

CLARK INTERNATIONAL AIRPORT CORPORATION

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION

Audit Observation and Recommendations

For the Calendar Year 2020

As of December 31, 2021

AOM NO.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/ Delay / Non-Implementation If Applicable	Action Taken/ action to be taken / Remarks	
			CIAC COMMITMENT	Person/ Dept. Responsible	Target Implementation Date				
					Start				End
AOM No. 2021-001 (2020)	The absence of a signed/notarized Memorandum of Agreement (MOA) executed by and among the three parties, such as Clark International Airport Corporation (CIAC), Clark Development Corporation (CDC), and Philippine Red Cross (PRC) on the establishment of a Molecular Laboratory within the CIAC property at the Clark Freeport Zone (CFZ) casts doubts on the validity and enforceability of the said Agreement, in	<p>a. Cause the finalization of the Memorandum of Agreement (MOA) with the CDC and PRC taking into consideration the stakes on the part of CIAC for the continuous usufruct of its property under an unsigned MOA;</p> <p>b. Work out the immediate submission of the duly signed/notarized MOA to the Audit Team in compliance with the provision of COA Circular No. 2009-001 for the timely review and evaluation thereof</p>	<p>a. On 21 December 2020, during its 10th Regular Meeting, the CIAC Board of Directors resolved and approved that the previously-approved lease period of five (5) years of the Memorandum of Agreement with the PRC be amended to ten (10) years;</p> <p>b. On 13 January 2021, the final draft of the MOA with PRC duly signed by the P/CEO of CIAC was forwarded and received by the CDC for the signature of CDC OIC-Office of the P.CEO Engr. MARIZA O. Mandocdoc. In the interregnum,</p>	Marketing Department (MD)	Upon receipt of PRC Board resolution amending its authorized signatory for the CIAC / PRC/ CDC MOA	One week after release of the revised MOA for signature of CDC and PRC	Not yet implemented. Under monitoring by MD	MOA was already signed by the authorized signatories of CIAC and CDC however, there will be a change of authorized signatory for PRC from Sen. Gordon to PRC's Secretary General.	<p>Once CIAC receives the Board Resolution for the amended authorized signatory of PRC, CIAC shall amend the MOA and to be signed by Pres/CEO ANA and the same shall be released one week after to CDC and PRC for signature.</p> <p>For monitoring once released to CDC and PRC.</p> <p><u>UPDATE: 11/15/21</u></p> <p><u>Execution of MOA (CIAC/CDC/PRC) with June 23, 2021 as the effective date.</u></p> <p><u>UPDATE: 12/31/21</u></p>

	defiance of the Corporation's existing standard procedures and Section 2 of Presidential Decree (P. D.) No. 1445, and precluded the COA Audit Team from performing timely review and evaluation thereof.	by COA.	<p>however, newly-appointed CDC President and CEO B/Gen. Manuel Gaerlan took his oath of office;</p> <p>c. On 01 February 2021, CIAC forwarded to, and duly received on the same date by, CDC a revised final draft of the MOA with PRC signed by CIAC P/CEO for the signature of CDC P/CEO B/Gen. Manuel Gaerlan;</p> <p>d. On 03 February 2021, a representative of PRC received said revised final draft of MOA with PRC for the signature of PRC.</p>						<u>None. MOA done already.</u>
2021-002 (2020)	One Board of Director (BOD) of the Clark International Airport Corporation (CIAC) has insistently occupied a housing unit (staff house/villa) starting September 2019 without the specific authority to do so under the law or Charter, as approved by the	<p>a. Advise the aforementioned BOD to vacate the staff house or villa and, if warranted, cause the refund of the aggregate utility expenses incurred during the period of occupancy thereat; and</p> <p>b. Henceforth, ensure that government properties are</p>	<p>In compliance to COA's recommendation, we have issued a formal notice to vacate upon Mr. Morales through our letter dated 01 February 2021.</p> <p>On 08 February 2021, we received a letter from Mr. Morales stating his reasons for his continued occupancy of the said staff house.</p> <p>The COA granted a</p>	<p>Marketing Department and OVPFAG</p> <p>Accounting Department</p>	May 31, 2021	June 4, 2021	<p>For implementation</p> <p>For implementation</p>		<p>OVPFAG shall coordinate with CDC if CIAC may execute a lease agreement for the subject villa/staff house since the same is the property of CIAC. Once allowed, Marketing shall prepare that lease agreement with the corresponding rates that will be charge against the concern CIAC board member.</p> <p>The total amount of</p>

