

ACTION PLAN MONITORING TOOL

Sector: Corporate Government Audit Sector

Team: Audit Group B

Agency Audited: Civil Aviation Authority of the Philippines

Audit Period: CY 2023

AAR Date: December 31, 2023 and 2022

Prepared by: *[Signature]* - October 17, 2024
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2023														
1	The faithful representation of the Property and Equipment (PE) 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) No. 1.													

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	a. Variance of P10.817 billion between the balances per books of accounts and the Report on the Physical Count of Property, Plant, and Equipment (RPCPPE)	We reiterated our prior years' recommendations, with modification, that Management direct: a. CIRC, in coordination with the Supply and Accounting Divisions of CAAP-HO and ACs to:												
		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;	Finish the implementation of the One Time Cleansing of PPE	Finance Department Accounting – HO, AC Inventory Committee	Jan-24	Dec-24	Not Implemented	Ongoing implementation of the One Time Cleansing of PPE	The actual counting of PPE is done. The reconciliation of ICF and Accounting records is ongoing	10/8/2024	Not Implemented		Ongoing implementation of One Time Cleansing (OTC). RPCPPE and other necessary documents (i.e. appraisal, adjusting entries, among others), as a result of OTC, were not yet submitted to the Audit Team.	

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		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;	To assess the value of PE items found at the station	Inventory Committee	Jan-24	Oct-24	Not Implemented	Ongoing implementation of the One Time Cleansing of PPE	The inventory committee has already identified the items found at station and submitted to the Accounting Division for valuation	10/8/2024	Not Implemented			Ongoing implementation of One Time Cleansing. RPCPPE and other necessary documents (i.e. appraisal, adjusting entries, among others), as a result of OTC, were not yet submitted to the Audit Team.
		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;	To prepare adjusting entries for the recognition of PE items found at the station and disposition of non-existing/missing PE items	Accounting – HO, AC	Jan-24	Dec-24	Not Implemented	Ongoing implementation of the One Time Cleansing of PPE	Adjusting entries shall be prepared once the valuation has been completed	10/8/2024	Not Implemented			Ongoing implementation of One Time Cleansing. RPCPPE and other necessary documents (i.e. appraisal, adjusting entries, among others), as a result of OTC, were not yet submitted to

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													the Audit Team.	
		c. ACs V, IX, and XI to maintain updated accounting and property records; and	To assign personnel who will update and monitor Property Ledger Cards (Accounting) and Property Cards (Supply)	AC V	Mar-24	Present	Implemented		Personnel who updates and monitors Property Ledger Card (PLC) in the Accounting Section and Property Card (PC) in the Supply Section have been assigned.	10/8/2024	Not Implemented			Inquiry with Area Centers that maintenance of accounting and property records are currently ongoing as well as implementation of One-time cleansing.
			To cleanse the PPE Accounts in accordance with COA Circular No. 2020-006 and assure constant monitoring thereafter.	AC IX	01-Jan-24	Dec-24	Not Implemented	Adjustments will be made after finalization of PPE items found at Stations and Missing PPEs.	The list of Missing at Found Station PPEs are being finalized, an initial submission to Head Office of Annex A, B and C was already made. An annual reconciliation activity shall be conducted.					

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			To maintain updated accounting and property records	AC XI			Implemented		The Accounting Division will coordinate with the Supply Division, by the end of October 2024, to agree on a process that will ensure monthly monitoring.					
									The PLC has been established and will be maintained moving forward.					

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		d. ACs II and V to finalize and submit the inventory reports and other supporting documents to the Audit Team.	Management to require the Inventory Committee to finalize and submit the Inventory reports and other supporting documents that would be relevant in the completion of a consolidated inventory reports and to be used in the reconciliation of noted variances.	AC II			Not Implemented		The Inventory Team has submitted tentative PPE report based on actual count. The team is in the process of consolidating and reconciling the inventory reports and will immediately submit to the audit team the final RPCPPE once the one-time cleansing of properties is done.	10/8/2024	Not Implemented			Submitted RPCPPEs were initial and tentative, subject to revision based on the result of One time Cleansing.
			To submit the inventory reports and other supporting documents to the Audit Team	AC V	31-Jan-24	30-Sep-24	Not Implemented		The initial RPCPPE to the Area-COA Auditors as a result of the Physical Count as of December 31, 2023 has been submitted.					

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		We further recommended that Management 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.		AC VI	Aug-24	Dec-24	Not Implemented	Reconciliation of missing and found in station PPE is still on going. There is a probability that missing items in the area center have been transferred to other area centers.	The inventory report will be reconciled with the inventory reports of the head of the office and other area centers to determine if there are any items that were transferred. If the items were found to be missing after the recon, we will send demand letters to AO.	10/8/2024	Not Implemented.			Ongoing reconciliation , once confirmed that there are missing items, demand letters will be sent to accountable officers.
	b. Variance between General Ledger and Subsidiary Ledgers amounting to P112.328 million as of December 31, 2023	We reiterated our prior years' recommendations, with modification, that Management direct:												

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		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;	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;	Accounting – HO	Jan-24	Dec-24	Not Implemented		Ongoing implementation of the One Time Cleansing of PPE to reconcile the SL and GL balances.	10/8/2024	Not implemented			Ongoing reconciliation of GL and SL in CAAP Head Office, in relation as well to one time cleansing.
		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; and	The Area Accountant and the Acting Property Custodian shall update the lapsing schedule and RCPPE once the cleansing is completed	AC X			Not Implemented	Ongoing implementation of One-Time Cleansing of PPE	Constant updating of the lapsing schedule for new acquisition of PPE Continue the implementation of the One-Time Cleansing of PPE so that the reconciliation of the RPCPPE and PPELC lapsing schedule will be finished	10/8/2024	Not Implemented			Ongoing implementation of One Time Cleansing. RPCPPE and other necessary documents (i.e. appraisal, adjusting entries, among others), as a result of OTC, were not yet submitted to the Audit Team.

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		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.	Continuous updating of the Lapsing Schedule/PP ELC and RCPPE for new purchases. Complete updating, to include existing but unrecorded PPEs, shall be done after the completion of the One-Time Cleansing initiative.	AC X			Not Implemented	Ongoing implementation of One-Time Cleansing of PPE	Constant updating of the lapsing schedule for new acquisition of PPE Continue the implementation of the One-Time Cleansing of PPE so that the reconciliation of the RCPPE and PPELC lapsing schedule will be finished	10/8/2024	Not Implemented			Ongoing implementation of One Time Cleansing. RCPPE and other necessary documents (i.e. appraisal, adjusting entries, among others), as a result of OTC, were not yet submitted to the Audit Team.
		We further recommended that Management 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.		AC X			Not Implemented		An email including this recommendation has been sent to Area Accountant on August 22, 2024.	10/8/2024	Not Implemented			Ongoing implementation of One Time Cleansing. RCPPE and other necessary documents (i.e. appraisal, adjusting entries, among others), as a result of OTC, were not yet

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													submitted to the Audit Team.	
	c. Non-recording of properties resulted in an understatement of Land, Other PE, and Semi-Expendable Property by an undetermined amount	We reiterated our prior year's recommendations that Management direct:												
		a. Require CAAP-HO RETTF, in coordination with Asset Management Division (AMD), Aerodrome Development and Management Service (ADMS), SD, and AD to expedite the validation of the unrecorded land by obtaining the necessary documents (i.e. documents for transfer of properties, appraisal reports, titles, and etc.) and coordinate with the source agencies for documents to support the transfers;	A follow-up letter was prepared and signed by CAAP Director General to further request prompt action from the MIAA requesting for the reassessment and implementation of the unfulfilled 2015 Partition Agreement for the transfer of CAAP-occupied properties	Asset Management Division (AMD) Aerodrome Development and Management Service (ADMS) Supply Division (SD) Accounting Division (AD)			Implemented		Letter to MIAA was transmitted on 20 May 2024	10/8/2024	Implemented		Coordination meeting was conducted with MIAA regarding the new MOA. Finalization and implementation of such will be monitored by the Audit Team.	

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			registered to MIAA, which including the CAAP Hangar.											
			A response was received from the MIAA indicating that they are amenable to revise or amend the Partition Agreement as it is now outdated due to the newly issued Transfer Certificates of Title (TCTs). However, MIAA opined that CAAP Hangar may not be applied for transfer since it is currently sub-leased and "would not fit the criteria of Section 85 of the RA 9497". MIAA's response was	RET-TF/ AMD / ELS			Implemented		A new Memorandum of Agreement (MOA) has been drafted					

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			then provided to the ELS for their reference in drafting a new Memorandum of Agreement (MOA) between the MIAA and this Authority as discussed during the latest RET-TF Meeting.											
			Provide the Narrative Technical Description and Sketch Plans of the subject properties to ELS to aid them in preparation of the MOA.	ADMS			Implemented		A narrative technical description and sketch has been provided to ELS					

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			Prepare the new MOA between MIAA and CAAP, amending the 2015 Partition Agreement and include all CAAP-occupied properties under the name of the MIAA, upon the completion of ADMS survey and review of MIAA.	RET-TF / ELS / ADMS			Implemented		Draft MOA was transmitted to MIAA on 20 July 2024 and forwarded again via emailed to the Business and Real Estate Investment Development Division of MIAA on 12 August 2024						
			The draft MOA shall be presented to the CAAP Board of Directors for their feedback and will be transmitted to the MIAA for their Board's	RET-TF			Not Implemented	Awaiting review from MIAA	Follow up with MIAA regarding their review/ response						

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			perusal and concurrence Signing of the MOA and coordination with LRA to process titles in favor of CAAP	CAAP DG / MIAA GM			Not Implemented	Will depend on the approval of the MOA by CAAP and MIAA	Coordinate with the LRA regarding the requirements for the transfer of the titles in favor of CAAP once the MOA has been approved					
		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 the AD to accurately record the firearms in the books of accounts; and	To determine the cost of the firearms	Supply Division			Not Implemented	No replies from firearms suppliers	Requests for appraisal have been sent to various firearms suppliers	10/8/2024	Not Implemented			Inquiry with the Supply Division disclosed that if no replies from firearms suppliers, the Authority will coordinate with and request assistance from PNP.
			To record in the books the value of the firearms	Accounting Division			Not Implemented	Valuation is not yet available						

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		c. Direct CAAP-HO AD to make the necessary adjustments to reflect the correct balances of the accounts in the financial statements.	To prepare adjusting entries to record the recognition of PPEs	Accounting – HO			Not Implemented	Valuation is not yet available		10/8/2024	Not Implemented			No adjusting entries yet relative to the observation due to ongoing implementation of OTC and other activities.
2	The faithful representation of the carrying amounts of the Accounts Receivable (AR) and Operating Lease Receivable (OLR) 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.													

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	a. Existence of past due accounts P3.266 billion or 51.56 per cent of the receivable balance per SL/Aging Reports	We recommended, that Management instruct the Accounting Division in CAAP-HO and all Area Centers to:												
		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;	To send SOA to customers and to issue demand letters.	Accounting – HO, AC			Implemented		Quarterly SOAs are sent to customers. For big operators, SOAs are sent monthly due to ongoing reconciliations SOAs are also sent to customers to prompt them to pay, if applicable, whenever they request for renewal of Certificate of Airworthiness	10/7/2024	Implemented		Collection efforts were intensified thru prompt issuances of SOAs and Collection Notices to all active accounts.	

