

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 18 audit recommendations embodied in the 2020 Annual Audit Report, five were implemented, 10 were partially implemented and three were not implemented. Details are as follows:

Reference	Observations	Recommendations	Status of Implementation
Observation No. 1 Page 37	<p>The existence and completeness of Merchandise Inventory totaling P68.793 million, with a carrying value of P45.229 million as of December 31, 2020 was not determined due to incomplete inventory-taking.</p> <p>Furthermore, the assessment of Merchandise Inventory to ensure that its valuation is not higher than its net realizable value (NRV) was not performed which is not in accordance with Philippine Accounting Standard (PAS) 2.</p>	<p>a. Comply with PAS 2, on Inventories, by presenting the valuation of Merchandise Inventory at lower of cost or NRV;</p> <p>b. Require the Inventory Team to complete the inventory-taking process and the Accounting Division to ensure that the balance of Merchandise Inventory per books of accounts, per count and per stock cards are reconciled;</p> <p>c. Submit to the Audit Team the Report on Physical Count of Inventories as required under Section 122 of Presidential Decree No. 1445; and</p> <p>d. Consider hiring a third party appraiser to come up with the correct inventory valuation and make the necessary adjustments to the inventory account in the books.</p>	<p>Partially Implemented</p> <p>Reiterated in Observation No.1 of this report</p> <p>Partially Implemented</p> <p>Reiterated in Observation No.1 of this report</p> <p>Partially Implemented</p> <p>Reiterated in Observation No.1 of this report</p> <p>Partially Implemented</p> <p>Reiterated in Observation No.1 of this report</p>

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Observation No. 2 Page 39	Property and Equipment (PE) costing P100.458 million, with carrying amount of P12.558 million may not be a faithful representation of the portion of Corporation's assets because of incomplete inventory-taking of PE.	Require the Inventory Team to complete the inventory-taking process and the Accounting Division to reconcile the balances of PE per books of accounts and per count or Report on Physical Count of PPE and per ledger cards.	Partially Implemented Reiterated in Observation No. 2 of this report.
Observation No. 3 Page 41	Receivables totaling P63.179 million were not assessed to determine current/updated evidence of impairment as required under Philippine Financial Reporting Standard (PFRS) 9, thus, the amortized cost of P57.692 million could be more than its recoverable amount.	Conduct an assessment of receivables at the end of each reporting period to determine sufficiency of Allowance for Impairment so that the valuation of receivables at amortized cost will not exceed the recoverable amount.	Not Implemented Reiterated in Observation No. 3 of this report.
Observation No. 4 Page 43	Hangars being leased to other parties were recognized and presented as Property and Equipment (PE) instead of Investment Property resulting in overstatement of PE and understatement of Investment Property by undetermined amount.	a. Determine the value of the hangars for lease and present the same as Investment Property in accordance with the requirements of PAS 40; and b. Comply with disclosure requirements of PAS 40 on Investment Property.	Implemented Implemented
Observation No. 5 Page 44	The Management did not submit/present their assessment on the ability of PADC to continue as a going concern as mandated by Philippine Accounting Standard	a. Provide the Audit Team with the assessment of the ability to continue as a going concern, considering the noted uncertainties,	Not Implemented Reiterated in Observation No. 7 of this report.

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	(PAS) 1 “Presentation of Financial Statements” despite the events or conditions that may cast doubt about the going concern assumption.	and the Management’s plan for future actions in relation to the going concern assessment and the written representations from Management or, where appropriate, those charged with governance, regarding their plans for future action and the feasibility of these plans; and b. Include the necessary disclosure, related to the identified areas in the assessment of going concern, in the Notes to Financial Statements.	Not Implemented Reiterated in Observation No. 7 of this report.
Observation No. 6 Page 51	Not all audit disallowances with Notice of Finality of Decision (NFD) as of December 31, 2020 were recognized as receivables in the books of accounts of the Corporation resulting in understatement of Receivables-Disallowances and Retained Earnings accounts by undetermined amount.	Make the necessary adjustments in the books of accounts to reflect the correct balance of Receivables-Disallowances and Retained Earnings as of December 31, 2020 and enforce collection thereof.	Partially Implemented Management has already recognized in the books of accounts the audit disallowances with NFD. However, there are audit disallowances which are still subject for reconciliation with the Audit Team.
Observation No. 7 Page 52	PADC did not declare, recognize and remit to the National Government (NG) dividends	Recognize in its books of accounts the dividends due to NG for DYs 2020 and 2019 in	Implemented

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	were not disposed, thereby exposing the properties to further deterioration.	and related accounts.	Observation No. 8 of this report.
Observation No. 11 Page 58	PADC was not able to prepare and submit its Gender and Development (GAD) Plan and Budget (GPB) for CY 2020 and implement GAD programs, activities and projects (PAPs).	<p>a. Require the GAD Focal Point Person to spearhead the preparation of the annual GPB and Accomplishment report within the deadline set in accordance with the provisions of Philippine Commission for Women, National Economic Development Authority and DBM Joint Circular No. 2012-01; and</p> <p>b. Submit to the Audit Team a copy of the Corporation's GPB and the corresponding accomplishment report as provided in COA Circular No. 2014-001.</p>	<p>Partially Implemented</p> <p>Reiterated in Observation No. 11 of this report.</p> <p>Partially Implemented</p> <p>Reiterated in Observation No. 11 of this report.</p>