

MANAGEMENT SYSTEM STAGE 2 AUDIT REPORT



NEVER STOP IMPROVING

Client's Name:	LBP LEASING AND FINANCE CORPORATION
Report No.	201910001
Date of opening meeting:	27/11/2019
Applicable standard(s):	ISO9001:2015;
This report has been prepared by:	
NQA Assessor:	Rhoda Vi Demesa
Telephone No.	0977-805-7803
Email:	Rhodavi.nqa@gmail.com

Client Information

Primary Contact: Raizza L. Gonzales

Address: 15th Floor Syciplaw Center, 105 Paseo de Roxas Street, Makati City, 1226, Philippines

Contact Tel:

Contact E-Mail: ndcalvez@lbpleasing.com; rlgonzales@lbpleasing.com

Billing Contact:

Billing Tel: As above

Billing E-Mail: As above

System integration (integrated audits only): Choose an item.

Additional information on integration if required:

Certificate expiry date(s):

Required changes to EAC or NQA Codes applied: Choose an item.

	At this location	Across all locations (Multisite)
Total Employees		
Repetitive or parallel workers		
Energy Engaged Employees		
Energy Consumption		
Energy Uses		
Energy Sources		

Energy data only applicable for ISO 50001 audits. Further guidance available in ASR 47:2.1

The date of the next audit is: 27/11/2020 to 27/11/2020

Audit Information

Audit Duration (in days): 2.00md

Scope of certification: Scope is appropriate.

Confirmation that audit objectives have been fulfilled: All objectives met.

If no, which objectives have not been met.

Note that customers with installation/service activities within their scope must receive a minimum of one on-site visit once per cycle. Failure to achieve this may result in this activity being removed from the client's scope of certification.

NQA Audit Team		Client	Position	Attendance
Lead Assessor	Rhoda Vi B. Demesa	Fidelito Magno	Head-AMG	Opening and Closing
Member 1	Lilibeth Rivera	Peter Paul I. Rigor	Team Head - AMG	Opening and Closing
Member 2	n/a	Ian Ramo	Mgt. Service Specialist	Opening and Closing
		Luz Narciso	Compliance Officer	Opening and Closing
		Jimlyn Almene	Account Officer	Opening and Closing
		Noel D. Calvez	Head Admin Unit	Opening and Closing
		Raizza L. Gonzales	Head- CSG	Opening and Closing
		Riza M. Hernandez	Head-ASG	Opening and Closing
		Francisco Leonor	President/CEO	Opening and Closing

** Mandatory attendance at OHSAS18001 / ISO45001 Audits. If these mandatory positions are not present at closing meeting, record and justify reasons in the Executive Summary.*

Details of Changes		
Type of action or change required	Action Required	Notes
Client Name Change:	<input type="checkbox"/>	
Change of Address:	<input type="checkbox"/>	
Scope Change:	<input type="checkbox"/>	
Contact Change:	<input type="checkbox"/>	
Number of Employees Change:	<input type="checkbox"/>	
Major NCs Raised:	<input type="checkbox"/>	
Special Visit Recommended:	<input type="checkbox"/>	



Other:

Executive Summary

LBP Leasing and Finance Corporation (A Landbank Subsidiary), formerly LBP Leasing Corporation, a wholly owned subsidiary of landbank of the Philippines was established under the corporation code of the Philippines on March 17, 1983 to complement the product lines being offered by the bank.

LBP Leases leasing facilities make it easier for enterprises to expand, upgrade or modernize their operations. Among others leasing enables enterprises to:

- Match financing terms with the earning potential of the capital asset;
- Preserve working capital and credit lines
- Address existing or current budget limitations; and
- Obtain financing with no collateral

Corporate Mission:

To provide accessible, affordable and responsive non-bank financial services to government offices and LBP borrowers in support of the national Government Agenda.

Corporate Vision

To be among the Top 5 biggest leasing and finance companies in the country by 2022

Products and Services:

1. Leasing Facilities
 - Financial lease
 - Operating lease
2. Financing Facilities
 - Equipment financing line
 - Purchase Orders/Receivables Financing Line
 - Short Term Credit Line
3. Special Financing Programs
 - Special Financing to Support Government Programs
 - Anchor Based Financing Programs
 - Vendor partnership financing programs

Clients:

Small and Medium Enterprises (SMEs); Government Agencies, Offices; Corporations; Financial Institutions; Cooperatives; Institutional Retail Accounts

Maximum Duration of the Process:

Forty-five days from receipt of complete documentation up to final approval by the appropriate approving authority/body i.e. credit committee; executive committee; board of directors

How to Avail of the Services:

1. Walk-in Clients
2. Clients inquiring thru letters or emails

Lease Loan Application Processing:

1. Walk-In Clients - The Account Management Group brief the applicant/client on the following:
 - Products and services
 - Indicative Terms and Conditions
 - Documentary Requirements

2. The Account Management Group prepare applicable lease loan quotation for approval of immediate supervisor. Brief applicant on the documents required as follows:
 - Business information Sheet
 - Checklist of requirements
 - Letter of Application
 - Audited Financial Statements for 3 years with ITR'
 - Latest Interim Financial Statements'
 - Mayor's Permit
 - SEC/DTI/CDA documents

3. The Account Officer shall:
 - Initial review of documents
 - Inquire on prospects funding requirements
 - Discuss LBP Lease product/services that may be suitable to the clients' needs
 - Explain credit application process
 - Advise the client about additional documentation requirements
 - Write reminder letter to client
 - Preliminary evaluation and request for credit checking shall be conducted
 - Undertake evaluation and present account/project to approving body

As a leasing and financing company and a subsidiary of Land Bank of the Philippines, LBP Leasing and Finance Corporation endeavours to deliver quality, accessible, and responsive non-bank financial services to its clients in support of the National Government Agenda.

