

## **BIBLIOGRAPHY**

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## **ABSTRACT**

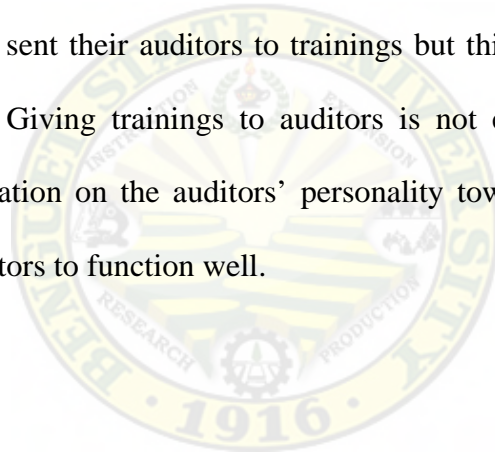
This study was conducted to determine the timeliness, reliability, and accuracy of audit findings, and even on the value added by the audit committee. It was also conducted to look into the teamwork, confidence, personal habits, language proficiency and attitude of the audit committee. Furthermore, it also looked into the initiative, dependability, job knowledge, decision making skills and interpersonal relations as well. This study focused on the frequency of auditing and the reason for practicing such frequency.

The findings show that most cooperatives practice their frequency in audit because it was stated in their by-laws and most of the cooperatives practice monthly and quarterly auditing. Most of the respondents rated their auditor's timeliness, reliability and accuracy of audit findings were delivered with consistency. Teamwork, confidence, personal habits, language proficiency and attitude of the audit committee were also delivered well by meeting all their job requirements and also by meeting all the expectations from them in this area and the auditors were consistent in this aspects; same with the auditors initiative, dependability, job knowledge, decision making and interpersonal relations.

On the overall performance, majority (51.61%) of the cooperative that existed 5 years and below and 64.71% beyond five years were rated satisfactory. For cooperative that existed

below five years, 32.35% of the respondents rated their auditors as needs improvement and 2.94% of the respondents rated their auditors as unsatisfactory. Respondents from cooperatives that existed beyond five years, 25.81% rated their auditors as needs improvement and unsatisfactory. Majority of the auditors deliver a consistency in meeting the job requirements and the expectations from them, however, there were still auditors who were not consistent in meeting all the job requirements and expectations from them and there were auditors who did not meet all their job requirements and expectations from them.

To solve problems regarding those committees that does not function, some cooperatives rely on their external auditors and hire internal auditors to do the function of the committee. Though, some cooperatives sent their auditors to trainings but this was not enough to motivate them to do their function. Giving trainings to auditors is not enough to motivate them but integration or values orientation on the auditors' personality towards their work could give a good motivation on the auditors to function well.



## **INTRODUCTION**

### Rationale

Today's business climate has put more emphasis on audit responsibilities. Many Cooperatives are establishing Audit Committee or Supervisory committee in order to fulfill highly important duties such checking on the proper utilization of funds. Auditing of Cooperative's financial records is one of the committees responsibility and directly accountable and responsible to the General Assembly. It shall have the power and duty to continuously monitor the adequacy and effectiveness of the Cooperative's management on control system and audit the performance of the cooperative and its various responsibility centers as stated in the new Cooperative Code RA 9520 of 2008 Art. 43.

The management is responsible for achieving their Mission Statement through the management's goals and objectives by the use of effective and efficient resources and compliance with laws, regulations, and policies.

Internal audit helps the management in distributing the responsibilities by giving an independent and objective evaluation on its existing internal control on the cooperatives operations and services. Internal Audit also helps the management develop and improve its control and processes on its operations and services. However, the management should always have the control on the cooperatives operations and should have the ultimate responsibility for their performance (Le Panne, 2006).

The role of Internal Audit Committee is indeed important to Cooperatives and by measuring performance of Audit Committee ensures high quality standards for audit strategy, execution and reporting. In addition evaluation of audit performance to the



Organization's mission and objectives and in return ensures that stakeholders audit needs are fulfilled.

Evaluating the performance of auditors is not by measuring the information created or produced that were made available and the status and recommendations on risk and internal control. The information they produce may pertain to the numbers and types of risk and internal controls faced by the cooperative, the process or other contexts where risk and controls exist, the impact on the performance of cooperative and the threats posed by risk, risk indicators, performance indicators, deficiencies, issues, loss, events and incidents. In summary, the role of internal audit is to drive up the quality and quantity of reliable information on the status of risk control. Evaluating the performance helps develop the auditor skills by constructive feedback and positive reinforcement on work performed, in which this study wants to focus.

#### Statement of the Problem

Primarily, this study evaluated the performance of internal audit committee of selected Primary Cooperatives in La Trinidad, Benguet. Thus, it aimed to answer the following questions.

1. What is the frequency of internal auditing practiced by the cooperative?
2. What is the reason for practicing such frequency in internal auditing?
3. What is the level of effectiveness and reliability of audit findings during the audit?
4. What is the level of performance of internal audit committee in auditing the internal control of the cooperative?
5. What are the value added by the audit committee?



### Objective of the Study

The study aimed to:

1. Find out the frequency of internal auditing practiced by the cooperative;
2. Identify the reason for practicing such frequency in internal auditing;
3. Determine the level of effectiveness and reliability of audit findings during the audit;
4. Determine the level of performance of internal audit committee in auditing the internal control of the cooperative;
5. Identify the value added by the audit committee.

### Importance of the Study

The result of this study would serve as a guide in developing audit skills of audit committee and aspiring audit committee members in maintaining a reliable internal audit committee. The results could be used in the improvement of auditing procedures by the cooperative and for the management in improving their operations and management of funds. Furthermore, the audit results if properly done would develop trust to the cooperative, its officers and management staff and limits or reduces or prevents loss or bankruptcy if auditing is done regularly. Through this, trust of the community where the cooperative is located would also be developed. In addition, this study could be used as reference for further study.

### Scope and Delimitations

The study covered selected credit cooperatives in La Trinidad, Benguet for the year 2010. The investigation was limited to the Co-operatives Audit Committee or



Supervisory Committee policies and practices of cooperatives with at least two years of operation.



## **REVIEW OF LITERATURE**

### Audit Defined

Audit is the independent assessment of the performance of management and the examination and verification of accounting records and ascertain the fair presentation of the financial statements with end view, of providing management with the needed recommendations for improvement (Land Bank of the Philippines, 2006).

