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**SENATE**

**S.B. No. 2746**

RECEIVED BY: 

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Introduced by Senator FRANCIS "CHIZ" G. ESCUDERO

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**AN ACT  
PROVIDING FOR THE REVISED GOVERNMENT AUDITING CODE OF THE  
PHILIPPINES**

**EXPLANATORY NOTE**

Accountability, as one of the pillars of the government budgeting and expenditure cycle, refers to the process in which government agencies and instrumentalities are assessed and held accountable based on their compliance with the guidelines for utilization of funds and approved performance indicators.

This pivotal role in the government budget and expenditure is performed by the Commission on Audit, which is mandated to "examine, audit, and settle all accounts pertaining to the revenue and receipts of, and expenditures or uses of funds and property, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations with original charters."

In fulfilling this duty, the Commission follows the standards and procedures set forth under Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines", which was issued by then President Ferdinand E. Marcos in 1978. It goes without saying that this decree has been outstripped, if not rendered by irrelevant, by changes which have occurred in more than four decades since it was published. No less than President Ferdinand R. Marcos Jr. urged Congress, in his 2023 State of the Nation Address, to "pass a new Government Code to make auditing more attuned to these changing times".

In light of such recommendation from the President and the wisdom behind House Bill No. 9674 approved on third reading by the House of Representatives last December 12, 2023, this bill seeks to enact a newer and more relevant auditing code. It will expand the general jurisdiction and authority of the Commission, particularly in the examination of the records of private entities engaged in Public-Private Partnership projects or public utilities, and those that receive public funds. It will also empower the State to leverage digital transactions, by maximizing the use of electronic official receipts, electronic payment modalities, and digital record-keeping. Through these interventions, government will become more accountable, more efficient and more responsive to the needs of the Filipino people.

In light of the foregoing, I respectfully submit this bill for immediate consideration and approval.



**FRANCIS G. ESCUDERO**

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**AN ACT**  
**PROVIDING FOR THE REVISED GOVERNMENT AUDITING CODE OF THE PHILIPPINES**

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

TITLE I

GENERAL PROVISIONS

Section 1. *Title.* – This Act shall be known as the "Revised Government Auditing Act."

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

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

(a) *Account* refers to a list or statement of monetary transactions pertaining to fund, property, obligation, equity, revenue, collection, or expense, whether or not entered as item/s of debit or credit in the books of accounts, registry, or any other record;

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

- 1 (c) *Advice to Debit Account (ADA)* refers to an authorization issued by the  
2 government entity that serves as an instruction to government servicing banks  
3 to debit a specified amount from its available account balance for the payment  
4 of creditors/payees;
- 5 (d) *Aggrieved Party* refers to a person or entity adversely affected by any decision,  
6 order, resolution or ruling of the Commission or any of its duly authorized  
7 representatives;
- 8 (e) *Appropriation* refers to an authorization by law, appropriation ordinance, or  
9 other enactments, or the corporate operating budget directing the payment of  
10 Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE),  
11 and capital outlay out of government funds under specified conditions and/or  
12 purposes;
- 13 (f) *Appeal* refers to the process of elevating to a higher authority any decision,  
14 order, resolution or ruling of the Commission or any of its duly authorized  
15 representatives;
- 16 (g) *Audit* refers to the examination, verification, evaluation and analysis of the  
17 accounts or financial records including evaluation of the effectiveness of  
18 internal control systems; the determination of the government entity's  
19 compliance with applicable laws, rules, and regulations; as well as the  
20 evaluation of the economy, efficiency and effectiveness of management  
21 systems, operations, and programs, activities, or projects (PAPs). It may also  
22 cover other special audits as may be prescribed by the Commission;
- 23 (h) *Auditor* refers to any officer or employee of the COA duly appointed or  
24 designated to conduct an audit;
- 25 (i) *Audit Group* refers to a cluster of Audit Teams that are grouped together  
26 headed by a Supervising Auditor (SA). The audit group shall plan, manage,  
27 conduct the audit work, and ensure prompt submission of the audit report;
- 28 (j) *Audit Decision* refers to the action of the auditor as a result of the audit to  
29 allow, disallow, or charge a particular transaction;
- 30 (k) *Audit Report* refers to the final output of an audit on the accounts, financial  
31 records, systems, and operations of a government entity;
- 32 (l) *Audit Team* refers to the basic organizational unit responsible for the audit of  
33 government and non-government entities;
- 34 (m) *Audit Work Papers* refer to the documentation or evidence, either in physical  
35 or electronic form, of the work done and the results thereof, consisting of



1 relevant or pertinent data, analyses, computations, calculations, notes,  
2 schedules, excerpts, confirmations and other documents or materials gathered,  
3 prepared, and compiled in the course of an audit;

4 (n) *Cash* refers to money or its equivalent currencies, negotiable checks, or  
5 balances in bank accounts or in the possession or custody of a collecting and/or  
6 disbursing officer;

7 (o) *Cash Advances* refer to regular or special advances granted to public officers  
8 and employees for a public purpose;

9 (p) *Charge* refers to accountability pertaining to the assessment, appraisal, or  
10 collection of revenues, receipts, and other income such as those arising from  
11 under-appraisal, under-assessment or under-collection or failure to collect or  
12 remit collection which is found in the course of audit of revenues or receipts;

13 (q) *COA Order of Execution (COE)* refers to a written instruction to the head of  
14 agency to withhold payment of salary and other money due to persons liable,  
15 for settlement of their liability as indicated in the Notice of Disallowance or  
16 Notice of Charge. It is issued after the issuance of the Notice of Finality of  
17 Decision (NFD);

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

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

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

27 (u) *Direct Electronic Payment (DEP)* refers to an electronic payment scheme where  
28 the payments are made by the government entity itself, using the  
29 intermediary's technology or infrastructure. This includes the use of ADA;

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

32 (w) *Electronic Collection (e-Collection)* refers to a method or manner wherein  
33 revenue, fees, assessments, or obligations due to the government entity is  
34 being collected using a mechanical device, electronic device, or computer-  
35 based system. The term refers to an alternative way of collection wherein no

1 actual money, check, or any physical note is handed through the hands of the  
2 government entity's collecting officer. This includes the use of an intermediary  
3 in performing the collection function;

4 (x) *Electronic Payment (e-Payment)* refers to the disbursement of money or  
5 equivalent electronic representations of legal tender, for purposes of paying  
6 government expenditures, solely through electronic means as opposed to the  
7 use of cash, check, or physical notes to accomplish the same. This includes the  
8 manner by which an obligation is extinguished by means of sending instruction  
9 for the debit of the government entity's account and the corresponding credit  
10 to the payee's account. This includes the transfer of funds to the intermediary  
11 for the purpose of distribution;

12 (y) *Financial Reporting Framework* refers to a set of accounting principles,  
13 standards, interpretations, and pronouncements that must be followed in the  
14 preparation of the financial statements. It defines how and when to recognize,  
15 measure, present and disclose transactions in the financial statements. This  
16 refers to the applicable accounting standards adopted by the Commission on  
17 Audit (COA) as prescribed by the international standards-setting body;

18 (z) *Government Agency* refers to any department, bureau, or office of the national  
19 government, or any of its branches and instrumentalities, local government  
20 units and its political subdivision, including entities created by it, and  
21 government corporations, including their subsidiaries;

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

26 (bb) *Liability* refers to either an obligation arising from audit decisions or from  
27 contracts or quasi-contracts;

28 (cc) *Money Claim* refers to a demand for payment of a sum of money,  
29 reimbursement, or compensation arising from law, contract, or quasi-contract  
30 due from a government agency or owing to a claimant;

31 (dd) *Notice of Finality of Decision (NFD)* refers to a written notification addressed  
32 to the head of the agency that a decision of the Commission has become final  
33 and executory;

34 (ee) *Persons Liable* refer to the persons determined to be answerable for an audit  
35 disallowance, charge, or decision by the Commission;

