



**MINUTES OF THE 5th REGULAR MEETING OF THE
PHILIPPINE RETIREMENT AUTHORITY
BOARD AUDIT COMMITTEE**

06 June 2024, 9:00 AM
Via Zoom

BOARD AUDIT COMMITTEE MEMBERS
PRESENT:

HON. FERDINAND C. JUMAPAO
Undersecretary, Department of Tourism

HON. RUTH C. GONZAGA
Director, Bangko Sentral ng Pilipinas

Also present:

PRA INTERNAL AUDIT DIVISION:

Ms. Desiree M. Santos, *Division Chief*
Ms. Heidi C. Sales
Ms. Elmera Chloe L Villasanta

SECRETARIAT:

Atty. Reyna Mae Directo-Cabangon
Ms. Pauline May S. Aldea
Mr. Alfredo John B. Lopez

I. Call to Order

Hon. Ferdinand C. Jumapao, presiding Board Audit Committee member, called the meeting to order at 9:10 AM. The Board Secretary, Atty. Cabangon recorded the minutes of the meeting.

II. Certification of Quorum and Notice

The Board Secretary certified that the members of the Board Committee have been duly notified of the meeting and the following members are present: Hon. Ferdiannd Jumapao and Hon. Ruth Gonzaga.

Hence, there is a quorum. The Board Committee is in official business.



III. Adoption of the Agenda

There are three (3) matters for the Committee's action/discussion, these are as follows:

1. Election of the Chairperson of the Board Audit Committee.
2. Audit of Existing Internal Control Systems in the Renewal and Issuance of Retirees' Registration/ID Cards (RID).
3. Annual Audit Plan with Corresponding Budget (Audit Areas for Approval).
4. Updates on the Status of Implementation of Board Audit Committee-approved Audit Recommendations.
5. Audit Work Programs for Ongoing Audit on: (a) Operations of Four (4) Satellite Offices; and (b) Termination from the PRA Program for CY2023.

The Board Secretary manifested that matters in items "4" and "5" are for the information of the Committee.

As for item "1", which is the Election of the Chairperson of the Board Audit Committee, the Board Secretary inquired if the Committee would like to continue with the election considering that only two (2) members are present.

The Committee moved to defer the Election of the Chairperson of the Board Audit Committee.

There being no other comments, the revised Agenda was adopted.

IV. Matters for Discussion

A. Election of the Board Audit Committee Chairperson

Deferred.



B. Audit of the Existing Internal Control Systems in the renewal and issuance of Retirees' Registration/ID Cards (RID)

Ms. Santos, apprised the Committee that they reviewed, assessed, evaluated more or less fifty-five thousand (55,000) accounts composed of principals, spouses and dependents to determine if the visa deposits are still intact in the bank, if the retirees have delinquent financial obligations, and those who have not renewed their RIDs.

The Internal Audit Division (IAD) presented to the Committee the audit report on the Existing Internal Control Systems in the renewal and issuance of Retirees' Registration/ID Cards (RID), which consist of two (2) observations: General Observation No. 1, with twenty-six (26) recommendations; and General Observation No. 2, with six (6) recommendations, for the approval of the Committee.

It was further requested that the Committee resolution likewise included that the approved observations and recommendations are to be implemented by the PRA Management within six (6) months from the issuance of this resolution and the authority of the IAD to monitor full implementation of the approved recommendations.

Below is the audit report with the corresponding discussion of the Committee.

Observation No. 1:

Operational procedures in the renewal of Registration Identification Cards (RID) of retirees were not strictly observed prior to RID release due to the absence of operations manual for guidance of the staff in their day-to-day activities and retirees' current status under the program were likewise not fully monitored.

Recommendation No. 1 - For FMD to prepare operations manual to include, among others, the procedures in the verification and assessment of the financial accountabilities of each retiree – member and preparation of Order of Payment portion of the RRF.



Hon. Gonzaga inquired if there is a timeline for the preparation of the operations manual. Ms. Sales responded that the Management has already directed the preparations of operations manual for all divisions and departments of the PRA, and it is expected to be submitted within the next six (6) months.

