


KOLIN PHILIPPINES INTERNATIONAL INC.



INTERNAL QUALITY AUDIT

AUDIT ATTENDANCE

AUDIT AREA: FINANCE

AUDIT DATE: _____

	AUDITOR'S NAME	DEPT.		Signature
1	REINER ABAGUITA	ENG'G	IDA AVATION	
2	CARLO CANICOLA	PURCH	DBS BANK	
3				

	AUDITEE'S NAME	Position	Signature
1	Joan Ericka Mosangkay	Invoicing Specialist	
2	ARMYCES ORLIFE	PR SPECIALIST	
3	EDITHA M. FLORES	AVP Finance	
4			
5			
6			
7			
8			
9			

AUDIT SUMMARY

Nonconformities raised in this audit:

CAR No.	CAR Classification		Clause #	Deadline
	Minor	Major		

OFI raised in this audit:

OFI No.	Clause #	Deadline
OFI-FIN-24-04	7.5	
OFI-FIN-24-05	8.1	

Status of findings raised in previous audit:

CAR / OFI No.	CAR Classification		Clause #	Deadline
	Minor	Major		
CAR-23-035	✓		9.1.1	
OFI-23-04			8.1	
OFI-23-05			8.1	
OFI-24-01			6.1	
OFI-24-02			7.3	
OFI-24-03			7.5	

Status		Remarks
O	C	
	✓	Alignment serves as evidence
✓		NO STATUS OF COORDINATION WITH MIS
✓		RCM'S NOT SETTLED
	✓	COMPLIED
	✓	COMPLIED
✗		PARTIALLY CLOSED, PM-FIN-26 & JD-FIN-35 WERE NOT ADDRESSED

Remarks:

THE DEPT. WAS ABLE TO COMPLY ON APPLICABLE CLAUSES DURING AUDIT, AND WAS GIVEN ITS EVIDENCES. 2 OFI'S WERE RAISED IN THIS AUDIT. 2 OFI'S WERE REMAINED OPEN, WHILE 3 WERE FULLY CLOSED. 1 PARTIALLY CLOSED OFI AND CAR-23-035 WAS SET AS CLOSED DURING AUDIT.



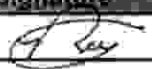
KOLIN PHILIPPINES INTERNATIONAL INC.


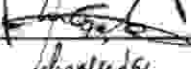
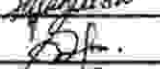


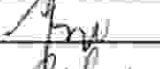
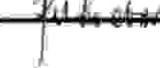

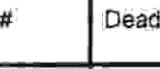
INTERNAL QUALITY AUDIT

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AUDIT AREA: FINANCE

AUDIT DATE: _____

	AUDITOR'S NAME	DEPT.	Signature
1	REYNOLD ABAQUITA	ENG'G	
2	CARLO CANICOLA	PWD	
3			

	AUDITEE'S NAME	Position	Signature
1	Wilhelm Albaladejo	Asst. Manager	
2	Cristine Mercado	Accounting Asst. - Taxation	
3	Danielle Sureda	Accounting Asst. - General Acctg	
4	DONNA MAY MENDOZA	ACCOUNTING ASST. - BANK RECON	
5	MARIBEL P. PENTA	ACCTG. ASST. PAYROLL/IMPORTATION	
6	RHILA SHAUN DUNCAN	ACCTG. ASST. II - PAYROLL/IMPORTATION	
7	KENNETH JILLARDO	ACCTG. CLERK - IMPORTATION	
8	SHANE V. FORNOS	TREASURY ASST. - INV.	
9	RAQUEL J. MORGAN	SERVICE ACCTG SUPERVISOR	

AUDIT SUMMARY

Nonconformities raised in this audit:

CAR No	CAR Classification		Clause #	Deadline
	Minor	Major		

OFI raised in this audit:

OFI No	Clause #	Deadline

Status of findings raised in previous audit:

