audit Service, to ensure timely and accurate updating of leave cards. Submit a copy of the revised process to the Audit Team; and</p> <p>ii. The Chief Accountant to adjust the Leave Benefits Payable account balance based on the reconciled balances of leave credits of employees to be submitted by the HRMD.</p> <p>c. For AC VI:</p> <p>i. Evelio B. Javier (EBJ) Airport Finance to submit the Daily Time Records of its employees from January 2023 - December 2023 to CAAP AC VI Accounting Unit; and</p>	<p>modifications in Part II No. 16 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 16 of this AAR.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<ul style="list-style-type: none"> ii. HRMD to prepare a summary of leave balances for all employees at the end of the year, duly attested by the employees. 	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 16 of this AAR.</p>
<p>AAR 2023 Observation No. 6, pages 93-97</p>	<p>The existence of dormant asset accounts with a carrying amount of P108.955 million and dormant liability accounts amounting to P80.860 million and the inadequate allowance for impairment related thereto were contrary to Philippine Accounting Standards (PAS) 1 and Philippine Financial Reporting Standard (PFRS) 9.</p>	<ul style="list-style-type: none"> a. Instruct the Chief Accountant and the Area Center Accountants to: <ul style="list-style-type: none"> i. Review and analyze all accounts to determine the existence and validity of dormant accounts. Ensure that these balances are included in the Schedule of Dormant Accounts to be regularly submitted to the Audit Team; ii. Recognize impairment loss/allowance, as applicable, for asset accounts with dormant balances by computing the expected credit losses for each account in accordance with PFRS 9 to ensure fair presentation of the balance; and 	<p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>iii. Secure the necessary documents and request for the approval of COA to write off/derecognize from the books of accounts the dormant accounts in accordance with the procedures prescribed under COA Circular No. 2023-008;</p> <p>b. The Department Manager, Finance Department, to ensure all actions that need to be undertaken by the Accounting Division for the timely submission of the request for write-off/derecognition of dormant accounts in accordance with the aforementioned COA Circular are complied with and accomplished in a timely manner.</p> <p>c. For Advances to Contractors</p> <p>Direct the CAAP-HO Accounting Division (AD) to:</p> <p>i. Coordinate with Aerodrome Development and Management</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2, 9, 15 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2, 9, 15 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>Service (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 be deducted from the payment of the 2nd progress billing for the Baler Airport Development Project (Phase 1);</p> <p>ii. Prepare the necessary adjusting entries, if warranted; and</p> <p>iii. Direct the CAAP-HO AD and ADMS to exhaust all means to collect/recover the unrecouped amount from the three other contractors since they still have existing projects with, or claims against CAAP.</p> <p>d. For Due to National Government Agencies (NGAs):</p> <p>Direct the CAAP-HO AD to:</p> <p>i. Reconcile the recorded</p>	<p>modifications in Part II No.15 of this AAR.</p> <p>Implemented.</p> <p>Implemented.</p> <p>Implemented.</p>

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		<p>transactions in the GL and the SLs;</p> <p>ii. Prepare the necessary adjusting entries, if warranted; and</p> <p>iii. Instruct the ADMS, Area Center VI Manager, and Area Center Engineer, to determine whether the usability of the runway at Kalibo Airport could be attributed to the completion of the asphalt paving done many years back. If so, issue the certification required by Department of Transportation (DOTr) to support the liquidation of the funds transferred by DOTr to CAAP.</p>	<p>Implemented.</p> <p>Implemented.</p>
<p>AAR 2023 Observation No. 7, pages 97-98</p>	<p>The balance of the <i>Receivables – Disallowances/Charges</i> account amounting to P100.487 million could not be relied upon due to the variance amounting to P24.410 million between its General Ledger (GL) and Subsidiary Ledgers (SLs) and the non-recording of</p>	<p>a. Instruct Chief Accountant in CAAP-HO to:</p> <p>i. Verify the cause/s of the variance noted, reconcile the same, and make the necessary adjusting entry to correct the CAAP’s financial records;</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 6 of this AAR.</p>

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	<p>receivables from disallowances with Notice of Finality of Decision (NFD) in ACs VI and XII amounting to P0.893 million.</p>	<p>ii. Account for all the disallowances/suspensions and charges, including the respective settlements; and</p> <p>iii. Orient Accountants on the proper recording of salary deductions and settlements.</p> <p>b. The Accountant in AC VI and AC XII to record the disallowed amounts that have become final and executory, and henceforth, ensure proper and complete recording of disallowances, including the corresponding settlements.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 6 of this AAR.</p> <p>Implemented.</p> <p>Implemented.</p>
