

ASSA RECOGNITION AWARD 2017

PROJECT PROPONENT:

Pag-IBIG Fund (Home Development Mutual Fund) - Philippines

CATEGORY:

Good Governance Recognition Award

1. NAME OF THE PROJECT:

Pag-IBIG Fund's Compliance to Accounting and Auditing Standards

2. OBJECTIVES OF THE PROJECT:

The project has the following objectives:

- a. To comply with international accounting and auditing standards, especially in accordance with Generally Accepted Accounting Principles (GAAP)
- b. To institutionalize the principles of good governance by initiating the conduct of joint Pag-IBIG Fund-Commission on Audit (COA) Compliance Monitoring Conferences in the various Pag-IBIG Fund branches and operating units.

3. NATURE OF THE PROJECT:

The project enables Pag-IBIG Fund to have faster operations, through compliance to International Financial Reporting Standards and Commission on Audit (COA) compliance monitoring activities.

This led to the unprecedented issuance by COA of Unqualified Opinions for Pag-IBIG Fund for five consecutive years, in 2012, 2013, 2014, 2015, and 2016. The Association of Government Accountants of the Philippines (AGAP) also gave Pag-IBIG Fund back-to-back Most Outstanding Accounting Office Award for 2014 and 2015, awarded in 2015 and 2016, respectively.

4. WHY IT SHOULD BE RECOGNIZED:

International Financial Reporting Standards (IFRS)

One of the early implementers among government agencies in the Philippines, Pag-IBIG Fund levelled up in terms of accounting, risk management, and corporate governance with the timely adoption of International Financial Reporting Standards (IFRS). This compliance with IFRS was confirmed by the Commission on Audit (COA) in its Annual Report starting 2012.

The adoption of the IFRS aims to align Pag-IBIG Fund's financial reporting system

to globally-accepted reporting standards; enhance comparability, reliability, and transparency of corporate financial reports; improve management information systems as basis for decision making; and meet the need of stakeholders for more open and useful disclosures in the financial reports.

The IFRS are accounting standards where changes penetrated the backbone of financial reporting and greatly affected the way transactions are recorded and reported. Balances reflected on the financial reports are adjusted or disclosed in consideration to market, operational, credit, and other risks; thus, raising the bar in financial reporting.

COA's Unqualified Opinion (5-peat from 2012 to 2016)

In 2012, Pag-IBIG initiated the conduct of joint HDMF-Commission on Audit (COA) Compliance Monitoring Conferences in the various branches and operating units as part of its commitment to institutionalize the principles of good governance. The Conferences aim to monitor compliance to findings and recommendations contained in the Management Letter (ML) or Audit Observation Memorandum (AOM) of COA to the Fund.

The Compliance Monitoring Conferences have contributed immensely in the unprecedented issuance by COA of Unqualified Opinions for Pag-IBIG Fund for five consecutive years, in 2012, 2013, 2014, 2015, and 2016. COA commended the process of monitoring conferences and cited it among its positive findings “in pursuit of good governance and financial integrity.” In parallel to the accomplishment of Pag-IBIG Fund in its key result areas, the Fund has ensured that the agency not only performs its mandate with excellence, but with integrity as well.

A clean or Unqualified Audit Opinion embodies Pag-IBIG Fund's stringent observance of internal control on its operations. This supports operational and cost effectiveness as it ensures that financial and operational transactions are legal and adequately supported, thus indicating good corporate governance. Pag-IBIG Fund's stakeholders, particularly the members, will have increased confidence that their funds are being managed well, ultimately redounding to their benefit in terms of loans and dividends at optimum rates.

According to COA's Guidelines on the Preparation, Submission, and Transmittal of the Annual Audit Report, an Unqualified Opinion is given when the auditor is satisfied in all material respects, such that:

- the financial statements have been prepared using acceptable accounting bases and policies, which have been consistently applied
- the statements comply with statutory requirements and relevant regulations

- the view presented by the financial statements is consistent with the auditor's knowledge of the audited entity
- there is adequate disclosure of all material matters relevant to the financial statements

Most Outstanding Accounting Office Award (back-to-back for 2014 and 2015)

Last October 2016, the Association of Government Accountants of the Philippines, Inc. (AGAP) gave Pag-IBIG Fund its second Most Outstanding Accounting Office Award at the group's annual convention in Bohol, Philippines, for its financial records in 2015. The Most Outstanding Accounting Offices are chosen yearly by AGAP based on the recommendations from the Commission on Audit (COA). State auditors evaluate nominees based on the timeliness of submission of financial reports and the accuracy in reporting the financial statements.

Winning the Most Outstanding Accounting Office Award for two years in a row is an invaluable feat for Pag-IBIG Fund. The Fund is thankful to AGAP and the auditors in COA for recognizing its efforts in complying with the highest standard of quality and transparency in reporting its financial performance. As administrators of the Filipino workers' fund, nothing is more important to Pag-IBIG Fund than the trust of every Pag-IBIG Fund member in the way it manages their fund. Its second consecutive Most Outstanding Accounting Office Award is another recognition that it goes to great lengths to safeguard its members' savings.

The project, **Pag-IBIG Fund's Compliance to Accounting and Auditing Standards**, deserves to be recognized by the ASEAN Social Security Association because it is a testament to Pag-IBIG Fund's commitment to good governance, as affirmed by the recognitions it received from the Commission on Audit and the Association of Government Accountants of the Philippines for its financial reporting.