

NOTED - 12/14/78

Republika ng Pilipinas  
PAMBANSANG PANGASIWAAN NG PATUBIG  
(National Irrigation Administration)  
Lungsod ng Quezon

RCV- *[Signature]*  
EMB- *[Signature]*

MC # 76 s, 1978

MEMORANDUM CIRCULAR

AGG-

JTS-

RPP-

ZDR-

TO : THE ASSISTANT ADMINISTRATORS; HEADS OF DEPARTMENTS AND STAFFS; HEADS OF SPECIAL PROJECTS; REGIONAL IRRIGATION DIRECTORS; PROVINCIAL AND PROJECT IRRIGATION ENGINEERS; IRRIGATION SUPERINTENDENTS AND/OR OFFICERS-IN-CHARGE OF IRRIGATION SYSTEMS/OFFICES; CHIEF CORPORATE ACCOUNTANT AND REGIONAL/PROJECT ACCOUNTANTS; CORPORATE AUDITOR AND REGIONAL/PROJECT AUDITORS; ACCOUNTING AND AUDITING CLERKS; AND ALL OTHERS CONCERNED  
National Irrigation Administration

SUBJECT : COA Circular No. 78-89 Re: Implementing Guidelines on the Submission of the Audit Report of the Audited Government Agency by the Head of the Auditing Unit

Attached is a copy of COA Circular No. 78-89, dated September 19, 1978, relative to the submission of the audit report for each calendar year on the last working day of February following the close of the year.

In this connection, the attention of all NIA officials and employees concerned is invited to their responsibilities in submitting to their respective auditors the preliminary trial balances on or before January 20 of the following year including the financial statements in accordance with the Tables of Submission of Audit Report (See attachments "A-1" to "A-4").

Compliance by all concerned is enjoined to preclude the penalty for late submission of required reports and data pursuant to the pertinent provisions of Section 122 of Presidential Decree No. 1445.

(SGD) ALFREDO L. JUINIO  
Administrator

Attachments: As stated

December 6, 1978

Republic of the Philippines  
COMMISSION ON AUDIT  
Quezon City

September 19, 1978

COMMISSION ON AUDIT CIRCULAR NO. 78 - 89

TO : All Heads of Ministries, Chiefs of Bureaus and Offices, Chief Executives of Local Governments and Managing Heads of Government-Owned and/or Controlled Corporations, Chief Accountants, Corporate Treasurers, Provincial and City Treasurers, COA Regional Directors; Bureau, Ministry, Corporate, Provincial and City Auditors; and all Others Concerned.

SUBJECT : Implementing Guidelines on the Submission of the Audit Report of the Audited Government Agency by the Head of the Auditing Unit.

I. PURPOSE

Section 43 of Presidential Decree No. 1445, otherwise known as the "Government Auditing Code of the Philippines," requires the heads of each auditing unit to submit a report of audit for each calendar year on the last working day of February following the close of the year, through the Commission on Audit, to the head or governing body of the agency concerned, and copies thereof shall be furnished the government officials concerned or authorized to receive them. Section 56 of the same Code prescribes the standards of audit report. It likewise empowers this Commission to issue regulations on the manner by which said report shall be prepared, issued and distributed. In pursuance of this provision and in order to assure that the audit report shall be meaningful, useful and timely, especially in relation to the annual audit report to be submitted by this Commission under Section 41 of the Government Auditing Code, these rules and regulations are hereby prescribed.

II. CRITERIA AND CHARACTERISTICS OF THE AUDIT REPORT

The audit report shall meet the following criteria:

1. Factual matter must be accurately, completely and fairly presented;
2. Findings must be presented objectively and in language as clear and simple as the subject matter permits;
3. Findings must be adequately supported by evidence in the audit working papers;

4. Reports must be concise yet complete enough to be readily understood by the users; and
5. Information on underlying causes of problems must be included so as to assist in implementing or devising corrective actions (Sec. 56 -3, P.D. 1445).

The audit report shall:

1. Put primary emphasis on improvement: critical comments shall be presented in balanced perspective, recognizing unusual difficulties or circumstances faced by officials concerned;
2. Identify and explain issues and questions needing further study and consideration by the auditor, the agency, or others;
3. Include recognition of noteworthy accomplishments particularly when management improvements in one area or activity may be applied elsewhere;
4. Include recognition of the views of responsible officials of the agency audited on the auditor's findings, conclusions and recommendations. Except where the possibility of fraud or other compelling reasons may require different treatment, the auditor's tentative findings and conclusions should be reviewed with officials. When possible, without undue delay, their views should be obtained in writing and objectively considered and presented in the final report;
5. State whether any significant pertinent information has been omitted because it is deemed confidential. The nature of such information should be described and the law or other basis under which it is withheld should be stated (Sec. 56 4, P.D. 1445).

### III. COMPOSITION OF THE AUDIT REPORT

The format, manner of presentation and guidelines in the preparation of the audit report as prescribed in Commission on Audit memo No. 77-119, dated November 28, 1977, shall be followed.