	<p>Office of the President, and despite of not being entitled to such privilege pursuant to Executive Order (E. O.) No. 24, s. 2011 and the pertinent provisions of Republic Act (R.A.) No. 10149 or the Government Owned and Controlled Corporations (GOCCs) Governance Act of 2011. The use of government property for personal purposes is considered irregular and unethical in the light of Section 4 of Presidential Decree (P.D.) No. 1445, COA Circular No. 2012-003 dated October 29, 2012, and Republic Act (R.A.) No. 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees.</p>	<p>utilized only for official purposes in consonance with Section 4 of P.D. No. 1445 and COA Circular No. 2012-003 governing the prevention of IUUEU in government expenditures. Otherwise, enforce appropriate sanctions pursuant to R.A. No. 10149 and 6713 to instill discipline against the Official and protect the interest of the government.</p>	<p>three (3)-month period for him to vacate the said staffhouse. COA also requires Mr. Morales to refund the utility expenses incurred during the period of occupancy amounting to Php 56,907.89.</p>				<p><u>UPDATE:</u> <u>Implemented.</u></p>		<p>P67,150.62 (P10,242.20 for water and P56,908.42 for electricity) which the concerned board member used for the period September 2019 to December 2020 shall be deducted from his reimbursement.</p> <p><u>UPDATE: 11/15/21</u></p> <p><u>The concerned Director authorized CIAC to deduct to his RATA the utilities expenses amounting to P67,150.09 incurred from September 2019 to December 2020. Total deduction made as of 31, October 2021 amounted to P11,197.00. Likewise, the Marketing Department has drafted a Reservation Agreement (RA) with corresponding rate that will be charged against the concerned director. The RA is being routed for the concern official's signature.</u></p>
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									<p><u>UPDATE: 12/31/21</u></p> <p><u>Total deduction made to Dir. Morales as of 12/31/21 is P16,787.12</u></p> <p><u>Reservation Agreement dated 13 January 2022 was already signed by the P/CEO and Director Morales also on 13 January 2022. Please see Annex 1</u></p>
2021-003 (2020)	The fund established to finance the Gender and Development (GAD) Programs/Activities/Projects (PAPs) of the Corporation was below the five percent (5%) threshold, based on its annual budget for CY 2020, which reduced its capacity to undertake responsive activities and produce substantial contribution to the fulfillment of the Agency's mandate towards poverty alleviation, gender equality, women	a. Consistently observe timely submission of the Annual GAD Plan and Budget (GPB) and the corresponding Accomplishment Report (AR) pursuant to the provisions of COA Circular No. 2014-001 dated March 18, 2014 on the Revised Guidelines in the Audit of Gender and Development (GAD) Funds and Activities in the government agencies including the prescribed period of submission thereof to the COA Audit Team;	a. CIAC commits to observe the provisions of COA Circular No. 2014-001 which is the submission of GPB and Accomplishment Report to the COA Audit Team after the review of PCW. This CY 2021, CIAC submitted a copy of the GPB within five (5) working days upon receipt of the endorsement memo from PCW. b. With best effort, the corporation will continue to allot at	Gender and Development Technical Working Group Head (GAD TWG Head) GAD TWG Head	Pending endorsement of AR from COA	Pending endorsement of AR from COA	a. AR for monitoring. Implemented for GPB b. Implemented		a. As a status, the 2020 Accomplishment Report (AR) was sent to PCW on May 3, 2021. A copy of the said AR shall be furnished to COA within 5 days upon final endorsement from PCW to CIAC. On the other hand, the GAD Plan and Budget for 2021 was endorsed by PCW to CIAC on February 1, 2021 and a copy was furnished to COA on the same day. b. CIAC allocated 6.18% of its total approved budget for CY2021

