



Skygo Marketing Corporation

FF. Cruz, Subangdaku, Mandaue City

Tel Nos. (032) 345-3862

AUDIT REPORT

To : Edgar Lagutan
Area Manager

From : Internal Audit

Subject: Audit Visit –Balingasag Branch

Date : March 24, 2017

I - INTRODUCTION

This is in connection to the audit visit at Balingasag branch on March 11, 2017 and subsequent days. The audit is conducted to ensure that prescribed policies and procedures are followed and implemented to safeguard Company assets.

II - AUDIT OBJECTIVE

The objective of the audit is to ensure that internal controls are followed and to validate the completeness of the assets under Skygo and SNDC such as cash, petty cash fund, revolving fund, accountable forms, MC inventory brand new and repo, promo items, spare parts inventory, fixed assets, and accounts receivable.

III - CASH

The total amount of cash counted during the audit amounted to **P 5,422.00** for SNDC and **P 720.00** for Skygo, as shown below;

Date	Particular(s)	Accountability	Actual Cash Count	Over(short)
10/10/16	SNDC	P 5,422.00	P 5,422.00	-
	Spareparts	720.00	720.00	
Total		P 6,142.00	P 6,142.00	-

The cash counted was immediately deposited to our depository bank right after the cash count.

IV - PETTY CASH FUND

The petty cash funds for Skygo and SNDC were counted in the presence of the custodian, the results follow:

Particular(s)	Per Count	Accountability	Over(short)
SKYGO	10,000.00	10,000.00	-
SNDC	10,000.00	10,000.00	-

The expenses during the count amount to P 1,555.74 and P 8,200.50 for Skygo and SNDC respectively, were properly approved, supported and its company related expenses.

All requisition slips were signed by the immediate supervisor and all PCV's were complete with attachment.

V – REVOLVING FUND

Revolving Fund (RF) for Skygo was reconciled based on available bank statement ending as of February 28, 2107 which shown no reconciling that need for adjustment and all transactions are accounted for. See exhibit 1 for the details of the revolving fund reconciliation.

Likewise, Revolving Fund (RF) for SNDC was reconciled based on available bank statement ending as February 28, 2017 and noted that all transactions are accounted. See exhibit 1 for the details of the revolving fund reconciliation.

VI –MATCHING OF RECEIPTS AGAINST DEPOSIT

Receipts were matched to the deposits of the period February 11, 2017 to March 11, 2017 base on branch file of collection remittance report which covers all the official receipts, collection receipts, sales invoice for spare parts sales, and deposit slips. The results disclosed that the total daily collections **were intact** when traced to deposit per bank's passbook and that deposit were made daily without delay. Stub series of the issued receipts are found in sequence and cancelled series were attached in the stub.

VII – ACCOUNTABLE FORMS

Accountable forms of unused, partially used, and fully used were counted and compared to the accountability established at HO Internal Audit, the results follows;

Particular	HO Accountability	Per Count	Difference	Remarks
Official Receipt – SNDC	37	37	-	5 return to Cagayan for adj. & 4 transmit to HO BSG-028-17
Collection Receipt	17	17	-	1 FU on hand
Delivery Receipt - SNDC	8	8	-	3 return to Cagayan for adjustment
Delivery Receipt – Skygo	15	15	-	2 FU on hand-
Sales Invoice – MC	10	10	-	2 FU on hand -
Sales Invoice – Parts	33	33	-	12 FU on hand
Official Receipt – Labor	7	7	-	-

The Accountable forms (AF) are kept inside the safety vault with lock and key of which access is restricted only to the custodian. The branch AF logbook is updated during visit wherein all releasing are properly recorded. The 5 booklets of OR and 3 booklets of DR was return to Cagayan branch, as shown below;

SNDC	SERIES NUMBER	RELEASED	Remarks
Official Receipts	39) 61901-61950	01/18/17	Return to Cagayan BSG-017-17
Official Receipts	52) 62551-62600	01/18/17	Return to Cagayan BSG-017-17
Official Receipts	53) 62601-62650	01/18/17	Return to Cagayan BSG-017-17
Official Receipts	54) 62651-62700	01/18/17	Return to Cagayan BSG-017-17
Official Receipts	55) 62701-62750	01/18/17	Return to Cagayan BSG-017-17
Delivery Receipts	13) 3101-3150	09/22/16	Return to Cagayan BSG-017-17
Delivery Receipts	14) 3151-3200	09/22/16	Return to Cagayan BSG-017-17
Delivery Receipts	15) 3201-3250	09/22/16	Return to Cagayan BSG-017-17

