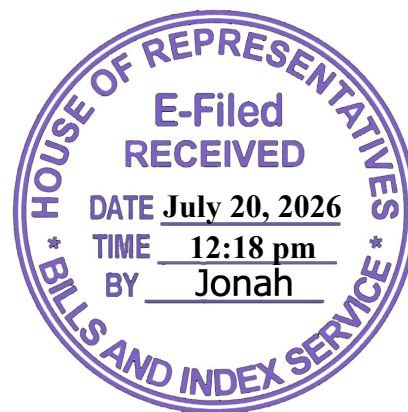


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
Second Regular Session



HOUSE BILL NO. 10113

Introduced by **REP. BERNADETTE "DETTE" G. ESCUDERO**

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

EXPLANATORY NOTE

The Constitution enshrines the principle that public office is a public trust, requiring all public officials and employees to serve with accountability, integrity, and transparency. Consistent with this mandate, the State must ensure that public funds and resources are managed, disbursed, and accounted for prudently. Central to this responsibility is the Commission on Audit (COA), the country's supreme audit institution, which is constitutionally mandated to examine, audit, and settle all accounts pertaining to government revenues, expenditures, and the use of public funds and property.

To operationalize this constitutional mandate, Presidential Decree No. 1445, otherwise known as the *Government Auditing Code of the Philippines*, was enacted in 1978. While it has served as the principal legal framework for government auditing for decades, rapid advances in technology, digital governance, public financial management, and international auditing standards have rendered several of its provisions outdated and inadequate to address the evolving demands of public accountability.

Recognizing the need for reform, President Ferdinand R. Marcos Jr., in his 2023 State of the Nation Address, urged Congress to enact a new Government Auditing Code "to make auditing more attuned to these changing times." In response, this bill seeks to enact the Revised Government Auditing Code of the Philippines.

The proposed measure modernizes the country's government auditing framework by recognizing electronic records and digital government transactions as valid subjects of audit and institutionalizing the use of electronic collections, receipts, payments, and other digital audit trails. It likewise strengthens the Commission on Audit's authority to require the production of records and information necessary for the conduct of audits, reinforces compliance with audit recommendations, authorizes the adoption of modern audit methodologies, and enhances internal control systems

to safeguard public resources against loss, waste, fraud, and abuse. Ultimately, the measure promotes greater efficiency, transparency, accountability, and public trust in government institutions.

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



HON. BERNADETTE "BETTE" G. ESCUDERO

Representative
1st District, Sorsogon

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
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AN ACT
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

TITLE I

GENERAL PROVISIONS

SECTION 1. Short 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. For purposes of this Act:

(a) **Account** shall refer 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** shall refer to an 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 or ADA** shall refer to an authorization issued by
2 the government entity that serves as an instruction to government servicing
3 banks to debit a specified amount from its available account balance for the
4 payment of creditors/payees;

5
6 (d) **Aggrieved Party** should refer to a person or entity adversely affected by
7 any decision, order, resolution or ruling of the Commission or any of its duly
8 authorized representatives;

9
10 (e) **Appropriation** shall refer to an authorization by law, appropriation
11 ordinance, or other enactments, or the corporate operating budget directing
12 the payment of Personnel Services (PS), Maintenance and Other Operating
13 Expenses (MOOE), and capital outlay out of government funds under specified
14 conditions and/or purposes;

15
16 (f) **Appeal** shall refer to the process of elevating to a higher authority any
17 decision, order, resolution or ruling of the Commission or any of its duly
18 authorized representatives;

19
20 (g) **Audit** shall refer to the examination, verification, evaluation and analysis
21 of the accounts or financial records including evaluation of the effectiveness of
22 internal control systems; the determination of the government entity's
23 compliance with applicable laws, rules, and regulations; as well as the
24 evaluation of the economy, efficiency and effectiveness of management
25 systems, operations, and programs, activities, or projects (PAPs). It may also
26 cover other special audits as may be prescribed by the Commission;

27
28 (h) **Auditor** shall refer to any officer or employee of the COA duly appointed
29 or designated to conduct an audit;

30
31 (i) **Audit Group** shall refer to a cluster of Audit Teams that are grouped
32 together headed by a Supervising Auditor (SA). The audit group shall plan,
33 manage, conduct the audit work, and ensure prompt submission of the audit
34 report;

35
36 (j) **Audit Decision** shall refer to the action of the auditor as a result of the
37 audit to allow, disallow, or charge a particular transaction;

38
39 (k) **Audit Report** shall refer to the final output of an audit on the accounts,
40 financial records, systems, and operations of a government entity;

41
42 (l) **Audit Team** shall refer to the basic organizational unit responsible for the
43 audit of government and non-government entities;

44
45 (m) **Audit Work Papers** refer to the documentation or evidence, either in
46 physical or electronic form, of the work done and the results thereof, consisting
47 of relevant or pertinent data, analyses, computations, calculations, notes,

schedules, excerpts, confirmations and other documents or materials gathered, prepared, and compiled in the course of an audit;

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

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

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

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

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

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

(t) **Depository** shall refer to any financial institution lawfully authorized to receive the deposit of government moneys;

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

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

(w) **Electronic Collection or e-Collection** shall refer to a method or manner wherein revenue, fees, assessments, or obligations due to the government entity is being collected using a mechanical device, electronic device, or computer-based system. The term shall refer to an alternative way of collection wherein no actual money, check, or any physical note is handed through the hands of the government entity's collecting officer. This includes the use of an intermediary in performing the collection function;

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

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

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

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

(bb) **Liability** shall refer to either an obligation arising from audit decisions or from contracts or quasi-contracts;

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

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

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

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

(gg) **Programs, Activities, Projects (PAPs)** refer to any work progress or group of work progress undertaken to realize the outputs and outcomes of an agency. This is represented by an item of appropriation in the national budget;

(hh) **Public Officer** shall refer to any person holding any public office in the government by virtue of an appointment, election, or contract vested with sovereign functions of the government;

(ii) **Public Purpose** shall refer to any purpose or use directly available to the general public as a matter of right. This pertains to those traditionally viewed as essentially government functions such as the building of roads and the delivery of basic services. It may also include those purposes designed to promote social justice and public interest allowed by the law or jurisprudence;

(jj) **Public Utility** shall refer to a public service that operates, manages, or controls for public use any public facility, network and system as enumerated in Republic Act No. 11659 entitled, "An Act Amending Commonwealth Act No. 146, otherwise known as the Public Service Act, as amended";

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

(1) Salaries and wages;

(2) Commutable allowances;

(3) Honoraria and other similar payments to officials and employees;
and

(4) Petty operating expenses, consisting of small payments for maintenance and operating expenses cannot be paid conveniently paid by check or are required to be paid immediately;

(ll) **Revenue** shall refer to income or receipts derived by a government agency from taxes, excise, custom duties, fees, royalties, rents, sale of goods or services, sale of assets and collections from other sources;

(mm) **Settlement of Liability** refer to the payment, restitution, or other act of extinguishing an obligation as provided by law in satisfaction of the liability under a Notice of Disallowance or Notice of Charge (ND/NC) or in compliance with the requirements of a Notice of Suspension (NS);

(nn) **Settlement of Accounts** shall refer to the process of determining the status or balance of the account of an accountable officer after audit and examination;

(oo) **Settled Account** shall refer to a transaction which after audit does not result to any adverse audit decision;

(pp) **Special Cash Advances** refer to those granted on the explicit authority of the Head of the Agency only to duly designated disbursing officers or employees for 24 other legally authorized purposes, as follows:

(1) Current operating expenditures of the agency field office or of the activity of the agency undertaken in the field when it is impractical to pay to the same by check, such as - (a) salaries, wages and allowances; (b) maintenance and other operating expenses; and

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

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

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

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

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

SEC. 4. Fundamental Principles. Financial transactions and operations of any government agency shall be governed by the fundamental principles set forth hereunder:

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

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

(c) Trust funds shall be spent only for the specific purpose for which the trust was created, or the funds received;

(d) Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions, and operations of the government agency;

(e) Disbursements or disposition of government funds or property shall be approved by the proper official of the government agency;

(f) Claims against government funds shall be properly authorized and supported with the complete required documentation;

(g) All laws, rules, and regulations applicable to financial transactions shall be faithfully adhered to; and

(h) Applicable financial reporting framework adopted by the Commission, as prescribed by international standards-setting body, as well as sound management and fiscal administration, shall be observed: Provided, that the same do not contravene existing laws, rules, and regulations.

