



Republic of the Philippines
COMMISSION ON AUDIT
 COA REGIONAL OFFICE III
 City of San Fernando, Pampanga

March 15, 2021

Gen. Aaron N. Aquino (Ret.)
 President and Chief Executive Officer
 Clark International Airport Corporation
 Clark Freeport Zone, Pampanga



Dear **President Aquino**:

We are pleased to transmit the Annual Audit Report on the audit of Clark International Airport Corporation (CIAC) for the Calendar Year 2020 in compliance with Section 43 of the Government Auditing Code of the Philippines (P.D. No. 1445).

The audit was conducted to (a) ascertain the level of assurance that may be placed on management assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior year's audit recommendations.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and we believe that it provided a reasonable basis for the audit results. We rendered an unmodified opinion on the fairness of presentation of the financial statements of the Corporation as of year-end.

The significant audit observations and recommendations that need immediate action are as follows:

1. The collectability of Trade Receivables with year-end carrying amount of ₱41,811,799.62, aged one to over five years, was uncertain due to inadequate monitoring and lapses in the approval and renewal of the lease/sub-lease agreements, depriving the Corporation of the much-needed funds to finance its operations contrary to Section 2 of Presidential Decree (P.D.) No. 1445. Moreover, a total of ₱26,451,055.87 represents dormant receivables which were not yet written off as suggested under COA Circular No. 2016-005 dated December 19, 2016. (**Observation No. 1**)

We recommended that the President and CEO undertake the following courses of action 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

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