The origin of audit can be traced to the need to ensure that a person who comes into possession of money or property belonging to another has properly accounted for it. The system of checking records of financial transaction in earlier time was confined to the scrutiny of cash transactions. Moreover, such checking was limited to only public accountants. The person whose duty it was to check such accounts became known as the Auditor, the word being derived from the Latin word “Audire” meaning to hear as originally the auditor merely use to “hear” the accounts to pass transactions are genuine or correct (Tripura Cooperative, 2004).

### Underlying Philosophy on the Conduct of Audit

1. Protection of coop resources from possible losses;
2. A certain fair presentation of the financial statements and;
3. Assesses the overall performance of coop management (Land Bank of the Philippines, 2006).

### Purpose of Audit

1. Assess performance of management, committees and board of directors;
2. Examine and verify records and evidences;
3. Determine adherence to formulate policies and procedures and;



4. To give recommendations as basis for improving the cooperatives operational System (Land Bank of the Philippines, 2006).

#### Objectives of Cooperative Auditing

Assist coop management and the effective discharge of their functions by furnishing them on a regular basis of at least once recommendations (Land Bank of the Philippines, 2006).

To express an opinion on the financial statements and to see to it that financial statements are fairly presented (National Confederation of Cooperatives Northern Luzon, 2002).

#### Types of Audit

1. Financial Audit limits itself to the examination of accounting records/documents and other evidences for the purpose of assessing the strengths and weaknesses of the accounting systems and verifying the reliability of the financial statements (Land Bank of the Philippines, 2006).

2. Management Audit is concerned with the assessment of the performance of the cooperative board of directors, members of management team and the different committees created to carry out plans and projects of the cooperative (Land Bank of the Philippines, 2006).

3. Social Audit it is a procedure where the cooperative assesses its social impact and ethical performance vis-à-vis its stated mission, vision, goals and code of social responsibility (Cooperative Development Authority, 2010).





### Coop Audit Procedure

#### A. Familiarize yourself with coop policies and procedures

1. Read the articles of cooperation by laws and any amendments there to;
2. Read minutes of Board of Directors meeting, General Assembly and ownership meetings;
3. Take note of policies or resolutions promulgated and adopted affecting cashiering/accounting/lending transactions;
4. Take note of the adequacy of bond on accountable officers;
5. Examine contracts, leases, policies, marketing agreement and others;
6. All matters affecting conduct of audit should be noted. Copies of documents should be secured and;
7. Secure a copy of the financial statements-Take note of the auditors adjusting entries and recommendations if implemented the succeeding year (Land Bank of the Philippines, 2006).

#### B. Evaluate Coop Internal Control

1. Separation of incompatible functions (receiving/disbursing, recording);
2. Use of double entry (bookkeeping);
3. Prompt recording and balancing of accounts;
4. Use of serially numbered forms (official receipts/launchers) Custodian of unused pre numbered forms. Take physical inventory of blank checks and all account forms;
5. Proper filing of used receipts, invoices and cash vouchers with supporting documents and;



6. Comparison of accounting proofs and controls. Actual Financial statements figures vs. budget bank reconciliation, audit the physical safeguard of assets (Land Bank of the Philippines, 2006).

#### Specific Documents for Examination

1. Source documents;
2. Book of accounts;
3. Aging of accounts/loans receivable;
4. Schedule of fixed assets;
5. Inventory listing;
6. Schedule of accounts/loans payable and;
7. Schedule of members-Accounts receivables, loans, and receivable, Paid-up Capital, Time and Savings Deposit (Land Bank of the Philippines, 2006).

#### Conducting Cash Count

1. Conduct cash count in the presence of the custodian, verify cash book balance;
2. Note of cash advances if authorized and by whom? and;
3. Obtain a certificate from the custodian confirming amounts counted (Land Bank of the Philippines, 2006).

#### Assessing Performance

The first step towards assessing the internal audit function involves reviewing the management expectations and achievements with focus in improving internal audit effort (Douglas, 2009).



### Importance of Evaluating Performance of the Audit Committee

1. Measures the effectiveness of audit in covering key areas;
2. Measures the reliability of audit findings during the audit;
3. Measures the duration and timeliness of the audit;
4. Measures the accuracy of audit findings;
5. Measures the value of the audit recommendation and:
6. Measures the value added by internal audit committee (Timothy and Kalbers, 1993).

### Importance of Effective Audit Committee

Stakeholders want effective control of finances. The higher the cash inflow, the greater the need for an effective audit committee. An effective audit committee is an essential tool in overseeing the financial health of a cooperative. Some areas of common audit committee oversight include:

1. Key areas of business and financial risk;
2. Code of ethics;
3. Internal controls and systems;
4. External audit activity and relationship;
5. Periodic financial reporting;
6. Internal audit activity;
7. Key personal selection for critical financial control positions and;



8. Establish procedures for handling complaints or concerns regarding internal accounting controls, audit matters or questionable accounting practices (Anonymous, 2007).

Internal Audit Performance; Thought on What to Measure and How to Measure it.

Mc Cuiag (2009) who participated in the Global Auditing Information Network (GAIN) project conducted 1997 on measuring performance of auditors stated that a physician spends a lot of time writing prescriptions. Should we measure the effectiveness of physicians by number of pills they prescribe or their speed in doing?. When we measure the number of audits and audit findings that are what we are doing for auditors. It misses the big picture, I believe we measure the value of medical professionals not by the activities they perform, e,g prescribing medication, but by the value they add in terms of improved health, early problem diagnosis, and life expectancy, pain avoided or lessen etc. We don't measure the "activities" of dentist and lawyers in terms of cavities filled or lawsuits filed, we measure dental health achieved, legal problems avoided and justice served.

Definition of Terms

Timeliness – appropriateness; suitability of audit findings

Reliability – effectiveness; dependability of audit findings

Accuracy – truthfulness of audit findings

Value – helpfulness of the audit committee

Frequency – refers to how often they conduct

Effectiveness – refers to the usefulness of audit findings



## **METHODOLOGY**

### Locale and Time of Study

The research was conducted at the Municipality of La Trinidad, Benguet. This was conducted from November to December 2010.

### Respondents of the Study

The respondents of the study were the Audit Committee as a self-evaluation and the Management staffs particularly to the Cash Custodian during the Audit, Accountant, Loan officer, and the Manager of selected Credit Cooperatives in the Municipality.

