INSTITUTIONALIZATION OF INTERNAL AUDIT SERVICE IN STATE UNIVERSITIES AND COLLEGES
### Higher Educational Institutions (HEIs) in the Philippines

<table>
<thead>
<tr>
<th>HEIs</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>1573</td>
<td>89</td>
</tr>
<tr>
<td>LUCs</td>
<td>93</td>
<td>5</td>
</tr>
<tr>
<td>SUCs</td>
<td>111</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>1777</td>
<td>100</td>
</tr>
</tbody>
</table>

- **Private HEIs**: 1573 (89%)
- **LUCs**: 93 (5%)
- **SUCs**: 111 (6%)
- **Total**: 1777 (100%)
State Universities and Colleges in the Philippines

<table>
<thead>
<tr>
<th>Island</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luzon</td>
<td>49</td>
<td>44.14%</td>
</tr>
<tr>
<td>Visayas</td>
<td>26</td>
<td>23.42%</td>
</tr>
<tr>
<td>Mindanao</td>
<td>28</td>
<td>25.23%</td>
</tr>
<tr>
<td>NCR</td>
<td>8</td>
<td>7.21%</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100%</td>
</tr>
</tbody>
</table>
### State Universities and Colleges in Region III

<table>
<thead>
<tr>
<th>Province</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aurora</td>
<td>1</td>
</tr>
<tr>
<td>Bataan</td>
<td>1</td>
</tr>
<tr>
<td>Nueva Ecija</td>
<td>2</td>
</tr>
<tr>
<td>Bulacan</td>
<td>2</td>
</tr>
<tr>
<td>Pampanga</td>
<td>2</td>
</tr>
<tr>
<td>Tarlac</td>
<td>2</td>
</tr>
<tr>
<td>Zambales</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>
• Philippine Association of State Universities and Colleges (PASUC)
• Represents the 111 State Universities and Colleges
• Policy Advocacy
• Revised Organizational Structure and Staffing Standards for SUCs (ROSSSS) - Non Teaching Personnel plantilla items

IAS in SUCs
# Revised Organizational Structure and Staffing Standards for SUCs (ROSSSSS)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SUC Level 1-2</th>
<th>SUC Level 3</th>
<th>SUC Level 4</th>
<th>SUC Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>For every SUC with branch/satellite campuses</td>
<td>Internal Auditor I, SG-11</td>
<td>Internal Auditor I, SG-11</td>
<td>Internal Auditor I, SG-11</td>
<td>Internal Auditor I, SG-11</td>
</tr>
<tr>
<td>For every Internal Audit Office</td>
<td>Internal Auditing Assistant, SG-7</td>
<td>Internal Auditing Assistant, SG-8</td>
<td>Internal Auditing Assistant, SG-8</td>
<td>Internal Auditing Assistant, SG-9</td>
</tr>
</tbody>
</table>

IAS in SUCs
Institutionalization of Internal Audit Services in SUCs

ENDORSEMENT OF CHED
September 11, 2018
Institutionalization of Internal Audit Services in SUCs

80/111 sucs were surveyed - 72%
Administrative order no. 70  
(April 14, 2003)

- Establishment of Internal Audit Service (IAS) in SUC
- SUC Presidents mandated to organize IAS
- IAS functions to be in accordance with R.A. 3456 & R.A. 4177
Institutionalization of Internal Audit Services in SUCs

64/80 have IAS = 80%

NOT DOING the RIGHT FUNCTIONS of IAS

57/64 89.06%

Doing the RIGHT FUNCTIONS OF IAS (7/64)

10.94%
Institutionalization of Internal Audit Services in SUCs

IAS FUNCTIONS
57/64 or 89.06%

- Pre-audits
- Countersigns vouchers
- Takes inventory
- Signs documents on deliveries and inventory taking
- Countersigns checks
- Maintains property records
Institutionalization of Internal Audit Services at Tarlac State University

- February 13, 1995
  TSU AO 11, s. 1995
- AO 278 s. 1992

Office of the University President (OUP)

