

PHILIPPINE RECLAMATION AUTHORITY

AUDIT PLAN

1.OBJECTIVES

- Determination of the extent of conformity with the defined criteria
- Evaluation of capability of QMS to ensure compliance to legal requirements
- Evaluation of effectiveness of the QMS to meet its objectives
- Identification of areas for improvement

2. SCOPE

- Management, Core and Support processes of the PRA QMS
- 2017 transactions
- Evidence of addressing ISO 9001:2015 QMS implementations is on-going.

3. PROCESS OWNERS AND FREQUENCY

DATE AND TIME	PROCESS/ACTIVITY	FUNCTIONAL AREA/AUDITEE	AUDITOR	CRITERIA (REFERENCE)	APPLICABLE ISO 9001 REQUIREMENT
Dec. 5, 2017					
8AM – 9:15AM	OPENING MEETING	ALL			
	AUDIT PROPER				
9:15-10:15AM		Chairman/BOD, Office of the General Manager and CEO, Corporate Planning & MIS	<ul style="list-style-type: none"> • DM Diomedes M. Tan – Team Leader • OIC DM Rolando V. Majadas - M • Mr. Ferdinand O. Paaco - M • Ms. Aprilee M. Mena - TE 	Clause 5 Scorecard Compliance to existing rules and regulations	Clause 5 Leadership (5.1.1, 5.1.2, 5.2) Clause 4 Context of Organization (4.4) Clause 6 Planning for the QMS (6.1, 6.2, 6.3) Clause 7 Support (7.1.1, 7.1.5, 7.1.6, 7.3, 7.4) Clause 9 Performance Evaluation (9.1, 9.3)

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					Clause 10 Improvement (10.1, 10.2, 10.30)
9:15-10:15AM		Marketing and Estates Management	<ul style="list-style-type: none"> • DM Floro C. Urcia – Team Leader • DM Chona T. Flores - M • Ms. Carmen Hyacinth Montana - TE • Ms. Aya Karlota Joson - M 		Clause 7 Support (7.1.5, 7.1.6, 7.3, 7.4) Clause 8 Operation Clause 9 Performance Evaluation (9.1, 9.1.2) Clause 10 Improvement (10.1, 10.2, 10.30)
10:15-11:15AM		Reclamation and Regulation	<ul style="list-style-type: none"> • DM Celestino A. Custodio - TL • DM Johanna M. Gargantiel - TE • Div. Mgr. Edwin B. Berce - TE • Ms. Maria Lourdes Gabionza - M • Mr. Erich Arpafo- M 		Clause 7 Support (7.1.4, 7.1.5, 7.1.6, 7.3, 7.4) Clause 8 Operation Clause 9 Performance Evaluation (9.1, 9.1.2) Clause 10 Improvement (10.1, 10.2, 10.30)
10:15-11:15AM		Land Development, Construction Management and Technical Services	<ul style="list-style-type: none"> • Div. Mgr. Anita M. Bruno - TL • Div. Mgr. Aristeo A. Legion - M • Mr. Lyndeen John Deloria – M • DM Mario C. Bardeloza - TE 		Clause 7 Support (7.1.5, 7.1.6, 7.3, 7.4) Clause 8 Operation

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					<p>Clause 9 Performance Evaluation (9.1, 9.1.2)</p> <p>Clause 10 Improvement (10.1, 10.2, 10.30)</p>
11:15AM – 12:15PM		<p>Legal and Administrative Services Office and Special Projects, Joint Ventures & Subsidiaries</p>	<ul style="list-style-type: none"> • Div. Mgr. Niza L. Catulong- M • AGM Joseph John M. Literal - TL • OIC Div. Mgr. Rachele Gumarang - M • Div. Mgr. Nancy L. Bueno - M 		<p>Clause 7 Support (7.1.2, 7.1.3, 7.1.4, 7.1.5, 7.1.5.2, 7.1.6, 7.3, 7.4, 7.5)</p> <p>Clause 9 Performance Evaluation (9.1, 9.1.2)</p> <p>Clause 10 Improvement (10.1, 10.2, 10.30)</p>
11:15AM – 12:15PM		<p>Finance</p>	<ul style="list-style-type: none"> • SACH Jeanelle C. Lee - TE • DM Eduardo E. Destura - TL • Ms. Merlina Villamor - M • Mr. Alan Calingasan - M 		<p>Clause 7 Support (7.1.5, 7.1.6, 7.3, 7.4)</p> <p>Clause 9 Performance Evaluation (9.1, 9.1.2)</p> <p>Clause 10 Improvement (10.1, 10.2, 10.30)</p>
	WRITING FINDINGS				
	CLOSING MEETING	ALL			