The respondents were taken from ten cooperatives, where 5 of this were Benguet Traders MPC, La Trinidad Organic Producers MPC, La Trinidad Police Credit Cooperative, Life in the Spirit Fellowship MPC, and Seeds and Fruits, MPC, in which 34 respondents were derived from these cooperatives; while 5 of these were the Barangay Alapang Multi-Purpose Cooperative, Baguio-Tomay Jeepney Operators Association (credit), Benguet State University MPC and La Trinidad Vegetable MPC, in which 31 respondents were derived. Total respondent of the study was 65.

### Data Gathering Procedure

A questionnaire was developed and pre-tested for validation. Questionnaires were reconstructed based on the result of pre-test. A personal interview with the aid of questionnaire was done in gathering necessary data and actual observations were also done.



### Data Gathered

The data gathered for this study included the frequency and reasons for practicing such frequency in auditing. It also included the level of performance in conducting audit on areas of internal control and level of satisfaction on the recommendations given by the audit committee to the co-operative.

### Data Analysis

The data gathered were tabulated and analyzed using frequency analysis, descriptive analysis and other appropriate statistical tools.



## RESULTS AND DISCUSSION

### Profile of Respondents

Table 1 presents the profile of respondents in terms of age, gender, civil status, educational attainment and the list of selected cooperatives.

Number of cooperatives. There were 52.31% of the respondents on the cooperatives that existed five years and above and a 47.69% of the respondents on cooperatives that existed above five years that totaled to 65 respondents.

Age. Most (38.46%) of the respondents belonged to age bracket of 41 to 50 years old followed by 21 to 30 years of age with 23.08%, 31 to 40 years of age with 18.46%, and the least (4.62%) belonged to the age bracket of above 60 years of age. This indicates that majority of the members of audit committee and management staffs of selected cooperatives in La Trinidad, Benguet were aged from 41 to 50 years of age. The mean age of the respondents was 40.54 years.

Gender. The table shows that majority (56.92%) of the members of audit committee and management staffs were female. This shows that women play an important role in the supervision and management of the cooperative.

Civil status. Although majority (58.46%) of respondents were married and a significant number (41.54%) were single, it implies that unmarried members of the audit committee and managements staff could play an important role in having much time in doing their function in the cooperative.

Educational attainment. The table shows that majority (73.85%) of the respondents graduated from college and 23.08% of the respondents had graduated from high school while a minimum of 1.54% were taking up their masteral degree. This



Table 1. Profile of respondents

PARTICULAR	FREQUENCY	PERCENTAGE
Above 6 years		
BALMUCO	6	9.23
BATJODA	6	9.23
BODA MPC	4	6.15
BSU MPC	7	10.77
LTVTP MPC	8	12.31
<b>SUB-TOTAL</b>	<b>31</b>	<b>47.69</b>
2 to 5 years		
TRADERS	8	12.31
LA TOP MPC	7	10.77
LTPC	6	9.23
LSF MPC	5	7.69
SF MPC	8	12.31
<b>SUB-TOTAL</b>	<b>34</b>	<b>52.31</b>
<b>TOTAL</b>	<b>65</b>	<b>100.00</b>

situation implies that educational attainment plays a great role on the members of audit committee and management staff in performing their function in an effective way and in helping the success of a cooperative.





Table 1. Continued.

PARTICULAR	FREQUENCY	PERCENTAGE
Age		
Above 60	3	4.62
51-60	10	15.38
41-50	25	38.46
31-40	12	18.46
21-30	15	23.08
TOTAL	65	100.00
Gender		
Female	37	56.92
Male	28	43.08
TOTAL	65	100.00
Civil status		
Single	27	41.54
Married	38	58.46
TOTAL	65	100.00
Educational attainment		
High school graduate	15	23.08
College graduate	48	73.85
Bachelor of Law	1	1.54
MAP in progress	1	1.54
TOTAL	65	100.00



### Frequency in Auditing as Practiced by Cooperatives

Table 2 presents how many times internal auditing is conducted. The findings shows that cooperatives that existed below five years were conducting their internal audit monthly while cooperatives that existed above five years conducts their internal audit monthly and quarterly, while having the least only one (14.29%) only one of the cooperative respondents conducts their internal audit weekly. Though there is a least number of cooperative conducting their internal audit weekly this practice could give consistent supervision on the cooperative. Major reason for not conducting a weekly internal auditing is availability of time/time constraints of auditors.

### Reason for Practicing such Frequency

Table 3 shows the reason of cooperatives in choosing the above frequencies. Cooperatives that existed below five years were practicing their frequency in auditing because it was stated in their by-laws (60%) while a 20% of the cooperatives practice such frequency because it was decided by the Board of Directors and this were preferred by the auditors, same as those cooperatives that existed above five years having the same reason that it was stated in their by-laws (80%) and 20% of the cooperatives were practicing their frequency in auditing because it was preferred by the auditors.

Table 2. Frequency in auditing practiced by cooperatives

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Weekly	-	-	1	14.29
Monthly	3	60	3	42.86
Quarterly	2	40	3	42.86
TOTAL	5	100	7	100.00



Table 3. Reason for practicing such frequency

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
It is stated in the by laws	3	60	4	80.00
BOD decisions	1	20	-	-
Preferred by the auditors	1	20	1	20.00
TOTAL	5	100	5	100.00

#### Ratings of Audit Committee and Management Staff on Timeliness of Audit

Table 4 shows the ratings of audit committee and management staff on timeliness of audit. The audit committee and management staff of cooperatives that existed below five years rated their timeliness of audit satisfactory and 35.29% of the respondents rated it as needs improvement. This implies that the timeliness of audit consistently meets the job requirements and expectations on the auditors in the aspect of timeliness of audit. Though least of the respondents subjected their timeliness of audit for a need of improvement this must not be taken aside, this imply that the auditors meets the job requirements but they do not consistently meet regarding the timeliness of audit, this may require a degree of supervision and revision on their conduct of audit to meet a consistent timeliness of audit.

The respondents of cooperatives that existed above five years rated their timeliness of audit satisfactorily and a 25.81% of the respondents rated it as a need for improvement and 9.68% of the respondents rated it as unsatisfactory. This implies



Table 4. Ratings of audit committee and management staff on timeliness of audit

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	22	64.71	20	64.52
Needs Improvement	12	35.29	8	25.81
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00

on timeliness on audit auditors consistently perform their job well with a few rate of respondents rated that the timeliness on audit needs a revision and some degree of supervision to consistently perform their job well and some respondents rated it unsatisfactory which implies that a need of frequent revision and a high degree of supervision with direction to motivate the auditors to meet their job requirement regarding their timeliness of audit.

