



Sangguniang Panglungsod

ORDINANCE NO. 06-111

AN ORDINANCE CREATING THE INTERNAL AUDIT UNIT UNDER THE DIRECT ADMINISTRATIVE SUPERVISION AND CONTROL OF THE CITY MAYOR, PROVIDING FOR ITS POWERS, DUTIES AND FUNCTIONS, ITS PERSONNEL COMPOSITION AND DESIGNATIONS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.

- Sponsored by: **Hon. Allen F. Ampaya**
- Co-Sponsored by: **Hon. Elmer S. Espeleta**
- Hon. Melchor R. Teves**
- Hon. Engr. Marissa Cole-Rongavilla**
- Hon. Atty. Raul R. Corro**
- Hon. Bal Niefes**
- Hon. Allan Rey A. Camilon**
- Hon. Ma. Luisa Babaran-Echavez, M.D.**
- Hon. Atty. Icasiano M. dela Rea**
- Hon. Francis Ian T. Bagatsing**
- Hon. Lucio B. Constantino**
- Hon. Engr. Mamerto T. Sevilla, Jr.**
- Hon. Joselito V. Arevalo**
- Hon. Mario E. Bulay, Jr.**
- Hon. Artemio A. Simundac**
- Hon. Christian Glenn D. Lorica**

WHEREAS, in pursuant to and in compliance with the mandate of Republic Act No. 3436 (Internal Auditing Act of 1962), as amended by RA No. 4177, there shall be created, organized and operated in all government agencies, an Internal Audit Service (IAS) which shall assist management to achieve efficient and effective fiscal administration and performance of agency affairs and functions. The IAS shall be under the direct administrative supervision and control of the City Mayor, organized as an independent staff unit to perform staff functions and to institute and conduct a program of internal audit;

WHEREAS, it is the declared policy of the state that all government resources "shall be managed, expended and utilized in accordance with law and regulations, and safeguard against loss or wastage with a view to ensuring efficiency, economy and effectiveness in the operation of government";

WHEREAS, in order to implement and enforce the aforesaid declared policy of the state, the then President Corazon C. Aquino issued Administrative Order (AO) No. 278 on April 28, 1992, directing the strengthening of the internal control systems of government offices in their operations, among other of which are the local government units;

WHEREAS, on April 14, 2003, her Excellency President Gloria Macapagal Arroyo, issued Administrative Order No. 70 which, likewise, provide the strengthening of the internal control systems of government offices;



Sangguniang Panglungsod

Page 2
Ordinance No. 06-111

WHEREAS, in consonance with the foregoing administrative orders of the then President Corazon C. Aquino and her now Excellency President Gloria Macapagal Arroyo, the Department of Budget and Management issued Budget Circular No. 2004-4 on March 22, 2004, addressed to, among others, the Chief Executives of Local Government Units, Setting the "guidelines on the organization and staffing of Internal Audit Units (IAU);

WHEREAS, on August 18, 2005, Memorandum Circular No. 89 was issued by her Excellency President Gloria Macapagal Arroyo, thru Executive Secretary Eduardo R. Ermita, "reiterating compliance with A.O 70, S-2003 "addressed to, among others, local government units, further reiterating its, implementing guidelines under DBM Circular No. 2004-4;

WHEREAS, to supplement the foregoing administrative orders, memorandum circulars and other related issuances, the Civil Service Commission, on June 22, 2006, issued Memorandum Circular (MC) No. 12, providing therefore the implementing guidelines on the qualification standard for the IAS positions;

NOW, THEREFORE, BE IT ORDAINED, AS IT IS HEREBY ORDAINED, by the members of the Sangguniang Panlungsod duly assembled the following:

Section 1. Abbreviations and its meaning as used in this ordinance.