Recommendation No. 2 - For Servicing Division to prepare the operations manual to include, among others, the procedures which, need to be undertaken in the monitoring of retirees' status and issuance of RID and providing the Satellite Offices (SOs) copies hereof, for their guidance in the performance of their functions.

Recommendation No. 3 - For Servicing Division (SD) and Financial Management Division (FMD) to ensure that real-time updates are reflected in all their databases and the PRA Main System (RIMS) in order to have an accurate and reliable data/information when used as a basis in assessing the correct amount of retirees' obligations.

Recommendation No. 4 - For FMD to coordinate with Information and Communication Technology Division (ICTD) to provide SD staff "view access" to FMD's database as a form of additional check and balance procedure in the determination of the correct assessment of RID and other annual fees. In the same manner, SD is recommended to closely coordinate with the ICTD to provide specific FMD staff "view access" to SD's database for counter-checking purposes.

Recommendation No. 5 - For SD in coordination with FMD and ICTD to establish a computerized monitoring system as an update in the RIMS to be used in determining the current status of each of the retirees' membership, mandatory requirements, investment compliance, their activities in the country including their whereabouts as well as their financial accountabilities.

Recommendation No. 6 - For SD in coordination with the ICTD to establish an on-line entry and departure system wherein all retirees shall be required to record their flight details/travel records when going in and out of the country with recommended data fields as follows: Name; SRRV Number; Flight Number; Date and Time of Outgoing and Incoming Flights, Address abroad; Country to be visited; Mobile/Viber Contact Number; Email Address; Expected length of stay abroad; among others.



Recommendation No. 7 – For SD, in coordination with ICTD, to follow-up with the BI and fast track the implementation of the Data Sharing Agreement to be able to check/monitor retirees’ whereabouts in their travel in and out of the country and to be used in updating the retirees’ records in the RIMS and sending the required communication, reminders, notices and invitations whenever necessary.

As regards the Data Sharing Agreement with the Bureau of Immigration (BI), Hon. Gonzaga inquired if there is a provision on data governance to ensure there is institutional protection.

Ms. Santos explained that what she understood the agreement consists of the travel history, the in and out, exit and entry of retirees, derogatory checking and online payment of BI fees. The Board Secretary commented that the agreement has been reviewed by the Office of the Government Corporate Counsel (OGCC) for the PRA and is being reviewed by the legal team of BI.

Recommendation No. 8 – For SD to prepare a Monitoring Plan for presentation to the General Manager/CEO and approval of the Board of Trustees (BOT) to include, among others the verification/monitoring of all retiree-members; prioritization of delinquent retirees in the monitoring efforts and prioritization of visitorial efforts to retirees who have converted their deposits into active investment.

Recommendation No. 9 – For SD to strengthen the social integration programs such as, but not limited to, Meet and Greet, Lakbay Aral at Saya and Re-Orientation activities. Gateball tournament, Yueltide and PRA anniversary celebration, Brain Gain Program, Outreach Program, and sending of Birthday and Christmas greetings thru texts/emails, etc., to be used as a tool/venue for monitoring of retirees and in keeping-up with the retention thrust of PRA. In addition, SD is enjoined to involve the SO through preparation of their own activities/plans in their respective jurisdiction.

Recommendation No. 10 – For SD to encourage other retirees to organize their respective Retiree’s Association/Club per nationality, for example, Japanese Club, as a venue for cultural interchange of ideas, socials and other matters which could be of mutual interest for both retirees and PRA and for monitoring purposes as well.

Recommendation No. 11 – For SD to continue coordination with Local Government units (LGUs), Department of Foreign Affairs, Department of Tourism (DOT) and other government agencies in the establishment of information center/help desk in their respective jurisdiction.



Recommendation No. 12 – For SD to strengthen community integration programs in coordination with LGU/Barangay where the retiree is domiciled.

Recommendation No. 13 – For SD to tap retirees' respective marketers to assist in tracking the whereabouts of their delinquent clients.

Recommendation No. 14 – For Management to issue an Office Order requiring the automatic renewal of RID and settlement of necessary annual dues not only that of the principal but their spouses and dependents as well, all at the same time.