#### Ratings of Audit Committee and Management Staff on Reliability of Audit Findings

Table 5 shows the rating of the audit committee and management staff on reliability of audit findings. The table shows that respondents of cooperatives that existed five years and below rated the reliability of audit findings satisfactory and 38.24% of the respondents rated it as needs improvement. This implies that the audit findings of auditors are reliable, this also implies that the respondents trust the auditors audit findings that this could give improvement on the cooperatives financial and non-financial aspects that was audited. Though, majority of the respondent rated the reliability of audit



Table 5. Ratings of audit committee and management staff on reliability of audit findings

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	21	61.76	20	64.52
Needs Improvement	13	38.24	8	25.81
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00

findings as satisfactory. It should be noted that some of the respondents rated it as needs improvement which implies that the respondents want further improvement on the consistency on the reliability of audit findings.

The respondents of cooperatives that existed above five years rated the reliability of audit findings as satisfactory (64.52%), while 25.81% rated the audit committee with a rating that needs improvement and 9.68 % of the members rated it as unsatisfactory. This implies that the audit findings were consistently reliable. The least percentage of respondents rated the reliability of audit findings unsatisfactorily which implies that some of those cooperatives audit findings were absolutely unreliable which needs frequent revision and a high degree of supervision and direction for the committee to have reliable audit findings.

#### Ratings of Audit Committee and Management Staff on Accuracy of Audit Findings

Table 6 shows the ratings of audit committee and management staff of cooperatives that existed for five years and below and above five years on the accuracy of



audit findings. The table shows that the those respondents of cooperatives that existed below five years rated the accuracy of audit findings satisfactory which implies that most of the audit findings of the audit committee of those cooperatives are accurate and a 35.29% of the respondents rated the accuracy of audit findings as needs improvement which implies that most of the audit findings of the audit committee of those cooperatives are accurate but it is not consistently accurate and requires revision and supervision to consistently produce an accurate audit findings.

Sixteen (51.61%) of respondents of those cooperatives that existed above five years rated the accuracy of audit findings satisfactory, which implies that the audit committee were producing an accurate audit findings, while 38.71% of the respondents rated their audit committee's accuracy of audit findings as needs improvement, this implies that their audit committee were not consistently producing an accurate audit findings. Three or 9.68% of the respondents rated their audit committee's accuracy of audit findings unsatisfactory, which implies that their audit committee does produces an inaccurate audit findings and needs a frequent revision and high degree of supervision and direction to motivate them to give an accurate audit findings.

Table 6. Ratings of audit committee and management staff on accuracy of audit findings

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	22	64.71	16	51.61
Needs Improvement	12	35.29	12	38.71
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00



Ratings of Audit Committee and Management Staff on to Team Work

Table 7 shows the rate of the audit committee and managements staff of cooperatives that existed for five years and below and above five years on the team work of audit committee. The table shows that 82.35% of the respondents of cooperatives that existed below five years rated their audit committee's team work satisfactory, same with the 58.06% of respondents of the cooperatives that existed above five years, which implies that the auditors share responsibilities, confers with others, honor commitments, helps others to do their jobs, and seeks help when needed, while 17.65% of the respondents of cooperatives that existed below five years rated their audit committee's team work as needs improvement, same as with 32.26% of the respondents of those cooperatives that existed above five years, which implies that their audit committees team work needs more improvement in sharing responsibilities, conferring others, honoring commitments, helping others and seeking help when needed. Three or 9.68% of the respondents of those cooperatives that existed above five years rated their audit committee unsatisfactory, which implies that team work of the audit committee is not seen to their audit committee.

Table 7. Ratings of audit committee and management staff on teamwork

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	28	82.35	18	58.06
Needs Improvement	6	17.65	10	32.26
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00



Ratings of Audit Committee and Management Staff on Confidence

Table 8 shows the rating of audit committee and management staff of cooperatives that existed for five years and below and above five years on the confidence of audit committee. The 73.53% of the respondents of cooperatives that existed below five years rated their audit committee's confidence satisfactory, same with the 74.19% of respondents of the cooperatives that existed above five years, which implies that the members of the audit committee learns from experience, ask questions and corrects mistakes and absorbs criticism and direction without feeling defeated or insulted, while 26.47% of the respondents of cooperatives that existed below five years rated their audit committee's confidence as needs improvement, same with the 16.13% of respondents of the cooperatives that existed above five years, which implies that their audit committee shows confidence but this was not consistently seen thus needs more improvement. A 9.68% of respondents of the cooperatives that existed above five years rated their auditors as unsatisfactory, which implies that their audit committee does not show confidence.

Table 8. Ratings of audit committee and management staff on confidence

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	25	73.53	23	74.19
Needs Improvement	9	26.47	5	16.13
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00





Ratings of Audit Committee and Management Staff on Personal Habits

Table 9 shows the of audit committee and management staff of cooperatives that existed for five years and below and above five years on personal habits of the members of audit committee. Twenty eight or 82.35% of the respondents of cooperatives that existed below five years rated the members of their audit committee's personal habits satisfactory, same with the 70.97% of the respondents of the cooperatives that existed above five years, which implies that the auditors comes in proper attire and grooming, tone of voice and vocabulary according to culture in the workplace, while 17.65% of the respondents of cooperatives that existed below five years rated the members of their audit committee's personal habits unsatisfactory, same with the 19.35% of the respondents of the cooperatives that existed above five years, which implies that the auditors does not consistently come in a proper attire and grooming, tone of voice and vocabulary according to culture in the workplace were not consistently shown by the auditors. A 9.68% of the respondents of the cooperatives that existed above five years rated the members of their audit committee unsatisfactory, which implies that their auditors did not qualify the category of personal habits.

Table 9. Ratings of audit committee and management staff on personal habits

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	28	82.35	22	70.97
Needs Improvement	6	17.65	6	19.35
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00



Ratings of Audit Committee and Management Staff on Language Proficiency

Table 10 shows the rating of audit committee and management staff of cooperatives that existed for five years and below and above five years on language proficiency of the members of the audit committee. Nineteen or 55.88% of the respondents of cooperatives that existed below five years rated the members of their audit committee's language proficiency satisfactorily, same with the 83.87% of the respondents of the cooperatives that existed above five years, which implies that the auditors speaks, reads and writes standard English in a business like way, while a 44.12% of the respondents of cooperatives that existed below five years rated the members of their audit committee's language proficiency as needs improvement, same with the 83.87% of the respondents of the cooperatives that existed above five years, which implies that their auditors did not consistently show a proficiency in language. Three or 9.68% of the respondents of the cooperatives that existed above five years rated the members of the audit committee's language proficiency unsatisfactory, which implies that the auditor s does not show proficiency in language.

