

Republika ng Filipinas
PAMBANSANG PANGASIWAAN NG FATUBIG
(National Irrigation Administration)
Lungsod ng Quezon

MC # 24, s. 1976

MEMORANDUM CIRCULAR

TO : ALL HEADS OF DEPARTMENTS AND STAFFS; HEADS OF SPECIAL PROJECTS; REGIONAL IRRIGATION DIRECTORS; PROVINCIAL AND PROJECT IRRIGATION ENGINEERS; IRRIGATION SUPERINTENDENTS; CHIEF CORPORATE ACCOUNTANT AND REGIONAL ACCOUNTANTS; CORPORATE AUDITOR AND REGIONAL AUDITORS; ACCOUNTING EMPLOYEES; DEPUTIZED DISBURSING OFFICERS AND ALL OTHERS CONCERNED
National Irrigation Administration

SUBJECT : Withdrawal of Pre-Audit and Full Implementation of Post-Audit, with Certain Limitations Pursuant to COA Circular No. 76-26, dated April 6, 1976.

For the information and guidance of all concerned, quoted hereunder is Commission on Audit Circular No. 76-26, dated April 6, 1976 re-withdrawal of pre-audit and full implementation of post-audit, with certain limitations:

"April 6, 1976

COMMISSION ON AUDIT CIRCULAR NO. 76-26

TO : All Heads of Departments and Managing Heads of Government-owned and/or Controlled Corporations; Chiefs of Bureaus and Offices of the National Government; Chief Accountants; COA Regional Directors; Bureau and Corporation Auditors; Governors, City/Municipal Mayors; Barangay Captains; Provincial/City Auditors; and Provincial/City/Municipal Barangay Treasurers; and Others Concerned.

SUBJECT : WITHDRAWAL OF PRE-AUDIT AND FULL IMPLEMENTATION OF POST-AUDIT, WITH CERTAIN LIMITATIONS.

1. Purpose

In line with the primary objectives set forth in Section 1 (a) of Presidential Decree No. 898, dated March 3, 1976, which provides that fiscal responsibility rests directly with the Chief or Head of the Government subdivision, agency of instrumentality, and to eliminate interference by the auditors in purely management functions, the authority previously granted to heads of departments and chiefs of bureaus and offices as well as managing heads of government-owned or controlled corporations, for the continuance of pre-audit under their respective offices or agencies as an exception to GAO Memorandum Circulars No. 531-A and 531-B, dated February 20, 1967 and December 1, 1972, respectively, is hereby revoked. Henceforth, the system of examination of all agency transactions shall be on the post-audit basis, except as herein provided.

2. Responsibility of agency management

It shall be the direct responsibility of the chief or head of each department, bureau or office, including local governments, government-owned/controlled corporations and self-governing boards, agencies and commissions, to install, implement and monitor a sound system of internal control,

It is, therefore, incumbent upon agency management to institute internal safeguards or procedures particularly those in connection with disbursements of all forms, adopt systematic voucher processing techniques; install sound procedures for receiving and accepting deliveries of supplies, materials and equipment; and introduce other measures as may be necessary to prevent irregularities and strengthen existing internal control. For this purpose, the chief or head of agency may seek the assistance of the Commission on Audit, thru the Manpower Development and Systems Office,, in the design and installation of a sound system of internal control.

3. Transactions subject to pre-audit

The resident auditor shall:

a. Pre-audit first payment of fixed expenditures such as rentals, subscription to periodicals, and other expenditures which are recurring and fixed in nature;

b. Pre-audit payment of all consumable items amounting to more than ₱5,000.00 such as printed forms, papers, stencils, ink, pads, gas, electricity, alcohol, water, soap, powder, cartridges, cards, ledgers, journals, brooms, paints, brushes, motor vehicle fuel, lubricants, tires, batteries, repair parts, nails, medical supplies, construction materials and other expendable property normally consumed within one year after being put into use, or converted in the process of manufacture or construction;

c. Pre-audit all refunds, including refunds of forfeited cash bonds of aliens and temporary visitors, etc., and releases of retention fees regardless of amount;

d. Pre-audit first payment of salaries and wages of officers and employees, either under original appointment, promotional appointment, appointment by transfer, appointment by reinstatement and employment under labor payroll chargeable against project funds, their last salary and those covering the commutation of all the vacation and/or sick leave to their credit which requires the submission of a clearance certificate. In the pre-audit of labor payroll, a list of laborers, duly signed and/or approved by the proper officials, may take the place of individual appointments. The governing provisions of the "Requirements Applicable to Specific Classes of Disbursements", should be as follows;

e. Pre-audit vouchers and countersign checks, within the limit of their authority, covering expenditures other than those enumerated in letter (a) involving more than ₱10,000.00.

f. Pre-audit payments of back pay claims and cash advances irrespective of amounts;

g. Countersign treasury warrants;

h. Inspect deliveries of supplies, materials and equipment within the limits of their authority;

i. In the case of local governments, pre-audit withdrawal of bank and municipal deposits involving more than ₱10,000.00; and

j. Perform such other pre-audit functions as are or may be required by law or competent authority.

4. Transactions not subject to pre-audit

Except as provided for in Paragraph No. 3 all disbursements heretofore being pre-audited by bureau, corporation, provincial

and city auditors and their staff, shall be paid directly to the creditors either by cash or check in accordance with existing regulations without the usual pre-audit; provided however, that accounting and auditing rules and regulations are fully complied with by agency management and that no splitting of items or transactions is made for the purpose of circumventing the provisions of this circular.

