

1 KNIGHTS OF COLUMBUS FRATERNAL ASSOCIATION OF THE PHILIPPINES, INC. (KCFAPI)

2 KCFAPI Center, Gen. Luna corner Sta. Potenciana Sts., Intramuros, Manila, 1002

3 Tel No. : (02) 8527-2223, (02) 8527-2241

4 Email Address: kcfraternal@kofc.org.ph

5 <http://www.kcfapi.com>

6
7 **MINUTES OF THE 4th AUDIT COMMITTEE MEETING FOR CY 2025**

8 Date : August 27, 2025

9 Time : 4:00 P.M.

10 Venue : KCFAPI's Board Room

11
12 **PRESENT**

13
14 BRO. LAURO A. PATIAG, CHAIRMAN (via ZOOM)

15 BRO. ROGELIO D. TADURA, MEMBER

16 BRO. WENCESLAO A. CAÑETE JR., MEMBER

17
18
19 **ALSO PRESENT:**

20
21 BRO. ANTHONY P. NAZARIO – KCFAPI EXECUTIVE VICE- PRESIDENT

22 BRO PAT C. VILLANUEVA – KCFAPI CORPORATE AUDIT SUPERVISOR / RECORDING SECRETARY

23 BRO. TRISTAN JORDAN E. RELUCIO – KCFAPI CORPORATE AUDIT ASSISTANT

24 BRO. CARL JOHN MIRANDA – KCFAPI CORPORATE AUDIT ASSISTANT

25
26
27
28 **I. Call to Order, Opening Prayer**

29
30 The Chairman called the meeting to order. He requested, Bro. Pat C. Villanueva to lead the
31 recitation of the Prayer for the Canonization of Blessed Michael Mc. Givney

32

33 **II. Determination and Declaration of Quorum**

34

35 The Chairman certified that notice of the meeting was sent to all members of the Audit
36 Committee and that there is a quorum to conduct official business.

37

38 **III. Formal Adoption of Agenda**

39

40 The Chairman presented to the Audit Committee members the proposed Agenda for the 2025
41 4th meeting. Upon motion of Bro. Rogelio D. Tadura, duly seconded by Bro. Wenceslao A. Cañete Jr.,
42 and there no objections thereto, the agenda for the 2025 4th meeting was formally adopted as
43 follows:

44

45 **Audit Committee Resolution No. 2025-07**

46

47 “RESOLVED, as it is hereby resolved, to APPROVE the propose Agenda of the 2025 4th meeting, dated
48 August 27, 2025 as follows:

49

- 50 1. Opening Prayer
51 2. Formal Adoption of Agenda
52 3. Reading and approval of Minutes of Meeting-June 25, 2025
53 4. Business arising from the minutes
54 5. Introduction of the Corporate Audit Team
55 6. Collections Audit Report: Cebu Service Office – Covered period of January 1 to May 30, 2025
56 7. Collections Audit Report: Cagayan de Oro Service Office – Covered period of January 1 to May
57 30, 2025
58 8. Closing Prayer and Adjournment

59

60 Adopted this 27th day of August 27, 2025

61

62 **IV. Reading and Approval of Minutes of Meeting- June 25, 2025**

63

64 The Chairman of the newly appointed committee, Bro. Lauro A. Patiag, stated that they are
65 not yet part of the previous meeting. The Chairman requested Bro. Roger A. Tadura to cite any
66 comments for the minutes since he was present during the previous meeting. Bro. Roger A. Tadura
67 gave no objections and request the Chairman to proceed with the approval.

68

69 Bro. Wenceslao A. Cañete Jr. moved for approval of the Minutes for June 25, 2025. The motion
70 was seconded by Bro. Rogelio D. Tadura. There being no objections thereto, a resolution was formally
71 adopted as follows:

72

73 **Audit Committee Resolution No. 2025-08**

74

75 "RESOLVED, as it is hereby resolved, to APPROVE the minutes of the Audit
76 Committee's meeting held on June 25, 2025."