- 1 (ff) *Persons Responsible* refer to the persons determined to be answerable for the  
2 compliance with the audit requirements as called for in the Notice of  
3 Suspension (NS);
- 4 (gg) *Programs, Activities, Projects (PAPs)* refer to any work progress or group of  
5 work progress undertaken to realize the outputs and outcomes of an agency.  
6 This is represented by an item of appropriation in the national budget;
- 7 (hh) *Public Officer* refers to any person holding any public office in the government  
8 by virtue of an appointment, election, or contract vested with sovereign  
9 functions of the government;
- 10 (ii) *Public Purpose* refers to any purpose or use directly available to the general  
11 public as a matter of right. This pertains to those traditionally viewed as  
12 essentially government functions such as the building of roads and the delivery  
13 of basic services. It may also include those purposes designed to promote social  
14 justice and public interest allowed by the law or jurisprudence;
- 15 (jj) *Public Utility* refers to a public service that operates, manages, or controls for  
16 public use any public facility, network and system as enumerated in Republic  
17 Act No. 11659 entitled, "An Act Amending Commonwealth Act No. 146,  
18 otherwise known as the Public Service Act, as amended";
- 19 (kk) *Regular Cash Advances* refer to those granted to cashiers, disbursing officers,  
20 paymasters, and/or property/supply officers for any of the following purposes:
- 21 (1) Salaries and wages;  
22 (2) Commutable allowances;  
23 (3) Honoraria and other similar payments to officials and employees; and  
24 (4) Petty operating expenses, consisting of small payments for  
25 maintenance and operating expenses cannot be paid conveniently paid  
26 by check or are required to be paid immediately;
- 27 (ll) *Revenue* refers to income or receipts derived by a government agency from  
28 taxes, excise, custom duties, fees, royalties, rents, sale of goods or services,  
29 sale of assets and collections from other sources;
- 30 (mm) *Settlement of Liability* refers to the payment, restitution, or other act of  
31 extinguishing an obligation as provided by law in satisfaction of the liability  
32 under a Notice of Disallowance or Notice of Charge (ND/NC) or in compliance  
33 with the requirements of a Notice of Suspension (NS);
- 34 (nn) *Settlement of Accounts* refers to the process of determining the status or  
35 balance of the account of an accountable officer after audit and examination;



1 (oo) *Settled Account* refers to a transaction which after audit does not result to  
2 any adverse audit decision;

3 (pp) *Special Cash Advances* refer to those granted on the explicit authority of the  
4 Head of the Agency only to duly designated disbursing officers or employees  
5 for other legally authorized purposes, as follows:

6 (1) Current operating expenditures of the agency field office or of the  
7 activity of the agency undertaken in the field when it is impractical to  
8 pay to the same by check, such as – (a) Salaries, Wages and  
9 Allowances; (b) Maintenance and other operating expenses; and

10 (2) Travel Expenditures, including transportation fare, travel allowance,  
11 hotel room/lodging expenses and other expenses incurred by the  
12 officials and employees in connection with official travel;

13 (qq) *Statement of Internal Control (SIC)* refers to the representation of the head  
14 of the agency's informed judgment as to the overall adequacy and  
15 effectiveness of internal control within the agency related to compliance,  
16 reporting, and operations;

17 (rr) *Suspension* refers to a temporary disallowance of a transaction or accounts  
18 which appear illegal or improper or irregular unless satisfactorily explained or  
19 justified by the persons responsible or until the requirements on matters raised  
20 in the course of audit are submitted or complied with;

21 (ss) *Trust Funds* refer to funds which, by operation of law or by contract which are  
22 officially in the possession of any government agency or of a public officer as  
23 trustee, agent, or administrator, which are for the fulfillment of certain  
24 obligations or a specific purpose; and

25 (tt) *Transfer-Distribute-Liquidate (TDL)* refers to an e-Payment scheme where the  
26 government entity's funds are first transferred to the intermediary's possession  
27 and control, which the latter thereafter uses to distribute payments to the  
28 intended payees of the principal government entity.

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

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

35 (b) Government funds or property shall be spent or used solely for public purposes;



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

16 TITLE II

17 CHAPTER I

18 Organization

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

27 The Chairperson and the Commissioners shall be appointed by the President of the  
28 Philippines, subject to the confirmation of the Commission on Appointments, for a term of  
29 seven (7) years without reappointment. Appointment to any vacancy shall be only for the  
30 unexpired portion of the term of the predecessor. In no case shall any member be appointed  
31 or designated in a temporary or acting capacity.

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

1 No member of the Commission shall, during their tenure, hold any other office or  
2 employment in the government. They shall neither be in the practice of any profession or in  
3 the active management or control of any business which in any way may affect their functions  
4 as members of the Commission, nor shall they be financially interested, directly or indirectly,  
5 in any contract with, or in any franchise or privilege granted by the national government, any  
6 of its political subdivisions, agencies or instrumentalities, including government-owned or  
7 controlled corporations and their subsidiaries.

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

10 *Sec. 6. The Commission Proper.* – The Commission Proper shall be composed of the  
11 Chairperson and two (2) Commissioners. They shall sit as a collegial body in the discharge of  
12 the powers and functions of the Commission.

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

- 15 (a) Promulgate auditing rules and regulations for the determination of the scope  
16 and type of audit and examination by the Commission, establish the techniques  
17 and methods required therefor, including those for the prevention and  
18 disallowance of illegal, irregular, unnecessary, excessive, extravagant, or  
19 unconscionable expenditures or uses of government funds or property;
- 20 (b) Promulgate accounting and auditing policies, rules, and regulations, and  
21 authorize the adoption of the international accounting and auditing standards  
22 prescribed by the international standards-setting body;
- 23 (c) Promulgate its own rules concerning pleadings and practices before it or any  
24 of the office of the Commission. Such, however shall not diminish, increase, or  
25 modify substantive rights;
- 26 (d) Decide by a majority vote of all its Members any case or matter brought before  
27 it;
- 28 (e) Appoint the officials and employees of the Commission in accordance with the  
29 Civil Service laws, rules, and regulations. For the Regional Offices,  
30 appointments to rank-and-file positions may be delegated by the Commission  
31 Proper to the Directors concerned. The Commission Proper shall formulate the  
32 appropriate guidelines for this purpose;
- 33 (f) Exercise original and concurrent jurisdiction over administrative cases filed  
34 against COA personnel.

- 1 (g) Recommend to Congress its retirement benefits system pursuant to its fiscal  
2 autonomy;
- 3 (h) Restructure, when necessary, the organizational structure of the Commission,  
4 create new positions, transfer items, or make adjustments in the Personnel  
5 Services Itemization in accordance with the organization, staffing and position  
6 classification standards of the DBM;
- 7 (i) Authorize the conduct of special audits including re-opening of settled accounts  
8 in case of fraud, collusion, or error of calculation or when new and material  
9 evidence is discovered, and other investigations as may be prescribed by the  
10 rules of the Commission; and
- 11 (j) Perform such other functions as may be provided by law.

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

- 15 (a) Control and supervise the general administration of the Commission;
- 16 (b) Direct and manage the implementation and execution of policies, standards,  
17 rules, and regulations promulgated by the Commission Proper;
- 18 (c) Sign appointments for recruitment and promotions, and office orders for Audit  
19 engagements, assignment/reassignment of officials and employees, or any  
20 other personnel movement of any office or station;
- 21 (d) Delegate to the Commissioners, Assistant Commissioners, Directors, and other  
22 officials of the Commission such authority on internal administration concerning  
23 personnel, planning, financial, legal, and other matters pertaining to their  
24 respective functional areas as may be determined by the Commission Proper;
- 25 (e) Submit a proposed annual or supplemental budget of the Commission to the  
26 DBM for approval of the Congress;
- 27 (f) Summon any person or public official for the purpose of gathering data or  
28 inquiring into matters pertinent to the formulation, implementation or  
29 enforcement of any order, decision, policy, standard, or regulation of the  
30 Commission Proper;
- 31 (g) Designate appropriate official as head of the Public Sector Accounting  
32 Standards Board and the Public Sector Auditing Standards Board; and
- 33 (h) Perform such other functions as may be required by law or policy of the  
34 Commission.



