

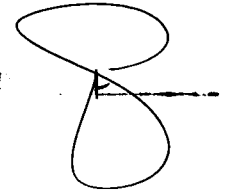
NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )

24 DEC 18 P4:28

**SENATE**

**S.B. No. 2907**

RECEIVED



(In substitution of Senate Bill No. 2746, taking into consideration  
House Bill No. 9674)

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*Prepared and submitted jointly by the Committees on Constitutional Amendments and Revision of Codes; Civil Service, Government Reorganization and Professional Regulation; and Finance with Senators Escudero, Villanueva, and Padilla as authors thereof*

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**AN ACT**

**REVISING PRESIDENTIAL DECREE NO. 1445, SERIES OF 1978, AS AMENDED, OTHERWISE KNOWN AS THE GOVERNMENT AUDITING CODE OF THE PHILIPPINES, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**TITLE I**

**GENERAL PROVISIONS**

1  
2  
3 Section 1. *Title.* – This Act shall be known as the “Revised Government Auditing  
4 Act.”

5 Sec. 2. *Declaration of Policy.* – It is the policy of the State to ensure efficiency,  
6 economy, and effectiveness in the operations of government by ensuring that  
7 resources of the government shall be managed or utilized in accordance with law,  
8 rules, regulations, and shall be safeguarded against loss or wastage from illegal or  
9 improper disposition. The responsibility to take care that such policy is faithfully  
10 adhered to rests directly with the chief or head of the government agency concerned.

11 Sec. 3. *Definition of Terms.* – As used in this Act:

12 (a) *Account* refers to a list or statement of monetary transactions pertaining  
13 to fund, property, obligation, equity, revenue, collection, or expense,

1           whether or not entered as item/s of debit or credit in the books of  
2           accounts, registry, or any other record;

3           (b) *Accountable Officer* refers to the officer of any government agency or  
4           instrumentality who, by the nature of duties and responsibilities or  
5           participation in the collection or receipt and expenditure or use of  
6           government funds, custody, and disposal of government property, is  
7           required by law or regulation to render account to the Commission on  
8           Audit (COA). This shall include any public officer or private person or  
9           entity who may have participation in the transaction;

10          (c) *Advice to Debit Account (ADA)* refers to an authorization issued by the  
11          government entity that serves as an instruction to government servicing  
12          banks to debit a specified amount from its available account balance for  
13          the payment of creditors/payees;

14          (d) *Aggrieved Party* refers to a person or entity adversely affected by any  
15          decision, order, resolution or ruling of the Commission or any of its duly  
16          authorized representatives;

17          (e) *Appropriation* refers to an authorization by law, appropriation ordinance,  
18          or other enactments, or the corporate operating budget directing the  
19          payment of Personnel Services (PS), Maintenance and Other Operating  
20          Expenses (MOOE), and capital outlay out of government funds under  
21          specified conditions and/or purposes;

22          (f) *Appeal* refers to the process of elevating to a higher authority any  
23          decision, order, resolution or ruling of the Commission or any of its duly  
24          authorized representatives;

25          (g) *Audit* refers to the examination, verification, evaluation and analysis of  
26          the accounts or financial records; the determination of the government  
27          entity's compliance with applicable laws, rules, and regulations; the  
28          evaluation of the economy, efficiency and effectiveness of management  
29          systems, operations, and programs, activities, or projects (PAPs); and it  
30          may also cover other special audits as may be prescribed by the  
31          Commission, and the evaluation of the effectiveness of internal control

- 1 systems for purposes of determining the nature, extent, and timing of  
2 the audit;
- 3 (h) *Auditor* refers to any officer or employee of the COA duly appointed or  
4 designated to conduct an audit;
- 5 (i) *Audit Group* refers to a cluster of Audit Teams that are grouped together  
6 headed by a Supervising Auditor (SA). The audit group shall plan,  
7 manage, conduct the audit work, and ensure prompt submission of the  
8 audit report;
- 9 (j) *Audit Decision* refers to the action of the auditor as a result of the audit  
10 to allow, disallow, or charge a particular transaction;
- 11 (k) *Audit Report* refers to the final output of an audit on the accounts,  
12 financial records, systems, and operations of a government entity;
- 13 (l) *Audit Team* refers to the basic organizational unit responsible for the  
14 audit of government and non-government entities;
- 15 (m) *Audit Work Papers* refer to the documentation or evidence, either in  
16 physical or electronic form, of the work done and the results thereof,  
17 consisting of relevant or pertinent data, analyses, computations,  
18 calculations, notes, schedules, excerpts, confirmations and other  
19 documents or materials gathered, prepared, and compiled in the course  
20 of an audit;
- 21 (n) *Cash* refers to money or its equivalent currencies, negotiable checks, or  
22 balances in bank accounts or in the possession or custody of a collecting  
23 and/or disbursing officer;
- 24 (o) *Cash Advances* refer to regular or special advances granted to public  
25 officers and employees for a public purpose;
- 26 (p) *Charge* refers to accountability pertaining to the assessment, appraisal,  
27 or collection of revenues, receipts, and other income such as those  
28 arising from under-appraisal, under-assessment or under-collection or  
29 failure to collect or remit collection which is found in the course of audit  
30 of revenues or receipts;
- 31 (q) *COA Order of Execution (COE)* refers to a written instruction to the head  
32 of agency to withhold payment of salary and other money due to persons

1           liable, for settlement of their liability as indicated in the Notice of  
2           Disallowance or Notice of Charge issued after the issuance of the Notice  
3           of Finality of Decision (NFD);

4           (r) *Cost of Audit Services* refers to the cost of discharging the audit function,  
5           taking into consideration the nature and complexity of operations, size  
6           of the government entity, and the volume of transactions being audited;

7           (s) *Decision or Resolution* refers to an adjudication of any case or matter  
8           brought before any authorized official or body in the Commission which  
9           shall embody the facts of the case, the issue/s to be resolved, the ruling,  
10          and the law, regulations, or precedent on which the ruling is based;

11          (t) *Depository* refers to any financial institution lawfully authorized to  
12          receive the deposit of government moneys;

13          (u) *Direct Electronic Payment (DEP)* refers to an electronic payment scheme  
14          where the payments are made by the government entity itself, using the  
15          intermediary's technology or infrastructure, including the use of ADA;

16          (v) *Disallowance* refers to the disapproval in the audit of a transaction,  
17          either in whole or in part, involving government disbursement or  
18          property;

19          (w) *Electronic Collection (e-Collection)* refers to a method or manner  
20          wherein revenue, fees, assessments, or obligations due to the  
21          government entity are collected using a mechanical device, electronic  
22          device, or computer-based system wherein no actual money, check, or  
23          any physical note is handed through the hands of the government  
24          entity's collecting officer: *Provided*, That this shall include collections  
25          performed by a financial intermediary;

26          (x) *Electronic Payment (e-Payment)* refers to the disbursement of money or  
27          equivalent electronic representations of legal tender, for purposes of  
28          paying government expenditures, solely through electronic means as  
29          opposed to the use of cash, check, or physical notes to accomplish the  
30          same, including the manner by which an obligation is extinguished by  
31          means of sending instruction for the debit of the government entity's  
32          account and the corresponding credit to the payee's account, and the

1 transfer of funds to a financial intermediary for the purpose of  
2 distribution;

3 (y) *Excessive Expenditures* refer to unreasonable expenses that are incurred  
4 at an immoderate quantity and exorbitant price; exceed what is usual or  
5 proper, are unreasonably high and beyond just measure or amount;  
6 and/or are in excess of reasonable limits;

7 (z) *Extravagant Expenditures* refer to expenditures that are incurred without  
8 restraint, judiciousness and economy; are extravagant and exceed the  
9 bounds of propriety; and/or are immoderate, prodigal, lavish, luxurious,  
10 grossly excessive, and injudicious;

11 (aa) Financial Reporting Framework refers to a set of accounting principles,  
12 standards, interpretations, and pronouncements adopted by  
13 Commission on Audit (COA) as prescribed by the international standards-  
14 setting body which are followed in the preparation of the financial  
15 statements that defines how and when to recognize, measure, present  
16 and disclose transactions in the financial statements;

17 (bb) *Government Agency* refers to any department, bureau, or office of the  
18 national government, or any of its branches and instrumentalities, local  
19 government units (LGU) and its political subdivision, including other  
20 entities it created, and government-owned or controlled corporations  
21 (GOCC), including their subsidiaries;

22 (cc) *Government Funds and Properties* refer to any form of public moneys  
23 and other resources pertaining or accruing to any agency of the  
24 government; including funds transferred to private entities as a subsidy,  
25 equity, donation, grant, or counterpart fund for implementation of PAPs;

26 (dd) *Illegal Expenditures* refer to expenses incurred in violation of the law;

27 (ee) *Irregular Expenditures* refer to expenditures, that are incurred without  
28 adhering to established rules, regulations, procedural guidelines,  
29 policies, and generally-accepted principles or practices; and/or are  
30 incurred when funds are disbursed without conforming with prescribed  
31 usages and rules of discipline incurred without observance of an

1 established pattern, course, procedure, mode of action, behavior,  
2 conduct or standard;

3 (ff) *Liability* refers to either an obligation arising from audit decisions or from  
4 contracts or quasi-contracts;

5 (gg) *Money Claim* refers to a demand for payment of a sum of money,  
6 reimbursement, or compensation arising from law, contract, or quasi-  
7 contract due from a government agency or owing to a claimant;

8 (hh) *Notice of Finality of Decision (NFD)* refers to a written notification  
9 addressed to the head of the agency that a decision of the Commission  
10 has become final and executory;

11 (ii) *Persons Liable* refer to the persons determined to be answerable for an  
12 audit disallowance, charge, or decision by the Commission;

13 (jj) *Persons Responsible* refer to the persons determined to be answerable  
14 for the compliance with the audit requirements as called for in the Notice  
15 of Suspension (NS);

16 (kk) *Programs, Activities, Projects (PAPs)* refer to any work progress or group  
17 of work progress undertaken to realize the outputs and outcomes of an  
18 agency which is represented by an item of appropriation in the national  
19 budget, appropriation ordinances in the case of LGUs, and corporate  
20 operating budgets in the case of GOCCs;

21 (ll) *Public Officer* refers to any person holding any public office in the  
22 government by virtue of an appointment, election, or contract vested  
23 with sovereign functions of the government;

24 (mm) *Public Purpose* refers to any purpose or use directly available to the  
25 general public as a matter of right, including those traditionally viewed  
26 as essentially government functions such as the building of roads and  
27 the delivery of basic services, and those purposes designed to promote  
28 social justice and public interest as provided for by law or jurisprudence;