Confirmed Scope: Provision of Leasing and Financial Services

Exclusion: Clause 8.3 Design and Development & 7.1.5.2 Measurement Traceability

Applicability of industry and scheme code: – EAC: (QMS)

Good Points:

1. **Top Management commitment in implementing the QMS was commendable.**
2. **The attainment of 97% customer satisfaction was noteworthy.**
3. **The detailed minutes of the management review meeting was commendable**
4. **The orderly filing of Operations records AMG and ASG was a good practice.**
5. **The active participation of all Personnel in this Certification Audit was noteworthy.**

- **This visit was satisfactory, continued registration / certification is recommended.**
- **OFIs have been raised. Any findings are as detailed on the following page(s).**

The following post-audit action(s) shall be taken by the client: OFIs to be considered and action taken when appropriate.



Audit Report Part A - Executive Summary

Major NCs	0	Minor NCs	0	OFIs	8	AoCs	0
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Is there any conflict of interest which exists between the Auditor(s) and the client, and are there any situations known to them that presents themselves, or NQA, with a potential conflict of interest in respect to the audit undertaken.	Choose an item
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Audit Findings

Ref No.	Clause No.	Details of any finding(s) raised.	Type (Major NC, Minor NC, OFI or AoC)
01	6.1	<p>QMS:</p> <ol style="list-style-type: none"> 1. Consider improving the Activity column for Flowchart to reflect the “Opportunities” Planning and Assessment on the documented Risk and Opportunities Identification and Assessment Process (LLC-QMS-PR-007.00, Rev.0, effective: 9/16/2019) since the flowchart only indicates “Risk” 2. Consider also the “Opportunity” prioritization since the documented procedure states that significant risks or opportunities are “those that exceed the threshold using the rating scale”. 	OFI
02	10.2	<p>Customer Satisfaction Survey:</p> <p>The documented corrective action(s) for the negative overall customer satisfaction and minor suggestions will be verified on the next audit.</p>	OFI
03	8.5.1	<p>Account Management Group:</p> <ol style="list-style-type: none"> 1. Consider to ensure the clarity of copy holder(s) numbering to avoid confusion on why some record were without the Borrower’s sign and date of acceptance 2. Ensure to cross-out the used paper for internal records 3. Need to ensure that portions that requires signature over printed name are being followed. <p>e.g. actual record without signature but stamped only with Received from LIBI Representative dated Jun. 26, 2019 for One Sky Stainless Steel Request for Insurance Quotation</p> <p>- Postdated Checks Acknowledgement Receipts dated May 10, 2019, blank Confirmation of Amount Paid by the Borrower/representative, date, contact no.</p>	OFI
04	7.5.3	<p>Need to avoid the use of correction tape on errors both electronic & hardcopy.</p> <p>e.g. Consider implementing the horizontal line and countersign for the error(s)</p>	OFI
05	8.1	<p>Credit Investigation:</p> <p>Monitoring of Credit Investigation and Appraisal Request may still improve by summarizing the status per month and type of request (e.g. price validation, Inspection, Trade Checking, etc.)</p>	OFI

nga. Audit Report Part B – Audit Report

Ref No.	Clause No.	Details of any finding(s) raised.	Type (Major NC, Minor NC, OFI or AoC)
06	8.4	<p>Procurement:</p> <ul style="list-style-type: none"> • May consider provision of list of approved suppliers (Market relevance, Toyota Makati) • Effectiveness of Suppliers Evaluation will be checked in the next audit. • May consider to officially registering the Guidelines on Performance evaluation of Suppliers. • May consider including suppliers audit in the procedure as conducted in actual. 	OFI
07	7.2, 7.3	<p>Human Resources:</p> <ul style="list-style-type: none"> • Need to ensure that incoming and existing employees will have Job Description in 201 file. • May consider providing individual training history record per employee's 201. • effectiveness of training needs analysis will be checked in the next audit • May need to consider official registration of Training Plan for the year. 	OFI
08	7.5.2	<p>HR, DCC:</p> <p>Need to ensure that the following forms were officially registered to DC:</p> <ul style="list-style-type: none"> • Job Description (HR) • Master List of Controlled Documented Information (DC) • Master List of Records (DC) <p><u>Account Servicing Group:</u> Need to ensure that only controlled procedures are being presented on any audit. Consider the registration of other ASG forms to document control</p>	OFI
End of Findings			
<p>Note: Responses to findings must be sent using the Corrective Action Plan form, as applicable, to caps@nga.com within the timeframes stated on Page 4.</p>			

Management system performance; such as trends in audit findings that require further investigation at the next recertification audit.

Mandatory completion at the Head Office Audit of Surveillance Year 2

Detail that the previous recertification (or stage 2), surveillance 1 and surveillance 2 results have been reviewed and whether there are any trends in non-conformities or other issues which require further investigation at the next recertification audit.

Closure of Findings from Previous Audit:

Report No. 123456, Dated [Click here to enter a date.](#)

Ref No.	Detail of finding and client action			Outcome (Closed or Escalated)
	Clause	Category	Summarise Action(s) Taken to Prevent Recurrence	
01	5.2	OFI	<p>Need to ensure that documented and posted Quality Policy has top management’s signatory as a sign of commitment.</p> <p>Actions Taken: Implemented, Signed Quality Policy made available in conspicuous areas.</p>	Closed
02	6.1	OFI	<p>Need to identify other internal/departmental risks for the following areas/processes: e.g. Top Management, Internal Audit, DCC, Procurement, Supplies/resources monitoring</p> <p>Actions Taken: To be considered during the updating of risk register</p>	Closed
03	6.2	OFI	<p>Need to consider other relevant functions and levels and processes of the organization in setting of framework for Quality Objectives and Programs (LLC-QMS-PM-012.00) aside from core processes e.g. Top Management DCC Internal Audit Purchasing Supplies/Resources Control</p> <p>Actions Taken: To be considered during the planning and preparation of QMS documents for 2020</p>	Closed
04	7.5.2	OFI	<ol style="list-style-type: none"> 1. Need to revisit the Control of Documented Information procedure to reflect the use sticker/label and the orientation of this identification on Document Code (upper right/lower right corner of document). 2. Need to revisit the procedures and records to check for the consistency and identification of the effectivity date. e.g. January 10, 2019 s(Document), January 15, 2019 (DCARRF) – Control of Documents - 2019 Quality Objectives and Programs (no effectivity date, page number) <p>Actions Taken: For implementation. Draft prepared comments incorporated among the revisions in the control of documents; for preparation of DCARRFF</p>	Closed

