

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Out of **113** audit recommendations issued in the CY 2021 Annual Audit Report, **63** were implemented, **6** were not implemented, **33** were reiterated in Part 2 of this report and the remaining **11** were closed mainly due to the issuance of Notices of Disallowance and Notices of Suspension. The details are presented below:

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
CY 2021 AAR Observation No. 1 Pages 82-90	The faithful representation of Property, Plant and Equipment (PPE) with carrying amount of P129.811 billion was not established due to material errors and deficiencies, which is contrary to Philippine Accounting Standard (PAS) 1, to wit:	a. Require the Accounting Division, Head Office and Accounting Unit/Section of PMOs to recognize in the books the value of service concession assets provided by the four major operators totaling P51.346 billion pursuant to the pertinent provisions of PAS 8 and IPSAS 32;	Implemented
	a. Non-recognition of Service Concession - Tangible Assets with a total cost of P51.346 billion provided by the operators under the service concession arrangement contrary to International Public Sector Accounting Standard (IPSAS) 32 as required by PAS 8, understated the PPE account;	b. Require the Controllership Department and Administrative Services Department (ASD) to reconcile the variances between the accounting records and the RPCPPE amounting to P1.057 billion taking into consideration the following:	
	b. Absence of details of transactions and balances in the Subsidiary Ledgers and supporting documents of Service Concession - Tangible Assets and the related Depreciation and Accumulated	i. For the Accounting Division and Property Management Division (PMD) to reconcile the variance of P922.140 million;	Reiterated in Observation No. 1, Part II of this Report.
		ii. For the Accounting Section and PMD in PMOs Eastern	

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	<p>Depreciation amounting to P42.661 billion, P751.221 million and P19.111 billion, respectively;</p> <p>c. Unreconciled variance amounting to P1.057 billion between the Accounting records and Report on Physical Count of Property, Plant and Equipment (RPCPPE);</p> <p>d. Non-capitalization of major repairs, construction and improvement amounting to P374.514 million, understated the PPE account and overstated the related expense accounts;</p> <p>e. Erroneous recording of PPE accounts, resulted in net overstatement of PPE accounts by P41.540 million;</p> <p>f. Non-provision of Allowance for Impairment Loss on damaged properties amounting to P25.767 million, overstated the PPE account;</p> <p>g. Non-derecognition of disposed and</p>	<p>Leyte, Mindoro and Zamboanga del Norte to reconcile the variance of P134.519 million between accounting records and physical inventory report;</p> <p>iii. For the Accounting Division and Accounting Section to prepare the necessary journal entries to reconcile the variances at the Head Office and at the PMOs;</p> <p>c. Require the Accounting Division, Head Office and Accounting Unit/Section, PMOs to take up the necessary adjusting entries to correct the erroneous recognition of major repairs of infrastructure assets and cost of transfer of equipment to another location to specific PPE account instead of Repairs and Maintenance Expense in accordance with PAS 16;</p> <p>d. Require the Financial Control and Management Services Division (FCMSD) to strictly follow the provision of PPA Memorandum Circular No. 01-2014 dated January 10, 2014 on</p>	<p>Reiterated in Observation No. 1, Part II of this Report.</p> <p>Reiterated in Observation No. 1, Part II of this Report.</p> <p>Reiterated in Observation No. 1, Part II of this Report.</p>

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		<p>h. Require the Accounting Section in PMOs Western Leyte/Biliran, Zamboanga del Norte and Northern Luzon to prepare adjusting journal entries to derecognize the disposed and demolished unserviceable properties amounting to P5.310 million in accordance with PAS 16; and</p> <p>i. Instruct the Accounting Section in PMO Northern Luzon to recognize in the books the two parcels of land in accordance with PAS 16 using zonal values, pending appraisal.</p>	<p>Implemented</p> <p>Implemented</p>
CY 2021 AAR Observation No. 2 Pages 90-95	Non-recognition of Service Concession-Tangible Assets provided by the operators with total cost of P51.346 billion, used for public services under the service concession arrangements due to non-application of an appropriate accounting policy in the absence of applicable PFRS, is contrary to the provisions of paragraphs 10 and 12 of PAS 8 and IPSAS 32, resulting in understatement of PPE by P51.346 billion.	Require the Accounting Division, Head Office and Accounting Unit/Section of PMOs to recognize in the books the value of service concession assets provided by the four major operators totaling P51.346 billion pursuant to the pertinent provisions of PAS 8 and IPSAS 32.	Implemented

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CY 2021 AAR Observation No. 3 Pages 95-98	The valuation and accuracy of Service Concession - Tangible Assets and the related Depreciation and Accumulated Depreciation presented under PPE as at December 31, 2021 amounting to P42.661 billion, P751.221 million and P19.111 billion, respectively, are doubtful due to absence of details of transactions and balances in the Subsidiary Ledgers and supporting documents, hence, faithful representation of the account cannot be established, contrary to paragraph 15 of PAS 1 and Section 114 (2) of Presidential Decree (PD) No. 1445.	a. Require the Accounting Unit/ Section of PMOs to substantiate the Service Concession – Tangible Assets by maintaining Subsidiary Ledgers with sufficient details to conform with PAS 1 and Section 114 (2) of PD 1445; and	Implemented
		b. Direct the Information and Communication Technology Department (ICTD) to expedite the enhancement and update of the Fixed Assets Module and set up the additional accounts for immediate utilization by the Head Office and all PMOs.	Implemented
CY 2021 AAR Observation No. 4 Pages 98-104	Major repairs, construction and improvement of infrastructure assets amounting to P374.514 million for CY 2021 were recognized as Repairs and Maintenance Expense instead of capitalizing them to specific PPE accounts, contrary to paragraph 13 of PAS 16, resulting in overstatement of related expense and understatement of PPE by the same amount. Likewise, the cost of transfer of equipment amounting to P1.768	a. Require the Accounting Division – Head Office and Accounting Unit/ Section, PMOs to take up the necessary adjusting entries to correct the erroneous recognition of major repairs, construction and improvement of infrastructure assets and costs of transfer of equipment to another location to specific PPE account instead of Repairs and Maintenance Expenses in accordance with PAS 16;	Implemented