TITLE II

CHAPTER I

ORGANIZATION

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

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

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

No member of the Commission shall, during their tenure, hold any other office or employment in the government. They shall neither be in the practice of any profession or in the active management or control of any business which in any way

1 may affect their functions as members of the Commission, nor shall they be financially
2 interested, directly or indirectly, in any contract with, or in any franchise or privilege
3 granted by the national government, any of its political subdivisions, agencies or
4 instrumentalities, including government-owned or controlled corporations and their
5 subsidiaries.

6
7 The salary of the Chairperson and the Commissioners shall be fixed by law and
8 shall not be decreased during their tenure.

9
10 **SEC. 6. The Commission Proper.** The Commission Proper shall be composed
11 of the Chairperson and two (2) Commissioners sitting as a collegial body to discharge
12 the powers and functions of the Commission.

13
14 **SEC. 7. Functions of the Commission Proper.** The Commission Proper shall
15 exercise the following powers and functions:

16
17 (a) Promulgate auditing rules and regulations for the determination of the
18 scope and type of audit and examination by the Commission, establish the
19 techniques and methods required therefor, including those for the prevention
20 and disallowance of illegal, irregular, unnecessary, excessive, extravagant, or
21 unconscionable expenditures or uses of government funds or property;

22
23 (b) Promulgate accounting and auditing policies, rules, and regulations, and
24 authorize the adoption of the international accounting and auditing standards
25 prescribed by the international standards-setting body;

26
27 (c) Promulgate its own rules concerning pleadings and practices filed before
28 the Commission or any of its offices: Provided, that the rules to be promulgated
29 by the Commission Proper shall not diminish, increase, or modify substantive
30 rights;

31
32 (d) Decide by a majority vote of all its members any case or matter brought
33 before the Commission;

34
35 (e) Appoint the officials and employees of the Commission in accordance with
36 the Civil Service laws, rules, and regulations. For the Regional Offices,
37 appointments to rank-and-file positions may be delegated by the Commission
38 Proper to the Directors concerned. The Commission Proper shall formulate the
39 appropriate guidelines for this purpose;

40
41 (f) Exercise original and concurrent jurisdiction over administrative cases filed
42 against COA personnel;

43
44 (g) Recommend to Congress its retirement benefits system pursuant to its fiscal
45 autonomy;

46
47 (h) Restructure, when necessary, the organizational structure of the
48 Commission, create new positions, transfer items, or make adjustments in the

1 Personnel Services Itemization in accordance with the organization, staffing
2 and position classification standards of the DBM;

3 (i) Authorize the conduct of special audits including re-opening of settled
4 accounts in case of fraud, collusion, or error of calculation or when new and
5 material evidence is discovered, and other investigations as may be prescribed
6 by the rules of the Commission; and
7

8 (j) Perform such other functions as may be provided by law.
9

10 **SEC. 8. Duties and Responsibilities of the Chairperson.** The Chairperson
11 shall be the presiding officer of the Commission Proper and chief executive officer of
12 the Commission. As chief executive officer, the Chairperson shall perform the following
13 duties and responsibilities:
14

15 (a) Control and supervise the general administration of the Commission;
16

17 (b) Direct and manage the implementation and execution of policies, standards,
18 rules, and regulations promulgated by the Commission Proper;
19

20 (c) Sign appointments for recruitment and promotions, and office orders for
21 Audit engagements, assignment/reassignment of officials and employees, or
22 any other personnel movement of any office or station;
23

24 (d) Delegate to the Commissioners, Assistant Commissioners, Directors, and
25 other officials of the Commission such authority over administrative matters
26 concerning personnel, planning, financial, legal, and other administrative
27 concerns with their respective functional areas as may be determined by the
28 Commission Proper;
29

30 (e) Submit a proposed annual or supplemental budget of the Commission to
31 the DBM for approval of the Congress;
32

33 (f) Summon any person or public official for the purpose of gathering data or
34 inquiring into matters pertinent to the formulation, implementation or
35 enforcement of any order, decision, policy, standard, or regulation of the
36 Commission Proper;
37

38 (g) Designate appropriate official as the chairperson of the Public Sector
39 Accounting Standards Board and the Public Sector Auditing Standards Board;
40 and
41

42 (h) Perform such other functions as may be required by law or policy of the
43 Commission.
44

45 **SEC. 9. Duties and Responsibilities of the Commissioners.** The following
46 are the duties and responsibilities of the Commissioners:
47

- 1 (a) Participate in the proceedings of the Commission Proper in the discharge of
2 its powers and functions; and
3 (b) Perform such other functions as may be provided by law, rules, regulations,
4 or policies of the Commission.
5

6 **SEC. 10. Duties and Responsibilities of the Assistant Commissioners.**

7 The following are the duties and responsibilities of the Assistant Commissioners:
8

- 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
13 (b) Supervise the general administration of offices under the jurisdiction of the
14 Assistant Commissioner;
15
16 (c) Serve as a member of an Assistant Commissioners Group which shall work
17 as a collegial body to study, review, and recommend policies, rules, and
18 regulations for consideration by the Commission Proper or the COA
19 Chairperson; and
20
21 (d) Perform such other functions as may be assigned.
22

23 **SEC. 11. The General Counsel.** The Assistant Commissioner of the Legal
24 Services Sector shall be the General Counsel of the Commission.
25

26 **SEC. 12. The Central and Regional Offices.** The operations of the
27 Commission under Section 16 of this Act shall be further carried out by the various
28 offices under each Sector in the Central and Regional Offices. Each regional office shall
29 be headed by a regional director with a rank of Director IV. All offices under the audit
30 sectors shall supervise their respective audit groups and audit teams.
31

32 The COA Regional Offices shall serve as representatives of the Commission in
33 the regions under the direct control and supervision of the Assistant Commissioner of
34 Local Government Audit Sector (LGAS).
35

36 **SEC. 13. Duties and Responsibilities of the Commission Secretary.** The
37 Commission Secretary shall have the rank of a Director IV who shall provide secretariat
38 and administrative support to the CP.
39

40 **SEC. 14. Duties and Responsibilities of the Chief Executive Staff.** The
41 Chief Executive Staff in the Office of the Chairperson shall have the rank of an
42 Assistant Commissioner who shall be responsible for the general administration and
43 supervision of the offices under it.
44

45 **SEC. 15. Duties and Responsibilities of the Directors.** The Directors of
46 the Commission shall have the following duties and responsibilities:
47

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

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 18. Professionalization of Audit Services. The Commission shall develop, adopt, and implement a competency-based capacity building and continuing education.

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

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

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

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

SEC. 20. Fiscal Autonomy. The Commission shall enjoy fiscal autonomy and its approved annual appropriation shall be automatically and regularly released. The Chairperson of the COA shall be authorized to augment any item in the general appropriations for the Commission from savings in any item in the same appropriation, and to retain any savings realized from its approved budget under the General Appropriations Act (GAA) until the same is fully spent.

SEC. 21. Statement of Objectives. In keeping with its constitutional mandate, the Commission adheres to the following objectives:

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

(b) Develop and implement a comprehensive audit plan that shall encompass the examination of financial and non-financial transactions, accounts, and reports, including evaluation of the internal control system of the agency;

(c) Institute control measures through the promulgation of auditing and accounting rules and regulations governing the revenue, receipts, disbursements, and uses of funds and properties, including audit of projects under Public-Private Partnership (PPP) agreements or the like, fund transfers

1 to non-government organizations (NGOs), peoples' organizations (POs) or
2 other private entities for specific purpose;

3
4 (d) Promulgate accounting and auditing rules and regulations to facilitate the
5 keeping of the accounts of the Government and enhance their information
6 value;

7
8 (e) Institute measures designed to preserve and ensure the independence of
9 the Commission, ensure transparency and accountability in government
10 operations, and promote service excellence and quality in all aspects of its
11 work; and

12
13 (f) Bring its operations closer to the people by the delegation of authority
14 through decentralization and participatory governance, consistent with the
15 provision of the Constitution.