<p>AAR 2023 Observation No. 8, page 99</p>	<p>The balance of the <i>Due to Bureau of Internal Revenue (BIR)</i> account amounting to P89.653 million, was unreliable due to unaccounted balances with an aggregate amount of P11.362 million, which is not in accordance with Philippine Accounting Standard (PAS) 1.</p>	<p>Instruct the Accounting Division at CAAP-HO, ACs II and III to reconcile their records to determine the nature and necessary details of the P11.362 million balance in the Due to BIR account, and thereafter, remit to the BIR the withholding taxes or prepare the necessary Journal Entry Vouchers to adjust the books, accordingly.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 21 of this AAR.</p>

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<p>AAR 2023 Observation No. 9, pages 100-103</p>	<p>The completeness of the <i>Cash and Cash Equivalents</i> account balance of P5.255 billion as of December 31, 2023, could not be ascertained due to: a) unrecorded book reconciling items resulting in an overstatement by P23.554 million, b) variance of P21.967 million between General Ledger (GL) and Subsidiary Ledger (SL) balances; and c) delay/non-preparation of Bank Reconciliation Statements.</p> <p>a. Unrecorded book reconciling items overstated the Cash in Bank (CIB) balance by a net amount of P23.554 million</p>	<p>Instruct the Accounting Division of:</p> <p>a. CAAP-HO, ACs VIII and IX to verify the reconciling items and prepare the adjusting entries with complete supporting documents to correct the CIB balance; and</p> <p>b. AC IX to expedite the reconciliation and prepare the necessary adjusting entries to correct the understatement in the CIB balance in the amount of P34,120 (for certified closed bank accounts) of Dipolog Airport.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 5 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 5 of this AAR.</p>
	<p>b. Variance of P21.967 million between GL and SL balances</p>	<p>Instruct the Accounting and Treasury Divisions of HO and AC XII to:</p> <p>a. Reconcile the variances noted between the GL and SL, effect the necessary adjustment/correcting entries/postings, and prepare and submit the updated SLs to the Audit Teams; and</p>	<p>Implemented.</p>

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		<p>remittance of collected DPSCs to CAAP. This is to prevent the recurrence of non-remittance of DPSCs.</p> <p>c. For CAAP HO – Business Development Division to:</p> <p>i. Issue guidelines as to the recording, reconciliation, and monitoring of DPSC collection and remittances.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 12 of this AAR.</p>
<p>AAR 2023 Observation No. 11, pages 108-109</p>	<p>Unbilled/uncollected interest/penalty surcharge amounting to P2.048 million.</p>	<p>Instruct the CAAP-HO Accounting Division and all AC Accountants to reconcile immediately with the Air Carriers the positive variance of P29.241 million and issue the corresponding supplemental billings thereof to enforce collection of the unremitted DPSCs plus the unbilled/uncollected interest/ penalties with an aggregate amount of P2.048 million if warranted.</p>	<p>Implemented.</p>
<p>AAR 2023 Observation No. 12, pages 109-110</p>	<p>The Due to National Government Agencies (NGAs) account balance of AC X amounting to P2.706 million could not be relied upon due to unsubstantiated transactions and</p>	<p>a. Direct the AC X Management to coordinate with CAAP-HO or with Department of Transportation (DOTr) to request any proof of binding contract/</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 8 of this AAR.</p>

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	<p>unreconciled variances between the related cash and liability accounts contrary to Paragraph 15 of PAS 1 and the Conceptual Framework for Financial Reporting.</p>	<p>memorandum of agreement between CAAP and the DOTr for the appropriate utilization of the fund based on the stated purpose, copy furnish COA of communications made; otherwise, cause the immediate return of the fund's balance to the DOTr.</p> <p>b. For AC X to:</p> <p>i. Secure the necessary documents needed to support the reconciliation of balances between the Due to NGAs and related Cash in Bank account;</p> <p>ii. Make the necessary adjustments to correct erroneous balances, copy furnish COA of the adjustment made; and</p> <p>iii. Ensure that expenses charged against the fund observe auditing and accounting rules and regulations, in the absence of any binding contract, to avoid any irregular</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 8 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 8 of this AAR.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		expenditures and/or disallowances.	