CAR / OFI No	CAR Classification		Clause #	Deadline	Status		Remarks
	Minor	Major			O	C	

Remarks:

KOLIN PHILIPPINES INTERNATIONAL, INC.
OBSERVATIONS

AUDITEE: Department: FIN		AUDITOR: Choi	DATE: Sept. 16, 2024	Page 1 of 7
No.	Details of Observations			
1	<p>The Department has established processes to understand internal and external issues relevant to its operations. Regular SWOT analysis was observed as there was consistent and timely monitoring of cash inflows and outflows, maintaining a positive cash Position. Also, objective meetings was conducted every two months as per auditee, every last Tuesday of the month. The department has identified key stakeholders, including employees, suppliers, customers, and regulatory bodies. Also, the scope of the QMS in the department is well-defined and aligns with the Department's objectives. The department is in conformity with Clause 4.1 (Understanding the Organization and its Context), 4.2 (Understanding the Needs and Expectations of Interested Parties), and 4.3. (Determining the Scope of the Quality Management System) of the standards.</p> <p>Ensuring 100% compliance with the tax mapping and tax revenue audit requirements were observe, the department implemented a weekly reporting system. Every Monday, a Sales Journal Summary is sent to all branches and service centers. This proactive measure ensures that records are regularly updated and align with audit requirements, supporting accurate and timely reporting for tax purposes.</p>			
2	<p>The Quality Policy is well-communicated and understood by Finance Department. All auditees were able to recite the Quality Policy efficiently, demonstrating their thorough understanding of its content. This practice conforms to Clause 5.2.2 (Communicating the Quality Policy) of the standards.</p>			
3	<p>The Finance Department's risk management process is well-aligned with Clause 6.1 (Actions to Address Risks and Opportunities) demonstrating a strong framework in identifying, evaluating, and mitigating financial risks. The department has implemented effective actions to address potential risks, related to separated employees final pay computation. During the audit, it was noted that the Payroll Staff had successfully completed the last pay computation for Mr. Adrian Pulido after receiving the clearance from HRD, whose separation was effective on April 13, 2024. The Payroll team promptly processed the computation as per their established procedure. However, the clearance from the HR Department was received on July 2, 2024. Despite this delay, the Finance Department proactively executed its responsibilities within the expected timeline, ensuring that the internal process was completed efficiently.</p>			
4	<p>Clear quality objectives related to financial accuracy, timeliness, and compliance are set. Progress towards these objectives is regularly monitored. Conforms to Clause 6.2 (Quality Objectives and Planning to Achieve Them).</p>			

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	The department has established a quality objective to maintain an unfavorable variance of no more than 5% between actual and budgeted operating expenses. The annual budget is divided equally as seen in the monthly performance, and budget adjustments are reviewed based on priority. Presented records show that for the past months, the unfavorable variance consistently remained within the 5% target, as evidenced by financial performance reports.			
5.	Changes to financial processes are planned and controlled. The department maintains a record of changes as stated by the Assistant Vice President-Finance, including the rationale and impact analysis. This conforms to Clause 6.3 (Planning of Changes).			
6.	The Department maintains a knowledge management system that captures critical financial knowledge. There is a process for updating and sharing knowledge within the team. Ensuring that essential such as financial procedures, regulatory requirements, and best practices, is readily accessible to all team. This is conformance to Clause 7.1.6 (Organizational Knowledge).			
	Financial Statement Section has a robust process in place for closing books on time, on or before the last day of the following month and providing accurate financial statements which is observed during audit. Staff are well-trained, and the section has a knowledge that supports continuity and consistency in financial reporting			
7.	The Department staff consistently demonstrate an understanding of the department's quality objectives, ensuring compliance with Clause 7.3 (Awareness). During audit, several employees were able to clearly articulate the Finance Department's key quality objectives, including the department's Key Performance Indicators (KPIs) and how these relate to their individual roles. The department has implemented regular briefings and distributed clear documentation on the quality objectives for each section, ensuring that all employees are aware of and contribute to the achievement of these objectives.			
8.	The Department effectively manages documented information. Financial records, and procedures are well-maintained and accessible. There are controls in place to ensure the integrity and confidentiality of financial data. Necessary for Clause 7.5 (Documented Information) as follows:			
	<ul style="list-style-type: none"> Documentation related to collections, including Aging reports and Official Receipts, is well-maintained and systematically organized. This ensures accurate tracking and processing of collections. JD-FIN-35 (Accounting Assistant - Taxation) job description has not yet been revised to include 			