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	million was classified as Repairs and Maintenance Expenses instead of capital asset, contrary to PAS 16	<p>b. Require the FCMSD to strictly follow the provision of PPA Memorandum Circular No. 01-2014 dated January 10, 2014 on the funding of expenditures that are expected to increase the economic serviceable life or improve the efficiency and productivity of the asset as capital outlay instead of maintenance and other operating expenses; and</p> <p>c. Require the Accounting Division – Head Office and Accounting Unit/Section, PMOs to strictly conform to the provision of PAS 16 on capitalization of assets for correct reporting of year-end income.</p>	<p>Reiterated in Observation No. 1, Part II of this Report.</p> <p>Implemented</p>
CY 2021 AAR Observation No. 5 Pages 104-106	Parcels of land being held for lease in PMOs NCR South and NCR North amounting to P3.470 billion were recognized as PPE instead of Investment Property, which is not in accordance with paragraph 5 of PAS 40, resulting in overstatement of PPE by P3.470 billion and understatement of Investment Property by the same amount.	Require the Accounting Division and concerned Accounting Unit to recognize and reclassify all properties held for lease as Investment Property instead of Property, Plant and Equipment in accordance with PAS 40.	Implemented

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CY 2021 AAR Observation No. 6 Pages 106- 108	The balance of Other Payables - Non-Current amounting to P777.895 million as of December 31, 2021 includes outstanding payables aged five to 10 years amounting to P521.180 million, which casts doubt on the reliability and validity of the account, hence, faithful representation could not be established contrary to paragraph 15 of PAS 1 and paragraph 3.3.1 of PFRS 9.	a. Require the Accounting Division-Head Office to review and analyse the dormant accounts to determine whether the covering contracts had already expired, and the obligation had been settled to support the derecognition from the books of accounts; and	Implemented
		b. Prepare adjusting entries where appropriate to derecognize from the books outstanding payables without valid claims from contractors and without supporting documents, and whose obligation had been settled in compliance with paragraph 15 of PAS 1 and paragraph 3.3.1 of PFRS 9.	Implemented
CY 2021 AAR Observation No. 7 Pages 108- 111	The cost of actual physical accomplishment of Construction in Progress-Infrastructure Assets (CIP-IA) in Head Office amounting to P1.615 billion was not fully recognized in the books resulting in understatement of the Accounts Payable by P356.468 million, contrary to PAS 1 - Presentation of Financial Statements, Conceptual Framework	a. Require the Accounting Division to prepare the necessary adjusting entries to correct under accrual of CIP-IA account as required by PAS 1, Conceptual Framework for Financial Reporting and Annex C of COA Circular 2020-002 dated January 28, 2020 on Adoption of the Updated Revised Chart of Accounts for Government	Implemented

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	and Annex C of COA Circular 2020-002 dated January 28, 2020 on Adoption of the Updated Revised Chart of Accounts for Government Corporations (2019).	Corporations (2019); and b. Henceforth, set up accruals of unbilled physical accomplishments of CIP-IA based on actual cost of physical accomplishments and not based on budget consistent with PAS 1, Conceptual Framework and Annex C of COA Circular 2020-002 dated January 28, 2020 on Adoption of the Updated Revised Chart of Accounts for Government Corporations (2019) for reliable presentation of financial statements.	Implemented
CY 2021 AAR Observation No. 8 Pages 111-115	The income tax effect of prior period adjustments and reclassification totaling P679.077 million was not recognized as liability contrary to paragraph 12 of PAS 12 – Income Taxes, resulting in understatement of Income Tax Payable and Income Tax Expense by P169.769 million at year end. Moreover, undeclared rental payment amounting to P6.190 million in the BIR Forms 0619E and 1601-EQ – Monthly and Quarterly Remittance Return of Creditable Income Tax	a. Require the Accounting Division to recognize in the books tax liability amounting to P169.769 million arising from tax consequence of prior period adjustments and reclassification in conformity with paragraph 12 of PAS 12; b. Henceforth, require the Accounting Division to consider the income tax effect of prior period adjustments and reclassification charged to Retained Earnings in the computation of Income Tax Expense for the	Reiterated in Observation No. 3, Part II of this Report. Reiterated in Observation No. 3, Part II of this Report.

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	Withheld (Expanded) was deducted from the computation of Net Taxable Income, contrary to Section 2 of Revenue Regulations No. 6-2018 November 20, 2017. Further, the undeclared rental payment resulted in non-withholding of Expanded Withholding Tax (EWT) amounting to P309,485, contrary to Section 4 (C) of Revenue Regulations No. 17-2003 dated March 31, 2003, Section 58 (A) of National Internal Revenue Code of 1997 and paragraph 12 of PAS 12.	<p>current year as required by paragraph 12 of PAS 12;</p> <p>c. Declare in BIR Forms 0619E and 1601-EQ - Monthly and Quarterly Remittance Return of Creditable Income Tax Withheld (Expanded) the rental payment amounting to P6.190 million, and withhold the corresponding Expanded Withholding Tax for remittance to the Bureau of Internal Revenue; and</p> <p>d. Require the Treasury Management Services Division to ensure that only declared expenses in the BIR Forms 0619E and 1601-EQ - Monthly and Quarterly Remittance Return of Creditable Income Tax Withheld (Expanded) are deducted from Gross Income or taken into account in the computation of Net Taxable Income as required under Section 2 of Revenue Regulations No. 6-2018 dated November 20, 2017.</p>	<p>Implemented</p> <p>Implemented</p>
CY 2021 AAR Observation No. 9 Pages 115-121	The valuation and presentation of Receivables – Current amounting to P2.203 billion could not be ascertained due to existence of errors in	a. Recognize and reclassify all receivables from lease as Operating Lease Receivable instead of Accounts Receivable following the	Implemented

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	<p>recording and presentation, non-reconciliation of account variance, dormant receivables and non-recognition of receivables, which are not in conformity with paragraph 15 of PAS 1, to wit:</p> <p>a. Lease payments from lessees amounting to P14.483 million were recognized as Accounts Receivables instead of Operating Lease Receivables, contrary to PFRS 16 – Leases and Annex C of COA Circular No. 2020-02, which overstated Accounts Receivable and understated Operating Lease Receivable account by the same amount;</p> <p>b. Erroneous presentation of Notes Receivable amounting to P3.295 million under Current Assets instead of Non-Current Assets, overstated the Current Assets and understated the Non-Current Assets, which is not in accordance with Item C, paragraphs 66 and 68 of PAS 1 on current asset classification;</p>	<p>requirements of PFRS 16 – Leases and Annex C of COA Circular No. 2020-002;</p> <p>b. Reclassify Notes Receivable covered under Restructuring Agreement to Non-Current Assets in conformity with the provisions of paragraphs 66 and 68 of PAS 1;</p> <p>c. Reconcile with NHA the variance amounting to P18.298 million and make the necessary adjustments of reconciling items, if any, to reflect the correct balance of the account;</p> <p>d. Continue to closely monitor the dormant receivable accounts and conduct analysis to determine the cause of non-collection for filing of request to COA for authority to write-off from the books;</p> <p>e. Make the necessary journal entries to recognize the accrual of the Dockage Fees and VTMS Fees as of December 31, 2021 for the vessels lodged at the PMO NCR North anchorage area; and</p> <p>f. Recognize the unbilled/ uncollected</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

