

13<sup>th</sup> CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

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SENATE  
S. BILL NO. 1326

RECEIVED BY: 

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Introduced by Senator Recto

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EXPLANATORY NOTE

This bill seeks to authorize the auditing of infrastructure projects, amending for the purpose Republic Act Numbered Six Thousand Nine Hundred Fifty-Seven (R.A. 6957), otherwise known as "An Act Authorizing The Financing, Construction, Operation, And Maintenance of Infrastructure Projects By The Private Sector, And For Other Purposes," as amended by Republic Act No. 7718.

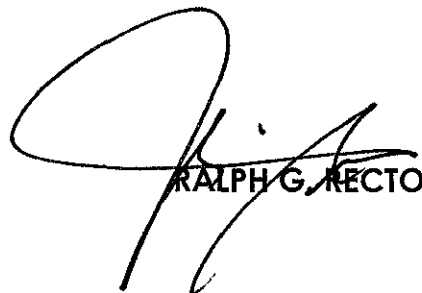
Specifically, this bill intends to explicitly give the Commission on Audit (COA) the authority to conduct the auditing of infrastructure and development projects undertaken by the government with the private sector. It also grants the project proponent the right to engage the services of private accountants, independent of COA, to help audit the project.

In the Implementing Rules and Regulations (IRR) of Republic Act No. 6957, as amended by Republic Act No. 7718, audit is only stated in Sec. 12.18 of the said IRR:

*"Sec. 12.18 Audit of Collections – All revenues and receipts pertaining to or accruing to the government derived from any project prosecuted under the Act and these IRR, including expenditures or use of funds and property, owned or held in trust by, or pertaining to the government, shall be subject to examination audit by the Commission on Audit (COA). Moreover, in order to ensure that the mandated return on rate base is complied with, COA shall audit the financial statements of projects, which are negotiated, and public utility monopoly."*

The above section of the IRR only allows the audit in the collection part of the project implementation and not during the procurement of materials and the actual construction.

In view of these compelling reasons, the immediate passage of this bill is earnestly sought.

  
RALPH G. RECTO

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**AN ACT**

**MANDATING THE AUDIT OF INFRASTRUCTURE PROJECTS, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED SIX THOUSAND NINE HUNDRED FIFTY-SEVEN (R.A. 6957), ENTITLED "AN ACT AUTHORIZING THE FINANCING, CONSTRUCTION, OPERATION, AND MAINTENANCE OF INFRASTRUCTURE PROJECTS BY THE PRIVATE SECTOR, AND FOR OTHER PURPOSES," AS AMENDED BY REPUBLIC ACT NO. 7718**

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

1           **Section 1.** A new section is hereby added after Section 12 of  
2 Republic Act No. 6957, as amended and numbered as Section 13, to read  
3 as follows:

4           "SEC. 13. AUDITING OF PROJECTS. THE COMMISSION ON AUDIT  
5 (COA) SHALL BE RESPONSIBLE FOR THE AUDITING OF THE PROJECTS  
6 IMPLEMENTED UNDER THIS ACT FROM THE APPROVAL OF THE CONTRACT,  
7 THE PROCUREMENT OF MATERIALS, THE COMMENCEMENT OF THE  
8 CONSTRUCTION, THE OPERATION OF THE FACILITY, AND UNTIL THE TRANSFER  
9 OF THE FACILITY TO THE PROPER GOVERNMENT AGENCY OR LOCAL  
10 GOVERNMENT UNIT CONCERNED.

11           THE PROJECT PROPONENT SHALL ALSO BE REQUIRED TO OBTAIN THE  
12 SERVICES OF PRIVATE ACCOUNTANTS AND OTHER LICENSED  
13 PROFESSIONALS, WHO ARE NOT EMPLOYED BY THE GOVERNMENT AND ARE

1 INDEPENDENT OF COA, TO CONDUCT AUDIT OF THE PROJECT  
2 IMPLEMENTED.

3       **SEC. 2.**       Sections 13, 14, and 15 of the same Act are hereby  
4 renumbered as Sections 14, 15, and 16 respectively.

5       **SEC. 3.**       *Implementing Rules and Regulations.* The Department  
6 of Finance, the National Economic Development Authority, the  
7 Department of Public Works and Highways, the Commission on  
8 Appointments, and other appropriate government agencies shall  
9 promulgate the rules and regulations necessary for the effective  
10 implementation of this Act.

11       **SEC. 4.**       *Repealing Clause.* All laws, presidential decrees,  
12 executive orders, rules and regulations or parts thereof inconsistent with  
13 the provisions of this Act are hereby repealed or modified accordingly.

14       **SEC. 5.**       *Implementing Clause.* This Act shall take effect fifteen  
15 (15) days after its complete publication in a newspaper of general  
16 circulation. It take effect upon approval.

17  
18 Approved,