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AUDIT PROGRAM**

3. AUDITOR COMPETENCE		AUDITOR RESPONSIBILITIES	
3.1 QUALIFICATION <ul style="list-style-type: none"> TENURE OF SERVICE- 3 MONTHS OF SERVICE TO PRA OR ATLEAST 3 MONTHS AS AUDITOR FROM PREVIOUS ORGANIZATION EDUCATION –BACHELORS DEGREE (ANY COURSE) TRAINING-ISO 9001:2015 QMS, QMS AUDIT 		1. Team Leader- 2. Member- 3. Observer- 4. Technical Expert-	
3.2 POOL OF AUDITORS			
Name	Designation	Functional Area	

4. AUDIT METHODOLOGY
<ul style="list-style-type: none"> Checklist Interview Sampling approach Verification

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AUDIT PROGRAM**

5. AUDIT ACTIVITIES

- Planning the audit
- Opening Meeting
- Data gathering
- Reporting
- Closing Meeting
- Follow-up

6. AUDIT EVALUATION AND CONTINUAL IMPROVEMENT

- KPI
- Auditee Feedback
- Development Areas

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SUMMARY OF AUDIT FINDINGS**

SUMMARY OF AUDIT FINDINGS																		
	Chairman/BOD, Office of the General Manager and CEO, Corporate Planning & MIS Marketing and Estates Management Reclamation and Regulation			Marketing and Estates Management			Reclamation and Regulation			Land Development, Construction Management and Technical Services			Legal and Administrative Services Office and Special Projects, Joint Ventures & Subsidiaries			Finance		
SCOPE	Chairman/BOD, Office of the General Manager and CEO, Corporate Planning & MIS			<ul style="list-style-type: none"> Estates Management and Development Processes All past transactions Evidence of ISO 9001:2015 implementation and compliance to Marketing and Estates Management Procedures, CA 141, COA Guidelines and other issuances			Reclamation and Regulation Office			Land Development, Construction Management and Technical Services			Legal and Administrative Services Office and Special Projects, Joint Ventures & Subsidiaries			Finance		
AUDIT TEAM	Leader: DM Diomedes Tan Member: OIC DM Rolando Majadas Mr. Ferdinand Paaco Ms. Aprilee Mena			Leader: DM Floro C. Urcia Member: DM Chona T. Flores Ms. Carmen Hyacinth Montana Ms. Aya Karlota Joson			LEADER: DM CELESTINO A. CUSTODIO MEMBERS: DIV. M. EDWIN B. BERCE ATTY. MARC GREGORY M. SOLANO MS. MARIA LOURDES S. GABIONZA MR. ERICH P. ARPAFO			Leader: DM Mario C. Bardeloza Members: Aristeo A. Legion Lyndeen John Deloria			LEADER: AGM JOSEPH JOHN M. LITERAL MEMBERS: DM NIZA CATULONG Div M NANCY L. BUENO ENGR. RACHELLE M. GUMARANG			LEADER: Engr. Eduardo E. Destura TEAM MEMBERS: Atty. Jeanelle C. Lee Ms. Merlina A. Villamor Mr. Allan Jewel S. Calingasan		
AUDIT DATE AND TIME	December 5, 2017 9:15 – 10:15AM			December 5, 2017 9:45-11:15			DECEMBER 05, 2017, 10:15-11:15AM			December 5, 2017 / 10:25-11:140AM			DECEMBER 05, 2017, 11:20AM-12:30PM			DECEMBER 5, 2017/ 11:15 AM TO 12:15 PM		
PROCESS/ES COVERED	Planning and Risk Assessment Performance Evaluation			<ul style="list-style-type: none"> Titling (from beginning until Mancom & Board approval) Consolidation/Subdivision of PRA Properties Disposition of PRA Reclaimed Lands			TITLING PROCESS			Implementation Phase of an Infrastructure Project			Procurement Management			REMITTANCE OF DIVIDEND		
