



Republic of the Philippines
National Electrification Administration

26 June 2006

NEA MEMORANDUM No. 2006-016

TO : **ALL ELECTRIC COOPERATIVES**

SUBJECT : **COLOR CODING SCHEME FOR AUDIT REPORTS**

Audit results have always been awaited both by the electric cooperatives (ECs) and the general public. Thus, other than necessarily putting timelines to indicate audit work progress, NEA has implemented a color coding scheme for audit reports as forwarded to ECs. This provides for easy classification of audit findings and observations, and will immediately mirror to the receiving EC, the content and extent of impact of such audit report.

The covers of official reports are classified according to the following colors:

- RED - Observations/findings are considered gravely adverse to good management.
- GREEN - Findings are moderately adverse, and with procedural lapses that need immediate correction.
- BLUE - Findings are minor with some procedural lapses that need to be corrected immediately.

ECs which receive red covered audit report will mean the following, among others:

1. Mandatory attendance of the Board of Directors, GM and staff to a NEA-called meeting for the purpose;
2. Immediate implementation of most appropriate sanctions allowed by laws, rules and regulations; and
3. Timebound submission of explanations, justifications and supporting documents.

ECs which receive green and blue covered audit reports will have to comply with timely submission of required supporting documents, comments and justifications. Non compliance with submissions will render the audit report final, and may then be made available to the requesting public.

For your guidance.


EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

REPLYING UNIT: #09008729



NEA-09008729

Handwritten initials and date:
JL
6/24/06