16
17 **SEC. 22. General Jurisdiction.** Pursuant to Section 2 (1), Article IX (D) of
18 the 1987 Constitution, the Commission shall have the power, authority, and duty to
19 examine, audit and settle all accounts pertaining to the revenues and receipts of, and
20 expenditures or uses of funds and property, owned or held in trust by, or pertaining
21 to the Government, or any of its subdivisions, agencies, or instrumentalities, including
22 government corporations, and on a post-audit basis:

23
24 (a) Constitutional bodies, commissions and offices that have been granted fiscal
25 autonomy under the Constitution;

26
27 (b) Autonomous state colleges and universities;

28
29 (c) Other government corporations and their subsidiaries; and

30
31 (d) Such non-governmental entities receiving subsidy or equity directly or
32 indirectly, from or through the government, which are required by law or the
33 granting institution to submit to such audit as a condition of subsidy or equity.

34
35 However, where the internal control system of the audited agencies is
36 inadequate, the Commission may adopt such measures, including temporary or special
37 pre-audit, as are necessary and appropriate to correct the deficiencies. It shall keep
38 the general accounts of the government, and for such period as may be provided by
39 law, preserve the vouchers and other supporting papers pertaining thereto.

40
41 The Commission, under Section 2 (2), Article IX (D) of the 1987 Philippine
42 Constitution, shall have exclusive authority subject to the limitations in Article IX of
43 the Constitution, to define the scope of its audit and examination, establish the
44 techniques and methods required therefor, and promulgate accounting and auditing
45 rules and regulations including those for the prevention and disallowance of irregular,
46 unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of
47 government funds and properties.

1 **SEC. 23. Examining Authority.** The Commission shall have authority to
2 examine in the course of audit, books, papers, documents pertaining to the income of
3 individuals and corporations in connection with government revenue collection
4 operations, for the purpose of ascertaining that all revenues determined to be
5 collectible and due the Government have actually been collected.

6
7 **SEC. 24. Limited Jurisdiction over Private Entities.** The Commission shall
8 have authority to examine and audit the books and records of private entities in
9 connection with their contracts, agreements, or dealings with the government for
10 which they:

- 11
12 (i) received subsidies, counterpart funding, government equity, donation or
13 grant, fund transfer;
14
15 (ii) were allowed to use government properties or facilities; and/or
16
17 (iii) were required to pay revenue share such as, but not limited, to levy,
18 franchise fees, income share, or other forms.

19
20 **SEC. 25. Authority to Examine Accounts of Public Utilities.** The
21 Commission may conduct a special audit of the books, records, and accounts of all
22 public utilities for the purpose of determining reasonableness of rates charged to the
23 public, or in relation to the proceedings of the proper regulatory agencies for purposes
24 of determining franchise taxes and other fees. The Commission shall issue the audit
25 guidelines to implement this provision.

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

- 31
32 (a) Existence of value-for-money in procurement through PPP;
33
34 (b) Compliance with the terms and conditions of the contract or agreement;
35
36 (c) Reasonableness of the sharing of the risks and rewards between the private
37 sector and the government; or
38
39 (d) Absence of disadvantage to the government in the agreement relating to
40 the operation, maintenance and handover of the public infrastructure or
41 project.

42
43 **SEC. 27. Deputization of Government Licensed Professionals or**
44 **Experts to Assist Government Auditors.** The Commission Proper may, when the
45 exigencies of the service so require, deputize, and retain in the name of the
46 Commission such certified public accountants and other government licensed
47 professionals or experts as it may deem necessary, to assist its auditors in undertaking
48 specialized audit engagements.

1
2 The deputized professionals or experts shall be entitled to such compensation
3 and allowances as may be stipulated in the contract, subject to pertinent rules and
4 regulations on compensation and fees.
5

6 The Commission Proper shall issue guidelines in contracting deputized
7 professionals or experts referred to in this section.
8

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

16 **SEC. 29. Prohibition of Person or Entity from Rendering Auditing and**
17 **Related Services to Government Entities.** No person or entity shall enter into a
18 contract to render accounting or auditing related services for a fee to any government
19 agency or conduct seminars or workshops on accounting and auditing for government
20 personnel on these topics without clearance from COA to enable it to determine if it
21 has the resources and capability to undertake the same. Should the Commission
22 decide not to undertake the study or service, it shall nonetheless have the power to
23 review the proposed contract in order to determine the necessity, capability or
24 expertise of the private party and the reasonableness of its fees.
25

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

30 **SEC. 30. Government Contracts for the Hiring of a Private Lawyer or**
31 **Law Firm to Handle Legal Cases or Render Legal Services to Government**
32 **Agencies.** No contract involving public funds shall be entered into for the services of
33 a private lawyer or law firm to represent government agencies in court or to render
34 legal services for them. If hiring of such legal services cannot be avoided, or is justified
35 under extraordinary or exceptional circumstances, the written conformity and
36 acquiescence or clearance of the OSG or the Office of the Government Corporate
37 Counsel (OGCC), as the case may be, and the written concurrence of the COA shall
38 first be secured before the engagement of a private lawyer or law firm, unless
39 exempted under the rules of the Commission.
40

41 In the absence of above-stated requirements, any payment thereof shall be
42 disallowed in audit and the same shall be the personal liability of the officials
43 concerned.
44

45 **SEC. 31. Prohibition of Private Foundations and Entities to Use the**
46 **Name and Resources of the Government to Solicit and/or Receive**
47 **Donations, Grants, Financial Assistance from Private Domestic and**
48 **International Donors.** Private foundations and entities organized and managed by

1 government officials and employees are prohibited from using the name, resources,
2 insignia, or logo of a government agency for whatever enterprise to solicit and/or
3 receive donations, grants, financial assistance from the public or other donors.
4

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

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

20 **SEC. 33. Settlement of Accounts Between Agencies.** The Commission
21 shall have the exclusive power, under such regulations as it may prescribe, to
22 authorize and enforce the settlement of accounts subsisting between agencies of the
23 government.
24

25 **SEC. 34. Collection of Indebtedness Due to the Government.** The
26 Commission, through proper channels, may assist in the collection and enforcement
27 of all debts and claims and the restitution of all funds or the replacement or payment
28 to the government of any government property lost or destroyed.
29

30 **SEC. 35. Power to Adjudicate Money Claims Against the Government.**
31 The Commission shall have the power to adjudicate money claims filed against the
32 government or any of its subdivisions, agencies, and instrumentalities in relation to
33 liquidated claims and quantum meruit cases. Unliquidated money claims against the
34 government shall be filed before the proper courts, tribunals, and other adjudicative
35 bodies.
36

37 Liquidated claims refer to those determined or readily determinable from
38 vouchers, invoices, and such other papers within reach of accounting officers.
39

40 When the Commission is in the exercise of its power to execute judgments on
41 money claims, the Commission shall, at all times, respect the principle of immutability
42 of judgments.
43

44 **SEC. 36. Power to Compromise Claims.** When the interest of the
45 Government so requires, the Commission Proper may compromise or release in whole
46 or in part, any settled claim or liability to any government agency not exceeding Ten
47 million pesos (P10,000,000.00) arising out of any matter or case before the
48 Commission or within its jurisdiction. In case the claim or liability exceeds Ten million

1 pesos (P10,000,000.00), the Commission shall submit with its recommendations, the
2 application for relief to Congress.