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								<p>Collection letters are sent to customers with long outstanding balances.</p> <p>The Accounting Division to prepare a policy on the issuance and monitoring of SOAs.</p> <p>The Accounting Division to initiate new procedures to improve the process of sending billing statements and collecting receivables.</p>						

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		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;	The Accounting Division to issue billing for interest upon receiving payment from customers	Accounting – HO, AC			Implemented		Billings for interest are being issued which started November 2023	9/13/2024	Not Implemented			For the Air Navigational Charges, the required imposition of a 12% p.a. interest for delayed payments based on CAAP MC No. 018-2023 were not yet enforced. Billings issued for interest as referred by the Management pertain only to the 18% p.a. penalties on delayed remittances of DPSC based on CAAP MC No. 022-17 Billings issued for interest pertain only to the 18% p.a. penalties on delayed remittances of DPSC

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													based on CAAP MC No. 022-17.	
		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	To send collection/ demand letters to customers	Accounting – HO, AC			Implemented		Collection letters are sent to customers with long outstanding balances Relatively, there is an ongoing one-time cleansing activity for receivables that will aid in locating documents	10/7/24	Implemented		Issuance of Collection Notices to dormant accounts is ongoing. This would also serve as proof of exhaustion on long outstanding accounts upon filling of Request for Write-Off.	

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		d. Evaluate the dormant accounts and request authority to write them off, if warranted, in accordance with COA Circular No. 2023-008.	To implement the One Time Cleansing of Dormant Accounts	Finance Department			Not Implemented		The implementation of the One Time Cleansing of Dormant Accounts is ongoing. It is currently in the investigation phase. Upon completion of OTC, request for write-off shall be submitted.	09/11/24	Not Implemented			CAAP AO No. 273-2024 dated 09/17/2024 was issued for the creation of Investigation Committees for the OTC of Dormant Accounts.
	b. Inadequate allowance for impairment/ expected credit losses based on the requirements of PFRS 9	We reiterated our previous year's recommendations, with modification, and Management agreed that the CAAP-HO Accounting Division:												
		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;	CAAP accountants are to attend a workshop/seminar regarding PFRS 9 to properly measure and recognize ECL of Accounts Receivable	Accounting – HO, AC			Not Implemented	Seminar to be conducted by October 2024		10/07/2024	Not Implemented			Preparation for the conduct of the proposed seminar is still ongoing.

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		b. Establish concrete plans to facilitate the completion of the detailed review and evaluation of the Authority's receivables portfolio necessary for the calculation of the ECL; and	CAAP Accountants to: 1. Attend a workshop/s eminar on how to properly implement the ECL 2. Assess CAAP's receivables 3. Prepare adjusting entries to recognize the correct impairment of receivables	Accounting – HO, AC			Not Implemented	Seminar to be conducted by October 2024		10/7/2024	Not Implemented			
		c. Prepare adjusting entries to ensure the fair presentation of the receivable accounts and the related impairment loss accounts in compliance with PFRS 9.	To prepare adjusting entries to recognize the correct impairment of receivables	Accounting – HO, AC			Not Implemented	Seminar to be conducted by October 2024; Awaiting for the adjusted amount of impairment		10/07/2024	Not Implemented			

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	c. Variance of P344.790 million between the General Ledger (GL) and Subsidiary Ledger (SL) balances per Aging Reports of Accounts Receivable Lease Receivable (OLR)	We recommended that Management 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.	To initiate reconciliation by sending SOAs and Collection letters to clients with outstanding balances	Accounting – HO			Implemented		SOAs and collection letters are being issued	10/07/2024	Implemented			Reconciliation of records accompanied by regular issuances of SOA and/or Collection Notices to active accounts is ongoing.
	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	We recommended that Management instruct the Accounting Division in CAAP-HO to:												

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		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	To designate a dedicated personnel to reconcile the receivable balances	Accounting – HO			Implemented		There are currently 3 personnel who were assigned to do the reconciliation, which includes the sending of Collection letters.	10/07/24	Implemented			Reconciliation of records accompanied by regular issuances of SOA and/or Collection Notices to active accounts is ongoing.

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		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.	To issue a Memorandum requesting FSIS to create a policy to regulate ground handlers.	Accounting – HO			Not implemented		A meeting was held between Finance and FSIS to tackle the issues concerning ground handlers. During the meeting, the Accounting Division requested to create a regulatory policy for ground handlers. In the follow-up meeting, the FSIS informed the Accounting Division that regulating ground handlers are not in part of the mandate of CAAP based on RA9497.	10/08/2024	Not implemented			No further action was taken but the Accounting Division committed to continue their coordination with the FSIS.

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					From	To						From	To	
									The Accounting Division will continue discussions with the FSIS regarding the matter.					
3	The reliability of the balance of the Input Tax 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.	We recommended that Management instruct the Accounting Division to:												
		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;	To reconcile the balance of the Input Tax account with respect to the Accounts Payable	Accounting – HO	Jan-24	Dec-24	Not Implemented	Ongoing reconciliation		10/04/2024	Not Implemented			No documents submitted to support the reconciliation. Accounting Division is only monitoring the input taxes of the current year.

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		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 SLSP is readily available and included in the SL/schedule; and	To prepare SL of Input Taxes	Accounting – HO			Implemented		In coordination with COA, schedules are prepared for current transactions for SLSP preparation.	10/04/2024	Not Implemented			Schedule of Input Tax prepared only for current transactions; hence does not match the entirety of the Input Tax account.
		c. Ensure the proper and continuous maintenance of the SLs or supporting schedule.	To prepare and maintain SL of the account	Accounting – HO			Not Implemented		As coordinated with COA Auditors, preparation of SLs started for the current transactions. Currently, the Disbursement Section is the responsible office in taking up input taxes	10/04/2024	Not Implemented			Nothing to maintain as of the moment. SLs or Schedule of the Input Tax account not yet established.

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4	The Inventory 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.	We recommended that Management:												
		For CAAP-HO, ACs V, VI, IX and XII: a. Establish an Inventory Committee that includes both Chiefs of the Supply and Accounting Division who will be responsible for the following:							Oct. 3, 2024	Not Implemented			Inventory Committee has yet to be established.	

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		i. Planning, executing and reporting of the conduct of physical count of inventories, including the subsequent reconciliation of accounts;	To establish an Inventory Committee	Accounting and Supply – HO, AC	Oct-24	Dec-24	Not Implemented		Concerned offices, except AC XII who already have the committee, will initiate the establishment of Inventory Committee by October 2024.					
		ii. Investigate any shortages to determine the accountability of erring personnel for overages, ensure that it is reconciled with control records; and	To investigate any shortage and determine the accountability of the accountable persons	Accounting and Supply – HO, AC	Oct-24	Dec-24	Not Implemented	For implementation of year end counting						
		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.	To provide an explanation if there is a failure in the conduct of inventory count	Accounting and Supply – HO, AC			Implemented							

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		b. Require both the Supply and Accounting Divisions to meticulously prepare and maintain SCs, SPCs, SLCs, and SPLCs; and	To prepare and maintain SLC and SPLC	Accounting – HO			Implemented					Not Implemented			Although both the Supply and Accounting Divisions were able to prepare SCs, SPCs, SLCs and SPLCs, they were not meticulously maintained since their records do not tally and no reconciliation has been made as of the moment.
			To prepare and maintain SC and SPC	Supply Division			Implemented								
		c. Ensure the timely and accurate preparation of RSMIs, supported by duly accomplished Requisition and Issue Slips.	To prepare RSMIs on time	Supply Division			Implemented					Implemented	Jan. 1, 24	June 30, 24	Upon checking, various issuances were duly supported with RSMI and RIS

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		For CAAP-HO and AC VI: d. Once the accuracy of the RPCI and RPCSP are validated and compared against other control records, require the Accounting Division to recognize impairment in the books of accounts to write-down inventory to its net realizable value in accordance with PAS 2.	To recognize impairment to write-down inventory to its net realizable value	Accounting – HO			Implemented		The Accounting Division, based on actual count of inventories, has already recorded impairment of the inventory account	Oct. 3, 2024	Not Implemented			No validation of RPCI and RPCSP with other control records has been made.
			To recognize impairment to write-down inventory to its net realizable value	Accounting – AC VI			Not Implemented	Ongoing reconciliation of the account	To be finished by December 2024					

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		For CAAP-HO:												
		e. Instruct the Accounting Division to prioritize the retrieval of records relative to FOLI consumptions for CY 2017 and CY 2018 and to record the utilization accurately in the books of accounts.	To retrieve the records of the consumption of FOLI	Accounting – HO			Not Implemented		Coordination with the Supply Division has already been made. Accounting Division has coordinated with the Supply Division to provide records relative to consumption. Target date to complete the retrieval of records will be on December 2024	Oct. 3, 2024	Not Implemented			No coordination with concerned offices such as Supply Division and Air Navigation Service has been made to retrieve documents like logbooks to support the utilization of FOLI.

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5	The accuracy and reliability of the balances in the Leave Benefits Payable 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.	We recommended and Management agreed to direct:												
		a. CAAP-HO and AC VI 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;		HRMD – HO, AC VI			Not implemented	A response has not been received from HRMD	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to HRMD Chief to submit replies/comments on the observations and recommendations of COA	October 1, 2024	Not Implemented			HRMD is currently reconciling/re checking the leave cards of employees.

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		b. CAAP-HO:												
		i. HRMD to revisit its process for updating and maintaining leave 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		HRMD – HO			Not implemented	A response has not been received from HRMD	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to HRMD Chief to submit replies/comments on the observations and recommendations of COA	October 1, 2024	Not Implemented			As of date there is no submission of revised process.

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		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.	To prepare adjusting entry to upon submission of the HRMD	Accounting – HO			Not Implemented	HRMD has yet to submit the updated accumulated leave credits of employees	The Accounting Division has requested HRMD the submission of the updated balance of employees' leave benefits	10/1/2024	Not Implemented			HRMD is currently reconciling/re checking the leave cards of employees.
		c. AC VI: i. EBJ Airport Finance to submit the DTRs of its employees from January 2023 - December 2023 to CAAP AC VI Accounting Unit; and	Require the EBJ Airport to submit the DTRs of its employees	Finance – AC VI	Mar-24	May-24	Implemented		Submitted to COA on April 12, 2024	9/24/2024	Implemented	4/12/24	4/12/24	Per validation by the AC auditor
		ii. HRMD to prepare a summary of leave balances for all employees at the end of the year, duly attested by the employees.		HRMD – AC VI			Not implemented	A response has not been received from HRMD	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to HRMD Chief to submit replies/comments on the observations and recommendations of COA	9/24/2024	Not Implemented			To verify at year end

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6	The existence of dormant asset accounts with a carrying amount of P115.889 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.	We recommended and Management agreed to instruct:												
		a. The Chief Accountant and the Area Center Accountants to:												
		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;	To determine the existence of dormant accounts in the books and include in the Schedule of Dormant Accounts	Accounting – HO, AC			Implemented		Schedule of Dormant Accounts are being submitted to the Audit Team	10/3/2024	Not implemented		While the AC Management regularly submits its Schedule of Dormant Accounts, the Accounting Division of CAAP-HO has yet to submit its Schedule of Dormant Accounts as of September 2024.	

