



Republic of the Philippines  
**Tourism Infrastructure & Enterprise Zone Authority**

**MEMORANDUM**

For : **Mr. JETRO NICOLAS F. LOZADA**  
ACOO, Asset Management Sector

From : **Manager, Financial Services Department**

Subject : **Updates on Agency Action Plan and Status of Implementation (AAPSI) Audit Observations and Recommendations for the CY 2019**

Date : **May 4, 2021**

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Maiteess + Bing,  
set meeting on  
wed 12 May 9 AM -*

*JNX  
[Signature]*

As requested by the Commission on Audit (COA), relative to the above-mentioned subject, please find the attached copy of AAPSI as of **April 30, 2021**.

Kindly furnish this office the updates/status of your implementation as soon as possible, for our consolidation and submission to COA.

Thank you for your cooperation and immediate action.

**RODOLFO R. ANCHETA**

Noted by:

**ATTY. JOY M. BULAUTAN**  
OIC, ACOO for Administration and Finance Sector



TOURISM INFRASTRUCTURE & ENTERPRISE ZONE AUTHORITY	
ASSET MANAGEMENT SECTOR	
RECEIVED BY:	Elia Calmal
DATE	05/06/2021
TIME	10:06 AM

**TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY**  
6th and 7th Floors, Double Dragon Plaza, DD Meridian Park  
Pasay City

**AGENCY ACTION PLAN and  
STATUS of IMPLEMENTATION**  
**Audit Observations and Recommendations**  
**For the Calendar Year 2019**  
**As of April 30, 2021**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan		Status of Implementation	Reason for Partial/Delay/Non-Implementation, if applicable	Action Taken/Action to be Taken
			Action Plan	Person/Dept. Responsible	Target Implementation Date		
					From	To	
No. 10, page 86	The Amendment to the Contract of Lease (Platform) executed by and between TIEZA and China Oceanic PTE., LTD. (COPL) on October 09, 2015 renewing the principal contract dated April 26, 2005 for another 25 years is uncalled for/unjustified and grossly disadvantageous to the Government considering that the original contract is yet to expire in 2030.	Review the renewal of contract of lease, which is not yet due to be implemented, and consider the amendments for the best interest of the Government.		AMGT/LEGD			The Management is at present working on the amendment ratifying and agreeing to the collection and payment of the two per cent (2%) of the room revenues derived from the operation of the hotel facilities built on the platform.
No. 22, page 101	The grant of discounts to golf players was without legal basis.	Submit the legal basis of granting discounts and FOC to golf players or stop the irregular practice.	Prepare guidelines on grant of discounts	OPED/CIGC	December 31, 2020	on-going	Change in Resident Manager of CIGC
No. 24, page 103	Present condition of various TIEZA properties as observed during ocular inspection necessitates legal action and rehabilitation to mitigate the risks of further encroachment and opportunity loss due to non-operation.	Authorize the Asset Management Sector (AMS) and the Legal Department to initiate actions to resolve the encroachment of various TIEZA properties in order to reclaim these properties and mitigate the risks of further encroachment and relocation costs.		LESD/AMGT			The Management is presently communicating with various local government officials to seek assistance in effectively and immediately implement necessary actions to reclaim the subject properties.
AAR 2017	Properties of TIEZA Entities remain unutilized:						
No. 26, pg. 120	a. BHYH Employees' Quarters costing P8,657 million remain unutilized for more than four years since its construction;	a. Prioritize the follow-up of the case and of its assistance from the Legal Department of TIEZA Head Office in the civil case filed against the claimant of the BHYH land;		LEGD/OPED/ BHYH			The Management undertakes to look into the civil case filed against the claimant of the BHYH land
	b. The construction of eight cottages in CY 2015 amounting to P27,020 million remains incomplete and not operational despite the lapse of the projects' contract period.	b. Propose plans for the immediate use of the BHYH Employees' Quarters as intended in order to prevent further deterioration;	Recommend its use as drivers quarters			It is now being use as quarters for guest drivers	
No. 27, pg. 122	A discrepancy of P4,509 million was noted between the recorded Accounts Receivable of BHYH and the balances confirmed by various government agencies.	d. Request the HO for copies of MOA/Contract to monitoring.	Reconcile the Accountant to exert effort to verify and reconcile trade receivable account balances with their clients and enforce collection of the amount as reconciled.	OPED/BHYH	December 31, 2020	on-going	
AAR 2015							
No. 15, pg. 56	Inadequacies and deficiencies in the accounting and management of PPEs of Banawe Hotel and Youth Hostel (BHYH) with a net book value of P126,811 million	b. Require the Property Officer to locate the management of PPEs of Banawe Hotel and Youth Hostel (BHYH) pertaining to the remaining unseizable property amounting to P75,948.	Reconcile the PPE account	OPED/BHYH	December 31, 2020	on-going	
No. 16, pg. 58	Discrepancies noted in the transfer of equipment and inventories to BHYH from Hilaga (Pasunuyan).	Appraise the unseizable equipment transferred from Hilaga and render report thereon for immediate disposal to prevent further deterioration.	Conduct an inventory and request for appraisal of the unseizable equipments from	AMGT/OPED	1st quarter of 2021		Appraisal and Disposal