29 (nn) *Regular Cash Advances* refer to those granted to cashiers, disbursing  
30 officers, paymasters, and/or property/supply officers for any of the  
31 following purposes:

32 (1) Salaries and wages;

- 1 (2) Commutable allowances;
- 2 (3) Honoraria and other similar payments to officials and employees;
- 3 and
- 4 (4) Petty operating expenses, consisting of small payments for
- 5 maintenance and operating expenses cannot be paid conveniently
- 6 by check or are required to be paid immediately;
- 7 (oo) *Revenue* refers to income or receipts derived by a government agency
- 8 from taxes, excise, custom duties, fees, royalties, grants, rents, sale of
- 9 goods or services, sale of assets and collections from other sources;
- 10 (pp) *Settlement of Liability* refers to the payment, restitution, or other act of
- 11 extinguishing an obligation as provided by law in satisfaction of the
- 12 liability under a Notice of Disallowance or Notice of Charge (ND/NC) or
- 13 in compliance with the requirements of a Notice of Suspension (NS);
- 14 (qq) *Settlement of Accounts* refers to the process of determining the status
- 15 or balance of the account of an accountable officer after audit and
- 16 examination;
- 17 (rr) *Settled Account* refers to a transaction which after audit does not result
- 18 to any adverse audit decision;
- 19 (ss) *Special Cash Advances* refer to those granted on the explicit authority of
- 20 the Head of the Agency only to duly designated disbursing officers or
- 21 employees for other legally authorized purposes, as follows:
- 22 (1) Current operating expenditures of the agency field office or of the
- 23 activity of the agency undertaken in the field when it is impractical
- 24 to pay to the same by check, such as – (a) Salaries, Wages and
- 25 Allowances; (b) Maintenance and other operating expenses; and
- 26 (2) Travel Expenditures, including transportation fare, travel
- 27 allowance, hotel room/lodging expenses and other expenses
- 28 incurred by the officials and employees in connection with official
- 29 travel;
- 30 (tt) *Suspension* refers to a temporary disallowance of a transaction or
- 31 accounts which appear illegal or improper or irregular unless
- 32 satisfactorily explained or justified by the persons responsible or until

1 the requirements on matters raised in the course of audit are submitted  
2 or complied with;

3 (uu) *Trust Funds* refer to funds which are by operation of law or by contract  
4 are officially in the possession of any government agency or of a public  
5 officer as trustee, agent, or administrator, which are for the fulfillment  
6 of certain obligations or a specific purpose;

7 (vv) *Transfer-Distribute-Liquidate (TDL)* refers to an electronic payment  
8 scheme where the government entity's funds are first transferred to the  
9 intermediary's possession and control, which the latter thereafter uses  
10 to distribute payments to the intended payees of the principal  
11 government entity;

12 (ww) *Unconscionable Expenditures* refer to expenditures which are  
13 unreasonable and immoderate, which no fair and honest man in his right  
14 sense would make or accept as reasonable, and which are incurred in  
15 violation of ethical and moral standards; and

16 (xx) *Unnecessary Expenditures* refer to expenditures which i) does not satisfy  
17 the test of prudence or the diligence of a good father of a family, thereby  
18 denoting non-responsiveness to the exigencies of the service; ii) are not  
19 supportive of the objectives and mission of the agency relative to the  
20 nature of its operation; iii) are not dictated by the demands of good  
21 government; and/or iv) the utility cannot be ascertained at a specific  
22 time, are not essential and can be dispensed with without loss or damage  
23 to property, and/or contrary to the mission and thrusts of the agency  
24 incurring the expenditures.

25 **Sec. 4. *Fundamental Principles.*** – Financial transactions and operations of any  
26 government agency shall be governed by the fundamental principles set forth  
27 hereunder:

28 (a) No money shall be paid out of any public treasury or depository except  
29 in pursuance of an appropriation law, appropriation ordinance, or other  
30 specific statutory authority, or a Department of Budget and Management  
31 (DBM)-approved corporate operating budget;



- 1 (b) Government funds or property shall be spent or used solely for public  
2 purposes;
- 3 (c) Trust funds shall be spent only for the specific purpose for which the  
4 trust was created, or the funds received;
- 5 (d) Fiscal responsibility shall, to the greatest extent, be shared by all those  
6 exercising authority over the financial affairs, transactions, and  
7 operations of the government agency;
- 8 (e) Disbursements or disposition of government funds or property shall be  
9 approved by the proper official of the government agency;
- 10 (f) Claims against government funds shall be properly authorized and  
11 supported with the complete required documentation;
- 12 (g) All laws, rules, and regulations applicable to financial transactions shall  
13 be faithfully adhered to; and
- 14 (h) Applicable financial reporting framework adopted by the Commission, as  
15 prescribed by international standards-setting body, as well as sound  
16 management and fiscal administration, shall be observed: *Provided*,  
17 That they do not contravene existing laws, rules, and regulations.

18 TITLE II

19 CHAPTER I

20 Organization

21 *Sec. 5. Composition of the Commission on Audit, Qualifications, Term and*  
22 *Salary of Members.* – The Commission shall be headed by a Chairperson and two (2)  
23 Commissioners, who shall be natural-born citizens of the Philippines and, at the time  
24 of their appointment, at least thirty-five (35) years of age, either certified public  
25 accountants with at least ten (10) years of auditing experience, or members of the  
26 Philippine Bar who have been engaged in the practice of law for at least ten (10)  
27 years, and must not have been candidates for any elective position in the elections  
28 immediately preceding their appointment. At no time shall all Members of the  
29 Commission belong to the same profession.

30 The Chairperson and the Commissioners shall be appointed by the President of  
31 the Philippines, subject to the confirmation of the Commission on Appointments, for a

1 term of seven (7) years without reappointment. Appointments to any vacancy  
2 resulting from death, permanent disability, resignation or removal from office shall be  
3 only for the unexpired portion of the term of the predecessor. In no case shall any  
4 Member be appointed or designated in a temporary or acting capacity.

5 In case of vacancy pending the appointment of a Chairperson, the senior  
6 member, as to appointment, shall perform the functions of the Chairperson until a  
7 new one is appointed and assumes office.

8 No member of the Commission shall, during their tenure, hold any other office  
9 or employment in the government. They shall neither be in the practice of any  
10 profession or in the active management or control of any business which in any way  
11 may affect their functions as members of the Commission, nor shall they be financially  
12 interested, directly or indirectly, in any contract with, or in any franchise or privilege  
13 granted by the national government, any of its political subdivisions, agencies or  
14 instrumentalities, including GOCCs and their subsidiaries.

15 The salary of the Chairperson and the Commissioners shall be fixed by law and  
16 shall not be decreased during their tenure.

17 *Sec. 6. The Commission Proper.* – The Commission Proper shall be composed  
18 of the Chairperson and two (2) Commissioners sitting as a collegial body in the  
19 discharge of the powers and functions of the Commission.

20 *Sec. 7. Functions of the Commission Proper.* – The following shall be the  
21 functions of the Commission Proper:

22 (a) Promulgate auditing rules and regulations for the determination of the  
23 scope and type of audit and examination by the Commission, establish  
24 the techniques and methods required therefor, including those for the  
25 prevention and disallowance of illegal, irregular, unnecessary, excessive,  
26 extravagant, or unconscionable expenditures or uses of government  
27 funds or property;

28 (b) Promulgate accounting and auditing policies, rules, and regulations,  
29 including standards on internal auditing and internal control system, and  
30 authorize the adoption of the international accounting and auditing  
31 standards prescribed by the international standards-setting body;

- 1 (c) Promulgate its own rules concerning pleadings and practices filed before  
2 the Commission or any of its offices: *Provided*, That such rules shall not  
3 diminish, increase, or modify substantive rights;
- 4 (d) Decide by a majority vote of all its Members any case or matter brought  
5 before it;
- 6 (e) Appoint and promote the officials and employees of the Commission in  
7 accordance with the Civil Service laws, rules, and regulations.
- 8 (f) Prescribe the duties and responsibilities of the officials and employees  
9 of the Commission;
- 10 (g) Exercise original and concurrent jurisdiction over administrative cases  
11 filed against COA personnel.
- 12 (h) Recommend to Congress its retirement benefits system pursuant to its  
13 fiscal autonomy;
- 14 (i) Reorganize or rightsize, when necessary, the organizational structure of  
15 the Commission, create new positions, transfer plantilla items, or make  
16 adjustments in the Personnel Services Itemization in accordance with  
17 the organization, staffing and position classification standards and  
18 subject to approval of the DBM;
- 19 (j) Authorize the conduct of special audits including re-opening of settled  
20 accounts in case of fraud, collusion, or error of calculation or when new  
21 and material evidence is discovered, and other investigations as may be  
22 prescribed by the rules of the Commission; and
- 23 (k) Perform such other functions as may be provided by law.

24 *Sec. 8. Duties and Responsibilities of the Chairperson.* – The Chairperson shall  
25 act as the presiding officer of the Commission Proper and chief executive officer of the  
26 Commission. As chief executive officer, the Chairperson shall:

- 27 (a) Control and supervise the general administration of the Commission;
- 28 (b) Direct and manage the implementation and execution of policies,  
29 standards, rules, and regulations promulgated by the Commission  
30 Proper;
- 31 (c) Sign appointments for recruitment and promotions, and office orders for  
32 audit engagements;

- 1 (d) Authorize the transfer, reassignment, secondment and other forms of  
2 personnel movement of the officials and employees of the Commission  
3 in accordance with the Civil Service laws, rules and regulations;
- 4 (e) Delegate to the Commissioners, Assistant Commissioners, Directors, and  
5 other officials of the Commission such authority on internal  
6 administration concerning personnel, planning, financial, legal, and  
7 other matters pertaining to their respective functional areas as may be  
8 determined by the Commission Proper;
- 9 (f) Submit a proposed annual or supplemental budget of the Commission  
10 to the DBM for approval of the Congress;
- 11 (g) Summon any person or public official for the purpose of gathering data  
12 or inquiring into matters pertinent to the formulation, implementation or  
13 enforcement of any order, decision, policy, standard, or regulation of the  
14 Commission Proper;
- 15 (h) Designate appropriate official as head of the Public Sector Accounting  
16 Standards Board and the Public Sector Auditing Standards Board;
- 17 (i) Exercise control and supervision over the audit of intelligence and/or  
18 confidential transactions or accounts of government agencies;
- 19 (j) Exercise control and supervision over the audit of foreign-assisted  
20 projects; and
- 21 (k) Perform such other functions as may be required by law, rules,  
22 regulations, or policies of the Commission.

