



## **NATIONAL IRRIGATION ADMINISTRATION BOARD REVIEW AND COMMENT ON THE ADEQUACY OF NIA'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

The National Irrigation Administration Board (NIA Board) has accountability over the systems of internal control and risk management of the NIA and conduct assessments of its efficiency on the operation of the Agency.

The internal control and risk management systems of NIA objectively aims to reduce and/or minimize risks in in relation with its operation. Moreover, NIA Board can provide only a reasonable and not absolute assurance against the occurrence of any material misstatement or loss of management and financial information and records, or against losses or fraud.

Pursuant to Section to Section 16.1 of the Code of Governance for Government-Owned and Controlled Corporation, the governing Boards of GOCCs shall constitute the proper committee to assist them in performing their duties and responsibilities. The Code provided the creation of Audit Committee and Risk Management Committee among others.

To assess the adequacy and effectiveness of the Agency's internal control and risk management systems, a process of control self-assessment and hierarchal reporting has been established to provide a documented and auditable trail of accountability. The process is implemented by the Internal Audit Services (IAS), reporting to the Board through the Board Audit Committee working as an oversight of the financial reporting process, the audit process, the NIA's system of internal control and compliance with laws and regulations.

The Board Audit Committee oversee, monitor and evaluate the adequacy and effectiveness of the GOCC's internal control system, engage and provide oversight of the GOCC's internal and external auditors and coordinate with Commission on Audit. The Committee reviews and approves audit scope and frequency, the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with tax, legal, regulatory and COA requirements.

The NIA Board Audit Committee conducted its meeting and commented on the Proposed Internal Audit Annual Work Plan (IAAWP) and Monitoring Activities for CY 2022. The Committee commented and recommended the following:

1. The likelihood and impact of risks as part of the parameters to determine prioritization of audit areas;
2. The inclusion of detailed work plan and explanations as to why Regions are emphasized over others;
3. The inclusion of the management request for spot audit in the proposed annual work plan;
4. The red flags evident in the audit findings should be comprehensively discussed and fully disclosed
5. The Annual Work Plan is recommended for approval through a referendum.

The IAS foregoing activities demonstrate that the Agency remains committed with its mandate.

The NIA Board thru the Risk Management Committee has the responsibility for the risk management policies of NIA and oversight of the operations of the risk management framework. The Committee is tasked to perform oversight management functions specifically in the areas of managing credit, market liquidity, operational, legal, reputational and other risks of the OGCC, and crisis management which shall include Senior Management periodic information on risk exposure and risk management activities.

Moreover, the Risk Management Committee ensures compliance on the Risk Management Policy of the Agency and ensure that the risk management process and compliance are embedded throughout the operations of the Agency, especially at the Board and Management level.

Likewise, all other constituted committees of the Board can be called upon to perform their functions in accord with their respective mandates and in relation to the management of diverse corporate risks and challenges.

The Board is tasked to ensure the above stated systems are in place and regularly reviewed throughout the year, taking into consideration the Agency's policy, governance and socio-political and legal developments and issuances and to ensure the adequacy and integrity of the systems of internal control and risk management.