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		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;	To recognize impairment, as applicable, for asset accounts	Accounting – HO, AC			Not Implemented	For implementation of PFRS 9.		10/4/2024	Not Implemented			The Accounting Division is yet to recognize allowance for impairment.
		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;	To request for writing off of dormant accounts	Accounting – HO, AC			Not Implemented	Implementation of OTC is still ongoing	Request for write-off shall be submitted upon completion of the OTC activities	10/16/2024	Not Implemented			No request for write-off submitted.
		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-	Finance Chief to monitor the implementation of OTC	Finance Department			Implemented	Implementation of OTC is still ongoing	Finance Chief is regularly monitoring the OTC activities in line with the request for write-off	10/16/2024	Not Implemented			No request for write-off submitted.

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		off/derecognition of dormant accounts in accordance with the aforementioned COA Circular are complied with and accomplished in a timely manner.												
		For Advances to Contractors:												
		We recommended and Management agreed to direct the CAAP-HO Accounting Division (AD) to:												
		a. 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 be deducted from the payment of the 2nd progress billing for the Baler Airport Development Project (Phase 1);	Coordinate with ADMS regarding the payment to contractor with deduction of the advance payment	Accounting – HO			Implemented		The matter was coordinated by the Accounting Division with the ADMS in August 2024	10/8/2024	Implemented		AD coordinated this matter to ADMS. Per coordination, ADMS will provide documents after their verification	

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		b. Prepare the necessary adjusting entries, if warranted.	To prepare adjusting entry upon deducting the payment	Accounting – HO			Not Implemented		Adjusting entries will be prepared accordingly	10/8/2024	Not Implemented			No adjusting entries yet for recoupment nor actions taken relative to dormant accounts.
		We further recommended that Management direct 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.	To collect/recover the unrecouped amount from the three other contractors	Accounting – HO			Not Implemented	To be recouped upon payment to the concerned contractors	The Accounting Division to coordinate with ADMS to determine the ongoing projects of the contractors	10/8/2024	Not Implemented			No adjusting entries yet.
		For Due to NGAs: We reiterated our previous year's recommendations and Management agreed to: a. Direct CAAP-HO Accounting Division to:								10/2/2024				

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		i. Reconcile the recorded transactions in the GL and the SLs;	To reconcile the SL and GL of the Due to NGAs account	Accounting – HO			Implemented		The SL and GL of the account has already been reconciled for transactions covering the years 2008 to the present. The remaining balance of 1,799,298.87 pertains to ATO transactions	10/2/2024	Not Implemented			Per validation and inquiry with the Accounting Division, the GL and SL balances were not yet reconciled due to long outstanding ATO transactions.
		ii. Prepare the necessary adjusting entries, if warranted; and	To prepare the necessary adjusting entries	Accounting – HO			Implemented		Adjustments were made to reconcile the account	10/2/2024	Not Implemented			Further verification by the Accounting Division to reconcile the GL and SL balances is necessary in order to formulate the necessary adjusting entries.

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		b. 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 DOTr to support the liquidation of the funds transferred by DOTr to CAAP.		ADMS, AC VI Manager, and AC Engineer					An email dated August 22, 2024 have been sent to the concerned offices to submit replies/comments on the observations and recommendations of COA	10/7/2024	Not Implemented			Based on the stated action taken by CAAP, the audit issue on long outstanding unliquidated fund transfers from DOTr is not yet resolved.

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7	The balance of the Receivables – Disallowances/Charges 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 receivables from disallowances with Notice of Finality of Decision (NFD) in ACs VI and XII amounting to P0.893 million.	We reiterated our prior years' recommendations, with modification, and Management agreed to instruct:												
		The Chief Accountant in CAAP-HO to: a. Verify the cause/s of the variance noted, reconcile the same, and make the necessary adjusting entry to correct the Authority's financial records;	To reconcile the balance of the account	Accounting – HO			Not implemented	Ongoing reconciliation	Reconciliation to be completed by December 2024	10/4/2024	Not implemented			No significant progress in the reconciliation of accounts.

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		b. Account for all the disallowances/suspensions and charges, including the respective settlements;	To account for all the disallowances/suspensions and charges, including the respective settlements	Accounting – HO			Implemented		All disallowances are recorded in the books	10/4/2024	Not Implemented			Verification disclose that receivables arising out of disallowances with recently issued NFDs were still not recorded in the books of accounts.
		c. Orient Accountants on the proper recording of salary deductions and settlements; and	To orient Accountants on the proper recording of salary deductions and settlements	Accounting – HO			Implemented		Accountants are informed of the proper recording of salary deductions		Implemented	9/30/2024	9/30/24	While the Accountant were oriented on how to record the salary deduction and settlements, however, verification disclosed that the settlement of ND without NFD are still being recorded in the Receivables-disallowances/charges account.

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		The Accountant in AC VI and XII to: d. Record the disallowed amounts that have become final and executory, and henceforth, ensure proper and complete recording of disallowances, including the corresponding settlements.	To record the disallowed amount of COA that have become final and executory	Accounting – AC VI Accounting – AC XII	Feb-24	Apr-24	Implemented		Recorded the disallowed amount of COA that have become final and executory. JEV#A6-23-12-895 On-going compilation of supporting documents. Target date to finish December 2024		Implemented	4/8/2024	4/8/24	Recording of the disallowances with NFD/COE issued were verified; The audit team has reiterated to management the need to settle the outstanding disallowances.
8	The balance of the Due to BIR 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.	We reiterated our previous years' recommendation, with modification, that Management 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.	To reconcile the balance of the account	Accounting – HO, AC			Not Implemented	Ongoing reconciliation	The concerned offices will finish the reconciliation by December 2024	10/4/2024	Not Implemented			No significant progress in the reconciliation as of date of follow-up.

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9	The completeness of the Cash and Cash Equivalents 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.													
	a. Unrecorded book reconciling items overstated the Cash in Bank (CIB) balance by net amount of P23.554 million	We reiterated our prior years' recommendations, with modification, that Management instruct the:												

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		a. ADs of 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	To identify the items to be reconciled. To verify the reconciling items and prepare the adjusting entries with complete supporting documents to correct the CIB balance	Accounting – HO Accounting – AC VIII	01-Jan-24	31-Dec-24	Implemented Not Implemented	Lack of supporting documents Despite best efforts in conducting reconciliation , the variation totaling P 22,275,366.95 as represented in the bank reconciliation statements remained unrecorded due to a lack of information and supporting documentation	Adjusting entries have been prepared to record the reconciling items	10/08/2024	Not Implemented			The P22.275 million reconciling items remained unrecorded due to absence of records since there was no proper turnover from the previous Accountant

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			To properly and consistently prepare BRS	Accounting – AC IX	01-Aug-24	31-Dec-24	Not Implemented	Area 9 focused first on establishing the Bank reconciliation (all active Bank Accounts) because most of the Bank Accounts Does not have BRS since account opening.	To date, the Area Accounting submits the Cash Balance per books (all active Bank Accounts) as of June 2024 to Satellites who continuous the BRS for 2024. The BRS was initially established at the Area Center during 2023 with exception of Jolo Airport, whose initial Bank Statement submitted to the AC were very unclear, the AC requested Jolo to request new statements for the while 2023, to date, Jolo already resubmitted the 2023 Bank Statement.					

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									AC 9 commits to work back Jolo's BRS from 2023 this September 2024. From this, AC9 commits to reconcile backwards while preparing the BRS prospectively . Adjusting Entries will be made when determined.					
		b. AD-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.	To properly and consistently prepare BRS	Accounting – AC IX	01-Aug-24	31-Dec-24	Not Implemented	Insufficient records to support the BRS before making a closing entry.	Dipolog Airport already provided the Area Accounting a copy of the Certification of the Closed Bank Account, but we are still trying to at least establish a bank recon of prior years instead of	10/08/2024	Not implemented			

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					From	To						From	To	
	b. Variance of P21.967 million between GL and SL balances.	We reiterated our prior years' recommendations that Management instruct the Accounting and Treasury Divisions of HO and AC XII to:												
		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	To reconcile the balance between SL and GL of the Cash Account	Accounting – HO			Implemented		SL and GL balances are reconciled	10/08/2024	Implemented	12/31/2023	3/31/24	Based on Q1 2024 records, GL and SL variances were reconciled.

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			To reconcile the balance between SL and GL of the Cash Account	Treasury – HO			Implemented		Adjustments/ correcting entries were already coordinated with Bookkeeping Section for their preparation of Journal Entry Vouchers (JEV); SLs were likewise updated and soft copies were already submitted to the Commission on Audit.					
			To reconcile the balance between SL and GL of the Cash Account	Accounting – AC XII			Not Implemented		Ongoing reconciliation of the balances. Concession unit forwarded its ledgers to Accounting unit to reconcile the balances. Target date to finish by December 2024					

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		b. AD to maintain a Schedule of SL balances periodically to be compared with the GL balance for early detection of any variance.	To maintain a Schedule of SL of Cash Accounts	Accounting – HO			Implemented		SLs are being maintained	10/08/2024	Implemented	12/31/2023	3/31/24	AD submitted Q1 2024 SLs together with Sched of SL Balances
			To maintain a Schedule of SL of Cash Accounts	Accounting – AC XII			Not Implemented		On-going reconciliation of the balances. Concession unit forwarded its ledgers to Accounting unit to reconcile the balances. Target date to finish by December 2024					
	c. Delayed/non-preparation of bank reconciliation statements (BRS)	We reiterated our prior years' recommendations that Management direct: a. AD HO, ACs VI and IX to prepare and submit the BRSs to the Audit Teams;	To assign a dedicated employee in the preparation of the monthly bank reconciliation	Accounting – HO			Implemented		A dedicated employee has already been assigned to prepare the monthly bank reconciliation	10/8/2024	Not Implemented			
			To submit the BRSs to the Audit Team	Accounting – AC VI	Mar-24	Jun-24	Implemented		submitted the BRSs to the Audit Team					

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			To properly and consistently prepare BRS	Accounting – AC IX	01-Aug-24	31-Dec-24	Not Implemented	Area 9 focused first on establishing the Bank reconciliation (all active Bank Accounts) because most of the Bank Accounts Does not have BRS since account opening.	To date, the Area Accounting submits the Cash Balance per books (all active Bank Accounts) as of June 2024 to Satellites who continuous the BRS for 2024. The BRS was initially established at the Area Center during 2023 with exception of Jolo Airport, whose initial Bank Statement submitted to the AC were very unclear, the AC requested Jolo to request new statements for the while 2023, to date, Jolo already resubmitted the 2023 Bank Statement,					

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		b. AD HO to designate personnel whose main task is bank reconciliation, considering that Cash is the most liquid asset that should be monitored closely; and	To assign a dedicated employee in the preparation of the monthly bank reconciliation	Accounting – HO			Implemented		A dedicated employee has already been assigned to prepare the monthly bank reconciliation	10/08/2024	Implemented	03/01/2024	6/30/24	