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

3            (a) Participate in the proceedings of the Commission Proper in the discharge of its  
4 powers and functions; and

5            (b) Perform such other functions as may be provided by law, rules, regulations, or  
6 policies of the Commission.

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

9            (a) Formulate, develop, update, and supervise the implementation of the  
10 operational plan and performance commitment of the Sector headed which are  
11 aligned with the Commission’s strategic plan;

12           (b) Supervise the general administration of offices under the jurisdiction of the  
13 Assistant Commissioner;

14           (c) Serve as a member of an Assistant Commissioners Group which shall work as  
15 a collegial body to study, review, and recommend policies, rules, and  
16 regulations for consideration by the Commission Proper or the COA  
17 Chairperson; and

18           (d) Perform such other functions as may be assigned.

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

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

26           The COA Regional Offices shall serve as representatives of the Commission in the  
27 regions under the direct control and supervision of the Assistant Commissioner of Local  
28 Government Audit Sector (LGAS).

29           *Sec. 13. Duties and Responsibilities of the Commission Secretary.* – The Commission  
30 Secretary shall have the rank of a Director IV who shall provide secretariat and administrative  
31 support to the CP.

32           *Sec. 14. Duties and Responsibilities of the Chief Executive Staff.* – The Chief Executive  
33 Staff in the Office of the Chairperson shall have the rank of an Assistant Commissioner who  
34 shall be responsible for the general administration and supervision of the offices under it.

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

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

14           The Commission may add or limit the duties and responsibilities of the officers and  
15 employees.

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

- 19           (a) Local Government Audit Sector (LGAS) shall be responsible for the audit of  
20           LGUs;
- 21           (b) National Government Audit Sector (NGAS) shall be responsible for the audit of  
22           NGAs;
- 23           (c) Corporate Government Audit Sector (CGAS) shall be responsible for the audit  
24           of government-owned or -controlled corporations;
- 25           (d) Special Audit Services Sector (SASS) shall be responsible for the conduct of  
26           performance audit; fraud audit; and special audit of account of public utilities,  
27           private entities to which government funds have been transferred in the form  
28           of subsidy, equity, donation, grants, or counterpart funds, franchise grantees,  
29           payment of levies or government shares, PPP projects, and the like;
- 30           (e) Systems and Technical Audit Services Sector (STASS) shall be responsible for  
31           technical audit and conduct of other technical-related services; audit of  
32           information technology and systems and conduct of other services related to  
33           information and communications technology resources and services of  
34           government agencies; and assessment of conformance of internal audit service  
35           or unit of government agencies with the prescribed internal auditing standards

1 and providing assistance pertaining to the internal control systems of  
2 government agencies;

3 (f) Government Accountancy Sector (GAS) shall be responsible for the keeping of  
4 the general accounts of the government, preparation and submission of Annual  
5 Financial Reports and other financial reports, and providing technical assistance  
6 pertaining to accounting and financial management; recommendation on the  
7 adoption and implementation of accounting standards, policies, rules, and  
8 regulations;

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

19 (h) Commission Proper Adjudication Sector (CPAS) shall be responsible for drafting  
20 of decisions or resolutions for consideration of the Commission Proper;

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

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

30 (k) Professional and Institutional Development Sector shall be responsible for the  
31 formulation, recommendation, and implementation of policies and programs on  
32 learning and development of personnel of the Commission; and providing  
33 capacity building of other government agencies' personnel pertaining to  
34 accounting and auditing matters.



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

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

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

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

12          It shall participate and support the activities of international professional organizations  
13 such as the International Organization of Supreme Audit Institutions (INTOSAI), Asian  
14 Organization of Supreme Audit Institutions (ASOSAI), ASEAN Supreme Audit Institutions  
15 (ASEANSAI), and other supreme audit institutions.

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

18          *Sec. 19. Professionalization of Accounting and Other Services.* – For accounting  
19 services, the Commission shall conduct capacity building in coordination with international  
20 professional bodies on accounting services such as the International Public Sector Accounting  
21 Standards Board (IPSASB), Financial and Sustainability Reporting Standards Council (FSRSC),  
22 and other international professional bodies relevant to accounting services.

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

24          *Sec. 20. Fiscal Autonomy.* – (a) The Commission shall enjoy fiscal autonomy and its  
25 approved annual appropriation shall be automatically and regularly released. The Chairperson  
26 of the COA is authorized to augment any item in the general appropriations for the Commission  
27 from savings in any item in the same appropriation; and (b) any savings from the approved  
28 budget under the General Appropriations Act (GAA) shall be retained by the Commission until  
29 fully spent.

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

- 32           (a) Determine whether the fiscal responsibility which rests directly with the head  
33           of the government agency has been properly, efficiently, and effectively  
34           discharged;

- 1 (b) Develop and implement a comprehensive audit plan that shall encompass the  
2 examination of financial and non-financial transactions, accounts, and reports,  
3 including evaluation of the internal control system of the agency;
- 4 (c) Institute control measures through the promulgation of auditing and  
5 accounting rules and regulations governing the revenue, receipts,  
6 disbursements, and uses of funds and properties, including audit of projects  
7 under Public-Private Partnership (PPP) agreements or the like, fund transfers  
8 to non-government organizations (NGOs), peoples' organizations (POs) or  
9 other private entities for specific purpose;
- 10 (d) Promulgate accounting and auditing rules and regulations to facilitate the  
11 keeping of the accounts of the Government and enhance their information  
12 value;
- 13 (e) Institute measures designed to preserve and ensure the independence of the  
14 Commission, ensure transparency and accountability in government  
15 operations, and promote service excellence and quality in all aspects of its  
16 work; and
- 17 (f) Bring its operations closer to the people by the delegation of authority through  
18 decentralization and participatory governance, consistent with the provision of  
19 the Constitution.

20 *Sec. 22. General Jurisdiction.* – Pursuant to Section 2 (1), Article IX (D) of the 1987  
21 Constitution, the Commission shall have the power, authority, and duty to examine, audit and  
22 settle all accounts pertaining to the revenues and receipts of, and expenditures or uses of  
23 funds and property, owned or held in trust by, or pertaining to the Government, or any of its  
24 subdivisions, agencies, or instrumentalities, including government corporations, and on a post-  
25 audit basis:

- 26 (a) Constitutional bodies, commissions and offices that have been granted fiscal  
27 autonomy under the Constitution;
- 28 (b) Autonomous state colleges and universities;
- 29 (c) Other government corporations and their subsidiaries; and
- 30 (d) Such non-governmental entities receiving subsidy or equity directly or  
31 indirectly, from or through the government, which are required by law or the  
32 granting institution to submit to such audit as a condition of subsidy or equity.

33 However, where the internal control system of the audited agencies is inadequate, the  
34 Commission may adopt such measures, including temporary or special pre-audit, as are  
35 necessary and appropriate to correct the deficiencies. It shall keep the general accounts of

1 the government, and for such period as may be provided by law, preserve the vouchers and  
2 other supporting papers pertaining thereto.

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

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

14 *Sec. 24. Limited Jurisdiction over Private Entities.* – The Commission shall have  
15 authority to examine and audit the books and records of private entities in connection with  
16 their contracts, agreements, or dealings with the government for which they: (i) received  
17 subsidies, counterpart funding, government equity, donation or grant, fund transfer; (ii) were  
18 allowed to use government properties or facilities; and/or (iii) were required to pay revenue  
19 share such as, but not limited, to levy, franchise fees, income share, or other forms.

20 *Sec. 25. Authority to Examine Accounts of Public Utilities.* – The Commission may  
21 conduct a special audit of the books, records, and accounts of all public utilities for the purpose  
22 of determining reasonableness of rates charged to the public, or in relation to the proceedings  
23 of the proper regulatory agencies for purposes of determining franchise taxes and other fees.  
24 The Commission shall issue the audit guidelines to implement this provision.

