

**[ ADMINISTRATIVE ORDER NO. 278, April 28, 1992 ]**

**DIRECTING THE STRENGTHENING OF THE INTERNAL CONTROL SYSTEMS OF GOVERNMENT OFFICES, AGENCIES, GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS, INCLUDING GOVERNMENT FINANCIAL INSTITUTIONS AND LOCAL GOVERNMENT UNITS, IN THEIR OPERATIONS**

I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. In addition to the provisions of Section 1 of Administrative Order No. 119, Series of 1989, all heads of government offices, agencies, government-owned and /or controlled corporations, including government financial institutions and local government units, shall organize Internal Audit Services (IAS) in their respective offices, as follows:

- 1.1 The Internal Audit Service (IAS) shall be an integral part of the office/organization and shall assist the institution management in the effective discharge of its responsibilities insofar as the same would not encroach on or be adversarial with those of the auditors of the Commission on Audit. It shall function in accordance with the policies established by the provisions of Republic Act No. 3456, as amended by Republic Act No. 4177, and shall perform staff functions with primary responsibilities encompassing the examination and evaluation of the adequacy and effectiveness of internal control and the quality of performance. The internal audit activities shall include the following:
  - 1.1.1 Ascertaining the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information;
  - 1.1.2 Ascertaining the extent of compliance and reviewing the systems established to ensure compliance with government policies, plans and procedures, laws and regulations which have impact on operations;
  - 1.1.3 Ascertaining the extent to which the assets and other resources of the institutions are accounted for and safeguarded from losses of all kinds;
  - 1.1.4 Reviewing and evaluating the soundness, adequacy and application of accounting, financial and other operating controls and promoting the most effective control at reasonable cost;
  - 1.1.5 Reviewing operations or programs to ascertain whether or not results are consistent with established objectives and goals and whether or not such programs are being carried out as planned;