

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Second Regular Session

OFFICE OF THE CLERK

8 SEP 11

SENATE

RECEIVED

Senate Bill No. **2602**

Introduced by Senator Manny Villar

EXPLANATORY NOTE

The challenge of good governance has never been more urgent during these times when massive corruption in the government remains unresolved. While the fight against corruption involves all of us, auditors play a significant part in anti-corruption efforts by ensuring that financial reports follow the generally accepted guidelines and are accurate. Auditors are instrumental in protecting and preventing intentional behavior and actions that undermine the will of the people, waste of public funds and resources and discourage accountability and transparency. They have to demonstrate that they are honest and prudent stewards of their respective institutions.

The sensitive nature of the work of state auditors makes them vulnerable to outside forces that challenge their principles. If not well-compensated, they are likely to commit fraud or indiscretions to accommodate the requests of unscrupulous and self-serving individuals in exchange for a sum of money.

One way to protect our auditors against this system is by providing them with monetary incentives equal to the worth of their specialized profession, which this bill seeks to promote. More importantly, it gives them a greater sense of self, knowing that the government fully recognizes the value of their work.

Accurate auditing reports lend credibility and foster public trust, which create an overall high level of auditing standards. We can only do this if we rally behind our auditors and give what is due them.

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


MANNY VILLAR

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SENATE
S.B. **2602**

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AN ACT
GRANTING ADDITIONAL COMPENSATION IN THE FORM OF SPECIAL
ALLOWANCE FOR THE OFFICERS AND EMPLOYEES OF THE
COMMISSION ON AUDIT (COA) AND FOR OTHER PURPOSES

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

Section 1. Statement of Policy. – The function of the Commission on Audit (COA) which embraces all matters relating to auditing procedures, systems and controls, the maintenance of the general accounts of the government, the preservation and safekeeping of transaction vouchers relative to government endeavors, the examination and inspection of the books of accounts, records and relevant documents, the audit and settlement of funds and properties of all accountable officers, for purposes of safeguarding the government's coffers from wastage, is hereby affirmed and recognized.

Section 2. COA's Independence. – The effectiveness of the discharge by COA of its delicate and awesome responsibilities is inextricably linked to the degree of independence it enjoys. To be able to preserve its independence, the COA needs to be insulated from any control and unwarranted influences. As vibrant partner in nation building, the COA needs to be free from any partisan influence and political pressure so that it can institute and enforce fiscal control within the overall framework of public fiscal administration towards the realization of government goals and objectives.

Section 3. Fiscal Autonomy. – The General Appropriations Act authorized independent constitutional commissions and offices enjoying fiscal autonomy, such as COA, to fix and determine the salaries, allowances, and other benefits of their personnel within the limits of their respective appropriations, notwithstanding any provision of law to the contrary.

Section 4. Grant of Special Allowance. – Pursuant to the declared policy of this Act and in order to maintain the COA's independence, there is a need to keep a roster of efficient, dedicated and globally competitive State Auditors, by providing them with incentives commensurate to their positions and intricate functions.

Additionally, to give more meaning and recognition to the sensitive and peculiar nature of the functions of the COA as praetorian of the national treasury and in

acknowledging its fiscal autonomy, all officials and employees of the COA shall be granted special allowances in amounts to be determined by the Secretary of the Department of Budget and Management (DBM) and the Chairman of the Commission.

The grant of the said special allowance shall not exceed one hundred percent (100%) of the basic salary proportionate to the salary grades of the officials and employees concerned as provided in Republic Act No. 6758, otherwise known as the Salary Standardization Law, as amended.

Section 5. Appropriations. – The amount necessary for the initial implementation of this Act shall be charged against the current fiscal year's appropriations under the budget of the Commission. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

Section 6. Additional Funding Source. – The additional funding sources of the amount necessary to implement the additional compensation in the form of special allowances granted under this Act shall be as follows:

1. From savings generated by the COA in its operations;
2. From fees collected by COA in performing:
 - a. audit and related services to government-owned and controlled corporations (GOCCs) and local government units (LGUs);
 - b. services rendered to private entities audited in connection with their dealings with the government arising from subsidies, counterpart funding by the government, or where audited records become the basis for government levy and share; and
 - c. audit and related services arising from contracts with government entities and international organizations;
3. From income sourced through the imposition of filing fees on cases filed before the COA in the exercise of its quasi-judicial function.
4. Collection through imposition of fines on administrative cases.
5. From income collected through the use of COA facilities such as dormitories, gym and training centers.
6. From income sourced through the conduct of seminars and lectures.

The amounts collected pursuant to this section shall constitute and shall be deposited as a Special Trust Fund which shall be administered by the Chairman of the Commission to carry out the provisions of this Act.

Section 7. Effects of Subsequent Salary Increases. – In the event that subsequent increases in the salary rates provided under Republic Act No. 6758, as amended, is implemented and/or increases of salary rates is granted by the President of the Philippines, all special allowances granted under this Act to the officials and employees of the COA shall be considered as an implementation of the said salary increases as may be provided by law. The special allowance equivalent to the increase in

the basic salary as may be provided by law shall be converted as part of the basic salary: *Provided*, That the amounts converted as basic salary shall be funded from the regular appropriations of the COA. Any excess in the special allowances granted under this Act not converted as basic salary shall continue to be granted as such and shall continue to be funded under Sections 5 and 6 of this Act.

Section 8. Implementing Rules and Regulations. – The COA shall issue the necessary rules and regulations for the effective implementation of this Act not later than ninety days from approval hereof.

Section 9. Separability Clause. – If for any reason any section or provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

Section 10. Repealing Clause. – All laws, decrees, orders, rules or regulations or parts thereof inconsistent with the provision of this Act are hereby repealed, amended, or modified accordingly.

Section 11. Effectivity. – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation, whichever comes earlier.

Approved,