23 *Sec. 9. Duties and Responsibilities of the Commissioners.* – The following are  
24 the duties and responsibilities of the Commissioners:

- 25 (a) Participate in the proceedings of the Commission Proper in the discharge  
26 of its powers and functions; and
- 27 (b) Perform such other functions as may be provided by law, rules,  
28 regulations, or policies of the Commission.

29 *Sec. 10. Duties and Responsibilities of the Assistant Commissioners.* – The  
30 following are the duties and responsibilities of the Assistant Commissioners:

- 1 (a) Formulate, develop, update, and supervise the implementation of the  
2 operational plan and performance commitment of the Sector headed  
3 which are aligned with the Commission's strategic plan;
- 4 (b) Supervise the general administration of offices under the jurisdiction of  
5 the Assistant Commissioner;
- 6 (c) Serve as a member of an Assistant Commissioners Group which shall  
7 work as a collegial body to study, review, and recommend policies, rules,  
8 and regulations for consideration by the Commission Proper or the COA  
9 Chairperson; and
- 10 (d) Perform such other functions as may be assigned.

11 *Sec. 11. The General Counsel.* – The Assistant Commissioner of the Legal  
12 Services Sector shall be the General Counsel of the Commission.

13 *Sec. 12. The Central and Regional Offices.* – The operations of the Commission  
14 under Section 16 of this Act shall be further carried out by the various offices under  
15 each Sector in the Central and Regional Offices. Each office in the central office and  
16 the regional offices shall be headed by a Director with a rank of Director IV. All offices  
17 under the audit sectors shall supervise their respective audit groups and audit teams.

18 The COA Regional Offices shall serve as representatives of the Commission in  
19 the regions and shall be under the direct control and supervision of the Assistant  
20 Commissioner of Local Government Audit Sector.

21 *Sec. 13. Duties and Responsibilities of the Commission Secretary.* – The  
22 Commission Secretary shall have the rank of a Director IV and shall provide secretariat  
23 and administrative support to the Commission Proper.

24 *Sec. 14. Duties and Responsibilities of the Chief Executive Staff.* – The Chief  
25 Executive Staff in the Office of the Chairperson shall have the rank of an Assistant  
26 Commissioner and shall be responsible for the general administration and supervision  
27 of the following offices:

- 28 (a) Office of the Chief Executive Staff shall monitor dissemination of the  
29 regulations, instructions, and directives issued by the Chairperson;  
30 monitor transmittal of the audit reports and annual financial reports;  
31 maintain schedule, agenda, and make necessary arrangements for the  
32 Chairperson as Chairperson/Member of inter-agency committees; and

1 ensure that the Chairperson is fully informed in a timely manner of all  
2 matters of importance in relation to the conduct of the day-to-day  
3 operations of the Commission to include accomplishments of targets  
4 and significant deviation from performance commitments and  
5 established goals and objectives;

6 (b) Internal Audit Office shall provide independent and objective assurance  
7 and advisory services to obtain reasonable assurance on the adequacy  
8 and effectiveness of governance, risk management, and control  
9 processes of the Commission based on its approved Strategic and  
10 Annual Audit Plan and establish guidelines to ensure conformance with  
11 applicable code of ethics and standards for internal auditing;

12 (c) International and Audit Relations Office shall coordinate and supervise  
13 the work involving the functions of the COA relating to international  
14 audit and relations, and audit of foreign-based government agencies;

15 (d) Internal Affairs Office shall evaluate and investigate complaints filed  
16 against COA personnel and recommend the filing of administrative  
17 cases or dismissal and/or termination of the complaint;

18 (e) Project Management Office shall evaluate, integrate, monitor, and act  
19 as secretariat for the priority projects of the COA and coordinate the  
20 resources of the Commission and liaise with the development partners  
21 in the implementation of various projects and programs;

22 (f) Public Information Office shall manage engagement with internal and  
23 external stakeholders, specifically media and general public, to  
24 contribute to achievement of organizational goals, and provide  
25 electronic communication needs of the Commission; and

26 (g) Quality Assurance Office shall conduct quality assurance reviews to  
27 provide reasonable assurance that the quality management system of  
28 the Commission is working effectively and in accordance with  
29 professional standards and best practices.

30 *Sec. 15. Duties and Responsibilities of the Directors.* – The Directors of the  
31 Commission shall have the following duties and responsibilities:

- 1 (a) Formulate, develop, and supervise the implementation of the annual
- 2 operational plan, in accordance with the Commission's strategic plan;
- 3 (b) Manage the administrative operations of their office;
- 4 (c) Implement and execute laws, policies, standards, and rules and
- 5 regulations promulgated by the Commission or the Chairperson;
- 6 (d) Submit annual performance report and other reports as directed by the
- 7 Commission Proper or the Chairperson;
- 8 (e) Adjudicate on cases within their jurisdiction;
- 9 (f) Publish audit reports in the website of the Commission; and
- 10 (g) Perform other functions that may be assigned by higher and competent
- 11 authority.

12 *Sec. 16. Operations of the Commission.* – The operations of the Commission  
13 shall be undertaken through the following sectors which shall each be headed by an  
14 Assistant Commissioner who shall exercise supervision over various offices under it:

- 15 (a) Local Government Audit Sector shall be responsible for the audit of
- 16 LGUs;
- 17 (b) National Government Audit Sector shall be responsible for the audit of
- 18 NGAs;
- 19 (c) Corporate Government Audit Sector shall be responsible for the audit of
- 20 GOCCs;
- 21 (d) Special Audit Services Sector shall be responsible for the conduct of
- 22 performance audit, fraud audit, and special audit;
- 23 (e) Systems and Technical Audit Services Sector shall be responsible for
- 24 technical audit and conduct of other technical-related services; and audit
- 25 of information technology and systems and conduct of other services
- 26 related to information and communications technology resources and
- 27 services of government agencies;
- 28 (f) Government Accountancy Sector shall be responsible for the keeping of
- 29 the general accounts of the government, preparation and submission of
- 30 Annual Financial Reports and other financial reports, and providing
- 31 technical assistance pertaining to accounting and financial management;
- 32 recommendation on the adoption and implementation of accounting

1 standards, policies, rules, and regulations; and development,  
2 implementation and maintenance of computerized systems and tools  
3 related to government accounting and financial management vital to its  
4 operation including systems essential for its technical oversight function  
5 over government accountants;

6 (g) Legal Services Sector shall be responsible for rendering legal opinions  
7 and legal services; review of legal retainers and other contracts, and  
8 COA issuances; preparation of comments on proposed congressional  
9 bills and issuances of government agencies; conduct of formal hearing  
10 and drafting of decisions on administrative cases; enforcement of COA  
11 decisions; assistance in the prosecution and litigation of cases involving  
12 COA and its personnel acting as witnesses, including preparation of  
13 pertinent comments and pleadings; coordination with the Office of the  
14 Solicitor General (OSG), Office of the Ombudsman (OMB) and other  
15 agencies pertaining to cases involving COA; legal assistance to COA  
16 personnel subjected to harassment suits;

17 (h) Commission Proper Adjudication Sector shall be responsible for drafting  
18 of decisions or resolutions for consideration of the Commission Proper;

19 (i) Planning, Finance and Management Sector shall be responsible for the  
20 formulation of long-range and annual plans and programs of the  
21 Commission; providing budget services to the Commission; and  
22 formulation, recommendation, and implementation of policies on the  
23 processing of claims, assessment of cost of audit services, and personnel  
24 payroll management;

25 (j) Administration Sector shall be responsible for the development and  
26 maintenance of the information system of the Commission, and human  
27 resources management program; and providing general administrative  
28 services and support to the Commission; and

29 (k) Professional and Institutional Development Sector shall be responsible  
30 for the formulation, recommendation, and implementation of policies  
31 and programs on learning and development of personnel of the  
32 Commission; and providing capacity building of other government



1 agencies' personnel pertaining to accounting and auditing matters, and  
2 other policies, rules and regulations issued by the Commission, including  
3 those concerning internal auditing and internal control systems  
4 standards.

5 The Commission Proper may effect changes in the organization and functions  
6 of the Commission as it may deem necessary in the exercise of its fiscal autonomy in  
7 order to carry out its constitutional mandate.

8 *Sec. 17. Legal Assistance to Current and Former Officials and Employees.* –  
9 Current and former COA officials and employees are authorized to engage the services  
10 of private lawyers for a fee on cases filed against them in relation to the performance  
11 of their official functions in accordance with the guidelines issued by the Commission  
12 Proper.

13 For this purpose, the Commission shall provide a legal assistance fund to be  
14 included in its annual appropriation.

15 *Sec. 18. Professionalization of Audit Services.* – The Commission shall develop,  
16 adopt, and implement a competency-based capacity building and continuing  
17 education.

18 It shall participate and support the activities of international professional  
19 organizations such as the International Organization of Supreme Audit Institutions,  
20 Asian Organization of Supreme Audit Institutions, Association of Southeast Asian  
21 Nations (ASEAN) Supreme Audit Institutions, and other supreme audit institutions.

22 For this purpose, the capacity building shall include courses on accounting  
23 standards, rules, and regulations relevant to auditing services.

24 *Sec. 19. Professionalization of Accounting and Other Services.* – For accounting  
25 services, the Commission shall conduct capacity building in coordination with  
26 international professional bodies on accounting services such as the International  
27 Public Sector Accounting Standards Board, Financial and Sustainability Reporting  
28 Standards Council, and other international professional bodies relevant to accounting  
29 services.

30 The Commission shall likewise provide similar capacity building for other  
31 services.

1           Sec. 20. *Fiscal Autonomy.* – The Commission shall enjoy fiscal autonomy and  
2 its approved annual appropriation shall be automatically and regularly released. The  
3 Chairperson of the COA is authorized to augment any item in the general  
4 appropriations for the Commission from savings in any item in the same appropriation.

5           Sec. 21. *Statement of Objectives.* – In keeping with its constitutional mandate,  
6 the Commission adheres to the following objectives:

7           (a) Determine whether the fiscal responsibility which rests directly with the  
8 head of the government agency has been properly, efficiently, and  
9 effectively discharged;

10          (b) Develop and implement a comprehensive audit plan that shall  
11 encompass the examination of financial transactions, accounts, and  
12 reports, including compliance with applicable laws and regulations, as  
13 well as evaluation of the economy, efficiency, and effectiveness of  
14 programs, activities and projects;

15          (c) Institute control measures through the promulgation of auditing and  
16 accounting rules and regulations governing the revenue, receipts,  
17 disbursements, and uses of funds and properties, including audit of fund  
18 transfers to non-government organizations, peoples' organizations (POs)  
19 or other private entities for specific purpose;

20          (d) Promulgate accounting and auditing rules and regulations to facilitate  
21 the keeping of the accounts of the Government and enhance their  
22 information value;

23          (e) Institute measures designed to preserve and ensure the independence  
24 of the Commission, ensure transparency and accountability in  
25 government operations, and promote service excellence and quality in  
26 all aspects of its work; and

27          (f) Bring its operations closer to the people by the delegation of authority  
28 through decentralization and participatory governance, consistent with  
29 the provision of the Constitution.

