

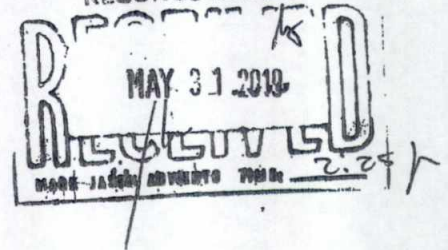


Republic of the Philippines
COMMISSION ON AUDIT
Cordillera Administrative Region
La Trinidad, Benguet

May 16, 2019

JOHN HAY MANAGEMENT CORP.
RECORDS OFFICE

THE BOARD OF DIRECTORS
John Hay Management Corporation
John Hay Special Economic Zone
Loakan, Baguio City



Dear Members of the Board,

We are pleased to transmit the Annual Audit Report on the John Hay Management Corporation for the year ended December 31, 2018, in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions and we believe that it provided reasonable bases for the results of our audit.

We rendered a qualified opinion on the fairness of presentation of the financial statements due to the following:

- Assets and liabilities were overstated by ₱3.1 million and ₱11.1 million, respectively, while Equity was understated by ₱7.9 million due to accounting errors and the recognition of invalid obligations; and,
- Property, Plant and Equipment was understated because property units amounting to ₱2.2 million were not recognized in the books; while, unserviceable property units carried at ₱484,405.61 were not derecognized.

The following is a summary of the most significant findings and observations, of which, details and the other findings and observations are discussed in the Observations and Recommendations portion of the Report:

1. Revenues realized from operating lease transactions was short by ₱3.2 million because certain terms and conditions embodied in the Contracts of Lease were not enforced.
2. The timeframe for remitting collections from lease contracts to BCDA was not regularly complied with; thus, cash and liabilities carried in the books as of December 31, 2018 were unreasonably increased by ₱18.9 million.

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of the ORIGINAL

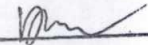
By.

3. Opportunity cost of ₱130,688.88 was incurred due to the non-investment of idle cash amounting to ₱19.5 million.
4. Financial resources of the agency were not complemented with development and financial plans resulting in the accumulation of unencumbered cash of ₱111.9 million.

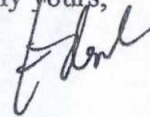
We request that the recommended remedial measures be immediately implemented and we will appreciate being informed of the action(s) taken thereon within 60 days from receipt of this report, pursuant to Section 93 of the General Provisions of the General Appropriations Act for FY 2018 or Republic Act No. 10924.


We acknowledge the assistance and support extended to the Audit Team by the officials and employees of the Corporation.

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By.  _____

Very truly yours,



Atty. EDEN T. RAFANAN
Regional Director 



Republic of the Philippines
COMMISSION ON AUDIT

Cordillera Administrative Region

La Trinidad, Benguet

May 16, 2019

Mr. ALLAN R. GARCIA
President and Chief Executive Officer
John Hay Management Corporation
John Hay Special Economic Zone
Loakan, Baguio City



John Hay Management Corporation
a member of the BCDA Group
OPCEO-IN-2019-601

Sir:

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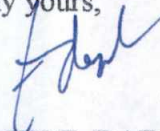
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We acknowledge the assistance and support extended to the Audit Team by the officials and employees of the Corporation.

Very truly yours,



Atty. EDEN T. RAFANAN
Regional Director 