

**Republic of the Philippines  
Office of the President**

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**JHMC**

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**JOHN HAY MANAGEMENT CORPORATION**  
a member of **The BCDA Group**

**AUDIT COMMITTEE**

**REPORT**

**CY 2014-2015**

## **I. JHMC Board Audit Committee**

The Audit Committee has three members, to wit:

Chairperson: Ms. Gloria F. Peralta, CPA

Members: Atty. Reynaldo U. Agranzamendez  
Atty. Teddy Esteban F. Rigoroso

## **II. Committee Members' Qualification and Responsibilities:**

The Committee shall consist of at least three (3) Directors, whose Chairman should have audit, accounting or finance background.

The Committee shall be responsible for the following:

1. Overseeing, monitoring and evaluating the adequacy and effectiveness of the GOCC's internal control system, engage and provide oversight of the GOCC's internal and external auditors, and coordinate with the Commission on Audit (COA);
2. Reviewing and approving audit scope and frequency, the annual audit plan, quarterly, semi-annual and annual Financial Statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental area, significant adjustment resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
3. Receiving and reviewing reports of internal and external auditors and regulatory agencies, and ensuring that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
4. Ensuring that the internal auditors have free and full access to all the GOCCs records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and
5. Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the GOCC through a Procedures and Policies Handbook that will be used by the entire organization;
6. Recommending the hiring and removal of Internal Auditors, as recommended by Management, to the Chairman of the Board for approval.

### **III. Accomplishments for the year 2014 and 2015**

#### **1. Accomplishments for the year 2014:**

- a. Review and approval of the Annual Work Plan of the Internal Audit Office for the Year 2014.
- b. Development of the Financial Management Systems Handbook.
- c. Review and approval of Audit Report on the Environment Management Division.
- d. Review and approval of Audit Report on the Finance Department.
- e. Review and Approval of Audit Report on the Security and Safety Department.
- f. Review and approval of Audit Report on the Special Economic Zone Administration Department.
- g. Review and approval of Audit Report on Supply Management and Vehicle and Driver Deployment.
- h. Review of Audit Report on the Adoption and Full Implementation of Philippine Financial Reporting Standards.
- i. Review and approval of the Audit Report on the Performance Evaluation System.
- j. Review of the Status and Recommended Actions for the Accounts Receivables of JHMC.
- k. Review of the Financial Plan of the BCDA-JHMC Performance Agreement for CY 2014.

#### **2. Accomplishments for the year 2015**

- a. Review and approval of the Annual Work Plan of the Internal Audit Office for the Year 2015.
- b. Development of the Internal Audit Charter for CY 2016-2019.
- c. Review and approval of the Reorganization of the Internal Audit Office.
- d. Review and approval of Audit Report on the Business Development Department.

- e. Review and approval of Audit Report on the Community Relations Division.
- f. Review and approval of Audit Report on Supply Management and Vehicle and Driver Deployment.
- g. Review and approval of Audit Report on the Levels of Signing Authority.
- h. Review and approval of Audit Report on the Adoption and Full Implementation of Philippine Financial Reporting Standards.
- i. Review of the E-Filing and Payment System of the Bureau of Internal Revenue.
- j. Review of the Commission on Audit's Annual Audit Report on JHMC for year ended December 31, 2014.

**IV. Meetings for the year 2014 and 2015:**

- 1. A total of 17 meetings were conducted by the Audit Committee in 2014.

No.	Date of Meetings for CY 2014
1.	January 27, 2015
2.	February 11, 2014
3.	February 25, 2014
4.	March 24, 2014
5.	April 14, 2014
6.	April 28, 2014
7.	May 05, 2014 (joint meeting with the Finance Committee)
8.	June 09, 2014 (joint meeting with the Finance Committee)
9.	June 09, 2014 (joint meeting with the Finance Committee)
10.	June 23, 2014
11.	August 29, 2014
12.	September 12, 2014
13.	September 29, 2014
14.	October 27, 2014
15.	November 10, 2014
16.	November 24, 2014 (joint meeting with the Finance Committee)
17.	December 18, 2014 (joint meeting with the Finance Committee)

2. A total of 13 meetings were conducted by the Audit Committee in 2015.

No.	Date of Meetings for CY 2015
1.	January 26, 2015
2.	February 09, 2015
3.	March 23, 2015
4.	April 13, 2015 (joint meeting with the Nominations, Remunerations and Organizational Development Committee)
5.	April 27, 2015
6.	May 18, 2015 (joint meeting with the Finance Committee)
7.	June 18, 2015
8.	June 29, 2015 (joint meeting with the Finance Committee)
9.	July 10, 2015
10.	August 10, 2015
11.	August 27, 2015
12.	October 12, 2015
13.	December 14, 2015

**V. Overall assessment of the establishment and effectiveness of JHMC’s Management Controls, Internal Control System, and Compliance System.**

During the years 2014 and 2015, the Audit Committee conducted regular committee meetings to review and discuss the reports from the Internal Audit Office. With the structure and reporting line of the Internal Audit Office and as a representative in the oversight of the Board in the activities of JHMC Management, its independence and objectivity is ensured.

As a result of the review of the audit observations and recommendations in the operations of the Management, the Audit Committee considers the overall Internal Control of John Hay Management Corporation for the year 2014 and 2015 to be effective, sound and sufficient. However, there are specific controls that need to be improved as specified in the Internal Audit Report for each department or division.