

July 12, 2022

MEMORANDUM

FOR : The Audit and Compliance Committee  
FROM : The AC Com Secretariat / FVP – IAG  
SUBJECT : **AC COM ACCOMPLISHMENT REPORT FOR 1<sup>st</sup> SEMESTER 2022**

---

The AC Com conducted a total of **six meetings** during the 1<sup>st</sup> Semester 2022, with **100% attendance** of the Members.

Details are in the attachment and below are the highlights of the 2022 AC Com meetings:

1. Approved/endorsed **12 initiatives and proposals** of the IAG and CMG;
2. Deliberated the action plans of **4 units** that failed the 2021 Risk-Based Internal Audit;
3. Noted **75 regular reports** of IAG and CMG; and
4. Noted **27 other reports and updates** including the Minutes of Meetings of the Accountability Assessment Committee and Anti-Money Laundering Committee.

For your notation, please. Thank you.

  
**MARIA EDELWINA D. CARREON**



**AUDIT AND COMPLIANCE COMMITTEE (AC COM)  
ACCOMPLISHMENT REPORT  
FOR THE FIRST SEMESTER OF 2022**

---

**I. HIGHLIGHTS OF MEETINGS**

**A. Major Initiatives and Proposals Approved/Endorsed by the AC Com**

1.	Approval of the Conduct of External Quality Assessment Review on the Internal Audit Function	February
2.	Approval of IAG's 2022 Plans and Programs	February
3.	Approval of RCD's Compliance Testing Plan for 2022	February
4.	Approval of CMG's 2022 Plans and Programs	February
5.	Approval of the Revised IAG Charter	March
6.	Approval of the 2022 AML/CTPF Compliance Testing (ACT) Plan	April
7.	Approval of the Additions/Enhancements to AML/CTPF Compliance Testing (ACT) Plan	April
8.	Approval of the Revised Procedures from January to April 2022	May
9.	Approval of the Revised Risk Scoring of Information Technology Application Systems	May
10.	Approval of the Trust Compliance Manual – Updated as of March 31, 2022	May
11.	Approval of the Recalibrated 2022 IAG Plans and Programs	June
12.	Approval of the Internal Control Assessment Summary (ICAS) Discontinuance	June

**B. Presentation of Action Plans of Units that Failed the Risk-Based Internal Audit (RBIA) in 2021**

1.	Malolos Highway Branch	March
2.	Masbate Branch	May
3.	Zamboanga Main Branch	June
4.	Kalibo Branch	June

**C. Regular Reports of Internal Audit Group and Compliance Management Group**

<b>Internal Audit Group</b>		
	IAG's Report on Outstanding Major Findings as of:	
1.	• 4 <sup>th</sup> Quarter 2021	March
2.	• 1 <sup>st</sup> Quarter 2022	June
	IAG's Report on Long Outstanding Audit Findings as of:	
3.	• 4 <sup>th</sup> Quarter 2021	March
4.	• 1 <sup>st</sup> Quarter 2022	June

## CLASS C

	IAG's Report on Outstanding Audit Issues as of:	
5.	• 4 <sup>th</sup> Quarter 2021	March
6.	• 1 <sup>st</sup> Quarter 2022	June
7.	Report on Common and Recurring Findings for CY 2021	June
8.	FOAD's Report on Deposit Accounts with Freeze Order for November 2021	January
9.	HOSTAD's Report on Validation of Accounts with Freeze Orders (Bonds/Claims Payable and Trust/Treasury Accounts) for November 2021	January
10.	LOAD's Report on Loan Accounts with Freeze Order for the months of November 2021	January
	Report on the Validation of Freeze Orders for the month of:	
11.	• December 2021	February
12.	• January 2022	March
13.	• February 2022	April
14.	• March 2022	May
15.	• April 2022	June
16.	Audit of Deposit Accounts with SEC Advisories and Negative Media Reports (Pharmally Pharmaceutical Corporation and Related Accounts)	February
	FOAD's Report on the Validation of Deposit Accounts subject of SEC Advisories Negative Media Reports (NMRs) for the month of:	
17.	• November 2021	January
18.	• December 2021	February
19.	• January 2022	March
20.	• February 2022	April
21.	• March 2022	May
22.	• April 2022	June
23.	LOAD's memo dated April 25, 2022 re: Negative Media Report on American Boulevard Trading Corporation	May
	Status Report on the Validation of Alerts generated by the Enterprise Fraud Management System (EFMS) as of:	
24.	• January 2022	March
25.	• April 2022	June
	Monthly Report on Major Findings:	
26.	• November 2021	January
27.	• December 2021	February
28.	• January 2022	March
29.	• February 2022	April
30.	• March 2022	May
31.	• April 2022	June
32.	Status of Recommendations on Special Audit Engagements as of 1 <sup>st</sup> Quarter 2022	June
33.	Confirmation of IAG's 2022 Declaration of Organizational Independence	January
34.	Results of the 2021 Performance Evaluation Rating by the AC Com Members	January
35.	AC Com Attendance Report for 2021	January