30           Sec. 22. *General Jurisdiction.* – Pursuant to Section 2 (1), Article IX (D) of the  
31 1987 Constitution, the Commission shall have the power, authority, and duty to  
32 examine, audit and settle all accounts pertaining to the revenues and receipts of, and

1 expenditures or uses of funds and property, owned or held in trust by, or pertaining  
2 to the government, or any of its subdivisions, agencies, or instrumentalities, including  
3 GOCCs, and on a post-audit basis:

4 (a) Constitutional bodies, commissions and offices that have been granted  
5 fiscal autonomy under the Constitution;

6 (b) Autonomous state colleges and universities;

7 (c) Other GOCCs and their subsidiaries; and

8 (d) Such non-governmental entities receiving subsidy or equity directly or  
9 indirectly, from or through the government, which are required by law  
10 or the granting institution to submit to such audit as a condition of  
11 subsidy or equity.

12 *Provided, however,* That in case where the internal control system of the  
13 audited agencies is deemed inadequate, the Commission may adopt such measures,  
14 including temporary or special pre-audit, as are necessary and appropriate to correct  
15 the deficiencies. It shall keep the general accounts of the government, and for such  
16 period as may be provided by law, preserve the vouchers and other supporting papers  
17 pertaining thereto.

18 The Commission, under Section 2 (2), Article IX (D) of the 1987 Philippine  
19 Constitution, shall have exclusive authority subject to the limitations in Article IX of  
20 the Constitution, to define the scope of its audit and examination, establish the  
21 techniques and methods required therefor, and promulgate accounting and auditing  
22 rules and regulations including those for the prevention and disallowance of irregular,  
23 unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of  
24 government funds and properties.

25 *Sec. 23. Examining Authority.* – The Commission shall have authority to  
26 examine in the course of audit, books, papers, documents pertaining to the income of  
27 individuals and corporations in connection with government revenue collection  
28 operations, for the purpose of ascertaining that all revenues determined to be  
29 collectible and due the government have actually been collected.

30 *Sec. 24. Limited Jurisdiction over Private Entities.* – The Commission shall have  
31 authority to examine and audit the contracts, agreements, or dealings of private  
32 entities with the government for which such private entities: (i) received subsidies,

1 counterpart funding, government equity, donation or grant, fund transfer or were  
2 allowed to use government properties or facilities; or (ii) were required to pay  
3 government share such as, but not limited, to levy, franchise fees, or income share.

4         *Sec. 25. Deputization of Government Licensed Professionals or Experts to Assist*  
5 *Government Auditors.* – The Commission Proper may, when the exigencies of the  
6 service so require, deputize and retain, in the name of the Commission, certified public  
7 accountants and such other government licensed professionals or experts as it may  
8 deem necessary to assist its auditors in undertaking specialized audit engagements.

9         The deputized professionals or experts shall be entitled to such compensation  
10 and allowances as may be stipulated in the contract, subject to pertinent rules and  
11 regulations on compensation and fees.

12         The Commission Proper shall issue guidelines in contracting deputized  
13 professionals or experts referred to in this section.

14         *Sec. 26. Participation of Civil Society Organizations in the Conduct of Audit.* –  
15 The COA Chairperson may deputize duly accredited Civil Society Organizations in the  
16 conduct of audit to help auditors perform ocular inspection, validation, evaluation,  
17 collection of data or information and monitoring of projects located in remote and  
18 critical areas to enhance credibility, accountability, and transparency in audit  
19 processes.

20         *Sec. 27. Prohibition of Person or Entity from Rendering, Auditing and Related*  
21 *Services to Government Entities.* – No person or entity shall enter into a contract to  
22 render accounting or auditing related services for a fee to any government agency or  
23 conduct of seminars or workshops on topics relating to accounting; auditing; and  
24 internal control system and internal auditing standards for government personnel  
25 without securing clearance from COA. Should the Commission decide not to undertake  
26 the study or service, it shall nonetheless have the power to review the proposed  
27 contract in order to determine the necessity, capability or expertise of the private party  
28 and the reasonableness of its fees.

29         Any contract entered into without the approval of the Commission shall be  
30 considered null and void and the related expenditures incurred thereon shall be  
31 disallowed in audit and become the personal liability of the officials concerned.

1            *Sec. 28. Government Contracts for the Hiring of a Private Lawyer or Law Firm*  
2 *to Handle Legal Cases or Render Legal Services to Government Agencies.* – No  
3 contract involving public funds shall be entered into by any government agency to  
4 secure the services of a private lawyer or law firm for the purposed representing the  
5 government agency concerned in court or for rendering legal services: *Provided,* That  
6 if hiring of such legal services cannot be avoided, or is justified under extraordinary or  
7 exceptional circumstances, the written conformity and acquiescence or clearance of  
8 the OSG or the Office of the Government Corporate Counsel, as the case may be, and  
9 the written concurrence of the COA shall first be secured before the engagement of  
10 private legal services: *Provided, further,* That in case of LGUs, only the written  
11 approval of the Commission shall be required: *Provided, furthermore,* That the  
12 Commission shall issue guidelines for the implementation of this provision. *Provided,*  
13 *finally,* That in case of non-compliance with the above requirements and the relevant  
14 rules of the Commission, any payment thereof shall be disallowed in audit and the  
15 same shall be the personal liability of the officials concerned.

16            The request for written concurrence shall be acted upon by the Commission  
17 within sixty (60) days from the receipt of all documents necessary to evaluate such  
18 request. The Commission shall be deemed to approve the request for written  
19 concurrence should it fail to act thereon after the lapse of the (60) day period.

20            *Sec. 29. Prohibition of Private Foundations and Entities to Use the Name and*  
21 *Resources of the Government to Solicit and/or Receive Donations, Grants, Financial*  
22 *Assistance from Private Domestic and International Donors.* – Private foundations and  
23 entities organized and managed by government officials and employees are prohibited  
24 from using the name, resources, insignia, or logo of a government agency for  
25 whatever enterprise to solicit and/or receive donations, grants, financial assistance  
26 from the public or other donors.

27            Any violation of the preceding paragraph shall subject the said foundation or  
28 entity to special audit by the Commission as if the funds so received are public funds  
29 which should be recognized in the books of the concerned government agency.  
30 Refusal to submit itself to such audit shall constitute an offense punishable under  
31 Section 101 of this Act.

1           Sec. 30. *Prevention and Disallowance of Illegal, Irregular, Unnecessary,*  
2 *Excessive, Extravagant or Unconscionable Expenditures or Uses of Government Funds*  
3 *of Property.* – The Commission shall promulgate accounting and auditing rules and  
4 regulations for the prevention and disallowance of illegal, irregular, unnecessary,  
5 excessive, extravagant, or unconscionable expenditures or uses of government funds  
6 or property. Any violation of such rules and regulations shall be a ground for  
7 disallowance without prejudice to administrative, civil and/or criminal sanctions  
8 against the persons liable therefor.

9           Sec. 31. *Settlement of Accounts Between Agencies.* – The Commission shall  
10 have the power, under such regulations as it may prescribe, to authorize and enforce  
11 the settlement of accounts subsisting between agencies of the government.

12           Sec. 32. *Collection of Indebtedness Due to the Government.* – The Commission,  
13 through proper channels, shall assist in the collection and enforcement of all debts  
14 and claims and the restitution of all funds or the replacement or payment to the  
15 government of any government property lost or destroyed.

16           Sec. 33. *Power to Adjudicate Money Claims Against the Government.* – The  
17 Commission shall have the power to adjudicate money claims filed against the  
18 government or any of its subdivisions, agencies, and instrumentalities in relation to  
19 liquidated claims and *quantum meruit* cases. Unliquidated money claims against the  
20 government shall be filed before the proper courts, tribunals, and other adjudicative  
21 bodies.

22           Liquidated claims refer to those determined or readily determinable from  
23 vouchers, invoices, and such other papers within reach of accounting officers.

24           When the Commission is in the exercise of its power to execute judgements on  
25 money claims, the Commission shall, at all times, respect the principle of immutability  
26 of judgments.

27           Sec. 34. *Power to Compromise Claims.* – When the interest of the Government  
28 so requires, the Commission Proper may compromise or release in whole or in part,  
29 any settled claim or liability to any government agency not exceeding Ten million  
30 pesos (P10,000,000.00) arising out of any matter or case pending before the  
31 Commission or falling within its jurisdiction. In case the claim or liability exceeds Ten  
32 million pesos (P10,000,000.00), the Commission shall submit an application for relief

1 to Congress with its recommendations. The threshold amount subject to compromise  
2 shall be reviewed and adjusted to inflation every five (5) years.

3 The respective governing bodies of GOCCs and self-governing boards,  
4 commissions or agencies of the government shall have the authority to condone,  
5 compromise or release any similar claim or liability when expressly authorized by their  
6 charters, subject to timely review and post-audit by the Commission: *Provided,*  
7 *however,* That if the power to condone, compromise or release claims or liabilities is  
8 not explicitly provided under the charter of the government agency concerned, the  
9 same be exercised exclusively by the Commission in accordance with the provision of  
10 this Act.

11 *Sec. 35. Satisfaction of Indebtedness Arising from Final and Executory Audit*  
12 *Decisions.* – When any person or entity is indebted to any government agency by  
13 reason of a final and executory audit decision, the Commission shall direct the head  
14 of agency to withhold the salary or any money due to such entity or person liable or  
15 from the estate, in satisfaction of the indebtedness under the said decision.

16 In case any money due to the liable entity or person is insufficient to satisfy  
17 the indebtedness from the final and executory audit decision, the Commission shall  
18 have the power to levy property or garnish bank accounts to the extent of the unpaid  
19 balance.

20 Failure on the part of the head of agency concerned to comply with the  
21 preceding paragraphs shall render the head of agency personally liable without  
22 prejudice to the filing of administrative action for neglect of duty.

23 *Sec. 36. Authority to Require Submission of Documents Relative to Government*  
24 *Transactions.* – The Commission shall have the power to require the submission of the  
25 original, in whatever form, of any order, deed, contract, or other document under  
26 which any collection of, or payment from, government funds may be made, together  
27 with any certificate, receipt, or other evidence in connection therewith. If an  
28 authenticated copy is needed for record purposes, the copy shall upon request be  
29 furnished.

