COA’s Initiative:

Strengthening The Internal Control Systems In Government Agencies
It shall be the direct responsibility of the agency head to install, implement, and monitor a sound system of internal control.
to determine whether or not the fiscal responsibility that rests directly with the head of the government agency has been properly and effectively discharged
An evaluation shall be made of the system of internal control and related administrative practices to determine the extent they can be relied upon to ensure compliance with laws and regulations and to provide for efficient, economical and effective operations.
However, if the internal control system of the audited agencies is inadequate, the Commission may adopt such measures, including temporary or special pre-audit, as are necessary and appropriate to correct the deficiencies.
Pre-Audit Activities

1900 - Gen Order no. 72
1953 - Lifting of Pre-audit
1955 - Restoration
1967-1989 - Partial Pre-audit
1995 - Totally Lifted
2009 - Reinstigated
2011 - Totally Lifted
“there are still areas or transactions in the government that this Commission needs to closely monitor or evaluate, such as ..., effectiveness of control systems ...”
“the present organizational structure would not allow COA to completely perform and effectively accomplish its constitutional and statutory mandates related to ..., internal control systems.”
Systems Consultancy Services Office (SCSO)

render consultancy services to government agencies relative to the design, development, installation and review of internal control and financial information systems
<table>
<thead>
<tr>
<th>Sector</th>
<th>Government Agency</th>
<th>Replies Received</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>136</td>
<td>51</td>
<td>37.50%</td>
</tr>
<tr>
<td>National</td>
<td>205</td>
<td>72</td>
<td>35.12%</td>
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<tr>
<td>Local (Province)</td>
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<td>19</td>
<td>23.46%</td>
</tr>
<tr>
<td>Local (City)</td>
<td>145</td>
<td>27</td>
<td>18.62%</td>
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<tr>
<td>Sector</td>
<td>Replies Received</td>
<td>With IAS/IAU</td>
<td>No IAS/IAU but has IA Function</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------</td>
<td>--------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Corporate</td>
<td>51</td>
<td>38</td>
<td>5</td>
</tr>
<tr>
<td>National</td>
<td>72</td>
<td>29</td>
<td>11</td>
</tr>
<tr>
<td>Local (Prov)</td>
<td>19</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Local (City)</td>
<td>27</td>
<td>9</td>
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<tr>
<td>Local (Mun)</td>
<td>229</td>
<td>13</td>
<td>94</td>
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<tr>
<td>Sector</td>
<td>With IAS/IAU</td>
<td>No IAS/IAU but has IA Function</td>
<td></td>
</tr>
<tr>
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<td>--------------------------------</td>
<td></td>
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<tr>
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<tr>
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<tr>
<td>-Municipality</td>
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<tr>
<td>Grand Total</td>
<td>99</td>
<td>126</td>
<td></td>
</tr>
</tbody>
</table>
Empower and enable agencies

- Strengthen Internal Control System
- Promote effective implementation of Internal Audit Services;
COA’s Issuances

- GAAM Volume III Government Auditing Standards and Procedures and Internal Control System 1991
- Internal Control Handbook 2002
- COA Circulars
Internal Auditing Research and Development Committee (IARDC) to develop the Internal Control Framework and the Philippine Internal Auditing Standards
vests in the Commission on Audit the exclusive authority to promulgate accounting and auditing rules and regulations.
Creation, Organization and Operation of Internal Audit Services

Sec. 4 The Auditor General shall be responsible for the promulgation and enforcement of general policies, rules and regulations on internal auditing
Item 3, Article IV Chapter 1, Part V

The Internal Audit Service and the Management Division in the agencies are merged into a Management Division
AO 278, s. 1992
Organization of IAS

AO No. 70, s. 2003
Creation of IAS

DBM Circular No. 2004-4
Organization and Staffing of Internal Auditing Units

DBM Circular Letter No. 2011-5
PGIAM

Subsequent Issuances on Strengthening ICS

Mentioning RA No. 3456 as amended by RA 4177
the Chairman and the two Commissioners shall together be known as the CP

The CP shall sit as a body to determine policies, promulgate rules and regulations and prescribe standards governing the performance by the Commission of its powers and functions
Adoption of International Standards in Accounting and Auditing Rules Promulgated

CP Resolution 2013-007
Philippine Public Sector Standards on Auditing

CP Resolution 2014-003
Philippine Public Sector Accounting Standards
Adoption of International Standards in Accounting and Auditing Rules Promulgated

Enhance the profession’s global competitiveness

Enhance comparability, understandability and reliability of reporting
Reference Materials

- IPPF
- ISPPIA
- COSO ICF
- INTOSAI GOV
- PGIAM/LGIAM
- NGICS
- GAAM VOL III
- ICS Handbook
- other relevant laws, rules and regulations
CP RESOLUTION 2016-016

Adoption of the

• Philippine Internal Auditing Framework for Public Sector

• Philippine Internal Control Framework for Public Sector
Philippine Internal Auditing Framework for Public Sector

Mission

Core Principles

Definition of Internal Auditing

Standards

• Philippine Application Guidelines (PAG)
• Supplemental PAG

Code of Ethics
Attribute Standards

- Purpose, Authority and Responsibility
- Independence and Objectivity
- Proficiency and Due Professional Care
- Quality Assurance and Improvement Program
Performance Standards
- Managing the Internal Audit Activity
- Nature of Work
- Engagement Planning
- Performing the Engagement
- Communicating Results
- Monitoring Progress
- Communicating the Acceptance of Risks
OBJECTIVES - what the agency strives to achieve

1. Operations
2. Reporting
3. Compliance
4. Safeguarding of Assets
COMPONENTS - represent what is required to achieve the objectives

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring
LEVELS OF AGENCY STRUCTURE

Organizational Units - the levels of the organization where internal control operates

- Government Agency
- Division/Office
- Operating Unit
- Function
THANK YOU!!!