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		c. AD HO and AC IX to closely monitor the timely submission of BRSs to make certain that the reconciling items are immediately detected and recorded/adjusted in the books to ensure the completeness and accuracy of the account balances in the financial statements.	To assign a dedicated employee in the preparation of the monthly bank reconciliation	Accounting – HO			Implemented		A dedicated employee has already been assigned to prepare the monthly bank reconciliation .	10/08/2024	Not implemented			Preparation and submission of BRS are still delayed.
			OIC Bookkeeping to monitor the monthly submission of bank reconciliation					Chief AD instructed the OIC Bookkeeping to monitor the submission of monthly bank reconciliation .						
			To properly and consistently prepare BRS and do the necessary adjusting entries	Accounting – AC IX	01-Aug-24	31-Dec-24	Not Implemented		To prospectively prepare and submit the BRS and do the needed adjusting entries. Monitoring of BRS submission is being monitored by OIC Bookkeeping					

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10	The accuracy and completeness of the Transportation System Fees account balance amounting to P2.145 billion as of December 31, 2023, could not be ascertained due to the variance of P15.111 million between the computed amount of Domestic Passenger Service Charge (DPSC) per CAAP Flight Monitoring Reports (FMRs) vis-à-vis the Air Carriers' Remittance Reports.	We reiterated our prior years' recommendations, with modifications:												
		For CAAP-HO Accounting Division and all AC Accountants: a. Coordinate with Air Carriers to reconcile immediately the variance of P15.111 million between the FMRs against DPSC Remittance Reports, determine the other causes of the variance, and take corrective action to prevent the recurrence thereof; and	To reconcile the variance between FMRs and DPSC remittance reports	Accounting – HO, AC			Implemented		Reconciliations have been made and billing invoices have been issued with interest	June to September 2024	Implemented		Various demand letters dated March 2024 were issued to the concerned domestic Air Carriers. An aggregate amount of P14.543 million under remittances for CY 2023 were demanded.	

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													An aggregate amount of P14.543 million under remittances for CY 2023 were demanded.	
		b. Issue monthly SOA to Air Carriers based on the FMRs and other source documents originating from the Area Centers and accordingly recognize income from DPSC and the related receivables.	To issue monthly SOA to Air Carriers based on the FMRs and other source documents originating from the Area Centers	Accounting – HO			Implemented		As agreed, the issuance of SOA based on FMRs is done quarterly	June to September 2024	Implemented		Quarterly variance reports were being prepared by Area Centers and billings for the computed under remittances were issued by CAAP-HO accordingly.	
		For CAAP Flight Data Recorders/Encoders assigned in each Area Center: c. Coordinate regularly with the Accounting and Billing Units of Area Centers in monitoring the Air Carriers’ operations in all CAAP Airports to ensure the timely and accurate remittance of collected DPSCs to CAAP. This is to prevent the		Data encoders – AC XI			Implemented		Monthly Monitoring Reports are being submitted by Area Center Operation Unit.	June to September 2024	Implemented		Regular monitoring of Air Carriers operations is being conducted across CAAP airports. To date, Variance Report for 2nd Qtr of	

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		recurrence of non-remittance of DPSCs; and												CY 2024 was already issued for a total amount of P5.36 million under remittances.
			To monitor the air carriers operation to ensure the timely and accurate remittance of collected DPSCs to CAAP	Data encoders – AC XII			Implemented		Updating on time the number of flying passengers at the shared google drive by Head Office.					
		For CAAP-HO Business Development Division: d. Issue guidelines as to the recording, reconciliation, and monitoring of DPSC collection and remittances.	To issue guidelines	Business Development Division			Not Implemented	Guidelines are being established by the BDD. Target date to be discussed.	Various meetings have been conducted with the concerned offices in preparation of the revised guidelines	10/2/2024	Not Implemented			The proposed revisions to CAAP MC 022-17 including the suggested reportorial requirements were presented to the CAAP BOD during the CAAP Regular Board Meeting last February 28, 2024.

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													<p>However, the Management requested this matter be deferred again for further study and review.</p> <p>Their target date of approval of the revised MC is on the 4th Qtr of CY 2024.</p>	

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11	Unbilled/uncollected interest/penalty surcharge amounting to P2.048 million	We recommended that Management 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.	To issue billing statement for the interest/penalties	Accounting – HO			Implemented		Billing statement for the interest/penalties have already been sent to the operators	June to August 2024	Implemented			Series of billing statements for computed interest/penalties on under remittances of DPSC for CY 2023 were already issued in August 2024 with an accumulated amount of P1.761 million.

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12	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 unreconciled variances between the related cash and liability accounts contrary to Paragraph 15 of PAS 1 and the Conceptual Framework for Financial Reporting.	We reiterated our previous year's recommendations that Management direct the AC X Management to coordinate with CAAP-HO or with DOTr to request any proof of binding contract/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.								Not Implemented			No document was submitted to the AC X Audit Team to prove the follow-up made by AC X	
		We further recommended that AC X Management: a. Secure the necessary documents needed to support the reconciliation of balances between the Due to NGAs and related Cash in Bank account;	To follow up DOTr on the status of the request for MOA/binding contract and also request assistance from Head Office to expedite the facilitation of the request	AC X			Not Implemented		A follow-up email was sent to DOTr on March 17, 2023, requesting for assistance in securing a copy of the MOA. Another follow will be sent to DOTr by the end of September 2024	Not Implemented			No document was submitted to the AC X Audit Team to prove the follow-up made by AC X	

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		b. Make the necessary adjustments to correct erroneous balances, copy furnish COA of the adjustment made; and	To exert best effort in securing the necessary documents to support the reconciliation of balances	Accounting – AC X			Not Implemented	Absence of trace documents to facilitate reconciliation	Reconciliation of accounts is still ongoing. The target date will be December 2024		Not implemented			The AC X Audit Team will monitor the implementation of the audit recommendation.
		c. 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 expenditures and/or disallowances.	To comply with the COA Audit recommendation	Accounting – AC X			Implemented		Charging of expenses to the fund is being discontinued pending receipt of the proof of binding contract		Implemented	June 2024	Present	The AC X Audit Team will continue to monitor the utilization of the fund.

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13	The faithful representation of the balance of the Guaranty/Security Deposits Payable 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.	We reiterated our prior years' recommendations, with modification, that Management direct:												
		CAAP-HO AD to: a. Conduct comprehensive review of the balances in both GL and SLs, including the recorded transactions, for the Guaranty/Security Deposits Payable account;	To review the balance of GL and SL of the Guaranty/Security Deposits Payable account	Accounting – HO			Implemented		The balance of GL and SL of the Guaranty/Security Deposits Payable account has been reviewed The variance shall be subjected to the one-time cleansing of the dormant accounts	10/10/24	Not Implemented			Per inquiry with Management, review of SLs for the current year is currently ongoing.

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		b. Make the necessary adjustments in the books of accounts, if warranted, and submit any relevant updates to the Audit Team for validation; and	To prepare adjusting entries, if warranted	Accounting – HO			Not implemented	Ongoing retrieval of documents to validate the P1.457 million variance		10/10/24	Not Implemented			No adjustments noted yet.
		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.	To prepare and maintain Subsidiary Ledgers with complete details supported by Aging Schedules and submit the same to the Audit Team for validation	Accounting – AC V	May 01,2024	31-Dec-24	Not Implemented	Previously no assigned personnel, hence, working back of balances is on going	Finalized subsidiary ledger and aging as to details shall be submitted by December 2024.	10/10/24	Not Implemented			Management committed to submit the Final SL and Aging Schedule in December 2024.

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14	The weakness in CAAP's internal control more particularly on control activities on the payments to the service provider of Institutional Contract 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.	We reiterated our previous year's recommendations, with modification, that Management: a. Direct the Chiefs of the Accounting Division, the HRMD, and other key offices of CAAP, to formulate a 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;	To revisit the process flow in processing claims of Institutional Contract of Service providers and establish a documented policy.	Accounting – HO, HRMD – HO			Not Implemented	Ongoing establishment of documented policy	Done with process mapping. Proposed process flows were already made by HRMD and AD with the help of consultants. Target to finalize the new policies and procedures by fourth quarter 2024.	Oct. 4, 2024	Not Implemented			No updated policy implemented. No controls were implemented to monitor the claims of the service provider.

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		<p>b. Require the 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>	To maintain a database to facilitate the monitoring of all claims paid to the service provider on a per-individual personnel basis	Accounting – HO			Not Implemented	Not doable due to the volume of transactions and number of employees	The establishment and maintenance of the database are doable when the computerization is implemented. Monitoring is currently done by validating that the individual claim in the payroll corresponds to the period being claimed.	Oct. 4, 2024	Not Implemented			Lack of controls over double payment when processing claims.

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		ii. Designate a personnel who is not an employee of the service provider to handle the processing of the claims;	To designate a personnel who is not an employee of the service provider	Accounting – HO			Not Implemented	Lack of manpower	Based on initial meetings between Accounting Division and HRMD, designated personnel will be hired to specifically validate the claims of the service provider. Target date of implementation is fourth quarter 2024.	Oct. 4, 2024	Not Implemented			Continuous effort of hiring personnel is being made. However, due to location of the Authority and the concern on rates, they have yet to find applicants who is willing to accept the job offers.
		c. Instruct the Chief, HRMD to only certify that services have indeed been satisfactorily rendered by the service provider after obtaining sufficient documentary evidence to support such certification; and		HRMD – HO			Implemented		An email dated August 22, 2024 and letters dated September 10 and 17, 2024 that include this instruction have been sent to the HRMD Chief	Oct. 4, 2024	Implemented	April 1, 2024	June 30, 2024	Claims of ACs starting April 1, 2024 were duly supported with certifications signed by Area Managers.

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		d. Decentralize the processing of service provider claims to Area Centers to better manage the volume of transactions that need to be validated.	To revisit the process flow in processing claims of Institutional Contract of Service providers and establish a documented policy, which includes decentralized processing and payment.	Accounting – HO			Not Implemented	Ongoing establishment of documented policy	Done with process mapping. Proposed process flows were already made by HRMD and AD with the help of consultants.	Oct. 4, 2024	Not Implemented			Revised policy and procedures to decentralize the processing of payment has yet to be finalized and implemented.
				HRMD – HO					Target to finalize the new policies and procedures is fourth quarter 2024.					

