



LBP LEASING AND FINANCE CORPORATION
(A LANDBANK Subsidiary)

BOARD RESOLUTION NO. 23-278

In the meeting of the Board of Directors of LLFC held on 28 December 2023 via Face-to-Face meeting and Zoom video-conferencing, during which a valid quorum was present, the following resolution was adopted by the Board:

Bd. Res. No. 23-278: CERTIFICATION OF ADEQUACY
- Confirmed


RESOLVED, as it is hereby resolved, that the Certification of Adequacy of LLFC Internal Control/Risk Management System, under such representations and considerations contained in the Memorandum for the Board dated 24 November 2023 be, as it is hereby CONFIRMED.


ATTY. REOS S. ANDARINO

Logged in User : ilramo@lbpleasing.com (02/01/2024)

LBP LEASING AND FINANCE CORP.
01 Feb 2024
CERTIFIED TRUE COPY

**LBP LEASING AND FINANCE CORPORATION****(A LANDBANK SUBSIDIARY)****MEMORANDUM**

FOR : The Board of Directors 
THRU : The Audit Committee
FROM : The Internal Auditor
SUBJECT : **Certification on the Adequacy of LLFC Internal Control, Risk Assessment and Governance**
DATE : **November 24, 2023**

Background:

The Governance Commission for GOCC requires, as part of the Corporate Governance Scorecard, that the annual report of LLFC shall contain a statement from the Board of Directors or Audit Committee on the adequacy of LLFC's internal control and risk management systems.

Results:

The Audit Committee has convened four (4) regular meeting and four (4) special meetings for CY 2023 as of November 28, 2023. Presented below is a summary of significant matters discussed during the 2023 Audit Committee meetings.

A. Operations Oversight:

The Internal Audit unit accomplishments for the year 2023 are summarized per attached Annex A.

The results of 2022 audit review were also presented to the Audit Committee in 2023 as follows:

1. Review of Information Technology Unit
2. Review of CSG - Administrative General Services
3. Status/Update of problematic and past due accounts

B. Compliance Oversight:

LBP-CCM presented their reports to the Audit Committee, as follows:

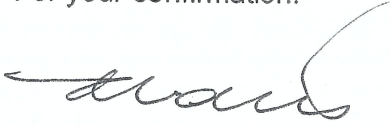
1. Regulatory Issuances for the period covering October 2022 to September 2023 and results of pre-testing
2. Periodic Compliance Testing (PCT) for the period January to June 2023
3. AML/CTFP Reports for the period October 2022 to September 2023

Based on the results of the review, the Internal auditor certifies that the internal control, risk assessment and governance of LBP Leasing and Finance Corporation are adequate and within the acceptable level.

Request:

A Board resolution certifying that the internal control, risk management systems, and governance of LBP Leasing and Finance Corporation are adequate and within the acceptable level with the policy formulation and compliance to regulatory issuances.

For your confirmation.



LUZ M. NARCISO
Head-Internal Audit Group

**ANNEX A – Accomplishment Report of Internal Audit Group
For Year 2023**

Area	Scope	Remarks
<p>AMG, CSG, RAMU, OGC</p>	<p>Lease and loan Operation: <ul style="list-style-type: none"> ❖ Account Generation ❖ Account Management ❖ Credit Assessment ❖ Account Servicing ❖ Remedial Accounts Management ❖ Legal Services </p>	<p>Noted. AuditCom Resolution No. 23-068</p> <p>No major exceptions noted but with recommendations to improve and strengthen internal controls, risk assessment and governance such as:</p> <ol style="list-style-type: none"> 1. A comprehensive and time-bound remedial action plan shall be set for every problem credit. An alternative course of action shall be identified in case initial strategies fail. 2. As a control risk owner, AMG should identify and initiate measures to modify the material and significant control risks based on the probability and impact. The materiality threshold and tolerance of risk should be determined. The materiality threshold and tolerance of risk should be addressed to determine the severity of the audit. 3. The Guidelines on Customer Profiling should be revised to align with LBP EO No. 67 and strictly adhere to the guidelines related to KYC and customer due diligence. 4. Relevant information must be immediately disseminated and communicated to the concerned personnel or unit to enable them to carry out their responsibilities effectively and efficiently. 5. Maintenance of internal control and records should be identified, captured, and communicated to appropriate individuals on a timely basis. Proper Turn-over should be implemented across the organization to easily track the transfer from one unit to another.

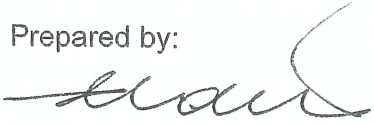
CLASS B

TSU	<p>Treasury Services:</p> <ul style="list-style-type: none"> ❖ Cashiering ❖ Fund Sourcing and Management ❖ PCF/Revolving Fund Management ❖ Custodianship and Safekeeping of PDCs, accountable forms and stock certificates ❖ AMLA reporting ❖ Investment and research Analysis 	<p>Noted. AuditCom Resolution No. 23-076</p> <p>No major findings except for the following recommendations for improvement.</p> <ol style="list-style-type: none"> 1. Timely coordination and immediate communication of significant information and changes that have an impact on management decision and report of other process owners. 2. Regular monitoring of checks issued and released to payees to determine stale checks for reversal. 3. The Accounting Unit prepares the necessary adjusting entries that affect the cash balances to ensure an accurate book balance prior to year-end.
IAO	<p>Revision of Internal Audit Manual and its attachment:</p> <ul style="list-style-type: none"> ❖ Revised Internal Audit Manual ❖ Revised Internal Audit Charter ❖ Revised Audit Committee Charter ❖ Revised Guide to Internal Audit Rating System ❖ Revised Internal Audit forms and templates 	<p>Approved. AuditCom Resolution No. 23-062</p>
AMG	<p>Open Audit Findings on the following accounts:</p> <ul style="list-style-type: none"> ❖ Total Power, Inc. ❖ Vibal Group Inc. ❖ Mediarchives ❖ RCJ Bus Lines ❖ DCD Construction Inc. ❖ Medical One Corporation ❖ Phil. Centennial Dev, Corp. ❖ Albur Broiler Dressing Plant 	<p>Noted. AuditCom Resolution No 23-061, 23-070, 3-071</p>
IAO	<p>2024 Internal Audit and Risk Assessment Plan</p>	<p>Approved. AuditCom Resolution No. 23-077</p>
MSU	<p>Management Services:</p> <ul style="list-style-type: none"> ❖ Corporate Planning and Performance Monitoring ❖ Facilitation of Board and board-level Committee meetings ❖ Facilitation of Compliance to Corporate Governance requirements 	<p>For presentation to November 28, 2023, Audit Committee meeting.</p>

CLASS B

	<ul style="list-style-type: none">❖ Secretariat function for the Credit Committee❖ Quality Management System functions❖ Other Management services functions	
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Prepared by:



LUZ M. NARCISO
Head – Internal Audit Group