3
4 The respective governing bodies of government corporations and self
5 governing boards, commissions or agencies of the government shall have the authority
6 to condone, compromise or release any similar claim or liability when expressly
7 authorized by their charters, subject to timely review and post-audit by the
8 Commission. When their charters do not so provide, the power to condone or
9 compromise shall be exercised exclusively by the Commission in accordance with the
10 preceding paragraph.

11
12 **SEC. 37. Satisfaction of Indebtedness Arising from Final and**
13 **Executory Audit Decisions.** When any person or entity is indebted to any
14 government agency by reason of a final and executory audit decision, the Commission
15 shall direct the head of agency to withhold the salary or any money due to such entity
16 or person liable or from the estate, in satisfaction of the indebtedness under the said
17 decision.

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

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

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

35
36 In the case of deeds to property purchased by any government agency, the
37 Commission shall require a certificate of title entered in favor of the government or
38 other evidence satisfactory to it that the title is in the name of the government.

39
40 It shall be the duty of the officials or employees concerned, including those in
41 non-government entities under audit, or affected in the audit of government and non-
42 government entities, to comply promptly with these requirements.

43
44 **SEC. 39. Investigatory and Inquisitorial Powers; Power to Punish for**
45 **Contempt.** The Chairperson, and other officials and employees specially deputed in
46 writing for the purpose by the Chairperson shall, in compliance with the requirement
47 of due process, have the power to summon the parties to a case brought before the
48 Commission for resolution, issue subpoena and subpoena duces tecum, administer

1 oaths, and otherwise take testimony in any investigation or inquiry on any matter
2 within the jurisdiction of the Commission.

3
4 The Commission shall have the power to punish for contempt as provided for
5 in the Revised Rules of Court and the Revised Rules of Procedure of the COA, under
6 the same procedure and with the same penalties provided therein. Any violation of
7 any final and executory decision, order or ruling of the Commission shall constitute
8 indirect contempt.

9
10 **SEC. 40. Annual Financial Report of the Commission.** The Commission
11 shall submit to the President and the Congress of the Philippines not later than the
12 last day of October of each year an annual report on the financial condition and results
13 of operation of all government agencies, which shall include recommendations of
14 measures necessary to improve the economy, efficiency, and effectiveness of these
15 agencies.

16
17 To carry out the purpose of this section, the Chief Accountant or the official in
18 charge of keeping the accounts of the government agency shall submit to the
19 Commission, year-end financial statements and such other supporting or subsidiary
20 statements as may be required by the Commission not later than the 31st day of
21 March of each year. Financial statements returned by the Commission for revision due
22 to non-compliance with accounting standards, rules and regulations shall be
23 resubmitted within five (5) working days after the date of receipt by the official
24 concerned.

25
26 **SEC. 41. Annual Report on Appropriations, Allotments, Obligations**
27 **and Disbursements, Including Off-Budgetary Funds and Trust Receipts.**
28 Within one hundred twenty (120) days after the end of every fiscal year, the
29 Commission shall submit to the President and the Congress of the Philippines an
30 annual report on appropriations, allotments, obligations and disbursements of national
31 government agencies and government corporations maintaining Special Accounts in
32 the General Fund and receiving budgetary support from the government.

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

37
38 **SEC. 42. Powers, Functions, and Duties of Auditors.** The following are
39 the powers, functions, and duties of auditors as representatives of the Commission:

40
41 (a) Exercise such powers and functions as may be authorized by the
42 Commission in the examination of cash and accounts of accountable officers;
43 conduct financial, compliance, performance, and other special audits; settle
44 accounts of the agencies under the respective audit jurisdiction;

45
46 (b) Submit an audit report on the date and in the manner prescribed by the
47 Commission and render such other reports as the Commission may require
48

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

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

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

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

SEC. 43. Examination of Cash and Accounts of Accountable Officer.

The cashbooks, accounts, papers, and cash in the accountability of an accountable officer shall be opened at all times to audit and examination of the Commission and its duly authorized representatives.

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

The auditor shall, at all times, be regarded as a witness only in cases filed before the OMB and the regular courts and in no case shall be named as the complainant thereof.

SEC. 44. Withholding of Salaries and Other Emoluments of Accountable Officers. Whenever an accountable officer has been found short of any accountability during cash examination or audit and after failure to explain satisfactorily or to produce the missing funds within the period prescribed by the rules of the Commission, the auditor shall order the head of the agency to direct the withholding of the salaries and other emoluments due the accountable officer found to have incurred cash shortage up to the extent of the liability until the final

determination of the latter's accountability by the Commission or by final judgment of a competent court.

SEC. 45. Constructive Dstraint of Property of Accountable Officer.

Upon discovery in audit of a shortage in the accounts of any accountable officer and upon a finding of a prima facie case, of malversation of public funds or property against such accountable officer, in order to safeguard the interest of the government, the Commission may place under constructive dstraint the personal property of the accountable officer concerned where there is reasonable ground to believe that the said officer is retiring from the government service or intends to leave the Philippines or remove the property therefrom or hide or conceal such property.

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

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

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

SEC. 46. Appeals from Decisions of Auditors. Any person aggrieved by the decision of an auditor, may within one hundred eighty (180) calendar days from receipt of a copy of the decision, appeal In writing to the Commission. The procedures of appeal shall be governed by the internal rules concerning pleadings and practices of the Commission, including the imposition of reasonable filing and legal research fees.

SEC. 47. Period Rendering Decisions of the Commission. The Commission Proper shall decide any pending case within sixty (60) days from the date of its submission for decision or resolution. A case is deemed submitted for decision or resolution upon receipt of the last comment on the draft decision from any member of the Commission Proper necessary for a proper decision.

1 CHAPTER II

2 DECISION OF THE COMMISSION

3 **SEC. 48. Appeal from Decisions of the Commission.** The party aggrieved
4 by any decision, order or ruling of the Commission may, within thirty (30) days from
5 the receipt of a copy thereof, appeal on certiorari to the Supreme Court in the manner
6 provided by law and the Rules of Court. When the decision, order, or ruling adversely
7 affects the interest of any government agency, the appeal may be taken by the proper
8 head of that agency.

9
10 The OSG shall, at all times, represent the Commission in all its decisions
11 appealed to the Supreme Court.

12
13 **SEC. 49. Finality of Decisions of the Commission and Responsibility of**
14 **Head of the Agency.** A decision of the Commission, upon any matter within its
15 jurisdiction, if not appealed as herein provided, shall be final and executory.

16
17 The General Counsel or any authorized official of the Commission shall issue an
18 order of execution for final and executory decisions, resolutions, or orders of the
19 Commission.

20
21 For final and executory decisions on money claims, the claimant shall initiate
22 the process of payment with the agency concerned pursuant to existing rules and
23 regulations.

24
25 **SEC. 50. Enforcement of Decisions of the Auditor or Commission**
26 **Proper.** The head of agency shall ensure the immediate settlement of final and
27 executory decisions of the Commission. Unreasonable failure or refusal of the head of
28 agency or concerned official to implement the final and executory decision of the
29 Commission shall render the former administratively liable for neglect of duty.

30
31 **SEC. 51. Re-audit of Audited Transactions.** All transactions and accounts
32 are open for audit within ten (10) years after the date of transaction.

33
34
35 TITLE III

36 CHAPTER I

37 BASIC POLICIES AND STANDARDS

38 **SEC. 52. Definition of Government Auditing.** Government auditing is a
39 systematic, independent, and objective process that involves obtaining and evaluating
40 evidence in accordance with the prevailing International Standards for the Supreme
41 Auditing Institutions (ISSAIs) for the purpose of assessing whether the financial
42 information, transactions, programs, operations, accounts, and reports of any
43 government agency are in accordance with the applicable international accounting

1 framework. Government audits cover three audit streams: financial audits, compliance
2 audits, and performance audits which are guided respectively by separate ISSAIs.