Table 10. Ratings of audit committee and management staff on language proficiency

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	19	55.88	26	83.87
Needs Improvement	15	44.12	2	6.45
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00



Ratings of Audit Committee and Management Staff on Attitude of Auditors

Table 11 shows the rating of audit committee and management staff of cooperatives that existed for five years and below and above five years on the members of audit committee's attitude. Thirty three or 97.06% of the respondents of cooperatives that existed below five years rated the members of their audit committee's attitude satisfactory, same with 83.87% of the respondents of the cooperatives that existed above five years, which implies that the auditors keeps a positive and optimistic outlook despite changes and is friendly with others, while 2.94% of the respondents of cooperatives that existed below five years rated the members of their audit committee's attitude as needs improvement, same with the 6.45% of the respondents of the cooperatives that existed above five years, which implies that the auditors did not consistently showed a positive and optimistic outlook despite changes and being friendly with others. A 9.68% of the respondents of cooperatives that existed below five years rated the members of their audit committee's attitude as unsatisfactory, which implies that the auditors did not show a positive and optimistic outlook despite the changes.

Ratings of Audit Committee and Management Staff on Initiative and Dependability of Auditors

Table 12 shows the rating of audit committee and management staff of cooperatives that existed for five years and below and above five years on the members of audit committee's on initiative and dependability of auditors.

Work independence. Twenty two or 64.71% of the respondents of cooperatives that existed below five years rated the members of their audit committee's independence



Table 11. Ratings of audit committee and management staff on attitude of auditors

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	33	97.06	26	83.87
Needs Improvement	1	2.94	2	6.45
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00

Table 12. Ratings of audit committee and management staff on initiative and dependability of auditors

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Work independently, is self-directed				
Satisfactory	22	64.71	19	61.29
Needs Improvement	12	35.29	9	29.03
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Demonstrate proactive, positive and enthusiastic attitude and behavior				
Satisfactory	21	61.76	21	67.64
Needs improvement	13	38.24	7	22.58
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Consistently delivers a quality of work product that is detailed, accurate, reflective of the work performed, and requires minimal work				
Satisfactory	24	70.59	14	45.16
Needs improvement	10	29.41	14	45.16
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00



on their work satisfactory, same with the 61.29% of the respondents of the cooperatives that existed above five years, which implies that their auditors are self directed or they worked independently, while a 35.29% of the respondents of cooperatives that existed below five years rated the members of their audit committee's independence on their work as needs improvement, same with 29.03% of the respondents of the cooperatives that existed above five years, which implies that their auditors did not consistently showed independence in their work. A 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors did not perform their work independently.

Demonstrates proactive, positive and enthusiastic attitude and behavior. The 61.76% of the respondents of cooperatives that existed below five years rated the members of their audit committee's proactive, positive and enthusiastic attitude and behavior satisfactory, same with the 67.74% of the respondents of the cooperatives that existed above five years, which implies that their auditors demonstrates a proactive, positive and enthusiastic attitude and behavior, while a 38.24% of the respondents of cooperatives that existed below five years rated the members of their audit committee's proactive, positive and enthusiastic attitude and behavior as needs improvement, same with the 22.58% of the respondents of the cooperatives that existed above five years, this implies that the auditors did not consistently demonstrate a proactive, positive and enthusiastic attitude and behavior. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors did not demonstrate a proactive, positive and enthusiastic attitude and behavior.



Consistence in delivery of a quality of work product. Twenty four or 70.59% of the respondents of cooperatives that existed below five years rated the members of their audit committee's consistency in delivering a quality of work product that was detailed, accurate, they reflect on the work that they performed, and requires minimal work satisfactory, same with the 45.16% of the respondents of the cooperatives that existed above five years, which implies that the auditors delivered a quality of work, while 29.41% of the respondents of cooperatives that existed below five years rated the members of their audit committee's consistency in delivering a quality of work product that was detailed, accurate, they reflect on the work that they performed, and requires a minimal work as needs improvement, same with the 45.16% of the respondents of the cooperatives that existed above five years, which implies that the auditors did not consistently delivered a quality of work. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory which implies that their auditors did not deliver a quality of work.

This findings shows that the initiative and dependability of some audit committee of those selected cooperatives were working independently, demonstrates a proactive, positive, enthusiastic behavior and the auditors consistently delivered a quality of work product. While others were not consistent in working independently, demonstrating a proactive, positive, enthusiastic behavior and the auditors does not consistently deliver a quality of work product. While the audit committee of some cooperatives were rated unsatisfactory for not performing their function



Ratings of Audit Committee and Management Staff on Job Knowledge and Analytical/Decision Making Skills

Table 13 shows the ratings of audit committee and management staff on job knowledge and analytical/decision making skills of the audit committee.

Possesses the knowledge necessary to complete job tasks. Nineteen or 55.88% of the respondents of cooperatives that existed below five years rated the members of the audit committee if they possess the knowledge necessary to complete their job tasks satisfactory, same with the 45.16% of the respondents of the cooperatives that existed above five years, which indicates that their auditors have all the necessary knowledge to complete their job task, while 44.12% of the respondents of cooperatives that existed below five years rated the members of the audit committee if they possess the knowledge necessary to complete their job tasks as needs improvement, same with the 41.94% of the respondents of the cooperatives that existed above five years, which implies that their auditors does not possess all the necessary knowledge to complete their job tasks which requires more motivation and supervision to give the auditors all the necessary knowledge to complete their job tasks. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, which implies that their auditors does not possess any knowledge to complete their job tasks.

Understands and adequately accomplish job duties and responsibilities. The table shows the rating of respondents on the auditors if they understand and adequately accomplish their job duties and responsibilities in which nineteen or 55.88% of the respondents of cooperatives that existed below five years rated the members of the audit committee with satisfactory and 51.61% of the respondents of the cooperatives that



Table 13. Ratings of audit committee and management staff on job knowledge and analytical/decision making skills

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Possesses the knowledge necessary to complete job/task				
Satisfactory	19	55.88	14	45.16
Needs Improvement	15	44.12	13	41.94
Unsatisfactory	-	-	4	12.90
TOTAL	34	100.00	31	100.00
Understands and adequately accomplish job, duties and responsibilities				
Satisfactory	19	55.88	16	51.61
Needs improvement	15	44.12	12	38.71
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Analyzes fieldwork results to arrive at logical conclusions				
Satisfactory	22	64.71	12	38.71
Needs improvement	12	35.29	16	51.61
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Recognizes problems, identifies cause and makes potential recommendations				
Satisfactory	25	73.53	18	58.06
Needs improvement	9	26.47	10	32.26





Table 13 Continued.