AAR 2023 Observation No. 13, pages 110-112	The faithful representation of the balance of the <i>Guaranty/Security Deposits Payable</i> account of P66.048 million was not obtained due to the variance of P1.457 million between the General Ledger (GL) and Subsidiary Ledgers (SLs) balances.	<p>a. Direct CAAP-HO AD to:</p> <p>i. Conduct a comprehensive review of the balances in both GL and SLs, including the recorded transactions, for the Guaranty/ Security Deposits Payable account; and</p> <p>ii. Make the necessary adjustments in the books of accounts, if warranted, and submit any relevant updates to the Audit Team for validation.</p> <p>b. AC V to prepare and maintain subsidiary ledgers with complete details supported by Aging Schedules for proper monitoring, and submit the same to the Audit Team for validation.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 9 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 9 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 9 of this AAR.</p>
AAR 2023 Observation No. 14, pages 112-114	The weakness in CAAP's internal control more particularly on control activities on the payments to the service provider of Institutional Contract	a. Direct the Chiefs of the Accounting Division, the Human Resource Management Division (HRMD) and other key offices of CAAP, to formulate a	Implemented.

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	<p>of Service (ICOS) for salaries and overtime, aggregating P3.407 billion covering the period March 2020 to December 31, 2023, could be disadvantageous to CAAP and to the government.</p>	<p>documented policy on the processing of all claims of the service provider for ICOS. Ensure that controls are embedded in the process and that all claims are accurate, 100 per cent validated, reviewed, approved, and monitored. The policy also has to include, among 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 Chief Accountant to:</p> <p>i. Maintain a database to facilitate the monitoring of all claims paid to the service provider on a per individual personnel basis. This is to ensure that all claims are valid and mitigate the risk of double payments;</p> <p>ii. Designate a personnel who is not an employee of the service provider to handle the processing of the claims;</p>	<p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>as funds due to CAAP;</p> <p>b. For the Accounting Division:</p> <p>iii. Issuance of balance confirmations or other form of correspondence to verify the total amount of DPSCs collected but not yet refunded nor remitted to CAAP; and</p> <p>iv. Creation of a committee to regularly inspect and audit DPSCs in the books of Air Carriers.</p>	
<p>AAR 2023 Observation No. 16, page 119</p>	<p>CAAP remitted P366.485 million to the Bureau of Internal Revenue (BIR) despite having creditable input tax with an aggregate amount of P293.861 million to partially satisfy its Value-Added Tax (VAT) payable for CY 2023, which deprived CAAP of additional funds it could use to fulfill its mandate.</p>	<p>Require both the Chief Accountant and the Department Manager III, Finance Department, to:</p> <p>a. Submit an explanation to the Director General and the Audit Team, along with a detailed plan of action on how they will ensure that all creditable input taxes are first utilized prior to disbursing funds for VAT Payable; and</p> <p>b. Include the General Ledger of the Creditable Input Tax account and the previous quarter's VAT return as part of the documentary</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 3 of this AAR.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		require-ments when processing the quarterly remittance of VAT Payable.	
AAR 2023 Observation No. 17, pages 120-122	CAAP did not include creditable withholding taxes and previous overpayment on income taxes with an aggregate amount of P159.775 million as tax credits in its Income Tax Returns (ITRs), thus exposing CAAP to risk of loss due to foregone tax credits. Further, CAAP did not secure the necessary BIR Forms to support the creditable withholding taxes amounting to P79.493 million which rendered the balance of the Withholding Tax at Source (WTaS) account unreliable.	<p>Direct the Department Manager III, the Finance Department, and the Chief Accountant to:</p> <ol style="list-style-type: none"> a. Submit a valid explanation /justification for the non-application of tax credits in CAAP's income tax returns, and, considering the implication of the issue, clarify why no significant action was taken in CY 2023 to address the matter; b. Secure all BIR Form No. 2307 to support the balance in the WtaS account and immediately coordinate with the BIR to amend previously filed ITRs; and c. Moving forward, ensure proper monitoring of creditable withholding taxes in the WTaS account by requiring BIR Form No. 2307 as part of the supporting documents when recording creditable withholding tax. 	<p>Implemented.</p> <p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
AAR 2023 Observation No. 18, pages 122-123	Withholding taxes amounting to P48.467 million at CAAP-HO were not timely remitted to the Bureau of Internal Revenue (BIR) while withholding taxes amounting to P794,664 in AC VI remained unremitted as of year-end.	<p>a. For Department Manager III, Finance Department at CAAP-HO to:</p> <p>i. Oversee the process of withholding and remittance of taxes by designating personnel outside the Accounting Division who will be in charge of monitoring the accurate and timely withholding and remittance of taxes;</p> <p>ii. Judiciously review the filing and remittance of withholding taxes;</p> <p>b. For Accountant in AC VI to:</p> <p>i. Reconcile the Due to BIR account and cause the remittance of all duly withheld taxes; and</p> <p>ii. Strictly comply with the provisions of law as regards the timely remittance of taxes to avoid penalty.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 21 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 21 of this AAR.</p> <p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
AAR 2023 Observation No. 19, page 124	Service fees amounting to P86.687 million paid to Air Carriers were not supported with VAT (Value-Added Tax) Official Receipt (OR).	Require the Air Carriers to issue VAT- Official Receipts for service fees paid by CAAP, in compliance with the provisions of Revenue Memorandum Circular No. 122-2021.	Implemented.