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15	Non-remittance to CAAP of the unrefunded Domestic Passenger Service Charges (DPSC) collected by the Air Carriers from Expired/Unused Passenger Tickets and Locally-Recognized Exempted Passengers (LREP) since the implementation of the Integration of DPSC at the Point of Sale of Airline Tickets in CY 2017 resulted in an undetermined amount of uncollected income for the government.	<p>We recommended that Management amend CAAP MC No. 022-17 to explicitly include enforcement mechanisms that would ensure Air Carriers' remittance to CAAP of the unrefunded DPSCs from CY 2017 to the present.</p> <p>In addition, consider to include the following provisions:</p> <p>For Air Carriers:</p> <p>a. Submission of a detailed report on refunds made directly to paying passengers; and</p> <p>b. Setting up of a Trust Liability or another clearly identifiable account in the books of accounts as funds due to CAAP;</p>	To amend the existing policy on DPSC	BDD			Not Implemented	Ongoing revision of MC No. 022-17. Ongoing research and coordination with concerned offices.	The draft MC and its Annexes shall be finalized upon securing clearance from the concerned offices. The target date is fourth quarter of 2024	10/2/2024	Not Implemented			Finalization of the amended CAAP MC is still ongoing.
				BDD			Not Implemented	The recommendation shall be part of the amended MC.						
				BDD			Not Implemented	The recommendation shall be part of the amended MC						

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		For the Accounting Division:												
		c. 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	To issue balance confirmation to airlines	Accounting – HO			Not Implemented							To be implemented upon issuance of the amended MC
		d. Creation of a committee to regularly inspect and audit DPSCs in the books of Air Carriers.	The Accounting Division to coordinate with Finance, BDD and ELS to establish a committee to regularly inspect and audit DPSCs in the books of Air Carriers	Accounting – HO			Not Implemented							The coordination shall be initiated upon the issuance of the amended MC

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16	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.	We recommended and Management agreed to require both the Chief Accountant and the Department Manager III, Finance Department, to:												
		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	To 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	Finance Department/ Accounting – HO			Not Implemented		Explanation shall be submitted by October 2024	10/07 /2024	Not Implemented		No explanation submitted as of the date of follow-up.	

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		b. Include the General Ledger of the Creditable Input Tax account and the previous quarter's VAT return as part of the documentary requirements when processing the quarterly remittance of VAT Payable.	The Accounting Division will include the General Ledger of the Creditable Input Tax account in the documentation to validate the existence of the balance.	Accounting – HO			Implemented		GL of the account is part of the documentation for the remittance of VAT		Implemented	03/31/2024	09/30/24	Per validation, the GL of Creditable Input Tax account and previous quarter's VAT return were attached to the Q1 to Q2 of 2024 VAT Returns.

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17	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 the Authority 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.	We reiterated our prior year's recommendations, with modifications, and Management agreed to direct the Department Manager III, the Finance Department, and the Chief Accountant to:												
		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;	To submit a valid explanation/justification for the non-application of tax credits in CAAP's income tax returns	Finance Department/ Accounting – HO			Not Implemented		Explanation shall be submitted by October 2024	10/07/2024	Not Implemented		No explanation submitted as of the date of follow-up.	

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		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	The Accounting Division to coordinate with Collection Section to provide all the BIR Forms 2307 as reported in the Report of Collection.	Accounting – HO			Implemented		The Accounting Division has sent a memorandum to Collection Section, requesting for the copies of the missing BIR Forms 2307.	10/07/2024	Not Implemented			The Accounting Division has yet to secure all the necessary BIR forms to support the entirety of the WTaS account.
		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.	To monitor the creditable withholding taxes in the WTaS account	Accounting – HO			Implemented		Coordination with Collection Section is being done to inform them of the required BIR Forms 2307 as attachments to the collections with tax deductions.	10/08/2024	Not Implemented			Per validation, some of the recorded amounts in WTaS account still have no BIR 2307.

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18	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>We reiterated our prior year's recommendations, with modification, that Management instruct the:</p> <p>Department Manager III, Finance Department at CAAP-HO to:</p> <p>a. 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>	To oversee the process of withholding and remittance of taxes by designating personnel outside the Accounting Division	Finance Department			Implemented		Monthly and quarterly remittances are being reviewed	10/10/2024	Not Implemented			Per inquiry, the assigned personnel only validates the correctness of inputs from the Accounting Division, and not the timeliness of the remittance
		b. Judicial review the filing and remittance of withholding taxes;	To review the filing and remittance of withholding taxes	Finance Department			Implemented		Monthly and quarterly remittances are being reviewed	10/10/2024	Not Implemented			Per inquiry, the assigned personnel only validates the correctness of inputs from the Accounting Division, and not the timeliness of the remittance.

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		Accountant in AC VI to: c. Reconcile the Due to BIR account and cause the remittance of all duly withheld taxes; and		Accounting – AC VI			Not implemented		The reconciliation is ongoing. Target date to finish is December 2024	09/30/2024	Not implemented			The balance of the Due to BIR account from previous years remains unreconciled, and any unremitted taxes withheld from prior years have yet to be remitted, pending the outcome of the reconciliation .
		d. Strictly comply with the provisions of law as regards the timely remittance of taxes to avoid penalty.	To strictly adhere to the provision of laws as regards to the timely remittance of taxes	Accounting – AC VI	Mar-24	Jun-24	Implemented		Remittances were made within the reglementary period.		Implemented	07/08/2024	07/8/2024	The CY 2024 taxes withheld were timely remitted as monitored by the Audit Team.

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19	Service fees amounting to P86.687 million paid to Air Carriers were not supported with VAT (Value-Added Tax) Official Receipt (OR).	We recommended that Management require the Air Carriers to issue VAT-Official Receipts for service fees paid by CAAP, in compliance with the provisions of RMC No. 122-2021.	To issue a memorandum addressed to airlines requiring them to issue VAT-Official Receipts for service fees paid by CAAP, in compliance with the provisions of RMC No. 122-2021.	Accounting – HO			Implemented		Memorandum has been issued to airline operators requiring them to issue VAT invoices	08/13/2024	Implemented			CAAP MC No. 014-2024 dated July 15, 2024 was issued to Local Airline Operators requiring the issuance of VAT invoice for DPSC Service Fee.

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20	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	We recommended that Management instruct the Business Development Division (BDD) to expedite the formulation of amended implementing guidelines for the integration of 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.	To amend the MC on DPSC	BDD			Not Implemented	Ongoing revision of MC No. 022-17. Ongoing research and coordination with concerned offices.	A provision on reduction of service fees will be included in the amended MC. The target date to be determined.	10/02/2024	Not Implemented			The proposed revisions to CAAP MC 022-17 including the reduction of SF from 3.5% to 2.75% were presented to the CAAP BOD during the CAAP Regular Board Meeting last February 28, 2024. However, the Management requested this matter be deferred again for further study and review.

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21	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.	We reiterated our prior year's recommendations, with modification, that Management:												
		<p>a. Instruct the Department Manager III and the Chief Accountant to:</p> <p>i. Coordinate with ICFAU and expedite the retrieval and submission of the required documents to, once and for all, liquidate the long outstanding cash advances;</p>	To send a letter to ICFAU to coordinate the liquidation of the outstanding cash advances	Finance Department/ Accounting – HO			Implemented		A letter addressed to ICFAU has been prepared to follow up the status of CAAP's request regarding the liquidation of cash advances of former Director Generals. Letter sent on 29 May 2024	October 4, 10, 11, 16, 2024	Implemented	5/31/2024	5/31/24	The Accounting Division sent a letter to ICFAU duly received on May 31, 2024.

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		ii. Intensify efforts to locate the documents to support the 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;	To locate the documents to support the unsubstantiated receivables	Accounting – HO			Not Implemented	Absence of files/documents	There is a continuous effort to locate information and documents of the unsubstantiated receivables. Subsidiary Ledgers are prepared and accounts are being reviewed for possible inclusion in the list of dormant accounts.	October 4, 2024	Not implemented			The Accounting Division is in the process of identifying the details of the unsubstantiated receivables

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		iii. Issue demand letters to OGCC lawyers, inspectors, and former officers and employees of CAAP to pursue the collection of their outstanding balances recorded under the Other Receivables account. The Department Manager III, Finance Department ensure that the Audit Team be furnished a copy of the issued demand letters;	To coordinate with ELS in the issuance of demand letters to OGCC lawyers	Finance Department/ Accounting – HO			Implemented		Coordination has been made with ELS for the liquidation of cash advances. ELS has informed the OGCC lawyers of their unliquidated balances that resulted in the liquidation of their cash advances.	October 4, 2024	Not implemented			Demand Letters were not issued as of follow-up date.
		iv. Coordinate with the OGCC the unliquidated cash advances of its lawyers with CAAP;	To coordinate with ELS regarding the unliquidated cash advances of OGCC lawyers	Accounting – HO			Implemented		Coordination has been made with ELS for the liquidation of cash advances	10/10/2024	Not implemented			The Accounting Division cannot present sufficient evidence to support that communication with the OGCCs were indeed made.

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		v. Communicate with the FAA and follow-up on the inquiry about the status of the project. If the agreed-upon objectives outlined in the MOA were not achieved, request for refund of the amount previously paid to the FAA; and	To communicate with the FAA regarding the status of the project	Finance Department			Implemented		The Finance Department has communicated with FAA to inquire about the status of the project. Preparation of required documents for the refund is being coordinated with FSIS and ELS.	October 4, 2024	Implemented			The FAA already responded to the letter of CAAP. Reports were provided by the FAA to support the completion of the project. Finance is currently coordinating with the FSIS to process the remaining amount (\$68,916.40) to be refunded by the FAA.

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		b. Direct the 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.		FSIS			Not Implemented	A response has not been received from FSIS	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to FSIS Chief to submit replies/comments on the observations and recommendations of COA	October 4, 2024	Not Implemented			The FAA provided the necessary documents to support the project. However, the Finance Department has yet to provide the Accounting Division the documents to facilitate the validation and subsequent recording of the transaction

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22	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 funds for other priority projects, plans, and programs.	<p>We reiterated our prior year's recommendations, with modification, that AC I Management direct the concerned Finance personnel to:</p> <p>a. Recognize in the books of accounts the final amount of penalties and the related receivable; and</p>	To recognize the amount of penalties in the books	Accounting – AC I			Implemented		Penalties for the periods February to July 2023 has been deducted from payment of their billings in the Head Office. The penalties were recorded in the books accordingly. Moving forward, as instructed by the ELS, no penalty shall be deducted until an investigation has been done.	Oct. 4, 2024	Not Implemented			January 2019 to January 2022 as well as the August to December 2023 has yet to be collected and no receivable has been recorded. The said penalties were being re-evaluated and subject for reconciliation to determine the final amount to be collected.

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		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.	To deduct the amount of penalties	Accounting – AC I			Implemented		Deducted penalties for payments as of February 2022 Penalties for the periods February to July 2023 has been deducted from payment of their billings in the Head Office.	Oct. 4, 2024	Not Implemented			January 2019 to January 2022 as well as the August to December 2023 has yet to be collected. The said penalties where being re-evaluated and subject for reconciliation to determine the final amount to be collected.

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23	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>We recommended that Management instruct the following:</p> <p>Internal Audit Services in coordination with the Business Development Division:</p> <p>a. 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>		IAS			Implemented		IAS has been performing audits on selected area centers, airports, and the Business Development Division (BDD).Areas for improvement have been identified, including the billing and collection processes for water and electricity charges. Recommendations for enhancements have been provided.IAS will continue to monitor the implementation of the	August to October 2024	Implemented			IAS recently conducted an Operations Audit to BDD. The Entry and Exit Conferences of IAS were held in April 2024 and July 2024, respectively.IAS is yet to transmit their final audit report to ODG.