Recommendation No. 15 – For SD to continuously send notices/reminders to all retirees to renew their RID at least a month before the anniversary date of their enrollment.

Recommendation No. 16 – Using the list of the delinquent retirees presented in the annexes and tables, it is recommended for the following Divisions to apply the corresponding due process before recommending SRRV cancellation from BI:

- a. SD to send letter-reminders to retirees who have been delinquent for (1) year on their annual dues;*
- b. FMD to send letter-reminders to retirees who have been delinquent for one (1) year on their annual dues;*
- c. FMD to send demand letters to retirees who have been delinquent for two (2) years;*
- d. FMD to send final notices to all retirees found delinquent for three (3) years;*
- e. FMD to publish the names of delinquent retirees in the newspaper of general circulation after thirty (30) days without settlement counting from the date the final notice was sent;*
- f. FMD to forward to SD the names of the retirees for their endorsement to BI for cancellation of retirees' SRRV after 60 days from the date of publication.*

Recommendation No. 17 – For SD to inform and require retirees listed in Annex "A", "D", and "E" to renew their RID, submit investment compliance, pay their RID fees and annual dues; for FMD to send billing statements for the required annual dues. In case of default, apply due process mentioned in recommendation no. 16 whenever found applicable.



Recommendation No. 18 – For SD to require the following retirees (included in Annex “A”) with un-complied investment requirement/s, and all pother who are similarly situated, to either re-deposit or substitute another form of investment allowed under the program to regularize their membership with the PRA program:

- a. Chin Jung with SREV No. M-004247 (substituted with shares of stock in a new corporation)*
- b. Vaswani Parpati with SRRV No. 50 (substituted with shares of stock in a new corporation)*
- c. Sanjay Dave with SRRV No. M-002578 (substituted with shares of stock in a new corporation)*
- d. Willam Gove with SRRV NO. M-016000 (lessor already sold the property being leased by him).*

Recommendation No. 19 – For SD to endorse to the BI the names of the following SRRV holders for cancellation:

- a. Spouses and dependents of the principal retirees mentioned under condition NO. 9.5.1 who were found withdrawn from the program and their visa deposits were repatriated back to their country of origin (Individual list shown in Annex “F”);*
- b. Oyama Fumiko with SRRV No, M-015392 mentioned under condition num. 9.5.2 since she was already repatriated back to her country of origin and her visa deposit was already used up for her medical expenses when she was still under the program.*

Recommendation No. 20 – For FMD to inform all retirees found to have withdrawn without PRA withdrawal clearance, those retirees who were issued transfer/withdrawal clearance but tagged under their personal account, those who did not honor their Deed of Undertaking, and other issues found, for them to re-deposit. In case, of non-compliance, endorse the same to SD for their appropriate actions and apply due process mentioned in Recommendation No. 16, whenever found applicable.

Recommendation No. 21 – As the case of Condition No. 9.3 retirees who were allowed by their respective banks to withdraw their visa deposits without PRA withdrawal clearance is similar with that of our findings reflected in our previous audit reports, it is recommended for FMD to bill the banks for the unpaid MFs and/or elevate the case to the OGCC for their opinion and legal action against the respective banks of the retirees for allowing the withdrawal without complying with the terms and conditions specified under the MOA.



Recommendation No. 22 – As regards the case of Arthur Allegar cited in Condition No. 9.6, it is recommended:

- a. For SD to demand the substitutions of another form of investment allowed under the program or demand re-deposit;*
- b. For FMD to demand the payment of his unpaid RID fee and Visitorial fee amounting to PhP15,611.40 and PhP68,755.50 respectively;*
- c. Otherwise, for SD and FMD to follow recommended due process procedures outlined in Recommendation No. 16 above.*

Recommendation No. 23 – For SD to require Katherine Solnic with SRRV No. M-0044913 and Jorge Manuel Labao Baptista da Silva with SRRV No. 0035362 to amend/extend the term of their lease contracts into twenty-five (25) years with their respective lessors and submit to PRA certified true copies of the amended lease agreement.