AAR 2023 Observation No. 20, page 125	Non-reduction of Service Fees (SF) paid to Air Carriers to match the rates charged by its counterpart agency, MIAA, led to a missed opportunity for CAAP to save P18.576 million in CY 2023.	Instruct the Business Development Division (BDD) to expedite the formulation of amended implementing guidelines for the integration of Domestic Passenger Service Charge (DPSC) at the point of sale of airline tickets, particularly on reducing the rate of service fees paid to Air Carriers to align with the revisions made by MIAA.	Implemented.
AAR 2023 Observation No. 21, pages 125-128	CAAP did not exert sufficient measures to ensure the collection and settlement of receivables recorded in the Other Receivables account amounting to P50.756 million.	<p>a. Instruct the Department Manager III and the Chief Accountant to:</p> <p>i. Coordinate with Intelligence and Confidential Fund Audit Unit (ICFAU) and expedite the retrieval and submission of the required documents to, once and for all, liquidate the long outstanding cash advances;</p> <p>ii. Intensify efforts to locate the documents to support the</p>	<p>Implemented.</p> <p>Not Implemented. Reiterated with updates/modifications in</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>unsubstantiated receivables, identify the details and nature of the transactions, prepare and maintain the corresponding subsidiary ledgers, and determine whether these receivables are still collectible;</p> <p>iii. Issue demand letters to Office of the Government Corporate Counsel (OGCC) lawyers, inspectors, and former officers and employees of CAAP to pursue the collection of their outstanding balances recorded under the <i>Other Receivables</i> account. The Department Manager III, Finance Department ensure that the Audit Team be furnished a copy of the issued demand letters;</p> <p>iv. Coordinate with the OGCC the unliquidated cash advances of its lawyers with CAAP;</p>	<p>Part II No. 15 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 15 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 15 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>v. Communicate with the Federal Aviation Authority (FAA) and follow up on the inquiry about the status of the project. If the agreed-upon objectives outlined in the Memorandum of Agreement were not achieved, request for refund of the amount previously paid to the FAA; and</p> <p>b. Direct the Flight Standards Inspectorate Service (FSIS) to submit pertinent documents to support the completion of the project between FAA and CAAP to the Accounting Division, otherwise, explain the unavailability of the necessary documentation or why the project was not completed.</p>	<p>Implemented.</p> <p>Implemented.</p>
<p>AAR 2023 Observation No. 22, pages 128-129</p>	<p>Penalties amounting to P44.773 million remained uncollected despite the issuance of demand letters, which was inconsistent with Item 7.1.17 of the Terms and Conditions of the Contract with the Service Provider, thus, precluding CAAP from using the</p>	<p>Direct the Department Manager III, the Finance Department, and the Chief Accountant to:</p> <p>a. Recognize in the books of accounts the final amount of penalties and the related receivable; and</p>	<p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
	funds for other priority projects, plans, and programs.	b. Deduct the final amount of accumulated penalties from every succeeding billing, in addition to the amount equivalent to the offenses or violations for the period, pursuant to the terms of the contract agreement.	Implemented.