<p>empowerment and gender-sensitive governance, inconsistent with the pertinent provisions of Philippine Commission on Women (PWC), National Economic Development Authority (NEDA) and the Department of Budget Management (DBM) Joint Circular (JC) No. 2012-01, including Paragraphs 2.3 and 6.1 thereof, and Section 36 (a), Chapter VI of Republic Act (R.A.) No. 9710 or the Magna Carta of Women (MCW).</p>	<p>b. Continue to allot the required funding for GAD-related activities in the succeeding years in order to facilitate the attainment of a more relevant and significant gender objectives in the pursuit of gender equality and women empowerment in the workplace;</p> <p>c. Ensure strict conformance with the allocated GAD budget based on the approved Annual GPB in the implementation of GAD-related activities to avoid over or under utilization of funds intended for a specific purpose or GAD activity;</p> <p>d. Develop more GAD programs/activities intended for the locators and investors of the CIAC that will build, establish and increase</p>	<p>least 5% of the total budget to GAD Plans and Programs. This CY 2021 GPB, CIAC allocated 6.18% of its total approved budget;</p> <p>c. CIAC will adhere to the implementation of GPB as endorsed by PCW;</p> <p>d. For CY 2021, CIAC has activities for its clients/locators during the Women’s Month, 2021 VAWC and shall conduct different trainings solely for its locators;</p> <p>e. GAD-TWG members will work together for the accomplishments of CIAC GPB. A quarterly monitoring of the projects/ activities will be conducted.</p>	<p>GAD TWG Head</p> <p>GAD TWG Head</p> <p>GAD TWG Head</p>	<p>Jan. 2021</p> <p>Jan. 2021</p> <p>Jan. 2021</p>	<p>Dec. 2021</p> <p>Dec. 2021</p> <p>Dec. 2021</p>	<p>c. For implementation for the CY2021</p> <p>d. For implementation for the CY2021</p> <p>e. For implementation for the CY 2021</p>	<p><u>UPDATE:</u></p> <p><u>Implemented: Annual GAD Plan and Budget FY 2021.</u></p> <p><u>Implemented: Annual GAD Accomplishment Report FY 2020</u></p>		<p><u>UPDATE: 11/15/2021</u></p> <p><u>Annual GAD Plan and Budget FY 2021 at 6.18% dated January 27, 2021 (report generated March 16, 2021)</u></p> <p><u>Annual GAD Accomplishment Report at .48% GAD Expenditure (report</u></p>
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		<p>awareness of gender issues and women empowerment, thus, fulfilling to its locators and investors, employees, residents, local communities and stakeholders; and</p> <p>e. Conduct regular evaluation and monitoring of accomplishments using the identified performance indicators to ascertain that all activities/projects are accomplished per plan, and revise the plans as warranted by prevailing circumstances, with a clear objective of addressing gender issues and concerns for a more responsive and effective government operations.</p>						<p><u>generated August 11, 2021) with June 24, 2021 email from PCW for revision of GAD AR</u></p> <ul style="list-style-type: none"> • <u>Inclusive Gender Sensitivity Seminar – August 6, 2021 attended by locators. See Exhibit C.</u> • <u>Gender Fair Language for Locators and CIAC officers and Employees September 20, 2021.</u> • <u>Harmonized Gender and Development Guidelines for CIAC employees – June 7-8, 2021.</u> • <u>November 25 to December 12, 2021 – 18-Day Campaign to End Violence Against Women and Children Awareness in accordance with Republic Act 10393, November 25 of every year is the “National Consciousness Day for the Elimination of Violence Against Women and Children</u>
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**Implemented:
Activities conducted**

For implementation

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									<p><u>Orientation on Different Laws Concerning Women</u></p> <p><u>Also, attended the following facilitated by PCW:</u></p> <ul style="list-style-type: none"> - <u>From Catcalling to Cyberstalking December 3</u> - <u>Filipino Marespeto: Safe Spaces, Kasali tayo November 25.</u> - <u>Aral at Trabaho, Hindi Pang-aabuso December 10</u>
2021-004 (2020)	The collectability of Trades Receivables, with a net realizable value of P41,811,799.62 and age ranging from one to over five years, was uncertain as at December 31, 2020 due to inadequate monitoring and lapses in the approval and renewal of the lease/sub-lease agreements, depriving the	<p>a. Instruct the Treasury and Legal Departments to exhaust all remedies or means to collect the outstanding balance of Asian Aerospace Corporation (AAC) in the amount of P36,797,734.76, including interest and penalties;</p> <p>b. Direct the Accounting and Marketing Department to strictly enforce</p>	<p>a. As discussed during the exit conference held on 22 February 2021, CIAC protected the interest of the corporation by taking all the necessary and prescribed collection and legal procedures to collect the receivables from Asian Aerospace (AAC). However, while negotiation was ongoing for the payment of the outstanding obligation, the latter filed a case against CIAC with the</p>	LSD			<p>a. For monitoring. Still pending as of May 24, 2021 as per Legal Services Department. As an update, there will be marking of evidence on Friday, May 28 2021.</p> <p>On-going monitoring by the LSD</p>	<p>UPDATE: 11/15/21</p> <p><u>Outstanding Account: P36,797,734.76 – non payment / non compliance on approved payment scheme.</u></p> <p>With pending case filed</p>	