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	the responsibilities for preparing and monitoring Business Permits nationwide.			
	<ul style="list-style-type: none"> JD-FIN-24 (Accounting Assistant 1 - Central Warehouse Finished Goods Inventory) and JD-FIN-27 (Accounting Assistant 1 - Product Costing) was noted during the audit as no longer existing. The inclusion of this job descriptions in the Finance Process creates discrepancies in roles and responsibilities, affecting the accuracy of job descriptions and role allocation. 			
9.	Observation on Clause 8.1 (Operational Planning and Control) as detailed below:			
	<ul style="list-style-type: none"> PM-FIN-02 (Credit and Collection-Accreditation of Dealers) dealer accreditation procedure was carried out properly. 			
	<ul style="list-style-type: none"> PM-FIN-03 (Credit and Collection-Invoicing), it was confirmed that the sales invoicing procedure was carried out properly and in accordance with the established process. 			
	<ul style="list-style-type: none"> PM-FIN-04 (Credit Memo), it was noted during audit that section 3.1.1 had been revised to reflect that the current process for endorsing requests for RCM (Request for Credit Memo) is now executed by the Treasury Assistant. However, upon review of the supporting documents, it was noted that the RCM endorsements executed by the Treasury Assistant were not fully aligned with the stated procedure, specifically regarding the timeliness of endorsements. The procedure requires daily execution of endorsements, but several Official Receipts (OR) were endorsed only during audit, September 16, 2024, to the Credit and Collection Section. The following receipts were identified as having delayed endorsements: OR 61908 (Sept. 4, 2024), OR 61935 (Sept. 9, 2024), OR R4834 (Sept. 10, 2024), OR 61957 (Sept. 11, 2024), OR 61936 (Sept. 12, 2024), OR 61623 (July 31, 2024). 			
	<ul style="list-style-type: none"> PM-FIN-26 (Preparation and Filing of Taxes) procedure has not yet been revised to include the process for preparing and monitoring Business Permits nationwide. 			
	<ul style="list-style-type: none"> The treasury section has well-established procedures for preparing and submitting documents required for collections. The Aging report is regularly reviewed and monitored, ensuring that past due accounts are generally kept below the 10% threshold. 			
	<ul style="list-style-type: none"> It was observed during audit that RCM No. 35387 and RCM No. 35304 have not been settled to date. Given the prolonged status of these unresolved RCMs. 			
10.	The Department regularly monitors and measures its financial performance. Key performance indicators (KPIs) are defined and reviewed periodically. This is conformance to Clause 9.1.1 (Monitoring, Measurement, Analysis, and Evaluation). Observation was conducted as follows:			