LIMITATIONS (PROCESS NOT COVERED)	Stakeholders Management, Communication Management, Compliance Management, Policy Formulation, IT Management			<ul style="list-style-type: none"> Titling (from submission to DENR until end) Securing PRA properties Preparation of Business Plan Maintenance of PRA Properties Relocation and implementation of socio economic programs for families affected by reclamation projects			Land Reclamation: <ul style="list-style-type: none"> Evaluation Stage Bidding Out the Reclamation Project Stage Implementation Stage 			<ul style="list-style-type: none"> Stakeholder Management Legal Services General Services Human Resource and Management Documentation and Records Management 			Automation of Property Office Supplies and Request for Common Supplies			Full payment of dividend before the Dividend's Day		
COMMENDABLE PRACTICES	Complete attendance of top management in the annual conduct of Strategic Corporate Planning and Mid-year Assessment.						<ul style="list-style-type: none"> Establishment of a data system for ongoing applications for titling that is readily available Based on the request of rro, recommends to hr the additional employee requirements beyond the set minimum qualification standards 											
CONFORMITIES:	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT
	PRA considered internal and external issues affecting interested parties in formulating the plans and objectives of organization	2017 Planning issues (Minutes of meetings, Summary of issues)	Clause 4.1 Context of organization	Their quality objectives are stated in their process flowchart.	Flowchart on Estates Development and Management	Clause 6.2 - The organization shall establish quality objectives at relevant functions, levels and processes needed for the QMS.	RRO endorses the complete set of documentary requirements to DENR as part of their CSW to initiate the titling process.	Endorsement Letter and its supporting documentary requirements addressed to DENR for the ONRI Reclamation Projects in Badoc, Ilocos Norte.	DENR DAO 2016-21	Complied with the RA 9184 as the project cost more than Php1M	Sample project "Roxas Canal" project cost Php 89.8M Bidding done on January 8, 2009 Construction Agreement between PRA and JD Legaspi Construction	RA 9184	Compliance with COA Value for Money Audit	Letter request form COA Admin letter to COA submitting the PRA Procurement System/Flowchart	COA Value for Money Audit particularly on procurement process for petty cash and small value	Submission of unaudited FS to COA as basis of dividends declaration, to be approved later by the Board	Unaudited FS, Board Resolution	Board-approved unaudited FS
	PRA considered risks and opportunities	2017 Planning issues (Minutes of meetings,	Clause 6.1 Actions to address risks and opportunities	BREDCO Disposition Request and TOR are duly approved by	Board Resolution No. 4777 series of 2017, Board approval dated 10-18-2017	COA Circular 89-296 Section 4. Authority or Responsibility for Property Disposal/ Divestment -	RRO safeguards the issued titles and special patents by transmitting	Transmittal memo to the PRA Treasury Department of 66 TCT's from OCT	PRA's Policy	Complying with DPWH DO 22 series of 2015	Canvass forms Computation of ABC or project cost estimate	DPWH DO 22 series of 2015	Procurement id compliant with RA 9184 and	BAC Resolution/TWG Endorsement	RA 9184 and COA Rules and Regulations			