Office of the Internal Audit Services

Operations Audit Division

Management Audit Division
Office of the Internal Audit Services

Director
- CPA, MBA, DBA
- Internal Auditor V
- SG 24

Head
- MBA and MPA
- 1 is a CPA
- Internal Auditor III
- SG 18

- Internal Auditing Assistant
- JOs

Operations Audit Division

Management Audit Division
Institutionalization of Internal Audit Services at Tarlac State University

Major Functions

• Provides objective advice to the office of the university president on matters relating to operations audit
• Performs other tasks, independent routine operations, assigned by the office of the university president.
Institutionalization of Internal Audit Services at Tarlac State University

Planning Process

1. Performs Baseline Assessment of Internal Control System every three years.

2. Identifies offices, units or process which are high risk, medium risk, and low risk based on the baseline assessment, to determine audit priorities.

3. Prepares 3-year strategic plan based on audit priorities.

4. Prepares the annual work plan based on the strategic plan.
I nstitutionalization of Internal Audit Services at Tarlac State University

The Audit Process

1. Identifies the office, unit or process to be audited based on the Annual Work Plan.
2. Prepares Audit Program.
3. Sends Notice of Audit to Auditee.
4. Conducts opening audit conference with the Auditee.
5. Executes the Audit Program.
6. Discusses findings and observation with the Auditee to determine validity.
### The Audit Process

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>7.</td>
<td>Prepares and submits the internal Audit Report to the office of the university president.</td>
</tr>
<tr>
<td>8.</td>
<td>Conducts exit conference with the concerned Offices with the respective Vice-President and the office of the university president for the finalization of findings. The commitment of management is also discussed in the conference.</td>
</tr>
<tr>
<td>10.</td>
<td>Performs audit client survey to capture the feedback of the audit regarding the audit and as basis for improvements in the future audit engagements.</td>
</tr>
</tbody>
</table>
Institutionalization of Internal Audit Services at Tarlac State University

The Audit Process

11. Conducts audit follow-up or monitoring on the compliance to approved recommendations.

12. Submits Audit follow-up Report to the office of the university president.

• Assurance
• Advise
• Insights
Institutionalization of Internal Audit Services in SUCs

**IMPACT/OUTCOMES**

- Legal use & immediate liquidation of cash advance resulting to zero disallowance
- Compliance to R.A. 9184 “Philippine Procurement Act”
- Proper segregation of functions
- Effective, efficient, economical and ethical use of resource
Institutionalization of Internal Audit Services in SUCs

- “Unqualified opinion” on financial statements
- Minimize “AOM” from Commission on Audit
- Compliance to policies, rules and regulations
Institutionalization of Internal Audit Services in SUCs

IMPACT/OUTCOMES

- Improved operations
- Attainment of targets
- Better governance
- Good working relationship with COA
Institutionalization of Internal Audit Services in SUCs

IMPACT/OUTCOMES

- Ensures internal control system are installed, monitored and strengthened
- Compliance to PBB requirements
INTERNAL AUDIT

Independent, objective assurance and consulting activity designed to add value and improve organization’s operations
Institutionalization of Internal Audit Services at Tarlac State University

Certificate of Recognition
AGIA (2013)
Significant contributions on Internal Auditing
Best practices to enhance governance.
Institutionalization of Internal Audit Services at Tarlac State University

Certificate of Appreciation
AGIA (2017)
Significant contributions on implemented innovations
Best practices to enhance governance
Institutionalization of Internal Audit Services in SUCs

Recommendation

AGIA to design a seminar or training program for the institutionalization of IAS among SUCs in the Philippines
Institutionalization of Internal Audit Services in SUCs

Recommendation

AGIA to design a parameters of evaluating IAS practices specifically for SUCs only.
THANK YOU ..... 
Very Much ....
Institutionalization of Internal Audit Services at Tarlac State University

Impact to the University Governance

- Compliance to RA 9184 - Procurement Law
- Timely Liquidation of Cash Advances
- Compliance to existing University Policies
- Improved Efficiencies
- Efficient use of resources (Risk Management)
- Performance Based-Bonus
- Unqualified Opinions of COA Reports (4 years)
- SUC Levelling
- Improved system
- Attainment of Targets