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Department: FIN							
No.	Details of Observations						
	• Not more than 5% unfavorable variance of actual vs. budgeted operating expenses.						
	Month	Actual Op. Expense	Budgeted Op. Expense	(Un)Favorable Variance	Change (%)		
	July 2024	239,230,296.16	237,074,833.94	2,155,462.22	0.91% (Attained)		
	June 2024	205,090,470.31	237,207,000.60	1,883,469.71	0.93% (Attained)		
	May 2024	171,087,248.37	169,339,167.26	1,748,081.11	1.03% (Attained)		
	April 2024	135,967,693.76	135,471,333.91	496,359.85	0.37% (Attained)		
	• Past due account over total A/R is not more than 10% Nationwide. Monthly Collection Target based on the performance report:						
	Month	Total Target	Total Collection	Result (%)			
	July 2024	446,192,327.28	489,134,873.35	110% (Attained) (with -10% Past Due)			
	June 2024	437,688,414.67	427,901,696.44	98% (Attained) (with 2% Past Due)			
	May 2024	345,362,984.94	362,000,321.40	105% (Attained) (with -5% Past Due)			
	April 2024	322,637,820.52	310,905,224.12	96% (Attained) (with 4% Past Due)			
	Approved Collection Target for the Month:						
	Month	Collection Target	Total Target	Interpretation			
	July 2024	446,192,327.28	446,192,327.28	Same			
	June 2024	437,688,414.67	437,688,414.67	Same			
	May 2024	345,362,984.94	345,362,984.94	Same			
	April 2024	322,637,820.52	322,637,820.52	Same			
	The Monthly Collection Performance was effectively monitored through the presentation of evidence above. The Treasury Assistant Supervisor distributes the monthly collection targets to the respective Account Officers by the 10th day of each month. It was observed that the Monthly Collection Target Performance Report accurately aligns with the approved collection targets for the month, ensuring consistency in performance measurement.						
	• 95% Compliance on agreed delivery of purchased items						
	July 2024 – 98% Compliance vs. Target (Attained)						
	June 2024 – 95% Compliance vs. Target (Attained)						
	May 2024 – 96% Compliance vs. Target (Attained)						
	April 2024 – 97% Compliance vs. Target (Attained)						
	The section regularly evaluates supplier performance against delivery commitments. With this regular analysis of financial data to evaluate performance against objectives and corrective actions are taken						

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	when deviations are identified. The department is in compliance with clause 9.1.3 (Analysis and Evaluation).			
	• 100% Compliance on Actual vs. Target Date of Submission of Financial Statements			
Month	Reports for submission	Target Date	Actual Date	Status
July 2024	Income Statement	Every 23 rd day of the following month	August 23, 2024	Complied (Attained)
	Balance Sheet		August 23, 2024	Complied (Attained)
June 2024	Income Statement		July 23, 2024	Complied (Attained)
	Balance Sheet		July 23, 2024	Complied (Attained)
May 2024	Income Statement		June 21, 2024	Complied (Attained)
	Balance Sheet		June 21, 2024	Complied (Attained)
April 2024	Income Statement		May 23, 2024	Complied (Attained)
	Balance Sheet		May 23, 2024	Complied (Attained)
11.	The department has a pre-management reviews which is conducted annually before Business Planning Review for the year, focusing on financial performance, risks, and opportunities for improvement. There were seen inputs to management reviews which includes financial performance data, and audit results. This is conformance to clause 9.3.1 (General), and clause 9.3.2 (Management Review Inputs).			
12.	The department has provided outputs from management reviews that include decisions on financial strategies, resource allocation, and process improvements. Continuous monitoring of identified risks, as outlined in the Business Plan Matrix, was reviewed and analyzed. Specifically, regarding the implementation of BIR No. 09-2009, the Finance Assistant Manager has been consistently monitoring updates from the BIR, noting that this regulation is still not applicable to medium enterprises. This conforms to Clause 9.3.3 (Management Review Outputs).			
13.	To assess conformity with Clause 10, a review of the Opportunities for Improvement (OFIs) identified during the last audit was conducted. The details of this review are outlined below:			
	• CAR-23-035 - It was confirmed that the approved collection targets and the declared collection targets for the months of April, May, June, and July 2024 were fully aligned. This alignment serves as strong evidence in addressing the previously raised non-conformity regarding discrepancies between the approved and declared collection targets. The corrective actions implemented have successfully resolved			