30 In the case of deeds to property purchased by any government agency, the  
31 Commission shall require a certificate of title entered in favor of the government or

1 other evidence that would provide substantial proof that the title is in the name of the  
2 government.

3 It shall be the duty of the officials or employees concerned, including those in  
4 non-government entities under audit, or affected in the audit of government and non-  
5 government entities, to comply promptly with these requirements.

6 *Sec. 37. Investigatory and Inquisitorial Powers; Power to Punish for Contempt.*

7 – The Chairperson, and other officials and employees specially deputized in writing for  
8 the purpose by the Chairperson shall, in compliance with the requirement of due  
9 process, have the power to summon the parties to a case brought before the  
10 Commission for resolution, issue subpoena and subpoena *duces tecum*, administer  
11 oaths, and otherwise take testimony in any investigation or inquiry on any matter  
12 within the jurisdiction of the Commission.

13 The Commission shall have the power to cite for contempt as provided for in  
14 the Revised Rules of Court and the Revised Rules of Procedure of the COA, under the  
15 same procedure and with the same penalties provided therein. Any violation of any  
16 final and executory decision, order or ruling of the Commission shall constitute as  
17 indirect contempt.

18 *Sec. 38. Annual Financial Report of the Commission.* – The Commission shall  
19 submit to the President and the Congress of the Philippines not later than the last day  
20 of September of each year an annual report on the financial condition and operation  
21 of all government agencies, which shall include recommendation of measures  
22 necessary to improve economy, efficiency, and effectiveness of these agencies.

23 To carry out the purposes of this Section, the Chief Accountant or the official  
24 in charge of keeping the accounts of the government agency shall submit to the  
25 Commission, year-end financial statements and such other supporting or subsidiary  
26 statements as may be required by the Commission not later than the 14<sup>th</sup> day of  
27 February of each year. Financial statements returned by the Commission for revision  
28 due to non-compliance with accounting standards, rules and regulations shall be  
29 resubmitted within five (5) working days after the date of receipt by the official  
30 concerned.

31 *Sec. 39. Annual Report on Appropriations, Allotments, Obligations and*  
32 *Disbursements, Including Off-Budgetary Funds and Trust Receipts.* – Within one



1 hundred twenty (120) days after the end of every fiscal year, the Commission shall  
2 submit to the President and the Congress of the Philippines an annual report on  
3 appropriations, allotments, obligations and disbursements of NGAs and GOCCs  
4 maintaining Special Accounts in the General Fund and receiving budgetary support  
5 from the government.

6 For the purpose stated under this Section, agencies are required to submit  
7 financial accountability reports to this Commission in compliance with the pertinent  
8 sections of the General Provisions of the GAA and Republic Act No. 7226.

9 *Sec. 40. Powers, Functions, and Duties of Auditors.* – The following are the  
10 powers, functions, and duties of auditors as representatives of the Commission:

11 (a) Exercise such powers and functions as may be authorized by the  
12 Commission in the examination of cash and accounts of accountable  
13 officers; conduct financial, compliance, performance, and other special  
14 audits; settle accounts of the agencies under the respective audit  
15 jurisdiction;

16 (b) Submit an audit report on the date and in the manner prescribed by the  
17 Commission and render such other reports as the Commission may  
18 require;

19 (c) For transactions subject of Audit Observation Memorandum, NS, ND, NC,  
20 complaint or a pending audit or investigation or court case, retain  
21 custody and be responsible for the safekeeping and preservation of paid  
22 expense vouchers, journal entry vouchers, stubs of checks, reports of  
23 collections and disbursements, and similar documents together with  
24 their respective supporting papers, until the final disposition thereof. The  
25 Commission shall prescribe the manner for preservation of these audit  
26 or legal evidence;

27 (d) Retain a digital copy of the audited vouchers and supporting papers,  
28 official receipts, and other documents or reports upon turnover or return  
29 of the originals to the auditee for safekeeping and preservation in  
30 accordance with the guidelines promulgated by the Commission Proper;

31 (e) Act as witness in proceedings before the courts, the OMB, and other  
32 quasi-judicial bodies; and

1 (f) Perform such other functions as may be assigned to them by the  
2 Commission.

3 Sec. 41. *Examination of Cash and Accounts of Accountable Officer.* – The  
4 cashbooks, accounts, papers, and cash in the accountability of an accountable officer  
5 shall be opened at all times to audit and examination of the Commission and its duly  
6 authorized representatives.

7 In case a shortage has been discovered during an examination of the cash and  
8 accounts of an accountable officer, it shall be the duty of the auditor to immediately  
9 demand in writing the restitution of the shortage and notify in writing the head of the  
10 government agency concerned of said shortage in accordance with the regulations of  
11 the Commission. The head of the agency may immediately relieve the accountable  
12 officer and assign another officer to assume the former's duties and responsibilities. A  
13 complete report on the cash examination of the accounts of the accountable officer  
14 with cash shortage shall immediately be submitted by the auditor to the Director  
15 concerned for purposes of referral to the OMB for investigation and filing of the  
16 appropriate administrative and/or criminal case against the accountable officer  
17 concerned, as the evidence may warrant.

18 For the purpose of this Section, the auditor shall be regarded as a witness only  
19 in cases filed before the OMB and the regular courts, and in no case shall the auditor  
20 be named as the complainant therein.

21 Sec. 42. *Withholding of Salaries and Other Emoluments of Accountable Officers.*  
22 –Whenever an accountable officer has been found short of any accountability during  
23 cash examination or audit and after failure to explain satisfactorily or to produce the  
24 missing funds within the period prescribed by the rules of the Commission, the auditor  
25 shall order the head of the agency to direct the withholding of the salaries and other  
26 emoluments due the accountable officer concerned up to the extent of the liability  
27 until the final determination of the latter's accountability by the Commission or by final  
28 judgment of a competent court.

29 Sec. 43. *Constructive Distrain of Property of Accountable Officer.* – Upon  
30 discovery in audit of a shortage in the accounts of any accountable officer and upon  
31 a finding of a *prima facie* case of malversation of public funds or property against such  
32 accountable officer, the Commission may, in order to safeguard the interest of the

1 government, place the personal property of the accountable officer concerned under  
2 constructive distraint when there is reasonable grounds to believe that the said officer  
3 intends to retire from the government service or leave the Philippines, or remove, hide  
4 or conceal the property therefrom.

5 The constructive distraint shall be effected by requiring the accountable officer  
6 concerned or any other person having possession or control of the property to  
7 accomplish a receipt in the form prescribed by the Commission, covering the property  
8 distrained and obligating to preserve the same intact and unaltered and not to dispose  
9 of it in any manner whatsoever without the express authority of the Commission.

10 In case the said accountable officer or other person having the possession and  
11 control of the property sought to be placed under constructive distraint refuses or fails  
12 to accomplish the receipt herein referred to, the representative of the Commission  
13 effecting the constructive distraint shall proceed to prepare a list of such property;  
14 and, in the presence of two witnesses, leave a copy thereof in the premises where the  
15 property distrained is located. Thereafter, the said property shall be deemed to have  
16 been placed under constructive distraint, in accordance with the rules and regulations  
17 of the Commission.

18 The auditor shall submit a report to the Chairperson on any distraint effected  
19 pursuant to this Section not later than five (5) calendar days from the date of the  
20 distraint of the property.

21 *Sec. 44. Appeals from Decisions of Auditors.* – Any person aggrieved by the  
22 decision of an auditor, may within one hundred eighty (180) calendar days from  
23 receipt of a copy of the decision, appeal in writing to the Commission. The procedures  
24 of appeal shall be governed by the internal rules concerning pleadings and practices  
25 of the Commission, including the imposition of reasonable filing and legal research  
26 fees.

27 *Sec. 45. Period Rendering Decisions of the Commission.* – The Commission  
28 Proper shall decide any case brought before the Commission within sixty (60) days  
29 from the date of its submission for decision or resolution. For this purpose of this  
30 Section, a case or matter is deemed submitted for decision or resolution upon the  
31 filing of the last pleading, brief, or memorandum required by the rules of the  
32 Commission or by the Commission itself.

1 CHAPTER II

2 Decision of the Commission

3 Sec. 46. *Appeal from Decisions of the Commission.* – Any decision, order or  
4 ruling of the Commission may be brought to the Supreme Court on *certiorari* within  
5 thirty (30) days from the receipt of a copy thereof. When the decision, order, or ruling  
6 adversely affects the interest of any government agency, the remedy may be taken  
7 by the proper head of that agency.

8 Sec. 47. *Finality of Decisions of the Commission and Responsibility of Head of*  
9 *the Agency.* – A decision of the Commission upon any matter within its jurisdiction, if  
10 not appealed as herein provided, shall be final and executory.

11 The General Counsel or any authorized official of the Commission shall issue an  
12 order of execution for final and executory decisions, resolutions, or orders of the  
13 Commission.

14 For final and executory decisions on money claims, the claimant shall initiate  
15 the process of payment with the agency concerned pursuant to existing rules and  
16 regulations.

17 Sec. 48. *Enforcement of Decisions of the Auditor or Commission Proper.* – The  
18 head of agency shall ensure the immediate settlement of final and executory decisions  
19 of the Commission. Unreasonable failure or refusal of the head of agency or concerned  
20 official to implement the final and executory decision of the Commission shall render  
21 the former administratively liable for neglect of duty.

22 Sec. 49. *Re-audit of Audited Transactions.* – All transactions and accounts shall  
23 be open for audit within ten (10) years after the date of transaction except for  
24 intelligence and/or confidential transactions or accounts which may be authorized to  
25 be re-audited by the Chairperson. The Commission shall issue the appropriate  
26 guidelines for this purpose.

27 TITLE III

28 CHAPTER I

29 Basic Policies and Standards



1 connection with his or her office, must be accounted for as government funds and  
2 property, except as may otherwise be specifically provided by law or competent  
3 authority. The recognition of such money and property in the books of accounts of the  
4 agency concerned shall be in accordance with pertinent laws, policies, rules and  
5 regulations, and applicable financial reporting framework.

6         *Sec. 53. Designation of Collecting or Disbursing Officers for Government*  
7 *Agencies.* – The head of agency may designate such number of collecting and  
8 disbursing officers or agents as may be deemed necessary. They shall render reports  
9 of their collections and disbursements pursuant to the regulations of the Commission,  
10 to be submitted promptly to the auditor concerned who shall conduct the necessary  
11 examination and audit.