## CLASS C

36.	IAG's 2021 ICAAP Validation	February
37.	Report on Whistleblowing (Complaints Received by ERD) for 2021	February
38.	AC Com Accomplishment Report for the 2 <sup>nd</sup> Semester 2021	February
39.	AAC Accomplishment Report for 2 <sup>nd</sup> Semester 2021	February
40.	2021 IAG Accomplishment Report	March
41.	Results of 2021 Audit Client Satisfaction Survey	April
42.	2022 IAG Approved Budget	April
	Presentation of the 2021 Internal Control-related Initiatives of:	
43.	• OP and BOD	May
44.	• National Development Lending Sector (NDLS)	May
45.	• Treasury and Investment Banking Sector (TIBS)	May
46.	• Branch Banking Sector (BBS)	June
47.	• Operations Sector (OS)	June

<b>Compliance Management Group</b>		
	Results of Independent Compliance Testing on various Regulatory Reports conducted in:	
48.	• October to November 2021	January
49.	• December 2021	February
50.	• January and February 2022	April
51.	• March 2022	May
	Results of Independent Compliance Testing of Business Units:	
52.	• for 4 <sup>th</sup> Quarter of 2021	February
53.	• for 1 <sup>st</sup> Quarter 2022	May
	Results of Independent Compliance Testing and Review of Internal Policies against Applicable Regulations:	
54.	• for 4 <sup>th</sup> Quarter 2021	February
55.	• for 1 <sup>st</sup> Quarter 2022	May
	Results of Periodic Compliance Testing:	
56.	• for 4 <sup>th</sup> Quarter 2021	February
57.	• for 1 <sup>st</sup> Quarter 2022	May
58.	Reports on Fines and Penalties for 1 <sup>st</sup> Quarter 2022	May
	Reports on Crimes and Losses:	
59.	• for 4 <sup>th</sup> Quarter 2021	February
60.	• for 1 <sup>st</sup> Quarter 2022	May
	Regulations Issued and Results of Pre-Testing:	
61.	• October 2021	January
62.	• November 2021	February
63.	• December 2021	March
64.	• January 2022	April
65.	• February 2022	May
66.	• March 2022	June
	Regulatory Ratios:	
67.	• for 4 <sup>th</sup> Quarter 2021	March
68.	• for 1 <sup>st</sup> Quarter 2022	June

## CLASS C

	RCD's Participation in the Accounts Review Committee:	
69.	• for 4 <sup>th</sup> Quarter 2021	February
70.	• for 1 <sup>st</sup> Quarter 2022	May
71.	Updates on Compliance with Freeze Orders (FOs) as of 30 November 2021 (CA-GR AMLA Case Nos. 00255, 00256, 00262 & 00272)	January
72.	2021 CMG Accomplishment Report	February
73.	2022 CMG Approved Budget	May
74.	Negative Media Report – SEC Cease and Desist Order	June
75.	Updates on Compliance Freeze Order – Identification and Freezing of Materially-Linked Accounts (CA-GR AMLC Case No. 00300)	June

