

INTERNAL AUDIT & CONTROL

One of the fundamentals required in good governance is ensuring that internal audit controls and mechanisms are firmly established to safeguard the integrity of a company. PPMC is committed to strengthen its corporate governance structure by putting in place the formal mechanisms that will encourage enhanced internal audit function and effectiveness.

In 2021, the Internal Audit Service Office (IASO) post audited the financial records of PPMC and recommendations for improvement were rendered to ensure controls are in place and transactions are properly accounted for. Audit Reports were also submitted to the Board Audit & Risk Oversight Committee on its Monitoring of the Zone importations and on the Seaport Collection of PPMC. Also, the office reported on the Management's implementation of the Board Resolutions passed and approved by the PPMC Board of Directors.

The IASO also ensures the submission of the PPMC's updated Citizens Charter in compliance with Republic Act 11032 otherwise known as the Ease of Doing Business. Also, being a member of the Committee on Anti-Red Tape, the IASO attended the training provided by the Anti-Red Tape Authority in compliance with Memorandum Circular No. 2021-09 on the Issuance of the Whole-of-Government Reengineering Manual.

Being the ISO Internal Quality Audit Team Leader, the IASO took active participation during the PPMC's ISO 9001:2015 Recertification Audit conducted by TUV Nord Philippines, Inc. It also attended the Environmental Management System Awareness Training conducted by the Macro Vision Consultancy as preparation to PPMC's Certification on ISO 4001:2015.

The IASO has the fundamental role of assisting the Audit & Risk Oversight Committee of the Governing Board in promoting effective, efficient, ethical and economical operations by appraising the adequacy of internal controls. For the year 2021, the Audit & Risk Oversight Committee has reviewed the adequacy and effectiveness of internal controls through the reports of the Internal Auditor and as a result of the assessment, the committee is of the view that the system of internal control is operating adequately. Also, the Commission on Audit rendered an unqualified opinion on the PPMC's financial statements as of December 31, 2021 which expressed that the financial statements were presented, in all respects, in accordance with applicable financial reporting framework.

Further, the IASO conducted other internal audit activities, such as, Inspection of locators' imported materials; Conduct of Mid-year and Year-end Inventory of Supplies and Materials; Witness in the conduct of Public Biddings; Attendance in the PPMC Board Meetings, Board Audit & Risk Oversight Committee Meetings and MANCOM Meetings.

RISK MANAGEMENT

The PPMC's Risk Management Framework defines the responsibilities of the various offices in the effective and efficient identification, assessment and treatment of risks in the performance of their functions, programs or action plans ensuring the accomplishment of its objectives.

Each step of the whole process is communicated and monitored to ensure consistent application and achievement of results. PPMC continuously update its Corporate Risk Registry to ensure that identified risks are properly addressed. For CY2021, the PPMC Risk Registry was updated and the action plans on existing risks were reviewed and monitored. The Risk Registry is a consolidated database of risks per office with the corresponding assessment, analysis, evaluation and action plan. It was corporately reviewed during the PPMC Mid-year Assessment, Management Review and Year-end Assessment. It was also one of the focus area of the PPMC ISO Internal Quality Audit. The Internal Quality Auditors checked the Risk Registry per office to ensure that the risks encountered by the office were properly identified, assessed and treated. The PPMC's nature of operation are remotely exposed to financial risk, however, to ensure that funds are secured and safeguarded, the company placed it only in Government Financial Institution. This is also in compliance with the Department of Finance Circular No. 001-2015, the Revised Guidelines on authorized Government Depository Banks. Likewise, as a measure to manage operational risk on human error, PPMC endeavors to automate its Permit and Licenses System and is now currently reviewing the existing Value Added Service Provider System of the company. It also undertakes the development of its Billing and Collection System and is now in the preparation of the Information Systems Strategic Plan.

Social Risks are business actions that affect the communities around them. As estate manager, PPMC's risk involving communities pertains to the issues on land ownership inside the Poro Point Freeport Zone particularly the lots registered in the name of private individuals. PPMC communicated to these owners and advised them to write a letter of intent to sell. Also on the issues of some titled private property inside the zone which are subject for recovery, the Legal Office of PPMC is assisting the Office of the Solicitor General of the Philippines, Office of the Government Corporate Counsel and BCDA Legal Department in the reversion case filed to recover lots erroneously registered in the name of a private company.

During the period of global pandemic brought about by COVID-19, PPMC mitigated the risk on health and safety through the establishment of policies and guidelines. The Board of Directors approved the Policy on the Prevention and Control of COVID19 in PPMC and in the Poro Point Freeport Zone. PPMC also adopted the alternative work arrangements to ensure the continuity of operations without compromising the health and safety of employees. It also provided vitamins, face mask, face shield and alcohol to all the employees and regular disinfection of offices in the zone was also conducted to reduce the spread of the virus.