VIII – BRAND NEW MC UNITS

Physical count was conducted on the brand new units with the Parts man Mr. Jonhrel Dua . The actual count of 21 units was compared with the ERP System and quantity per stock card and noted them in order, as shown below;

MC Model	Per Card (Qty)	Per System (Qty)	Actual Count (Qty)	Variance (Count vs ERP)
SG 125 – Hero	1	1	1	-
SG 100 – Archer	9	9	9	-
SG 125 – Wizard	2	2	2	-
SG 150 – King	1	1	1	-
SG-110-Duke	8	8	8	-
Total	21	21	21	-

IX - Repossessed MC Units

The actual count of 70 repo units was compared with the ERP System and noted that records are found to be intact. See the table below

MC Model	Per Card (Qty)	Per System (Qty)	Actual Count (Qty)	Variance (Count vs ERP)
SG 100 – Archer	22	22	22	-
SG 100 – Pony	7	7	7	-
SG 110 – Duke	9	9	9	-
SG 125 – Rajah	4	4	4	-
SG 125 – Wizard	20	20	20	-
SG-125 - Hero	3	3	3	-
SG 150 – King	5	5	5	-
Total	70	70	70	-

X - Promo Items/Freebies

The promo/free items were counted and compared to stock cards, and noted them in order, as follows;

Items	Per Stock Card	Actual Count	Variance
Battery	20	20	-
Helmet	1	1	-
Spandex	21	21	-
Side Mirror	19	19	-
Tools	21	21	-
Warranty Card	21	21	-

The lacking of battery, Helmet and Side Mirror as compared to the actual brand new units inventories could be traced to the following MT's, as follows;

Date	MT#	Description	QTY
1/28/17	11691	Helmet	15
2/16/17	11935	Helmet	15
2/28/17	12131	Helmet	15
02/28/17	12131	Battery	15
02/28/17	12131	Side Mirror	05
03/6/17	12197	Helmet	15

XI - SPARE PARTS

Spare parts inventory was randomly selected for count sampling, 122 items were selected and counted together with Parts man Mr. Jonhrell Dua and the result was compared to the ERP system. The comparison disclosed offsetted and shortage discrepancies. There were 4 line items with total shortage price of P 117.50 .00 which was already paid per SI#3739 dated March 15, 2017. Likewise, there were offsetting and count coverage that need for adjustment, as shown below;

Seq#	Parts #	Description	Per System	Per Card	Per Count	Variance	Remarks	Total Cost
a) Shortage								
1	00349LF Monarch	Overhauling Gasket KIT LF100	3	3	2	1	Short	117.50
b) For adjustment								
	23641-A	4 th Gearmainshaft 24 T New	7	7	8	1	Offset for adjustment	
	23741A	4 th Gearcountershaft 23T New	8	8	7	-1	Offset for adjustment	
	61400A	Adjuster Chain	11	11	12	1	Over for adjustment	

Spare parts are fully arranged and stock room was fully organized.

XII-FIXED ASSETS AND TRANSPORTATION EQUIPMENT

Branch fixed assets were counted and the physical count was compared to the updated listing which yielded the count matched with the accountability. See **Exhibit 2** for the details of count. However, the following fixed assets were noted junk, as follows;

Seq#	DESCRIPTION	DATE ACQUISITION	QTY	Count	Remarks
1	SPAREPARTS RACK	12/31/08	3	2	1 junk screen wire
2	OFFICE TABLE	12/31/08	3	1	2 junk
3	MONITOR FOR SPAREPARTS	10/31/11	1	1	Damage
4	STAN FAN	09/30/15	1	1	Damage
5	WOODEN CABINET W/ SWING DOOR	12/31/08	2	0	Junk
6	FAX MACHINE Canon	07/08/08	1	1	Junk
7	ADDING MACHINE - CASIO	12/31/08	1	0	Junk
8	AMANO CLOCK-DEFECTIVE	12/31/08	1	1	Junk
9	CANON IP-1000	12/31/08	1	0	Junk
10	COMPUTER SET	12/31/08	1	0	Junk
11	HYUNDAI 14" COLOR TV	12/31/08	1	0	Junk
12	DESK FAN	08/01/11	1	0	Junk
13	PROMAC INDUSTRIAL FAN	12/31/08	1	1	Junk
14	PROMAC STAND FAN	12/31/08	1	0	Junk
15	EPSON LX-300 Sirlitz	12/31/08	1	1	Junk