77

78 Adopted this 27th day of August 2025.

79

80 **V. Business arising from minutes**

81

82 Based on the previous meeting, Bro. Pat C. Villanueva informed the committee that a new
83 compromise agreement will be sent to Ms. Charity Babia. Bro. Pat C. Villanueva added that Mr. Adrian
84 Boston, FBG Senior Manager, will be the one personally to deliver the document to Bukidnon. The
85 total loss to be paid by Ms. Charity Babia was Php357,423.02. The total amount was divided into
86 twenty-three (23) equal payments of Php15,000.00 and the remaining payment to be made on March
87 30, 2027 amounting to Php 12,423.02. As of meeting date, five (5) checks were already cleared.

88

89 Bro. Pat C. Villanueva was requested by the Chairman to provide a more detailed explanation
90 of the issues that caused the incident at the Cagayan de Oro Service Office. Bro. Pat C. Villanueva
91 explained that the incident was caused by intentional violation in misusing the Temporary Receipt by
92 the Cashier. It was her intention not to issue an official receipt to our clients. Some of the unremitted
93 payments were returned through installment. Bro. Lauro A. Patiag suggests that we should account
94 the Temporary Receipts since it was also an accountable form. Bro. Lauro A. Patiag requested the
95 Corporate Audit to make a follow up report about the compromise agreement to be signed by Ms.
96 Charity Babia and the inventory of cleared check payments.

97

98 The Chairman request the other members for any comments and objections.

99

100 Bro. Wenceslao A. Cañete Jr. asked if the Corporate Audit Team had already conducted
101 surprise visits to the Service Offices and the frequency of the surprise visits. Bro. Pat C. Villanueva
102 answered that during 2024, no surprise visits were conducted since it was not yet mandated. As early
103 as January 2025, the previous audit committee mandated the Corporate Audit Team to perform
104 quarterly visits to all Service Offices. Bro. Pat C. Villanueva added that the third round of surprise visits
105 will commence on October 2025.

106

107 Bro. Wenceslao A. Cañete reminded us that the same situation was the second time since the
108 Cabanatuan Service Office incident. Most of the fraud came from the intentional misuse of temporary
109 receipts, even the fraternal counselors are involved. Bro. Wenceslao A. Cañete added that we hope
110 that the measures we have will enlighten the field offices to do their job well.

111

112 Bro. Pat C. Villanueva discussed to the Committee that we are still using the Temporary
113 Receipts mostly the Fraternal Counselors. Bro. Pat C. Villanueva added that the use of Temporary
114 Receipts has both positive and negative side. The example of the situations will be further explained
115 during discussion of the reports.

116

117 The Executive Vice President, Bro. Anthony P. Nazario, discussed with the Committee that the
118 Management has an ongoing discussion and studies to eliminate the use of Temporary Receipts. The
119 clients will encourage to pay directly to our Services Offices, partner banks, or payment facilities.

120

121 Bro. Pat C. Villanueva shared with the group that the previous Audit Committee provided
122 guidance. Whenever the Corporate Audit Team conducts a surprise visit to the Service Offices, we will
123 also conduct a side audit to the property where our office is located. This will be possible if the
124 property is owned by the KCFAPI Group. The audit scope will be expanded.

125

126 Bro. Roger D. Tadura made a question about the line items 109 to 112 about Renante Bong
127 Bragat and line items 126 to 128 about Columbus Plaza Hotel, if these items will be discussed further.
128 Bro. Pat C. Villanueva explained that these subjects were questioned by the previous Chairman and
129 the Committee made a preliminary discussion about the subjects. The recording secretary opted to
130 record the brief discussion as part of the business arising that to be discussed to the next members of
131 the Audit Committee. Furthermore, Bro. Pat C. Villanueva explained that the subject about Renante
132 Bong Bragat was included on the current agenda.

133

134 Bro. Wenceslao A. Cañete Jr. moved for approval of the Business Arising from the Minutes for
135 June 25, 2025. The motion was seconded by Bro. Rogelio D. Tadura.

136

137 **VI. Introduction of the Corporate Audit Team**

138

139 Bro. Pat C. Villanueva discussed with the group the current organizational chart of the
140 Corporate Audit Department. The current team is comprised of one (1) Audit Supervisor and two (2)
141 Audit Assistants. The position of the Audit Manager is vacant. The Corporate Audit team will be directly
142 reporting to the Audit Committee. The Corporate Audit team is also reporting administratively to the
143 Office of the Executive Vice President. The names of the members of the Corporate Audit team were
144 introduced to the Committee.