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	25	73.53	18	58.06
Needs improvement	9	26.47	10	32.26
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Explains the rationale behind decisions and recommendations as appropriate				
Satisfactory	22	64.71	21	67.74
Needs improvement	12	35.29	7	22.58
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00

existed above five years, which implies that their audit committees fully understand and adequately accomplish their job duties and responsibilities, while 44.12% of the respondents of cooperatives that existed below five years and 38.71% of the respondents of the cooperatives that existed above five years rated their auditors as needs improvement, which implies that their auditors do not understand and adequately accomplish some aspects on the job duties and responsibilities of the auditors. A 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors do not completely understand and adequately accomplish their job duties and responsibilities.



Analyzes fieldwork results to arrive at logical conclusions. The table shows the rating of respondents on the auditors if they analyze their fieldwork results to arrive at a logical conclusions in which 64.71% of the respondents of cooperatives that existed below five years and 38.71% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory, which implies that their auditors were analyzing their fieldwork results to arrive at a logical conclusion, while 35.29% of the respondents of cooperatives that existed below five years and 51.61% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, taking a note on those cooperatives that existed below five years comparing it with their respondents that rated their auditors satisfactory, which implies that their auditors does not consistently arrives at a logical conclusion this needs an improvement on analyzing capacity on the fieldwork results and to arrive into a more logical conclusion. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactorily, this implies that their auditors does not arrive into logical conclusions in which a high degree of improvement and supervision on the auditors is needed to arrive on a logical conclusion.

Recognizes problems, identifies cause and makes potential recommendations. The table shows the ratings of the respondents on the auditors' capacity to recognize problems, identify the causes of it and their ability to make potential recommendations. Twenty five or 73.53% of the respondents of cooperatives that existed below five years and 58.06% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory, which implies that their auditors has the capacity to recognize problems, identify the causes of those problems and they have the ability to make



recommendations to solve the problem. While 26.47% of the respondents of cooperatives that existed below five years and a 32.26% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, which implies that the consistency of their ability to recognize problems, identifying its causes and their ability to make recommendations is not consistent. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors does not have the ability to recognize problems and identify its causes and does not give recommendations.

Explains the rationale behind decisions and recommendations as appropriate. The table shows if the auditors explain the rationale behind decisions and recommendations they produce. Twenty two or 64.71% of the respondents of cooperatives that existed below five years and a 67.74% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory, which implies that their auditors were explaining their justifications on why they come up with those decisions and recommendations they were producing. While the 35.29% of the respondents of cooperatives that existed below five years and 22.58% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, which implies that the auditors are not consistently explaining their reasons in coming up with their decisions and recommendations, and 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors does not explain their reasons or justification on the decisions and recommendations they were producing.



Ratings of Audit Committee and Management Staff on Communication Skills and Interpersonal Relations

Table 14 shows the ratings of the respondents on the communication skills and interpersonal relations of the members of the audit committee.

Oral communications are clear and spoken with ease. The table shows the ratings of the respondents if the oral communications are clear and spoken with ease. Twenty five or 73.53% of the respondents of cooperatives that existed below five years and 77.42% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory which implies that their auditors were clearly speaking and speaking with ease. While the 26.47% of the respondents of cooperatives that existed below five years and a 12.90% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, which implies that the auditors are not consistently speaking clearly and speaking with ease. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors were not clearly speaking and speaking with ease.

Written communications are logical and well organized. The table shows the rating of respondents on the way the communications are written and if these are logical and well organized. Twenty six or 76.47% of the respondents of cooperatives that existed below five years and 67.74% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory which implies that their auditors were writing their communications logically and were well organized. While 23.53% of the respondents of cooperatives that existed below five years and 9.35% of the



Table 14. Ratings of audit committee and management staff on communication skills and interpersonal relations

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Oral communications are clear and spoken with ease				
Satisfactory	25	73.53	24	77.42
Needs Improvement	29	26.47	4	12.90
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Written communications are logical and well organized				
Satisfactory	26	76.47	21	67.74
Needs improvement	8	23.53	6	19.35
Unsatisfactory	-	-	4	12.90
TOTAL	34	100.00	31	100.00
Communications with confidence while treating others with respect, courtesy and fairness				
Satisfactory	26	76.47	23	74.19
Needs improvement	8	23.53	5	16.13
Unsatisfactory			34	9.68
TOTAL	34	100.00	31	100.00
Listen effectively, respond clearly and directly, and seeks to clarify and confirm the accuracy of their understanding or unfamiliar or vague terms				
Satisfactory	26	76.47	18	58.06



Table 14. Continued.

FREQUENCY	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Needs improvement	8	23.53	10	32.26
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00
Contributes to the Cooperative and develops positive working relationship				
Satisfactory	29	85.29	20	64.52
Needs improvement	5	14.71	8	25.81
Unsatisfactory	-	-	3	9.68
TOTAL	34	100.00	31	100.00

respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, this implies that their auditors were not consistent in writing their communications logically and this were not well organized. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory, this implies that their auditors did not write communications logically and these are not well organized.

Communicates with confidence while treating others with respect, courtesy, and fairness. The table shows the rating of respondents on the way the auditors were communicating. Twenty six or 76.47% of the respondents of cooperatives that existed below five years and 58.06% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory, this implies that their auditors were



communicating with confidence while treating others with respect, courtesy, and fairness. While 23.53% of the respondents of cooperatives that existed below five years and 16.13% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, this implies that the auditors were not consistent in communicating with confidence while treating others with respect, courtesy, and fairness. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory. This implies that their auditors did not communicate with confidence while treating others with respect, courtesy, and fairness.

Listens effectively, respond clearly and directly, and seeks to clarify and confirm the accuracy of their understanding or unfamiliar of vague terms. The table shows that the rating of respondents on the auditors effective listening, direct and clear respond and to the auditors explanation on the accuracy of their understanding and even on the clarification on vague terms. Twenty six or 76.47% of the respondents of cooperatives that existed below five years and a 58.06% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory, this implies that the auditors listens effectively, respond directly and clearly and seeks to clarify the accuracy of their understanding on unfamiliar or vague terms. While 23.53% of the respondents of cooperatives that existed below five years and 32.26% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, this implies that the auditors were not consistent in listening effectively, responding clearly and directly, and in seeking to clarify and confirm the accuracy of their understanding on unfamiliar or vague. Three or 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory. This implies



that the auditors did not listen effectively, respond clearly and directly and did not seek to clarify and confirm the accuracy of their understanding on unfamiliar or vague terms.