05	7.5.3	OFI	<ol style="list-style-type: none"> 1. Need to include all departmental external documents on the Master list of External Documents. 2. Need to indicate date of update on the Master List of Records and reflect form number of this document <p>Actions Taken: For implementation. Masterlist of external documents to be updated to conform with the requirements before the stage 2</p>	Closed
06	9.3.2	OFI	<ol style="list-style-type: none"> 1. Need to ensure reflecting/standardizing other management review inputs taking into consideration the following inputs: <ol style="list-style-type: none"> a) Status of actions from previous management review b) Information on the performance and effectiveness of QMS; c) Need to include the results of external audit on the next management review(s) 2. Need to omit the term “preventive action’ on the future documentations since it has already been replaced by “planning of actions to address risks and opportunities <p>Actions Taken: For implementation. Draft prepared; comments incorporated among the revisions in the Mgt. Review Procedure</p>	Closed
07	9.3.3	OFI	<p>Need to reflect/standardize the management review outputs that shall include decisions and actions related to</p> <ol style="list-style-type: none"> a. Opportunities for improvement b. Any need for changes to the QMS c. Resource needs <p>Actions Taken:</p> <p>Action Plan for OFIs that are yet to be implemented will be presented as part of the management review. Action Plan to be monitored regularly updates to be presented during Management Review or Mancom meeting.</p>	Closed

**Opening/Closing Meetings:**

Opening and closing meetings were performed in accordance with NQA Form 335. The objective of the audit was to confirm that the management system had been established and implemented in accordance with the requirements of the audit standard.

Confirmed Company Name: LBP LEASING AND FINANCE CORPORATION

Confirmed Office Address: 15th Floor Syciplaw Center, 105 Paseo de Roxas Street, Makati City, 1226, Philippines

Confirmed Scope: Provision of Leasing and Financing Services Confirmed no change since last stage1 visit.

Process/audit area:	Site Tour
Auditees:	Raizza L. Gonzales
Auditor (if applicable):	Rhoda Vi Demesa
Evidence to support audit conclusion:	
<p>Verified work environment LBP's offices:</p> <ol style="list-style-type: none"> 1. Meeting Room A, B, C 2. Oversight Offices 3. OP 4. DCC 5. CSG 6. AMG 7. Remedial Account Mgt. Unit 8. Personnel Admin Unit 9. Risk and compliance 10. IT Unit 11. ASG 12. Credit investigating and appraisal unit 13. Secured room – with vault 14. Mini Library 15. Employees Lounge 16. Locker Rooms 17. Comfort Rooms 18. Legal Services Unit 19. Accounting Unit 20. Filing Room 21. Treasury Services 22. Supplier Room 23. Reception 24. Citizen's charter area with TV <p>Others: With scratch paper bins</p>	



Fire Extinguishers
 Signages
 Fire Alarm
 Megaphone with flashlight
 Medicines
 Communication Board – Office Circulars
 Clean and organized workspace.

Conclusion of the overall effectiveness of the process

Choose an item

Process/audit area:	Top Management Audit/Leadership, Organisational Context (External / Internal issues /interested parties / boundaries and scope / process identification)
Auditees:	Raizza Gonzales,
Auditor (if applicable):	Rhoda Vi Demesa
Evidence to support audit conclusion:	
Context of the Organization:	



Audit Report Part B – Audit Report

Internal and External Issues Log (LLC-QMS-PM-009.00), Rev.0 Effectivity Date: 12/20/2018

Internal Issues:

Factors	Issues	Process to Monitor and Review	Process Owner	Monitoring Tool
A. Knowledge	Competency gap affecting employees job performance	Personnel development	CSG Head and concerned group	Competency Assessment form
	Lack of Awareness of Policies and Guidelines (Functional/Job related affecting employees job performance)	Personnel development On the Job Orientation	CSG Head and concerned group	Competency Assessment form Orientation Acknowledgement Form
	Lack of awareness of policies and guidelines (Administrative) resulting to noncompliance	Personnel recruitment Orientation on Admin Policies and Procedures	CSG Head	Orientation Acknowledgement Form
B. Performance	Lack of Aggressive marketing strategies resulting to non-achievement of targets	Account Generation	AMG Head	Credit Application Monitoring AMG Marketing Report
	Inability to collect from clients to pay-off borrowings resulting to non-achievement of targets	Account Generation	AMG Head, RAMU Account Officer	Asset Quality Report
C. Values	Inappropriate work ethics resulting to poor performance of employees	Account Management, Remedial Accounts	CSG Head and concerned Group Unit Heads	SPMS, Customer Satisfaction Survey Results
D. Stability of Work Force	Lack of Manpower resulting to non-achievement of targets	Personnel Devt	CSG Head and concerned Group Unit Heads	Monthly monitoring Filled and Unified Plantilla Postions

E. Employee Needs and Expectations	Availability of employee feedback mechanism to increase employee engagement	Personnel Devt	CSG Head and concerned Group Unit Heads	SPMS
F. Infrastructure	Availability of IT Infrastructure to support operations	Personnel Devt	IT Unit	Accomplishment Report on IT Projects
G. Financial Viability	Limited geographic reach hampers ability of the corporation to cover larger market base Support of LBP being the mother bank for funding requirements	Account Generation, Fund Sourcing and Management	AMG Head, Treasurer	Portfolio Report per area, Available Credit Lines

