



**NEA BOARD OF ADMINISTRATORS'  
REFERENDUM NO. 34**

**Board Resolution No. 2023-32**

**REQUEST FOR REFERENDUM ON THE APPROVAL OF THE  
PROPOSED AMENDMENT TO THE NEA MANUAL OF CORPORATE  
GOVERNANCE**

Pursuant to Section 4(s) of the Presidential Decree (P.D.) No. 269, as amended; Section 5 of Republic Act (R.A.) No. 10531 or the Powers, Functions and Privileges of the National Electrification Administration, the NEA is authorized and empowered to exercise such powers and do such things as may be necessary to carry out the business and purposes for which the NEA was established, or which from time to time may be declared by the Board of Administrators as necessary, useful, incidental or auxiliary to accomplish such purposes; and Section 5 of P.D. No. 269, all of the powers of the NEA shall be vested in and exercised by the Board of Administrators;

**WHEREAS**, the Management, in its Memorandum, earnestly requested for the approval through referendum of the Proposed Amendment to the NEA Manual of Corporate Governance;

**WHEREAS**, the minutiae are stated hereunder:

**Background:**

The Governance Commission for GOCCs (GCG) issued Memorandum Circular (MC) No. 2012-07 or the "Code of Corporate Governance for GOCCs, which establishes the structure of powers and responsibilities within a GOCC. Being vested by law with all corporate powers, the Governing Board - and not Management - is primarily responsible and directly accountable to the State for the operations and performance of the GOCC. Consequently, the Governing Board must set the strategy, provide policy directions, and provide an independent check on Management. It shall select the CEO from among its ranks and employ only Officers who are fit and proper. The Board must also constitute the specialized committees required under the Code for the efficient management of time and the proper understanding and resolution of all issues.



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In accordance with this MC, the National Electrification Administration (NEA) submitted its Board-approved Manual of Corporate Governance to the GCG on November 10, 2014, which states, among others, the following functions of the Audit Committee:

- a. Evaluate the adequacy and effectiveness of the internal control system;
- b. Meet periodically with Management, the internal auditors and the COA in separate executive sessions to discuss any matters that the Audit Committee believes should be discussed privately;
- c. Review and approve the annual internal audit plans and programs;
- d. Review the financial statements periodically before submission to the Board;
- e. Review and approve the following reports including the recommendations therein as submitted by the Internal Audit:
  1. Audit report
  2. Monitoring report
  3. Operations report
  4. Assessment report
  5. Evaluation report
  6. Validation report
  7. Accomplishment report
  8. Performance report
  9. Special assignments and others



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- f. Assess compliance with existing policies and procedures and applicable laws, rules and regulations;
- g. Review and approve the Internal Audit Charter and amendment thereto;
- h. Review and approve policies relative to Internal Audit activities;
- i. Perform oversight financial and operational management functions, legal and other risks of NEA relating to its operations and support processes; and,
- j. Review and endorse for approval of the Board any proposed amendment to existing policies relative to NEA and EC operations as recommended by the Internal Audit

The GCG subsequently issued Memorandum Circular No. 2015-07 or the "Corporate Governance Scorecard for GOCCs", which assesses each GOCC's governance policies and practices on Stakeholder Relationships, Disclosure and Transparency, and Responsibilities of the Board. In particular, Item Number 26b of the CGS directs that "the appointment and removal of the internal auditor require the approval of the Audit Committee".

As such, in order to comply with the aforementioned requirement of the CGS, may we respectfully request the approval to amend the NEA Manual of Corporate Governance.





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**Recommendation:**


**AMEND** Section 15.2.1, of the *NEA Manual of Corporate Governance* to **ADD** the "**Recommend the appointment and removal of the Internal Auditor**" to the functions of the Board Audit Committee.

**WHEREAS**, after discussion and deliberation, the Board of Administrators agreed to approve the request;

**NOW, THEREFORE, BE IT RESOLVED**, that the NEA Board of Administrators, in its meeting today, 11 December 2023, approves, as it hereby approves the Referendum on the Approval of the Proposed Amendment to the NEA Manual of Corporate Governance.

Issued this 11<sup>th</sup> of December 2023 in Quezon City, Philippines.

**SEC. RAPHAEL P.M. LOTILLA**  
Chairman, DOE Secretary

  
**ASEC. MARIO C. MARASIGAN**  
Alternate Chairman



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**ANTONIO MARIANO C. ALMEDA**  
Member and Administrator

  
**AGUSTIN L. MADDATU**  
Member

  
**ATTY. ALIPIO CIRILO V. BADELLES**  
Member

  
**RENE M. GONZALES**  
Member