Those assets were coming from Sirlitz. It is suggested that the junk assets should be requested by the branch for disposal through FA disposal form to be approved by the Area Manager as the basis of Accounting Department to adjust the lapsing schedule.

Tools used by the mechanic were counted as shown in **exhibit 3**.

XIII-ACCOUNTS RECEIVABLE SAMPLING

Of the 2,117 accounts reflected in the aging as of January 31, 2017 we took 23% or 500 of the total population for comparison to ledger card. The results of the comparison disclosed that both records were in agreement.

XIV – CONFIRMATION OF ACCOUNTS

Base on the latest aging dated January 31, 2017, we took 34 accounts for confirmation. The confirmation covers asking the customer if the payments per our record match with his/her payments, each payment is covered by official receipt, whether the unit is still with the customer, and when to settle if there is overdue amount. The confirmation disclosed the following;

- During the account confirmation together with FS Ramil Elanas, The account of Mr Wilmar Pahay Wizard-125 with Engine#1P52FMIB1320165 Chassis#LX8XCJTH1BA000985 was repossessed by CCO Bernade Gagnan last June 2015 but he did not turn over the unit to the branch. Base on our verification the account still existing in the aging.
- There were collections made by CCO Bernade Gagnan which were tampered, and the amount per original/white copy of OR and the name of the customer will not match to the duplicate copy, as shown below;

Tampering ORs

Seq#	Name of Customers	Acct Code	Date	White Copy OR#	Amount
1	R. Castanos	BSGF-2333	12/08/16	52045	P 2,069.00
2	Alma Suazo	BSGF-1325	01/09/17	55525	P 2,063.00
3	Aileen Labadan	BSGF-1899	01/21/17	55534	P 2,000.00
4	Beato Batac	BSGF-874	12/29/16	55514	P 2,000.00
5	Rithchie Agbong	BSGF-689-1	09/30/16	46805	P 1,400.00
total					9,532.00

Seq#	Name of Customers	Acct Code	Date	Pink Copy	Amount
1	Pabellan Welma	CDO-56-3	12/08/16	52045	P 755.00
2	Arvin Gonzaga	BSGF-37459	01/09/17	55525	P 1,466.00
3	Welmar Pahay	BSGF-128-1	01/21/17	55534	P 300.00
4	Arvin Gonzaga	BSGF-37459	12/29/16	55514	P 500.00
5	Welmar. Pahay	BSGF-128-1	09/20/16	46805	P 200.00
total					P 3,221.00
Amount chargeable to CCO Bernade Gagnan					6,311.00

- The unit Wizard-125 under the name of Mrs Aida Gagnan (BSG-2623) wife of CCO Bernade Gagnan with outstanding balance of P 24,106.00 they sold the unit in cash to another person Mr. Rommel Buniel
- There were customers paying their monthly payments to CCO Mr Bernade Gagnan without issuance of official but the said amount was not remitted to the branch cashier, ss shown table below;

Unremitted Payments

Seq#	Name of Customers	Acct Code#	Amount
1	Allien Remedios	BSGF-877	P 2,000.00
2	Elmer Dy	BSGF-1518	P 2,000.00
3	Erik Nanol	BSGF-283	P 1,000.00
4	Welma Pabellan	CDO-8-3	P 455.00
5	Beato Batac	BSGF-874	P 2,142.00
Total			P 7,597.00

Field Store Supervisor should continue the account confirmation to know if there still unremitted collection and tampered of official receipt.