Mr. MARK T. LAPID, COO  
Name and Position of Agency Officer

Date

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

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					From	To			
AAR Part III									
AAR 2018									
No. 4, page 77	Real properties amounting to P442,536 million acquired either by purchase or donation remain unutilized to date, casting doubt whether the Authority holds or controls the rights to these properties.	Initiate action to facilitate the filing of real properties, including filing of legal cases, if necessary.		LEGD/MNGT					
No. 6, page 78	The incremental rental rates provided under the contracts of lease (COL) with China Ocean's PTE., LTD. (COPL) were not properly applied in the lease charges and the two per cent variable component on hotel operations on top of the fixed rental rate was not collected and recorded resulting in undercollection and understatement of rental income amounting to P2,355 million and undisclosed share in hotel operations.	a. Enforce the collection of P2,355 million and record the same representing incremental lease charges as provided in the contracts entered into with COPL; and b. Assert its entitlement and collect the two per cent share from hotel revenues from April 2010 and onwards and resort to legal remedies, if necessary.		AMGT/FSID LEGD					AMS sent demand letter to COPL on August 30, 2019 demanding for the latter to remit the 2 per cent share of TIEZA as to the hotel revenue generated in the leased property.  The Management is presently exerting its earnest efforts to collect the payment of its share from the hotel revenues. Moreover, the Management is working on the amendment, fulfilling and agreeing to the collection and payment of the two per cent (2%) of the room revenues derived from the
No. 8, page 83	Receivable and Other Business Income account for the period 2006-2016 were understated due to non-collection of the share of the net revenues from San Fabian PTA Beach Resort (SFPBR).	Meet and discuss the matter with the officials of the Municipality of San Fabian to intensify collection of its share on the net revenues from operations of SFPBR and adjust accordingly the receivable and other business income account for a fair presentation in the financial statements.		AMGT/LEGD					The Management undertakes to immediately decide and act on whether to meet with San Fabian officials to discuss amicably on how they could settle their obligations or file legal action against them.
No. 9, page 83	Receivables of Club Intramuros Golf Course (CIGC) aggregating P9,730 million have been dormant for more than five years.	a. Establish a sound internal policy/ guidelines for accounts receivable management that will facilitate collection; b. Observe guidelines set under COA Circular Nos. 97-001 and 2016-005 for the following: b.1 Perform a detailed review of past due accounts; b.2 Resolve items with dispute; b.3 Provide an adequate allowance for doubtful accounts; and b.4 Apply for write-off of dormant accounts. d. Coordinate with TIEZA's Office of the Corporate Legal Counsel for the execution of the court's decision for the possible recovery of the amount due from KCS. Consider the provision of the above-mentioned Circular on write-off of receivables in case of remote probability of collection.	Prepare guidelines for accounts receivable management Set the allowance for doubtful account in accordance with TIEZA policy guidelines	OPED/CIGC		December 31, 2020	on-going		Draft the guidelines for the accounts receivable management
				LEGD/OPED/ CIGC			done		Reiterate the request from Legal