145

146 **VII. Discussion of Collections Audit Report: Cebu Service Office – Covered period of January 1 to May**
147 **30, 2025**

148

149 Bro. Pat C. Villanueva presented the Summary of Collections audited for Cebu Service Office
150 covering the periods of January 1 to May 30, 2025. The total gross amount of collections audited was
151 Php6,930,324.23. The amount of collection was intact. No amount was missing but there are certain
152 audit findings that need to be validated about the reconciliation. The Audit Finding No. 1 stated that
153 there was a discrepancy of Php965,620.48 between Gross Receipts and Total Deposited Amount. Mr.
154 Cyrus Lao already provided the necessary attachments for GCash Report of Transactions.

155

156 The Audit Finding No.2 stated that the errors and violations of using the temporary receipts.
157 Bro. Pat C. Villanueva highlighted the importance of the correct details to be written on the document.
158 This audit finding was a recurring instance. Bro. Roger D. Tadura asked what will be the best
159 recommendation to minimize and eliminate the observations. Bro. Anthony P. Nazario stated that
160 there is always a continuous reminder, through FBD, to the Area Managers and Unit Managers in
161 proper dealing of temporary receipts. Bro. Pat C. Villanueva discussed to the committee that during
162 exit meetings on Service Offices, the Corporate Audit team includes the Area Managers into
163 discussions and they are properly informed about the audit findings.

164

165 Bro. Pat C. Villanueva continues to discuss the other audit findings of the Cebu Service Office
166 with the Audit Committee. He added that minor audit findings are also discussed with the Treasury
167 Sales Department as this is also part of the performance by the cashiers. Bro. Pat C. Villanueva
168 explained to the Committee that minor audit findings need no memo involvement. Just a reminder to
169 the manager concerned is sufficient. The Treasury Services Department used the audit reports for the
170 determination of Key Performance Indicators of the Cashiers.

171

172 There are certain factors to be considered in evaluating late remittances of collection by the
173 Fraternal Counselors. They are both locations of the Fraternal Counselors and their regular visits to
174 the Sales Office. Bro. Roger D. Tadura commented that the Fraternal Counselors may remit their
175 collections through payment facilities or partner banks for timely payment. To avoid potential
176 sanctions, it is possible to submit the collection reports directly to the Area Manager or Unit Managers
177 through online messengers.

178

179 Bro. Anthony P. Nazario discussed with the Committee regarding the payment for Janitorial
180 Services. The issue was already brought up to the Admin Department and they are discussing if the
181 employment of janitors will be coursed through an agency instead of casual and to eliminate the
182 payment of the service through petty cash fund.

183

184 Bro. Pat C. Villanueva continues to present to the Committee the results of their collections
185 audit of Cebu Service Office for the period of January 1 to May 30, 2025.

186

187 **VIII. Discussion of Collections Audit Report: Cagayan de Oro Service Office – Covered period of**
188 **January 1 to May 30, 2025**

189

190 Bro. Pat C. Villanueva presented to the Committee the results of their collections audit of
191 Cagayan Service Office for the period of January 1 to May 30, 2025. The total gross amount of
192 collections audited was Php14,585,321.59. The amount of collection was intact. No amount was
193 missing but there are certain audit findings that need to be validated about the reconciliation. There
194 was only lack of documentation. Bro. Pat C. Villanueva highlighted the audit findings about errors and
195 violations of using temporary receipts.

196

197 Bro. Pat C. Villanueva also highlighted the audit findings about the late remittance of
198 collections by the Fraternal Counselors. Bro. Roger D. Tadura commented if we are requiring that the
199 Fraternal Counselors to issue an explanation report why do they committed late remittance. If we can
200 require the m to explain in writing, it is also a way of disciplinary measure. Bro. Pat C. Villanueva
201 commented that we should issue first a revised and strict guideline for grace period of remittance.

202

203 Bro. Pat C. Villanueva highlighted the importance of complete details in temporary receipts
204 for the determination of late remittance. Furthermore, he discussed the importance of initial checking
205 by the cashiers during acceptance of payments with temporary receipts. Cashiers have the initial
206 process to check and compile the errors made by the Fraternal Counselors then submit to the Area
207 Manager and the latter will be the one to call the attention of the concerned Unit Manager and
208 Fraternal Counselor.

