



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

NATIONAL GOVERNMENT SECTOR
Cluster 4 – Defense and Security

June 21, 2018

LTGEN ROLANDO JOSELITO D BAUTISTA
Commanding General
Philippine Army
Fort Andres Bonifacio, Metro Manila



Dear LtGen Bautista:

We are pleased to transmit the Consolidated Annual Audit Report on the **Philippine Army (PA)** for the calendar year 2017, in compliance with Section 43 of the Government Auditing Code of the Philippines (PD 1445).

The audit was made to ascertain the propriety of financial transactions, compliance of the Agency with prescribed laws, rules and regulations and the fairness of presentation of the financial statements (FS).

The audit findings include the unreliable balance of Cash in Bank- Local Currency, Current Account; non-cancellation of stale checks and non-adjustment of invalidated LDDAP-ADA; unliquidated and misstated cash advances; unreliable and long-outstanding balance of Due from NGAs account; unreliable balance of Fuel, Oil and Lubricants inventory account; low utilization of Petron RMC Fund; unreliable balance of Inventory account; unreliable balance of Property, Plant and Equipment account; unreliable balance of Deposit on Letters of Credit account; and unreliable balance of Due to NGAs.

The attached report consists of the detailed Observations and Recommendations which were discussed with concerned Management officials and the Status of Implementation of Prior Year's Audit Recommendations.

We also invite your attention to the prior years' recommendations that remained partially implemented and/or have yet to be implemented.

We request that our recommendations be implemented and that this Office be informed on the actions taken thereon within 60 days from receipt of this report, pursuant to Section 88 of the General Appropriations Act of 2017 (RA 10924) by accomplishing the attached Agency Action Plan and Status of Implementation (AAPSI).

We express our appreciation for the support and cooperation extended to us by the officials and staff of the Agency.

Very truly yours,



IRMA S. BESAS
Director IV