



Activity Report of the Audit Committee CY 2023

The Audit Committee is one of the committees created under the 2016 PCSO Manual of Corporate Governance whose main responsibility is to oversee, monitor, and evaluate the adequacy and effectiveness of PCSO's internal control system, including the review and recommendation of the audit scope and frequency that shall be focused on changes in accounting policies, regulatory requirements, and the agency's financial concerns, among others.

During the first meeting of the committee, updates on the completed and ongoing audit engagements were reported. The recommendation for the establishment of a revolving fund for the Internal Audit Services (IAS) and the distribution of travel orders for IAS personnel were likewise discussed. Notable is the recognition of the need to conduct an ISSP workshop to formulate plans, which directly address the requirements of the end-user, and the importance of the ISSP's approval with adequate documentation to prove compliance with the Performance Agreement Negotiation target as reflected in the PCSO Performance Scorecard.

The Audit Committee met in four (4) separate occasions throughout the year, discussing regular, special, and branch audits, including the monitoring activities and trainings of the IAS. Several of the discussions therein may be summarized as follows:

- a. Inadequacy of personnel handling the daily operations of the branch offices and the need to update the existing Memoranda of Agreement with the Local Government Units for the usufruct of said offices.
- b. The need to follow through with the unsigned Agency Agreements and Notices of Extension and payment of outstanding accounts receivable, including the migration of documents online to prevent unwarranted loss.
- c. Regular coordination by the Charity Assistance Department with the branch offices for proper monitoring of donated Patient Transport Vehicles.
- d. The possibility of a uniform policy on the management of lotto supplies to avoid instances of shortage.
- e. The monitoring of liquidation for medicine assistance through branch offices and the suggested distribution of compliance forms prior to or simultaneous with the release of said medicines.
- f. Actions taken by the management on several recommendations of the Commission on Audit with respect to the agency's cash and cash equivalents reflected in the centralized accounting system, its receivables, inventories, and semi-expendable properties, its business income, and its compliance with the remittance of fund shares.
- g. The proposed annual audit plan and budget for CY 2024 along with the selection of priority areas within the audit universe based on control and internal audit risks.
- h. Highly irregular number of cancelled tickets by lotto agents and adequacy of internal control systems to monitor the same.
- i. Overall compliance by branch offices with the IAS recommendations to address audit observations.

SIGNED
Charles Frederick T. Co
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Board Secretary VI