AAR 2023 Observation No. 23, pages 130-132	The lack of well-defined policies and controls to optimize the billing and collection process of water and electric charges to concessionaires at the CAAP-Head Office resulted in the non-collection of unbilled utilities by at least P10.196 million as of December 31, 2023.	<p>a. Internal Audit Services in coordination with the Business Development Division to:</p> <p>i. Conduct a periodic review of operations, processes, and activities, particularly those embodied in the CAAP Concession Manual. Identify areas for enhancement and propose necessary improvements for approval by Top Management/ Board of Directors;</p> <p>ii. Establish a clear-cut policy embedding the necessary controls within the billing and collection processes</p>	<p>Implemented.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 13 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>concerning concessionaires' water and electric charges to address the root causes of operational deficiencies identified within these processes;</p> <p>b. Accounting Division to:</p> <p>i. Expedite the preparation and issuance of billing statements and henceforth, ensure the timely and regular issuance of monthly billings for water and electric consumption of all concessionaires; and</p> <p>c. Buildings and Grounds and Maintenance Service to:</p> <p>i. Collaborate with the Business Development Division to diligently gather all relevant ocumentation and data required to compute the exact amount of unbilled or uncollected water and electric charges from concessionaires</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 13 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 13 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		b. Instruct the Business Development Division to furnish the Accounting Division at CAAP-HO and all Accounting/Billing Units in the Area Centers with an official list of concessionaires, including the agreed-upon monthly rental rates and charges for renewal. This will serve as the basis for preparing the subsequent monthly billing statements, thus, ensuring a consistent and timely issuance of statements while awaiting CLC renewals.	Implemented.
AAR 2023 Observation No. 26, pages 135-136	Outdated schedule of rental fees and charges utilized by CAAP, as outlined in Department of Transportation and Communications (DOTC) Department Order No. 98-1178, CAAP Circular No. 001-2008, and DOTC Order No. 2007-25, thus, CAAP was losing the potential revenue that could otherwise support the fulfillment of its mandate.	Adopt and publish an updated schedule of rental fees and charges for CAAP-HO and all Area Centers pursuant to the provisions of Section 17 of Republic Act No. 9497.	Implemented.
AAR 2023 Observation No. 27, pages 136-139	The payroll process of CAAP-HO lacked the necessary checks and balances, which contravened the	a. The Chiefs of both the Human Resource Management Division (HRMD) and the Finance Department	Not Implemented. Reiterated with updates/modifications in

Ref.	Observations	Recommendations	Status of Implementation
	<p>Internal Control Standards for the Philippine Public Sector (ICSPPS), thereby exposing CAAP to erroneous disbursements of funds and/or fraud.</p>	<p>to initiate the revision of the Administrative and Finance Service Operations Manual, particularly those involving the payroll process to include a defined process for monitoring deductions, the appropriate and timely preparation of Journal Entry Vouchers, and the updating of index of payments, the appropriate timeline for the submission of the Disbursement Vouchers, Budget Utilization Request and Status and the payroll register to give ample time for the review and correction process, and incorporating necessary checks and balances within the payroll process. It was likewise recommended that the Management involve the Internal Audit Service to ensure that appropriate internal controls are embedded in the revised process;</p> <p>b. The Chief, HRMD, to commit to the meticulous, accurate and timely preparation of the payroll register to ensure the timely</p>	<p>Part II No. 18 of this AAR.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>payment of salaries and wages of CAAP employees while maintaining essential internal control policies;</p> <p>c. The Chief Accountant to only review and validate the payroll register and thereafter submit its review comments to the HRMD for their appropriate action in updating the payroll register; and</p> <p>d. The Chief Accountant to prepare the Journal Entry Vouchers to record the payment of the payroll and update the index of payments only after the disbursements have been made.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 18 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 18 of this AAR.</p>
<p>AAR 2023 Observation No. 28, pages 140-142</p>	<p>Contracts for Security Services for the CAAP Head Office (HO) and all Area Centers (ACs) were continuously extended beyond the allowable period, contrary to Section 4.0 of Appendix 24 of 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184.</p>	<p>a. For CAAP-HO and AC III to:</p> <p>i. Strictly adhere to the guidelines set forth in the RIRR of RA No. 9184 by ensuring that all bidding documents are compliant with existing laws, rules, and regulations at the time of procurement; and</p> <p>ii. Initiate the timely procurement of general support</p>	<p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>services, particularly security services, for all its facilities, to avoid unnecessary contract extensions and ensure compliance with Section 4.0 of Appendix 24 of the RIRR of RA No. 9184.</p> <p>b. For ACs III and VIII to:</p> <p>i. Make representations with the CAAP-HO for a new security services contract and/or request the decentralization of the procurement process for security services to the Area Center level.</p>	Implemented.
AAR 2023 Observation No. 29, pages 143-146	Absence of Certificate(s) of Title (COT) or if available, not under the name of CAAP raised question on the validity of CAAP's ownership on several lots.	a. Real Estate Titling Task Force (RETTF), Aerodrome Development and Management Service (ADMS), Asset Management Division (AMD), and Enforcement and Legal Service (ELS) of CAAP-HO to coordinate with Manila International Airport Authority (MIAA) to expedite the transfer under CAAP's name the	Not Implemented. Reiterated with updates/modifications in Part II No. 25 of this AAR.