The total accountability chargeable to Mr. Bernade Gagnan (already on AWOL) is summarized below;

Particular	Amount
Repo not surrendered	1,396.00
Tampered OR's	6,311.00
Repo sold to another person (outstanding balance)	24,106.00
Unremitted payment (no OR issued)	7,597.00
Total	39,410.00

We would refer this to the Operations group in order to recover from Mr. Bernade Gagnan.

XV – OTHER MATTERS

- Sales book for MC were updated during the visit.
- Branch personnel were found out wearing their complete uniform.
- Branch personnel were able to maintain the cleanliness of the branch.
- CIR are properly filled up.
- Branch file of contract are not well arrange.
- Branch surveillance detector are activated.
- Branch have the xerox copy of OR/CR

We wish to express our appreciation to the branch personnel for the assistance and cooperation extended during the audit.

Prepared by:



Nixon T. Gentacutan
Field Auditor

Noted by:



Armando E. Pia
Audit Manager

CC: President, VP-Operation, Operations Manager, Regional Supervisors, Accounting Manager, and File

Exhibit 1

**Skygo Marketing Corporation
Revolving Fund Reconciliation
As of February 28, 2017**

		Book	Bank
Unadjusted Balance		P 77,154.15	P 75,594.68
Add: Deposit n Transit Electric Bill CV# 2/21/17	2/21/17		2,923.47
Less: Outstanding check - PCV# 2212-2222	Feb 16-28, 2017		(1,364.00)
Reconciled / Adjusted Balance		P 77,154.15	P 77,154.15

**Sto Nino de Cebu Corporation
Revolving Fund Reconciliation
As of February 28, 2017**

		Book	Bank
Unadjusted Balance		P 54,500.00	P 40,922.00
Add: Deposit in Transit			
CV#301 Cristina Teresa Ociones 2/21/17	P 3,000.00		
CV#303 Refund Deposit of Carlos Pelingon 2/23/17	1,500.00		4,500.00
Unreplenished Expenses			
			7,578.00
Adjusting entry due to double liquidation of R. Elnas 2/28/17		(1,500.00)	
Reconciled / Adjusted Balance		P 53,000.00	P 53,000.00

Exhibit 2**List of Assets****As of March 11, 2017**

Seq#	Description	Dtd Acquisition	QTY	Count	Remarks
1	1 UNIT LX-300 PRINTER	10/03/11	1	0	BSG-019-16 2/12/16 replace 1 unit Epson LX-310
2	Epson LX-310 Printer		0	1	good con
3	PACKARD JET SCANNER-DEFECTIVE-CAN'T SCAN-BLURRY	03/31/11	1	1	Replacement
4	PARK BENCH - GAMET	12/31/08	2	2	good con
5	PLASTIC CHAIR - BLUE	12/31/08	10	10	good con
6	CASHIER'S TABLE	01/31/11	1	1	good con
7	GLASS FOR CASHIERS TABLE	07/26/11	1	1	good con
8	BOXES FOR LEDGER CARDS & OR CR	10/31/12		1	good con
9	CABINET/TOOLBOX	11/30/12	1	1	good con

10	TABLES/LABOR	07/31/15	1	1	good con
11	CHAIRS/ MONOBLOCK	07/31/15	1	1	good con
12	GLASS SHOWCASE	12/29/15	1	1	good con
13	ACRYLIC POSTER BOARD	03/23/16	1	1	good con
14	CHAIRS CUFTA RUBY	06/15/16	10	10	good con
15	SKYGO CREED	06/30/16	1	1	good con
16	ACRYLIC BROCHUR HOLDER	07/31/16	1	1	good con
17	ABLOY LOCK FOR THE REPAIR OF LOCK ROLL	12/31/08	6	6	good con
18	FAX MACHINE Panasonic KX-FX		0	1	Replace Faxmachine Cannon
19	FIRE EXTINGUISHER	12/31/08	1	1	good con
20	PROMAC CEILING FAN	12/31/08	2	2	good con
21	STEEL FILING CABINET	12/31/08	2	2	good con
22	1 UNIT COMPRESSOR	05/31/09	1	1	good con
23	COMPUTER MONITOR	02/28/11	1	1	good con
24	SET OF CPU	02/14/12	1	1	good con
25	STAND FAN	08/31/12	1	1	good con
26	CPU	09/11/12	1	1	good con
27	ROUTER	10/24/12	1	1	good con
28	JV60252	02/28/15	1	1	good con
29	EXTENTION WIRE	09/30/15	1	1	good con
30	PADLOCK	12/15/15	1	1	good con
31	EPSON PRINTER Parstman	02/26/16	1	1	good con
32	MOUSE	03/15/16	1	1	good con
33	EXTENTION WIRE	03/31/16	2	1	good con
34	MONITOR	06/29/16	1	1	good con
35	CALCULATOR	09/15/16	1	1	good con
36	MOUSE	09/15/16	1	1	good con
37	MATRIX USB2.0 ENCLOSURE W/ BAG	12/31/08	1	0	Transmit to HO BSG-061-16 5/23/16