Recommendation No. 24 – For SD to send notice to Jerome Guy Georges Blin-Destoits to re-deposit or substitutes another form of investment allowed under the program and for FMD to demand payment of his and his spouse and dependent's unpaid RID Fees amounting to PhP11,151 and the VF Fees amounting to PhP334,530.00. Otherwise, for SD and FMD to follow the procedures outlined in Recommendation No. 16 above.

Recommendation No. 25 - For SD to immediately verify and monitor the retirees' investments as follows: (Please refer to Annex "E" for individual listing).

- a. With SEC on investments in corporation (shares of stock or property membership shares in a golf club) to check whether their registration certificates are existing, revoked or with deficiencies;*
- b. With respective Register of Deeds (RD) where the property is located, to check annotation of PRA restriction annotated on the TCT/CCT is already cancelled or not;*
- c. With the original lessors of CDC and SBMA to verify with them records of sub-lease agreements/deed of assignment, if these investments still subsist;*
- d. With John Hay Management Corp. (JHMC) to verify and check the existence of Limited Warranty Deed for those retirees who entered into leaseback agreements with them; and*
- e. For investments found to be non-existent, cancelled or defective, require the respective retirees to re-deposit the amount withdrawn or substitute another form of investment allowed under the program. (53:22)*



Recommendation No. 26 – For FMD and SD in coordination with the Policy Review Committee to revisit the following program/scheme with the end in view of studying and exploring the possibility of upgrading/revising/amending and revoking any of the following and elevate the same to the BOT for approval, if feasible:

- a. The existing PRA programs/schemes for the purpose of recommending a more effective and efficient PRA program in the up-keep of the retirees' visa deposits, taking into consideration the current financial and banking situations in the country and the recurring retiree issues PRA had to face in its daily operation while adhering with the existing policies on the matter;*
- b. The visa deposit of prospective retirees to be locked-in with their respective accredited banks for their entire duration of their membership in the PRA program (no conversion) for the purpose of easy monitoring and to address the issue on the delinquency of their financial accountabilities and investment compliance;*
- c. Unpaid retiree obligations (Annual PRA Fee and RID fees) to be charged against retirees' visa deposits in case of termination of their membership from the program;*
- d. Fixing a uniform RID fees for all schemes for easy monitoring and increased RID fee rates to cover the expenses in upgrading RID cards, corresponding annual dues, if necessary, taking into consideration with the requirements and guidelines of Regulatory Impact Assessment (RIA) under the ARTA;*
- e. The investment area allowing the conversion of visa deposit to enter into lease or sub-lease agreement in a house and lot/condominium unit located at CDC and SBMA areas considering that no CCT/TCT could be submitted to annotate the PRA restriction;*
- f. The investment area allowing the substitution of investment in a ownership of a condominium unit/s RFO only to address issues in the non-submission of mandatory investment requirements prior to the release of RID of the retirees; and*
- g. If the pre-selling scheme is still reasonable considering that no CCT be transferred from the developer until the condominium project is fully completed/built, therefore, no CCT could be issues by the RD to support the retiree's investment.*

Honorable Gonzaga noted the observations involving banking institutions and requested that the Bangko Sentral ng Pilipinas (BSP) be copy furnished of the documents relative to this observation for further legal review



if it be referred to the appropriate supervising department or sub-sector with the BSP.

For information, a legal staff of the BSP-Greater Manila Regional Office (GMRO) will be coordinating with Ms. Desiree Santos of PRA IAD on this issue.

Observation No. 2:

Based on the average processing time result as gathered from walk through activities in comparison with the existing processing time reflected in the PRA Citizen's Charter posted in the PRA premises showed that PRA had been compliant in the issuance of RID cards to walk-in head office clients. However, 8.5 working days delay was noted in the processing of RID cards coming from the Satellite Offices while the processing of RID cards if retirees who requested for renewal thru letters or emails was delayed by one working day and 15 minutes.

Recommendation No. 1 – For SD/SO in coordination with Administrative Support Division (ASD) to correct the actual processing time reflected in the SO Citizen's Charter to include the related processing time in the head office, furnishing ARTA with the corrected copy thereof.