Ref.	Observations	Recommendations	Status of Implementation
		<p>properties under 2015 Partition Agreement (formerly Certificate of Titles on the lots used at Civil Aviation Training Center with lot nos. 3270-B-3-A-2-J-1 (LRA) PSD-436693 and 3270-B-3-A-2-J-2 (LRA) PSD-436693). Also, verify with MIAA as regards the Manila Radar lot and arrange for the transfer of COTs;</p> <p>b. ADMS and AMD to process the transfer under CAAP's name the Certificate of Titles on Tagaytay Radar – Site 1 lot;</p> <p>c. ACs X and XII to facilitate surveying lots with undetermined portions to establish the exact parcels of land controlled by CAAP;</p> <p>d. ACs I, II, V, X, and XII to seek proper legal actions and remedies for the immediate transfer of titles of lots in favor of CAAP and secure the same to support the claim of ownership;</p> <p>e. ACs II, V, and XII to expedite the submission of all the necessary documentation for the</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 25 of this AAR.</p> <p>Implemented.</p> <p>Not implemented.</p> <p>Reiterated with updates/modifications in Part II No. 25 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>processing of the titles of the lands;</p> <p>f. AC I to strictly monitor the enforcement of the terms and conditions of any binding agreement entered into by the Agency concerning its land holdings in order to attain the expected outcome and outputs from the related undertaking;</p> <p>g. AC II to make representation with the Central Office and request for sufficient budget needed in the processing of the transfer of titles to CAAP, which would also include land surveys and construction of complete perimeter fences or walls that would establish boundaries of CAAP lots;</p> <p>h. AC VI Real Estate Titling – Technical Working Group (RET-TWG) to inquire on the status of the titling of the land acquired for the Caticlan Airport Development Project and, if warranted, initiate the transfer of titles under the name of the Republic of the Philippines; and</p>	<p>Part II No. 25 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 25 of this AAR.</p> <p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		i. AC X to make representation at the Head Office to request for the conduct of land appraisal/revaluation to accurately reflect current market values in the Financial Statements.	Not Implemented. Reiterated with updates/modifications in Part II No. 25 of this AAR.
AAR 2023 Observation No. 30, pages 146-147	Payment of overtime services in CAAP-HO without the necessary approval was not in accordance with Section 13.2 of Civil Service Commission (CSC) - Department of Budget and Management (DBM) Joint Circular (JC) No. 2 s. 2015 dated November 25, 2015.	Immediately formulate or revisit the internal rules and procedures for the rendition and payment of overtime, ensuring alignment with the guidelines outlined in the CSC-DBM Joint Circular No. 2 s. 2015 dated November 25, 2015.	Implemented.
AAR 2023 Observation No. 31, pages 148-149	The monetization of leave credits of CAAP-HO employees was not in accordance with Sections 22 and 23 of the Omnibus Rules on Leave (ORL) Rule XVI of the Omnibus Rules Implementing Book V of the Administrative Code of 1987 and CAAP Memorandum Circular No. 03-19 dated January 24, 2019.	a. CAAP-HO officers responsible for approving requests for leave credit monetization to ensure strict compliance with the ORL when authorizing the monetization of leave credits; and b. Accounting Division to ensure that requests for leave credit monetization have the necessary approval pursuant to CAAP Memorandum Circular No. 03-19 dated January 24, 2019.	Not Implemented. Reiterated with updates/modifications in Part II No. 17 of this AAR. Implemented.

