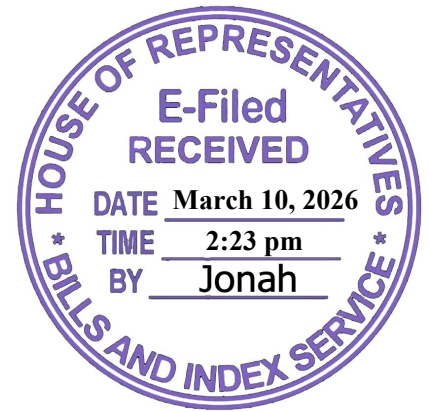


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

20TH CONGRESS
First Regular Session

HOUSE BILL NO. 8411



INTRODUCED BY REP. MAURICIO G. DOMOGAN

EXPLANATORY NOTE

The Constitution unequivocally mandates that public funds be safeguarded and expended strictly in accordance with law. Article IX-D of the 1987 Constitution vests the Commission on Audit (COA) with the authority, responsibility, and duty to examine, audit, and settle all accounts pertaining to government revenues and expenditures. This constitutional grant affirms the State policy that accountability and transparency in the use of public funds are indispensable pillars of democratic governance.

While the COA traditionally exercises post-audit functions, the Constitution likewise empowers it to promulgate accounting and auditing rules and regulations designed to prevent illegal, irregular, unnecessary, excessive, extravagant, or unconscionable expenditures. Preventive mechanisms, such as pre-audit, are therefore well within the constitutional mandate of the COA and serve as crucial first line of defense in protecting the public treasury.

Prior to July 2011, pre-audit functions were regularly performed by COA, and large-scale irregularities such as “ghost” or substandard flood control projects receiving full payment did not happen or were far less prevalent. On July 22, 2011, COA issued Circular No. 2011-002, which lifted the selective pre-audit of government transactions and removed pre-audit as a requisite for payment. This policy shift was anchored on the premise that government agencies have already instituted and are maintaining adequate control systems capable of safeguarding public funds against abuse and misuse. Under this framework greater reliance was placed on post-audit procedures, with the expectation that agency-level controls sufficiently ensure compliance with applicable laws, rules, and regulations.

What has been happening, however, since the pre-audit requirement was removed shows that serious irregularities have been occurring, to the extent that even ghost projects have been paid using public funds. This exposed serious weaknesses in the internal controls of government agencies and demonstrated the limitations of relying solely on post-audit mechanisms, where irregularities are often discovered only after public funds have been disbursed, thereby reducing accountability measures to remedial rather than preventive actions. It is likened to a situation where thieves can steal before the government can run after them. Furthermore, experience has shown that the recovery of misused or lost public funds through post audit processes is extremely limited, as the percentage of recovered funds remains very minimal compared to the total amount of government expenditures and losses incurred.

This measure therefore seeks to address these serious problems and systemic gaps by institutionalizing pre-audit coupled by geo-mapping and geo-tagging as mandatory requirements for payment of all government funded projects.

Moreover, this measure likewise provides for the corresponding augmentation of personnel and resources since the institutionalization of mandatory pre-audit and geo-mapping requirements necessarily expand the operational responsibilities of the COA; hence, it requires adequate manpower, technical capacity, and digital infrastructure support to ensure timely review of transactions without unduly delaying legitimate government operations. The inclusion therefore of necessary funding in the annual General Appropriations Act is necessary. This ensures that the constitutional mandate of the COA under Article IX-D is supported not only in principle but also through sufficient institutional capacity.

Ultimately, this bill gives full effect to the constitutional mandate of the Commission on Audit and advances the fundamental principle that public office is a public trust. It recognizes that the protection of public funds demands not only accountability after the fact, but more importantly, robust preventive safeguards to ensure that government resources are used solely for their intended purposes and for the benefit of the Filipino people.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


MAURICIO G. DOMOGAN

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HOUSE BILL NO. 8411

INTRODUCED BY REP. MAURICIO G. DOMOGAN

**AN ACT INSTITUTIONALIZING MANDATORY PRE-AUDIT AND
GEO-MAPPING REQUIREMENTS FOR GOVERNMENT-FUNDED
PROJECTS, STRENGTHENING PREVENTIVE AUDIT
MECHANISMS, AND FOR OTHER PURPOSES**

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

SECTION 1: Short Title. - This Act shall be known as the “Mandatory Pre-Audit and Geo-Mapping Accountability Act”.

Sec. 2. Declaration of Policy. - It is the policy of the State to ensure accountability, transparency, and integrity in the management and utilization of public funds. The government shall adopt measures that promote prudent fiscal management, prevent corruption, and ensure that appropriated funds are used in accordance with the law and for their intended purposes

Sec. 3. Mandatory Pre-Audit Requirement. - All government-funded projects shall be subject to mandatory pre-audit clearance by the Commission on Audit (COA) prior to the release of funds or processing of payments.

No disbursement shall be made from government funds unless the COA pre-audit clearance is attached to the payment request or voucher, except where law expressly provides otherwise.

Sec. 4. Mandatory Geo-Mapping and Geo-Tagging in Project Implementation. – All government-funded projects, particularly infrastructure and capital outlay projects, shall be subject to mandatory geo-mapping and geo-tagging throughout all stages of project implementation, including:

1. Project planning and site validation;
2. Project commencement.
3. Periodic progress monitoring; and
4. Project completion and turnover.

Geo-mapping documentation shall include geo-tagged photographs, geographic coordinates, and other location-based information sufficient to verify existence, location, and physical accomplishment.

Sec. 5. Geo-Mapping as Supporting Documentation for Pre-Audit. – Geo-mapping and geo-tagging documentation shall form part of the required supporting documents for COA pre-audit clearance and payment processing.

Failure to comply with geo-mapping requirements shall constitute sufficient ground for withholding pre-audit clearance and suspension of payment.

Sec. 6. Duties of the Commission on Audit. – The COA shall:

1. Establish procedures for mandatory pre-audit implementation;
2. Issue standards on geo-mapping and geo-tagging documentation;
3. Coordinate with the Department of Budget and Management (DBM), Department of Information and Communications Technology (DICT) and implementing agencies on digital reporting systems; and
4. Submit annual implementation reports to Congress.

Sec. 7. Funding and Personnel Augmentation. To ensure the effective implementation of the mandatory pre-audit and geo-mapping requirements under this Act, the personnel complement of the COA shall be augmented upon its determination of the necessary additional staffing requirements, including auditors, technical personnel, and information support staff

The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the COA. Thereafter, such sums as may be necessary for its continued implementation shall be included in the annual General Appropriations Act (GAA).

The Department of Budget and Management (DBM) shall give priority consideration to the funding requirements necessary to strengthen the preventive audit and digital monitoring capabilities of the COA pursuant to this Act.

Sec. 8. Implementing Rules and Regulations (IRR). Within ninety (90) days from the effectivity of this Act, the COA, in consultation with the DBM and other concerned agencies, shall promulgate the necessary rules and regulations for effective implementation of this Act.

Sec. 9. Separability Clause. If any provision of this Act is declared unconstitutional, the remaining provisions not affected thereby shall remain in full force and effect.

Sec. 10. Repealing Clause. All laws, executive orders, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 11. Effectivity. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,