



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines
CORPORATE GOVERNMENT AUDIT SECTOR
Cluster 1 –Banking and Credit

Overseas Filipino Bank, Inc.
A Service Unit of Landbank
OFFICE OF THE PRESIDENT
Received by: *Mary Calacasan*
Date: *June 29, 2022*
Time: *2pm*

June 28, 2022

THE BOARD OF DIRECTORS

Overseas Filipino Bank, Inc.
Manila

Gentlemen:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith the Auditor's report on the results of audit of the accounts and transactions of the Overseas Filipino Bank, Inc. (OFB) for the years ended December 31, 2021 and 2020.

The report consists of the Independent Auditor's Report, Audited Financial Statements, Observations and Recommendations, and the Status of Implementation of Prior Years' Audit Recommendations.

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of the OFB for the years ended December 31, 2021 and 2020.

The significant observations and recommendations that need immediate action are as follows:

1. The faithful representation of the balance of Accrued Expenses account amounting to P44.873 million as at December 31, 2021 was not established due to unreconciled variance of P11.292 million between the payable to Land Bank of the Philippines (LBP) in OFB books and receivable from OFB in LBP books.

We recommended and Management agreed to reconcile the variance between the payable to LBP in the OFB books and the receivable from OFB in LBP books, and prepare the necessary adjusting entries to correct the balances of the Accrued Expenses and other affected accounts as at December 31, 2021.

2. The faithful representation of the balance of Miscellaneous Assets account amounting to P 10.839 million as at December 31, 2021 was not established due to the inclusion of assets amounting to P3.051 million not supported with documents to ascertain its existence.

We recommended and Management agreed to: (a) Sustain representation efforts and other appropriate actions taken for the refund to OFB of the payments of security deposits and advance rentals to the lessors and utility companies amounting to P3.051 million; and (b) Assess the recoverable amount of the advance rentals and recognize impairment loss, if any, pursuant to PAS 36, *Impairment of Assets*, to faithfully represent the balance of Miscellaneous Assets account as at December 31, 2021; and (c) Perform the necessary procedures for the disposition of non-existing/missing properties included under Miscellaneous Assets pursuant to COA Circular No. 2020-06 dated January 31, 2020.

The other audit observations together with the recommended courses of action, which were discussed by the Audit Team with concerned Management Officials and staff during the exit conference conducted on May 30, 2022, are presented in Part II of the report.

In a letter of even date, we requested the President and CEO of OFB that the recommendations contained in Parts II and III of the report be implemented and that this Commission be informed of the actions taken thereon by submitting the Agency Action Plan and Status of Implementation within 60 days from date of receipt.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

COMMISSION ON AUDIT

By:

A handwritten signature in black ink, appearing to read 'Adela L. Dondonilla', enclosed within a light blue circular stamp.

ADELA L. DONDONILLA
Director IV
Cluster Director

Copy Furnished:

The President of the Philippines
The Vice President
The President of the Senate
The Speaker of the House of Representatives
The Chairperson – Senate Finance Committee

The Chairperson – Appropriations Committee
The Secretary of the Department of Budget and Management
The Governance Commission of Government-Owned or Controlled Corporation
The National Library
The UP Law Center



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Overseas Filipino Bank, Inc.
A Savings Bank of Landbank
OFFICE OF THE PRESIDENT
Received By: Mam Calacasan
Date: June 29, 2022
Time: 2pm

June 28, 2022

Ms. LEILA C. MARTIN
President and CEO
Overseas Filipino Bank, Inc.
Manila

Dear President Martin:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith the Auditor's report on the results of audit of the accounts and transactions of the Overseas Filipino Bank, Inc. (OFB) for the years ended December 31, 2021 and 2020.

The report consists of the Independent Auditor's Report, Audited Financial Statements, Observations and Recommendations, and the Status of Implementation of Prior Years' Audit Recommendations.

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2. The faithful representation of the balance of Miscellaneous Assets account amounting to P 10.839 million as at December 31, 2021 was not established due to the inclusion of assets amounting to P3.051 million not supported with documents to ascertain its existence.

We recommended and Management agreed to: (a) Sustain representation efforts and other appropriate actions taken for the refund to OFB of the payments of security deposits and advance rentals to the lessors and utility companies amounting to P3.051 million; (b) Assess the recoverable amount of the advance rentals and recognize impairment loss, if any, pursuant to PAS 36, *Impairment of Assets*, to faithfully represent the balance of Miscellaneous Assets account as at December 31, 2021; and (c) Perform the necessary procedures for the disposition of non-existing/missing properties included under Miscellaneous Assets pursuant to COA Circular No. 2020-06 dated January 31, 2020.

The other audit observations together with the recommended courses of action, which were discussed by the Audit Team with concerned Management Officials and staff during the exit conference conducted on May 30, 2022, are presented in Part II of the report.

We respectfully request that the recommendations contained in Parts II and III of the report be implemented and that this Commission be informed of the actions taken thereon by submitting the Agency Action Plan and Status of Implementation within 60 days from date of receipt.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

COMMISSION ON AUDIT

By:



ADELA L. DONDONILLA
Director IV
Cluster Director

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