External Issues:

Factors	Issues	Process to Monitor and Review	Process Owner	Monitoring Tool
A. Political	Political aspect on abolition of non-performing GOCCs threatens existence of the corporation	Corporate Performance Review & monitoring	President	Accomplishment
	Implementation of Govt. devt programs opening more business opportunities for the corp	Account Generation	AMG Head	Portfolio Report
B. Economic	Increasing interest rates resulting to higher borrowing cost and lower net income	Fund Sourcing and Mgt.,	Treasury Head,	Portfolio Report
	Demand for improved govt. services and countryside devt.	Account Generation	AMG Head	

	Opening business opportunities for the corp.			
C. Social	Unsatisfied customers will negatively affect image of corp. to its existing and prospective customers	Mgt. Review	President	Customer Satisfaction Survey
D. Technology	High Availability of Internet access to improve mobility in work, Inability to tap available technologies to increase employee productivity and to make services more accessible to customers	Information Technology	IT Officer	Information System Strategic Plan
E. Legal	New regulatory issuances may adversely affect business of the corp.	Compliance Mgt	Compliance Head	Business Unit Compliance Action Plan (BUCAP), Status Update Form
	Legal Cases filed may not yield positive results exposing the corporation to possible losses	Legal Evaluation, Action and Representation	Legal Counsel	Status Report on Legal Cases
F. Environment	Increasing competition from banks and other bigger financial institutions resulting to non-achievement of targets	Mgt. Review	Mgt. Committee	Report Industry Standing
	High availability of service providers enabling the corporation to get highly qualified service providers	Fleet mgt.	Admin Head	Performance Evaluation for Suppliers

Opportunities Register

1. Fast development in areas outside metro manila will open more business opportunities for LLFC
2. Govt. agencies will tap services of LLFC because of tedious Govt. procurement process
3. Huge number of small and medium enterprises
4. Faster approval process
5. Build customer relationship and generate additional business from existing clients
6. Increase in govt. spending to fund devt. Projects being implemented will open more business opportunities
7. LBP-LLFC Complementation Access to LBP clients
8. Availability of technologies to improve reliability of business
9. Increasing Internet connectivity to support cloud-based resources application
10. Improve procedures and clear delineation of responsibilities
11. Availability of training packages from various training institutions

Risk Register

1. Client Relationship Management Risk – Unprofessional manner of delivering services to clients
2. Marketing Risk – inability to articulate a compelling and consistent message that underlies the corporation image
3. Sales Business growth – Poor marketing strategies and resource allocation
4. Product Pricing Risk – Failure of the corporation to price its products correctly or competitively
5. Anti-money laundering act – Failure to conduct know your customers procedures or relevant information not disclosed by primary
6. Contract Risk – Negligence of Bank employees in performing their duties and responsibilities
7. Compliance Risk – Inaccurate reporting

Leadership:

2019 Quality Objectives and Programs (LLC-QMS-PM-012.00), Rev.0, effective date: ____), no. strategic objectives, quality performance measurement, target, process, activities, responsible, target date of completion, resources needed, monitoring tool

1. Account Generation – Ensure viability and financial growth, measurement: Increase total portfolio, Target: 4.125B,
2. Accounts Management remedial Accounts Management – Ensure viability and financial growth, measurement: net past due rate, target: 2.5% NPDR,
3. Account Generation – Ensure viability and financial growth, measurement: increase asset size, Target: P5.360B,



- 4. Account Generation; Account Management; Treasury Services – consistently improve profitability, measurement: Increase Net Income After Tax (NIAT), target: Actual NIAT for CY 2019 of P126M,
- 5. Account Generation – Provide affordable and responsive financial products for priority sectors, target: 80% of total portfolio
- 6. Administrative Services – Improve accessibility and timeliness of delivery of leasing and financing solutions, measurement: percentage of satisfied customers, target: 95% of respondents to survey
- 7. – Streamline credit processing system, measurement: credit approval processed within applicable time, target: 100% of credit applications processed within applicable processing time?
- 8. All business processes – Continuous improvement of processes and systems, measurement: implement QMS, target: ISO certification
- 9. Human Resource Management – ensure availability of required competencies for critical positions, measurement: percentage of employees meeting required competencies, target: address and close competency gaps of 100% of employees based on 2018 yearend assessment
- 10. IT Administration – optimize use of IT, measurement: implementation of IT projects, target: 100% completion of ISSP

Business Process Map LLC-QMS-PM-007.00, Rev.0, Effective date: 12/20/2018

Quality Manual, LLC-QMS-PM-005 Rev.00, effective 01/15/2019

Table of Organization 2019

List of Regulatory Reports and Requirements – From BSP, AMLA, SEC, GCG, BIR, DOLE, City Hall

Functional Description of Groups/Offices/Units

Contract Review:

SEC Reg. No.: 111115 LBP Leasing Corporation, filed last December 13, 1982, registered last March 17, 1983

Certificate of Filing of Amended by Laws: LBP Leasing and Finance Corporation (formerly LBP Leasing Corporation) November 03, 2015

Certificate of Authority No. 042, to operate as financing company in accordance with the Financing Company Act Of 1998 (RA 8556) and its IRR, 15th Floor SycipLaw Center, 105 Paseo de Roxas Street, Makati City, sealed December 08, 2015.

Amended by-laws of LBP Leasing and Finance Corporation (As amended on September 24, 2014)

Management Review dated May 14, 16, & 23 2019

Topics:



1. Changes in Internal & External Issues
2. Customer Satisfaction Survey
3. Attainment of Quality Objectives (1st qrtr 2019 scorecard)
4. Process Performance (Action Plan to set Standards)
5. Conformity of Products and Services
6. Nonconformities & Corrective Action
7. Monitoring and measurement results (IQA NCs pertaining to control points)
8. IQA Audit Results
9. Performance of External Providers
10. Adequacy of resources
11. Effectiveness of Actions Taken to address risks and opportunities
12. Opportunities for improvement - per dept.

