

		Schedule A
INTERNAL AUDIT	Subject: Review of XXX Pier Operations	
AUDIT PROGRAM		

AUDIT OBJECTIVES:
<p>I. Ascertain the adequacy and soundness of internal controls of XXX's pier operations.</p> <p>II. Determine compliance with the established internal controls, and Philippine Ports Authority Rules and Regulations.</p> <p>III. Ascertain if cargo handling contracts awarded to operators is in order, and in accordance with the existing policies and procedures.</p> <p>IV. Ensure that all pier generated revenues, including damages caused to pier facilities by third party cargo vessels, are billed appropriately, recorded, and collected.</p> <p>V. Identify areas for improvement and recommend appropriate measures.</p>

AUDIT PROCEDURES:	Performed by	WPS Ref	Man-Days
I. Understand the site's activities and situation (discussion with management and site tour)			
II. Understand the process (es)			
III. Assess process risks			
IV. Assess performance and control gaps			
V. Validate measures and controls			
Detailed Audit Procedure			
A. Review the established policies and procedures related to XXX's pier operation, and awarding of cargo handling contracts to operators.			
1. Obtain a copy of the existing policies and procedures on the usage of XXX pier by third party cargo vessels. Review and identify gaps and weaknesses of the existing policies and procedures.			
2. Obtain copy of the pier usage contract signed by authorized agents/representatives of third party cargo vessels and authorized XXX representatives. Ensure adherence of contracts to established policies. Any departure from the policies is examined, and necessary corrections be implemented			
3. Obtain copy of the cargo handling contract signed by operators and authorized XXX representatives. Ensure adherence of contracts to established policies. Any departure from the policies is examined, and necessary corrections be implemented			
4. Obtain copies of memorandum circulars and administrative orders issued by the Philippine Ports Authority, and verify compliance of UCC Lugait Plant to said circulars and orders.			
B. Verify if all pier revenues, including damages caused to pier facilities by the third party cargo vessels, are billed appropriately, recorded, and collected.			

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1. Establish the propriety and completeness of entries in the Registry Book.			
a) Obtain copy of Registry Book, or its equivalent, maintained by XXX Plant.			
b) Request a copy of the Records on Inbound/Outbound Vessels maintained by the Philippine Ports Authority.			
c) Match the entries in the Registry Books to Philippine Ports Authority Records on Inbound/Outbound Vessels.			
d) Trace the completeness of source documents in the individual folders of shipping companies. Make sure that all pertinent documents are properly filed.			
2. Establish the accuracy and completeness of the recorded pier revenues.			
a) Perform independent computations using the Philippine Ports Authority Records on Inbound/Outbound Vessels.			
b) Compare the computed pier revenues with the recorded revenues in the Registry Book. Note any discrepancy between 'should be' pier revenues and recorded pier revenues.			
c) Check and cross-refer the entries in the Registry Book to Statement of Account of shipping companies.			
3. Ascertain if the above revenues are billed appropriately, collected, and deposited in tact.			
a) Determine if pier revenues are billed in accordance with revenue charges (in tonnages) and established revenue rates of XXX.			
b) Compare billing and collection date with departure date of outbound vessel. If any, note for significant delays in collecting charges and fees. Charges and fees should be collected within the prescribed collection period set forth by XXX Plant. Billings of docking fees and other charges, including facility fee, royalty fee (arrastre and stevedoring), handling fee, toll fee, and ancilliary fee, should be collected, in cash or in bank manager's check.			
c) Check the consistent imposition of penalty charges to late payments and overdue accounts.			
d) Match Official Receipt and Provisionary Receipt with validated Bank Deposit Slips. Note for any discrepancies identified in the conduct of this procedure.			
C. Perform other audit procedures deemed necessary.			
NOTE:			
If 'NO' Registry Book, or its equivalent, is maintained to record and monitor inbound and outbound vessels:			

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<ul style="list-style-type: none"> ▪ Obtain Records on Inbound/Outbound of Vessels maintained by Philippine Ports Authority, and other pertinent documents (berthing permit, bill of lading, inward/outward manifest, notice of arrival, and others), and reconstruct the account of shipping companies that have transactions with XXX Plant. 			
<ul style="list-style-type: none"> ▪ Compare the balances between the reconstructed account and the Statement of Account. Reasons shall be obtained for the discrepancies that may be identified. 			
VI. Identify root causes and solutions			
VII. Communicate Results (IA report also used as basis for exit meetings)			
VIII. Next Steps (finalization and distribution on the IA report)			
Total Man-Days			

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 April 11, 2003
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