3
4 **SEC. 53. Principles of Government Auditing.** The auditor shall be guided
5 by the general principles and the prescribed international standards related to the
6 audit process:

7
8 (a) Comply with the relevant ethical principles of integrity, independence and
9 objectivity, competence, professional behavior, and confidentiality and
10 transparency;

11
12 (b) Maintain appropriate professional behavior by applying professional
13 skepticism, professional judgment, and due care throughout the audit;

14
15 (c) Perform the audit in accordance with professional standards on quality
16 control;

17
18 (d) Possess collectively the knowledge, skills, expertise, and ability and
19 experience to exercise professional judgment necessary to successfully
20 complete the audit;

21
22 (e) Manage the risks of providing a report that is inappropriate in the
23 circumstances of the audit;

24
25 (f) Consider materiality throughout the audit process, in relation to stakeholder
26 concerns, public interest, regulatory requirements and consequences for
27 society;

28
29 (g) Prepare audit documentation that is sufficiently detailed to provide a clear
30 understanding of the work performed, evidence obtained, and conclusions
31 reached; and

32
33 (h) Establish effective communication throughout the audit process.
34
35

36 CHAPTER II

37 RECEIPTS AND DISPOSITION OF FUNDS AND PROPERTIES

38 **SEC. 54. Accounting for Moneys and Property Received by Public**
39 **Officials.** All moneys and properties officially received by a public officer in any
40 capacity or upon any occasion, or those received in connection with the office, must
41 be accounted for as government funds and property, except as may otherwise be
42 specifically provided by law or competent authority. Their recognition in the books of
43 accounts of the agency concerned shall be in accordance with pertinent laws, policies,
44 rules and regulations, and applicable financial reporting framework.
45

1 **SEC. 55. Designation of Collecting or Disbursing Officers for**
2 **Government Agencies.** The head of agency may designate such number of
3 collecting and disbursing officers or agents as may be deemed necessary. They shall
4 render reports of their collections and disbursements pursuant to the regulations of
5 the Commission, to be submitted promptly to the auditor concerned who shall conduct
6 the necessary examination and audit.

7
8 **SEC. 56. Time and Mode of Rendering Account.** In the absence of specific
9 provision of law, all accountable officers, through the agency accountants, shall render
10 their accounts, submit their vouchers, and make deposits of money collected or held
11 by them at such time and in such manner as shall be prescribed in the rules and
12 regulations of the Commission. The auditor concerned shall then conduct the
13 necessary examination and audit thereof.

14
15 **SEC. 57. Accrual of Income or Revenues to Unappropriated Surplus of**
16 **the General Fund.** All income or revenues accruing to the agencies by virtue of the
17 provisions of law, orders and regulations shall be deposited in the National Treasury
18 or in any duly authorized government depository and shall accrue to the
19 unappropriated surplus of the General Fund of the government, unless otherwise
20 specifically provided by law.

21
22 Income or revenues from business-type activities and revolving funds of
23 government agencies may be separately recorded and disbursed in accordance with
24 such rules and regulations as may be determined by the Permanent Committee
25 created by law, composed of the Secretary of Department of Finance as Chairperson,
26 Secretary of Department of Budget and Management, and Chairperson of Commission
27 on Audit, as members.

28
29 **SEC. 58. Special, Fiduciary and Trust Funds.** Receipts shall be recorded
30 as income of Special, Fiduciary or Trust Funds or Funds other than General Fund only
31 when authorized by law in accordance with the rules and regulations issued by the
32 Permanent Committee.

33
34 Revenues collected from particular taxes, levy and royalties for special purpose
35 shall be treated as a special fund or Special Account in the General Fund and paid out
36 for such purpose only. If the purpose for which a special fund was created has been
37 fulfilled or abandoned, the balance, if any, shall be transferred to the General Fund of
38 the government.

39
40 In case any government agency fails or refuses to implement such reversion
41 and closure, the Permanent Committee may recommend for approval of the President
42 the reversion and closure of the Special Account in the General Fund, Fiduciary or
43 Trust Funds on any of the following grounds:

44
45 (a) The terms have expired or no longer necessary for attainment of the
46 purpose for which said funds were established;

47
48 (b) Dormant for unreasonable length of time;

1
2 (c) Needed by the General Fund in times of emergency; or

3
4 (d) Used in violation of the rules and regulations issued by the Permanent
5 Committee.

6
7 **SEC. 59. Receipts and Revenues of Local Government Units.** All receipts
8 and income accruing to the LGUs shall be deposited in their account maintained in the
9 authorized government depository bank or private bank with the prior approval of the
10 Department of Finance.

11
12 **SEC. 60. Receipts and Revenues of Government Corporations.** All
13 receipts and income accruing to GOCCs shall be deposited in their account maintained
14 in the authorized government depository bank.

15
16 **SEC. 61. Collections by the Government.** No payment of any nature shall
17 be received by a collecting officer without immediately issuing an official receipt in
18 acknowledgment thereof. The receipt may be in the form of postage, internal revenue
19 or documentary stamps or such other digital forms as the law or the Commission may
20 allow. At no instance shall temporary or provisional receipts be issued to acknowledge
21 the receipt of public funds.

22
23 Where digital or electronic devices are used to acknowledge cash receipt, an
24 electronic official receipt (eOR) shall be issued and the electronic copies of the pieces
25 of evidence of the e-collection through Self-Collect and Credit (SCC) or Collect-
26 Aggregate-Remit (CAR) or other modes of electronic collection allowed by the rules of
27 the COA, shall be kept in electronic archives. The same shall be subject to inspection
28 and verification by the Commission, in accordance with its prescribed guidelines on
29 the use of eORs to acknowledge collection of income and other receipts of
30 government.

31
32 The same is acceptable provided the document maintains its integrity and
33 reliability and can be authenticated so as to be usable for subsequent reference:
34 Provided, That the electronic document has remained complete and unaltered, apart
35 from the addition of any endorsement and any authorized change, or any change
36 which arises in the normal course of communication, storage and display; and that
37 the electronic document is reliable for the purpose for which it was generated and for
38 all relevant circumstances.

39
40 Collections in the form of checks in favor of the government shall be governed
41 by the rules of the Commission.

42
43 At no instance should money in the hands of the collecting officer be utilized
44 for whatever purpose but should be deposited intact with an authorized government
45 depository bank.

46
47 **SEC. 62. Payment in Settlement.** Electronic payment through TDL, credit
48 card, DEP, such as ADA, and other modes may be used to settle all obligations of the

1 government in accordance with the guidelines of the Commission and other Public
2 Financial Management agencies of the government.

3
4 Electronic payment to a person not duly authorized to receive such payment
5 shall subject the concerned accountable officer to administrative/civil sanctions or
6 criminal prosecution, as may be warranted.

7
8 In instances when checks are drawn against the checking account of the
9 government agencies maintained with any government depository in payment of an
10 obligation:

11
12 (a) The check shall be made payable directly to the creditor to whom the money
13 is due, or to the disbursing officer or employee for an official disbursement;

14
15 (b) Checks drawn in payment of any indebtedness shall likewise be accepted
16 by the officer concerned, provided it shall be made payable to the entity or the
17 authorized official of the payee; and

18
19 (c) When a check drawn in favor of the government is not accepted by the
20 drawee bank for any reason, the drawer shall continue to be liable for the sum
21 due and all penalties resulting from delayed payment. Where the reasons for
22 non-acceptance by the drawee bank are insufficiency of funds and/or closed
23 accounts, the drawer shall be criminally liable therefor.

24
25 **SEC. 63. Deposit of Money in the Treasury or Authorized Government**
26 **Depository Bank.** Public officers authorized to receive and collect moneys arising
27 from taxes, revenues, or receipts of any kind shall remit or deposit intact the full
28 amounts so received and collected by them to the account of the National Treasury
29 or in the agencies account maintained in the authorized government depository bank
30 not later than the following banking day, except when it is impractical to do so due to
31 distance and the amount to be deposited is minimal.

32
33 Fifty percent (50%) share on proceeds from the community tax certificates 32
34 collected by duly deputized barangay treasurers shall be automatically retained and
35 deposited intact in authorized depository banks of the barangay where the tax is
36 collected pursuant to the Republic Act No. 7160, as amended, otherwise known as the
37 "Local Government Code of 1991."

