



CY 2019 Performance Report of the Audit Committee

In 2019, the Audit Committee (AudCom) confirmed the audit reports on the following core and support processes, and issued additional directives pertinent thereto for Management's action: unpaid claims; accrual, estimation and recording of benefit claims; anti-fraud functions; process of restating the 2017 income statement; point-of service (POS); medical prepayment review; implementation of claims processing and health care relations-health care provider performance system (HCP PAS) and claims validation; member enrolment; all case rates on top three rates—support value; cashiering functions; HCI Portal; accreditation, claims and monitoring of health care providers processes; employer accounts; and disposal of unserviceable properties.

The audit recommendations on the aforesaid reports that the Management is bound to implement aimed to improve the existing controls in PhilHealth's policies and processes, resolve issues that hounded the Corporation (i.e. spurious dialysis claims, the 2017 financial "loss" that has since been rectified, alleged debt to private hospitals and a fraud case of a neurologist in Mindanao), and prevent the same from recurring.

Cognizant of risk oversight issues that do not fall within its purview, the AudCom suggested presentation of the following topics before the Risk Management Committee: pending bills in the Congress that may impact PhilHealth, security measures of IT systems and software, portfolio management strategies for CY 2019 investments, and projected cash flow.

Likewise, in compliance with good governance conditions, it reviewed the August 2019 financial statement and cleared, through ad referendum, the June 2019 and September 2019 income statements prior to submission to the Board for approval.

Due to the pressing need to accommodate priority audit areas, the Committee amended the Financial Audit Department's Internal Audit Strategic Plan for CY 2020 to include the following: disaster recovery and business continuity, process of handling of complaints, anti-fraud program, case build-up process, risk management process, crisis communication plan, and IT procurement.

One of the key discussions centered on multi-role user accounts—system accounts assigned to users or staff to enable them to perform more than one role (may either be within one system or different systems). The Committee, then, requested that a comprehensive analysis of all multi-role user accounts in all PhilHealth Regional Offices (PRO) be endorsed to the Management for appropriate action and, as an anti-fraud measure, directed the deactivation of these accounts to ensure that only the personnel's main function is retained, or, if not permissible due to lack of manpower, that the functions are non-conflicting in nature. This has resulted in the issuance of the policy on the Access to Several Application Systems and Assignment of Multiple Role Accounts which intends to avert potential fraud within PhilHealth's own ranks by providing a whitelisting of allowed combination of roles.

Further, the Committee instructed the Internal Audit Group to apply the identified financial metrics to high-risk audit engagements and to conduct a special audit of the auto credit payment scheme.

The Committee also approved the designation of Evelyn B. Sanchez as OIC-Chief Auditing Systems Specialist, and the recall of: Ms. Leila S. Tuazon to the Operations Audit

Department as its new Acting Senior Manager; and both Atty. Michael Troy A. Polintan and Arthur S. Cruz to the Protest and Appeals Review Department.

Committee members attended the Internal Audit Summit for Areas III and IV in Quezon City in November. They heard out operational issues and concerns of PRO delegates and participated in discussions relative to the pivotal shift from PhilHealth’s traditional compliance audit to the risk-based audit approach.

Dep. Treas. Ma. Sharon P. Almanza (BTr, and permanent representative of Finance Secretary Carlos F. Dominguez III) currently serves as the chairperson of the AudCom. By the end of CY 2019, other members comprising the committee are Usec. Roger P. Tong-an (DOH), Dir. Carmencita P. Mahinay and Dir. Atty. Ryan S. Lita (DBM), Alejandro L. Cabading, CPA (Expert Panel), Dr. Maria Graciela G. Gonzaga (Expert Panel) and BGen. Marlene R. Padua (Health Care Providers Sector).

The tables below show the dates of Audit Committee meetings that were held in CY 2019 and the attendance of each member:

Audit Committee Meetings Conducted

No.	Date
1	February 12, 2019
2	April 30, 2019
3	August 13, 2019
4	October 18, 2019
5	November 19, 2019

Attendance of Audit Committee Members

Current Members	Agency/ Sector	2/12	4/30	8/13	10/18	11/19	Total
1. Dep. Treas. Ma Sharon P. Almanza	DOF/BTr	✓	✓	✓	✓	✓	5/5
2. Usec. Roger P. Tong-an	DOH				✓		1/2
3. Dir. Carmencita P. Mahinay	DBM					✓	2/2
Dir. Ryan S. Lita					✓		
4. Alejandro L. Cabading, CPA	Expert Panel			✓	✓	✓	3/3
5. BGen. Marlene R. Padua, AFP (Ret)	Health Care Providers Sector					✓	1/1
6. Dr. Maria Graciela G. Gonzaga	Expert Panel				✓	✓	2/2

Former Members	Agency/ Sector	2/12	4/30	8/13	10/18	11/19	Total
1. Dr. Lilibeth C. David	DOH	✓	✓				2/3
2. Dr. Anthony C. Leachon	Ind. Director, Monetary Board	✓					1/1
3. Dr. Joan Cristine Liban-Lareza	Health Care Providers Sector	✓	✓				2/2
4. Dr. Roberto M. Salvador, Jr.	Formal Economy Sector	✓	✓				2/2
5. Dr. Celestina Ma. Jude P. De la Serna	Overseas Filipino Workers Sector	✓	✓				2/2
6. Rex Maria A. Mendoza	Ind. Director, Monetary Board		✓				1/1
7. Dr. Jack Domingo G. Arroyo	Elected Local Chief Executives		✓				1/1
TOTAL		6/6	7/7	2/3	5/5	5/6	

Note: Dark blue fields denote that the member was not yet or no longer on board at the time of the meeting.