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	<p>c. Unreconciled variance amounting to P18.298 million between the records of NHA and PMO NCR North for the account Due from Government Corporation;</p> <p>d. Existence of dormant Receivables for more than 10 years amounting to P2.061 million;</p> <p>e. Non-recognition of receivables amounting to P3.432 million as of December 31, 2021, which is not in accordance with paragraphs 15, 27 and 28 of PAS 1, and paragraph 31 of PFRS 15 on Revenue from Contracts with Customers, resulting in understatement of Accounts Receivable and Seaport System Fees accounts by the same amount; and</p> <p>f. Unrecorded waived dockage fees amounting to P303,684 understated Accounts Receivable – Trade.</p>	<p>waived dockage fees as Accounts Receivable – Trade to reflect the understatement amounting to P303,684.</p>	
CY 2021 AAR Observation No. 10	The existence and completeness of recording of Inventories	a. Require the Accounting Division, Head Office and	Implemented

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Pages 121-133	amounting to P81.702 million is doubtful due to errors and deficiencies noted, contrary to paragraphs 9, 23, 25 and 33 of PAS 2, paragraph 13 of PAS 8, paragraph 15 of PAS 1, COA Circular No. 80-124 dated January 18, 1980, Items 4.1, 6.2 and 6.3 of PPA Memorandum Circular (MC) No. 09-2010, PPA Finance Memorandum Order (MO) No. 01-2014 and COA Circular No. 2020-002, to wit:	Accounting Unit of PMO NCR North to measure the Inventories at the lower of cost and net realizable value in accordance with PAS 2;	Implemented
	a. Inventories amounting to P44.613 million were not measured at the lower of cost and net realizable value, contrary to paragraphs 9 and 33 of PAS 2;	b. Direct the Accounting Division, Head Office and Accounting Unit/Section of PMOs to use the moving average method consistently in the valuation of Inventories in accordance with PPA Finance MO No. 01-2014, PAS 2 and PAS 8;	
	b. Inconsistent application of the costing method for the valuation of Inventories amounting to P16.855 million contrary to paragraphs 23 and 25 of PAS 2, paragraph 13 of PAS 8 and PPA's accounting policy and Item 5.3 of PPA Finance MO No. 01-2014.	c. Revert to proper Inventory account the Dredging Spare Parts Inventory under Abandoned/ Surrendered Property/ Assets and Current Assets and provide Allowance for Impairment to recognize the subsequent write-down of the inventories to present at its net realizable value in accordance with COA Circular No. 2020-002 and PAS 2;	Implemented
	c. Erroneous reclassification of Spare Parts	d. Direct the Accounting Division and Accounting Unit/Section of concerned PMOs to recognize the cost of Inventories as asset upon purchase/	Reiterated in Observation No. 5, Part II of this Report.

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	<p>Inventory as Abandoned/ Surrendered Property/ Assets under Other Assets presented as Other Non-Current Assets in the Statement of Financial Position, not in conformance with COA Circular No. 2020-002 and paragraph 15 of PAS 1;</p> <p>d. Costs of Inventories totaling P5.286 million were recognized as outright expenses instead of Inventory accounts upon purchase/receipt, which is inconsistent with COA Circular No. 2020-002 and PPA accounting policy under Item 5.4 of the Notes to Financial Statements (NFS);</p> <p>e. Incomplete physical inventory and non-submission of Report on Physical Count of Inventories (RPCI) for Inventories amounting to P8.009 million, not in accordance with Items 4.1, 6.2 and 6.3 of PPA MC No. 09-2010 and COA Circular No. 80-124; and</p> <p>f. Unreconciled</p>	<p>receipt and expense only in the period when these are issued and/or consumed in accordance with COA Circular No. 2020-002 and PPA's accounting policy disclosed in NFS;</p> <p>e. Instruct the Property Management Division in the Head Office to include semi-expendable assets, accountable forms, plates and stickers and spare parts Inventories in the physical inventory count and Supply Management Section of PMO NCR South to conduct physical inventory of Inventory accounts to establish existence and completeness and monitor accountability as of year-end. Accordingly, submit report on the results of the count to Accounting Division and RMD for reconciliation;</p> <p>f. Require the Accounting Division, PMD and Cash Management Division of Treasury Department to reconcile the variances between the GL, RPCI and RAAF in Head Office and RMD and Supply Unit of PMO NCR South to</p>	<p>Reiterated in Observation No. 5, Part II of this Report.</p> <p>Reiterated in Observation No. 5, Part II of this Report.</p>

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	variance between General Ledger (GL), Report on Physical Count of Inventory (RPCI) and Report on Accountability for Accountable Forms (RAAF) in Head Office and between General Ledger and Stock Cards in PMO NCR South totaling P2.002 million, not in compliance with Item 6.2 of PPA MC No.09-2010.	reconcile the variance between the GL and Stock Cards; and g. Instruct the Accounting Unit and Supply Management Unit of PMO NCR South to regularly update Supply Ledger Cards and Stock Cards to support the balances recorded in the GL to establish completeness, valuation and accuracy of Inventories presented in the financial statements.	Implemented
CY 2021 AAR Observation No. 11 Pages 134-138	The balance of Cash in Bank account amounting to P4.525 billion is understated by P52.259 million due to non-recording of book reconciling items presented in the Bank Reconciliation Statements (BRS) totaling P9.274 million and non-restoration of stale checks, Authority to Debit Account (ADA), cancelled checks, and unreleased checks to Cash in Bank amounting to P42.985 million contrary to paragraph 15 of PAS 1 and Section 112 of PD No. 1445.	a. Prepare the necessary adjusting entries to take up all the book reconciling items in accordance with paragraph 15 of PAS 1 and Section 112 of PD 1445; and b. Restore to Cash in Bank the stale checks, ADA, cancelled checks, and unreleased checks with total amount of P42.985 million.	Reiterated in Observation No. 4, Part II of this Report. Reiterated in Observation No. 4, Part II of this Report.
CY 2021 AAR Observation No. 12 Pages 139-140	Lease payments from lessees for using PMOs NCR South and Bicol properties amounting to P14.483 million was	Require the Accounting Section/Unit of concerned PMOs to recognize and reclassify all receivables from lease as Operating	Implemented

