



KASAGANA - KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.

Audit Committee Meeting

Via zoom

16 February 2022 9:00am

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| <p>Present</p> <p>Board Committee Members</p> <ol style="list-style-type: none"> 1. Philip Arnold P. Tuaño 2. Maria Cleofe Gettie C. Sandoval 3. Alma D. Gilbaliga <p>Also Present:</p> <ol style="list-style-type: none"> 1. Clark Babor 2. Glen Gabriel Vargas 3. Silvida R. Antiquera 4. Evelyn A. Lagmay 5. Analyn A. Shih | <ul style="list-style-type: none"> - Chairperson, Independent Board Member - Committee Member, Independent Board Member - Committee Member, BoT Vice-President - Roxas Cruz Tagle and Co, Senior Audit Associate and Partner - Roxas Cruz Tagle and Co, Junior Associate - General Manager/Compliance Officer - Finance Manager - Exec. Assistant |
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| Topic | Discussion |
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| Call to Order | The meeting started at 9:00 am with a prayer. |
| Review of the Previous Minutes of the Meeting | The Committee reviewed the minutes of the previous meeting. It being subject to prior perusal, the committee unanimously approved the minutes. |
| Initial Findings of the External Auditor | <p>Senior Audit Associate, Clark Babor of Roxas Cruz Tagle and Co. presented to the committee the following observations during the audit. The matters being reported are limited to those deficiencies that they were identified during the audit and were concluded as sufficient importance especially for governance. In addition, had they performed an extensive procedures on internal control, they may have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not to be included in the report. He emphasize that the observations and recommendations taken up is to continuously assisting the management. Here are some of the list of observations that they were identified.</p> <ol style="list-style-type: none"> 1. Non-compliance on expected credit losses model of PFRS9 – It was observed that the Company has no formal policy for the recognition of an allowance for doubtful accounts. For the impairment of the Financial Assets, PFRS 9 established a 3 stage approach based on whether there has been a |



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| <p>KASAGANA - KA Mutual Benefit Association, Inc.</p> | <p>significant deterioration on the financial asset. They suggest to periodically update the receivables and investment from the related parties to initially recognized any allowance.</p> <p>2. Creditable withholding taxes – after validations of all creditable withholding taxes, it was noted that it has discrepancies from alphalist and certificates. They recommend to monthly monitor the received withholding tax returns (2307)</p> <p>Audit Chairperson, Philip Arnold Tuano, asked FM Evelyn regarding the observations and recommendations of the auditor. FM Evelyn noted and agreed to the recommendations and will see to it that the schedules are properly and regularly monitored.</p> |
| <p>Adjournment</p> | <p>There being no other matter to discuss, the meeting ended at 10:52 am.</p> |