



Audit Committee Meeting



INTERNAL AUDIT SERVICES

04 August 2022, Monday | KMBA Members' Center Bldg.





KMBA Audit Committee Meeting

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A G E N D A

- ☑ Internal Audit Reporting on KMBA IA Activities (1st and 2nd Quarter 2022)**
 - a. Spot Audit on KMBA Funds (Petty Cash Funds)**
 - b. Oversee Elections Process and Validate Results 2022**
 - c. KMBA KOINS Systems Audit on Membership Counts**
 - d. Payroll Management**







Spot Audit on KMBA's Petty Cash Funds



Audit Date: 08 March 2022

KMBA's PCF Custodian: Analyn Shih

Audit Result on Actual Cash Count:

Petty Cash Fund	Authorized Amount	FS Record (as of Feb. 28, 2022)	Overage/ (Shortage)
1. General Funds	P10,000.00	P10,000.00 (PCF- General Fund)	P0.00 (Tally) 
2. Building	P10,000.00	P10,000.00 (PCF- Building)	
3. BLIP Claims Fund	P2,000.00	P2,000.00 (COH Claims Fund)	P0.00 (Tally) 
4. HIIP Claims Fund	P10,000.00	P10,000.00 (PCF- HIIP)	P0.00 (Tally) 
Total	P32,000.00	P32,000.00	P0.00 (Tally) 



Spot Audit on KMBA's Petty Cash Funds



Audit Date: 08 March 2022

KMBA's PCF Custodian: Analyn Shih

Audit Result on Funds Management



The management quickly addressed and took corrective actions on the previous audit findings.



All funds were intact and properly managed. Good Practices that must be maintained:

- ☒ All PCF Accounts were properly recorded/ reflected on Fin. Statement.
- ☒ Regular cash count by Fin. Manager is practiced.
- ☒ Regular monitoring of fund balances thru logbook.
- ☒ Separate pouch used for each of the funds.
- ☒ Funds were properly safekeep inside the vault.
- ☒ All replenishments were properly documented.



Oversee KMBA Election Process and Results



Canvassing Date of Proxy Votes: 12 May 2022

KMBA Election: 31 May 2022

Audit Result



The conduct of the election adheres to its election guidelines and policy and also observed health and safety protocols.



The election results were accurate based on the validation made.



Thus, IAS report reflects the integrity of the whole election process.



KMBA KOINS Systems Audit on Membership Counts as of January 31, 2022



Audit Objectives:

- ☑ To assure that all members of K-COOP KOINS were accounted and tagged accordingly in KMBA Information Systems (KOINS).
- ☑ To test the integrity of KMBA KOINS in membership module particularly on member counts and categorization.



KMBA KOINS Systems Audit on Membership Counts



DATA* GATHERED:

KMBA		K-COOP	
Active Inforce Members	29,600	Active Borrowers	32,326
Active Lapsed Members	2,657	Admitted Members	74
Active Dormant Members	1,826	Inactive Members	139
Total Active Members	34,083	Pure Savers	8,586
+ Active MFI - Resigned MII Members	7,463	GK	806
+ Active Pending	331		
KMBA Total Members	41,877	K-COOP Total Members	41,931

KSO	# OF TOTAL MEMBERS
KMBA Total Members	41,877
K-COOP Total Members	41,931
VARIANCE	- 54
KSO	# OF MEMBER VARIANCE
KMBA	86
K-COOP	- 32
VARIANCE	54

KSO	Membership Categorization	KMBA		K-COOP	
		LIF & RF	Active	SC	Active
KMBA	Active Inforce Members	✓	✓	✓	✓
	Active Lapsed Members	✓ (lapsed)	✓	✓	✓
	Active Dormant* Members	✓ (lapsed)	✓	✓	✓
	GK*	✗	✗	✓	✓
	Active MFI- Resigned MFI Members	✗	✗	✓	✓
	Active Pending	✗	✗	✓	✓
KCOOP	Pure Savers	✓	✓	✓	✓
	Active Borrowers	✓	✓	✓	✓
	Admitted Members	✗	✗	✓	✓
	Inactive Members	✗	✗	✓	✓
	GK	✗	✗	✓	✓
*Dormant: >1 year lapsed in their insurance accounts, eg. December 2020 last payment					
*GK: Members who are 65 yrs. Old and above; not eligible to KMBA insurance					