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	recognized as Accounts Receivable in the Statement of Financial Position instead of Operating Lease Receivables contrary to PFRS 16 - Leases and Annex C of COA Circular No. 2020-02, resulting in overstatement of Accounts Receivable by P14.483 million and understatement of Operating Lease Receivable by the same amount.	Lease Receivable instead of Accounts Receivable following the requirements of PFRS 16 - Leases and Annex C of COA Circular No. 2020-002.	
CY 2021 AAR Observation No. 13 Pages 140-145	The reported Gain on Foreign Exchange from the revaluation/translation of foreign currency monetary items amounting to P135.057 million is overstated by P9.111 million (net) due to erroneous translation using exchange rate instead of closing rate at December 31, 2021, contrary to paragraph 23 of PAS 21.	a. Require the Accounting Division to:	Implemented
	Likewise, the current portion of Loans Payable - Foreign and accrual of Interest Payable for CY 2021 amounting to P311.452 million and P13.067 million, respectively, is understated by P1.364 million and P57,214, respectively, due to erroneous conversion based on exchange rate instead of closing rate,	i. Prepare the necessary journal entries to take up the adjustment of Gain on Foreign Exchange based on closing rate of P50.999 in accordance with paragraph 23 of PAS 1; ii. Prepare adjusting entries to correct the understatement of the current portion of Loans Payable – Foreign and accrual of Interest Payable for CY 2021; and	Implemented
		b. Revise the related PPA accounting policy on the revaluation and translation of foreign currency denominated	Implemented

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	contrary to paragraph 23 of PAS 1.	depository accounts and loan balances in the Notes to Financial Statements and PPA Finance Memorandum Circular No. 01-2003 in compliance with paragraph 23 of PAS 21.	
CY 2021 AAR Observation No. 14 Pages 145-146	Provision for interest on rental arrearages arising from a court decision amounting to P11.063 million was not recognized in the books of PMO Northern Luzon.	Require the PMO Northern Luzon Accounting Section to recognize in the books the provision for accrued interest on rental arrearages.	Implemented
CY 2021 AAR Observation No. 15 Pages 147-149	Collections from the sale of bid documents amounting to P1.010 million recorded under Trust Liability - BAC Honoraria account was reclassified as Miscellaneous Income at the end of the year though procurement projects are not yet successfully completed and/or honoraria is not yet paid, contrary to Item 6.2 of Department of Budget and Management (DBM) Budget Circular (BC) No. 2004-5A, thus, affecting the fair presentation of Financial Statements pursuant to paragraph 15 of PAS 1.	Require the Accounting Division to take up the necessary adjusting entries to revert the collections of P1.010 million from Miscellaneous Income to Trust Liability - BAC Honoraria relating to the procurement projects awarded in December 2021 and January 2022 for which corresponding honoraria have not been paid.	Implemented
CY 2021 AAR Observation No. 16 Pages 149-	Equipment and vehicles procured in Head Office which were subsequently distributed	a. Submit explanation/justification why the procurement of equipment remained	Implemented

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158	to PMOs in CYs 2018 to 2021 with an aggregate cost of P257.782 million remained unused/unutilized and undistributed to intended users contrary to Section 2 of PD No. 1445 and Section 1 of Administrative Order (AO) No. 6 dated September 19, 2017.	<p>unused/unutilized and undistributed to intended users;</p> <p>b. Thoroughly plan subsequent procurement, focusing on the needs of the end user/s in the development of project requirements, and closely coordinate with the PMOs prior to any purchase and transfer of equipment to avoid non-utilization;</p> <p>c. Impose liquidated damages to the Supplier for failure to perform its obligation to train the PPA personnel to use the AED and Specific Purpose Motor Vehicles (Fire Truck with Rescue Boat) in accordance with the contract and Section 68 of the 2016 Revised IRR of RA 9184; and</p> <p>d. Issue a memorandum to provide guidelines on the usage of Body Worn Cameras.</p>	<p>Closed</p> <p>For issuance of Notice of Disallowance.</p> <p>Implemented</p> <p>Not Implemented</p> <p>The guidelines for the proper use of body worn cameras are pending issuance and are still under review by the Legal Services Department of PPA.</p>
CY 2021 AAR Observation No. 17 Pages 158-160	Payments totaling P199.943 million out of the DOTr fund for the COVID-19 Testing Service for the	Submit explanation why the disbursements amounting to P199.943 million for the COVID-19 testing to returning	<p>Closed</p> <p>Issued Notice of Suspension dated September 29, 2022</p>

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	Returning Filipino Seafarers were made beyond the prescribed disbursement period of up to June 30, 2021, contrary to Section 5 of RA No. 11519 and Item 3.2 of the DBM National Budget Circular No. 585 dated January 26, 2021, hence, payment was unauthorized and irregular.	Filipino seafarers which were made beyond June 30, 2021 in violation of Section 5 of RA No. 11519 should not be disallowed in audit	with subsequent issuance of Notice of Disallowance dated January 31, 2023.
CY 2021 AAR Observation No. 18 Pages 161-163	The validity and propriety of payment amounting to P14.625 million to the Supplier for the additional cost of the Viral Transport Medium and Ziplock (Triple Packaging and Sealing Film) based on the Revised Contract cannot be ascertained due to absence of an Amendment Order as required under Item 1 of Annex D of the 2016 RIRR of RA 9184 and other supporting documents, rendering the payment irregular.	Require submitting the following: a. Copy of received letter dated December 31, 2020 of the Supplier requesting for the amendment of the Purchase Order for COVID-19 Testing Services for Seafarers to include the expense of the VTM and Ziplock, for validation; b. Proofs of collection of duplicate specimens during the period December 31, 2020 to May 12, 2021 of the 58,498 seafarers and their contact details for validation/ confirmation; and c. Proofs of transmission/ submission to the Philippine Genome Center of the duplicate specimens of the 58,498 seafarers for validation of the actual use of VTM and Ziplock, otherwise,	Closed Issued Notice of Suspension dated September 28, 2022 with subsequent issuance of Notice of Settlement of Suspension/ Disallowance/ Charge dated January 31, 2023.