### D. Other Reports and Updates presented to the AC Com

1.	FLS-CDO's Status Report on the NIA/NIA EASP case as of December 31, 2021	January
2.	Special Audit Report on Alternative Compliance with Reserve Requirements and TIBS/ALMG/LRMD's memo dated December 28, 2021	January
3.	Compliance Memoranda of LD and FMD with the AC Com directive on long outstanding GSIS insurance claims	February
4.	Compliance Memoranda of ADLS and LSG re: Board referral on January 12, 2022 on the constitutional prohibition for incumbent Congressman Victor A. Yap	February
5.	FOAD's compliance memorandum to Dir. Hinlo's instructions re: Updates on Cauayan Branch open findings	February
6.	LOAD's compliance memorandum to Dir. Hinlo's instructions re: Action Plans of PVCID Nueva Ecija Field Team on Major and Moderate Audit Findings	February
7.	HOSTAD's response to Dir. Hinlo's query on Related Party Transactions	February
8.	Presentation of LBP Leasing and Finance Corporation – Internal Audit's 2 <sup>nd</sup> Semester 2021 Accomplishment Report and 2022 Plan and Programs	March
9.	Updates on the NIA/NIA EASP Case – Carmen (CDO) Branch	April
10.	Presentation of UCPB Leasing and Finance Corporation – Internal Audit Department's 2021 Accomplishment Report and 2022 Plans and Programs	April
11.	Presentation of UCPB Savings Bank – Internal Audit Division's 2021 Accomplishment Report and 2022 Plans and Programs	April
12.	CorSec Memo re: Application to LBP of Independent Directors of the Prohibition against Partisan Political Activities	May
13.	SD Memo dated May 10, 2022 re: Negative Media Report on American Boulevard Trading Corporation	June
	Accountability Assessment Committee (AAC) Minutes of Meetings:	
14.	• November 11, 2021	January
15.	• November 25, 2021	January

## CLASS C

16.	• December 20, 2021	February
17.	• January 13, 2022	February
18.	• January 27, 2022	March
19.	• February 10, 2022	April
20.	• March 31, 2022	May
21.	• April 13, 2022	June
	Anti-Money Laundering Committee (AMLCom) Minutes of Meetings:	
22.	• November 4, 2021	January
23.	• December 9, 2021	March
24.	• January 27, 2022	April
25.	• March 9, 2022	May
26.	• March 31, 2022	June
27.	• May 5, 2022	June

### II. ATTENDANCE OF AUDIT AND COMPLIANCE COMMITTEE MEMBERS

Date of Meetings	Dir. Jesus V. Hinlo, Jr.	Dir. Atty. Jaime L. Miralles	Dir. Virgilio De Vera Robes
January 5	Present	Present	Present
February 3	N/A	Present	Present
March 2	N/A	Present	Present
April 6	N/A	Present	Present
May 4	N/A	Present	Present
June 1	N/A	Present	Present
Total Number of Meetings	1	6	6
Number of Times Present	1	6	6
<b>Average Attendance</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>100%</b>		

Prepared by:

  
**JOLINA CELESTE Y. DELOS SANTOS**  
 AC Com Secretariat/Acting MAA – ASEU

Reviewed by:

  
**RYAN P. CARBONELL**  
 AC Com Secretariat/SMAO – ASEU

Noted by:

  
**MARIA EDELWINA D. CARREON**  
 AC Com Secretariat/FVP – IAG

January 6, 2023

MEMORANDUM

FOR : The Audit and Compliance Committee (AC Com)  
FROM : The AC Com Secretariat / FVP – IAG  
SUBJECT : **AC COM ACCOMPLISHMENT REPORT FOR 2<sup>nd</sup> SEMESTER 2022**

---

The AC Com conducted a total of **six meetings** during the 2<sup>nd</sup> Semester 2022, with **100% attendance** of the Members.

Details are in the attachment and below are the highlights of the 2022 AC Com meetings:

1. Approved/endorsed **13 initiatives and proposals** of the IAG and CMG;
2. Deliberated the action plans of **one unit** that failed the Risk-Based Internal Audit;
3. Noted **67 regular reports** of IAG and CMG; and
4. Noted **25 other reports and updates** including the Minutes of Meetings of the Accountability Assessment Committee and Anti-Money Laundering Committee.

For your notation, please. Thank you.

  
**MARIA EDELWINA D. CARREON**



*This document contains valuable information of CONFIDENTIAL character, directly or indirectly involving Land Bank of the Philippines, its personnel, and other vital aspects, which SHOULD NOT BE DIVULGED by the recipient-addressee or his representative to unauthorized parties. This document is strictly for INTERNAL USE and access shall be restricted as appropriate in accordance with the existing guidelines.*