209

210 The result of the cash count of the petty cash fund resulted in zero (0) variance. Bro. Roger D.
211 Tadura commented that the amount of Php5,000.00 is not sufficient to be the total petty cash fund of
212 the service offices.

213

214 Bro. Pat C. Villanueva discussed the audit findings about the janitor who accessed the petty
215 cash fund for payment of water delivery. The Committee unanimously agreed that the issue should
216 be addressed against the cashier because he permitted the janitor to access the funds. At that time,
217 the Cashier-Mr. Michael Galacio was on official business at Head Office, so Mr. Renante Bong Bragat
218 was the OIC-Cashier. A Notice to Explain letter will be issued by the Treasury Service Department c/o
219 Ms. Jennefer Rose Capulong, Asst. Manager of TSD.

220

221 The surprise cash count of collections during that time also resulted zero (0) variances. The
222 service office was faithfully practicing to deposit the collections during the same day.

223

224 Bro. Pat C. Villanueva discussed the audit findings regarding Mr. Renante Bong Bragat's
225 attendance violations. The Chairman, Bro. Lauro A. Patiag, inquired about the current action being
226 taken against Mr. Bragat. Bro. Pat C. Villanueva replied that the Notice to Explain will be personally

227 issued by the VisMin Senior Manager and HRD on September 2, 2025 at Cagayan de Oro Service Office.
228 Bro. Pat C. Villanueva discussed that the incident was a recurring practice of Mr. Renante Bong Bragat.
229 Bro. Lauro A. Patiag commented to skip with the technicality of the explanation to fast forward the
230 discussion. Bro. Lauro A. Patiag commented that the evidence against Mr. Bragat should be secured.
231 He also asked who was the supervisor of the branch overseeing the personnel. Bro. Pat C. Villanueva
232 replied that Mr. Bragat was the only senior personnel at the branch. Bro. Anthony P. Nazario explained
233 that for the next Board Meeting, they will discuss the oversee function of the Area Managers to the
234 Service Office.

235

236 Bro. Pat C. Villanueva continued to discuss about the audit findings about the violations of
237 attendance of Mr. Renante Bong Bragat. Furthermore, the audit finding about the unauthorized
238 overtime schedule of the janitor was also discussed. Bro. Pat C. Villanueva explained that the schedule
239 should be fixed.

240

241 The problem with the security personnel was also discussed. Bro. Pat C. Villanueva presented
242 a picture that the security guard was sleeping while on duty. This audit finding should be addressed
243 to the management of Keys Realty Development Corporation.

244

245 The Chairman requested the members of the Committee for any comments and objections.
246 The Chairman requested to endorse the audit reports to the Management for proper disposition and
247 actions.

248

249 Bro. Wenceslao A. Cañete Jr. moved to note the audit report presented by the Corporate Audit
250 team. The motion was seconded by Bro. Rogelio D. Tadura.

251

252 **IX. Other Matters, Closing Prayer and Adjournment**

253

254 Bro. Anthony P. Nazario introduced the presence of Sis. Andrei Mari Santos, FMAS Manager,
255 to initially discuss the billing of KPMG - the external auditors. The report will be discussed on the next
256 day during the meeting of the Board of Trustees.

257

258 Since there are no more matters to be discussed, the agendas were already addressed and
259 there were no objections, the Chairman declared the 4th meeting for Calendar Year 2025 to be
260 adjourned. At the same time, all members of the Audit Committee recite the Prayer for the Cause of
261 Fr. George J. Willman.

262

263

264

265


Bro. Pat C. Villanueva, CPA

Corporate Audit Supervisor/ Recording Secretary

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267

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269

270 Attested and approved by:

271

272 **Bro. Lauro A. Patiag**

273 Chairman

274

275

276

277

278 **Bro. Wenceslao A. Sanete Jr.**

279 Member

280

Handwritten signature of Bro. Lauro A. Patiag in black ink, with a blue checkmark to the right of the signature.

281 **Bro. Rogelio D. Tadura**
282 Current Vice-Chairman

Handwritten signature of Bro. Rogelio D. Tadura in black ink.