



## PHILIPPINE INTERNATIONAL TRADING CORPORATION

The PITC Board of Directors has the overall responsibility for ensuring that the Philippine International Trading Corporation (PITC) has appropriate risk management and internal controls in place and that they continue to work effectively. To successfully manage risks, the system must be supported by appropriate controls and management oversight of the Board.

### INTERNAL CONTROL PROCEDURES

The Philippine International Trading Corporation (PITC) maintains a comprehensive framework of internal controls addressing the key strategic, financial, legal and operational risks to the business. PITC abides by the guidelines and practices in adherence to:

- a) The Philippine Government Internal Audit Manual (PGIAM) issued pursuant to Department of Budget and Management (DBM) Circular No. 2011-5. PGIAM is the definitive policy resource manual for guiding the operations of internal audit in the Philippine public sector.
- b) Relevant or applicable standards and best practices in governance, accountability, and operations, both local and international, such as the International Organization for Standardization (ISO) and other officially recognized organizations and associations.

Stage	Procedures and Key Actions
Planning	1. Initiate baseline assessment of Internal Control System (ICS)
	2. Develop Internal Control Questionnaires (ICQ) for the group or department to be audited
	3. Identify the group or department which has weak Internal Control indicated by the data gathered (e.g. higher number of “No” answers than “Yes” in the ICQ)
	4. Prepare a work program which includes the audit objectives, audit scope and methodology, timeline of completion and other resources needed
	5. Identify the process on how to conduct the auditing and discuss with the audit team their respective roles and responsibilities
	6. Hold an Opening Conference to meet with the audited group/ department
	7. Re-confirm schedule of audit engagement
Review	1. Determine the process for the walkthrough to be conducted in the actual audit
	2. Review relevant documented policies and procedures
	3. Conduct of actual audit and walk through of processes with the process-owner
	4. Documentation of how the actual process was done
	5. Validate the actual process and the documented process with the process-owner
Evaluation	1. Identify existing internal controls in the actual process
	2. Determine adequacy and effectiveness of the existing internal controls
	3. Identify missing or weak internal controls
	4. Discuss evaluation and findings with the audited group or department
Design	1. Redesign the process with adequate and effective internal controls based on findings
	2. Determine the effectiveness of the new process by conducting a walkthrough with the process-owner
	3. Make additional changes in the process if necessary
Documentation	1. If found effective and adequate, a recommendation to the management for implementation must be provided
	2. Once approved by the management, document the new processes
	3. Integrate the new processes into the existing manual of procedures
Communication	1. Inform the employees regarding the new processes
	2. If necessary, conduct trainings to properly introduce the new procedures
	3. Consider periodic follow-up audits if successfully implemented