- AGIA**- Association of Government Internal Auditors
- A.O.**- Administrative Order
- B.C.**- Budget Circular
- I.A.S.**- Internal Audit Services
- I.A.U.**- Internal Audit Unit
- L.G.U.**- Local Government Unit
- M.C.**- Memorandum Circular
- R.A.**- Republic Act
- C.O.A.**- Commission on Audit

Sangguniang Panglungsod

Page 3

Ordinance No. 06-111

Section 2. Creation. There is hereby created an Internal Audit Unit (IAU) which shall be under the administrative supervision and control of the City Mayor. The IAU shall be an integral part of the office and shall assist in the management and effective discharge of the responsibilities of the office, without intruding into the authority and mandate of the Commission on Audit (COA) granted under the constitution. It shall functions in accordance with the policies established by the provisions of Republic Act (RA) No. 3456 (Internal Auditing Act of 1962), as amended by Republic Act no. 4177.

The IAU shall be provided with sufficient support from top management to gain the cooperation/confidence of the auditee.

Section 3. Objectives. The IAU shall act as an independent staff unit and perform staff functions. It shall institute and conduct a program of internal audit for the City Government of Muntinlupa.

Conduct of Internal Audit. Internal Audit shall be performed with efficiency and due professional care, accordingly:

1. The IAU shall ensure that the technical proficiency and educational background of Internal Auditors are appropriate for the audit to be performed;
2. Internal Auditors shall possess/obtain the knowledge, skills, and discipline needed to carry out the audit responsibilities of the IAU;
3. The IAU shall ensure that the audits are properly supervised and performed with due professional care;
4. The IAU shall conduct the audit in conformity with international standard for the professional practice of internal auditing, and;
5. The code of ethics promulgated by the Association of Government Internal Auditors (AGIA) shall be strictly observed to maintain high standards of honesty, objectivity, diligence and loyalty.

Section 4. Functions. The Internal Audit Unit (IAU) shall have the following internal audit functions, to wit:

1. Appraisal of procedures and related matters, including expressing an opinion as to the efficiency or adequacy of existing procedures, and appraising personnel efficiency;
2. Verification and analysis of financial and operations data to ascertain if attendant management information systems generate data or reports that are complete, accurate and valid;



Sangguniang Panglungsod

Page 4
Ordinance No. 06-111

3. Activities verifying the extent of compliance. This may involve determining that accounting procedures or other policies are being followed; operating procedures are being properly implemented; governmental regulations are being complied with; performance targets are being achieved; and other contractual obligation are being met;
4. Functions of protective nature, such as prevention and detection of fraud or dishonesty; review cases involving misuse of agency property; and checking of transactions with outside parties; and,
5. Miscellaneous services, including special investigations and assistance to outside contacts such as the COA.

Based on the foregoing functions, Internal Audits of, among others, local government entities, shall consist of operations audit and financial audit, the determination of the effectiveness and adequacy of security and management control over information systems and databases and their integrity are deemed part of operation audit and financial audit.

Section 5. Organizational Composition. The Internal Audit Unit shall be composed of a Department Head II as the Head of Office and Two (2) Divisions, namely, the Financial Audit Division and the Operation Audit Division.

Section 6. Staffing Pattern. In order to implement this functions and duties o the Internal Audit Unit, it is hereby created the following positions:

<u>Position</u>	<u>Salary Grade</u>	<u>No. of Position</u>
Department Head II	SG-26	1
Internal Auditor IV	SG-22	1
Internal Auditor III	SG-18	1
Internal Auditor II	SG-15	1
Internal Auditor I	SG-11	1
Internal Auditing Assistant	SG-8	1
Senior Administrative Asst. II	SG-14	1
Administrative Assistant I	SG-7	1
TOTAL		8

The foregoing positions for the Internal Audit Unit shall be deployed as follows:

<u>Position</u>	<u>Basic Monthly Salary</u>	<u>Salary per Annum</u>
Department Head II	P22,521.00	P270,252.00



