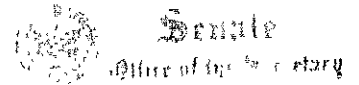


SIXTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session



13 JUL 22 19:15

SENATE

Senate Bill No. 963

RECEIVED BY: *[Signature]*

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

The accompanying bill seeks to strengthen the internal control systems in branches, subdivisions and instrumentalities of the government, including government-owned and/or controlled corporations by mandating these agencies to establish their respective Internal Audit Service (IAS), further amending for the purpose Republic Act No. 3456, as amended by R.A. 4177, otherwise known as the Internal Auditing Act of 1962.

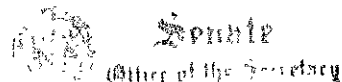
The need for internal audit services as tool for achieving efficient and effective fiscal administration and performance of agency affairs and functions has been recognized as early as 1962 when R.A. 3456 was enacted. In spite of this landmark legislation and the various legislative and administrative orders that were issued thereafter, not all agencies of the government have established their IAS. Those that were able to comply, at least partly, had their staff detailed or borrowed from other units of the agency.

Under the bill, the IAS shall be under the direct supervision and control of the head of agency in order to provide clear lines of authority. The bill calls on the Commission on Audit (COA) together with the Civil Service Commission (CSC) and the Department of Budget and Management (DBM) to come up with the implementing rules and regulations within ninety (90) days after the effectivity of the Act. This is to ensure that plantilla positions and the corresponding budgetary allocation for personnel who will be assigned to the IAS will be taken cared of. The bill also makes mandatory for heads of agencies to establish their respective IAS, violation of which would render these officials liable under R.A. 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees.

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


JINGGOY EJERCITO ESTRADA
Senator

SIXTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session



13 JUL 22 1965

SENATE

Senate Bill No. 963

Office of the Secretary
Jia

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

AN ACT
FURTHER AMENDING SECTIONS THREE AND FOUR OF REPUBLIC ACT
NO. 3456, AS AMENDED BY REPUBLIC ACT NO. 1177, OTHERWISE
KNOWN AS THE "INTERNAL AUDITING ACT OF 1962."

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

SECTION 1. Sections three and four of Republic Act No. 3456, as amended by R.A. No. 1177, otherwise known as the "Internal Auditing Act of 1962" are hereby further amended to read as follows:

"SEC 3. The Internal Audit Service shall be under the direct administrative supervision and control of the heads of the agency. It shall correspondingly perform staff functions. It shall be responsible for instituting and conducting a program of internal audit of the agency. The chief of the Internal Audit Service shall have the rank and salary equivalent to the third ranking official of the agency. He shall report directly to the head [or assistant head] of the agency.

"SEC 4. The [Auditor General]. COMMISSION ON AUDIT shall be responsible for the promulgation and enforcement of general policies, rules and regulations on internal auditing, non-compliance or disregard of which shall be considered as a breach of official duty and may be used as a basis for an administrative action against the defaulting official. [He] THE COMMISSION shall coordinate government internal auditing activities and [schedule] the [gradual] installation of internal audit services in all branches, subdivisions and instrumentalities of the government, including government owned and/or controlled corporations, and shall develop for execution, working plans and training program to maintain continuously the effectiveness of these internal audit services. [The Internal Auditing Coordinating Department of the General Auditing Office shall assist the Auditor General in the discharge of these responsibilities.]"

SEC. 2. The Commission on Audit, together with the Civil Service Commission and Department of Budget and Management, in consultation with the Association of Government Internal Auditors, shall within ninety (90) days

after the effectivity of this Act, promulgate the rules and regulations for the effective implementation of this Act.

The Commission on Audit shall submit to both Houses of Congress copies of the Implementing Rules and Regulations, the heads of the agencies are mandated to install the Internal Audit Services in their respective agencies.

SEC. 3. Any violation of this Act shall render the officials of the agencies concerned liable under Republic Act No. 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees" and other existing administrative and/or criminal laws.

SEC. 4. Effectivity. – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in at least two (2) newspapers of general circulation

Approved,