38
39 No collections shall be used for purposes of disbursements except when
40 authorized by law or regulations.

41
42 **SEC. 64. Acknowledgment of Receipt of Money by Government**
43 **Depositories.** All authorized government depository banks shall acknowledge receipt
44 of all money received by them, for the account of the National Treasurer or the agency
45 concerned. The acknowledgment shall bear the date of actual deposit and indicate
46 from whom and on what account it was received. Such moneys received shall be
47 governed by the Treasury Single Account System established pursuant to law. The

1 authorized agency official shall regularly furnish the monthly bank statements to the
2 auditor.

3
4 **SEC. 65. Shipment of Government Money or Property by a Carrier;**
5 **Notation of Evidence of Loss.** When government money or property is transported
6 from one place to another by a carrier, it shall be the duty of the consignee or duly
7 authorized representative to make notation or notations on the bill of lading or receipt
8 on any evidence of loss, shortage, or damage.

9
10 **SEC. 66. Credit for Loss Occurring in Transit or Due to Fire, Theft,**
11 **Robbery or Force Majeure.** When a loss of government funds, property, documents
12 evidencing financial transactions, or records of accountabilities occurs while they are
13 in transit or loss is caused by fire, theft, robbery or force majeure, the officer or
14 employee accountable therefor or having custody thereof shall immediately notify the
15 auditor concerned and, within thirty (30) days from the occurrence of loss, shall file
16 an application for relief, together with the required supporting evidence. When
17 warranted, credit for the loss shall be allowed. An officer or employee who fails to
18 comply with this requirement shall not be relieved of liability or allowed credit for any
19 loss thereof. The procedures on application for relief shall be governed by the rules
20 and regulations of the Commission.

21
22 **SEC. 67. Disposal of Government Property.** When property of the
23 government becomes unserviceable or is no longer needed, it may be disposed of in
24 the following manner, following the guidelines issued by the Commission:

- 25
26 (a) Transfer of property between government agencies;
27
28 (b) Destruction or sale of unserviceable property;
29
30 (c) Sale through public auction of unserviceable property;
31
32 (d) Sale through public auction of government property that is no longer
33 needed; and
34
35 (e) Other modes as may thereafter be approved and prescribed in the
36 guidelines issued by the Commission.

37
38 **SEC. 68. Disposal of Real Property.** Whenever the subject of the disposal
39 by sale is real property, the same shall require prior approval of the Commission.

40
41 **SEC. 69. Disposal of Goods and Properties Seized or Confiscated by**
42 **Law Enforcement Agencies.** The destruction or disposal of goods and properties
43 seized or confiscated by law enforcement agencies and presented as evidence in cases
44 before the courts shall be carried out by such agencies in accordance with their
45 respective rules and regulations.

46
47 **SEC. 70. Funds or Property Held by Deceased, Incapacitated or**
48 **Absconding Accountable Officer.** When an officer accountable for government

1 funds or property dies, becomes incapacitated, or absconds in the performance of
2 duties, the head of the agency shall designate a custodian to take charge of the funds
3 or property until a successor shall have been appointed and qualified. The head of the
4 agency may appoint a committee to count the cash and take an inventory of the
5 property for which the officer was accountable and to determine the responsibility for
6 any shortage therein. One copy of the inventory and the report of the committee, duly
7 certified, shall be filed with the auditor concerned but the findings of the committee
8 shall not be conclusive until audit thereon is completed. The head of the agency,
9 whenever necessary, shall be responsible for securing a "hold departure order" from
10 the proper government agency to prevent the absconding officer from leaving the
11 country.

12
13 If the deceased, incapacitated, or absconding officer is accountable for funds
14 or property of an LGU, the acting custodian and committee shall be designated by the
15 local chief executive, furnishing notice to the Secretary of the Department of Finance
16 or the authorized appointing official as prescribed under the Local Government Code.

17
18 **SEC. 71. Disposal of Foreclosed Assets or Collaterals Acquired in the**
19 **Regular Course of Business by Government Corporations.** Notwithstanding
20 their respective charters, foreclosed assets or collateral acquired in the regular course
21 of business by government corporations shall be sold thru public bidding to the highest
22 bidder after appraisal thereof by an independent appraiser. Such sale shall be under
23 the supervision of the proper committee on award or similar body of the government
24 corporation, after publication for not less than two (2) consecutive days in any national
25 newspaper of general circulation.

26
27 In the event that the public bidding fails, the property may be sold at a
28 negotiated sale at such price as may be fixed by the same committee, subject to the
29 immediate audit of the auditor concerned in accordance with the regulations of the
30 Commission. If the property remains unsold for at least one (1) year, this will be
31 subject to reappraisal and offered again for sale through public bidding.

32
33 Government property may be disposed of as payment of dividend, after
34 appraisal thereof by an independent appraiser and review by the Commission.

35
36 **SEC. 72. Final Report of Accountable Officers.** An accountable officer,
37 upon ceasing to act in official capacity, shall submit to the auditor of the agency
38 concerned a report of accountability within one (1) month after such cessation. Upon
39 receipt of the report, the auditor shall conduct a cash examination on the
40 accountability of such accountable officer.

41
42 Any remaining balance on cash accountability shall be deposited immediately
43 in the proper treasury.

44
45 **SEC. 73. Notice of Disallowances, Charges and Suspensions Issued by**
46 **the Auditor to Accountable Officer.** Whenever there is a finding of pecuniary loss
47 or damage on the part of the government, the auditor concerned shall issue a written

1 notice of disallowance or charge through the head of the agency to each accountable
2 officer, whose accounts have been audited in whole or in part.

3
4 Within ninety (90) days, an audit suspension which is not settled either by
5 satisfactory explanation, justification, or submission of evidence to prove the contrary
6 to the initial findings of an auditor on the irregularity or illegality of the transaction
7 after receipt of the notice shall become a disallowance.

8
9 Any person aggrieved by the decision of the auditor pertaining to disallowances,
10 charges, or suspensions, may appeal the case in accordance with the rules and
11 regulations on settlement of accounts of the Commission.

12
13 **SEC. 74. Appropriation Before Entering into a Contract.** No contract
14 involving the expenditure of public funds shall be entered into unless there is an
15 appropriation or approved budget therefor, the unexpended balance of which, free of
16 other obligations, shall be sufficient to cover the proposed expenditure.

17
18 **SEC. 75. Certificate Showing Appropriation to Meet Contract.** Except in
19 the case of a contract for personnel services or for supplies for immediate
20 consumption, no contract involving the expenditure of public funds by any government
21 agency shall be entered into or authorized unless the proper budget officer of the
22 agency concerned shall have certified to the officer entering into the obligation that
23 funds have been duly appropriated for the purpose and that the amount necessary to
24 cover the proposed contract for the fiscal year is available for expenditure on account
25 thereof. The certificate signed by the proper budget officer shall be attached to and
26 become an integral part of the contract, and the sum so certified shall not thereafter
27 be available for expenditure for any other purpose until the obligation of the
28 government agency concerned under the contract is fully extinguished.

29
30 The funding guidelines of the DBM shall be followed for multi-year contracts.

31
32 **SEC. 76. Void Contract and Liability of Officer.** Any contract entered into
33 contrary to the requirements of the two immediately preceding sections shall be void
34 and not binding to the government. The officer of any government agency responsible
35 for the said contract shall be personally liable to the government or other contracting
36 party as if the transaction had been entered into between private parties.