Sangguniang Panglungsod

Page 5
Ordinance No. 06-111

Financial Audit Divisions

<u>Position</u>	<u>Basic Monthly Salary</u>	<u>Salary per Annum</u>
Internal Auditor III	P15,841.00	P190,092.00
Internal Auditor II	P13,300.00	P159,600.00
Internal Auditing Asst.	P 8,709.00	P104,508.00

Operations Audit Division

<u>Position</u>	<u>Basic Monthly Salary</u>	<u>Salary per Annum</u>
Internal Auditor IV	P19,251.00	P231,012.00
Senior Adm. Asst. II	P12,546.00	P150,552.00
Internal Auditor I	P10,535.00	P126,420.00
Administrative Asst. I	P 8,139.00	P 97,668.00

Section 7. Appropriation. The initial amount of **Two Million Four Hundred Ninety One Thousand Seven Hundred Fifty Eight Pesos and 48/100 (P2,491,758.48)** is hereby appropriated for the Personal Services, MOOE and Capital Outlay expenses of the Internal Audit Unit which shall be taken from the General Fund of the City Government.

Section 8. Transitory Provision. The incumbent personnel of the Internal Audit Unit shall continue to hold and perform their functions to ensure the continuity of the service, until otherwise reorganized in pursuance to and compliance with this ordinance.

Section 9. Support Services. Other government offices and agencies of the City Government of Muntinlupa are mandated to support this ordinance.

Section 10. Repealing Clause. Any other ordinances, resolutions or parts thereof, which are inconsistent herewith, are hereby repealed or modified accordingly.

Section 11. Separability Clause. If for any reason or reasons, any section or provision of this ordinance shall be held unconstitutional or invalid, no other section or provision thereof shall be affected thereby.

Section 12. Effectivity. This ordinance shall take effect immediately upon approval.

ENACTED, by the **Fourth (4th) Sangguniang Panlungsod of Mntinlupa** this **19th** day of **October 2006**, on its **94th** Regular Session.



Sangguniang Panglungsod

Page 6
Ordinance No. 06-111

CONCURRED:


ATTY. RAUL R. CORRO
Councilor


ELMER S. ESPELETA
Councilor

BAL NIEFES
Councilor


FRANCIS IAN T. BAGATSING
Councilor



ALLAN REY A. CAMILON
Councilor

MARISSA COLE-RONGAVILLA
Councilor

MA. LUISA BABARAN-ECHAVEZ, M.D.
Councilor



LUCIO B. CONSTANTINO
Councilor

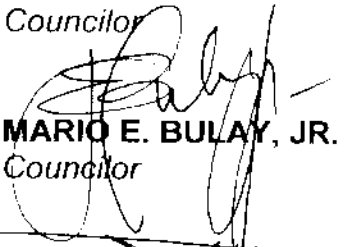

MELCHOR R. TEVES
Councilor



MAMERTO T. SEVILLA, JR.
Councilor


ALLEN F. AMPAYA
Councilor

JOSELITO V. AREVALO
Councilor



ATTY. ICASIANO M. DELA REA
Councilor


MARIO E. BULAY, JR.
Councilor


CHRISTIAN GLENN D. LORICA
Sectoral Representative
President, Federation of
Sangguniang Kabataan


ARTEMIO A. SIMUNDAC
Sectoral Representative
President, Association of
Barangay Captains

ABSENT:


KEVIN B. DELGADO
Councilor

RENE CARL S. CAYETANO
Councilor



Sangguniang Panglungsod

Page 7
Ordinance No. 06-111

I HEREBY CERTIFY, as to the correctness of the foregoing Ordinance.

CECILIA C. LAZARTE
Secretary
Sangguniang Panlungsod

ATTESTED:

ALDRIN L. SAN PEDRO
City Vice Mayor/Presiding Officer

APPROVED:

ATTY. JAIME R. FRESNEDI
City Mayor
Date: 11/08/06

PBS, JR.