25 *Sec. 26. Authority to Examine PPP Accounts.* – The Commission may conduct a special  
26 audit of the books, records, and accounts of non-government entities which have contracts  
27 with the government under a PPP Agreement or any of its variants, as regards to the  
28 determination of the following:

- 29 (a) Existence of value-for-money in procurement through PPP;  
30 (b) Compliance with the terms and conditions of the contract or agreement;  
31 (c) Reasonableness of the sharing of the risks and rewards between the private  
32 sector and the government; or  
33 (d) Absence of disadvantage to the government in the agreement relating to the  
34 operation, maintenance and handover of the public infrastructure or project.



1            *Sec. 27. Deputization of Government Licensed Professionals or Experts to Assist*  
2 *Government Auditors.* – The Commission Proper may, when the exigencies of the service so  
3 require, deputize, and retain in the name of the Commission such certified public accountants  
4 and other government licensed professionals or experts as it may deem necessary, to assist  
5 its auditors in undertaking specialized audit engagements.

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

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

11           *Sec. 28. Participation of Civil Society Organizations in the Conduct of Audit.* – The COA  
12 Chairperson may deputize duly accredited Civil Society Organizations (CSOs) in the conduct  
13 of audit to help auditors in the ocular inspection, validation, evaluation, collection of data or  
14 information and monitoring of projects located in remote and critical areas to enhance  
15 credibility, accountability, and transparency in audit processes.

16           *Sec. 29. Prohibition of Person or Entity from Rendering Auditing and Related Services*  
17 *to Government Entities.* – No person or entity shall enter into a contract to render accounting  
18 or auditing related services for a fee to any government agency or conduct of seminars or  
19 workshops on accounting and auditing for government personnel on these topics without  
20 clearance from COA to enable it to determine if it has the resources and capability to undertake  
21 the same. Should the Commission decide not to undertake the study or service, it shall  
22 nonetheless have the power to review the proposed contract in order to determine the  
23 necessity, capability or expertise of the private party and the reasonableness of its fees.

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

27           *Sec. 30. Government Contracts for the Hiring of a Private Lawyer or Law Firm to Handle*  
28 *Legal Cases or Render Legal Services to Government Agencies.* – No contract involving public  
29 funds shall be entered into for the services of a private lawyer or law firm to represent  
30 government agencies in court or to render legal services for them. If hiring of such legal  
31 services cannot be avoided, or is justified under extraordinary or exceptional circumstances,  
32 the written conformity and acquiescence or clearance of the OSG or the Office of the  
33 Government Corporate Counsel (OGCC), as the case may be, and the written concurrence of  
34 the COA shall first be secured before the engagement of a private lawyer or law firm, unless  
35 exempted under the rules of the Commission.

1 In the absence of above-stated requirements, any payment thereof shall be disallowed  
2 in audit and the same shall be the personal liability of the officials concerned.

3 *Sec. 31. Prohibition of Private Foundations and Entities to Use the Name and Resources*  
4 *of the Government to Solicit and/or Receive Donations, Grants, Financial Assistance from*  
5 *Private Domestic and International Donors.* – Private foundations and entities organized and  
6 managed by government officials and employees are prohibited from using the name,  
7 resources, insignia, or logo of a government agency for whatever enterprise to solicit and/or  
8 receive donations, grants, financial assistance from the public or other donors.

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

13 *Sec. 32. Prevention of Illegal, Irregular, Unnecessary, Excessive, Extravagant or*  
14 *Unconscionable Expenditures or Uses of Government Funds of Property; Power to Disallow*  
15 *such Expenditures.* – The Commission shall promulgate accounting and auditing rules and  
16 regulations for the prevention and disallowance of illegal, irregular, unnecessary, excessive,  
17 extravagant, or unconscionable expenditures or uses of government funds or property. Any  
18 violation of such rules and regulations shall be a ground for disallowance without prejudice to  
19 administrative, civil and/or criminal sanctions against the persons liable therefor.

20 *Sec. 33. Settlement of Accounts Between Agencies.* – The Commission shall have the  
21 exclusive power, under such regulations as it may prescribe, to authorize and enforce the  
22 settlement of accounts subsisting between agencies of the government.

23 *Sec. 34. Collection of Indebtedness Due to the Government.* – The Commission,  
24 through proper channels, may assist in the collection and enforcement of all debts and claims  
25 and the restitution of all funds or the replacement or payment to the government of any  
26 government property lost or destroyed.

27 *Sec. 35. Power to Adjudicate Money Claims Against the Government.* – The  
28 Commission shall have the power to adjudicate money claims filed against the government or  
29 any of its subdivisions, agencies, and instrumentalities in relation to liquidated claims and  
30 quantum meruit cases. Unliquidated money claims against the government shall be filed  
31 before the proper courts, tribunals, and other adjudicative bodies.

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

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



1            *Sec. 36. Power to Compromise Claims.* – When the interest of the Government so  
2 requires, the Commission Proper may compromise or release in whole or in part, any settled  
3 claim or liability to any government agency not exceeding Ten million pesos (P10,000,000.00)  
4 arising out of any matter or case before it or within its jurisdiction. In case the claim or liability  
5 exceeds Ten million pesos (P10,000,000.00), the Commission shall submit with its  
6 recommendations, the application for relief to Congress.

7            The respective governing bodies of government corporations and self-governing  
8 boards, commissions or agencies of the government shall have the authority to condone,  
9 compromise or release any similar claim or liability when expressly authorized by their  
10 charters, subject to timely review and post-audit by the Commission. When their charters do  
11 not so provide, the power to condone or compromise shall be exercised exclusively by the  
12 Commission in accordance with the preceding paragraph.

13            *Sec. 37. Satisfaction of Indebtedness Arising from Final and Executory Audit Decisions.*  
14 – When any person or entity is indebted to any government agency by reason of a final and  
15 executory audit decision, the Commission shall direct the head of agency to withhold the  
16 salary or any money due to such entity or person liable or from the estate, in satisfaction of  
17 the indebtedness under the said decision.

18            In case the money due is not sufficient or there is no such money due to the entity or  
19 person liable to satisfy the indebtedness from the final and executory audit decision, the  
20 Commission shall have the power to levy property or garnish bank accounts to the extent of  
21 the unpaid balance.

22            Failure on the part of the head of agency concerned to comply with the preceding  
23 paragraphs shall make the head of agency personally liable without prejudice to administrative  
24 action that may be filed for neglect of duty.

25            *Sec. 38. Authority to Require Submission of Documents Relative to Government*  
26 *Transactions.* – The Commission shall have the power to require the submission of the original,  
27 in whatever form, of any order, deed, contract, or other document under which any collection  
28 of, or payment from, government funds may be made, together with any certificate, receipt,  
29 or other evidence in connection therewith. If an authenticated copy is needed for record  
30 purposes, the copy shall upon demand be furnished.

31            In the case of deeds to property purchased by any government agency, the  
32 Commission shall require a certificate of title entered in favor of the government or other  
33 evidence satisfactory to it that the title is in the name of the government.



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

4           *Sec. 39. Investigatory and Inquisitorial Powers; Power to Punish for Contempt.* – The  
5 Chairperson, and other officials and employees specially deputized in writing for the purpose  
6 by the Chairperson shall, in compliance with the requirement of due process, have the power  
7 to summon the parties to a case brought before the Commission for resolution, issue subpoena  
8 and subpoena *duces tecum*, administer oaths, and otherwise take testimony in any  
9 investigation or inquiry on any matter within the jurisdiction of the Commission.

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

14           *Sec. 40. Annual Financial Report of the Commission.* – The Commission shall submit  
15 to the President and the Congress of the Philippines not later than the last day of October of  
16 each year an annual report on the financial condition and results of operation of all  
17 government agencies, which shall include recommendation of measures necessary to improve  
18 economy, efficiency, and effectiveness of these agencies.

19           To carry out the purposes of this Section, the Chief Accountant or the official in charge  
20 of keeping the accounts of the government agency shall submit to the Commission, year-end  
21 financial statements and such other supporting or subsidiary statements as may be required  
22 by the Commission not later than the 31st day of March of each year. Financial statements  
23 returned by the Commission for revision due to non-compliance with accounting standards,  
24 rules and regulations shall be resubmitted within five (5) working days after the date of receipt  
25 by the official concerned.

