

[EXECUTIVE ORDER NO. 271, July 25, 1987]

**AMENDING SECTION 2 OF EXECUTIVE ORDER NO. 19 AND
SECTION 20 OF PRESIDENTIAL DECREE NO. 1445**

WHEREAS, Section 2 of Executive Order No. 19 amends Section 24 of Presidential Decree No. 1445 by Providing a new scheme for computing the audit cost chargeable against government corporations, as follows:

"in the case of government-owned or controlled corporations and its subsidiaries, the cost of audit services shall be fixed at an amount equivalent to one fourth of one per centum (1/4 of 1%) of the operating budgets of these corporations/subsidiaries;

WHEREAS, if implemented, such audit cost will result in iniquitous assessment to some corporations;

WHEREAS, there is a need to amend further the first paragraph of Section 20 of Presidential Decree No. 1445 to rationalize the funding of government corporate audit cost;

WHEREAS, it is necessary to establish a reasonable rate of assessment based on auditing services rendered to government corporations;

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

SECTION 1. Section 2, first paragraph of Executive Order No. 19 dated June 19, 1986 is hereby amended to read as follows:

"SECTION 2. The cost of audit services rendered to government agencies by the Commission on Audit shall be covered by the fund sources provided in Section 24 of Presidential Decree No. 1445 which shall be incorporated in the national government budget and included in the annual General Appropriations Law; Provided, That in the case of government-owned and/or controlled corporations and its subsidiaries, the cost of audit services shall be based on the actual cost of the audit function in the corporation concerned, plus a reasonable rate to cover overhead expenses. The actual audit cost shall include personal services, maintenance and other operating expenses, depreciation on capital and equipment and out-of pocket expenses."

SECTION 2. In view of the provisions under Section 1 above, Section 20, first paragraph of Presidential Decree No. 1445 shall not apply to government-owned and/or controlled corporations.

SECTION 3. All provisions of the aforementioned Executive Order No. 19 and