Internal Audit- Luz M. Narciso QMS Internal Audit Team Leader

Annual Audit Plan 2019

Audit Notice 2019

Audit Plan 2019

Audit Checklist 2019

Audit Result Reports 2019

Summary of Audit Findings 2019

RFA Summary 2019

OFI Summary 2019

Processes	# of Processes	C	NC	OFI
Core	22	76	5	33
Support	27	115	4	37
Management	11	22	5	8
Total	60	213	14	78

Customer Focus:

List of Customers -

1. Individual Customers – majority- 72%
2. Corporate customers – quarter – 25%
3. Government customers – 3%

Services Availed:

- Special financing to support government programs – 73
- Finance lease – 16
- Equipment Financing line – 12
- Short term credit line – 12

Overall Satisfaction- 97% with more than half of the customers feeling very satisfied while two fifths are feeling satisfied.

This yielded a mean score of 4.5 which has a descriptive equivalent of very satisfied

Positive Feedbacks

1. Responsiveness of staffs
2. Attitude of staff
3. Knowledgeable staff
4. On payment (



Negative Feedbacks: there are 4 individual customers who expressed their disappointment on LBP-LFC

1. It has been years and yet he still has not been given a receipt even through his contract is ending already
2. Each agent has different implementation like someone has to pay his car insurance for three years. He also mentioned that the requirements up to now are still unclear to him
3. Another individual has been paying for his Toyota for four years already. There were only three instances when he failed to pay and yet all the payments he previously made were disregarded already.
4. He was not informed that he can claim his insurance if his car needed repair.

Policy:

Quality Policy

Roles and Responsibilities:

Table of Organization 2019

Functional Description of Groups/Offices/Units

Planning (Risks):

Risk and Opportunities Identification and Assessment, Rev. 0 Effective Sep. 16, 2019

This process covers the identification of risks and opportunities that can potentially affect the organization and determination of its significance. This process also provides specific steps in identifying, evaluating and assessing risks and opportunities. It considers as inputs the current context (internal and external issues), the needs and expectations of interested parties and quality objectives among others. Significant risk(unacceptable) or opportunities (worth pursuing) are those that exceed the threshold using the rating scale.

Planning (Objectives):

2019 Quality Objectives and Programs (LLC-QMS-PM-012.00), Rev.0, effective date: ____), no. strategic objectives, quality performance measurement, target, process, activities, responsible, target date of completion, resources needed, monitoring tool

1. Account Generation – Ensure viability and financial growth, measurement: Increase total portfolio, Target: 4.125B,
2. Accounts Management remedial Accounts Management – Ensure viability and financial growth, measurement: net past due rate, target: 2.5% NPDR,
3. Account Generation – Ensure viability and financial growth, measurement: increase asset size, Target: P5.360B,
4. Account Generation; Account Management; Treasury Services – consistently improve profitability, measurement: Increase Net Income After Tax (NIAT), target: Actual NIAT for CY 2019 of P126M,
5. Account Generation – Provide affordable and responsive financial products for priority sectors, target: 80% of total portfolio
6. Administrative Services – Improve accessibility and timeliness of delivery of leasing and financing solutions, measurement: percentage of satisfied customers, target: 95% of respondents to survey
7. – Streamline credit processing system, measurement: credit approval processed within applicable time,

target: 100% of credit applications processed within applicable processing time?

8. All business processes – Continuous improvement of processes and systems, measurement: implement QMS, target: ISO certification

9. Human Resource Management – ensure availability of required competencies for critical positions, measurement: percentage of employees meeting required competencies, target: address and close competency gaps of 100% of employees based on 2018 yearend assessment

10. IT Administration – optimize use of IT, measurement: implementation of IT projects, target: 100% completion of ISSP

Performance Evaluation (Customer Satisfaction):

Management of Customer Satisfaction Survey, Rev.0, Effective Oct. 23, 2019

This process covers the engagement of 3rd party service provider for the conduct of the survey to the review and evaluation of the results of the survey.

This procedure defines the process of measuring client satisfaction for services rendered by the corporation.

Admin Unit/Specialist Head facilitates the process for the engagement of 3rd party service provider for the conduct of the survey

3rd Party Service Provider – conducts the customer survey for the corporation

Mancom – Reviews result of the survey and identifies areas for improvement and/or recommends action for complaint, if any

Governance Commission dated April 11, 2018, Re: Standard Guideline on the conduct of Customer Satisfaction Survey of the GOCCs under the Jurisdiction of GCG.

Annual Customer Satisfaction Survey

1. Quantitative Research Design
2. Data Gathering Methods specific to the different types of GOCCs
 - Data gathering method: Intercept Interviews
 - Telephone Interviews
 - Intercept interviews + Telephone interviews
 - Door to Door Interviews + Telephone Interviews
 - Intercept interviews + Door to Door Interviews

Record:

2019 LBP-LFC Customer Satisfaction Survey on Landbank of the Philippines Leasing & Finance Corporation

Interview Dates: Sept. 11-27, 2019

Conducted by: MRC: Market Relevance Corporation

As recommended by GCG, the stakeholders were interviewed via phone using a structured questionnaire prescribed by the GCG

There is n=247 accounts listed n=140 of whom were approached for the interview. This yielded a margin of error of 5%

There are 4 types of respondents: 1) Private Lessees; 2) Private Financing Customer; 3) Government Lessees; 4) Individual Financing Officer

All the stakeholders interviewed either have an active account-meaning payment are up to date or may have been inactive for 1-3 months maximum, meaning there may be lapsed payments for up to 3 months

There were 5 dimensions measured in this study 1) Staff Organization 2) Lease and Financing Services 3) Complaints Handling and Records Keeping 4) Information and Communication 5) Facilities

Guidelines on Customer Complaints Management As Required under BSP Circular 857 (Financial Consumer



Protection)

Customer Assistance Mechanism Handling Process (Annex A)

Customer Incident Report (Annex B)

Acknowledgement Response (Annex C)

Incident Survey Form (Annex D)

Incident Survey Form

Consolidated Complaint Report (Annex F)

Control of Nonconforming Outputs (LLC-QMS-PR-003.00), Effective Date; 1/15/2019

Scope: This procedure describes the activities from identifying and controlling nonconforming outputs, including disposition of actions and responsibilities in implementing corrective actions.