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		payment of the same may be considered irregular and disallowable.	
CY 2021 AAR Observation No. 19 Pages 163-170	<p>Payment of Extraordinary and Miscellaneous Expenses (EME) reimbursed by the principal officers of PPA recorded under Representation Expenses for CYs 2019 to 2021 totaling P7.948 million, exceeded the limitations prescribed under the General Appropriations Act (GAA), resulting in excess payment of P3.299 million.</p> <p>Likewise, the above payment was erroneously recorded as Representation Expenses account instead of Extraordinary and Miscellaneous Expenses account, contrary to COA Circular No. 2020-002</p>	<p>a. Cause the immediate refund of the excess EME received by the concerned officials to preclude from issuance of Notice of Disallowance;</p> <p>b. Strictly comply with the ceiling on EME prescribed by the GAA; and</p> <p>c. Observe proper classification of accounts and reclassify those recorded under Representation Expenses account to EME in accordance with COA Circular No. 2020-002.</p>	<p>Closed</p> <p>Issued Notice of Disallowance dated March 15, 2023.</p> <p>Closed</p> <p>For issuance of Notice of Disallowance.</p> <p>Closed</p> <p>For issuance of Notice of Disallowance.</p>
CY 2021 AAR Observation No. 20 Pages 170-176	PPA PMO NCR South allowed the continued subleasing operations of lessees with expired lease contracts without written approval by the PPA, in violation of Item 40 of 2020 PPA Citizen's Charter in consonance with PPA Administrative Order (AO) No. 22-95 and No. 07-2009 and Lease	a. Strictly require the concerned lessees and other lessees with no approved subleasing operations to apply for request to sublease for approval of the General Manager and institute remedial action to collect the required sublease rental share for the past five years from	Reiterated in Observation No. 14, Part II of this Report.

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	Contracts entered into by and between PPA and the lessees, thus, government shares were not collected which could have earned with an estimated amount of P32.629 million for five years alone.	<p>the two lessees including other lessees pursuant to Item 2 of PPA Administrative Order No. 07-2009;</p> <p>b. Submit to COA Office list of all subleases (with or without approval), with details of their sublease arrangements such as lot size, rate per sq. m., monthly rental and rate of annual increase, if any;</p> <p>c. Determine the officers who were remiss in requiring the lessees to apply for sublease approval by the General Manager which resulted in a revenue loss and hold them accountable; and</p> <p>d. Require Lessee A and Lessee B to apply for temporary Permit to Occupy (PTOc) while their occupied area are not yet urgently needed for the South Harbor Development Project and reconsider the request of Lessee A for the renewal of Contract of Lease during the expiration period for imposition of adjustment of rental rate.</p>	<p>Implemented</p> <p>Reiterated in Observation No. 14, Part II of this Report.</p> <p>Not Implemented</p> <p>Management sent Notices to Apply for PTOc to two lessees but with no response from the lessees.</p>
CY 2021 AAR Observation No. 21 Pages 176-	Land with an aggregate amount of P59.036 billion recorded in the books of PPA remained	a. Require the Special Committee to monitor the status of coordination of the	Reiterated in Observation No. 9, Part II of this Report.

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
181	not supported by Original/Transfer Certificate of Titles, Tax Declaration or any documents showing ownership of the land/reclaimed land contrary to Section 39(2) of PD No. 1445, Sections 5.2 and 5.4 of PPA Finance Memorandum Order No. 03-2004, Section 3 of Executive Order (EO) No. 405 and Section 6 of EO No. 672. Thus, ownership of the land could not be established.	<p>PMO NCR South with the DENR to fast-track the processing and issuance of Special Patent and Original/Transfer Certificate Title.</p> <p>b. Require the Real Property Task Force in PMO Misamis Oriental/Cagayan de Oro to fast-track the processing of registration of the land;</p> <p>c. Require the Special Committee to expedite coordination with the DENR in order to hasten the process of securing Certificate of Title of the expropriated parcels of land transferred from previous owners in PMO Misamis Oriental/Cagayan de Oro;</p> <p>d. Require the PMO NCR North to expedite the application of Special Patent to the DENR for eventual issuance of Original Certificate of Title to protect the interest of the PPA and to safeguard possible counterclaim from third parties;</p> <p>e. Direct the PMO Northern Luzon to prioritize and expedite the process of securing the Certificates of Title of the 16 parcels of land</p>	<p>Reiterated in Observation No. 9, Part II of this Report.</p> <p>Reiterated in Observation No. 9, Part II of this Report.</p> <p>Reiterated in Observation No. 9, Part II of this Report.</p> <p>Reiterated in Observation No. 9, Part II of this Report.</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
		to get hold of primary evidence of ownership over said lots; and f. Instruct the PMO Palawan to coordinate with the PRA and the LRA to facilitate the titling of reclaimed lands to secure primary evidence of ownership and safeguard government interests.	Reiterated in Observation No. 9, Part II of this Report
CY 2021 AAR Observation No. 22 Pages 181-184	PMO NCR - South did not issue Permit to Occupy, collect, send billings nor accrue/recognize in the books receivables from a Supplier for the use of bedrooms at PPA GAD Center from September 1, 2020 to December 31, 2021, resulting in loss of government revenue by at least P13.461 million.	a. Require the PMO NCR South to follow up with the Supplier for the submission of required documents for the immediate issuance of PTOc citing the terms and conditions thereof considering the usage of the bedrooms since September 1, 2020; and b. Require the REMD, PMO NCR South to immediately send billings and collect rentals/bedroom fees from the Supplier for the bedrooms occupied at PPA-GAD Center reflecting the 10 per cent annual increment rate totaling P13.461 million per Annex E of PPA Memorandum Order No. 31 - 2009 dated May 22, 2009.	Reiterated in Observation No. 6, Part II of this Report. Reiterated in Observation No. 6, Part II of this Report.
CY 2021 AAR Observation No. 23	The utilization and implementation of CYs 2015, 2016, 2017 and	a. Require the Port Planning and Design Department (PPDD) to	Reiterated in Observation No. 12, Part II of this Report.

