

**[ REPUBLIC ACT NO. 4177, March 26, 1965 ]**

**AN ACT TO AMEND SECTIONS TWO, THREE AND FOUR OF  
REPUBLIC ACT NUMBERED THREE THOUSAND FOUR HUNDRED  
FIFTY-SIX, KNOWN AS "INTERNAL AUDITING ACT OF 1962."**

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

SECTION 1. Sections two, three and four of Republic Act Numbered Three thousand four hundred fifty-six, otherwise, known as the Internal Auditing Act of 1962, are amended to read as follows:

"SEC. 2. There shall be created, organized and operated in all branches, subdivisions and instrumentalities of the government, including government-owned and/or controlled corporations to be known as agency for purposes of this Act, internal audit services which shall assist management to achieve an efficient and effective fiscal administration and performance of agency affairs and functions.

"SEC. 3. The Internal Audit Service shall be under the direct administrative supervision and control of the heads and/or assistant heads of the agency. It shall be organized as an independent staff unit and shall correspondingly perform staff functions. It shall be responsible for instituting and conducting a program of internal audit for 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 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 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 programs 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. This Act shall take effect upon its approval.

Approved, March 26, 1965.