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				BDD			Implemented		action plans committed to by the audited airports and the BDD, including the development of policies and guidelines. BDD has provided feedback on IAS Findings and Recommendations in relation to Operations Audit of BDD issued by IAS.					
		b. Establish a clear-cut policy embedding the necessary controls within the billing and collection processes concerning concessionaires' water and electric charges to address the root causes of operational deficiencies identified within these processes;		IAS			Implemented		IAS has been performing audits on selected area centers, airports, and the Business Development Division (BDD). Areas for improvement have been identified, including the billing and	August to October 2024	Implemented			The IAS also conducted an operational audit at some airports (PPIA & BPIA) and identified various deficiencies in the billing and collection of utilities that is similar in the case of

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													CAAP-HO Concessionaires. Hence, BDD designated a TWG in-charge in the formulation and development of policy/ies to resolve the issues at hand.	

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				BDD			Not Implemented		BDD to consider the recommendation of IAS and coordinate with utility providers. Currently preparing recommendation to TWG that will work on the development of policy/ies with regard to the collection of utility payment from concessionaires in the Central Offices and CAAP airports and facilities.					

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		Accounting Division: c. 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	To issue billing statements	Accounting – HO			Implemented		The Accounting Division has issued the billing statements for the utilities of the concessionaires. Moving forward, we coordinated with BDD, BGMS, and FIGG for the timely submission of data for billing purposes.	August to October 2024	Implemented			The billing statements for unbilled utilities of some concessionaires were partially issued.

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		Buildings and Grounds and Maintenance Service: d. Collaborate with the Business Development Division to diligently gather all relevant documentation and data required to compute the exact amount of unbilled or uncollected water and electric charges from concessionaires for the years 2018-2023.		BGMS			Implemented		Coordination among BDD, BGMS, Accounting Division, and FICG has been conducted for the timely submission of data for billing purposes.		Implemented			The BGMS already provided a basis of computation for prior years' unbilled utilities to BDD. BGMS is now also regularly monitoring the readings of sub-meters installed in the leased premises of CAAP facilities.

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24	Result of confirmation of receivables from lessees disclosed a variance of P1.785 million and an unconfirmed amount of P 341,886	We recommended that Management instruct the Accounting Division to:												
		a. Investigate and determine the causes of the variance between CAAP's and lessees' book balances, reconcile with the lessees' records, and take up the necessary adjustments in the books of accounts if warranted; and	To analyze the variance between book balance and lessees' records	Accounting – HO			Implemented		Reconciliations were made and variances have been identified. In coordination with COA, adjustments have been recorded in the books.		Implemented			The reconciliation and updating of SLs were already made.
		b. Collaborate with the Business Development Division and Enforcement and Legal Service to devise concrete action plans and remedies to enforce the collection of outstanding balances of the former CAAP-HO's Canteen Concessionaire.	To coordinate with BDD and ELS to enforce collection	Accounting – HO			Implemented		The Accounting Division has coordinated with BDD regarding the outstanding balance of Rosella House Canteen. Accordingly, a demand letter has been sent.		Implemented			The ELS issued a letter dated May 24, 2024 re Final demand for payment of Outstanding Balance to the owner of former CAAP-HO's Canteen Concessionaire.

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25	Recurring delays persist in the approval/renewal of Contracts for Lease for Concessions, both at the CAAP-Head Office and across all Area Centers manifests inadequate internal control measures.	We recommended that Management: a. Consider decentralizing and/or delegating signing authorities to the Area Centers/Airport Managers, based on the nature and scope of the lease contracts, to streamline the CLC approval and renewal process; and		BDD			Implemented		The decentralization has been considered. However, AO#171-2023 was issued to streamline the CLC approval and renewal process.	10/08/2024	Not Implemented			No decentralization and/or delegation of signing authorities to Area Center/Airport Managers has been made yet. The updating of the CAAP Concession Manual is still ongoing. AO#171-2023 pertains only to an authority for the Chief of the Corporate Planning Office to approve and sign on behalf of the DG for CLCs subject to renewal.

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		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.		BDD			Not Implemented		BDD has provided access link to Accounting Division of CAAP-HO. BDD to provide access link of the concession database to all Accounting/Billing Units in the Area Centers		Implemented			BDD has already provided the access link of their Concession Masterlist to several Area Centers. Such database was also now being utilized for preparation of billing statements.

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26	Outdated schedule of rental fees and charges utilized by the Authority, as outlined in DOTC DO 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.	We recommended that the Authority 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.	To update the schedule of Fees and Charges	Fees and Charges Committee			Not Implemented	Ongoing updating of CAAP fees and charges	Air Navigational Charges have been updated and implemented. Other charges shall be updated accordingly.	10/08/2024	Not Implemented			Updating of aeronautical fees and other airport charges including rental fees is still ongoing. The proposed amendments will be presented to CAAP BOD within the year.

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27	The payroll process of CAAP-HO lacked the necessary checks and balances, which contravened the Internal Control Standards for the Philippine Public Sector (ICSPPS), thereby exposing CAAP to erroneous disbursements of funds and/or fraud.	We recommended that Management instruct: a. The Chiefs of both the HRMD and the Finance Department to initiate the revision of the AFS Operations Manual, particularly those involving the payroll process to include a defined process for monitoring deductions, the appropriate and timely preparation of JEVs and the updating of index of payments, the appropriate timeline for the submission of the DVs, BURS 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;	To revise the operations manual	HRMD/ Finance Department			Not Implemented	Ongoing revision and improvement in process flows	Policies and procedures relating to payroll are currently being reviewed and revised by HRMD and the Finance Department. Target date to complete the revisions to be confirmed. TOR for automation of Finance and HR is being finalized to start the procurement process. Automation of processes will improve internal controls for all Finance and HR processes	October 4, 2024	Not Implemented			The Finance and HRMD had several meetings to review and improve the process, however as of follow-up date, the revised process has yet to be finalized and approved.

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		b. The Chief, HRMD, to commit to the meticulous, accurate and timely preparation of the payroll register to ensure the timely payment of salaries and wages of CAAP employees while maintaining essential internal control policies;		HRMD			Not implemented	A response has not been received from HRMD	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to HRMD Chief to submit replies/comments on the observations and recommendations of COA	10.2.2024	Not Implemented			Numerous errors are still regularly observed in the payroll register by the Accounting Division.
		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	To only review and validate the payroll register	Accounting – HO			Implemented		The Accounting Division only reviews and validates the payroll register	October 4, 2024	Not Implemented			Per our validation, the Accounting Division still directly revise the payroll register.

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		d. The Chief Accountant to prepare the JEVs to record the payment of the payroll and update the index of payments only after the disbursements have been made.	To prepare the JEVs to record the payment of the payroll and update the index of payments only after the disbursements have been made	Accounting – HO			Implemented		While JEVs are prepared upon processing of payrolls, such JEVs are not recorded in the books until the actual payments	October 4, 2024	Not Implemented			The JEVs are being prepared upon processing of the payroll and are signed alongside the Disbursement Voucher. However, a JEV being a form used to record transactions in the books, should be prepared only after the event has taken place.

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28	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.	We recommended and Management agreed:												
		For CAAP-HO and AC III: a. 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		CSIS – HO			Not implemented	A response has not been received from CSIS	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to CSIS Chief to submit replies/comments on the observations and recommendations of COA	Oct. 3, 2024	Implemented	July 1, 2024	Sept 30, 2024	Per validation, new contracts were entered with various Private Security Agencies for CAAP Head Office and various ACs in compliance with relevant provisions of RA No. 9184.

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		b. Initiate the timely procurement of general support 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.		CSIS			Not Implemented	A response has not been received from CSIS	An email dated August 22, 2024 and letters dated September 10 and 17, 2024 have been sent to CSIS Chief to submit replies/comments on the observations and recommendations of COA	Oct. 3, 2024	Implemented	July 1, 2024	September 30, 2024	Per validation, new contracts were entered with various Private Security Agencies for CAAP Head Office and various ACs in compliance with relevant provisions of RA No. 9184.
		For ACs III and VIII: c. 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.		CSIS - AC III			Implemented		The new contract for Security Services started last August 1, 2024.					
				CSIS – AC III			Implemented		The new contract for Security Services started last August 1, 2024.	Oct. 3, 2024	Implemented	July 1, 2024	September 30, 24	Per validation, new contracts were entered with various Private Security Agencies for CAAP Head Office and various ACs in compliance with relevant provisions of RA No. 9184.

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				CSIS – AC VIII	01-Jan-24	31-Dec-24	Implemented		The procurement of security services is carried out by the Head Office through the CSIS as the end-user. The AC 8 is just a recipient of the services and thus has no direct control over the implementation of the contract. Nonetheless, the area center has already written to the head office asking for an update on the status of procurement of the security services in the area center.					

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29	Absence of Certificate(s) of Title (COT) or if available, not under the name of the Authority raised question on the validity of CAAP's ownership on several lots.	We reiterated our prior years' recommendations, with modification, that Management direct the: a. RETTF, ADMS, AMD, and ELS of CAAP-HO to coordinate with MIAA to expedite the transfer under CAAP's name the properties under 2015 Partition Agreement (formerly Certificate of Titles on the lots used at CATC 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;	A follow-up letter was prepared and signed by CAAP Director General to further request prompt action from the MIAA requesting for the reassessment and implementation of the unfulfilled 2015 Partition Agreement for the transfer of CAAP-occupied properties registered to MIAA, which including the CAAP Hangar.	RETTFADM SAMDELS			Implemented		Letter to MIAA was transmitted on 20 May 2024	10/10/24	Implemented			Coordination meeting was conducted with MIAA regarding the new MOA. Finalization and implementation of such will be monitored by the Audit Team.