	<p>Corporation of the much-needed funds to finance operations contrary to Section 2 of Presidential Decree (P.D.) No. 1445. Moreover, a total of P26,451,055.87 represents dormant receivables which were not yet written off as required in COA Circular No. 2016-005 dated December 19, 2016, thus affecting the fair presentation of the aforementioned account in the financial statements (FS).</p>	<p>provisions of the lease agreement/contract in order to prevent the recurrence of similar problem in the future; and c. Advise the Accounting Department to facilitate the request for write-off of the dormant accounts amounting to P26,451,055.87 by complying with the documentary requirements and procedures as provided in COA Circular No. 2016-005 dated December 19, 2016.</p>	<p>Regional Trial Court of Angeles City for Reformation of Contract. The corporation thru its Legal Department thereafter filed its Answer to the Complaint with Compulsory Counterclaim for the payment of P40,645,786.39 (principal plus interest and penalty charges as of 31 July 2020) on 14 January 2021;</p>						<p>by AAC. with case no. R-ANG-20-02382-CV entitled Reformation of Instrument, Force Majeure</p> <p>With amended complaint for Collection of Sum of Money and Damages</p> <p>With Draft AAC's Proposal for CIC's comment or counter proposal sent via email by Atty Meia (OGCC) on 10th August 2021.</p> <p><u>UPDATE: 12/31/21</u></p> <p><u>Prior the last day of the second extension of Court-Annexed Mediation (CAM) last 15 November 2021, parties and counsels personally appeared before the mediator on 11 November 2021 at PMC Pampanga. No settlement has been reached and the while AAC requested for one more extension, the Mediator has already expressed that he will be submitting his report to the Court considering that the</u></p>
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			<p>b.</p> <ol style="list-style-type: none"> 1. The reiteration of the Internal protocol among the Marketing Department, Accounting Department and Treasury Department to continue issuance of billing invoices to existing lessee/s whose expired lease agreements are pending for the renewal, with the Marketing Department 				<p>b.</p> <ol style="list-style-type: none"> 1. Implemented 	<p><u>CAM has already been extended twice. Despite this, AAC has still filed its Motion for one last extension before the Court last 16 November 2021 which the Court granted in its 1 December 2021 Order.</u></p> <p><u>RTC Branch 58 issued order (dated 3 December 2021) forwarding the case to A.C. RTC Branch 115. Copy of the Order was received by CIAC RMO dated 28 December 2021.</u></p> <ol style="list-style-type: none"> 1. Marketing Department regularly issues memorandum as a basis for the Accounting Department to continue issuance of billing invoices until the final approval/renewal for the lease/sub-lease agreement specifically when there is continuous occupancy of the locators on CIAC property.
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			<p>issuing a memorandum as a basis for the Accounting Department to continue issuance of billing invoices until the final approval/renewal for the lease/sub-lease agreement;</p> <p>2. The concerned Account Officers of lessees under the Marketing Department have been reminded and instructed to strictly follow the protocol, in accordance with standard provisions in CIAC lease/sub-lease agreements, on the issuance of Notice of Expiration of LEase Agreement six (6) months prior to lease expiration date.</p>				2. Implemented		
			<p>c. The Management thru the Accounting Department has commenced the review and verification of the dormant accounts</p>			Dec. 31, 2021	c. On-going implementation		<p><u>UPDATE: 11/15/21</u></p> <p><u>Submissions of petitions to COA - Sept 21 pertaining to 7 aero accounts totalling P1,712,721.51 and Oct</u></p>


			<p>recommended for write-off. The Management will pursue the recommendation of COA to submit requirements for the facilitation of the write-off of the subject accounts.</p>						<p><u>04 pertaining to 3 aero accounts and 2 locators totalling P18,616,920.89.</u></p> <p><u>COA replied to CIAC petition dated Oct 4 & 6.</u></p> <p><u>Letter request to BIR and SEC dated October 25 requesting information as to detailed status of old CIAC locators and airline operators.</u></p> <p><u>UPDATE: 12/31/21</u></p> <p><u>CIAC submitted a Manifestation / Compliance last 29 November. Attached thereto were BIR certification and results of its online research for dormant accounts with ceased operation. Pending as of 12/31/2021 was the SEC certification.</u></p> <p><u>On 17 January 2021, CIAC shall prepare and issue Manifestation / Compliance No. 2 to COA to submit the Certification of Non-Registration of Company from SEC which CIAC received</u></p>
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									<i>via email on 13 January 2021</i>
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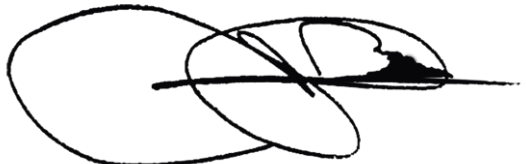
Prepared by:


MITCHELLE S. CRUZ
Internal Audit Department

Reviewed by:


NANCY C. PAGLINAWAN
Office of the Vice-President for Finance and Admin Group

Noted by:


GEN. AARON N. AQUINO (RET.)
President and Chief Executive Officer