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SUMMARY OF AUDIT FINDINGS**

	ties that were extensively discussed and strategies formulated	Summary of issues)		the BOD.		Pursuant to existing laws on the matter, the full and sole authority and responsibility for the divestment or disposal of property . . . shall be lodged in the . . . managing heads of government-owned or controlled corporations . . .	the original copies of the OCT's and Special Patents to the PRA Treasury Department in accordance with the PRA policy	P99 for Bredco Reclamation Projects.			of Roxas Canal Project		COA Rules and Regulations					
				Letter from requesting Office/Unit was received.	PAGCOR letter of request dated 6-5-14	Flow Chart for Consolidation/Subdivision of PRA Properties begins with Request for Consolidation/Subdivision.	RRO generates additional revenue for PRA through applicant's payment of filing and processing fees for every application filed.	Official Receipt #014080 in the amount of P3,243,665.61 paid by applicant Vicente Tan.	AO 2005-1	Operational planning and control - Complied with APP and ABC	Annual Procurement Plan Project cost estimates	Clause 8.1, para. Determining the requirements of products and services	Awareness of the unit's processes and quality objectives	People (Auditee)	Clause 7.3 of the QMS The organization shall ensure that persons doing work under the organization's control are aware of the quality policy, relevant quality objectives, etc.			
				Responsibilities and authorities for the disposition of PRA properties are properly identified.	PREBAC composition defined as per Office Order 55 series of 2016 and Office Order 59 series of 2013	Clause 8.3.2(d) – In determining the stages and controls for design and development, the organization shall consider the responsibilities and authorities involved in the design and development process.	RRO observes the minimum qualification standards for every plantilla position within their Office.	Valid PRC license #93991 (Civil Engineer) for the position of Project Management Officer A	CSC Approved PRA's Qualification Standards	Communication with stakeholders	Email dated October 23, 2017 from Mr. Fernando Cunanan regarding Asia World Building Rules and Regulations	Clause 8.2 Customer communication						
				Contracts are ensured to be complete and accurate through revisions within the department and outside through the Legal Department, GMO and BOD.	BREDCO TOR Revision History	Clause 8.2.3.1 - The organization shall conduct a review before committing to supply products and services to a customer.	RRO maintains a readily available database of PRA Board approved projects for issuance of Presidential Proclamation as a tool to monitor the status of the application of each project.	List of PRA Board Approved Projects	Clause 7.1.5.2 Measurement Traceability	Measurement traceability	Calibration report	Clause 7.1.5.2 para. Measuring equipment calibrated or verified						
				Internal memo/request, complete with attached TOR are submitted to the PREBAC.	Internal memo/request dated 9-28-17 and attached TOR	Flowchart on Disposition of PRA Reclaimed Lands - TOR and draft contract are submitted to PREBAC for review/deliberation.												
				BREDCO TOR and program	Receiving copy of letter to COA dated	COA Circular No. 86-264 Section 4.12 -												

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				of disposal are submitted to COA 22 days before the bidding advertisement. The Inventory and Appraisal Reports are submitted prior and the disposal procedure used is CA 141.	October 18, 2017 Attached BREDCO TOR and program of disposal Inventory and Appraisal Reports are submitted prior, as mentioned by auditee	Furnish the COA Auditor at least twenty (20) days before the advertisement of call to public auction/bidding, with a copy each of the following: (a) the program for disposal of assets with time schedules; (b) Inventory Report showing the itemized list and complete description of the assets to be disposed; (c) Appraisal Report showing the appraised values of the assets for sale; and (d) disposal procedures adopted. (if any, as per Section 4.1.1.a.iv)												
				BREDCO bidding is advertised in 3 major newspapers for 6 consecutive weeks.	Advertisements in Philippine Star, The Visayan Daily Star and Sunstar Publishing, Bacolod City on November 9, 15, 21 and 27 and December 3 and 10	CA 141 Chapter 4 Section 24 - The Director of Lands shall announce the sale (also applies to lease, as per Chapter 5, Section 34) thereof by publishing the proper notice once a week for six consecutive weeks in the Official Gazette, and in two newspapers one published in Manila and the other published in the municipality or in the province where the lands are located, or in a neighboring province.												
				Queries from interested bidders are gathered through the PRA website and phone.	Website and phone numbers published within (a) the Invitation to Apply for Pre-Qualification and Participate in the Public Bidding for Bredco and (b) advertisements in Philippine Star, The Visayan Daily Star and Sunstar Publishing, Bacolod City on November 9, 15, 21 and 27 and December 3 and 10	Clause 8.2.1(b) - Communication with customers shall include handling enquiries, contracts or orders, including changes.												