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			A response was received from the MIAA indicating that they are amenable to revise or amend the Partition Agreement as it is now outdated due to the newly issued Transfer Certificates of Title (TCTs). However, MIAA opined that CAAP Hangar may not be applied for transfer since it is currently sub-leased and “would not fit the criteria of Section 85 of the RA 9497”. MIAA’s response was then provided to the ELS for their reference in drafting a	RET-TF/ AMD / ELS			Implemented		A new Memorandum of Agreement (MOA) has been drafted					

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			new Memorandum of Agreement (MOA) between the MIAA and this Authority as discussed during the latest RET-TF Meeting.											
			Provide the Narrative Technical Description and Sketch Plans of the subject properties to ELS to aid them in preparation of the MOA.	ADMS			Implemented		A narrative technical description and sketch has been provided to ELS					

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			Prepare the new MOA between MIAA and CAAP, amending the 2015 Partition Agreement and include all CAAP-occupied properties under the name of the MIAA, upon the completion of ADMS survey and review of MIAA.	RET-TF / ELS / ADMS			Implemented		Draft MOA was transmitted to MIAA on 20 July 2024 and forwarded again via emailed to the Business and Real Estate Investment Development Division of MIAA on 12 August 2024							
									Follow up with MIAA regarding their review/ response							

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			The draft MOA shall be presented to the CAAP Board of Directors for their feedback and will be transmitted to the MIAA for their Board's perusal and concurrence	RET-TF			Not Implemented	Awaiting review from MIAA						
			Signing of the MOA and coordination with LRA to process titles in favor of CAAP	CAAP DG / MIAA GM			Not Implemented	This will depend on the approval of the MOA by CAAP and MIAA	Coordinate with the LRA regarding the requirements for the transfer of the titles in favor of CAAP					

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		b. ADMS and AMD to process the transfer under CAAP's name the Certificate of Titles on Tagaytay Radar – Site 1 lot; and	Send request letter and necessary attachments to Tagaytay Assessor's Office to transfer the Tax Declaration of a lot in Tagaytay CS Facility in favor of CAAP; send letter to Tagaytay Assessor's Office as well to research property concerns related to San Agustin claims.	ADMS AMD			Implemented		Transmitted letters to concerned government agencies on 02 and 14 February 2024	10/10/24	Not Implemented			Lots were not yet transferred under CAAP's name.
			Visit DENR PENRO-Laguna and requested for property-related documents (Claims of San Agustin)	AMD			Implemented		Obtained property-related documents to DENR-PENRO Laguna					

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			Visit Tagaytay Assessor's Office and ROD Tagaytay to obtain documents regarding San Agustin and Congregacia de Sta Catalina properties	AMD			Implemented		Obtained property-related documents to DENR-PENRO Laguna					
			Endorse obtained documents to ADMS/Site Acquisition Committee/RETTF for evaluation and guidance	AMD			Implemented		Endorsed obtained property-related documents to ADMS and RETTF					
			Coordination with LRA/ROD/Assessor's Office to process titles in favor of CAAP	RETTF/SAC/ELS			Not Implemented	Will depend on the evaluation and guidance of the CAAP committees involved						

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		c. ACs X and XII to facilitate surveying lots with undetermined portions to establish the exact parcels of land controlled by CAAP.		AC X						10/10/24	Not Implemented			No documents to support the surveying conducted. This requires further coordination with ACs X and XII RET-TWG for the implementation of the recommendation.
		To facilitate surveying lots with undetermined portions to establish the exact parcels of land controlled by CAAP		AC XII			Implemented		Titling of lots is being undertaken by the Real Estate TWG.					

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		We further recommended that Management direct:												
		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;		AC I			Implemented		Area I forwarded this matter to ELS for transmittal to the OGCC. There were series of meetings conducted between ELS, Area I, and OGCC as to the filing of the appropriate case. The OGCC opined to settle with the landowners the transfer of title and that the institution of an action is the last resort. The Area I agreed to for the time being. If this year there will be no significant change, Area I will recommend	10/10/24	Implemented			Various meetings were conducted by the Management. Formulated a Five-year Plan for Property Title Transfer of CAAP-occupied lots. The Audit Team will monitor the implementation as well as validation of titles.

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			Management to: a. Make representation at the Central Office and request for sufficient budget needed in the processing of and 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;	AC II			Implemented		the institution of civil case against the landowners. Management started the processing of the titles and coordinated the same with the Head Office. In addition, funding has been requested for the processing and transfer of titles.					

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			b. Seek proper legal land actions or remedies that would enable the Management to resolve issues encountered in the titling of lots and expedite processing of land titles.											

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			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	AC V			Implemented	Recorded lots was based on the INTECH APPRAISAL RESULT IN 2010. However, the documents provided lacked sufficient details as to the individual lots that will correspond to the whole lot presented in the report. As such reconciliation as to the List obtained from the ADMS by the A5 Legal Office can't be easily done.	Already part of the CAAP-HEAD OFFICE's FIVE-YEAR PLAN for Property Title Transfer of CAAP-Occupied Properties					
				AC X			Implemented			The Asset Management Division of the Head Office spearheads the titling process in coordination with the Area Center				

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			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	AC XII			Implemented		Titling of lots is being undertaken by the Real Estate TWG in coordination with the Head Office					
		e. ACs II, V, and XII to expedite the submission of all the necessary documentation for the processing of the titles of the lands;	Management to require the RET-TWG to comply with the duties and functions laid out in Area Order No. AC2-2023-005 and submit Status Reports thereafter.	AC II			Implemented		Management started the processing of the titles and also requested sufficient budget for the processing and transfer of titles.	10/10/24	Not Implemented			Although RETTF and RETTWG initiated to organize the planning of CAAP Area Centers on their property titling activities, the said titling is still in progress rendering the status as not implemented.

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			To expedite the submission of all the necessary documentation for the processing of the titles of the lands	AC V			Implemented		Already part of the CAAP-HEAD OFFICE's FIVE-YEAR PLAN for Property Title Transfer of CAAP-Occupied Properties					
			To expedite the submission of all the necessary documentation for the processing of the titles of the lands	AC XII			Implemented		Documents have been submitted					
		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;		AC I			Implemented		Area I will strictly monitor future agreements. As for existing agreements, Area I is currently studying each case.	10/10/24	Not Implemented			Inquiry with AC I Audit Team disclosed that the status of this recommendation is not yet implemented.

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		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;	Management to request sufficient budget for the processing and transfer of titles.	AC II			Implemented		Management requested a sufficient budget for the processing and transfer of titles. The newly hired lawyer started the process but cannot push through because of budget restriction.	10/10/24	Not Implemented			Inquiry with AC II Audit Team and review of their AAPSI in AC revealed that this is not yet implemented.

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		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 CADP and, if warranted, initiate the transfer of titles under the name of the ROP; and	To coordinate with the asset management division about the titling of land affected in CADP	AC VI	Apr-24	Sep-24	Not implemented	The Legal Officer/ A6 Titling focal person is on maternity leave	To coordinate with the asset management division about the titling of land affected in CADP	10/10/24	Not Implemented			Ongoing coordination with Asset Management Division.
		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.		AC X			Implemented		The request for the conduct of land appraisal was discussed with the focal persons of the Head Office (Accounting and Asset Management Division)	10/10/24	Implemented	January 2024	September 2024	CAAP AC X constituted their Local Committee for Appraisal Team and coordinated the conduct of land appraisal to CAAP HO. However, no reply yet from CAAP HO. Subject to monitoring of land appraisal.

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30	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.	We recommended that Management 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.		ODG IAS			Not Implemented		IAS will consider the inclusion of the review of internal rules and procedures for the rendition and payment of overtime in the CY 2025 IAS Operations Plan.	10/16/24	Not implemented			
31	The monetization of leave credits of CAAP-HO employees was not in accordance with Sections 22 and 23 of the Omnibus Rules on Leave 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.	We recommended, that Management instruct:												

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		a. The 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		ODG			Implemented		Officers are reminded to comply with the proper authorization in monetization of leave credits	10/2/2024	Not Implemented			While approval of requests for leave monetization bears the necessary approvals, it was noted based on the sample leave application, that strict compliance with the Omnibus Rules on Leaves is not observed, particularly the requirement of Section 22 that only VL credits may be monetized with the exception set by Section 23.

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		b. The 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.	To ensure that requests for leave credit monetization have the necessary approval	Accounting – HO			Implemented		Ensures that necessary approvals are secured for the payment of monetization	10/2/2024	Implemented	May 24, 2024	Present	Approval of requests for leave monetization is already in accordance with CAAP memorandum No. 03-19 dated January 24, 2019.
32	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.													
	a. Disbursement through Petty Cash Fund were not supported with complete documentation contrary to COA Circular No. 2012-001	We reiterated our prior year's recommendations that Management direct the Chief Accountant to: a. Submit to the Audit Team the lacking supporting documents; and	To submit the lacking documents	Accounting – HO			Implemented		Documents were submitted to the Audit Team	10/08/24	Implemented	02/01/2024	05/17/24	Lacking documents were submitted on 05/17/2024.

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		b. Ensure that complete supporting documents, as prescribed under COA Circular No. 2012-001 are attached to the vouchers.	The Disbursement Section shall ensure that this requirement prescribed under COA Circular 2012-01 is strictly implemented.	Accounting – HO			implemented		The Accounting Division has required all the Petty Cash Custodians to attach the complete documentation to the liquidation vouchers.	10/08/24	Not implemented			Current audit reveals that there are still disbursements lacking supporting documents.
	b. Cash advances were not liquidated within the prescribed timeline	We recommended and Management agreed to: 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;	To remind Accountable Officers to strictly comply with the timely liquidation of cash advances	Petty Cash Custodian			Implemented		The accountable Officers were reminded of their timely compliance under COA Circular No. 97-002 during the orientation seminar held on February 20, 2024	10/08/24	Implemented	02/01/2024	2/20/24	

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		<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 of Authority Orders related to cash advances; and</p>	To regularly monitor the effectivity/validity of Authority Orders related to cash advances	Accounting – HO			Implemented		Authority Orders are being monitored to track the cash advances and liquidations of the accountable employees.	10/8/2024	Not implemented			The Audit Team noted that there is still no working monitoring mechanism in place as evidenced by unliquidated CAs past the validity of Authority Orders.
		<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>	The Accounting Division shall issue a Memorandum to Accountable Officers for the liquidation of their cash advance upon replacement by another Authority Order, or when they are reassigned, or when the purpose of cash advance has been served.	Accounting – HO			Implemented		Reminder letters are being issued to accountable officers before the expiration of the Authority Orders	10/8/2024	Not implemented			No reminder nor demand letters were issued to PCCs and SDOs with unliquidated CAs.

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	c. Petty Cash Fund Record (PCFR) not reconciled with the cash on hand daily	We recommended that Management:												
		a. Direct the PCCs to adhere to the provisions of COA Circular No. 97-002, on the proper handling, custody, and disposition of the cashbook;	To remind the accountable officers to adhere to the provisions of COA Circular No. 97-002, on the proper handling, custody, and disposition of the cashbook	Petty Cash Custodians			Implemented		Adherence to COA Circular No. 97-002 were discussed and explained to the PCCs during their orientation seminar held on 20 February 2024.	10/8/2024	Implemented	02/01/2024	2/20/24	

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		<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>i. Use of prescribed PCFR and other forms and reports relative to PCF;</p> <p>ii. Recording the transactions in the PCFR daily;</p> <p>iii. Reconcile the book balance with the cash on hand daily;</p> <p>iv. Foot the total debit and credit at the end of each month;</p> <p>v. Record only paid PCVs in the PCFR; and</p>	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	Accounting – HO			Implemented		The orientation session for all PCCs on 20 February 2024 covered the handling, custody and disposition of the PCFR and other required reports related to PCF.	10/8/2024	Implemented	2/1/24	2/20/24	

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		vi. Issue and record PCVs in chronological order.												
	d. The PCCs disbursed funds even without an Authority Order	We recommended and Management agreed to: a. Ensure the timely issuance of Authority Orders designating CAAP personnel as Accountable Officers to avoid gaps in the validity of their designations as such; and	Authority Orders designating CAAP personnel as Accountable Officers shall be issued on time	ODG			Implemented		Authority Orders are issued in a timely manner.	10/8/2024	Implemented	2/1/24	2/20/24	
		b. Direct the Accountable Officers to refrain from disbursing funds without Authority Order or designation to do so.	Remind the AOs to refrain from disbursing funds without Authority Order or designation to do so.	Petty Cash Custodians			implemented		Reminding the accountable officers was part of the orientation seminar held on 20 February 2024	10/8/2024	Implemented	2/1/24	2/20/24	

