

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Thirteenth Congress
First Regular Session

House Bill No. **3134**



Introduced by Representative **Imee R. Marcos**

EXPLANATORY NOTE

The Commission on Audit (COA) is the Philippines' Supreme State Audit Institution. The Philippine Constitution declares its independence as a constitutional office, grants it powers to audit all accounts pertaining to all government revenues and expenditures/uses of government resources and to prescribe accounting and auditing rules, and gives it exclusive authority to define the scope and techniques for its audits. (Art. IX-D, 1987 Phil. Const.)

This mandate of the Commission on Audit is in consonance with the efforts of the State against graft and corruption and all other acts whereby the Filipino people are deprived of the public funds which should be properly allocated to multifarious activities dedicated to the upliftment of the people and the protection of their general welfare. Without the Commission on Audit, all public funds will be left unaccounted, thus opening it to all types of pilferages and misappropriations of unscrupulous government officials/officers/employees and private individuals. The magnitude of the functions of the Commission on Audit is bolstered by another constitutional provision prohibiting the passage of any law exempting any entity of the government or its subsidiaries or any investment of public funds from the jurisdiction of the Commission on Audit. (Sec. 3, Art. IX-D, 1987 Phil. Const.) This prohibition shows the intent of the framers of the constitution to "unrestrict" the auditing powers of the commission. To realize the objectives of the Constitution, the auditing and examining powers of the Commission on Audit should be unqualified by any law.

Contrary to this intent of the Constitution, however, section 28 of PD 1445 unduly limits the auditor's function. The said provision excludes all records in the National Internal Revenue Code (NIRC) from the auditing power of the COA. The present situation is that the COA is allowed to audit receipts of tax payments but not the assessments made by the BIR. Unavoidably, some BIR officials are given some sort of flexibility in making assessments, since said assessments are not audited and reviewed. What happens is that corruption ensues at the assessment level. Whatever dishonesty done during the assessment, the COA cannot ascertain because it is limited to the auditing of tax payments.

This bill seeks to remedy the aforesaid problem. This bill seeks to reduce corruption at the BIR and improve its revenue collection. Accordingly, immediate passage of this bill is earnestly sought.

Imee R. Marcos
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Representative
2nd District, Ilocos Norte

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AN ACT
AMENDING PRESIDENTIAL DECREE NUMBERED FOURTEEN HUNDRED FORTY FIVE
(P.D. 1445), OTHERWISE KNOWN AS THE GOVERNMENT AUDITING CODE OF THE
PHILIPPINES

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

SECTION 1. Section 28 of Presidential Decree No. 1445 is hereby amended to read as follows:

Section 28. *Examining Authority.* - The Commission shall have authority to examine books, papers, and documents filed by individuals and corporations with, and which are in the custody of, government offices in connection with government revenue collection operations, for the sole purpose of ascertaining *that all funds determined by appropriate agencies as collectible and due the government have actually been collected, except as otherwise provided in the Internal Revenue Code of 1997 [delete].*

SECTION 2. *Repealing Clause.* - All laws, presidential decrees or issuances, executive orders, rule or regulations contrary to, or inconsistent with the provisions of this Act are hereby repealed, modified, or amended accordingly.

SECTION 3. *Effectivity.* This Act shall take effect fifteen (15) days following its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,