26           *Sec. 41. Annual Report on Appropriations, Allotments, Obligations and Disbursements,*  
27 *Including Off-Budgetary Funds and Trust Receipts.* – Within one hundred twenty (120) days  
28 after the end of every fiscal year, the Commission shall submit to the President and the  
29 Congress of the Philippines an annual report on appropriations, allotments, obligations and  
30 disbursements of national government agencies and government corporations maintaining  
31 Special Accounts in the General Fund and receiving budgetary support from the government.

32           For the purpose stated in this section, agencies are required to submit financial  
33 accountability reports to this Commission in compliance with the pertinent sections of the  
34 General Provisions of the GAA and Republic Act No. 7226.

1            *Sec. 42. Powers, Functions, and Duties of Auditors.* – The following are the powers,  
2 functions, and duties of auditors as representatives of the Commission:

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

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

9            (c) For transactions subject of Audit Observation Memorandum (AOM), NS, ND,  
10            NC, complaint or a pending audit or investigation or court case, retain custody  
11            and be responsible for the safekeeping and preservation of paid expense  
12            vouchers, journal entry vouchers, stubs of checks, reports of collections and  
13            disbursements, and similar documents together with their respective  
14            supporting papers, until the final disposition thereof. The Commission shall  
15            prescribe the manner for preservation of these audit or legal evidence;

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

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

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

23            *Sec. 43. Examination of Cash and Accounts of Accountable Officer.* – The cashbooks,  
24 accounts, papers, and cash in the accountability of an accountable officer shall be opened at  
25 all times to audit and examination of the Commission and its duly authorized representatives.

26            In case an examination of the cash and accounts of an accountable officer discloses a  
27 shortage, it shall be the duty of the auditor to immediately demand in writing the restitution  
28 of the shortage and notify in writing the head of the government agency concerned of said  
29 shortage in accordance with the regulations of the Commission. The head of the agency may  
30 immediately relieve the accountable officer and assign another officer to assume the former's  
31 duties and responsibilities. A complete report on the cash examination of the accounts of the  
32 accountable officer with cash shortage shall immediately be submitted by the auditor to the  
33 Director concerned for purposes of referral to the OMB for investigation and filing of the  
34 appropriate administrative and/or criminal case against the said defalcating accountable  
35 officer, as the evidence may warrant.



1 For this purpose, the auditor shall, at all times, be regarded as a witness only in cases  
2 filed before the OMB and the regular courts. In no case shall the auditor be named as the  
3 complainant therein.

4 *Sec. 44. Withholding of Salaries and Other Emoluments of Accountable Officers.* –  
5 Whenever an accountable officer has been found short of any accountability during cash  
6 examination or audit and after failure to explain satisfactorily or to produce the missing funds  
7 within the period prescribed by the rules of the Commission, the auditor shall order the head  
8 of the agency to direct the withholding of the salaries and other emoluments due the  
9 accountable officer found to have incurred cash shortage up to the extent of the liability until  
10 the final determination of the latter's accountability by the Commission or by final judgment  
11 of a competent court.

12 *Sec. 45. Constructive Distrain of Property of Accountable Officer.* – Upon discovery in  
13 audit of a shortage in the accounts of any accountable officer and upon a finding of a *prima*  
14 *facie* case of malversation of public funds or property against such accountable officer, in  
15 order to safeguard the interest of the government, the Commission may place under  
16 constructive distraint the personal property of the accountable officer concerned where there  
17 is reasonable ground to believe that the said officer is retiring from the government service  
18 or intends to leave the Philippines or remove the property therefrom or hide or conceal such  
19 property.

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

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

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





1 TITLE III

2 CHAPTER I

3 Basic Policies and Standards

4 Sec. 52. *Definition of Government Auditing.* – Government auditing is a systematic,  
5 independent, and objective process that involves obtaining and evaluating evidence in  
6 accordance with the prevailing International Standards for the Supreme Auditing Institutions  
7 (ISSAIs) for the purpose of assessing whether the financial information, transactions,  
8 programs, operations, accounts, and reports of any government agency are in accordance  
9 with the applicable international accounting framework. Government audits cover three audit  
10 streams: financial audits, compliance audits, and performance audits which are guided  
11 respectively by separate ISSAIs.

12 Sec. 53. *Principles of Government Auditing.* – The auditor shall be guided by the  
13 general principles and the prescribed international standards related to the audit process:

- 14 (a) Comply with the relevant ethical principles of integrity, independence and  
15 objectivity, competence, professional behavior, and confidentiality and  
16 transparency;
- 17 (b) Maintain appropriate professional behavior by applying professional skepticism,  
18 professional judgment, and due care throughout the audit;
- 19 (c) Perform the audit in accordance with professional standards on quality control;
- 20 (d) Possess collectively the knowledge, skills, expertise, and ability and experience  
21 to exercise professional judgment necessary to successfully complete the audit;
- 22 (e) Manage the risks of providing a report that is inappropriate in the  
23 circumstances of the audit;
- 24 (f) Consider materiality throughout the audit process, in relation to stakeholder  
25 concerns, public interest, regulatory requirements and consequences for  
26 society;
- 27 (g) Prepare audit documentation that is sufficiently detailed to provide a clear  
28 understanding of the work performed, evidence obtained, and conclusions  
29 reached; and
- 30 (h) Establish effective communication throughout the audit process.

1 CHAPTER II

2 Receipts and Disposition of Funds and Properties

3 Sec. 54. *Accounting for Moneys and Property Received by Public Officials.* – All moneys  
4 and properties officially received by a public officer in any capacity or upon any occasion, or  
5 those received in connection with the office, must be accounted for as government funds and  
6 property, except as may otherwise be specifically provided by law or competent authority.  
7 Their recognition in the books of accounts of the agency concerned shall be in accordance  
8 with pertinent laws, policies, rules and regulations, and applicable financial reporting  
9 framework.

10 Sec. 55. *Designation of Collecting or Disbursing Officers for Government Agencies.* –  
11 The head of agency may designate such number of collecting and disbursing officers or agents  
12 as may be deemed necessary. They shall render reports of their collections and disbursements  
13 pursuant to the regulations of the Commission, to be submitted promptly to the auditor  
14 concerned who shall conduct the necessary examination and audit.

15 Sec. 56. *Time and Mode of Rendering Account.* – In the absence of specific provision  
16 of law, all accountable officers, through the agency accountants, shall render their accounts,  
17 submit their vouchers, and make deposits of money collected or held by them at such time  
18 and in such manner as shall be prescribed in the rules and regulations of the Commission.  
19 The auditor concerned shall then conduct the necessary examination and audit thereof.

20 Sec. 57. *Accrual of Income or Revenues to Unappropriated Surplus of the General*  
21 *Fund.* – All income or revenues accruing to the agencies by virtue of the provisions of law,  
22 orders and regulations shall be deposited in the National Treasury or in any duly authorized  
23 government depository and shall accrue to the unappropriated surplus of the General Fund of  
24 the government, unless otherwise specifically provided by law.

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

30 Sec. 58. *Special, Fiduciary and Trust Funds.* – Receipts shall be recorded as income of  
31 Special, Fiduciary or Trust Funds or Funds other than General Fund only when authorized by  
32 law in accordance with the rules and regulations issued by the Permanent Committee.

33 Revenues collected from particular taxes, levy and royalties for special purpose shall  
34 be treated as a special fund or Special Account in the General Fund and paid out for such



1 purpose only. If the purpose for which a special fund was created has been fulfilled or  
2 abandoned, the balance, if any, shall be transferred to the General Fund of the government.

3 In case any government agency fails or refuses to implement such reversion and  
4 closure, the Permanent Committee may recommend for approval of the President the  
5 reversion and closure of the Special Account in the General Fund, Fiduciary or Trust Funds on  
6 any of the following grounds:

7 (a) The terms have expired or no longer necessary for attainment of the purpose  
8 for which said funds were established;

9 (b) Dormant for unreasonable length of time;

10 (c) Needed by the General Fund in times of emergency; or

11 (d) Used in violation of the rules and regulations issued by the Permanent  
12 Committee.