### IV. SUBMISSION OF TRIAL BALANCES, BALANCE SHEETS, OPERATIONS STATEMENTS AND OTHER REQUIRED DATA

The Chief Accountants, Corporate Treasurers, Provincial and City Treasurers and all others concerned shall submit to their respective Resident Auditors for verification the preliminary trial balance of their respective agencies, including the Balance Sheet as of the year-end and the Statement of Operations for the

year under audit in accordance with the Tables of Submission of Audit Report (Attachments "A-1", "A-2", and "A-3") and "A-4".

The Accountants and Treasurers concerned shall make the necessary adjusting and closing entries for the purpose of preparing the Balance Sheet and Statement of Operations.

The officials of the audited agency shall furnish the Auditor with other financial and operational data that he may need in the preparation of his report on the dates requested by said Auditor.

#### V. DATES OF SUBMISSION OF THE AUDIT REPORT

The prescribed dates for the submission of the audit reports by the resident auditors and other officials of the Commission on Audit are shown in the aforementioned Tables of Submission of Audit Report.

#### VI. PENALTY FOR LATE SUBMISSION OF REQUIRED REPORTS AND DATA

For the information and guidance of the officials concerned, Section 122 of Presidential Decree No. 1445 is hereby reproduced:

"Submission of reports. - Whenever deemed necessary in the exigencies of the service, the Commission may under regulations issued by it require the agency heads, chief accountants, budget officers, cashiers, disbursing officers, administrative or personnel officers, and other responsible officials of the various agencies to submit trial balances, physical inventory reports, current plantilla of personnel, and such other reports as may be necessary for the exercise of its functions.

"(2) Failure on the part of the officials concerned to submit the documents and reports mentioned herein shall automatically cause the suspension of payment of their salaries until they shall have complied with the requirements of the Commission.

"(3) No appropriation authorized in the General Appropriations Act shall be available to pay the salary of any official or employee who violates the provisions of this section, without prejudice to any disciplinary action that may be instituted against such official or employee."

#### VII. AUDIT CERTIFICATE

The Chief Accountants or Accountants of offices and field units of the National Government; the Provincial, City and Municipal Treasurers; and Treasurers or Accountants of government-owned and controlled corporations, including their field offices, shall submit to their respective Resident Auditors Balance Sheets and

Statements of Operations based on the final trial balances immediately after such final trial balance shall have become available, but not later than August 15, The Bureau or Agency Auditor, Provincial or City Auditor and Corporate Auditor shall audit these financial statements and issue an audit certificate which shall:

- a) State whether the audit was made in accordance with generally accepted auditing standards, and shall disclose the omission of any auditing procedure generally recognized as normal or deemed necessary by him under the circumstances of a particular case, as well as the reasons for the omission. Nothing in this section, however, shall be construed to imply authority for the omission of any procedure which auditors would ordinarily employ in the course of audit;
- b) Express the auditor's opinion with respect to:
  - i) whether the financial reports have been presented fairly in accordance with applicable laws and regulations and the generally accepted accounting principles applied on a consistent basis.
  - ii) material changes in accounting principles and practices and their effect on the financial reports;
- c) Identify any matter to which he takes exception and shall specifically and clearly state his exceptions together with a statement on the effect thereof, to the extent practicable, on the related financial report;
- d) Contain appropriate supplementary explanatory information about the contents of the financial report as may be necessary for full and informative disclosure about the financial operations of the agency audited; and
- e) Explain violations of legal or other regulatory requirements, including instances of non-compliance (Sec 56 57, P.D. 1445).

The Bureau or Agency Auditor, Provincial or City Auditor and Corporate Auditor shall submit the audit certificate, together with the related financial statements, to the Commission on Audit on or before September 15, furnishing a copy thereof to the Ministry Auditor and the COA Regional Director concerned. A sample audit certificate is attached (Attachment "B").

#### VIII. REPEALING CLAUSE

Any circular, memorandum or order previously issued by this Commission, which is inconsistent herewith, is hereby repealed or amended accordingly.

IX. EFFECTIVITY CLAUSE

This Circular shall take effect on January 2, 1979.

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

"Attachment B"

STANDARD AUDIT CERTIFICATE

(Head of the Agency, e.g., The Director)  
(Name of Agency, e.g., Bureau of Plant Industry)  
(Address, e.g., Manila)

In compliance with Section 2, Article XII-D of the Philippine Constitution and pertinent provisions of Presidential Decree No. 1445, we have examined the Consolidated Balance Sheet of (Name of Agency) as of December 31, 19\_\_ and the related Consolidated Statement of Operations for the year then ended. .

. Our examination was made in accordance with generally accepted and prescribed government auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary under the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of (name of agency) as of December 31, 19\_\_ and the result of its operations for the year then ended, in conformity with applicable laws and regulations and generally accepted accounting principles, applied on a consistent basis.