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33	The 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.	We recommended that Management 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 PTB to ensure a positive travel experience for passengers and contribute to successful airport operations.	a. Lack of clean restrooms	AC VII			Implemented		a. Restroom Cleanliness and Maintenance	Sept 2024	Implemented	Jan. 2024	Sep-24	The AC VII Audit Team monitored the implementation of the audit recommendation.
			We share your concern about the current state of the restrooms, and we appreciate you highlighting this issue. Our proposal for the maintenance and upgrade of restroom facilities, including a regular repair schedule, has been					All restrooms are regularly monitored to ensure cleanliness and proper upkeep. Daily inspections and reports are conducted in compliance with instructions from the CAAP Director General. Additionally, following discussions with the						

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			submitted to higher CAAP authorities. We will also be requesting for the budget allocation for the proposed project "Repair and Rehabilitation of PTB comfort rooms/toilets" including the construction of communal toilet in the vehicular parking area. And we will continue to follow up on the status of this proposal to expedite necessary actions.'											
			b. Insufficient seating facilities Adequate seating is crucial to passengers' comfort, and we understand the need for											

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			improvement in this area. Plans to enhance seating facilities in the check-in and arrival areas are in progress. We are committed to providing sufficient seating to accommodate all passengers, including the elderly, pregnant women, and individuals with special needs. However, due to the limited space of our check-in area, we are unable to provide an area for the additional gang chairs in the check-in area. Nevertheless, a proposal to have the											

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			The proposed budget for the maintenance and upgrade of the air-conditioning units is already in the pipeline. In fact, there is an ongoing installation of an additional three (3) units. We will expedite the necessary steps to ensure that the air-conditioning units are functioning optimally, providing a comfortable environment for passengers."											

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34	Prolonged non-disposal of unserviceable properties with carrying value of at least P5.868 million led to further deterioration and decreased value, while incurring additional storage, maintenance, and security costs.	We reiterated our prior years' recommendations, with modification, and Management agreed to instruct the CAAP-HO, ACs II, VI, and XII Disposal Committees to undertake the immediate disposal procedures of unserviceable properties in accordance with PD 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.	To conduct the disposal activity within the 4 th Quarter of FY 2024 and to provide assistance in the preparation of IIRUP/IIRUS P and disposal procedures of ACs.	Disposal Committee – HO			Not Implemented	Ongoing implementation of the One Time Cleansing of PPE	The SD Head Office has prepared the IIRUP, IIRUSP and WMR for spare parts, unserviceable equipment and vehicles. Target date for the disposal activity is within 4 th Quarter of FY 2024. As per the reconstituted Authority Order of the PDC HO, the Committee shall assist the ACs Disposal Committee as necessary and requested. That assistance on the preparation of IIRUP/ IIRUSP and disposal	10/8/2024	Not Implemented			Preparation of documents required for disposal and the disposal of properties are to be performed in succeeding quarters.

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				Disposal Committee – AC II										
			To expedite the disposal process of the unserviceable properties at the airports of A6	Disposal Committee – AC VI	Jul-24	Dec-24	Not implemented	On going appraisal of PPE for disposal	To process the disposal of unserviceable PPE of A6					
			To undertake the immediate disposal procedures of unserviceable properties	Disposal Committee – AC XII			Not Implemented		Area XII has established a Disposal committee. The target date for the disposal of asset is fourth quarter 2024					

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		We further recommended that Management of AC XI to:												
		a. Expedite the preparation of an updated and/or complete Inventory and Inspection Report of Unserviceable Properties (IIRUP) to come up with a complete list of unserviceable properties and waste materials based on the latest physical inventory;	Supply Unit has already prepared the Inventory and Inspection Report of Unserviceable Properties (IIRUP) a copy was provided to the Disposal Committee	AC XI	Jan-24	Dec-24	Implemented		IIRUP has been prepared and updated.	10/8/2024	Not Implemented			Inquiry with AC XI Auditor disclosed that the IIRUP was not yet submitted to their Office.
		b. Determine the appraised value of all unserviceable properties and waste materials using the COA Manual on Appraisal of Government Properties;		AC XI	Jan-24	Dec-24	Not Implemented	The Disposal Committee has yet to submit report on the progress of this appraisal.		10/8/2024	Not Implemented			No appraisal report provided as of to date.

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		c. 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 done in good faith; and		Supply – AC XI	Jan-24	Dec-24	Not Implemented	The Accounting Unit has yet to issue the Certification since no official report re: List of Unserviceable were submitted from the Disposal Committee.		10/8/2024	Not Implemented			No issued Certification yet as of to date.
		d. 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.	We will furnish the COA Auditor with all the documents relative to the Disposal of Unserviceable property.	Disposal Committee	Jan-24	Dec-24	Not Implemented	Processes for the disposal are ongoing.		10/8/2024	Not Implemented			Disposal processes are currently ongoing.

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35	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.	We reiterated our prior year's recommendations, with modification, and Management agreed to adhere to the Rules and Regulations on the settlement of accounts prescribed under COA Circular No. 2009-006 by directing the:												
		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	The Accounting Division to prepare a memorandum to implement the withholding of salaries to settle the disallowances	Accounting – HO			Not Implemented		Target date for the issuance of the Memorandum is fourth quarter 2024	10/4/2024	Not Implemented			No collection from personnel who are still connected to CAAP regarding Disallowances and Charges with Notice of Finality of Decision.

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		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 other appropriate legal actions.	In coordination with ELS, the Accounting Division to issue demand letters to recover the disallowances	Accounting – HO			Not Implemented		All legal means to collect/recover the disallowances and charges shall be initiated upon issuance of the Memorandum	10/4/2024	Not Implemented			No demand letters were issued as of this reporting.
36	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.	We recommended and Management agreed to instruct:												

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		a. The Chief, HRMD to immediately update all its records with the GSIS, PhilHealth, and Pag-IBIG;		HRMD			Implemented		An email dated August 22, 2024 and letters dated September 10 and 17, 2024 that include this instruction have been sent to the HRMD Chief	10/3/2024	Not Implemented			Existence of employees not yet updated in PhilHealth as of September 30, 2024.
		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;	To reconcile the withheld contributions in preparation for the immediate remittance	Accounting – HO, AC II and V			Not Implemented	Ongoing reconciliation	Reconciled amounts were remitted accordingly. Target date to complete the reconciliation and remittance is December 2024. The AC II accountant will exert effort to locate the supporting documents and reconcile or remit the balances reflected. Target date December 2024.	10/3/2024	Not Implemented			Ongoing reconciliation

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		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		Finance Department			Not Implemented		To issue a memorandum requiring 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. Target date September 2024.	10/10/24	Not implemented			To be implemented in October 2024

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		d. Comply with the laws and regulations on prompt payments of premiums and loan payments to the different government agencies to avoid penalties.	To remit the premiums/contributions on time	Accounting – HO			Implemented		The Accounting Division remits the premiums/contributions on time		Not Implemented			Presence of unremitted premiums as of September 2024.
37	Penalty amounting to P72,169 was incurred due to the late remittance of PhilHealth premiums covering the period January to April 2022.	We recommended that Management direct:												
		a. Those involved with the processing and payment of the penalty to explain why the payment should not be disallowed in audit; and	To prepare an explanation of why the payment should not be disallowed in audit To prepare an explanation of why the payment should not be disallowed in audit	Accounting – HO Cashiering – HO			Implemented Implemented		An explanation letter was sent to the Management An explanation letter was sent to the Management		Implemented	July 15, 2024	July 15, 24	An explanation letter was received by COA on July 15, 2024

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		b. The Chief of the Finance Department to provide a detailed plan of action to prevent the recurrence of this issue.		Finance Department			Not Implemented		Meetings were conducted with the Accounting Division and Cashiering Division to prevent the recurrence of this issue. To prepare a detailed plan of action with target date of October 2024	10/10/24	Not implemented			No detailed plan submitted as of follow-up date.
38	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 a regular and periodic verification, analysis, and validation of the existence of all dormant accounts.	We recommended that Management instruct the Department Manager, Finance Department at CAAP-HO and the Accountants in ACs I, III, and VI, to:												

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		a. Ensure that SDA is timely submitted to the Office of the Auditor in accordance with the COA Circular; and	Timely submission of Schedule of Dormant Accounts	Accounting – HO			Not Implemented	Delay in the preparation of financial statements and reports	Delayed submission of Schedule of Dormant Accounts due to dependency in the finalization of financial statements	10.3.2024	Not Implemented			While the AC Management regularly submits its Schedule of Dormant Accounts, the Accounting Division of CAAP-HO has yet to submit its Schedule of Dormant Accounts as of September 2024.
				Accounting – AC I			Implemented		Submitted the quarterly schedule of dormant accounts					
				Accounting – AC III			Implemented		Submitted to the Office of the Auditor the report of SDA last June 2024.					
			To submit timely to COA Audit the SDA of A6	Accounting – AC VI	Mar-24	Apr-24	Implemented		Submitted to COA Audit team the SDA of A6, April 11, 2024					

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		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.	To review, analyze, and implement one time cleansing of dormant accounts	Accounting – HO, AC I, AC III, AC VI			Not implemented	On-going activity to write-off dormant accounts	Request for the write-off of dormant accounts shall be submitted by November 2024		Not Implemented			No submission yet
39	The Authority was unable to implement the institutionalization of the GAD Database/Sex-Disaggregated Data, thereby casting doubt on the effectiveness of the Authority's GAD analysis and the significance of identified gender issues in the GAD Plan and Budget (GPB).	We recommended and Management agreed to instruct the Human Resource Management Division (HRMD), in coordination with the GAD-Technical Working Group, to ensure the institutionalization of the GAD Database/Sex-Disaggregated Data and capacitate the GAD GFPS on its use and importance to aid the focal point in determining gender issues and corresponding actions to address them.		HRMD – HO, AC V			Implemented		An email dated August 22, 2024 and letters dated September 10 and 17, 2024 that include this instruction have been sent to the HRMD Chief.	Oct. 4, 2024	Implemented	Aug. 22, 2024	Sept 17, 24	

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40	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	We recommended and Management agreed:												
		For CAAP-HO to: a. Look into its available resources and consider CAAP's schedule of activities in formulating the agency's GPB to ensure the attainability of GAD PAPs.		GAD						Oct. 4, 2024	Not Implemented			No action taken on the recommendation.
		For AC VI to: b. 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 mandate as a whole; and	To design and implement an attainable GPB	AC VI			Implemented		The 2024 GPB of Area 6 was designed to address specific gender issue and is attainable to implement within the current year.	Oct. 4, 2024	Not Implemented			Per validation by AC Auditor

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		c. 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.	To coordinate with Head Office GFPS	GAD			Implemented		Coordination has been made with Head Office regarding GAD targets	Oct. 4, 2024	Not Implemented			Per validation by AC Auditor
41	The Authority 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	We recommended and Management agreed to 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.	To establish RC/SLs for each account to record all GAD-related expenses	Accounting – HO			Not Implemented	CAAP has no established Responsibility Centers	To be implemented as part of the computerization project	Oct. 4, 2024	Not Implemented			No subsidiary ledger has been established for GAD.