13 *Sec. 59. Receipts and Revenues of Local Government Units (LGUs).* – All receipts and  
14 income accruing to the LGUs shall be deposited in their account maintained in the authorized  
15 government depository bank or private bank with the prior approval of the Department of  
16 Finance.

17 *Sec. 60. Receipts and Revenues of Government Corporations.* – All receipts and income  
18 accruing to GOCCs shall be deposited in their account maintained in the authorized  
19 government depository bank.

20 *Sec. 61. Collections by the Government.* – No payment of any nature shall be received  
21 by a collecting officer without immediately issuing an official receipt in acknowledgment  
22 thereof. The receipt may be in the form of postage, internal revenue or documentary stamps  
23 or such other digital forms as the law or the Commission may allow. At no instance shall  
24 temporary or provisional receipts be issued to acknowledge the receipt of public funds.

25 Where digital or electronic devices are used to acknowledge cash receipt, an electronic  
26 official receipt (eOR) shall be issued and the electronic copies of the pieces of evidence of the  
27 e-collection through Self-Collect and Credit (SCC) or Collect-Aggregate-Remit (CAR) or other  
28 modes of electronic collection allowed by the rules of the COA, shall be kept in electronic  
29 archives. The same shall be subject to inspection and verification by the Commission, in  
30 accordance with its prescribed guidelines on the use of eORs to acknowledge collection of  
31 income and other receipts of government.

32 The same is acceptable provided the document maintains its integrity and reliability  
33 and can be authenticated so as to be usable for subsequent reference: *Provided,* That the  
34 electronic document has remained complete and unaltered, apart from the addition of any  
35 endorsement and any authorized change, or any change which arises in the normal course of

1 communication, storage and display; and that the electronic document is reliable for the  
2 purpose for which it was generated and for all relevant circumstances.

3 Collections in the form of checks in favor of the government shall be governed by the  
4 rules of the Commission.

5 At no instance should money in the hands of the collecting officer be utilized for  
6 whatever purpose but should be deposited intact with an authorized government depository  
7 bank.

8 *Sec. 62. Payment in Settlement.* – Electronic payment through TDL, credit card, DEP  
9 such as ADA and other modes may be used to settle all obligations of the government in  
10 accordance with the guidelines of the Commission and other Public Financial Management  
11 agencies of the government.

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

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

- 17 (a) The check shall be made payable directly to the creditor to whom the money  
18 is due, or to the disbursing officer or employee for an official disbursement;
- 19 (b) Checks drawn in payment of any indebtedness shall likewise be accepted by  
20 the officer concerned, provided it shall be made payable to the entity or the  
21 authorized official of the payee; and
- 22 (c) When a check drawn in favor of the government is not accepted by the drawee  
23 bank for any reason, the drawer shall continue to be liable for the sum due and  
24 all penalties resulting from delayed payment. Where the reasons for non-  
25 acceptance by the drawee bank are insufficiency of funds and/or closed  
26 accounts, the drawer shall be criminally liable therefor.

27 *Sec. 63. Deposit of Money in the Treasury or Authorized Government Depository Bank.*  
28 – Public officers authorized to receive and collect moneys arising from taxes, revenues, or  
29 receipts of any kind shall remit or deposit intact the full amounts so received and collected by  
30 them to the account of the National Treasury or in the agencies account maintained in the  
31 authorized government depository bank not later than the following banking day, except when  
32 it is impractical to do so due to distance and the amount to be deposited is minimal.

33 Fifty percent (50%) share on proceeds from the community tax certificates collected  
34 by duly deputized barangay treasurers shall be automatically retained and deposited intact in  
35 authorized depository banks of the barangay where the tax is collected pursuant to the

1 Republic Act No. 7160, as amended, otherwise known as the "Local Government Code of  
2 1991."

3 No collections shall be used for purposes of disbursements except when authorized by  
4 law or regulations.

5 *Sec. 64. Acknowledgment of Receipt of Money by Government Depositories.* – All  
6 authorized government depository banks shall acknowledge receipt of all money received by  
7 them, for the account of the National Treasurer or the agency concerned. The  
8 acknowledgment shall bear the date of actual deposit and indicate from whom and on what  
9 account it was received. Such moneys received shall be governed by the Treasury Single  
10 Account System established pursuant to law. The authorized agency official shall regularly  
11 furnish the monthly bank statements to the auditor.

12 *Sec. 65. Shipment of Government Money or Property by a Carrier; Notation of Evidence*  
13 *of Loss.* – When government money or property is transported from one place to another by  
14 a carrier, it shall be the duty of the consignee or duly authorized representative to make  
15 notation or notations on the bill of lading or receipt on any evidence of loss, shortage, or  
16 damage.

17 *Sec. 66. Credit for Loss Occurring in Transit or Due to Fire, Theft, Robbery or Force*  
18 *Majeure.* – When a loss of government funds, property, documents evidencing financial  
19 transactions, or records of accountabilities occurs while they are in transit or loss is caused by  
20 fire, theft, robbery or force majeure, the officer or employee accountable therefor or having  
21 custody thereof shall immediately notify the auditor concerned and, within thirty (30) days  
22 from the occurrence of loss, shall file an application for relief, together with the required  
23 supporting evidence. When warranted, credit for the loss shall be allowed. An officer or  
24 employee who fails to comply with this requirement shall not be relieved of liability or allowed  
25 credit for any loss thereof. The procedures on application for relief shall be governed by the  
26 rules and regulations of the Commission.

27 *Sec. 67. Disposal of Government Property.* – When property of the government  
28 becomes unserviceable or is no longer needed, it may be disposed of in the following manner,  
29 following the guidelines issued by the Commission:

- 30 (a) Transfer of property between government agencies;  
31 (b) Destruction or sale of unserviceable property;  
32 (c) Sale through public auction of unserviceable property;  
33 (d) Sale through public auction of government property that is no longer needed;  
34 and



1 (e) Other modes as may thereafter be approved and prescribed in the guidelines  
2 issued by the Commission.

3 *Sec. 68. Disposal of Real Property.* – Whenever the subject of the disposal by sale is  
4 real property, the same shall require prior approval of the Commission.

5 *Sec. 69. Disposal of Goods and Properties Seized or Confiscated by Law Enforcement*  
6 *Agencies.* – The destruction or disposal of goods and properties seized or confiscated by law  
7 enforcement agencies and presented as evidence in cases before the courts shall be carried  
8 out by such agencies in accordance with their respective rules and regulations.

9 *Sec. 70. Funds or Property Held by Deceased, Incapacitated or Absconding*  
10 *Accountable Officer.* – When an officer accountable for government funds or property dies,  
11 becomes incapacitated, or absconds in the performance of duties, the head of the agency  
12 shall designate a custodian to take charge of the funds or property until a successor shall have  
13 been appointed and qualified. The head of the agency may appoint a committee to count the  
14 cash and take an inventory of the property for which the officer was accountable and to  
15 determine the responsibility for any shortage therein. One copy of the inventory and the report  
16 of the committee, duly certified, shall be filed with the auditor concerned but the findings of  
17 the committee shall not be conclusive until audit thereon is completed. The head of the  
18 agency, whenever necessary, shall be responsible for securing a “hold departure order” from  
19 the proper government agency to prevent the absconding officer from leaving the country.

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

24 *Sec. 71. Disposal of Foreclosed Assets or Collaterals Acquired in the Regular Course of*  
25 *Business by Government Corporations.* – Notwithstanding their respective charters, foreclosed  
26 assets or collaterals acquired in the regular course of business by government corporations  
27 shall be sold thru public bidding to the highest bidder after appraisal thereof by an independent  
28 appraiser. Such sale shall be under the supervision of the proper committee on award or  
29 similar body of the government corporation, after publication for not less than two (2)  
30 consecutive days in any national newspaper of general circulation.