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
Pages 184-193	<p>2018 DOTr – Tourism and Social Reform-Related Port Project Fund (TSRRPP) for the construction, development and improvement of port projects were found with deficiencies as follows:</p> <p>a. Allocated fund balance amounting to P327.188 million remained unutilized due to suspended and unimplemented projects since 2016 to 2019, resulting in non-achievement of the benefit the public could derived from the project;</p> <p>b. Cash in Bank - DOTr balance amounting to P579.234 million as of December 31, 2021 was not in agreement with the balance of Trust Liability – DOTr amounting to P558.099 million, thereby showing a variance amounting to P21.136 million.</p> <p>c. Unutilized/unexpended balance including interests earned amounting to P34.234 million for the completed projects remained unremitted to the DOTr as of December 31, 2021, contrary to Item 4.9</p>	<p>fast track the conduct of revisions of plans/modifications of design plan and program of work for the implementation of the project, otherwise, return to the DOTr the amount allocated for the unimplemented and suspended projects, if warranted;</p> <p>b. Require the Project Management Team Office to monitor and ensure that the DOTr Fund balance in the bank is reconciled with the balance of Trust-Liability-DOTr;</p> <p>c. Remit immediately to the DOTr the unutilized/ unexpended balance amounting to P34.234 million pursuant to COA Circular No. 94-013 and the MOA;</p> <p>d. Require the Accounting Division and Project Management Team Office to reconcile the variance of P0.943 million between Cash in Bank per Trial Balance and Report of Disbursements and prepare the necessary adjusting entries, if warranted; and</p> <p>e. Henceforth, require the Project Management Team Office to verify</p>	<p>Implemented</p> <p>Reiterated in Observation No. 12, Part II of this Report.</p> <p>Implemented</p> <p>Implemented</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	<p>of COA Circular No. 94-013 and Memorandum of Agreement (MOA) between PPA and DOTr; and</p> <p>d. Adjusted Cash Balance per Report of Disbursements amounting to P580.177 million as of December 31, 2021 is not reconciled with the Adjusted Cash Balance per Trial Balance amounting to P579.234 million, showing a variance of P0.943 million.</p>	<p>that Cash Balance reported in the Report of Disbursements is reconciled with the Trial Balance before submission to the DOTr and COA.</p>	
CY 2021 AAR Observation No. 24 Pages 193- 197	<p>Delays were incurred in the construction of 22 locally funded infrastructure projects with contract cost of P4.558 billion, and contractors were allowed to carry on with the project despite the absence of approved time extension. Further, of the 12 completed projects with incurred delays, seven projects were not imposed with liquidated damages to the contractors even if the works were not satisfactorily completed within the specified contract time, plus any time extension duly granted, contrary to Sections 10.1 and 8.1 of Annex</p>	<p>a. Require the concerned contractors to deliver Notice of Time Extension for the delayed projects for examination to determine whether the facts and extent of delay justify an extension;</p> <p>b. Strictly monitor the development of construction of the infrastructure projects to ensure timely completion of the projects; and</p> <p>c. Impose liquidated damages to contractors who have failed to satisfactorily complete the project within the target date of completion as</p>	<p>Reiterated in Observation No. 11, Part II of this Report.</p> <p>Reiterated in Observation No. 11, Part II of this Report.</p> <p>Reiterated in Observation No. 11, Part II of this Report.</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	"E" of the 2016 RIRR of RA 9184, thereby affecting the delivery of services to intended beneficiaries.	required under Section 8.1 of Annex E of 2016 RIRR of RA No. 9184.	
CY 2021 AAR Observation No. 25 Pages 197-200	Insufficient conduct of detailed engineering for infrastructure projects as required under Section 17.6 of 2016 RIRR of RA 9184 resulted in suspension of two projects with contract cost of P468.978 million, delaying the attainment of benefit the public could derived from the projects.	Instruct the PPDD to strictly conduct sufficiently the detailed engineering of every infrastructure project in compliance with Section 17.6 of 2016 RIRR of RA No. 9184 to avoid interruption of the construction of projects.	Reiterated in Observation No. 11, Part II of this Report.
CY 2021 AAR Observation No. 26 Pages 200-202	The Passenger Terminal Building (PTB) at the Port of San Carlos City, Negros Occidental is still being occupied and operated by the previous PTB Operator despite that the five-year contract for the lease, management, operation and maintenance of the said PTB was only until August 31, 2019, to the prejudice of the interest of the government.	<p>a. Immediately terminate the lease, management and operation by the operator of the Passenger Terminal Building at the Port of San Carlos, San Carlos City and take over the operations of the port including all structures and equipment; and</p> <p>b. Implement a phase-by-phase selection and award process of Port Terminal Management Contract in accordance with PPA Administrative Order No. 03-2016 and/or such other laws or guidelines applicable thereto.</p>	<p>Not Implemented</p> <p>The PMO had already submitted its recommendation to the PPA Head Office requesting for the take-over of PTB operations at the Port of San Carlos in a memorandum dated January 10, 2023.</p> <p>Implemented</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
CY 2021 AAR Observation No. 27 Pages 203- 207	Advance payment to Contractors amounting to P67.079 million for projects that were already completed and terminated was not recouped from the contractors. Likewise, of the Advances amounting to P162.506 million for the on going projects, P34.644 million of which was not reduced since 2018 which should be gradually recouped for every progress billing made, contrary to Item 5.3, Annex E of the Revised Implementing Rules and Regulations of Republic Act No. 9184, as amended by GPPB Resolution No. 07-2018 dated May 18, 2018, thus, PPA may suffer loss in the amount of P101.723 million.	a. Strictly deduct portion of advance payment to Contractors from their succeeding periodic progress payments, until fully recovered;	Implemented
		b. File a claim against the surety bond posted by Contractors for the terminated projects;	Implemented
		c. Deduct from the outstanding accounts payable to Contractor 13 the unrecouped advances; and	Not Implemented PPA will automatically deduct from the 2 nd progress billing of the Extension of RC Wharf, Port of Cantilan, Surigao del Sur should the contractor's proof of claim not validated. To date, the second progress billing has not yet been paid.
		d. Demand Contractors 4 and 12 to resubmit and Contractor 13 to submit surety bonds to ensure the repayment of the advance payment.	Implemented
CY 2021 AAR Observation No. 28 Pages 207- 210	Unserviceable assets amounting to P157.865 million as of December 31, 2021 remained not disposed, contrary to Section 79 of Presidential Decree No. 1445 and the Manual on Disposal of Government Property, thereby exposing the assets to	a. Conduct inspection of the unserviceable assets to evaluate its value and condition in accordance with the Manual on Disposal of Government Property and prepare the necessary documentation for disposal; and	Implemented