*data were generated from KMBA KOINS and K-COOP KOINS as of 04 Feb. 2022



KMBA KOINS Systems Audit on Membership Counts



Audit Results:

☑ **86 accounts** were identified that have caused the data variance between KMBA KOINS and KCOOP KOINS. Details are as follows:

59 February new members
16 Duplicate accounts
1 non-existent
3 transferred accounts
7 other system errors

kmba koins

Query: S2TM03574

ID Number	Name	Branch	Center	Recognition Date	Type	Status
S2TM03574	TARROY, CEOFÉ, MATRE	Three Martires	GOMEZ		Regular	Active

kcoop koins

Query: S2TM03574

No members found

non existent member



Audit Results:

☑ REASONS/ FACTORS:

1. Time Elements -

- a. **Data transfer.** There is a 1day interval in the timing of posting of transaction between 2 systems particularly during month-end.
- b. **Enrollment Process.** Current Practice: In K-COOP, MF payment is made thru cash after PMES of its members. However, KMBA MF is deducted thru members' loans which is released 1 week at most after their PMES.
- c. **Withdrawals of Membership.** Current practice: KMBA members' funds (Equity Value LIF & RF) were validated and withdrawn ahead of time from K-COOP withdrawals of share capital.

2. System Errors

- a. Duplicate members accounts
- b. Transferred accounts



Audit Results:

☒ OTHER FINDINGS:

1. **No logs for Systems Errors.** According to KMBA IT, there were errors encountered during data transfer between the systems but no logs found that can serve as monitoring/tracking of system errors. However, those errors were corrected promptly.
2. **Wrong Coding of Membership categorization.**
 - a. In KMBA KOINS, all GK members, regardless of their status (resigned or active), were accounted as Active GK.
 - b. Transferred or cleared member accounts status in K-Coop due to splitting and transfer of SatO members were tagged as Active Pending in KMBA KOINS.

Audit Recommendations*:

- ☒ The Audit recommends that all identified errors in the KMBA KOINS in terms of membership count and categorization shall be corrected. Moreover, a monitoring log for system errors is recommended and be maintained for tracking and evaluation purposes of the system.

***As of checking (July 2022), all errors found were corrected and adjusted by the MIS on KMBA KOINS and placed corresponding controls in the system .*



Payroll Management Audit



Audit Scope: October 2021 - March 2022

Audit Objectives:

- ☑ The main objective of this Special Audit is to ensure that all processes related to KMBA's Payroll are in accordance with the following assertions: Occurrence, Completeness, Cut-off and Accuracy of reports.



Payroll Management Audit



AUDIT FINDINGS	RECOMMENDATIONS
<p><input checked="" type="checkbox"/> Daily Time Record</p> <p>a. Time-in and/or out</p> <ul style="list-style-type: none">- regardless of the actual time in of employees, the time record was fixed at 8am-5pm and 10:01am-5pm if time exceeds to 10am <p>Implication: It does not reflect the correct on and off hours of employees. Maintaining this system will cause weak internal control in monitoring the proper attendance of employees which has a direct impact on proper wages.</p> <p>b. Incomplete information</p> <ul style="list-style-type: none">- Incomplete data found in DTR 100 times. DTRs have blank parts where employees do not have time in/out or no written remarks stating its reasons.	<p><input checked="" type="checkbox"/> To strengthen internal control in the monitoring of employees' time in/out, KMBA can revisit KSO PR# 2018-003 and KSO MR# 2018-004. The K-Coop policy guideline on DTR process (KCOOP MR# 2018-125) may also be used as reference.</p> <p><input checked="" type="checkbox"/> The IAS recommends to observe Segregation of Duties in the payroll cycle for better control. (DTR production, preparation and review, payroll computation, approval, payout and reporting)</p>

Payroll Management Audit



AUDIT FINDINGS	RECOMMENDATIONS
<p><input checked="" type="checkbox"/> Service Charge</p> <p>A service fee amounting to P30.00 is charged every transaction made because the employees' bank accounts are different from payroll pay out bank account (eg. UB to BPI).</p>	<p><input checked="" type="checkbox"/> Service Charge</p> <p>The UB bank accounts of KMBA employees enrolled under KPF can be used during payroll pay out to remove the service charge.</p> <p>Potential Savings: P30.00 x 10 staffs x 24 payroll cut-offs = <u>Php 7,200.00 will be saved annually</u></p>

Salamat po!