Exhibit 3
Tools Inventory
As of March 11, 2017

Seq#	BASIC TOOLS		Qty.	Remarks
1	T-Wrench	10 mm	1	Damage
2	T-Wrench	13 mm	1	Damage
3	Screw Driver (+)	Big	1	Damage
4	Screw Driver (+)	Big	1	Damage
5	Plier , Long Nose		1	Damage
6	Plier , Cutter		1	Damage
7	Air Compressor	1 Hp	1	ok
8	Socket Wrench ½"	10mm	1	ok

9	Offset Wrench	10x11mm	1	ok
10	T-Wrench	12 mm	1	ok
11	Socket Wrench ½"	12mm	1	ok
12	Open Wrench	12x13mm	1	ok
13	Offset Wrench	12x14 mm	1	ok
14	Offset Wrench	13x15mm	1	ok
15	Open Wrench	13x15mm	1	ok
16	T-Wrench	14 mm	1	ok
17	Offset Wrench	14x15 mm	1	ok
18	Offset Wrench	14x17mm	1	ok
19	Socket Wrench ½"	15mm-Long	1	ok
20	Offset Wrench	16x17mm	1	ok
21	Offset Wrench	16x18 mm	1	ok
22	Socket Wrench ½"	17mm	1	ok
23	Offset Wrench	17x19 mm	1	ok
24	Open Wrench	17x19 mm	1	ok
25	Socket Wrench ½"	18mm	1	ok
26	Socket Wrench ½"	18mm-Long	1	ok
27	Open Wrench	18x19mm	1	ok
28	Open Wrench	18x21 mm	1	ok
29	Socket Wrench ½"	19mm	1	ok
30	Offset Wrench	20x22 mm	1	ok
31	Socket Wrench ½"	22mm	1	ok
32	Offset Wrench	22x24 mm	1	ok
33	Socket Wrench ½"	27mm	1	ok
34	Socket Wrench ½"	30mm	1	ok
35	Socket Wrench ½"	8 mm	1	ok
36	Socket Wrench ½"	8 mm	1	ok
37	T-Wrench	8 mm	1	ok
38	Offset Wrench	8x10 mm	1	ok
39	Open Wrench	8x10 mm	1	ok
40	Offset Wrench	8x9 mm	1	ok
41	Open Wrench	8x9 mm	1	ok
42	Socket Wrench ½"	9 mm	1	ok
43	Offset Wrench	9x11 mm	1	ok
44	Open Wrench	9x11 mm	1	ok
45	Screw Driver (-)	Big	1	ok
46	T-Wrench Crown	Big	1	ok
47	T-Wrench Crown	Big	1	ok
48	Circlip Remover	Inner	1	ok
49	Circlip Remover	Outer	1	ok
50	Screw Driver (-)	Small	1	ok
51	Screw Driver (+)	Small	1	ok

52	Plier , Mechanical		1	ok
53	Plier , Electrical		1	ok
54	Rachet / Handle ½ " Drive		1	ok
55	Power Handle ½" Drive / L Wrench		1	ok
56	Power Handle Extension ½" Drive		1	ok
57	Rubber Mallet , Plastic Hammer		1	ok
58	Spark Plug Wrench 150cc/100cc		1	ok
59	Vice Grip		1	ok
60	Plastic Tool Box		1	Damage
61	Vice Grip		1	ok
62	Air Gun / Duster		1	ok
63	Bench Vice		1	ok
64	Grinder (Portable)		1	ok
65	Soldering Iron 60 Amp.		1	Damage