Ref.	Observations	Recommendations	Status of Implementation
<p>AAR 2023 Observation No. 32, pages 149-153</p>	<p>Handling, custody, and disposal of documents, as well as the grant, use, and liquidation of the Petty Cash Fund were not in accordance with COA Circular Nos. 97-002 and 2012-001.</p> <p>a. Disbursements through Petty Cash Fund were not supported with complete documentation contrary to COA Circular No. 2012-001.</p>	<p>Direct the Chief Accountant to:</p> <p>a. Submit to the Audit Team the lacking supporting documents; and</p> <p>b. Ensure that complete supporting documents, as prescribed under COA Circular No. 2012-001 are attached to the vouchers.</p>	<p>Implemented.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 19 of this AAR.</p>
	<p>b. Cash advances were not liquidated within the prescribed timeline.</p>	<p>a. Enjoin Accountable Officers to strictly comply with the timely liquidation of cash advances, as provided under COA Circular No. 97-002 and their respective Authority Orders;</p> <p>b. Direct the CAAP-HO Accounting Division to:</p> <p>i. Establish a robust monitoring mechanism to regularly track cash advances and their liquidations to promptly identify and address delays, and regularly review the effectivity/validity</p>	<p>Implemented.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 15 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>of Authority Orders related to cash advances; and</p> <p>ii. Remind the Accountable Officers to liquidate their cash advances promptly once Authority Orders expire, when they are reassigned, or when the purpose of the cash advance is served.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 15 of this AAR.</p>
	<p>c. Petty Cash Fund Record (PCFR) not reconciled with the cash on hand daily.</p>	<p>a. Direct the Petty Cash Custodians (PCCs) to adhere to the provisions of COA Circular No. 97-002, on the proper handling, custody, and disposition of the cashbook;</p> <p>b. Direct the CAAP-HO Accountant to conduct formal orientation sessions for all PCCs on the handling, custody, and disposition of the PCFR and other forms and reports related to PCF, emphasizing its importance in financial management. The topics shall include, but not limited to the following:</p>	<p>Implemented.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
AAR 2023 Observation No. 33, pages 153-156	CAAP Dumaguete Airport was not adequately equipped with basic facilities such as clean restrooms, sufficient seating, and functional air-conditioning units contrary to the CAAP Quality Management Manual, which might lead to a negative passenger experience that could affect the overall efficiency of airport operations.	Direct the Area Center VII Management to prioritize the regular maintenance and repair schedules for restrooms and air conditioning units and to provide sufficient seating facilities in the Dumaguete Airport Passenger Terminal Building to ensure a positive travel experience for passengers and contribute to successful airport operations.	Implemented.
AAR 2023 Observation No. 34, pages 156-158	Prolonged non-disposal of unserviceable properties with a carrying value of at least P5.868 million led to further deterioration and decreased value while incurring additional storage, maintenance, and security costs.	<p>a. Instruct the CAAP-HO, ACs II, VI, and XII Disposal Committees to undertake the immediate disposal procedures of unserviceable properties in accordance with Presidential Decree No. 1445, COA Circular No. 89-296, and COA-DBM Joint Circular No. 2024-01 to avoid possible loss due to further deterioration and devaluation of the said properties and to decongest the storage area.</p> <p>b. Direct AC XI to:</p> <p>i. Expedite the preparation of an updated and/or complete Inventory and Inspection Report</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 26 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>of Unserviceable Properties (IIRUP) to come up with a complete list of unserviceable properties and waste materials based on the latest physical inventory;</p> <p>ii. Determine the appraised value of all unserviceable properties and waste materials using the COA Manual on Appraisal of Government Properties;</p> <p>iii. Instruct the Supply and Property Officers and the Area Accountant to issue a certification that the documents and records can no longer be found, traced, and reconciled and that the unserviceable properties are found on site with no owner (abandoned property). Provided that efforts have been exerted by the persons responsible and</p>	<p>Part II No. 26 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 26 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 26 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>done in good faith; and</p> <p>iv. Furnish the Audit Team program for disposal with time schedules and other relevant documents at least 20 days before the advertisement of the call to public auction pursuant to COA Circular No. 89-296.</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 26 of this AAR.</p>
<p>AAR 2023 Observation No. 35, page 158</p>	<p>Disallowances and charges amounting to P6.738 million, which have become final and executory at CAAP-HO remained unsettled due to Management's laxity in enforcing their settlement or recovery contrary to Section 7.1.3 of COA Circular No. 2009-006 dated September 15, 2009.</p>	<p>Adhere to the Rules and Regulations on the settlement of accounts prescribed under COA Circular No. 2009-006 by directing the:</p> <p>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</p> <p>b. Concerned CAAP officials to initiate and exhaust all legal means to collect/recover the disallowances and charges by sending demand letters and, if necessary, pursuing administrative/criminal actions in case of unjustified refusal to settle liabilities, or exploring</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 6 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 6 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
		other appropriate legal actions.	
