

# **UCPB Savings Bank, Inc.**

## **Audit Committee 2024 Accomplishment Report**

The Audit Committee effectively carried out its responsibilities during Calendar Year 2024 in accordance with the duties and authorities defined in its Board-approved Audit Committee Charter. In fulfilling its mandate, the Committee supported the Board of Directors in the exercise of its statutory and fiduciary responsibilities, particularly in ensuring the integrity of the Bank's financial reporting, strengthening internal control systems, and promoting sound governance and risk management practices.

Throughout the year, the Committee maintained close coordination with Management, the Internal Audit Division (IAD), and the Commission on Audit (COA). These engagements enabled the Committee to actively oversee financial, operational, and compliance matters, and to ensure that emerging risks and operational issues were appropriately addressed.

The Committee conducted its regular meetings during the year and held discussions with relevant stakeholders, including external auditors, on matters relating to the Bank's financial reporting and governance framework. The Committee likewise confirmed that the internal audit function continued to operate with independence, appropriate authority, and sufficient organizational support to effectively carry out its mandate.

In the performance of its oversight responsibilities, the Audit Committee provided guidance and direction to the Internal Audit Division in implementing its approved audit plans and programs. The results of these audit engagements contributed to Management's ongoing efforts to strengthen the Bank's governance framework, risk management processes, and internal control systems.

This report summarizes the key actions and activities undertaken by the Audit Committee from January to December 2024 in fulfilling its oversight responsibilities over the Bank's internal control and compliance systems, internal audit and assurance processes, financial reporting, risk management, and corporate governance.

### **I. Summary of 2024 Audit Committee Accomplishments**

#### **1. Review of Financial Statements**

The Committee reviewed and discussed with Management and the Commission on Audit (COA) the Bank's year-end Audited Financial Statements (AFS) and the related disclosures. After its review, the Committee endorsed the 2024 AFS to the Board of Directors for approval.

Management remained responsible for the preparation and fair presentation of the Bank's financial statements and the adequacy of disclosures in accordance with Philippine Financial Reporting Standards (PFRS), while COA was responsible for expressing an independent opinion on the AFS.

#### **2. Review of Internal Audit Results**

The Committee reviewed and noted Internal Audit reports covering assurance engagements, consulting services, special audits, fraud investigations, and other audit activities conducted by the Internal Audit Division.

Through these reviews, the Committee ensured that identified control weaknesses, policy deviations, and regulatory compliance issues were addressed by Management through appropriate corrective actions.

### 3. Approval and Oversight of Internal Audit Plans

The Committee reviewed and approved the Internal Audit Division's annual work plans, including recalibrated short-term audit plans anchored on the approved long-term audit plan.

These plans ensured that audit coverage remained responsive to emerging risks, operational developments, and regulatory expectations. The Committee likewise monitored the implementation of these plans throughout the year.

### 4. Monitoring of Management Action Plans

Through the Internal Audit Division, the Committee monitored the implementation of Management's action plans on audit findings.

This strengthened the process for monitoring corrective actions and ensured that operational issues and control weaknesses identified in branches, head office units, IT units, processes, and information systems were addressed in a timely manner.

### 5. Review of Internal Audit Governance Reports

The Committee reviewed and noted several governance and internal audit reports submitted by the Internal Audit Division, including:

- Internal Audit Annual Report
- Internal Audit budget
- Semestral Internal Audit accomplishment reports
- Summary of common audit exceptions and risk exposures
- Declaration of Organizational Independence

These reports provided the Committee with independent assurance on the effectiveness of the Bank's governance, risk management, and internal control systems.

### 6. Oversight of Internal Audit Activities and Coverage

The Committee monitored the Internal Audit Division's ongoing audit engagements across the Bank's operations, including branch banking units, head office units, and IT systems.

The Committee likewise reviewed updates on the progress and completion of audit engagements and ensured that high-risk areas received appropriate audit coverage.

### 7. Assessment of Internal Audit Effectiveness

Based on the most recent Bangko Sentral ng Pilipinas (BSP) Report of Examination, the Bank's internal audit function continued to be rated "Acceptable," reflecting its effectiveness in providing independent assurance that the Bank's governance, risk management, and internal control systems were operating as intended.

The Committee likewise reviewed the adequacy of the Internal Audit Division's resources, staff competencies, and organizational capacity to carry out its mandate effectively.

#### 8. Strengthening Audit Focus on High-Risk Areas

The Committee identified and assessed high-risk areas requiring additional audit attention. This included approving special audit projects and supporting enhancements in audit methodologies, including updates to Audit Program Guides and the alignment of UCPBS Internal Audit practices with those of the LANDBANK Internal Audit Group.

#### 9. Oversight of Regulatory Commitments and AML Audit Matters

The Committee monitored updates from the Internal Audit Division on validation activities related to the Bank's commitments to the Bangko Sentral ng Pilipinas.

The Committee likewise provided guidance on the reporting and presentation of Anti-Money Laundering (AML) audit findings to the Bank's Anti-Money Laundering Committee.

#### 10. Oversight of Operational and Legal Updates

The Committee received updates from Management and relevant units on operational matters, including Real and Other Properties Acquired (ROPA) and other asset management concerns.

The Committee also noted updates from the Legal Services Division on court cases related to special audit engagements and fraud investigations conducted by the Internal Audit Division.

#### 11. Review of Internal Audit Annual Report and CAE Assurance Opinion

The Committee reviewed and noted the Internal Audit Annual Report submitted by the Chief Audit Executive covering the Internal Audit Division's activities for the year. The report provided the CAE's independent assessment of the adequacy and effectiveness of the Bank's governance, risk management, and internal control systems based on the results of audit engagements conducted during the year.

The Committee noted that Internal Audit continued to provide objective assurance and valuable insights that contributed to the strengthening of the Bank's internal control environment and governance practices.

## **II. Conclusion**

Through these initiatives, the Audit Committee continued to promote transparency, accountability, and sound governance practices within the Bank. The Committee remains committed to strengthening its oversight role to ensure that the Bank's internal control environment, risk management processes, and governance structures remain effective and responsive to the evolving banking environment.