31 In the event that the public bidding fails, the property may be sold at a negotiated  
32 sale at such price as may be fixed by the same committee, subject to the immediate audit of  
33 the auditor concerned in accordance with the regulations of the Commission. If the property  
34 remains unsold for at least one (1) year, this will be subject to reappraisal and offered again  
35 for sale through public bidding.

1 Government property may be disposed of as payment of dividend, after appraisal  
2 thereof by an independent appraiser and review by the Commission.

3 *Sec. 72. Final Report of Accountable Officers.* – An accountable officer, upon ceasing  
4 to act in official capacity, shall submit to the auditor of the agency concerned a report of  
5 accountability within one (1) month after such cessation. Upon receipt of the report, the  
6 auditor shall conduct a cash examination on the accountability of such accountable officer.

7 Any remaining balance on cash accountability shall be deposited immediately in the  
8 proper treasury.

9 *Sec. 73. Notice of Disallowances, Charges and Suspensions Issued by the Auditor to*  
10 *Accountable Officer.* – Whenever there is a finding of pecuniary loss or damage on the part  
11 of the government, the auditor concerned shall issue a written notice of disallowance or charge  
12 through the head of the agency to each accountable officer, whose accounts have been  
13 audited in whole or in part.

14 Within ninety (90) days, an audit suspension which is not settled either by satisfactory  
15 explanation, justification, or submission of evidence to prove the contrary to the initial findings  
16 of an auditor on the irregularity or illegality of the transaction after receipt of the notice shall  
17 become a disallowance.

18 Any person aggrieved by the decision of the auditor pertaining to disallowances,  
19 charges, or suspensions, may appeal the case in accordance with the rules and regulations  
20 on settlement of accounts of the Commission.

21 TITLE III

22 CHAPTER I

23 Government Accounting

24 *Sec. 74. Appropriation Before Entering into a Contract.* – No contract involving the  
25 expenditure of public funds shall be entered into unless there is an appropriation or approved  
26 budget therefor, the unexpended balance of which, free of other obligations, shall be sufficient  
27 to cover the proposed expenditure.

28 *Sec. 75. Certificate Showing Appropriation to Meet Contract.* – Except in the case of a  
29 contract for personnel services or for supplies for immediate consumption, no contract  
30 involving the expenditure of public funds by any government agency shall be entered into or  
31 authorized unless the proper budget officer of the agency concerned shall have certified to  
32 the officer entering into the obligation that funds have been duly appropriated for the purpose  
33 and that the amount necessary to cover the proposed contract for the fiscal year is available  
34 for expenditure on account thereof. The certificate signed by the proper budget officer shall

1 be attached to and become an integral part of the contract, and the sum so certified shall not  
2 thereafter be available for expenditure for any other purpose until the obligation of the  
3 government agency concerned under the contract is fully extinguished.

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

5 *Sec. 76. Void Contract and Liability of Officer.* – Any contract entered into contrary to  
6 the requirements of the two immediately preceding sections shall be void and not binding to  
7 the government. The officer of any government agency responsible for the said contract shall  
8 be personally liable to the government or other contracting party as if the transaction had  
9 been entered into between private parties.

10 *Sec. 77. Prohibition Against Advance Payment on Government Contracts.* – Except  
11 when authorized by law, the government shall not be obliged to make an advance payment  
12 on contracts for:

13 (a) Services not yet rendered;

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

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

20 *Sec. 78. Limitations on Cash Advance.* – The following shall be the limitations on cash  
21 advance:

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

23 (b) A cash advance shall be reported on and liquidated as soon as the purpose for  
24 which it was given has been served;

25 (c) No additional cash advance shall be granted or allowed unless the previous  
26 cash advance has been first settled/liquidated or a proper accounting thereof  
27 is made;

28 (d) Except for cash advance for official travel, no officer or employee shall be  
29 granted cash advance unless such officer or employee is properly bonded in  
30 accordance with existing laws or regulations. The amount of cash advance  
31 which may be granted shall not exceed the maximum cash accountability  
32 covered by bond of an officer or employee;

33 (e) Only permanent appointed officials shall be designated as disbursing officers;



- 1 (f) Only duly appointed or designated disbursing officers may perform disbursing  
2 functions. Officers and employees who are given cash advances for official  
3 travel need not be designated as disbursing officers;
- 4 (g) Transfer of cash advance from one accountable officer to another shall not be  
5 allowed;
- 6 (h) The cash advance shall be used solely for specific legal purpose for which it  
7 was granted. Under no circumstance shall it be used for encashment of checks  
8 or for liquidation of a previous cash advance;
- 9 (i) The failure of the concerned official or employee to liquidate the cash advance  
10 after due demand by an authorized officer is a *prima facie* presumption of  
11 malversation despite the absence of a finding of actual damage to the  
12 government;
- 13 (j) The transfer of cash advance by a disbursing officer to another does not  
14 constitute an expenditure for which the disbursing officer may claim credit in  
15 accounts, but the responsibility of such disbursing officer continues to attach  
16 until the amount has been fully accounted for; or
- 17 (k) No cash advance shall be granted for the procurement or implementation of  
18 infrastructure projects.

19 Any violation of the foregoing provisions shall constitute a valid cause for the  
20 withholding of the salary of the accountable officer without prejudice to the imposition of  
21 administrative/civil sanction and criminal prosecution of both the authorizing and the  
22 accountable officials, as may be warranted.

23 *Sec. 79. Transfer of Funds from One Officer to Another.* – Transfer of government  
24 funds from one officer to another shall, except as allowed by law or regulation, be made only  
25 upon prior direction or authorization of the head of the agency following the accountability  
26 and accounting guidelines issued by the Commission.

27 *Sec. 80. Limitations on Fund Transfers from One Government Agency to Another.* –  
28 The following shall be the limitations on transfer of funds from one government agency to  
29 another:

- 30 (a) No fund transfers shall be given except for legally authorized specific purpose  
31 as embodied in a Memorandum of Agreement (MOA) executed between the  
32 source and implementing agencies;
- 33 (b) The fund transfers shall be reported on and/or liquidated by the implementing  
34 agencies as soon as the purpose for which they have been granted have been  
35 served, but not later than the end of the year;

- 1 (c) No additional or new fund transfers shall be made unless the previous transfers  
2 have been fully liquidated as certified by the head of agency concerned;  
3 (d) The heads of the source and implementing agencies shall be responsible for  
4 compliance with the foregoing requirements.

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

8 *Sec. 81. Limitations on Fund Transfers from Any Government Agency to a Private*  
9 *Organization or Entity.* – The following shall be the limitations on transfer of funds from any  
10 government agency to any private organization or entity:

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

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

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

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

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

29 Failure on the part any public officer, employee, or any person to comply with the  
30 above-mentioned responsibility shall constitute a ground for administrative or civil sanction or  
31 criminal prosecution.

32 *Sec. 82. Payment of Rewards.* – When a reward becomes payable by authority of law  
33 for information given relative to any offense or any illegal activity, or for any act done in  
34 connection with the apprehension of the offender, the reward shall be paid as prescribed by

1 law or regulations. Such payment of reward shall be subject to audit in accordance with the  
2 regulations of the Commission.

3 *Sec. 83. Loss Through Electronic Collection or Payment.* – Government agencies  
4 utilizing e-Collection and/or payment systems shall formulate internal policy guidelines to  
5 implement reasonable and appropriate organizational, technical, and personnel controls to  
6 prevent loss of funds caused by internet connectivity issues, errors in payment instructions,  
7 online banking fraud, security breach, or other similar events. Any loss due to the foregoing  
8 shall be the liability of the erring party.

9 *Sec. 84. Replacement of Lost, Stolen or Destroyed Checks.* – When payment is made  
10 through check and the same was lost, stolen, or destroyed, the issuing officer may issue a  
11 replacement check as payment for the same obligation. Replacement shall be made upon the  
12 execution of an affidavit of loss and submission of stop payment order to the drawee bank. If  
13 destroyed, presentation of the destroyed check to the issuing officer is also required. The chief  
14 accountant or internal auditor of the agency shall be responsible for seeing to it that no double  
15 payment is made as a result thereof.