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	further deterioration and deprived the government from earning additional income.	b. Schedule immediately the disposal of the unserviceable properties in accordance with Section 79 of PD 1445	Implemented
CY 2021 AAR Observation No. 29 Pages 210-214	Premium contributions, loan amortizations and taxes withheld from PPA Head Office employees and suppliers/ contractors pertaining to current and prior years totaling P29.756 million as of December 31, 2021 remained outstanding in the books which is either under remitted or over remitted to concerned government agencies contrary to Sections 80 and 114 (c) of the of the National Internal Revenue Code of 1997 as amended by RA 10963 (TRAIN), RA 11256, RA 11346, RA 11467 and RA 11534 (CREATE), Section 6 (b) of RA 8291, Item E(4) of Home Development Mutual Fund (HDMF) Circular No. 275 dated January 22, 2010 and PhilHealth Circular (PC) No. 0001, s. 2014, depriving the employees from full availment of social welfare benefits from the concerned government agencies.	<p>a. Require the Accounting Division in coordination with the Human Resource Services Division (HRMD) to review and analyze the long outstanding balances of all funds withheld from employees including employer's share for current and prior years;</p> <p>b. Henceforth, cause the immediate remittance and adjustment of the balances whichever is appropriate, once the correct balances are determined; and</p> <p>c. Submit schedules to support the Due to BIR - Withholding Tax on Compensation, and the balances from Due to Pag-IBIG and Due to PhilHealth for CY 2011 for verification.</p>	<p>Reiterated in Observation No. 10, Part II of this Report.</p> <p>Reiterated in Observation No. 10, Part II of this Report.</p> <p>Closed</p> <p>Recommended to confirm balances from the GSIS, Pag-IBIG and PhilHealth.</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	Likewise, employer's contributions for current and prior years with an approximate amount of P1.564 million were not remitted, contrary to Section 6 (b) of RA 8291, Item E (4) of HDMF Circular No. 275 dated January 22, 2010 and PC No. 0001, s. 2014.		
CY 2021 AAR Observation No. 30 Pages 215-216	PPA applied the 12 per cent Value Added Tax (VAT) in the computation of Approved Budget for the Contract (ABC) for the six infrastructure projects in Head Office and 11 projects in PMO Misamis Oriental/Cagayan de Oro instead of five per cent VAT, contrary to Item B.5 of Department of Public Works and Highways (DPWH) Department Order (DO) No. 197, series of 2016 dated October 7, 2016, which resulted in higher total contract cost by P30.204 million.	Submit written explanation/s and/or justification why the discrepancies/ variance noted should not be disallowed in audit.	Closed Issued Notice of Disallowance dated April 26, 2023.
CY 2021 AAR Observation No. 31 Pages 217-218	PMO Palawan and PPA Head Office (PPA-HO) failed to take immediate action to resolve issues on the management and operation of the Port of Roxas, including the resolution of the application of the Local Government of Roxas, Palawan on the	a. Expedite action to be taken on the application of LGU Roxas for the temporary transfer of the management and operation of the Port of Roxas; b. Require the PMO Palawan to prepare	Implemented Not implemented

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	<p>temporary transfer of the management and operation of said port, thus, resulting in the loss of potential revenues and complicating the implementation of planned improvements of port facilities/structure since CY 2016.</p> <p>More so, the initial working capital of P2.000 million intended for the operations of PPA Roxas Port Services which did not materialize, remained idle since June 2018 and could have been returned to PPA-HO to be utilized for other purposes immediately beneficial to the agency.</p>	<p>the groundwork for the take-over of the Port of Roxas should it be determined as ineligible for temporary transfer or if LGU-Roxas be determined as incapable of meeting the operational requirements of PPA AO No. 08-2020, including, but not limited to, seeking assistance from the Office of the Government Corporate Counsel (OGCC) and the Department of the Interior and Local Government (DILG) for smooth transfer of the physical possession and management of the port;</p> <p>c. Consider all legal remedies for the immediate takeover of the Port of Roxas, in accordance with PD 505; and</p> <p>d. Direct the PMO Fiscal Controller to return the P2.000 million to PPA-HO should the application of LGU-Roxas remains pending within the year.</p>	<p>Not implemented</p> <p>Implemented</p>
CY 2021 AAR Observation No. 32 Pages 219-223	Provisions of the 2016 RIRR of RA No. 9184, Government Procurement Policy Board (GPPB) Resolution, Government	Require the BAC and End Users in Head Office and concerned PMOs to strictly adhere with the provisions of 2016 RIRR of RA No. 9184, GPPB	Reiterated in Observation No.18, Part II of this Report.

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	Procurement Manual (GPM) and COA Circular Nos. 2009-001 and 2012-001 were not complied with during the procurement process and implementation of contracts, rendering the transparency, competitiveness, accountability, efficiency and economy in the procurement not assured.	Resolution, GPM and COA Circular Nos. 2009-001 and 2012-001 in the conduct of all procurement activities and implementation of contracts.	
CY 2021 AAR Observation No. 33 Pages 223-226	PMOs Negros Occidental/Bacolod/Banago/Bredco (NOBBB) and Negros Oriental/Siquijor (NOS) paid the Security Services Provider a total of P1.665 million for COVID-19 Hazard Pay of security personnel engaged under Institutional Contract of Service, contrary to Administrative Order No. 26 dated March 23, 2020 and DBM BC No. 2020-01 dated March 24, 2020.	a. Require the concerned PMOs to cause the full refund of the amount of Hazard Pay paid to the Security Service Providers for their Institutional Contract of Service employees or offset/deduct portion from each of the future billing period of the service provider until fully settled before the expiration of the contract to preclude the issuance of a Notice of Disallowance; and b. Strictly comply with the provisions of Administrative Order No. 26 and DBM Budget Circular No. 2020-01 dated March 24, 2020.	Closed Issued Notices of Disallowance dated January 11, 2022, and September 2, 2022. Implemented
CY 2021 AAR Observation No. 34 Pages 226-229	PPA Head Office paid Hazard Pay amounting to P0.619 million to the medical personnel covering the period January 2018 to	a. Direct the Human Resource Management Department to strictly adhere to the provisions of the DBM-	Implemented

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	February 2020 despite the absence of Certification by the Secretary of Health or Head of Agency with the approval of the Secretary of Health contrary to Item 3 of DBM-DOH Joint Circular No. 1, s. 2016 and Item 5.8 of COA Circular No. 2012-001.	DOH Joint Circular No. 1, s. 2016 by identifying and determining specific positions that are eligible to receive Hazard Pay; and b. Require the concerned medical personnel to submit Certification by the Secretary of the Department of Health or Agency Head with the approval of the Secretary of the Department of Health, otherwise, discontinue immediately the grant of Hazard Pay to preclude from the issuance of Notice of Disallowance.	Implemented
CY 2021 AAR Observation No. 35 Pages 230-231	Other Percentage Taxes amounting to P334,627 withheld from a Supplier for the COVID-19 Testing Service of the Returning Seafarers, a DOTr funded project, was remitted to the BIR using Corporate Fund without transferring the amount from the former, thus, the Corporate Fund was utilized other than its specific purpose contrary to Item 1 of Section 3 of PD No. 1445.	a. Require the Treasury Department to replenish the Corporate Fund once the claim for tax refund has been approved/ received; and b. Ensure that Corporate Fund will only be used in pursuance of an appropriation law or other specific statutory authority and make available only for appropriation or expenditure in	Closed Cannot be implemented at this time. Replenishment can be made once the claim for tax refund is approved. PPA is awaiting the result of on-going audit by the Bureau of Internal Revenue for the tax audit of CY 2020. Implemented