The following descriptive equivalent of each mean rating re as follow:

1.0-1.80 0- very dissatisfied

1.81-2.60 – dissatisfied/disagree

2.61-3.40 – can't say

3.41-4.20- satisfied agree

4.21-5.00- very satisfied/strongly agree

Metrics under Financing Loans:

1. Requirements are properly disseminated
2. Process for applying for loans is simple and easy
3. Application process is better than other lending institutions
4. Documentary requirements are reasonable
5. Loan applications are processed/completed within a reasonable amount of time
6. Loan terms and conditions are clear and reasonable
7. Interest rates are competitive
8. Documents issued are free from defect or typographical errors
9. Payments are easy to make
10. Client information is kept confidential

LBPLFC information is easy and clear and relevant

Information main desk is still the main source of information of the customers

- Information desks
- Phone/hotline
- Account officer
- Text/SMS
- Word of mouth

- Visible signages

- Readable

- Clean premise

- Orderly

- Well maintained

- Well ventilated



- Good lighting
- Safe
- Secure

Suggestions:

1. Faster processing for insurance
2. Lower interest rate
3. Grace period
4. Update payments
5. Consistent information regardless of agent

Management Review dated May 14, 16, & 23 2019

Topics:

13. Changes in Internal & External Issues
14. Customer Satisfaction Survey
15. Attainment of Quality Objectives (1st qrtr 2019 scorecard)
16. Process Performance (Action Plan to set Standards)
17. Conformity of Products and Services
18. Nonconformities & Corrective Action
19. Monitoring and measurement results (IQA NCs pertaining to control points)
20. IQA Audit Results
21. Performance of External Providers
22. Adequacy of resources
23. Effectiveness of Actions Taken to address risks and opportunities
24. Opportunities for improvement - per dept.

Management Review:

Management Review, Rev.1, Effective Nov. 22, 2019

To define and establish a documented process for conducting a Management Review

Management Review Minutes of Meeting dated Nov. 20, 2019

Attendees:

- Francisco J. Leonor, Jr. – President & CEO
- Riza M. Hernandez- VP/Head, Account Servicing Group
- Raizza L. Gonzales – VP/Head Corporate Services Group
- Fidelito Magno – VP/ Head Account Management Group
- Atty. Leny O. Matorre: Legal Counsel
- Luz M. Narciso Head, Compliance Unit
- Alley J. Entenzia OIC Internal Audit Unit
- Don V. Sumadchat – Risk Management Officer
- Jimlyn I. Almene – Account Officer
- Joselia S. Garcia – Admin Specialist
- Elaine D. San Juan – Asst. Manager, RAMU
- Inathe Ll. Ramo – Mgt, Services Specialist II
- Angelique Javier – Risk Management Analyst
- Noel D. Calvez – Head Admin Unit
- Jose Emmanuel I Guerrero – Admin Specialits II/Mgt. Review Secretariat



Discussions & Agreements:

Status of Actions from previous Management Review -

1. Changes in Internal & External Issues –
2. Customer Satisfaction Survey (Action Plan for the conduct of Survey) – conducted during 11-27 Sept. 2019. The outsource service provider provided them a brief summary of the results of the survey to LLFC with overall satisfaction score of 97%.
3. Attainment of Quality Objectives (3rd quarter scorecard)
4. Process Performance and Conformity of Products and services – OFI: it refers to the internal measurement of each processes
5. Nonconformities and Corrective Actions – 14 requests For Actions (RFAs) issued, only one was not complied with, 2 RFAs were recommended to be cancelled, while root causes for another two were recommended to be reviewed
6. Monitoring and Measurement Results – actual and standard processing time of LLFC processes, some units still need to identify processing time for their respective process.
7. Audit Results – Internal Audit Unit – internal Audit findings, Compliance Unit – is in charge of findings from External auditing Bodies such as BSP and COA
8. Performance of External Providers – used new form for evaluating the external providers
9. Adequacy of resources – included in the corporate planning
10. Effectiveness of Actions Taken – column for Evaluation of effectiveness to be reviewed
11. Opportunities For Improvement – OFIs are still for implementation, Stage 1 audit results were presented, wherein several OFIs have been identified

Internal Audit/CAR/NC:

Internal Quality Auditing LLC-QMS-PR-004.01 Rev. 1, Eff: 06/17/2019- based on ISO 19011:2018

Internal Audit- Luz M. Narciso QMS Internal Audit Team Leader

Annual Audit Plan 2019

Audit Notice 2019

Audit Plan 2019

Audit Checklist 2019

Audit Result Reports 2019

Summary of Audit Findings 2019

RFA Summary 2019

OFI Summary 2019

Improvement:

Nonconformity and Corrective Action LLC-QMS-PR-005.00, 1/15/2019

Identification of nonconformities up to the closure of the nonconformity

Request for Action (RFA)

RFA Registry

Conclusion of the overall effectiveness of the process

Findings have been identified.