**AUDIT AND COMPLIANCE COMMITTEE  
ACCOMPLISHMENT REPORT  
FOR THE SECOND SEMESTER OF 2022**

---

**I. HIGHLIGHTS OF MEETINGS**

**A. Major Initiatives and Proposals Approved/Endorsed by the AC Com**

1.	Approval of the Policy in the Conduct of Spot Audit	July
2.	Approval of the Revised Audit Procedures	July
3.	Approval of the Conversion from Limited Scope to Full Scope Audit for FOAD Audit Clients	August
4.	Approval of the LBP Compliance Manual	August
5.	Approval of the Proposed Information Technology Compliance Program	August
6.	Approval of the Revised IAG Manual of Operations	September
7.	Approval of the Proposed Policy in the Preparation of Overall Internal Audit Opinion	September
8.	Approval of the Addendum to the 2022 AML/CTPF Compliance Testing Plan	September
9.	Approval of the Policies and Procedures on Handling of Confirmation Letters for Livelihood Loan Accounts	November
10.	Approval of the Revised Audit Procedures on Conversion/Migration of UCPB Branches	November
11.	Approval of the Replacement of FOAD Auditable Units for CY 2022	December
12.	Approval of the Revised Policies and Procedures on Handling of Confirmation Letter for Private Deposit Accounts	December
13.	Approval of the Risk Scoring System of OFBank and UCPB's Information Technology (IT) Application Systems	December

**B. Presentation of Action Plans of Units That Failed the Risk-Based Internal Audit (RBIA) in 2022**

1.	North Cotabato Lending Center	December
----	-------------------------------	----------

**C. Regular Reports of Internal Audit Group and Compliance Management Group**

<b>Internal Audit Group</b>		
	IAG's Report on Outstanding Major Findings as of:	
1.	• 2 <sup>nd</sup> Quarter 2022	September
2.	• 3 <sup>rd</sup> Quarter 2022	December
	IAG's Report on Long Outstanding Audit Findings as of:	
3.	• 2 <sup>nd</sup> Quarter 2022	September
4.	• 3 <sup>rd</sup> Quarter 2022	December



## CLASS C

	IAG's Report on Outstanding Audit Issues as of:	
5.	• 2 <sup>nd</sup> Quarter 2022	September
6.	• 3 <sup>rd</sup> Quarter 2022	December
	Status of Recommendations on Special Audit Engagements as of:	
7.	• 2 <sup>nd</sup> Quarter 2022	September
	• 3 <sup>rd</sup> Quarter 2022	December
	Report on the Validation of Freeze Orders for the month of:	
8.	• May 2022	July
9.	• June 2022	August
10.	• July 2022	September
11.	• August 2022	October
12.	• September 2022	November
13.	• October 2022	December
	FOAD's Report on the Validation of Deposit Accounts subject of SEC Advisories Negative Media Reports (NMRs) for the month of:	
14.	• May 2022	July
15.	• June 2022	August
16.	• July 2022	September
17.	• August 2022	October
18.	• September 2022	November
19.	• October 2022	December
	Status Report on the Validation of Alerts generated by the Enterprise Fraud Management System (EFMS) as of:	
20.	• May 31, 2022	July
21.	• June 30, 2022	August
22.	• July 31, 2022	September
23.	• August and September 2022	October
24.	• October 2022	December
	Monthly Report on Major Findings:	
25.	• May 2022	July
26.	• June 2022	August
27.	• July 2022	September
28.	• August 2022	October
29.	• September 2022	November
30.	• October 2022	December
31.	Results of Confirmation of Private Deposit Accounts as of October 29, 2021	August
32.	ASEU Report on Long Outstanding Findings for OFBank as of 3 <sup>rd</sup> Quarter 2022	December
	HOSTAD Report on Long Outstanding Findings for OFBank as of:	September
33.	• 2 <sup>nd</sup> Quarter 2022	September
34.	• 3 <sup>rd</sup> Quarter 2022	December
35.	AC Com Accomplishment Report for the 1 <sup>st</sup> Semester 2022	August
36.	AAC Accomplishment Report for 1 <sup>st</sup> Semester 2022	August
37.	IAG Accomplishment Report for the 1 <sup>st</sup> Semester 2022	August
38.	Presentation of the Internal Control-Related Initiatives of	October

## CLASS C

	Corporate Services Sector (CSS) in 2020 and 2021	
39.	2021 Overall Internal Audit Opinion	October
40.	2021 Internal Quality Assessment Review	December
41.	2022 Review of AC Com Charter	December
42.	Proposed 2023 Schedule of AC Com meetings	December