AAR 2023 Observation No. 36, pages 159-161	GSIS, PhilHealth, and Pag-IBIG premiums of CAAP-HO and Area Centers (AC) II and V amounting to P15.691 million were not remitted within the prescribed period contrary to existing laws, rules, and regulations, thereby exposing the responsible officers and employees to potential penalties.	<p>a. The Chief, Human Resource Management Division (HRMD) to immediately update all its records with the GSIS, PhilHealth, and Pag-IBIG;</p> <p>b. The Chief Accountant, ACs II, and V, in coordination with the HRMD, to reconcile its records and expedite the remittance of the outstanding balances to GSIS, PhilHealth, and Pag-IBIG;</p> <p>c. The Chief, Finance Department, to require the HRMD and the Chief Accountant to issue a monthly certification that the amount to be remitted to the GSIS, PhilHealth, and Pag-IBIG corresponds to the amount withheld in the immediate preceding month to support each payment. If discrepancies arise, require both offices to provide a valid and acceptable justification; and</p> <p>d. Comply with the laws and regulations on prompt payments of premiums and loan</p>	<p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 23 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 23 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 23 of this AAR.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in</p>

Ref.	Observations	Recommendations	Status of Implementation
		payments to the different government agencies to avoid penalties.	Part II No. 23 of this AAR.
AAR 2023 Observation No. 37, pages 162-163	Penalty amounting to P72,169 was incurred due to the late remittance of PhilHealth premiums covering the period January to April 2022.	<p>a. Those involved with the processing and payment of the penalty to explain why the payment should not be disallowed in audit; and</p> <p>b. The Chief of the Finance Department to provide a detailed plan of action to prevent the recurrence of this issue.</p>	<p>Implemented.</p> <p>Implemented.</p>
AAR 2023 Observation No. 38, pages 163-164	Non-compliance with COA Circular No. 2023-008 dated August 17, 2023, on the timely submission of an accurate Schedule of Dormant Accounts (SDA) and the conduct of regular and periodic verification, analysis, and validation of the existence of all dormant	<p>Instruct the Department Manager, Finance Department at CAAP-HO, and the Accountants in ACs I, III, and VI, to:</p> <p>a. Ensure that the SDA is timely submitted to the Office of the Auditor in accordance with the COA Circular; and</p> <p>b. Prioritize the review and analysis of dormant balances, collate the necessary documents, and take advantage of the one-time cleansing of dormant accounts by submitting requests for write-off to the Audit Team, if warranted.</p>	<p>Implemented.</p> <p>Not Implemented.</p> <p>Reiterated with updates/modifications in Part II No. 2, 9,15 of this AAR.</p>

Ref.	Observations	Recommendations	Status of Implementation
AAR 2023 Observation No. 39, pages 164-165	CAAP was unable to implement the institutionalization of the Gender and Development (GAD) Database/Sex-Disaggregated Data, thereby casting doubt on the effectiveness of the CAAP's GAD analysis and the significance of identified gender issues in the GAD Plan and Budget (GPB).	Instruct the Human Resource Management Division (HRMD), in CAAP-HO and AC V, in coordination with the GAD-Technical Working Group, to ensure the institutionalization of the GAD Database/Sex-Disaggregated Data and capacitate the GAD Gender Focal Point System (GFPS) on its use and importance to aid the focal point in determining gender issues and corresponding actions to address them.	Implemented.
AAR 2023 Observation No. 40, pages 165-166	Only 40.31 per cent of the amount appropriated for GAD in CY 2023 was utilized, depriving beneficiaries of the potential benefits from the Programs, Activities, and/or Projects	<p>a. For CAAP-HO to:</p> <p>i. Look into its available resources and consider CAAP's schedule of activities in formulating the agency's GPB to ensure the attainability of GAD Programs, Activities, and/or Projects (PAPs).</p> <p>b. For AC VI to:</p> <p>i. Direct the Area GFPS to design and implement an attainable GPB that addresses the specific gender issues and concerns of CAAP AC VI, based on the CAAP</p>	<p>Not implemented.</p> <p>Reiterated with updates/modifications in Part II No.33 of this report.</p> <p>Implemented.</p>

Ref.	Observations	Recommendations	Status of Implementation
		<p>mandate as a whole; and</p> <p>ii. Coordinate with Head Office GFPS the challenges encountered and formulate measures to meet GAD targets and accomplish the performance indicators to fully address the gender issues in CAAP AC VI.</p>	Implemented.
AAR 2023 Observation No. 41, pages 166-167	CAAP did not establish a Responsibility Center (RC) or maintain Subsidiary Ledgers (SLs) for GAD, contrary to Section 4.9 of COA Circular No. 2021-008 dated September 6, 2021.	Direct the Department Manager III of the Finance Department to instruct the Accounting Division to establish RC/SLs for each account to record all GAD-related expenses, whichever is practical, in compliance with COA Circular No. 2021-008 dated September 6, 2021.	Implemented.