Audit Report Part B – Audit Report

Process/audit area:	Operations
Auditees:	Fidelito Magno, Peter Paul I. Rigor
Auditor (if applicable):	Rhoda Vi Demesa
Evidence to support audit conclusion:	
<p>Operational Procedures LLC-AMG-PR-001.00 Rev.0, Effective date 01/15/2019 Account generation Credit Documentation and Implementation Account Management Relationship Mgt. Account Management Account Monitoring Credit Assessment Credit investigation and Other Services Credit Assessment Asset Inspection and Appraisal The purpose of the procedure is to guide the Account Officers in seeking prospective clients in the marker and industries coherent with the Marketing Plan This procedure applies to the first part of the credit initiation from client prospecting account solicitation and introduction of LLFCs services to the clients which would eventually lead to the evaluation packaging and approval of appropriate credit facilities</p> <p>Application No. CA-2019-11, dated issued 3/8/2019, AMG, Application Monitoring Sheet LLFC-AMG-FR-007.00, approval date: 3/28/19- One Sky Stainless Notice of Approval dated April 1, 2019 Credit Information Report Secretary's Certificate Statement of Assets, Liabilities and Net worth Certification- one sky Business Information Sheet (Corporation) Sec etc/</p> <p>AMG Client's master Folder 2 BIR Audited Financial Statement</p> <p>Records: 2019 Corporate Action Plans/Marketing Plan, dated April 22, 2019 for March 28, 2019 Board Meeting, Manuel H. Lopez 16 Items planned – end of the year accomplishment 2020 Plan has been planned for December 3rd week (late) Depending on the Land Bank of the Philippines</p> <p>Records: One Sky Stainless Aluminum Supplies Enterprises Co., MLA #793 (Master List Agreement) Availment Folder</p> <ol style="list-style-type: none"> 1. Credit Facility Proposal (LLC-AMG-FR-008.00 dated March 4, 2019) <ul style="list-style-type: none"> - Client Details - Details of all Facilities - Other Collateral Business with LBP - Terms and Conditions - Approval recommendation by: Katherine D. Reyes - Reviewed and endorsed by: Peter Paul I. Rigor/Fidelito Magno - Crecom Action: Ma. Christelyn M. Uy - Excom Action: Raizza L. Gonzales - Board Action: Atty. Felix Manlangit - Certified True Copy dated April 2, 2019 – Original is found at DRC - Orientation of filing to folder was at the bottom to top - Accounts Assistant - <p>Packaging:</p> <ul style="list-style-type: none"> - Finance Lease – 5 years, with condition, use or reconditioned equipment 3 years, e.g. vessel, depend s on the useful life, - Equipment Financing Line – 5 years - Short Term credit line – 12 mos. - Term Loan Re-discounting Line – receivable financing exceeding 12 mos. 2 years features similar with short term 	



Audit Report Part B – Audit Report

Existing Clients – 30 days
 New Accounts – 40 days
 Before 45 days
 ARTA – plans to shortened the Lead Time to 20 days

Clients Master Folder 1:

1. Recommendations and Approvals
2. Call Reports and Correspondences
3. Credit Checking and Appraisal Reports
4. Legal Documents
5. Collateral Documents
6. Corporate Papers

Client Master Folder 2

1. Business Permits and Licenses
2. Financial Statements

AMG Facility Folders

1. Leases Contents
 - Approved Availment Memo
 - Clients Letter of Intent
 - Lease Availment Checklist
 - Payment Order
 - Implementation Memo
 - Master Lease Agreement
 - Lease Schedule
 - Disclosure Statement
 - Amortization Schedule

Working Capital Financing:

Fixed Asset Financing

Security File Folders

Legal Documents

Recommendation/Approval

Clients Approval

Corporate Papers

Financial Reports

Availment Folders

- Asset Documents
- Availment Documents

Approving Authorities amount of penalty charges

25,000- President

Over 25 to 50- Credit Committee

Over 50 to 200 Executive Committee

Over 200,000 Board of Directors

Credit manual 2014, 1st revision, Aug. 14, 2018, Credit Review Process

Account Servicing Account Document Review, LLC-ASG-PR-004, Rev. 0, January 15, 2019

Susana Magno – Account Admin Officer –

Marieta Tan – Account Admin Unit Head

Security Document Management and Custodianship LLC-ASG-PR-005, Rev.0, 01/15/2019

Collateral Administration (LLC-ASG-PR-006), Rev.0, Effective Date: 01/15/2019

Records:

Availment Folder e.g. One Sky Stainless and Aluminum Supplies Enterprises Co.

LA/LS: (Lease Agreement, Lease Schedule No.: MLA # 793/Is#1

Object of Lease: 2 units Dowell Overhead Cranes

Request For: Release of Proceeds

Dated: May 7, 2019,

Control No.: 19-057 – issued by Rea Padilla, Account Admin Specialist

Checklist of Document requirement, Recommended by:, Approval: AMG & ASG Head



Availment Processing Tickler- initial fill-up by AMG
Financial Lease (Table of Content)

Security Master File – One Sky
Legal Documents Checklist
Recommendations & Approvals
Credit Facility Proposal
LLFC Excom/Board Resolution
Confirmed Notice of Approval

All compliance to the requirements of
Security

Collateral:

One Sky
LA No. 793, LS No.: 001, maturity: 5/10/2022 (5) stands for May
Statement of Account (from LIBI)
Debit Note from Asia insurance (Philippines) Corporation, policy No. 00509
Line: Casualty/Property Floater Insurance
Request for Insurance Coverage –
LBP Insurance Coverage Class B LIBI Code 89-04 – quoted 4 units but insured 2 units only.
Commercial Invoice
Packing List – 2 Dowell Cranes

One Sky
L/A 793, LS No.: 002, Maturity 7/03/2022
Fire insurance
Notice of Approval –
Credit Facility Proposal
Borrower Credit Risk Rating Sheet
Worksheet on Internal Credit Risk Rating
Report on the audit of Financial Statement
Board Resolution dated April 26, 2019
Credit Investigation Reports
Audited Financial Statement – 2017-208
Secretary's Certificate
Board resolutions
Corporate Papers
Specimen Signature Card
Business Permit 2019
SEC copy

Conclusion of the overall effectiveness of the process

Findings have been identified.