37
38 **SEC. 77. Prohibition Against Advance Payment on Government**
39 **Contracts.** Except when authorized by law, the government shall not be obliged to
40 make an advance payment on contracts for:

41
42 (a) Services not yet rendered;

43
44 (b) Supplies and materials not yet delivered, inspected, and accepted, except
45 in lease of venues and catering services as provided for in the procurement law
46 and its implementing rules and regulations; and
47

1 (c) Infrastructure projects not yet implemented or completed, inspected, and
2 accepted, other than for mobilization as provided for in the procurement law
3 and its implementing rules and regulations.
4

5 **SEC. 78. Limitations on Cash Advance.** The following shall be the
6 limitations on cash advance:
7

8 (a) No cash advance shall be given unless for a legally authorized specific
9 purpose;
10

11 (b) A cash advance shall be reported on and liquidated as soon as the purpose
12 for which it was given has been served;
13

14 (c) No additional cash advance shall be granted or allowed unless the previous
15 cash advance has been first settled/liquidated or a proper accounting thereof
16 is made;
17

18 (d) Except for cash advance for official travel, no officer or employee shall be
19 granted cash advance unless such officer or employee is properly bonded in
20 accordance with existing laws or regulations. The amount of cash advance
21 which may be granted shall not exceed the maximum cash accountability
22 covered by bond of an officer or employee;
23

24 (e) Only permanent appointed officials shall be designated as disbursing
25 officers;
26

27 (f) Only duly appointed or designated disbursing officers may perform
28 disbursing functions. Officers and employees who are given cash advances for
29 official travel need not be designated as disbursing officers;
30

31 (g) Transfer of cash advance from one accountable officer to another shall not
32 be allowed;
33

34 (h) The cash advance shall be used solely for a specific legal purpose for which
35 it was granted. Under no circumstance shall it be used for encashment of
36 checks or for liquidation of a previous cash advance;
37

38 (i) The failure of the concerned official or employee to liquidate the cash
39 advance after due demand by an authorized officer is a prima facie presumption
40 of malversation despite the absence of a finding of actual damage to the
41 government;
42

43 (j) The transfer of cash advance by a disbursing officer to another does not
44 constitute an expenditure for which the disbursing officer may claim credit in
45 accounts. but the responsibility of such disbursing officer continues to attach
46 until the amount has been fully accounted for; or
47

1 (k) No cash advance shall be granted for the procurement or implementation
2 of infrastructure projects.

3
4 Any violation of the foregoing provisions shall constitute a valid cause for the
5 withholding of the salary of the accountable officer without prejudice to the imposition
6 of administrative/civil sanction and criminal prosecution of both the authorizing and
7 the accountable officials, as may be warranted.

8
9 **SEC. 79. Transfer of Funds from One Officer to Another.** Transfer of
10 government funds from one officer to another shall, except as allowed by law or
11 regulation, be made only upon prior direction or authorization of the head of the
12 agency following the accountability and accounting guidelines issued by the
13 Commission.

14
15 **SEC. 80. Limitations on Fund Transfers from One Government Agency**
16 **to Another.** The following shall be the limitations on transfer of funds from one
17 government agency to another:

18
19 (a) No fund transfers shall be given except for legally authorized specific
20 purpose as embodied in a Memorandum of Agreement (MOA) executed
21 between the source and implementing agencies;

22
23 (b) The fund transfers shall be reported on and/or liquidated by the
24 implementing agencies as soon as the purpose for which they have been
25 granted have been served, but not later than the end of the year;

26
27 (c) No additional or new fund transfers shall be made unless the previous
28 transfers have been fully liquidated as certified by the head of agency
29 concerned;

30
31 (d) The heads of the source and implementing agencies shall be responsible
32 for compliance with the foregoing requirements.

33
34 Failure on the part of the foregoing officials/persons to comply with the
35 abovementioned responsibilities shall constitute a ground for administrative or criminal
36 action, as evidence may warrant.

37
38 **SEC. 81. Limitations on Fund Transfers from Any Government Agency**
39 **to a Private Organization or Entity.** The following shall be the limitations on
40 transfer of funds from any government agency to any private organization or entity:

41
42 (a) No fund transfer from a government agency shall be given to a private
43 organization or entity unless authorized by law for a specific purpose which
44 should be embodied in a MOA executed between the source government
45 agency and the implementing private organization or entity;

46
47 (b) Only duly registered, accredited, and reputable private organizations or
48 entities shall be granted fund transfers;

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

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

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

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

SEC. 82. Payment of Rewards. When a reward becomes payable by authority of law for information given relative to any offense or any illegal activity, or for any act done in connection with the apprehension of the offender, the reward shall be paid as prescribed by law or regulations. Such payment of reward shall be subject to audit in accordance with the regulations of the Commission.

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

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

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

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

4
5 In both instances the reversion shall only be made when there is no actual
6 claim or is not supported by a valid contract.

7 8 9 CHAPTER II

10 ACCOUNTABILITY AND RESPONSIBILITY FOR 11 GOVERNMENT FUNDS AND PROPERTY

12 **SEC. 86. Accountable Officers; Bond Requirement.** Every officer of any
13 government agency whose duties permit or require the possession or custody of
14 government funds or property shall be accountable therefore and for the safekeeping
15 thereof in conformity with law. Other government officers who, though not
16 accountable by the nature of their duties, may likewise be similarly held accountable
17 for government funds or property through their participation in the use or application
18 thereof.

19
20 Every accountable officer shall be properly bonded in accordance with law and
21 the pertinent rules or regulations.

22
23 **SEC. 87. Primary Responsibility and Fiscal Accountability of the Head**
24 **of the Agency.** The head of any agency who is primarily responsible for all
25 government funds and property pertaining to the agency, shall ensure that:

26
27 (a) The required financial and other reports and statements are submitted by
28 the concerned agency officials in such form and within the period prescribed
29 by the Commission;

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

33
34 (c) The requirements of transactions suspended in audit are complied with;
35 and

36
37 (d) Appropriate actions are taken on the deficiencies noted in the course of
38 audit.

39
40 Persons entrusted with the possession or custody of the funds or property
41 under the head of the agency shall be accountable therefore and immediately
42 responsible to the head of the agency, without prejudice to the liability of either party
43 to the government.

44
45 **SEC. 88. General Liability for Unlawful Expenditures.** Expenditures of
46 government funds or uses of government property in violation of law or regulations

1 shall be the personal liability of the official or employee found to be directly responsible
2 therefore.

3
4 **SEC. 89. Degree of Supervision over Accountable Officers.** The head of
5 any government agency shall exercise due diligence in supervising accountable
6 officers under the control of such head of the agency to prevent the incurrence of loss
7 of government funds or property, otherwise the head of the agency shall be jointly
8 and solidarily liable with the person primarily accountable therefor.

9
10 The treasurer of the LGU shall likewise exercise the same degree of supervision
11 over accountable officers under the oversight of the treasurer; otherwise the treasurer
12 shall be jointly and solidarily liable with them for the loss of government funds or
13 property under their stewardship.

14
15 **SEC. 90. Measure of Liability of Accountable Officers.** Every officer
16 accountable for government property shall be liable for its money value in case of
17 improper or unauthorized use or misapplication thereof by such accountable officer or
18 by any person for whose acts such accountable officer may be responsible for. The
19 accountable officer shall likewise be liable for all losses, damages, or deterioration
20 occasioned by negligence in the keeping or use of the property regardless of whether
21 or not it is in actual custody of such accountable officer.

22
23 Every accountable officer for government funds shall be liable for all losses
24 resulting from the unlawful deposit, use, or application thereof and for all losses
25 attributable to negligence in the keeping of the funds.

26
27 **SEC. 91. Liability for Acts Done by Direction of Superior Officer.** No
28 accountable officer shall be relieved from liability by reason of acting under the
29 direction of a superior officer in paying out, applying, or disposing of the funds or
30 property for which such accountable officer is accountable, unless prior to that act,
31 the accountable officer notified the superior officer in writing that the expenditure is
32 illegal, irregular, excessive, extravagant, unnecessary, and unconscionable. The officer
33 directing any illegal payment or disposition of the funds or property and the
34 accountable officer who fails to serve the required notice shall be jointly and solidarily
35 liable.

36
37 **SEC. 92. Prohibition Against Pecuniary Interest.** No head of agency,
38 members of the board or commission, accountable officer or public official shall have
39 pecuniary interest, directly or indirectly, in any contract or transaction of the agency
40 in which such public officer is an officer, or in any other office where the public officer
41 has influence.