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	the issue, ensuring consistency in target setting and performance reporting across the specified months.		
	The Corrective Action Report for this issue has been formally marked as CLOSED , signifying full		
	compliance with the established collection target procedures.		
	<ul style="list-style-type: none"> • OFI-FIN-23-04 - The status of coordination with the MIS Department regarding the monitoring of sales invoices was not outlined. A suggestion was made to include the sales invoice counter date in the QNE system, allowing better visibility for monitoring the maturity date of invoices. This improvement would enable immediate tracking of any overdue payments, ensuring that payments are made within the agreed terms. OPEN 		
	<ul style="list-style-type: none"> • OFI-FIN-23-05 - The previously raised issue concerning unsettled Requests for Credit Memo (RCM) remains unresolved. Specifically, RCM No. 35387 and RCM No. 35304 have not been settled to date. Given the prolonged status of these unresolved RCMs, this Opportunity for Improvement (OFI) will remain open for continued monitoring until both RCMs are settled. The department may continue to track the status of these outstanding RCMs to ensure timely resolution, and it is recommended that the process for settling RCMs be reviewed to prevent future delays. Strengthening the monitoring process may also help in addressing this recurring issue more efficiently. OPEN 		
	<ul style="list-style-type: none"> • OFI-FIN-24-01 (Clause 6.1) - The OFI has been closed based on the observations found. The department has demonstrated compliance with internal procedures as the Payroll team promptly processed the computation as per their established procedure. Despite the delay from HRD, the Finance Department proactively executed its responsibilities within the expected timeline, ensuring that the internal process was completed efficiently. CLOSED 		
	<ul style="list-style-type: none"> • OFI-FIN-24-02 (Clause 7.3) - The department is in full compliance with Clause 7.3. The daily endorsement for Requests for Credit Memo (RCM) was properly executed by the Treasury Assistant, as required. This consistent execution of the RCM endorsement process demonstrates the department's adherence to the procedure and ensures that transactions are handled efficiently on a daily basis. CLOSED 		
	<ul style="list-style-type: none"> • OFI-FIN-24-03 (Clause 7.5) - PM-FIN-04 was officially closed following the successful revision of the procedure, addressing the previously raised concerns. However, PM-FIN-26 and JD-FIN-35 remain open as no actions have been taken to implement the necessary improvements for these procedures. To 		

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	<p>resolve these open items, it is recommended that immediate actions be initiated to address the improvement areas identified for PM-FIN-26 (inclusion of process for preparing and monitoring Business Permits nationwide) and JD-FIN-35 (responsibilities for preparing and monitoring Business Permits nationwide). Timely resolution will ensure full compliance and bring the procedures up to the required standard. PARTIALLY CLOSED</p>		
❖	<p>To achieve full compliance with the standard, the department may consider implementing the following recommendations to enhance their processes:</p> <p>OFI-FIN-24-04 - JD-FIN-24 (Accounting Assistant 1 - Central Warehouse Finished Goods Inventory) and JD-FIN-27 (Accounting Assistant 1 - Product Costing) was noted as a non-existent role. Its inclusion in the Finance Process leads to similar discrepancies, impacting the accuracy of job descriptions and role assignment. This job description should be marked as obsolete, and related process documents should be updated to maintain clarity and ensure that all roles and responsibilities are properly documented. Improving these areas aligns with Clause 7.5.</p> <p>OFI-FIN-24-05 - An opportunity for improvement (OFI) had previously been raised concerning the timely execution of RCM endorsements by the Treasury Assistant. It was noted that adherence to the daily endorsement process was inconsistent. The process should ensure that all Official Receipts for RCM are endorsed daily, as per the established procedure, to avoid delays and ensure accurate and timely financial reporting. OR 61908 (Sept. 4, 2024), OR R4834 (Sept. 10, 2024), OR 61935 (Sept. 9, 2024), OR 61623 (July 31, 2024), OR 61936 (Sept. 12, 2024), OR 61957 (Sept. 11, 2024), was found endorsed to Credit and Collection Section only during audit, September 16, 2024. Improvement to Clause 8.1.</p>		
	<p>~~~° Nothing Follows °~~~</p>		