16 *Sec. 85. Reversion of Unpaid Trade Payables Aged More Than Two (2) Years.* – The  
17 head of national government agencies, LGUs and government corporations classified as non-  
18 commercial public sector entities shall cause the reversion of trade payables aged more than  
19 two (2) years to the Unappropriated Surplus or Accumulated Surplus/(Deficit).

20 The head of government corporations classified as commercial public sector entity shall  
21 revert unpaid trade payables aged more than two (2) years to retained earnings.

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

## 24 CHAPTER II

### 25 Accountability and Responsibility for Government Funds and Property

26 *Sec. 86. Accountable Officers; Bond Requirement.* – Every officer of any government  
27 agency whose duties permit or require the possession or custody of government funds or  
28 property shall be accountable therefor and for the safekeeping thereof in conformity with law.  
29 Other government officers who, though not accountable by the nature of their duties, may  
30 likewise be similarly held accountable for government funds or property through their  
31 participation in the use or application thereof.

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



1            *Sec. 87. Primary Responsibility and Fiscal Accountability of the Head of the Agency. –*

2 The head of any agency who is primarily responsible for all government funds and property  
3 pertaining to the agency, shall ensure that:

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

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

9            (c) The requirements of transactions suspended in audit are complied with; and

10           (d) Appropriate actions are taken on the deficiencies noted in the course of audit.

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

14           *Sec. 88. General Liability for Unlawful Expenditures. –* Expenditures of government  
15 funds or uses of government property in violation of law or regulations shall be the personal  
16 liability of the official or employee found to be directly responsible therefor.

17           *Sec. 89. Degree of Supervision over Accountable Officers. –* The head of any  
18 government agency shall exercise due diligence in supervising accountable officers under the  
19 control of such head of the agency to prevent the incurrence of loss of government funds or  
20 property, otherwise the head of the agency shall be jointly and solidarily liable with the person  
21 primarily accountable therefor.

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

26           *Sec. 90. Measure of Liability of Accountable Officers. –* Every officer accountable for  
27 government property shall be liable for its money value in case of improper or unauthorized  
28 use or misapplication thereof by such accountable officer or by any person for whose acts  
29 such accountable officer may be responsible for. Accountable officer shall likewise be liable  
30 for all losses, damages, or deterioration occasioned by negligence in the keeping or use of the  
31 property regardless of whether or not it is in actual custody of such accountable officer.

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



1 CHAPTER II

2 Accountability and Responsibility for Government Funds and Property

3 *Sec. 96. Financial Reports and Statements.* – The financial reports prepared by the  
4 agencies shall comply with the applicable financial reporting framework to the government  
5 agency.

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

9 *Sec. 97. Submission of Reports.* – The Commission shall, under regulations issued by  
10 it, require the head of the agencies, chief accountants, budget officers, cashiers,  
11 disbursing/collecting officers, administrative or personnel officers, and other responsible  
12 officials of the various agencies to submit financial statements, financial accountability reports,  
13 physical inventory reports, current staffing pattern, and such other reports as may be  
14 necessary for the exercise of its functions.

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

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

25 CHAPTER III

26 Internal Controls

27 *Sec. 98. Internal Control System and its Installation.* – Internal control is an integral  
28 process that is effected by an agency's management and personnel and is designed to address  
29 risks and provide reasonable assurance that in pursuit of the agency's mission, the general  
30 objectives are being achieved. It shall be the direct responsibility of the head of the agency  
31 to establish an internal control unit that shall install, implement, review, and monitor a sound  
32 internal control system in accordance with Internal Control Standards for the Philippine Public  
33 Sector.



1 The head of agency shall sign the Statement of Internal Control (SIC).

2 Failure on the part of the head of the government agency to implement the preceding  
3 paragraph, without justifiable cause, shall constitute as a ground for this Commission to file  
4 the appropriate administrative charge against the erring official concerned.

5 TITLE IV

6 Final Provisions

7 *Sec. 99. Duty to Respect the Independence of the Commission.* – It shall be the duty  
8 of every person to respect, protect and preserve the independence of the Commission.

9 *Sec. 100. Administrative Disciplinary Action.* – Any unjustified failure by the public  
10 officer concerned to comply with any requirement imposed in this Act shall constitute neglect  
11 of duty or grave misconduct, as the case may be, and shall be a ground for this Commission  
12 to file appropriate administrative disciplinary action against the said public officer who, upon  
13 being found guilty thereof after hearing, shall be meted out such penalty commensurate with  
14 the degree of guilt in accordance with the civil service law, without prejudice to criminal  
15 prosecution whenever the evidence warrants.

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

18 *Sec. 101. Penal Provisions.* – Any person who shall commit any of the following acts  
19 shall, upon conviction, suffer imprisonment of not less than six (6) months and one (1) day  
20 but not more than six (6) years or a fine of not less than One hundred thousand pesos  
21 (P100,000.00) but not more than One million two hundred thousand pesos (P1,200,000.00)  
22 or an imprisonment of six (6) years and one (1) day to twelve (12) years, or both at the  
23 discretion of the court:

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

26 (b) Denying access to databases or information technology systems, or failing to  
27 produce documents, records, or papers under custody within fifteen (15) days  
28 after demand by the Commission or its authorized representatives in  
29 connection with the conduct of audit;

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

- 1 (d) Failing or refusing to submit documents required in audit without justifiable  
2 cause shall constitute a ground for disallowance of the claim under  
3 examination, assessment of additional levy or government share, or  
4 withholding or withdrawal of government funding or donations through the  
5 government, as well as for administrative or penal sanctions; or  
6 (e) Committing other similar acts that impede, frustrate, or delay the efficient  
7 conduct of audit.

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

11 If the offender is a corporation, partnership or association or other juridical entity, the  
12 penalty may in the discretion of the court be imposed upon such juridical entity and upon the  
13 officer or officers of the corporation, partnership, association, or entity responsible for the  
14 violation.

15 Sec. 102. *Implementing Rules and Regulations.* – The Commission Proper shall  
16 promulgate the necessary rules and regulations for the effective implementation of this Act.

17 Sec. 103. *Appropriations.* – The amount necessary for the implementation of this Act  
18 shall be included in the annual General Appropriations Act.

19 The Commission on Audit is authorized to:

- 20 (a) Collect one-half (1/2) of the one percent (1%) from the annual national tax  
21 collections not otherwise accruing to special funds or special accounts in the  
22 general fund of the national government, upon authority from the Secretary of  
23 Finance, shall be deducted from such collections and shall be remitted to the  
24 National Treasury to cover the cost of auditing services rendered to local  
25 government units;  
26 (b) A fixed amount equivalent to the annual cost of the audit services in the  
27 government corporations; and  
28 (c) Other sources such as, but not limited to, collections of audit fees from water  
29 districts and special audits, consultancy fees and retained income.

30 All government corporations, including their subsidiaries, and self-governing boards  
31 shall appropriate in their respective budgets and remit not later than the end of the second  
32 quarter of each year an amount equivalent to the appropriation for personnel services of the  
33 audit team to the National Treasury.

1           The amount for the MOOE and capital outlay to support the annual or the actual audit  
2 operations of the COA audit teams assigned to NGAs, LGUs and government corporations  
3 which form part of the approved budget of the audited agency for auditing services under the  
4 General Appropriations Act, appropriations ordinance or annual operating budget,  
5 respectively, shall be remitted directly to the Commission on Audit Central Office.

6           All internally generated income from other sources shall accrue to its general fund to  
7 be exclusively utilized for the operation and performance of its mandate.

8           Sec. 104. *Repealing Clause.* – Presidential Decree No. 1445, otherwise known as the  
9 Government Auditing Code of the Philippines, and Subtitle B, Title I, Book V, of Executive  
10 Order No. 292, or the Administrative Code of 1987, are hereby repealed. All other laws,  
11 executive orders, proclamations, decrees, instructions, rules and regulations, or parts thereof  
12 which are inconsistent or in conflict with any provision herewith shall be deemed amended,  
13 repealed or modified accordingly.

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

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

Approved,