12         *Sec. 54. Time and Mode of Rendering Account.* – In the absence of specific  
13 provision of law, all accountable officers, through the agency accountants, shall render  
14 their accounts, submit their vouchers, and make deposits of money they have collected  
15 or held at such time and manner as prescribed in the rules and regulations of the  
16 Commission. The auditor concerned shall then conduct the necessary examination and  
17 audit thereof.

18         *Sec. 55. Accrual of Income or Revenues to Unappropriated Surplus of the*  
19 *General Fund.* – All income or revenues accruing to the agencies by virtue of the  
20 provisions of law, orders and regulations shall be deposited in the National Treasury  
21 or in any duly authorized government depository and shall accrue to the  
22 unappropriated surplus of the General Fund of the government, unless otherwise  
23 provided by law.

24         Income or revenues from business-type activities and revolving funds of  
25 government agencies may be separately recorded and disbursed in accordance with  
26 such rules and regulations as may be determined by the Permanent Committee  
27 created by law, composed of the Secretary of Finance as Chairperson, Secretary of  
28 Budget and Management , and Chairperson of the Commission, as members.

29         *Sec. 56. Special, Fiduciary and Trust Funds.* – Receipts shall only be recorded  
30 as income of Special, Fiduciary or Trust Funds or Funds other than General Fund when  
31 the same is duly authorized by law and performed in accordance with the rules and  
32 regulations issued by the Permanent Committee.

1 Revenues collected from particular taxes, levy and royalties for special purpose  
2 shall be treated as a special fund or Special Account in the General Fund and shall be  
3 paid out only for such purpose: *Provided*, That, the Permanent Committee may  
4 recommend for approval of the President the reversion and closure of the Special  
5 Account in the General Fund, Fiduciary or Trust Funds on any of the following grounds:

- 6 (a) The purpose for which a special fund was created has been fulfilled,  
7 terminated or abandoned;
- 8 (b) The terms have expired or no longer necessary for attainment of the  
9 purpose for which said funds were established;
- 10 (c) The account remained dormant for unreasonable length of time;
- 11 (d) The funds in the account are needed by the Government in times of  
12 emergency; or
- 13 (e) The funds in the account are being used in violation of the rules and  
14 regulations issued by the Permanent Committee.

15 *Sec. 57. Receipts and Revenues of Local Government Units.* – All receipts and  
16 income accruing to the LGUs shall be deposited in their account maintained in the  
17 authorized government depository bank or private bank with the prior approval of the  
18 Department of Finance (DOF).

19 *Sec. 58. Receipts and Revenues of GOCCs.* – All receipts and income accruing  
20 to GOCCs shall be deposited in their account maintained in the authorized government  
21 depository bank, unless otherwise specifically provided by law or agreements.

22 *Sec. 59. Collections by the Government.* – No payment of any nature shall be  
23 received by a collecting officer without immediately issuing an official receipt in  
24 acknowledgment thereof. The receipt may be in the form of postage, internal revenue  
25 or documentary stamps or such other digital forms as the law or the Commission may  
26 authorize: *Provided*, That, in no instance shall temporary or provisional receipts be  
27 issued to acknowledge the receipt of public funds.

28 Where digital or electronic devices are used to acknowledge cash receipt, an  
29 electronic official receipt (eOR) shall be issued and the electronic copies of the pieces  
30 of evidence of the e-collection through Self-Collect and Credit or Collect-Aggregate-  
31 Remit or other modes of electronic collection allowed by the rules of the COA. Such  
32 eORs shall be kept in electronic archives, and shall be subject to inspection and

1 verification by the Commission, in accordance with its prescribed guidelines on the  
2 use of eORs to acknowledge collection of income and other receipts of government.

3 The eORs shall be acceptable provided the document maintains its integrity  
4 and reliability and can be authenticated so as to be usable for subsequent reference:  
5 *Provided, That, the electronic document has remained complete and unaltered, apart*  
6 *from the addition of any endorsement and any authorized change, or any change*  
7 *which arises in the normal course of communication, storage and display; and that*  
8 *the electronic document is reliable for the purpose for which it was generated and for*  
9 *all relevant circumstances.*

10 Collections in the form of checks in favor of the government shall be governed  
11 by the rules of the Commission.

12 In no instance shall money in the hands of the collecting officer be utilized for  
13 whatever purpose but should be deposited intact with an authorized government  
14 depository bank.

15 *Sec. 60. Payment in Settlement.* – Electronic payment through TDL, credit card,  
16 DEP such as ADA and other modes may be used to settle all obligations of the  
17 government in accordance with the guidelines of the Commission and other Public  
18 Financial Management agencies of the government.

19 Electronic payment to a person not duly authorized to receive such payment  
20 shall subject the accountable officer concerned to administrative/civil sanctions or  
21 criminal prosecution, as may be warranted.

22 In instances when checks are drawn against the checking account of the  
23 government agencies maintained with any government depository in payment of an  
24 obligation:

25 (a) The check shall be made payable directly to the creditor to whom the  
26 money is due, or to the disbursing officer or employee for an official  
27 disbursement;

28 (b) Checks drawn in payment of any indebtedness shall likewise be accepted  
29 by the officer concerned, provided it shall be made payable to the entity  
30 or the authorized official of the payee; and

31 (c) When a check drawn in favor of the government is not accepted by the  
32 drawee bank for any reason, the drawer shall continue to be liable for



1 the sum due and all penalties resulting from delayed payment. Where  
2 the reasons for non-acceptance by the drawee bank are insufficiency of  
3 funds and/or closed accounts, the drawer shall be criminally liable  
4 therefor.

5 *Sec. 61. Deposit of Money in the Treasury or Authorized Government*  
6 *Depository Bank.* – Public officers authorized to receive and collect moneys arising  
7 from taxes, revenues, or receipts of any kind shall remit or deposit the full amount  
8 received and collected to the account of the National Treasury or in the agencies  
9 account maintained in the authorized government depository bank not later than the  
10 following banking day, except when it is impractical to do so due to distance or when  
11 and the amount to be deposited is minimal.

12 Fifty percent (50%) share on proceeds from the community tax certificates  
13 collected by duly deputized barangay treasurers shall be automatically retained and  
14 deposited intact in the authorized depository banks of the barangay where the tax is  
15 collected pursuant to the Republic Act No. 7160, as amended, otherwise known as the  
16 “Local Government Code of 1991.”

17 No collections shall be used for the purpose of disbursements except when  
18 authorized by law or regulation.

19 *Sec. 62. Acknowledgment of Receipt of Money by Government Depositories.* –  
20 All authorized government depository banks shall acknowledge receipt of all money  
21 received for the account of the National Treasurer or the agency concerned. The  
22 acknowledgment shall bear the date of actual deposit and indicate from whom and on  
23 what account it was received. Such moneys received shall be governed by the  
24 Treasury Single Account System established pursuant to law.

25 *Sec. 63. Access to Bank Statements for Audit Purposes.* – The authorized  
26 agency official shall regularly furnish the monthly bank statements of the agency to  
27 the auditor. In the event that the agency fails or refuses to comply with this  
28 requirement, the auditor shall be authorized to directly request such bank statements  
29 from the government depository bank concerned. In such case, the bank shall  
30 promptly provide the requested statements, and shall waive any pertinent bank fee  
31 that may be imposed on such request.

1            *Sec. 64. Shipment of Government Money or Property by a Carrier; Notation of*  
2 *Evidence of Loss.* – When government money or property is transported from one  
3 place to another by a carrier, it shall be the duty of the consignee or duly authorized  
4 representative to make notation or notations on the bill of lading or receipt on any  
5 evidence of loss, shortage, or damage.

6            *Sec. 65. Credit for Loss Occurring in Transit or Due to Fire, Theft, Robbery or*  
7 *Force Majeure.* – When a loss of government funds, property, documents evidencing  
8 financial transactions, or records of accountabilities occurs while they are in transit or  
9 loss is caused by fire, theft, robbery or force majeure, the officer or employee  
10 accountable therefor or having custody thereof shall immediately notify the auditor  
11 concerned and, within thirty (30) days from the occurrence of loss, shall file an  
12 application for relief, together with the required supporting evidence. When  
13 warranted, credit for the loss shall be allowed. An officer or employee who fails or  
14 refuses to comply with this requirement shall not be relieved of liability or allowed  
15 credit for any loss thereof. The procedures on application for relief shall be governed  
16 by the rules and regulations of the Commission.

17            *Sec. 66. Disposal of Government Property.* –When property of the government  
18 becomes unserviceable or is no longer needed, it may be disposed of in the following  
19 manner, following the guidelines issued by the Commission:

20            (a) Transfer of property between government agencies;

21            (b) Destruction or sale of unserviceable property;

22            (c) Sale through public auction of unserviceable property;

23            (d) Sale through public auction of government property that is no longer  
24            needed; and

25            (e) Other modes as may thereafter be approved and prescribed in the  
26            guidelines issued by the Commission, or by the joint guidelines issued  
27            by the Commission and the DBM.

28            *Sec. 67. Disposal of Real Property.* –The disposal of real property through sale  
29 shall require prior approval of the Commission: *Provided, however,* That government  
30 agencies specifically authorized by law or rules to dispose real properties without need  
31 of prior approval of the Commission may proceed with such disposal.

1            *Sec. 68. Disposal of Goods and Properties Seized or Confiscated by Law*  
2 *Enforcement Agencies.* – The destruction or disposal of goods and properties seized  
3 or confiscated by law enforcement agencies and presented as evidence in cases before  
4 the courts shall be carried out by such agencies in accordance with their respective  
5 rules and regulations.

6            *Sec. 69. Funds or Property Held by Deceased, Incapacitated or Absconding*  
7 *Accountable Officer.* - When an officer accountable for government funds or property  
8 dies, becomes incapacitated, or absconds in the performance of duties, the head of  
9 the agency shall designate a custodian to take charge of the funds or property until  
10 the appointment of a qualified successor. The head of the agency may appoint a  
11 committee to conduct an inventory of the cash and property for which the officer was  
12 accountable and to determine the responsibility for any shortage therein. A duly  
13 certified copy of the inventory and the report of the committee shall be filed with the  
14 auditor concerned: Provided, That the findings of the committee shall not be  
15 conclusive until the completion of an audit thereon. The head of the agency, whenever  
16 necessary, shall be responsible for filing appropriate case and securing thereof a “hold  
17 departure order” from the court to prevent the absconding officer from leaving the  
18 country.

19            If the deceased, incapacitated, or absconding officer is accountable for funds  
20 or property of an LGU, the acting custodian and committee shall be designated by the  
21 local chief executive, furnishing notice to the Secretary of the Finance or the  
22 authorized appointing official as prescribed under the Local Government Code.