Contributes to the Co-operative and develops positive working relationships.

This shows the rating of the respondents on the capacity of the auditors to contribute to the cooperative and on their development of a positive relation on their work. Twenty six or 76.47% of the respondents of cooperatives that existed below five years and 58.06% of the respondents of the cooperatives that existed above five years rated their auditors satisfactory, this implies that the auditors were contributing to the cooperative and develops positive working relationship. While the 85.29% of the respondents of cooperatives that existed below five years and 64.52% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement, this implies that their auditors did not consistently contribute to the cooperative and developed a positive working relationship, and a 9.68% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory. This implies that their auditors did not contribute anything to the cooperative and they did not develop a positive working relationship.

Ratings of Audit Committee and Management Staff on the Overall Level of Performance of Audit Committee

Table 15 shows the rating of the respondents on the overall level of performance of audit committee. Twenty two or 64.71% of the respondents of cooperatives that existed below five years and a 51.61% of the respondents of the cooperatives that existed above five years rated their auditors satisfactorily. This implies that the auditors





Table 15. Ratings of audit committee and management staff on the level of performance of audit committee

PARTICULAR	BELOW 5 YEARS		ABOVE 5 YEARS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Satisfactory	22	64.71	16	51.61
Needs Improvement	11	32.35	8	25.81
Unsatisfactory	1	2.94	7	22.58
TOTAL	34	100.00	31	100.00

consistently meet all job requirements and the expectations of the auditors and expectations from them. While 32.35% of the respondents of cooperatives that existed below five years and 25.81% of the respondents of the cooperatives that existed above five years rated their auditors on this aspect as needs improvement. This implies that their auditors did not consistently meet all the job requirements and the expectations of the auditors and expectations from them. A 22.58% of the respondents of the cooperatives that existed above five years rated their auditors unsatisfactory; this implies that their auditors did not meet all job requirements and all expectations of the auditors and expectations from them.

#### Value Added by the Audit Committee

Table 16 shows the value added by the audit committee. This shows the helpfulness of the audit committee to the cooperative. Sixteen or 47.06% of the respondents of those cooperatives that existed five years and below observed that the audit committee is helpful in correcting errors, this implies that the most of the



expectation of the respondents is to correct errors; while the majority (19.35%) of the respondents from those cooperative that existed beyond five years observed that their audit committee were helpful in making policy and evaluating its implementation for building up a better internal control. This implies that expectation of the respondents to their audit committee is to build up a strong internal control by making policies and evaluating the implementation of the policies.

Table 16. Value added by the audit committee

CHARACTERISTICS	FREQUENCY	PERCENTAGE
5 and below		
They determine errors	16	47.06
The Board of directors are able to make wise decisions regarding implementation of the rules and regulations as well as the proper attitude of members towards the cooperative	5	14.71
They give suggestions on other committees like the credit committee on how to handle, process and assess loan applications	5	14.71
They guide the management personnel on how to allocate funds.	4	11.76
They serve as deterrent to coop personnel learn and accept their mistakes	2	5.88
They help in achieving the goals of the cooperative	1	2.94
They determine problems in the operation of the business and gives recommendations not only to operations but also in giving recommendations to other committees for further improvement	1	2.94
<b>TOTAL</b>	<b>34</b>	<b>100.00</b>



Table 16. Continued.

CHARACTERISTICS	FREQUENCY	PERCENTAGE
Above five years		
They suggest other business ventures	2	6.45
They give suggestions taking into consideration on the current situation of the Cooperative	3	9.68
Helps in aid of legislation, policy making for strong internal control.	6	19.35
They make the management accurate in its performance/work	1	3.23
They asses the implementation of the manual of operation of the Cooperative	6	19.35
They monitor the delinquency rate, collection rate liquidity rate coupled with their recommendations to the management and to the Board of directors	1	3.23
Their recommendations are used in decision making of the Board of directors and management in such a way that their recommendations turns to be a resolution	4	12.90
They examine not only the financial aspect but even non financial aspects like management, implementation of policies	1	3.23
The audit committee being evaluated does not function	3	9.68



## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### Summary

The study aims to evaluate the performance of the audit committee of selected cooperatives in La Trinidad, Benguet. The study focused on the timeliness, reliability, and accuracy of audit findings, and even on the value added by the audit committee. It also looked on to teamwork, confidence, personal habits, language proficiency and attitude of the audit committee. It also looked into the initiative, dependability, job knowledge, decision making skills and interpersonal relations as well this study this study focused on the frequency of auditing and the reason for practicing such frequency.

The auditor committee and management staff of the cooperatives that existed five years and below and above five years were the respondents. The data were gathered through the survey questionnaire and through interview. In the study it has been observed that some of the cooperatives do not have a functional audit committee.

The reliability and accuracy of the audit findings of selected cooperatives of either category were satisfactory. In the study it has been observed that some of the cooperatives do not have a functional audit committee. It has also been observed that most of the cooperatives were conducting their audit monthly and quarterly.

It was observed that some of the cooperatives do not have a functional audit committee that is why they rated their audit committees as needs improvement and same with the auditors they rated themselves as unsatisfactory for not functioning. Some of the audit committees of the cooperatives do not want to undergo, into self evaluation by this situation a change on respondents on that cooperative, instead the board of directors rated the auditors.



The value added by the audit committee on their cooperative gives much emphasis on the ability of the recommendations to help the cooperative identify its problems and by making remedies on the problems. The traditional overview on the committees function on correcting errors is still seen as their main function of the respondents from the cooperatives that existed five years and below, while those that existed beyond five year looks at the function of the audit committee as developing policies and evaluating those policies to build up a strong internal control.

### Conclusions

The following conclusions were developed base on the results of this study.

1. Majority of the audit committee and management staff are at the age of 41 to 50.
2. Majority of the cooperatives are conducting their internal audit monthly and quarterly.
3. Majority of the cooperatives are practicing such frequency because it was stated in their by-laws.
4. The timeliness, reliability and accuracy of audit findings of the majority of both cooperatives in either category are consistently produced.
5. On the teamwork, confidence, personal habits, language proficiency, and attitude of the audit committee, majority of the selected cooperatives' auditors are consistent in sharing responsibilities, learning from their experience and absorbs criticisms, they come in proper attire and speaks according to culture in the workplace, the auditors can speak, read and write in English, and are friendly with others. Some auditors are not consistent in maintaining this kind of characteristics.