Recommendation No. 2 – For SD, SO and FMD to prepare the operations manual containing, among others, the processes and procedures in the issuance of RID cards, to include connection and the corresponding processing time from one office to another up to the release of RID cards to the SO retirees to be used as the basis of determining the most efficient time to be reflected in the Citizen's Charter of both HO and SO and as a guide of the operating staff in the processing of retirees' requests.

Recommendation No. 3 – For FMD to explore the possibility of entering into a MOA with other service providers/paying institutions aside from Link.BizPortal of Landbank to facilitate payments made by the retirees and establish a mechanism to determine right away the retiree who made the payment in lieu of the verification and reconciliation procedures.



Recommendation No. 4 – For SD, SO and FMD to explore the possibility of establishing a Cashiering Unit in the SO for inclusion in the preparation of PRA’s re-organization plan, if found feasible.

Recommendation No. 5 – For SD/SO in coordination with ICTD to establish a computerized RRF tracking system from receipt of the request for the issuance of RID cards up to the printing and issuance in order to capture the turn-around time (TAT) and compliance with the Citizen’s Charters of both HO and SO.

Recommendation No. 6 – For FMD in coordination with SD/SO and ICTD to update the RID requirement posted in the PRA website to include PRA’s preference to deposit payment thru LBP in Philippine peso and to attach the deposit slip or proof of remittance to the request, for fast validation and reconciliation.

The summary of the report is attached herewith as Annex “A”.

There being no other comments or clarifications from the Committee, Hon. Jumapao moved to approved the subject Observations and Recommendations, duly seconded by Hon. Gonzaga. The Committee likewise approved that the Observations and Recommendations shall be implemented within six (6) months from the issuance of the resolution and the authority of the IAD to monitor full implementation of the recommendations.

C. Annual Audit Plan with Corresponding Budget

The Internal Audit Committee presented to the Board Audit Committee the Annual Audit Plan and the corresponding budget for CY2025, pursuant to Section 8 of the Internal Audit Division charter. Attached herewith as Annex “B” is the Audit Area Profile of the IAD for CY2025.

There being no comments or clarifications from the Committee, Hon. Jumapao moved to approve the Annual Audit Plan and Budget of the Internal Audit Division, duly seconded by Hon. Gonzaga.



D. Updates on the Status of Implementation of Board Audit Committee-approved Audit Recommendations

For the information of the Board Audit Committee, the IAD presented the updates on the status of implementation of audit reports.

The report is hereto attached as Annex “C-1” and Annex “C-2” and was noted by the Board Audit Committee.

As to the status of the report on Billing and Collections, Hon. Gonzaga noted that only one (1) out of the forty-eight (48) recommendations was fully implemented, hence, it was questioned if the implementation of the other recommendations will be fast tracked.

Ms. Santos responded that it is expected that the PRA Management will act on this matter promptly since the result of the implementation will generate revenue for the PRA.

As to the issue on banking situation, Ms. Santos explained that this is with regard to PRA accredited banks who failed to pay management fees to the PRA. Ms. Santos reported that PRA has already requested for the intervention and assistance of the Office of the Government Corporate Counsel (OGCC) in the collection of management fees from non-compliant accredited banks.

Honorable Gonzaga requested for the list of these accredited banks so that BSP could assist PRA by referring the matter to the appropriate supervising department or sub-sector of the BSP.

E. Audit Work Programs for Ongoing Audit on: (a) Operations of Four Satellite Offices; and (b) Termination from the PRA Program for CY2023

For the information of the Board Audit Committee, the IAD presented the audit work programs for ongoing of the following:

- (a) Operations of Four Satellite Offices; and
- (b) Termination from the PRA Program for CY2023.



The report is hereto attached as Annex "D-1" and Annex "D-2" and was noted by the Board Audit Committee.

V. Adjournment

There being no further matters to discuss, the meeting was adjourned at 10:15 AM.

Prepared by:


ATTY. REYNA MAE DIRECTO-CABANGON
Board Secretary IV