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
		accordance with law.	
CY 2021 AAR Observation No. 36 Pages 232- 233	The Assistant Head of the Bids and Awards Committee (BAC) Secretariat, who is assigned in the Procurement Section was granted Honoraria amounting to P134,000 contrary to Item 5.6 of DBM BC No. 2004-5A, resulting in unnecessary expenses to PPA.	Discontinue immediately the grant of Honoraria to the Assistant Head of the BAC Secretariat pursuant to Item 5.6 of DBM BC No. 2004-5A dated October 7, 2005.	Implemented
CY 2021 AAR Observation No. 37 Pages 233- 235	Petty Cash Fund (PCF) amounting to P100,000.00 granted to a Petty Cash Custodian, was found excessive based on the monthly average expenditures charged against the fund, contrary to Item 4.3.1 of COA Circular No. 97-002 dated February 10, 1997, resulting in a considerable amount of idle cash in his possession, thus, exposing the excess funds to susceptible loss, misappropriation and/or misuse thereof.	<p>a. Direct the ASD to reduce accordingly the amount of PCF of the accountable officer sufficient only to cover the petty operating expenses for one month and require the accountable officer to replenish his cash advance when the disbursements reach at least 75 per cent pursuant to Item 4.3.1 of COA Circular No. 97-002; and</p> <p>b. Require the accountable officer to record transactions in the Cashbook in a chronological order for ease of monitoring and verification.</p>	<p>Implemented</p> <p>Implemented</p>
CY 2021 AAR Observation No. 38 Pages 236- 240	PPA granted the use of vehicles as service to selected employees of a Supplier in violation of PPA Memorandum Circular No. 06-2004, Section 4.2 of PD No. 1445, COA Circular No.	a. Require the ASD to stop immediately the grant of service vehicles to the Supplier's employees; and	Implemented

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	75-6 dated November 7, 1975 and Administrative Order No. 239 dated September 15, 2008, resulting in unnecessary expenditures of fuel amounting to at least P71,359.	b. Direct the ASD to bill and collect immediately from the Supplier the equivalent cost/payment of fuel used from the start of service including the amount of P71,359 to the last day of service, otherwise, the approving official for the grant of service vehicles shall be liable for the payment thereof.	Closed Granted due consideration given the pandemic crisis.
CY 2021 AAR Observation No. 39 Pages 240-246	<p>Deficiencies were noted in the implementation of Gender and Development (GAD), thus, not compliant with existing GAD rules and regulations, to wit:</p> <p>1. PPA has allocated only P792.540 million or 3.30 per cent of CY 2021 Corporate Operating Budget (COB) which is less than the required at least 5.0 per cent of the COB for the implementation of GAD-related programs, projects, and activities contrary to Section 6.1 of Philippine Commission on Women (PCW) – National Economic and Development Authority (NEDA) – Department of Budget and Management (DBM)</p>	<p>a. Comply with the provisions of Section 6.1 of PCW-NEDA-DBM Joint Circular No. 2012-01 and Section 4 of COA Circular No. 2014-01 on the allocation of five per cent budget for GAD;</p> <p>b. Institute effective measures to monitor and ensure that GAD-related activities outlined in the GPB are fully accomplished and funds are fully utilized;</p> <p>c. Ensure that the essential elements in GAD Planning and Budgeting are established and strengthened by:</p> <p>i. Conducting a periodic monitoring and evaluation of the accomplishment of GFPS and undertake</p>	<p>Reiterated in Observation No. 20, Part II of this Report.</p> <p>Reiterated in Observation No. 20, Part II of this Report.</p> <p>Implemented</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	<p>Joint Circular No. 2012-01 and COA Circular No. 2014-001.</p> <p>2. PPA utilized the Harmonized Gender and Development Guidelines (HGDG) tool in attributing the locally-funded projects and response to COVID-19 programs to the GAD budget in conformity with Section 6.4 of PCW-NEDA-DBM Joint Circular No. 2012-01.</p> <p>3. PPA GAD programs, projects and activities as outlined in the GAD Plan and Budget (GPB) were not fully implemented and the allotted budget amounting to P792.540 million was not fully utilized, thus, not compliant with Executive Order (EO) No. 273.</p> <p>4. The GAD Focal Point System (GFPS) in PMO Mindoro was not strengthened, notwithstanding its reconstitution contrary to Items 4.4 and 5.2 of PCW Memorandum Circular (MC) No. 2011-01. Likewise, GAD programs, activities and</p>	<p>measures to address possible issues hindering the performance of their tasks and functions, if any</p> <p>ii. Prioritize the attendance of the GFPS and its Secretariat to various GAD-related trainings and seminars in order for them to enhance their skills in the conduct of gender audit, establishment of GAD database and sex-disaggregated data and in accelerating the gender mainstreaming in PMO Mindoro; and</p> <p>d. Prepare GAD Accomplishment Report in the format required by Joint Circular No. 2012-01 and ensure that all the details needed will be presented for easy reference in audit; and</p> <p>e. Require the Office of the Port Manager through the GFPS to submit a revised GAD AR for CY 2021 by observing the prescribed format in Annex B of PCW-NEDA-DBM Joint Circular No. 2012-01 and report the actual</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>

Reference	Audit		Status/ Actions taken
	Observations	Recommendations	
	<p>projects (GAD PAPs) were not prepared contrary to PCW M.C. No. 2020-005 and AR was not in accordance with the standard format provided in Annex B of PCW-NEDA-DBM Joint Circular No. 2012-01.</p> <p>5. The GAD AR prepared in PMO Agusan do not reflect the actual cost of expenditure incurred in implementing the identified GAD Activities contrary to what was prescribed in Annex B of PCW-NEDA-DBM Joint Circular No. 2012-01.</p>	cost incurred or amount attributed to the implemented GAD activities.	
CY 2021 AAR Observation No. 40 Pages 246-247	Fixed assets totaling P753.911 million were not insured with the Government Service Insurance System (GSIS) in 2021, contrary to Republic Act (RA) No. 656, thus, exposing the agency to risk of not being properly indemnified for damage or loss of properties. Further, fixed assets amounting to P250.927 million were insured but these were not included in the Physical Count of Property, Plant and Equipment (RPCPPE), resulting in incorrect insurance coverage.	<p>a. Require the concerned PMOs to ensure adequacy and completeness of the insurance coverage of PMO properties in compliance with RA No. 656; and</p> <p>b. Require the Accounting Section of concerned PMOs to coordinate with the Inventory Committee for the conduct of physical count to confirm the existence of any insured assets not found in the books.</p>	<p>Implemented</p> <p>Implemented</p>