NATIONAL ADMINISTRATIVE REGISTER · AUGUST 21, 2002

Revised Guidelines in the Evaluation and Monitoring of Audit Reports and Clarifying Audit Coordinative Linkages

PPA MEMORANDUM CIRCULAR NO. 31-2002, August 21, 2002

Read online (full-text search, related cases, audio case brief): https://batas.org/library/1e0ad29223d8/

I. OBJECTIVES

A. To facilitate effective and expeditious actions on audit reports and ensure satisfactory compliance with the audit recommendations and auditees' commitments

B. To ensure that systems and procedures are properly aligned and linked between and among RCs concerned

C. To ensure proper monitoring, evaluation and reporting of audit activities and result of audits

D. To effect realignment of responsibilities as a result of the PPA 2001 Restructuring Plan

II. SCOPE

The procedures and audit coordinative linkages outlined herein shall be observed by the ICD, PDO ICS, audited units and other RCs/units required to take action on ICD, ICS and COA audit reports.

III. PROCEDURES

Following are the procedures to be adopted in matters of coordination between ICD and PDO ICS; handling of audit reports and audit findings; and, monitoring, evaluating and reporting actions taken thereon:

A. Coordination and Monitoring

1. Two (2) months before the start of the succeeding year, the PDO ICS shall furnish the ICD Monitoring Staff (MS), the PDO Plans and Programs for the following year, particularly audit schedule of the ICS.

2. ICD shall submit to A/GM-CASP a Consolidated Audit Schedule for ICD and PDO ICS.

3. Based on the PDO ICS audit plans, ICD MS shall conduct a monthly review of ICS accomplishments per audit reports furnished the ICD.

4. ICD and ICS accomplishments shall be consolidated and reported through the ICD/ICS Monthly Accomplishment Report (MAR) prepared by the ICD MS, Annex "A."[1]

B. Review and Validation

The ICD MS shall review internal audits conducted by the ICD and ICS. The review shall cover, among others, the following:

1. Audit procedures and techniques applied;

2. Proper application of the Performance Appraisal System (PAS) for the PMOs; and the Performance Standards and Rating System (PSRS) for Cargo Handlers (PPA A.O. 13-96).

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

3. Quality of the audit reports based on the following:

a. Areas covered

b. Extent of sampling conducted

c. Completeness of supporting documents

d. Comments/Commitments

e. Report Format

C. ICD/ICS Audit Report Flow

In order to streamline the ICD/ICS audit reporting system, the following procedure (Annex "B"[2] shall be observed in the preparation of transmittal memoranda and submission of audit reports to the offices concerned:

1. ICD Audit of H. O. RCs

a. Audit team's memo shall be prepared addressed to the ICD Manager, thru the Division Manager.

b. ICD Manager shall submit the report to the General Manager through the A/GM-CASP.

c. AGM concerned and auditee shall be officially informed of the result of the audit through a GM's memo.

d. For auditee's queries on policies, rules and regulations resulting to audit observations and which are beyond the authority of ICD to resolve, ICD MS shall prepare a department query to the RC concerned for clarification/resolution of the query.

2. ICD Audit of PDOs

In addition to the procedure (C.1) above, the three (3) AGMs shall be officially informed of the result of the audit under their areas of responsibility through an A/GM CASP memo.

3. ICS Audit

a. An audit team's memo shall be prepared addressed to the PDM.

b. The auditee shall be officially informed of the result of the audit through a PDM's memo.

c. The GM shall be officially informed of the result of the audit through a PDM's memo. The memo, together with the audit report, shall be coursed through the A/GM-CASP, attn: ICD.

d. For queries/requests for clarification arising out of audits, a PDO query shall be forwarded to the RC concerned, thru A/GM CASP, attn: ICD.

D. Compliance Reports of Audited Units

1. ICD Audits

a. For audited Head Office Responsibility Centers, PDOs, Locally-Funded Projects and other audited areas, systems or services, report of compliance with audit commitments or rectifications/actions taken to audit observations shall be contained in RCs Compliance with the Audit Observations (RCAO), Annex "C,"[3]prepared by auditee concerned.

b. RCAO shall be submitted by the audited RCs, PDOs, Locally Funded Projects in-charge and other auditees concerned, directly to the ICD, within 30 days upon receipt of the audit report and every month thereafter until all commitments have been complied with.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

2. ICS Audits

a. For audited PMOs/TMOs, a PMO Compliance with Audit Observations (PCAO), Annex "D," shall be submitted to the PDO for evaluation/verification within 30 days upon receipt of ICS audit report and every month thereafter until all commitments have been complied with.

b. For audited cargo handlers and service agents, reports of compliance with audit recommendations or rectifications/remarks to audit findings shall be contained in Service Agent's Compliance with the Audit Findings and PMO Evaluation (SCAFE) Annex "E."

c. The SCAFE shall be prepared by the cargo handler and submitted to the PMO which has jurisdiction over the audited cargo handler or service agent within 30 days upon receipt of the copy of the audit report and every month thereafter until all commitments have been complied with.

d. The PMO concerned shall evaluate/verify the compliance/explanation in SCAFE, accomplish the 4th column and transmit the same to the PDO within five (5) days upon receipt of the SCAFE.