### Compliance Management Group

	Results of Independent Compliance Testing on various Regulatory Reports conducted in:	
43.	• April to June 2022	August
44.	• July to September 2022	November
	Results of Independent Compliance Testing of Business Units:	
45.	• for 2 <sup>nd</sup> Quarter 2022	August
46.	• for 3 <sup>rd</sup> Quarter 2022	November
	Results of Independent Compliance Testing and Review of Internal Policies against Applicable Regulations:	
47.	• for 2 <sup>nd</sup> Quarter 2022	August
48.	• for 3 <sup>rd</sup> Quarter 2022	November
	Results of Periodic Compliance Testing:	
49.	• for 2 <sup>nd</sup> Quarter 2022	August
50.	• for 3 <sup>rd</sup> Quarter 2022	November
51.	Reports on Fines and Penalties:	
	• for 2 <sup>nd</sup> Quarter 2022	August
	• for 3 <sup>rd</sup> Quarter 2022	November
	Reports on Crimes and Losses:	
52.	• for 2 <sup>nd</sup> Quarter 2022	August
53.	• for 3 <sup>rd</sup> Quarter 2022	November
	Regulations Issued and Results of Pre-Testing:	
54.	• April 2022	July
55.	• May 2022	August
56.	• June 2022	September
57.	• July 2022	October
58.	• August 2022	October
59.	• September 2022	December
	Regulatory Ratios:	
60.	• for 2 <sup>nd</sup> Quarter 2022	September
61.	• for 3 <sup>rd</sup> Quarter 2022	December
	RCD's Participation in the Accounts Review Committee:	
62.	• for 2 <sup>nd</sup> Quarter 2022	August
63.	• for 3 <sup>rd</sup> Quarter 2022	November
64.	CMG Accomplishment Report for the 1 <sup>st</sup> Semester 2022	August
65.	LBP Response to BSP Report of Examination (ROE) as of June 30, 2021	September
66.	Results of Compliance Testing on Bank's Compliance with Financial Consumer Protection	November
67.	Updates on Compliance with Freeze Orders – Identification and Freezing of Materially-Linked Accounts (CA-GR AMLC Case No. 00317)	December

## D. Other Reports and Updates presented to the AC Com

1.	SD's memo dated June 21, 2022 re: Negative Media Report on American Boulevard Trading Corporation	July
2.	2021 Management Representation Letter to the Commission on Audit	July
3.	LBP Leasing and Finance Corporation (LLFC) – Internal Audit and Compliance's 1 <sup>st</sup> Semester 2022 Accomplishment Report and Status of Plans and Programs	September
4.	UCPB Leasing and Finance Corporation (ULFC) – Internal Audit Department's 1 <sup>st</sup> Semester 2022 Accomplishment Report and Status of Plans and Programs	September
5.	UCPB Savings (UCPBS) – Internal Audit Department's 1 <sup>st</sup> Semester 2022 Accomplishment Report and Status of Plans and Programs	September
6.	Revised Service Level Agreement between IAG and CMG	September
7.	Action Plan and Status of Implementation on COA Annual Audit Report (AAR) for CY 2021 and Prior Years Audit Recommendations	September
8.	Quarterly Monitoring of Action Plan and Status of Implementation on COA AAR for CY 2021 and Prior Years Audit Recommendations	November
	Accountability Assessment Committee (AAC) Minutes of Meetings:	
9.	• May 12, 2022	July
10.	• June 9, 2022	August
11.	• July 14, 2022	September
12.	• July 28, 2022	September
13.	• August 11, 2022	September
14.	• August 25, 2022	October
15.	• September 8, 2022	October
16.	• September 22, 2022	November
17.	• October 13, 2022	November
18.	• October 27, 2022	December
19.	• November 10, 2022	December
	Anti-Money Laundering (AML) Committee Minutes of Meetings:	
20.	• May 24, 2022	July
21.	• June 22, 2022	August
22.	• July 21, 2022	September
23.	• July 28, 2022	September
24.	• August 18, 2022	October
25.	• September 30, 2022	November

# CLASS C

## II. ATTENDANCE OF AC COM MEMBERS

Date of Meetings	Dir. Atty. Jaime L. Miralles	Dir. Virgilio De Vera Robes
July 6	Present	Present
August 3	Present	Present
September 7	Present	Present
October 12	Present	Present
November 2	Present	Present
December 7	Present	Present
Total Number of Meetings	6	6
Number of Times Present	6	6
<b>Average Attendance</b>	<b>100%</b>	<b>100%</b>
	<b>100%</b>	

Prepared by:

  
**JOLINA CELESTE Y. DELOS SANTOS**  
AC Com Secretariat/MAA – ASEU

Checked by:

  
**MARIA FELICIA D. MANGILIT**  
AC Com Secretariat/MAS III - ASEU

Reviewed by:

  
**RYAN P. CARBONELL**  
AC Com Secretariat/SMAO – ASEU

Noted by:

  
**MARIA EDELWINA D. CARREON**  
AC Com Secretariat/FVP – IAG