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

MC # 007, s. 1988

MEMORANDUM CIRCULAR

T O : THE ASSISTANT ADMINISTRATORS; HEADS OF DEPARTMENTS/STAFFS; HEADS OF FOREIGN-ASSISTED PROJECTS; REGIONAL IRRIGATION MANAGERS; UPRIIS MARIIS MANAGERS; PROVINCIAL/PROJECT ENGINEERS; IRRIGATION SUPERINTENDENTS; CORPORATE AUDITORS, REGIONAL/PROJECT AUDITORS; REGIONAL/PROJECT ACCOUNTANTS; CASHIERS AND ALL OTHERS CONCERNED.
National Irrigation Administration

SUBJECT : Commission on Audit Circular No. 87-278 dated November 12, 1987 for "Facilitating Audit Action on Infrastructure Projects of Government Departments and Selected Government Corporations".

Quoted hereunder in full is Commission on Audit Circular No. 87-278 dated November 12, 1987, for the information and guidelines of all concerned:

"Republic of the Philippines"
COMMISSION ON AUDIT
CENTRAL OFFICE
Don Mariano Marcos Avenue, Quezon City, Philippines
Tel. Nos. 98-17-31; 99-26-81; 99-54-02; 96-79-88; 98-72-66

November 12, 1987

COMMISSION ON AUDIT CIRCULAR NO. 87-278

T O : All Heads of Departments of the National Government; Managing Heads of the following Government Corporations; EPZA, LRTA, LWUA, MWSS, NDC, NEA, NHA, NIA, NPC, and PPA; and all COA Directors and Heads of the COA Audit Units assigned in the aforementioned Departments and Government Corporations.

SUBJECT : Facilitating Audit Action on Infrastructure Projects of Government Departments and Selected Government Corporations.

1.0 Rationale

1.1 The primary objective of the Commission on Audit is, among others, to determine whether or not the fiscal responsibility that rests directly with the head of the government agency has been properly and effectively discharged.

1.2 There is currently a very substantial amount of idle, non-productive government funds which need to be immediately and efficiently funneled to the nations already delayed infrastructure programs. Consequently, there is an urgent need to facilitate the utilization thereof in the infrastructure projects of the various Government Departments and agencies.

1.3 The current COA policy as embodied in COA Circular No. 86-257 is predominantly pre-audit oriented. This COA Circular is, therefore, issued in order to lift some of the control features of the present pre-audit requirements, as a means of facilitating audit action on infrastructure projects in all Departments and major corporations.

2.0 Coverage

The audit procedures prescribed herein shall be applicable only to contracts for infrastructure projects costing ₱ 1 million or more, implemented by any Department of the National Government, or by any of the following government corporations: EPZA, LRTA, LWUA, MWSS, NDC, NEA, NHA, NIA, NFC, and PPA.

3.0 Agency Reponsibilities

3.1 Prior to signing of any contract for infrastructure projects, the Agency shall course thru the Unit Auditor the proposed contract together with the corresponding Certificate of Availiability of Funds (CAF), which the Auditor shall verify and sign within 24 hours of receipt thereof.

3.2 After signing of the contract, the Agency shall furnish the Unit Auditor with a copy of the perfected contract within five (5) working days from approval, together with the following documents without prejudice to the Agency's immediate implementation of the project:

a. Certificate of Availability of Funds
b. Bids and Abstract of Bids
c. Approved Agency Estimates
d. Resolution of the PBAC
e. Approved plans and specifications
f. Detailed breakdown of the Approved Agency Estimate (AAE) showing in sufficient detail the quantities of the items involved, their costs, and cost derivation.
g. Approved PERT/CPM Network Diagram
h. Documentary evidence that the feasibility/viability of the project to be implemented has been studied and approved which may take the form of a Feasibility Study for the project, the Infrastructure Program, or management's written justifications.

3.3 Within 48 hours from payment, the Agency shall submit the paid vouchers to the Auditor.

3.4 In the course of the implementation of the project, the Agency shall facilitate inspection of the project and examination of its records by COA representatives. COA inspection shall not be pre requisite to payments.

4.0 COA Responsibilities

4.1 Upon receipt of a copy of the proposed contract and its corresponding Certificate of Availability of Funds (CAF), the Auditor shall verify the CAF as to appropriations and Advice of Allotment and return the same to the Agency within 24 hours. This verification shall not include review of the contract itself.

4.2 The Unit Auditor shall review perfected contracts in accordance with existing regulations within twenty (20) days from receipt.

4.3 In the course of the implementation of the projects, the COA shall inspect and monitor the same.

4.4 Audit of Payments

4.4.1 Only the last progress payments covering the last fifteen percent (15%) of the updated/revised contract amount exclusive of the retention shall be pre-audited. The Auditor shall act within 24 hours.

4.4.2 Progress payments covering the first eighty five percent (85%) of the updated/revised contract amount shall only be post-audited. The Unit Auditor shall perform such post-audit before the pre-audit of the last and final payment as mentioned in the preceding paragraph.

4.4.3 In the pre-audit of the last payment, the Auditor shall see that all obligations of the contractor have been settled/complied with, such as those for:

a. recoupment of advance mobilization payments
b. posting of Guarantee Bond
c. settlement of any liquidated damages
d. Certificate of Completion and Acceptance.

5.0 Fiscal Responsibility and Accountability of Agency Officials

Agency officials concerned are hereby reminded of their fiscal responsibility and accountability under the law as provided by the following provisions:

"It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned." (Sec. 2, P.D. 1445)

"Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly

responsible therefor." (Sec. 103, PD 1445)

6.0 Reversion to Regulate Pre-Audit

When the internal control system of an agency is found to be inadequate as determined by COA, or the amount of audit suspensions and disallowances exceed tolerable levels, the general policy on pre-audit as provided for in COA Circular No. 86-257 shall be applied.

7.0 Repealing Clause

All other previous COA Circulars, issuances,aand agreements inconsistent with the provisions of this circular are deemed repealed or amended, including Sections B-1 to B-4 of COA Circular No. 86-257.

8.0 Effectivity

This Circular shall take effect immediately.,

(SGD.) EUFEMIO C. DOMINGO
Chairman

Immediate compliance is hereby enjoined.

FEDERICO N. ALDAY
Administrator