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					From	To				
AAR Part II										
No. 3, pg. 92	Investment Property amounting to P14,241 million acquired either by purchase or donation remained untitled to date, casting doubt whether the Authority holds or controls the rights to these properties.	We reiterated our prior year's recommendation that Management fast track the titling of Investment Property and to consider filing necessary legal actions against individuals claiming ownership of land acquired by TIEZA, if warranted.		LEGD/AMGT					The Pre-titling Committee identified priority asset for titling and has already commenced the process. A number of lots has been undergoing their respective Cadastral Titling before Branch 50 of the Regional Trial Court of Manila, Cebu.	
No. 4, pg. 93	The two per cent variable component on hotel operations on top of the fixed rental rate provided under the Contract of Lease (COL) with China Oceanics PTE., LTD. (COPL) was not recorded and collected, resulting in understatement and under-collection of rental income and undisclosed share in hotel operations.	We reiterated our prior year's recommendation that Management:  a. Assent its entitlement from hotel revenues from 2010 to present through an amendment on the MOA ratifying the payment of the two per cent share on revenues of the hotel built on the platform and collect the same; and  b. Explain why the recommendation was not acted upon after more than a year had lapsed.		AMGT/LEGD					The Management is presently exerting its earnest efforts to collect the payment of its share from the hotel revenues. Moreover, the Management is working on the amendment ratifying and agreeing to the collection and payment of the two per cent (2%) of the room revenues derived from the operation of the hotel facilities built on the platform.	
No. 6, pg. 87	Receivable and Other Business Income account for the period 2006-2019 were understated due to the non-recording of TIEZA's 50 per cent share from the net revenues of San Fabian PTA Beach Resort (SFPBR).	We reiterated our prior year's recommendation that Management:  a. Decide and act on whether to meet with San Fabian officials to discuss amicably on how they could settle their obligations or file legal action against them; and  b. Consider another business plan on this property upon the expiration of the MOA with the Municipality of San Fabian that would ensure sustainability of the Beach Resort and the inflow of financial benefits to TIEZA.		LEGD/AMGT					The Management undertakes to immediately decide and act on whether to meet with San Fabian officials to discuss amicably on how they could settle their obligations or file legal action against them.	
No. 14, pg. 109	It is grossly disadvantageous to the Government that the Contract of Lease (Platform) between TIEZA and China Oceanics PTE., LTD. (COPU) that was executed on April 25, 2005 to expire on April 24, 2030 was prematurely renewed on October 9, 2015 for another 25 years, extending the effectivity of the contract from 2030 to 2055.	We reiterated our prior year's recommendations that Management:  a. Review the renewal of contract of lease, which is not yet due to be implemented, and consider amendments for the best interest of the Government; and  b. Explain why the recommendation was not acted upon after more than a year had lapsed.		AMGT					<i>print summary and be submitted to the Hon. Secretary as it should be processed</i>	
No. 15, pg. 112	The Authority's non-action on the continuous occupancy of Baguio-Banquet Chamber of Commerce and Industry, Inc. (BBCCI) on its property despite its violation of the Contract of Lease (COL) deprives the Authority of opportunities for better use of the property and the income that could be derived therefrom.	We reiterated our recommendation that Management act on their commitment to follow-up with the OGCC relentlessly to ensure the filing of legal action against BBCCI to vacate the leased premises without prejudice to the payment of arrears on lease and provide this Office with an update or a copy of the legal case filed.		AMGT					<i>A Review Study is being finished by May 2021.</i>	