

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

JHMC

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

AUDIT COMMITTEE

REPORT

CY 2020

I. JHMC Board Audit Committee

The Audit Committee has five (5) members, to wit:

Chairperson: Ms. Gloria F. Peralta, CPA

Members: Ms. Charito R. Dulay
Alejandro F. Fernandez, M.D.
Atty. Rudolph Steve E. Jularbal
Atty. Christian Paul L. Ulpindo

Atty. Rudolph Steve E. Jularbal was appointed as a Member of the Audit Committee on June 01, 2021.

II. Committee Members' Qualifications

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

Chairperson Peralta is a Certified Public Accountant having an audit, accounting, or finance educational or work background.

III. Committee Members' Responsibilities

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.
7. Others: Approves the appointment and removal of the JHMC's internal auditor.

IV. Accomplishments

1. Reviewed and approved the Internal Audit Office's Annual Work Plan for CY 2020.
2. Reviewed the Financial Statements of JHMC for CY 2020.
3. Reviewed the Agency Action Plan for the COA Annual Audit Report for the Year Ended December 31, 2019 and endorsed it to the Board for approval.
4. Reviewed the Audit Report on the Security and Safety Department and endorsed the audit recommendations to the Board for approval.
5. Reviewed the Action Plan on the Audit Report on the Security and Safety Department and endorsed it to the Board for approval.
6. Reviewed the Audit Report on the Business Development Department and endorsed the audit recommendations to the Board for approval.
7. Reviewed the Audit Report on the Legal Department and endorsed the audit recommendations to the Board for approval.
8. Reviewed the Update on the Action Plan on the Audit on JHMC Office Supplies.
9. Assessed the performance of the Internal Audit Office in CY 2019.

V. Meetings

A total of six (6) meetings were conducted by the Audit Committee in 2020.

| No. | Date of Meetings |
|-----|--|
| 1. | January 27, 2020 |
| 2. | February 24, 2020 |
| 3. | July 27, 2020 |
| 4. | August 24, 2020 (joint meeting with the Finance Committee) |
| 5. | September 30, 2020 |
| 6. | December 21, 2020 |

VI. Attendance Record of the Members

| Members | Date of Meetings | | | | | |
|---------------------------|------------------|------------|------------|------------|------------|------------|
| | 01/27/2020 | 02/24/2020 | 07/27/2020 | 08/24/2020 | 09/30/2020 | 12/21/2020 |
| Gloria F. Peralta | P | P | P | P | P | P |
| Charito R. Dulay | P | P | P | P | P | P |
| Alejandro F. Fernandez | P | P | P | P | P | P |
| Rudolph Steve E. Jularbal | NA | NA | P | P | P | P |
| Christian Paul L. Ulpindo | P | P | P | P | P | P |

Note:

P - present

A - absent

NA - not applicable (the Director is not yet a Member of the Committee)

VII. Overall Assessment

The Audit Committee ensured the establishment and effectiveness of JHMC's Management Controls, Internal Control, and Compliance Systems. The Audit Committee conducted regular committee meetings to review and discussed the audit findings/ reports emanating from the Internal Audit Office. The structure and reporting line of the Internal Audit Office to the Audit Committee ensured independence and objectivity in its reporting. While there are areas of improvement to strengthen the internal controls of the JHMC, **the Audit Committee considers the Internal Control of John Hay Management Corporation effective, sound and sufficient** for the year 2020.