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				Two (2) bidders are required for bidding to commence.	Condition of at least 2 bidders as per BREDCO TOR	DBM Manual on Disposal of Government Properties Section I(b) - Bidding may be declared unsuccessful if only one bidder submitted a bid tender for each lot.												
				Payments are monitored regularly and no problems are encountered as of the audit.	Status on Sales & Leases	Clause 8.5.1(c) - The organization shall implement production and service provision under controlled conditions, including the implementation of monitoring and measurement activities at appropriate stages to verify that criteria for control of processes or outputs, and acceptance criteria for products and services have been met.												
				Risks are identified for the major processes.	Risk and Opportunity Registry submitted to DAP on December 2017	Clause 6.1.1 - When planning for the QMS, the organization shall consider (the issues referred to in 4.1 and the requirements referred to in 4.2 and) determine the risks and opportunities that need to be addressed.												
				Actions to mitigate risks are identified and contingency plans are formulated.	Risk and Opportunity Registry submitted to DAP on December 2017	Clause 6.1.2 - The organization shall plan actions to address (these) risks and opportunities.												
NON-CONFORMITIES:	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT
	-NONE-			Some requests/instructions were only given verbally, which is not consistent with the process flowchart.	Lack of written communication, as mentioned by auditee	Consolidation/Subdivision Process Flowchart - The request for consolidation/subdivision should be referred to the Survey and Titling Division through written request.	None	None	None	Absence of documented process or manual	Flowchart submitted did not reflect their actual process	Clause 7.5.1 par b. Documented information determined by the organization as being necessary for the				n/a	n/a	n/a

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OPPORTUNITIES FOR IMPROVEMENT:	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	effectiveness of the QMS	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT	FINDINGS	OBJECTIVE EVIDENCE	REQUIREMENT
	The planning exercise seriously consider all other sources of revenue pursuant to its mandate due to decreasing income vis-à-vis increasing operational expenses of the organization		PD 1084	You may consider review and revision of the conditions within the TOR prior to recommendation to the Board for rebidding as additional contingency in case of failed bidding.	The flowchart does not include the review and revision of relevant conditions of the TOR in case of failed bidding.	Clause 7.5.2 - When creating and updating documented information, the organization shall ensure appropriate review and approval for suitability and adequacy.	None	None	None	Uncertainty / lack of knowledge on the origin of the "Roxas Canal" project	Result of interview	Clause 4.2 Understanding needs and expectations of interested parties						
	The planning exercise be able to formulate strategies on how to establish a fast lane for issuance of Presidential Proclamation and Special Patent (DENR to OP) for reclaimed lands in order to achieve the desired targets and increase revenues.	As mentioned by Auditee	PD 3-A/1084	You may consider finalizing your process flowcharts and seeking approval from the appropriate authority to establish the flowchart as an official document.	The process flowcharts are not signed/official.	By-Laws of the PRA/PEA November 17, 1977 Section 10 – Powers of the Board				Absence of risk registry and its counter measures	Result of interview	Clause 5.1.2 par. b Customer focus risk and opportunities that can affect the conformity of products and services and the ability to enhance customer satisfaction						
				You may consider adopting an Asset Disposition Policy for PRA.	The policy being used for asset disposition is only CA 141, as mentioned by auditee.	COA Circular No. 86-264 Section 1 – These guidelines shall govern the general procedure on the divestment or disposal of assets of												

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						GOCCs and their subsidiaries, which shall be supplemented by specific procedures as may be adopted by the corporation concerned.													
				You may consider continuing your efforts to implement the flowcharts to standardize your processes.	Some activities within the flowcharts are not yet implemented, as mentioned by the auditee.	Clause 4.4.1 - The organization shall establish, implement, maintain and continually improve a QMS, including the processes needed and their interactions.													
				You may consider keeping agenda and minutes of meetings as documented information.	Process flowcharts and procedures are disseminated to staff through meetings but there are no documented information as reference.	Clause 7.1.6 - Organizational knowledge shall be maintained and be made available to the extent necessary.													
				You may consider referring consolidation /subdivision requests to EMD regularly.	Some requests for consolidation/subdivision are not referred to EMD, as per auditee.	Flow Chart for Consolidation/Subdivision of PRA Properties – The Assistant General Manager refers the request to EMD for appropriate action.													
				You may consider creating a TOR template to facilitate the drafting of TORs and to standardize their general content.	No TOR template used, as per auditee.	Clause 8.3.3 - The organization shall determine the requirements essential for the specific types of products and services to be designed and developed.													