3. COA Audits

COA audits shall be acted and reported using the Comments and Actions Taken on COA Findings and Recommendations (CATCOA) Annex "F":

a. Port District Managers shall submit the CATCOA to the GM, through the A/GM CASP, attn: ICD, within ten (10) days from receipt of the COA Annual Report.

b. Controllership Department shall submit the CATCOA to ICD, also within ten (10) days from receipt of COA Annual Report on matters pertaining to audit findings on Head Office RCs.

c. ICD MS shall review and participate in meetings/discussions with RCs concerned to thresh out problems and clarify COA findings.

d. Based on the review of PDO/RC CATCOA and results of meetings/discussions with RC concerned, ICD prepares a consolidated CATCOA, (C-CATCOA) Annex "G" and Executive Brief for the GM and submits this for signature of the AGM-FA through the A/GM CASP.

E. Monitoring Report of ICS Submitted to ICD

1. Responsibility and Frequency

a. The PDO ICS shall evaluate actions taken by the auditees through compliance reports (SCAFE and PCAO) from the PMOs.

b. Based on the RCAO of the PDO and the SCAFE and PCAO from the PMOs, the ICS shall consolidate and prepare a quarterly Report of Actions Taken on Audit Findings (RATAF) Annex "H." This shall be submitted to the ICD on or before the 15th day of the month following the quarter being reported on.

2. Content and Procedure

RATAF shall include the following:

a. List of quarterly audited PMOs, cargo handlers and other service agents;

b. Quarterly status of compliance of auditees, including that of the PDO, on their commitments;

c. Evaluation/Verification made by the PDO on auditee's and PMOs actions.

F. Monitoring Report of the ICD Monitoring Staff

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

In order to provide management an accurate status report on the audit of Head Office RCs, PDOs, PMOs, Locally Funded Projects, Cargo Handlers and other service agents conducted by ICD, PDO ICS and COA, the ICD Monitoring Staff shall prepare and submit to management a quarterly Consolidated Audit Monitoring Status Report (CAMSR) Annex "I[.[4]]

The report shall include the following information:

1. Consolidated list of audited units for the quarter

2. Significant/Recurring/Prevalent findings in the RCs, PDOs, PMOs and CHOs/other service agents

3. Status of compliance on auditee's commitments including partially or unacted audit findings

4. Actions taken by the AGMs and PDMs concerned

5. Findings beyond the authority of the PDO/PMO to act

6. Findings which require assistance of other RCs or government offices

7. Findings which require clarifications/ amendments/ formulation of systems and procedures and strengthening internal control systems

8. Evaluation/Comments of ICD Monitoring Staff

a. On the actions taken by the PDO on the submitted audit compliance status report (PCAO and SCAFE)

b. On the audit procedures/techniques used; application of rating systems; and, quality of audit reports

IV. FORMS AND CHARTS

The following forms shall be used in preparing reports described in this Circular:

Annex A – Monthly Accomplishment Report (MAR)-ICD/ICS

Annex B1–B3 – ICD/ICS Audit Report Flow

Annex C – RC's Compliance with the Audit Observations (RCAO)

Annex D – PMO Compliance with Audit Observations (PCAO)

Annex E – Service Agent's Compliance with the Audit Findings and PMO Evaluation (SCAFE)

Annex F – Comments and Actions Taken on COA Findings and Recommendations (CATCOA)

Annex G – Consolidated Comments and Actions Taken on COA Findings and Recommendations (C-CATCOA)

Annex H – Report of Actions Taken on Audit Findings (RATAF)

Annex I – Consolidated Audit Monitoring Status Report (CAMSR)

Systems charts are shown in the following Annexes, for guidance:

Annex J-1 to J-3 – Preparation and Submission of Compliance Reports

Annex K – Audit Monitoring System

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

V. NUMBERING OF AUDIT REPORTS

The following illustration in the numbering of audit reports shall be observed and reflected in the audit reports:

For ICD Audits – ICD Audit Report No. 01-02

To mean – 01 — The first report to be released for the year

02 — The year audit was conducted

For ICS Audits – ICS — M/NL Audit Report No. 03-02

To mean : M/NL —ICS PDO Manila/Northern Luzon audit report

03 — The third report to be released by PDO

Manila/Northern Luzon for the year

02 — The year audit was conducted

Short forms ICS SL — for audits of PDO Southern Luzon.

for other PDOs : ICS V — for audits of PDO Visayas

ICS NM — for audits of PDO Northern Mindanao

ICS SM — for audits of PDO Southern Mindanao

VI. REPEALING CLAUSE

This Memorandum Circular supersedes PPA M.C. 25-93 and accordingly amends PPA M.C. No. 36-98 and M.C. 04-99 on matters pertaining to handling, evaluating and monitoring of audit reports.

VII. EFFECTIVITY

This Circular shall take effect immediately.

Adopted: 21 Aug. 2002

(SGD.) ALFONSO G. CUSI
General Manager

---

[1]Text Available at Office of the National Administrative Register, U.P. Law Center, Quezon City.

[2] Text Available at Office of the National Administrative Register, U.P. Law Center, Quezon City.

[3] Text Available at Office of the National Administrative Register, U.P. Law Center, Quezon City.

[4]Text Available at Office of the National Administrative Register, U.P. Law Center, Quezon City.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.