23            *Sec. 70. Disposal of Foreclosed Assets or Collaterals Acquired in the Regular*  
24 *Course of Business by GOCCs.* – Notwithstanding their respective charters, foreclosed  
25 assets or collaterals acquired in the regular course of business by GOCCs shall be sold  
26 through public bidding following the appraisal thereof by an independent appraiser.  
27 Such sale shall be under the supervision of the proper committee on award or similar  
28 body of the GOCC. Notice of such sale shall be published for not less than two (2)  
29 consecutive days in any national newspaper of general circulation.

30            In the event that the public bidding fails, the property may be sold at a  
31 negotiated sale at such price as may be fixed by the same committee subject to the  
32 immediate audit of the auditor concerned in accordance with the regulations of the

1 Commission. If the property remains unsold for at least one (1) year, this will be  
2 subject to reappraisal and offered again for sale through public bidding.

3 Government property may be disposed of as payment of dividend, after  
4 appraisal thereof by an independent appraiser and review by the Commission, subject  
5 to the approval of the DOF.

6 *Sec. 71. Final Report of Accountable Officers.* – An accountable officer, shall  
7 after one month upon ceasing to act in official capacity, shall submit to the auditor of  
8 the agency concerned a report of accountability. Upon receipt of the report, the  
9 auditor shall conduct a cash examination on the accountability of such accountable  
10 officer.

11 Any remaining balance on cash accountability shall be deposited immediately  
12 in the treasury.

13 *Sec. 72. Notice of Disallowances, Charges and Suspensions Issued by the*  
14 *Auditor to Accountable Officer.* – Whenever there is a finding of pecuniary loss or  
15 damage on the part of the government, the auditor concerned shall issue a written  
16 notice of suspension, disallowance or charge through the head of the agency to each  
17 accountable officer, whose accounts have been audited in whole or in part.

18 Within ninety (90) days, after the receipt of the notice of audit suspension,  
19 failure to submit satisfactory explanation, justification, or evidence to settle or  
20 disprove initial findings of an auditor with regard to irregularity or illegality of the  
21 covered transaction shall render the audit suspension into disallowance.

22 Any person aggrieved by the decision of the auditor pertaining to disallowances  
23 or charges may appeal the case in accordance with the rules and regulations on  
24 settlement of accounts of the Commission.

25 TITLE IV

26 CHAPTER I

27 Government Accounting

28 *Sec. 73. Appropriation Before Entering into a Contract.* – No contract involving  
29 the expenditure of public funds shall be entered into unless there is an appropriation  
30 or approved budget therefor, the unexpended balance of which, free of other  
31 obligations, shall be sufficient to cover the proposed expenditure.

1            *Sec. 74. Certificate Showing Appropriation to Meet Contract.* – Except in the  
2 case of a contract for personnel services or for supplies for immediate consumption,  
3 no contract involving the expenditure of public funds by any government agency shall  
4 be entered into or authorized without a certification issued by the proper budget officer  
5 of the agency concerned that funds have been duly appropriated for the purpose and  
6 that the amount necessary to cover the proposed contract for the fiscal year is  
7 available for expenditure on account thereof. The certificate signed by the proper  
8 budget officer shall be attached to and become an integral part of the contract, and  
9 the sum so certified shall not thereafter be available for expenditure for any other  
10 purpose until the obligation of the government agency concerned under the contract  
11 is fully extinguished.

12            The funding guidelines of the DBM shall be followed for multi-year contracts.

13            *Sec. 75. Void Contract and Liability of Officer.* – Any contract entered into  
14 without satisfying the requirements of Sections 75 and 76 shall be void *ab initio* and  
15 shall not be binding to the government. The officer of any government agency  
16 responsible for the said contract shall be personally liable to the government or other  
17 contracting party as if the transaction had been entered into between private parties.

18            *Sec. 76. Prohibition Against Advance Payment on Government Contracts.* –  
19 Except when authorized by law or its implementing rules and regulations, the  
20 government shall not be obliged to make an advance payment on contracts for:

21            (a) Services not yet rendered;

22            (b) Supplies and materials not yet delivered, inspected, and accepted,  
23            except in lease of venues and catering services as provided for in the  
24            procurement law and its implementing rules and regulations; and

25            (c) Infrastructure projects not yet implemented or completed, inspected,  
26            and accepted, other than for mobilization as provided for in the  
27            procurement law and its implementing rules and regulations.

28            *Sec. 77. Limitations on Cash Advance.* – The following shall be the limitations  
29 on cash advance:

30            (a) No cash advance shall be given unless for a legally authorized specific  
31            purpose;

- 1 (b) Cash advances shall be reported on and liquidated as soon as the  
2 purpose for which it was given has been served;
- 3 (c) No additional cash advance shall be granted or allowed unless the  
4 previous cash advance has been settled/liquidated, or after the conduct  
5 of a proper accounting thereof;
- 6 (d) Except for cash advance for official travel, no officer or employee shall  
7 be granted cash advance unless such officer or employee is properly  
8 bonded in accordance with existing laws or regulations. The amount of  
9 cash advance which may be granted shall not exceed the maximum cash  
10 accountability covered by bond of an officer or employee;
- 11 (e) Only permanent appointed officials shall be designated as disbursing  
12 officers;
- 13 (f) Only duly appointed or designated disbursing officers may perform  
14 disbursing functions. Officers and employees who are given cash  
15 advances for official travel need not be designated as disbursing officers;
- 16 (g) Transfer of cash advance from one accountable officer to another shall  
17 not be allowed;
- 18 (h) The cash advance shall be used solely for specific legal purpose for which  
19 it was granted, and under no circumstance shall it be used for  
20 encashment of checks or for liquidation of a previous cash advance;
- 21 (i) The failure of the concerned official or employee to liquidate the cash  
22 advance after due demand by an authorized officer is a *prima facie*  
23 presumption of malversation despite the absence of a finding of actual  
24 damage to the government;
- 25 (j) The transfer of cash advance by a disbursing officer to another does not  
26 constitute an expenditure for which the disbursing officer may claim  
27 credit in accounts, but the responsibility of such disbursing officer  
28 continues to attach until the amount has been fully accounted for; or
- 29 (k) No cash advance shall be granted for the procurement or implementation  
30 of infrastructure projects.

31 Any violation of the foregoing provisions shall constitute a valid cause for the  
32 withholding of the salary of the accountable officer without prejudice to the imposition

1 of administrative/civil sanction and criminal prosecution of both the authorizing and  
2 the accountable officials, as may be warranted.

3 *Sec. 78. Transfer of Funds Between Public Officers.* – Transfer of government  
4 funds from one officer to another shall, except as allowed by law or regulation, be  
5 made only upon prior direction or authorization of the head of the agency following  
6 the accountability and accounting guidelines issued by the Commission.

7 *Sec. 79. Limitations on Fund Transfers Between Government Agencies and*  
8 *Instrumentalities.* – The following shall be the limitations on transfer of funds from  
9 one government agency to another:

10 (a) No fund transfers shall be given except for legally authorized specific  
11 purpose as embodied in a Memorandum of Agreement (MOA) executed  
12 between the source and implementing agencies;

13 (b) The fund transfers shall be reported on and/or liquidated by the  
14 implementing agencies as soon as the purpose for which they have been  
15 granted have been served, but not later than the end of the year;

16 (c) No additional or new fund transfers shall be made unless the previous  
17 transfers have been fully liquidated as certified by the head of agency  
18 concerned;

19 (d) The heads of the source and implementing agencies shall be responsible  
20 for compliance with the foregoing requirements.

21 Failure on the part of the foregoing officials/persons to comply with the above-  
22 mentioned responsibilities shall constitute a ground for administrative, civil or criminal  
23 action, as evidence may warrant.

24 *Sec. 80. Limitations on Fund Transfers from Any Government Agency to a*  
25 *Private Organization or Entity.* – The following shall be the limitations on transfer of  
26 funds from any government agency to any private organization or entity:

27 (a) No fund transfer from a government agency shall be given to a private  
28 organization or entity unless authorized by law for a specific purpose  
29 which should be embodied in a MOA executed between the source  
30 government agency and the implementing private organization or  
31 entity;

1 (b) Only duly registered, accredited, and reputable private organizations or  
2 entities shall be granted fund transfers;

3 (c) Fund transfers shall be reported on and liquidated by the implementing  
4 private organizations or entities to the source government agency as  
5 soon as the project has been completed or not later than sixty (60) days  
6 after project completion. If the project implementation will go beyond  
7 December 31st of the year, a partial liquidation report as of December  
8 31st of that year shall be submitted to the source government agency  
9 not later than January 15 of the ensuing year;

10 (d) No additional or new fund transfers shall be made unless the previous  
11 fund transfers have been fully liquidated as certified by the head of the  
12 agency; or

13 (e) The heads of the source government agency and implementing private  
14 organizations or entities shall be responsible for compliance with the  
15 foregoing requirements.

16 Failure on the part any public officer, employee, or any person to comply with  
17 the above-mentioned responsibility shall constitute a ground for administrative or civil  
18 action or criminal prosecution.

19 *Sec. 81. Payment of Rewards.* – When a reward becomes payable by authority  
20 of law for information given relative to any offense or any illegal activity, or for any  
21 act done in connection with the apprehension of the offender, the reward shall be paid  
22 as prescribed by law or regulations. Such payment of reward shall be subject to audit  
23 in accordance with the regulations of the Commission.

24 *Sec. 82. Loss Through Electronic Collection or Payment.* – Government agencies  
25 utilizing e-Collection and/or payment systems shall formulate internal policy guidelines  
26 to implement reasonable and appropriate organizational, technical, and personnel  
27 controls to prevent loss of funds caused by internet connectivity issues, errors in  
28 payment instructions, online banking fraud, security breach, or other similar events.  
29 Any loss due to the foregoing shall be the liability of the erring party.

30 *Sec. 83. Replacement of Lost, Stolen or Destroyed Checks.* – When payment is  
31 made through check and the same was lost, stolen, or destroyed, the issuing officer  
32 may issue a replacement check as payment for the same obligation. Replacement shall



1 be made upon the execution of an affidavit of loss and submission of stop payment  
2 order to the drawee bank. If destroyed, presentation of the destroyed check to the  
3 issuing officer is also required. The chief accountant of the agency shall be responsible  
4 for seeing to it that no double payment is made as a result thereof.

5 *Sec. 84. Reversion of Unpaid Trade Payables Aged More Than Two (2) Years.*

6 – The head of NGAs, LGUs and GOCCs classified as non-commercial public sector  
7 entities shall cause the reversion of trade payables aged more than two (2) years to  
8 the Unappropriated Surplus or Accumulated Surplus/(Deficit).