6. On the initiative and dependability of auditors of selected cooperatives on both category majority of the audit committee works independently, demonstrate enthusiastic behavior, and the auditors consistently delivers a quality of work.

7. On the job knowledge and decision making skills of selected cooperatives' audit committee on both category possesses the necessary knowledge to complete job tasks, understand and adequately accomplish their job duties and responsibilities, analyzes fieldwork results to arrive at logical conclusions but on this aspect the auditors of the cooperatives that existed beyond five years were not consistent in this aspect, the auditors identify problems and its causes to come up with recommendations and this recommendations further explains the rationale behind those recommendations.

8. On the communication skills and interpersonal relations of selected cooperatives' audit committee on both category auditors speaks clearly and with ease, write logically and well organized and communicate with confidence while treating others with respect, listens effectively and explain some unfamiliar words.

### Recommendations

1. The value being added by the audit committee is merely seen to correct errors. This should not be seen as the function of the audit committee.
2. The cooperatives should be providing trainings to the audit committee to educate them about their function. Educating the committee is just a half way on their trainings. The cooperatives should also develop the committee's personality towards their work.
3. On the cooperatives whose internal audit is separated from the audit committee. Their audit committee tends to totally depend on the internal audit, this



should not be the case it is recommended that the internal audit is joined with the audit committee to lead the committee.

4. A frequent evaluation on the performance of the committees could help the cooperative know the needs of their committee. This will help the cooperative motivate their committee.



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## APPENDIX A

## Letter to the Respondents

College of Agriculture  
DEPARTMENT OF AGRICULTURAL ECONOMICS AND  
AGRIBUSINESS MANAGEMENT  
Benguet State University  
La Trinidad, Benguet

November 2010

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Sir/Madam;

I am April M. Montes, a student of Benguet State University, taking up Bachelor of Science in Agribusiness major in Cooperative Management. I am presently conducting a research titled “EVALUATION ON THE PERFORMANCE OF AUDIT COMMITTEE IN LA TRINIDAD, BENGUET” as a partial requirement of my course.

In this connection, may I request a portion of your precious time in a scheduled basis to answer some questions that will help in the accomplishment of the research work and please give your honest answers to the questions. Rest assured that all information provided will be treated with utmost confidentiality.

Thank you very much for sharing me a part of your precious time. God Bless and more power!

Sincerely yours,

APRIL M. MONTES



## APPENDIX B

## Survey Questionnaire

## I. General Information

1. Name of Cooperative: \_\_\_\_\_

2. Type of Cooperative: \_\_\_\_\_

Multi-purpose

Savings and Credit

Consumers

Marketing

Services

Others specify \_\_\_\_\_

3. Name:(optional) \_\_\_\_\_ Age: \_\_\_\_\_ Gender: \_\_\_\_\_

4. Position: \_\_\_\_\_ Number of years in the Co-operative: \_\_\_\_\_

5. Civil Status:

Single

Married

Widow

others (pls. specify) \_\_\_\_\_

6. Educational Attainment:

Elementary

High school

College

Others (pls. specify) \_\_\_\_\_

## II. Policies and Practices in Auditing

1. Frequency of Auditing?

Daily



- ( ) Weekly
- ( ) Monthly
- ( ) Quarterly
- ( ) Semi – annually
- ( ) Annually

2. Reason for practicing such frequency?

- ( ) It is stated in the by laws
- ( ) Others (pls. specify) \_\_\_\_\_

### III. Auditor Performance Evaluation

#### Ratings

(S) Satisfactory – Performance consistently meets the job requirements and expectations of the auditors position in all aspects.

(NI) Needs Improvement – Performance meets most essential job requirements, however, work is not consistent requires revision and some degree of supervision.

(UN) Unsatisfactory – Performance does not meet minimum requirements frequent revision and high degree of supervision and direction

#### Auditor Performance Evaluation

Criteria	S	NI	UN
A. General Questions			
1. Timeliness of Audit			
Comments:			
2. Reliability of audit findings during the audit.			
Comments:			
3. Accuracy of audit findings.			



Comments:			
4. Team work – The Auditors share responsibilities, confers with others, honor commitments, helps others do their jobs, and seeks helps when needed			
Comments:			
	S	NI	UN
5. Confidence – The Auditors learns from experience, ask questions and corrects mistakes and absorbs criticism and direction without feeling defeated, resentful or insulted.			
Comments:			
6. Personal Habits – The Auditors comes in proper attire and grooming, tone of voice and vocabulary according to culture in the workplace.			
Comments:			
7. Language Proficiency – The Auditors speaks, reads and writes standard English in a business like way.			
Comments:			
8. Attitude – The Auditors keeps a positive and optimistic outlook despite changes, is friendly with others.			
Comments:			



### B. Initiative and Dependability of Auditors

	S	NI	UN
1. Works independently, is self – directed.			
Comments:			
2. Demonstrates proactive, positive and enthusiastic attitude and behavior.			
Comments:			
3. Consistently delivers a quality of work product that is detailed, accurate, reflective of the work performed, and requires minimal work.			
Comments:			

### C. Job Knowledge and analytical/Decision Making Skills

	S	NI	UN
1. Possesses the knowledge necessary to complete job tasks.			
Comments:			
2. Understands and adequately accomplish job duties and responsibilities.			
Comments:			
3. Analyzes fieldwork results to arrive at logical conclusions.			
Comments:			



4. Recognizes problems, identifies cause and makes potential recommendations.			
Comments:			
5. Explains the rationale behind decisions and recommendations as appropriate.			
Comments:			

#### D. Communication Skills and Interpersonal Relations

	S	NI	UN
1. Oral communications are clear and spoken with ease.			
Comments:			
2. Written communications are logical and well organized.			
Comments:			
3. Communications with confidence while treating others while treating others with respect, courtesy, and fairness.			
Comments:			
4. Listens effectively, respond clearly and directly, and seeks to clarify and confirm the accuracy of their understanding or unfamiliar of vague terms.			
Comments:			



5. Contributes to the Co-operative and develops positive working relationships.			
Comments:			

## E. Over all Level of Performance of Audit Committee.

	S	NI	UN

## F. Value Added by the Audit Committee

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