Remittances to the GSIS of life and retirement insurance premiums deducted from the salaries of officials and employees covered by Memorandum Circular No. 541, dated June 15, 1966, and payments of SSS benefits claims, salary loans, educational loans and real estate loans, and purely banking transactions of government owned and/or controlled banking and financial institutions within the maximum amounts fixed by existing regulations are not subject to pre-audit and shall, therefore, continue to be post-audited.

5. Countersignature of checks

Checks covering transactions not subject to pre-audit shall no longer be countersigned by the resident auditors. However, these checks should be countersigned by responsible agency officials except deputized disbursing officer accountable for the checks and personnel of the accounting unit, in accordance with existing regulations or as provided for in corporate charters.

6. Recording, submission of vouchers and audit

Disbursing Officers shall, every fifteenth and end of the month, submit their Reports of Disbursements and Reports of Checks Issued by Deputized Disbursing Officers with the corresponding vouchers to the Accounting Division for recording purposes. Thereafter, the Accounting Division shall forward the same to the resident auditors promptly within one week after the end of the quincena period covered by the reports for post-audit purposes. The auditors shall see to it that the reports together with paid vouchers are submitted to their office on time and in case agency management fails to do so, they shall require their immediate submission. Failure of the accountable officers to submit said reports and corresponding vouchers in spite of the auditor's request should be reported immediately to this Commission.

The auditors shall conduct supplementary audit operations, such as examination of the cash and accounts of their respective agencies' accountable officers and such other audit activities as required or as may be directed from time to time under existing regulations. However, agency management may, in cases of doubt on certain financial transactions or any particular aspect thereof, consult with the resident auditors concerned.

7. Effectivity

The provisions of GAO Memorandum Circulars No. 531-A and 531-B, dated February 20, 1967 and December 1, 1972, respectively, and other rules or regulations that are inconsistent herewith are hereby amended or revoked accordingly.

This Circular shall take effect immediately.

Strict compliance herewith is hereby enjoined.

(SGD.) FRANCISCO S. TANTUICO, JR.
Acting Chairman"

All heads of regional, project, systems, provincial and other field irrigation offices are hereby directed to institute the proper internal safeguards against irregularities within the offices under their jurisdiction.

The procedures for implementing a sound system of internal control can be found in our existing prescribed accounting and auditing rules and regulations and various memorandum and office circulars released by this Office. Heads of regional, project, systems, provincial and other field irrigation offices should set up a strong and reliable processing unit in their respective accounting offices. The certification of our Chief Accountant, Regional Accountant, Project Accountant and/or Accounting Clerk, as representative, on Certificate No. 4 of the general voucher should not be taken for granted because before signing, he/she should exercise extreme care and sound judgement at all times to ascertain that the claims conform to prescribed accounting and auditing rules and regulations. He/she should see to it that the accounting employee in-charge of the processing of disbursements vouchers is provided with a copy of the Manual on Pre-Audit of Government Disbursements. The Chief Corporate Accountant, Central Office, shall requisition the manuals needed by the regional office including its field offices; and the Head Project Accountant, UPRP-NIA, for the manuals needed by the Special project offices. All concerned should forward their requests to the Central Office for copies of the manual.

The Chief Accountant, Regional Accountant and/or Project Accountant, in coordination with the resident Auditor concerned, should initiate the compilation of various government circulars, executive orders, Presidential Decrees and Letters of Instructions, etc. together with our office and memorandum circulars for reference purposes in processing vouchers for all types of disbursement.

All disbursing officers should submit to the Accounting Units concerned their Report of Disbursements and Reports of Checks Issued by Deputized Disbursing Officers with the corresponding vouchers and supporting documents every fifteenth and end of the month; if the accounting unit concerned is very far from the field office where the reports are prepared, the said reports should be on the mail (registered) every fifteenth and end of the month. The Accounting Division concerned should forward the same to the resident Auditor within one week after receipt of the disbursement reports from the field office. The salaries of Disbursing Officers and personnel of the Accounting Units concerned including Regional and Head Project Accountants would be withheld pursuant to our IC # 12, s. 1976, dated February 20, 1967 for failure to submit said disbursement reports within the time limits above-stated.


In cases of transactions not subject to pre-audit by the Corporate Auditor or his representative, the checks covering payment of the same shall be signed by the Disbursing Officers concerned and countersigned by the duly deputized Chiefs of Office or their duly deputized alternates. For post-audit purposes, the specimen signatures of the issuing and countersigning officers shall be furnished the regional/project auditors concerned.

The resident Auditor concerned should immediately post-audit within one week after receipt from the Accounting Division the disbursement reports together with the supporting vouchers/documents for the quincena period, regardless of nature and amount, to preclude detachment and/or loss of supporting documents which were previously checked and verified by the Accounting Division pursuant to GAO General Circular No. 79-A, dated June 14, 1963, and GAO Memorandum Circular No. 531 (A), dated February 20, 1967. To fore-

stall, or at least minimize the loss of supporting documents, a list thereof should be indicated on the face of the voucher.

Implementation of this COA Circular No. 76-26 as far as NIA is concerned, is effective July 1, 1976.

Compliance by all concerned is hereby enjoined.


ALFREDO L. JUINIO
Administrator

CONCURRED


ARSENIO A. ALANO
Acting Corporate Auditor

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May 19, 1976