9 The head of GOCCs classified as commercial public sector entity shall revert  
10 any unpaid trade payables aged more than two (2) years to retained earnings.

11 In both instances the reversion shall only be made when there is no actual  
12 claim or is not supported by a valid contract.

13 CHAPTER II

14 Accountability and Responsibility for Government Funds and Property

15 *Sec. 85. Accountable Officers; Bond Requirement.* – Every officer of any  
16 government agency whose duties permit or require the possession or custody of  
17 government funds or property shall be accountable therefor and for the safekeeping  
18 thereof in conformity with law. Other government officers who, though not  
19 accountable by the nature of their duties, may likewise be similarly held accountable  
20 for government funds or property through their participation in the use or application  
21 thereof.

22 Every accountable officer shall be properly bonded in accordance with law and  
23 the pertinent rules or regulations.

24 *Sec. 86. Primary Responsibility and Fiscal Accountability of the Head of the*  
25 *Agency.* – The head of any agency who is primarily responsible for all government  
26 funds and property pertaining to the agency, shall ensure that:

27 (a) The required financial and other reports and statements are submitted  
28 by the concerned agency officials in such form and within the period  
29 prescribed by the Commission;

30 (b) The settlement of disallowances and charges is made within the  
31 prescribed period;

- 1 (c) The requirements of transactions suspended in audit are complied with;  
2 and  
3 (d) Appropriate actions are taken on the deficiencies noted in the course of  
4 audit.

5 Persons entrusted with the possession or custody of the funds or property  
6 under the head of the agency shall be accountable therefor and immediately  
7 responsible to the head of the agency, without prejudice to the liability of either party  
8 to the government.

9 *Sec. 87. General Liability for Unlawful Expenditures.* – Expenditures of  
10 government funds or uses of government property in violation of law or regulations  
11 shall be the personal liability of the official or employee found to be directly responsible  
12 therefor.

13 *Sec. 88. Degree of Supervision over Accountable Officers.* – The head of any  
14 government agency shall exercise due diligence in supervising accountable officers  
15 under the control of such head of the agency to prevent the incurrence of loss of  
16 government funds or property, otherwise the head of the agency shall be jointly and  
17 solidarily liable with the person primarily accountable therefor.

18 The treasurer of the LGU shall likewise exercise the same degree of supervision  
19 over accountable officers under the oversight of the treasurer, otherwise the treasurer  
20 shall be jointly and solidarily liable with them for the loss of government funds or  
21 property under their stewardship.

22 *Sec. 89. Measure of Liability of Accountable Officers.* – Every officer  
23 accountable for government property shall be liable for its money value in case of  
24 improper or unauthorized use or misapplication thereof by such accountable officer or  
25 by any person for whose acts such accountable officer may be responsible for.  
26 Accountable officer shall likewise be liable for all losses, damages, or deterioration  
27 occasioned by negligence in the keeping or use of the property regardless of whether  
28 or not it is in actual custody of such accountable officer.

29 Every accountable officer for government funds shall be liable for all losses  
30 resulting from the unlawful deposit, use, or application thereof and for all losses  
31 attributable to negligence in the keeping of the funds.



1 CHAPTER II

2 Accounting Reports

3 Sec. 95. *Financial Reports and Statements.* – The financial reports prepared by  
4 the agencies shall comply with the applicable financial reporting framework to the  
5 government agency.

6 The financial statements shall be based on official accounting records and  
7 registries kept in accordance with pertinent laws, policies, rules and regulations of the  
8 Commission, and the applicable financial reporting framework to the government  
9 agency.

10 Sec. 96. *Submission of Reports.* – The Commission shall require the head of  
11 the agencies, chief accountants, budget officers, cashiers, disbursing/collecting  
12 officers, administrative or personnel officers, and other responsible officials of the  
13 various agencies to submit financial statements, financial accountability reports,  
14 physical inventory reports, current staffing pattern, and such other reports as may be  
15 necessary for the exercise of its functions.

16 In case of failure or refusal on the part of the officials concerned to submit the  
17 documents and reports mentioned herein within the prescribed period, the head of  
18 the agency shall cause the suspension of the payment of their respected salaries until  
19 they complied with the requirements of the Commission, without prejudice to any  
20 disciplinary action that may be instituted against such official or employee in  
21 accordance with the applicable rules on administrative cases issued by the Civil Service  
22 Commission.

23 Failure or refusal on the part of the head of the government agency to  
24 implement, without justifiable cause, the sanctions provided in the immediately  
25 preceding paragraph shall constitute as a ground for this Commission to file the  
26 appropriate administrative charge against the erring official concerned.

27 CHAPTER III

28 Internal Controls

29 Sec. 97. *Internal Control System.* - Internal control shall comprise the integral  
30 process effected by those charged with governance, agencies' management and

1 personnel designed to provide reasonable assurance regarding the achievement of  
2 objectives relating to operations, compliance, reporting and safeguarding of assets.

3 It shall be the direct responsibility of the agency head to install, implement,  
4 and monitor a sound system of internal control.

5 TITLE VI

6 Final Provisions

7 *Sec. 98. Duty to Respect the Independence of the Commission.* – It shall be  
8 the duty of every person to respect, protect and preserve the independence of the  
9 Commission.

10 *Sec. 99. Administrative Disciplinary Action.* – Any unjustified failure or refusal  
11 by the public officer concerned to comply with any requirement imposed in this Act  
12 shall constitute neglect of duty or grave misconduct, as the case may be, and shall be  
13 a ground for this Commission to file appropriate administrative disciplinary action  
14 against the said public officer who, upon being found guilty thereof after hearing, shall  
15 be meted out such penalty commensurate with the degree of guilt in accordance with  
16 the civil service law, without prejudice to criminal prosecution whenever the evidence  
17 warrants.

18 The auditor shall report any violation of the preceding paragraph to the Director  
19 of the Commission concerned for referral of the case to the OMB, or other government  
20 disciplining authorities.

21 *Sec. 100. Penal Provisions.* - Any person who shall commit any of the following  
22 acts shall, upon conviction, suffer imprisonment of not less than six (6) years and one  
23 day to twelve (12) years or a fine of not less than One hundred thousand pesos  
24 (P100,000.00) but not more than One million Two hundred thousand pesos  
25 (P1,200,000.00), or both at the discretion of the court:

26 (a) Refusing or neglecting to render or settle an account as required by law  
27 or regulation after demand by the Commission or its authorized  
28 representatives;

29 (b) Denying access to databases or information technology systems, or  
30 failing to produce documents, records, or papers under custody within

1 fifteen (15) days after demand by the Commission or its authorized  
2 representatives in connection with the conduct of audit;

3 (c) Destroying or concealing documents, records, or papers which are  
4 officially entrusted to such person, pertaining to the collection, receipt,  
5 expenditure, or disbursement of public funds and utilization or disposal  
6 of government property in connection with the conduct of audit;

7 (d) Failing or refusing to submit documents required in audit without  
8 justifiable cause shall constitute a ground for disallowance of the claim  
9 under examination, assessment of additional levy or government share,  
10 or withholding or withdrawal of government funding or donations  
11 through the government, as well as for administrative or penal  
12 sanctions; or

13 (e) Committing other similar acts that impede, frustrate, or delay the  
14 efficient conduct of audit.

15 If a violation of this Act constitutes an offense or crime punished under Act No.  
16 3815, otherwise known as the Revised Penal Code, as amended, or other special laws  
17 which impose a higher penalty, the latter shall prevail.

18 If the offender is a corporation, partnership or association or other juridical  
19 entity, the penalty may, in the discretion of the court, be imposed upon such juridical  
20 entity and upon the officer or officers of the corporation, partnership, association, or  
21 entity responsible for the violation.

22 *Sec. 101. Implementing Rules and Regulations.* – The Commission Proper shall  
23 promulgate the necessary rules and regulations for the effective implementation of  
24 this Act.

25 *Sec. 102. Appropriations.* – The amount necessary for the implementation of  
26 this Act shall be included in the annual GAA.

27 The COA is hereby authorized to collect the following:

28 (a) one-half (1/2) of one percent (1%) from the annual national tax  
29 collections not otherwise accruing to special funds or special accounts in  
30 the general fund of the national government, upon authority from the  
31 Secretary of Finance, shall be deducted from such collections and shall

1 be remitted to the National Treasury to cover the cost of auditing  
2 services rendered to LGUs;

3 (b) a fixed amount equivalent to the annual cost of the audit services in the  
4 GOCCs; and

5 (c) from other sources such as, but not limited to, collections of audit fees  
6 from water districts and special audits, consultancy fees and retained  
7 income.

8 All GOCCs, including their subsidiaries, and self-governing boards shall  
9 appropriate in their respective budgets and remit not later than the end of the second  
10 quarter of each year an amount equivalent to the appropriation for personnel services  
11 of the audit team to the National Treasury.

12 The amount for the MOOE and capital outlay to support the annual or the actual  
13 audit operations of the audit teams assigned to NGAs, LGUs and GOCCs which form  
14 part of the approved budget of the audited agency for auditing services under the  
15 GAA, appropriations ordinance or annual operating budget, respectively, shall be  
16 remitted directly to the COA Central Office.

17 All internally generated income of the Commission from other sources shall  
18 accrue to its retained income fund to be exclusively utilized for the operation and  
19 performance of its mandate.

20 Sec. 103. *Franking Privilege.* - All official mail matters and telegrams of the COA  
21 addressed for delivery within the Philippines shall be received, transmitted, and  
22 delivered free of charge: *Provided,* That mail matters addressed to private persons or  
23 non-government offices shall not exceed one hundred and twenty (120) grams.

24 Sec. 104. *Repealing Clause.* - Presidential Decree No. 1445, otherwise known  
25 as the Government Auditing Code of the Philippines; Subtitle B, Title I, Book V, of  
26 Executive Order No. 292, or the Administrative Code of 1987; and all other laws,  
27 executive orders, proclamations, decrees, instructions, rules and regulations, or parts  
28 thereof which are inconsistent or in conflict with any provision of this Act shall be  
29 deemed amended, repealed or modified accordingly.

30 Sec. 105. *Separability Clause.* - Should any provision of this Act or any part  
31 thereof be declared invalid, the other provisions, insofar as they are separable from  
32 the invalid provision, shall remain in force and effect.

1           Sec. 106. *Effectivity.* – This Act shall take effect fifteen (15) days following  
2 completion of its publication in the Official Gazette or in any newspaper of general  
3 circulation.

Approved,