

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

JHMC

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

AUDIT COMMITTEE

REPORT

CY 2021

I. JHMC Board Audit Committee

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

Chairperson: Ms. Gloria F. Peralta, CPA

Members: PGen. Edward E. Carranza (Ret.)
Ms. Charito R. Dulay
Alejandro F. Fernandez, M.D.
Atty. Rudolph Steve E. Jularbal
Atty. Christian Paul L. Ulpindo

PGen. Edward E. Carranza (Ret.) was appointed as a Member of the Audit Committee on June 28, 2021. He resigned on October 08, 2021 when he filed his Certificate of Candidacy.

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, engaging and providing oversight of the GOCC's internal and external auditors, and coordinating 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 areas, significant adjustments 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 2021, with revisions.
2. Reviewed the Revised Operations Manual of the Internal Audit Office and endorsed it to the Board for approval.
3. Reviewed the JHMC Financial Statements for CY 2021 and endorsed it to the Board for approval.
4. Reviewed the JHMC Agency Action Plan and Status of Implementation to Resolve Audit Observations and Recommendations for CY 2020 and endorsed it to the Board for approval.
5. Reviewed the Audit Report on JHMC Procurement and endorsed the audit recommendations to the Board for approval.
6. Reviewed the Audit Report on the Environment Management Division and endorsed the audit recommendations to the Board for approval.
7. Reviewed the Audit Report on the Project Management Division and endorsed the audit recommendations to the Board for approval.
8. Reviewed the Action Plan on the Audit Recommendations on the Business Development Committee and endorsed it to the Board for approval.
9. Reviewed the declaration and remittance of Dividends from the CY 2019 Net Earnings and endorsed it to the Board for approval.

V. Meetings

A total of ten (10) meetings were conducted by the Audit Committee in 2021.

No.	Date of Meetings
1.	January 11, 2021
2.	February 08, 2021
3.	February 22, 2021
4.	February 24, 2021
5.	March 08, 2021
6.	May 03, 2021 (joint meeting with the Finance Committee)
7.	July 26, 2021
8.	July 30, 2021
9.	October 25, 2021 (joint meeting with the Finance Committee)
10.	November 22, 2021

VI. Attendance Record of the Members

Members	Date of Meetings					
	11-Jan-21	8-Feb-21	22-Feb-21	24-Feb-21	8-Mar-21	3-May-21
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	P	P	P	P	P	P
Christian Paul L. Ulpindo	P	P	P	P	P	P

Members	Date of Meetings					
	26-Jul-21	30-Jul-21	25-Oct-21	22-Nov-21		
Gloria F. Peralta	P	P	P	P		
Edward E. Carranza	P	P	NA	NA		
Charito R. Dulay	P	P	P	P		
Alejandro F. Fernandez	P	P	P	P		
Rudolph Steve E. Jularbal	P	P	P	P		
Christian Paul L. Ulpindo	P	P	P	P		

Note:

P - present

A - absent

NA - not applicable (the Director is not yet a Member or no longer 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 discuss 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 2021.