Audit Report Part B – Audit Report

Process/audit area:	Recertification Review		
Auditor (if applicable):			
Evidence to support audit conclusion:			
The following NQA reports were reviewed:			
Report No.			
Standards;			
Location:			
Date;			
Major;			
Minor;			
OFI			
Report No.			
Standards;			
Location:			
Date;			
Major;			
Minor;			
OFI			
Review Conclusion:			
<ul style="list-style-type: none"> • Have all relevant clauses of the standard been assessed over the certification cycle?: Choose an item • Are policy commitments and objectives deemed to be being achieved?: Choose an item • Have all NCs raised over the certification cycle been adequately closed and prevented from recurring?: Choose an item • Are there any trends of significant concern in the findings raised over the three year period?: Choose an item • Is the company’s commitment to maintain the effectiveness and improvement of the management system in order to enhance overall performance evident?: Choose an item • Is there suitable justification for excluded / inapplicable clauses?: Choose an item • Has the scope of registration been verified as correct/incorrect?: Choose an item • Have all site visits been undertaken to plan?: Choose an item • Is the management system in its entirety is considered to remain relevant and effective and applicable to the scope of registration?: Choose an item 			
Conclusion:			
Choose an item			

Use of Registration Marks and Logos

Use of Registration Mark (if used) is in accordance with the Rules of Registration	N/A

Example of the current NQA logos:

ISO 9001 (UKAS Accredited)



ISO 9001 (UKAS Accredited) with 'UKAS Tick and Crown'



More information can be found at: <https://www.nqa.com/en-gb/clients/logo-library>

Our logos have recently been refreshed with a new design. This does NOT mean you need to change them, but bear in mind for next time a change is due. The new designs can be downloaded from our website

If there are inaccuracies, errors or queries regarding this report or audit findings, please contact NQA Head Office on 0800 052 2424 within five working days of the closing meeting

End of Audit

Audit Plan

This plan relates to the next Choose an item.

Relevant Standard/Supporting Documentation: ISO9001:2015; ISO14001:2015; BS OHSAS 18001:2007; ISO45001:2018; SSIP; ISO50001:2011; ISO27001:2013; ISO22301:2012; NHSSXX

Member/ Role		Member/ Role	
Date		Date	
Time	Location/Department/Function	Time	Location/Department/Function
09.00	Opening meeting		
09.30	Close out of previous findings		
10.00			
10.30	Interviews, to include*:		
11.00	• Management legally responsible for Occupational Health & Safety,		
11.30	• Personnel responsible for monitoring workers health,		
12.00	• Employees representatives (with responsibilities for OHS).		
	• Managers and permanent and temporary employees		
12.30	Shift / Remote Working**:		
13.00	• Audit Plan to include non-core shift working, where applicable		
13.30	• Audit Plan to include auditing of remote workers, where applicable		
15.00			
15.30	Report preparation		
16.30	Closing meeting		
Completed by		Timings and content may be subject to change	

* Mandatory interviews at OHSAS18001 / ISO45001 Audits. If these mandatory interviews are not undertaken, record and justify reasons in the Executive Summary & state that not all objectives have been met.

** Mandatory for OHSAS18001 / ISO45001 Audits

The objectives of the audit will be:

- To confirm that the management system had been established implemented and maintained in accordance with the requirements of the audit standard.
- To evaluate the ability of the management system to ensure the client organisation meets applicable statutory, regulatory and contractual requirements. Note: A management system certification audit is not a legal compliance audit.
- To evaluate the effectiveness of the management system to ensure it is continually meeting its specified objectives
- To identify as applicable, areas of the management system for potential improvement.

The audit scope describes the extent and boundaries of the audit, such as physical locations, organisational units, activities and processes to be audited.

Where the initial or re-certification process consists of more than one audit (e.g. covering different locations), the scope of an individual audit may not cover the full certification scope, but the totality of audits shall be consistent with the scope in the certification document.



Audit Report Part D – Audit Matrix

Relevant Standard/Supporting Documentation:	ISO9001:2015; ISO14001:2015; BS OHSAS 18001:2007; ISO45001:2018; SSIP; ISO50001:2011; ISO27001:2013; ISO22301:2012; NHSSXX
<ul style="list-style-type: none"> This audit programme is to be prepared by the Lead Auditor at the completion of the Stage 2 audit or the Recertification audit. It should be replicated in all subsequent surveillance visit reports. Where an element(s) of the programme cannot be completed at a given visit the programme shall be amended and up-issued accordingly to ensure coverage at the following visit. Site visits are to be included in the programme with a clear indication as to the processes intended to be sampled. 	

Type of visit	Stage 1	Stage 2	Surveillance 1	Surveillance 2	Recertification
Visit Due Date (MM/YY)					
Mandatory Elements / Selected Processes	Processes to be audited during visits are to be indicated with a cross (X). All processes are to be audited during a three-year certification cycle excluding the re-certification visit.				
Context of the organization					
Leadership					
Planning					
Support					
Performance evaluation					
Improvement					
Use of marks and references to certification / Client website					
Site Tour					
Operations Processes (specify from scope)					
•					
•					
•					
•					
•					
•					
•					
Off Site Processes for review at Site Visits (Specify)					
•					
Non-Core Shifts to be Audited (non-core shifts to be audited minimum of 1 per cycle)					
•					
Client Locations to be visited (Specify)					
•					
•					
Audit trails will be developed based upon identified risk throughout the audit and as such timings and content may be subject to change. Where the client operates shifts, the activities that take place during shift working shall be considered when developing the audit programme					



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Connect with NQA on LinkedIn, engage with our professional network, access knowledge, gain insights and opportunities.
www.linkedin.com/company/nqa-global