42
43 This prohibition shall likewise apply to the accountable officer's immediate
44 family and relatives up to the 3rd civil degree by consanguinity or affinity.

45
46
47 TITLE IV

1 CHAPTER I
2 BASIC PRINCIPLES

3 **SEC. 93. Definition of Government Accounting.** Government accounting
4 encompasses the processes of analyzing, recording, classifying, summarizing, and
5 communicating all transactions involving the receipt and disposition of government
6 funds and property in accordance with the applicable international accounting
7 framework - International Public Sector Accounting Standards (IPSAS) or Philippine
8 Financial Reporting Standards (PFRS), as the case may be, and interpreting the results
9 thereof.

10
11 **SEC. 94. Recognition of Financial Transactions.** Each government agency
12 shall recognize its financial transactions and operations conformably with pertinent
13 laws, policies, rules and regulations, and applicable financial reporting framework.

14
15 **SEC. 95. Accounting Policies, Rules and Regulations.** The Commission
16 shall promulgate accounting policies, rules, and regulations in accordance with the
17 applicable international accounting framework. Such policies, rules and regulations
18 shall be updated from time to time as the Commission may deem proper.

19
20
21 CHAPTER II
22 ACCOUNTABILITY AND RESPONSIBILITY FOR
23 GOVERNMENT FUNDS AND PROPERTY

24 **SEC. 96. Financial Reports and Statements.** The financial reports
25 prepared by the agencies shall comply with the applicable financial reporting
26 framework to the government agency.

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

31
32 **SEC. 97. Submission of Reports.** The Commission shall, under regulations
33 issued by it, require the head of the agencies, chief accountants, budget officers,
34 cashiers, disbursing/collecting officers, administrative or personnel officers, and other
35 responsible officials of the various agencies to submit financial statements, financial
36 accountability reports, physical inventory reports, current staffing pattern, and such
37 other reports as may be necessary for the exercise of its functions.

38
39 In case of failure on the part of the officials concerned to submit the documents
40 and reports mentioned herein within the prescribed period, the head of the agency
41 shall cause the suspension of the payment of their salaries until they shall have
42 complied with the requirements of the Commission without prejudice to any
43 disciplinary action that may be instituted against such official or employee in

1 accordance with the applicable rules on administrative cases issued by the Civil Service
2 Commission.

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

8
9
10 CHAPTER III
11 INTERNAL CONTROLS

12 **SEC. 98. Internal Control System and Its Installation.** Internal control is
13 an integral process that is effected by an agency's management and personnel and is
14 designed to address risks and provide reasonable assurance that in pursuit of the
15 agency's mission, the general objectives are being achieved. It shall be the direct
16 responsibility of the head of the agency to establish an internal control unit that shall
17 install, implement, review, and monitor a sound internal control system in accordance
18 with Internal Control Standards for the Philippine Public Sector.

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

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

24
25 CHAPTER IV
26 FINAL PROVISIONS

27 **SEC. 99. Duty to Respect the Independence of the Commission.** It shall
28 be the duty of every person to respect, protect, and preserve the independence of the
29 Commission.

30
31 **SEC. 100. Administrative Disciplinary Action.** Any unjustified failure by
32 the public officer concerned to comply with any requirement imposed in this Act shall
33 constitute neglect of duty or grave misconduct, as the case may be, and shall be a
34 ground for this Commission to file appropriate administrative disciplinary action
35 against the said public officer who, upon being found guilty thereof after hearing, shall
36 be meted out such penalty commensurate with the degree of guilt in accordance with
37 the civil service law, without prejudice to criminal prosecution whenever the evidence
38 warrants.

39
40 The auditor shall report to the concerned Director any violation of the preceding
41 paragraph for referral of the case to the OMB, or other government disciplining
42 authorities.

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

7
8 (a) Refusing or neglecting to render or settle an account as required by law or
9 regulation after demand by the Commission or its authorized representatives;

10
11 (b) Denying access to databases or information technology systems, or failing
12 to produce documents, records, or papers under custody within fifteen (15)
13 days after demand by the Commission or its authorized representatives in
14 connection with the conduct of audit;

15
16 (c) Destroying or concealing documents, records, or papers which are officially
17 entrusted to such person, pertaining to the collection, receipt, expenditure,
18 or disbursement of public funds and utilization or disposal of government
19 property in connection with the conduct of audit;

20
21 (d) Failing or refusing to submit documents required in audit without justifiable
22 cause shall constitute a ground for disallowance of the claim under
23 examination, assessment of additional levy or government share, or
24 withholding or withdrawal of government funding or donations through the
25 government, as well as for administrative or penal sanctions; or

26
27 (e) Committing other similar acts that impede, frustrate, or delay the efficient
28 conduct of audit. If a violation of this Act constitutes an offense or crime
29 punished under Act 31 No. 3815, otherwise known as the Revised Penal Code,
30 as amended, or other special laws which imposes a higher penalty, the latter
31 shall prevail.

32
33 If a violation of this Act constitutes an offense or crime punished under Act No.
34 3815, otherwise known as the Revised Penal Code, as amended, or other special laws
35 which imposes a higher penalty, the latter shall prevail.

36
37 If the offender is a corporation, partnership or association or other juridical
38 entity, the penalty may in the discretion of the court be imposed upon such juridical
39 entity and upon the officer or officers of the corporation, partnership, association, or
40 entity responsible for the violation.

41
42 **SEC. 102. Implementing Rules and Regulations.** The Commission Proper
43 shall promulgate the necessary rules and regulations for the effective implementation
44 of this Act.

45
46 **SEC. 103. Appropriations.** The amount necessary for the implementation of
47 this Act shall be included in the annual General Appropriations Act. The Commission
48 on Audit shall be authorized to:

1
2 (a) Collect one-half (1/2) of the one percent (1%) from the annual national tax
3 collections not otherwise accruing to special funds or special accounts in the
4 general fund of the national government, upon authority from the Secretary of
5 Finance, shall be deducted from such collections and shall be remitted to the
6 National Treasury to cover the cost of auditing services rendered to LGUs;

7
8 (b) A fixed amount equivalent to the annual cost of the audit services in the
9 government corporations; and

10
11 (c) Other sources such as, but not limited to, collections of audit fees from
12 water districts and special audits, consultancy fees and retained income.

13
14 All government corporations, including their subsidiaries, and self-governing
15 boards shall appropriate in their respective budgets and remit not later than the end
16 of the second quarter of each year an amount equivalent to the appropriation for
17 personnel services of the audit team to the National Treasury.

18
19 The amount for the MOOE and capital outlay to support the annual or the actual
20 audit operations of the COA audit teams assigned to NGAs, LGUs and government
21 corporations which form part of the approved budget of the audited agency for
22 auditing services under the General Appropriations Act, appropriations ordinance or
23 annual operating budget, respectively, shall be remitted directly to the Commission on
24 Audit Central Office.

25
26 All internally generated income from other sources shall accrue to its general
27 fund to be exclusively utilized for the operation and performance of its mandate.

28
29 **SEC. 104. Repealing Clause.** Presidential Decree No. 1445, otherwise known
30 as the Government Auditing Code of the Philippines, and Subtitle B, Title I, Book V, of
31 Executive Order No. 292, or the Administrative Code of 1987, are hereby repealed. All
32 other laws, executive orders, proclamations, decrees, instructions, rules and
33 regulations, or parts thereof which are inconsistent or in conflict with any provision
34 herewith shall be deemed amended, repealed or modified accordingly.

35
36 **SEC. 105. Separability Clause.** Should any provision of this Act or any part
37 thereof be declared invalid, the other provisions, insofar as they are separable from
38 the invalid provision, shall remain in force and effect.

39
40 **SEC. 106. Effectivity.** This Act shall take effect fifteen (15) days following
41 completion of its publication in the Official Gazette or in any newspaper of general
42 circulation.

Approved,