(Name of Auditor)

(Position Title)

(Date)

FOR NATIONAL GOVERNMENT OFFICES

TABLE OF SUBMISSION OF AUDIT REPORT

<u>REPORTS/FINANCIAL STATEMENT</u>	<u>S U B M I T T E D BY</u>	<u>T O</u>	<u>DUE DATES</u>	<u>R E M A R K S</u>
Preliminary Trial Balance, Balance Sheet and Statement of Operations, or Report of Disbursements	Accountant of the Field/Regional Office	Auditor of the Field/Regional Office	January 20 of the year following that under examination	The Auditor of the Field/Regional Office verifies and analyzes trial balance, financial statements and reports.
Preliminary Trial Balance, Balance Sheet and Statement of Operations (as verified)	Auditor of the Field/Regional Office	Agency Chief Accountant	January 23	The Agency Chief Accountant consolidates the trial balance and other financial statements prepared by the Regional Accountants and verified by the Regional Auditors.
Audit Report (Field)	Auditor of the Field/Regional Office	Agency Auditor	February 14	The Agency Auditor consolidates the field audit reports submitted by the Field Auditors and prepares his own audit report of the bureau or agency. Likewise he verifies the consolidated trial balance and consolidated financial statements to be submitted by the Agency Chief Accountant on or before February 11.
Consolidated Preliminary Trial Balance and Financial Statements	Agency Chief Accountant	Agency Auditor	February 14	
Audit Report (Agency) and Consolidated Trial Balance and Financial Statements (As verified)	Agency Auditor	Commission on Audit (National Government Audit Office)	February 24	The National Government Audit Office reviews the audit report and financial statements.
Audit Report (Agency) and Consolidated Trial Balance and Financial Statements	Commission on Audit	Head of Agency	February 28	



FOR LOCAL GOVERNMENT UNITS

TABLE OF SUBMISSION OF AUDIT REPORT

<u>REPORTS/FINANCIAL STATEMENTS</u>	<u>S U B M I T T E D</u> <u>BY</u> <u>TO</u>		<u>DUE DATES</u>	<u>R E M A R K S</u>
Trial Balance, Balance Sheet and Statement of Operations	1. Provincial and Municipal Treasurer	1. Provincial Auditor	February 14 of the year following that under examination.	The Provincial/City Auditor verifies and analyzes trial balance, financial statements and reports. He prepares audit report of the province, municipality or city.
	2. City Treasurer	2. City Auditor	February 14	
Audit Report and Trial Balance and Financial Statements.	Provincial/City Auditor	COA (LGAO)	February 24	The Local Government Audit Office reviews the audit report and financial statements.
Audit Report and Trial Balance and Financial Statements	COA (LGAO)	Provincial Governor, Municipal/City Mayor	February 28	

Audit Report the  
contents of which are the  
transmittal letter; financial  
highlights; audit certificate;  
statement of financial condition;  
statement of surplus or deficit  
analysis; statement of operations;  
statement of changes in financial  
position; notes to financial  
statements; findings; recommen-  
dations; schedules; exhibits, etc.

Corporate Auditor

Commission on Audit  
(Corporate Audit Office)

February 24

The Corporate Audit Office  
review and analyze the  
Audit Report

Audit Report

Commission on Audit

Head of the governing  
body of the Agency  
concerned

February 28

## TABLE OF SUBMISSION OF AUDIT REPORT

<u>REPORTS/FINANCIAL</u> <u>STATEMENTS</u>	<u>S U B M I T T E D</u>		<u>DUE DATE</u>	<u>R E M A R K S</u>
	<u>By</u>	<u>To</u>		
Comparative Preliminary Trial Balance; Statement of financial condition; statement of surplus or deficit analysis; statement of operations; statement of changes in financial position and other financial reports as stated in the Charter, Board Resolutions, etc. of a Corporation together with enclosures.	Branch Accountant	Branch Auditor	January 20 of the year following that under examination	These reports are submitted by the Branch Accountant for verification of the Branch Auditor
Comparative Preliminary Trial Balance; Statement of financial condition; statement of surplus or deficit analysis; statement of operations; statement of changes in financial position and other financial reports as stated in the Charter, Board Resolutions, etc. of a Corporation together with enclosures.	Branch Auditor	Corporate Auditor	February 14	These reports are submitted by the Branch Auditor for review, analysis and consolidation by the Corporate Auditor to come up with the Audit Report.

Guides in the Distribution of Copies of the  
Preliminary Trial Balance

AGENCIES WITH REGIONAL OFFICES	<u>Copies Required</u>	<u>Distribution of Copies</u>	<u>Purpose/Remarks</u>
A. Originator - Regional Accountant Preliminary Trial Balance	6	original    Central Office Chief or Department Chief Accountant  duplicate    Auditor of the Field/Regional Office  1 copy        Regional Accounting file 1 copy        Regional Director, Commission on Audit  other copies    usual distribution	for consolidation-Central Office  for Audit Report  f i l e f i l e  for verification and submission to Accountancy Office - COA
B. Originator - Central Office Chief Accountant of Agencies with regional offices - Consolidated Preliminary Trial Balance with supporting statements per COA Office Memorandum No. 402-A	6	original    Agency Auditor other copies    usual distribution	for verification and submission to Accountancy Office - COA
OTHER CENTRAL OFFICES WITHOUT REGIONS			
Preliminary Trial Balance with supporting statements per COA Office Memorandum No. 402-A	6	original    Agency Auditor other copies    usual distribution	for verification and submission. to Accountancy Office - COA