

# [ **PRESIDENTIAL DECREE NO. 898, March 03, 1976** ]

## **PROVIDING FOR THE RESTRUCTURING OF THE COMMISSION ON AUDIT.**

**WHEREAS**, on September 19, 1975, the Commission on Audit was singled out as one of the offices in the, government which has to be "completely reorganized";

**WHEREAS**, there is an imperative need to restore, strengthen, and preserve the integrity, objectivity, and independence of the Commission on Audit, including its representatives and personnel assigned to all government entities, in order to effectuate the constitutional design for a truly independent auditing arm of government;

**WHEREAS**, there is a pressing need to hasten the full professionalization of the government audit service so as to enable the Commission on Audit to effectively discharge its expanded audit responsibility under the New Constitution;

**WHEREAS**, in order to align itself to re-oriented government operations, it now behooves the Commission on Audit to bring its own operations closer to the people;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution and pursuant to Proclamation No. 1081 dated September 21, 1972, and General Order No. 1 dated September 22, 1972, do hereby order and decree as follows:

### **SECTION 1. STATEMENT OF OBJECTIVES**

In keeping with its constitutional mandate, the Commission on Audit adopts the following primary objectives :

- a. Fiscal responsibility rests directly with the chief or head of the government subdivision agency, or instrumentality. The role of the Commission on Audit is to determine whether such fiscal responsibility has been properly and effectively discharged;
- b. The Commission on Audit shall develop and implement a comprehensive audit program which shall encompass an examination of financial transactions, accounts, and reports, including evaluation of compliance with applicable laws and regulations; a review of efficiency and economy in the use of resources; and a review to determine whether desired results have been effectively achieved;
- c. The Commission on Audit shall institute control measures through the promulgation of rules and regulations governing the receipts, disbursements, and uses of funds and property, consistent with the total economic development effort of the Government;
- d. The Commission on Audit shall promulgate rules and regulations to facilitate the keeping and enhance the information value of the accounts of the Government;
- e. The Commission on Audit shall take measures to hasten the full professionalization of its services, consistent with its expanded audit responsibility;

- f. In order to protect the independence of its representatives, the Commission on Audit shall institute measures to safeguard its appointing power, and rationalize and standardize the salaries of its personnel; and
- g. The Commission on Audit shall take steps to bring its operations closer to the people by the delegation of authority through decentralization, consistent with the provisions of the New Constitution and the laws.

**SEC. 2. JURISDICTION OF THE COMMISSION ON AUDIT.**

The authority and powers of the Commission on Audit shall extend to and comprehend all matters relating to auditing and accounting procedures, systems, and controls, including inquiry into the utilization of resources and operating performance, the keeping of the general accounts of the Government, the preservation of vouchers pertaining thereto, the examination and inspection of the books, records, and papers relating to those accounts; and the audit and settlement of the accounts of all persons respecting funds or property received or held by them in an accountable capacity, as well as the examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government or any of its subdivisions, agencies, and instrumentalities. The said jurisdiction extends to all government-owned or controlled corporations and other self-governing boards, commissions, or agencies of the Government, and as herein prescribed, including nongovernmental entities subsidized by the Government, those funded by donations through the Government, those required to pay levies or government share, and those partly funded by the Government.

**SEC. 3. VISITORIAL POWERS OF THE COMMISSION ON AUDIT.**

The Commission shall have visitorial authority over all books, papers and documents filed by individuals and corporations with government offices in connection with government revenue collection operations, for the sole purpose of ascertaining that all funds determined by the appropriate agencies as collectible and due the government, have actually been collected. This authority shall also extend to non-government entities subsidized by the government, those which have received counterpart funds from the government, and those funded by donations through the government, the said authority however pertaining insofar only to the audit of those funds or subsidies coming from or through the government.

**SEC. 4. ORGANIZATIONAL COMPONENTS OF THE COMMISSION ON AUDIT.**

The Commission on Audit, hereinafter referred to as the Commission, shall consist of the Commission Proper as constituted pursuant to Section 1, Article XII-D, of the new Constitution, and the central and regional offices as hereinafter created.

**SEC. 5. THE COMMISSION PROPER.**

The Commission Proper shall sit as a body to promulgate policies, rules, and regulations; and prescribe standards governing the performance by the Commission of its powers and functions in accordance with the new Constitution. It shall appoint all the officials and employees of the Commission in accordance with the Civil Service Law, pursuant to Section 4, Article XII-A, of the new Constitution.

**SEC. 6. THE CHAIRMAN.**

The Chairman of the Commission shall act as the presiding officer of the Commission Proper and the chief executive officer of the Commission. As such chief

executive officer, he shall be responsible for the general administration of the Commission.

The Chairman shall appoint such technical and clerical personnel, assigned to his office, as are essential for the proper performance of his functions.

**SEC. 7. REORGANIZATION.**

a. For the efficient and effective formulation and implementation of the programs of the Commission, the following central offices are hereby created:

1. Administrative Office
2. Planning, Financial, and Management Office
3. Legal Office
4. Accountancy Office
5. National Government Audit Office
6. Local Government Audit Office
7. Corporate Audit Office
8. Performance Audit Office
9. Manpower Development and System Office

These offices shall perform primarily staff functions, exercise technical supervision over the regional offices in matters pertaining to their respective functional areas, and perform such other functions that the Chairman may assign.

b. In addition, the Commission shall keep and maintain such regional offices as the exigencies of the service so require in accordance with the pertinent provisions of Chapter III, Part II of the Integrated Reorganization Plan, or as may be provided by law. The regional offices shall be under the direct control and supervision of the Chairman and will serve as the immediate representatives of the Commission in the regions.

c. The Commission may reorganize or create such other offices, divisions, sections, or units as may be deemed necessary, and appoint personnel thereto.

