Republic of the Philippines
Quezon City
OFFICE OF THE MAYOR

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EXECUTIVE ORDER NO. 01
Series of 2019

CREATING THE QUEZON CITY INTERNAL AUDIT SERVICE (IAS) UNDER THE OFFICE OF THE CITY MAYOR, PROVIDING FOR ITS FUNCTIONS, DUTIES AND RESPONSIBILITIES, STAFF SUPPORT SYSTEM AND PROVIDING FOR ITS OPERATIONAL FUNDS AND FOR OTHER PURPOSES

WHEREAS, pursuant to Administrative Order No. 278 dated April 28, 1992 and reiterated in Administrative Order No. 70 dated April 14, 2003, all heads of government offices, agencies, GOCCs, GFIs, SUCs and **LGUs** are mandated to organize an Internal Audit Service (IAS) in their respective offices;

WHEREAS, the IAS shall be an integral part of the executive branch of the city government and shall assist in the management and effective discharge of its responsibilities, without intruding into the authority and mandate of the COA under the Constitution. It shall function in accordance with the policies established by the provisions of R.A. No. 3456, as amended by R.A. No. 4177. Further, it shall be detached from all functions of routine operating character enumerated under Section 2 of AO 278, s. 1992;

WHEREAS, there is a need to create the Internal Audit Service under the Office of the City Mayor to ensure the evaluation of management controls and operation performance, and the determination of the degree of compliance with laws, regulations, managerial policies, accountability measures, ethical standards, and contractual obligations.

NOW, THEREFORE, I, MA. JOSEFINA G. BELMONTE, Mayor of Quezon City by virtue of the powers vested in me by law, do order and direct the following:

SECTION 1. *CREATION.* – There shall be created an ***Internal Audit Service* (IAS)** under the Office of the City Mayor.

SECTION 2. *SCOPE AND COVERAGE.* – The IAS shall report directly to the City Mayor. Its audit shall cover audit areas in the executive branch of the city government, which includes all its departments and offices under the direct supervision and control of the City Mayor.

SECTION 3. *FUNCTIONS,* DUTIES AND RESPONSIBILITIES. – Internal Audit Service shall have the following functions, duties and responsibilities:

1. Advise the City Mayor on matters relating to management control and operations audit.
2. Conduct compliance, management and operations audit;

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3. Review and appraise systems and procedures, organizational structures, assets management practices, financial and management records, reports, and performance standards of the executive department;
4. Analyze and evaluate management deficiencies and assist top management by recommending realistic courses of action;
5. Perform such other related duties and responsibilities as may be assigned or delegated by the City Mayor or as may be required by law or ordinance.

SECTION 4. *PROFESSIONAL COMPETENCE.* – The IAS shall maintain high standards of competence and the highest degree of professional integrity, both in the technical and ethical sense, commensurate with their responsibilities and mandated functions. They must possess and continually develop the knowledge, skills, and other competencies needed to perform their responsibilities to enhance the quality of audit.

SECTION 5. *SUPPORT SYSTEM.* – The IAS shall constitute and form a Management and Operations Audit support staff system that shall perform the following tasks:

a. **Compliance, Management and Operations Audit.** – shall evaluate the achievement of the control objectives, which include safeguarding of assets, checking the accuracy and reliability of accounting data, adherence to managerial policies, compliance with laws, rules, and regulations by utilizing internal auditing methods. It has the following functions:

i. Evaluate the degree of compliance with laws, regulations, managerial policies, and operating procedures in the executive department, including compliance with accountability measures, ethical standards, and contractual obligations. This type of audit is a necessary first step to, and part of, management and operations audits.

ii. Conduct management and operations audit of activities of the executive department and determine the degree of compliance with the mandate, policies, government regulations, established objectives, systems and procedures/processes, and contractual obligations (Section 2.4b, DBM Circular Letter No. 2008-5 and Section 1.1.2, AO 278, s. 1992);

iii. Review and appraise systems and procedures/processes, organizational structures, assets management practices, financial and management records, reports, and performance standards of the executive department covered (Section 2.4c, DBM Circular Letter No. 2008-5);

iv. Verification and analysis of financial management data to ascertain if attendant management information systems generate data or reports that are complete, accurate, and valid (Section 4.1.1.2, DBM Budget Circular No. 2004-04);

v. Ascertain the reliability and integrity of financial and operational information and the means used to identify, measure, classify, and report such information (Section 1.1.1, AO No. 278, s. 1992);

vi. Ascertain the extent to which the assets and other resources of the institutions are accounted for and safeguarded from losses of all kinds (Section 1.1.3, AO 278, s. 1992);

vii. Review and evaluate the soundness, adequacy and application of accounting, financial and other operating and management controls and promote the most effective control at reasonable cost (Section 1.1.4, AO 278, s. 1992);

viii. Review operations or programs to ascertain whether or not results are consistent with established objectives and goals and whether or not such programs are being carried out as planned (Section 1.1.5, AO No 278 s.1992);

ix. Evaluate the quality of performance of groups/individuals in carrying out their assigned responsibilities (Section 1.1.6, AO 278, s. 1992)

x. Perform functions of a protective nature, such as prevention and detection of fraud or dishonesty; review of cases involving misuse of city government's property; and checking of transactions with outside parties (4.1.1.4, DBM Budget Circular No. 2004-04);

xi. Recommend courses of action on operational deficiencies observed (Section 1.1.7, AO 278 s. 1992);

xii. Perform miscellaneous services, including special investigations and assistance to outside contracts such as COA (Section 4.1.1.5, DBM Budget Circular No. 2004-4).

SECTION 6. *AUTHORITY AND CONFIDENTIALITY.* – Subject to limitations provided by existing laws, rules and regulations, the IAS shall have full, free, and unrestricted access to all functions, premises, assets, personnel, records, and other documents and information that is necessary in undertaking internal audit activities. In the performance of its functions, the IAS should be able to exercise independence to render impartial and unbiased judgments essential to the proper conduct of audit.

The IAS shall respect the confidentiality of information acquired in the course of performing the audit activities. Unless there is legal or professional right or duty to disclose, the IAS shall not use or disclose any such information without proper and specific authority. Likewise, confidentiality is not only a matter of disclosure of information but includes the prohibition on the use of information for personal advantage or for the advantage of a third party.

The Head of IAS and its support staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

SECTION 7. *OPERATIONAL FUND.* – The Head of IAS shall recommend for the approval of the City Mayor, the funds needed for the operation of the office.

SECTION 8. ***DISSEMINATION.*** – A copy of this Executive Order shall be furnished to the Office of the President and the Metro Manila Development Authority (MMDA) for information and guidance, pursuant to Section 455 (1) (xii) of RA 7160, as amended, and shall be posted at the official website of the Quezon City Government.

SECTION 9. ***REPEALING CLAUSE.*** – All issuances, orders, guidelines, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

SECTION 10. ***EFFECTIVITY.*** – This Order shall take effect immediately.

ISSUED, this 11th JULY 2019, Quezon City.

MA. JOSEFINA G. BELMONTE
City Mayor