



OCT 23 2023

MEMORANDUM NO. **2023-53**

T O : ALL ELECTRIC COOPERATIVES (ECs)

**SUBJECT : ADOPTION OF THE ELECTRIC COOPERATIVE AUDIT MANUAL
AND IMPLEMENTATION OF A RISK-BASED AUDIT APPROACH
IN THE EC'S OPERATIONS**

One of the foremost goals of an Electric Cooperative (EC) is the attainment of operational viability and reliability towards the end of improving services to member-consumer owners. To achieve this goal, an EC must have an efficient and effective internal control system, enhanced by an equally effective and efficient Internal Audit Department. To this end, the Philippine Association of EC Internal Auditors (PHILAEICIA) formulated the Electric Cooperative Audit Manual.

The Electric Cooperative Internal Audit Manual is aimed at:

- a. providing a comprehensive guide or reference for the conduct of internal audit services and the execution of the internal audit strategy; and
- b. ensuring that the work performed by an Internal Auditor of an electric cooperative aligns with the International Professional Practices Framework, relevant regulatory guidelines, and other applicable authoritative references.

The Manual provisions should serve as a reference for each EC in adopting their individual audit process suited for their EC's operation, which shall be consistently applied by all internal audit personnel in all relevant aspects of their audit work.

A major effect of the Manual is the shift from a Pre-Audit Approach to a Risk-Based Audit Approach. As such, the adoption of the Manual and eventual implementation of a Risk-Based Audit Approach in the EC shall be subject to the approval and confirmation of the respective EC Board of Directors. Furthermore, owing to the nature of EC operations and their inherent risks, procurements, salary/benefits, and compliance with NEA-issued guidelines shall be prioritized in the implementation of a risk-based audit approach in the EC.

For your guidance.


ANTONIO MARIANO C. ALMEDA
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION
Office of the Administrator



NEA-OA272875