**SEC. 8. FUNCTIONS OF THE ADMINISTRATIVE OFFICE.**

The Administrative Office shall have the following functions:

1. Develop and maintain a personnel program which shall include recruitment, selection, appointment, position classification and compensation, performance evaluation, employee relations, and welfare services; and
2. Provide the Commission with services related to personnel, records, supplies, equipment, medical, collection and disbursements, security, general and other related services.

**SEC. 9. FUNCTIONS OF THE PLANNING, FINANCIAL, AND MANAGEMENT OFFICE.**

The Planning, Financial, and Management Office shall have the following functions:

- a. Formulate long-range and annual plans and programs for the Commission;
- b. Formulate basic policies and guidelines for the preparation of the Commission's budget; coordinate with the Budget Commission and the Office of the President in the preparation of said budget;

- c. Maintain and administer the accounting system pertaining to the Commission's accounts;
- d. Develop and administer a system for monitoring the prices of materials, supplies, and equipment purchased by government; and
- e. Develop and administer a management improvement program.

**SEC. 10. FUNCTIONS OF THE LEGAL OFFICE.**

It shall be the responsibility of the Legal Office to:

- a. Render legal services and perform advisory and consultative functions with respect to the performance of the functions of the Commission and the interpretation of general auditing rules and regulations, and pertinent laws;
- b. Handle the investigation of the administrative cases filed against the personnel of the Commission; evaluate and act on all reports of involvement of said personnel in anomalies and/or irregularities in government transactions; and perform such other investigative work as may be assigned by the Chairman;
- c. Represent the Commission in preliminary investigations of malversation cases discovered in audit; assist and collaborate with the Solicitor General and the *Tanodbayan* in handling cases involving the Chairman or any of the Commissioner, and other officials and employees of the Commission in their official capacity; and
- d. Initiate, for the Commission, the institution of any legal proceeding, whenever deemed necessary, toward the collection and enforcement of debts and claims, and the restitution of funds and property, found to be due the Government or any subdivision, agency, or instrumentality thereof, including any government-owned or controlled corporation or other self-governing board, commission, or agency of the government, in the settlement and adjustment of its accounts by the Commission.

**SEC. 11. FUNCTIONS OF THE ACCOUNTANCY OFFICE.**

The Accountancy Office shall perform the following functions:

- a. Prepare the annual financial report of the Government, its sub divisions, agencies, and instrumentalities, including government-owned or controlled corporations, and other financial and/or statistical reports as may be required by the Commission;
- b. Exercise technical supervision over government accounting functions;
- c. Verify appropriations of national government agencies and control fund releases thereto; and
- d. Prepare statements on local government's revenues and expenditures, and on their legal borrowings and net paying capacities for reclassification and other purposes.

**SEC. 12. FUNCTIONS OF THE NATIONAL GOVERNMENT AUDIT OFFICE.**

The National Government Audit Office shall perform the following functions:

- a. Formulate and develop plans, programs, operating standards, and administrative techniques for the implementation of auditing and accounting rules and regulations in departments, regions, bureaus, and offices of the National Government;

- b. Advise and assist the Chairman on matters pertaining to the audit of the departments, regions, bureau, and offices of the National Government.

**SEC. 13. FUNCTIONS OF THE LOCAL GOVERNMENT AUDIT OFFICE.**

The Local Government Audit Office shall perform the following functions:

- a. Formulate and develop plans, programs, operating standards, and administrative techniques for the implementation of auditing and accounting rules and regulations in local government units; and
- b. Advise and assist the Chairman on matters pertaining to the audit of local government units.

**SEC. 14. FUNCTIONS OF THE CORPORATE AUDIT OFFICE.**

The Corporate Audit Office shall perform the following functions:

- a. Formulate and develop plans, programs, operating standards, and administrative techniques for:
  - 1. the implementation of auditing and accounting rules and regulations in government-owned or controlled corporations and self-governing boards, commissions, or agencies of the National Government; and
  - 2. the conduct of audit of financial operations of public utilities and franchises.
- b. Advise and assist the Chairman on matters pertaining to the audit of government-owned or controlled corporations and other self-governing boards, commissions, or agencies of the National Government; and
- c. Consolidate the corporate audit reports from all the regions for inclusion in the annual report of the Commission.

**SEC. 15. FUNCTIONS OF THE PERFORMANCE AUDIT OFFICE.**

The Performance Audit Office shall perform the following functions:

- a. Conduct, consistent with the provisions of Section 3, variable scope audits of non-government firms subsidized by the government or government authority, those funded by donors through the government, and those for which the government has put up a counterpart fund; and
- b. Undertake, on a selective basis, economy, compliance and effectiveness audits of national and local government units, including government-owned or controlled corporations, other self-governing boards, commissions, or agencies of government, as well as specific programs and projects of government.

**SEC. 16. FUNCTIONS OF THE MANPOWER DEVELOPMENT AND SYSTEMS OFFICE.**

- a. Formulate long-range plans for a comprehensive training program for all personnel of the Commission as well as all accounting, collecting, disbursing, internal auditing, and budgetary personnel of the government, in coordination with the Budget Commission and the Civil Service Commission;
- b. Prepare and implement annual training programs, consistent with its long-range plans;
- c. Develop its capability to implement training programs;
- d. Set up and maintain a library for the Commission;