

Republika ng Pilipinas
(Republic of the Philippines)
MINISTERI NG EDUKASYON AT KULTURA
(MINISTRY OF EDUCATION AND CULTURE)
Manila

October 18, 1978

MEMORANDUM
No. 286, s. 1978

SUBMISSION OF TRIAL BALANCES, BALANCE SHEETS,
OPERATIONS STATEMENTS AND OTHER REQUIRED DATA
TO RESIDENT AUDITORS

To Bureau Directors
Regional Directors
Cultural Agency Directors
Coordinator of State Colleges and Universities
Schools Superintendents
Vocational Schools Administrators/Principals

1. Inclosed is Commission on Audit Circular No. 78-89 on the subject "Implementing Guidelines on the Submission of the Audit Report of the Audited Government Agency by the Head of the Auditing Unit," dated September 19, 1978 which is self-explanatory.

2. The dates of submission of the required reports are indicated on the Tables of Submission of Audit Reports.

3. Attention is invited to item VI(2) of the aforementioned Circular which specifies the penalty for late submission of the required reports. In this connection, the early submission of the required report is hereby enjoined.

(SGD) JUAN L. MANUEL
Minister of Education and Culture

Incl as stated

Reference

N o n e

Allotment 1-2-3--(E O 1-76)

To be indicated in the Perpetual Index
under the following subjects

✓ BUREAUS & OFFICES
✓ RULES & REGULATIONS
✓ REPORTS

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, CO 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 the 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^(b), 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 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 or 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^(c), 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 Memorandum No 77-119, dated November 28, 1977, shall be followed

IV SUBMISSION OF TRIAL BALANCES, BALANCE SHEETS, OPERATIONS STATEMENTS AND OTHER REQUIRED P.T.

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," "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 U.D.C.

For the information and guidance of the officials concerned, Section 122 of Presidential Decree No. 1645 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 Operation based on the final trial balances immediately after such final trial balances shall have become available, but not later than August 15. The Bureau or agency, the Provincial 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 describe the generally accepted 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 auditor would ordinarily employ in the course of audit,
- b) Express the auditor's opinion with respect to -
 - 1) whether the financial report have been presented fairly in accordance with applicable laws and regulations and the generally accepted accounting principles applied on a consistent basis
 - 2) 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 [5], P.D. 2445)

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").

III. 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. SANTUICO, JR.
Acting Chairman

A true copy

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 FEDERAL GOVERNMENT OFFICES

"Attach

TABLE OF SUBMISSION OF AUDIT REPORT

<u>REPORTS/FLA GIAL STATEMENTS</u>	<u>S U B M I T T E I</u>		<u>DATE DUE</u>
	<u>- BY</u>	<u>TO</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 28 year following under exam
Preliminary Trial Balance, Balance Sheet and Statement of Operations (as verified)	Auditor of the Field/ Regional Office	Agency Chief Accountant	January 25
Audit Report (Field)	Auditor of the Field/ Regional Office	Agency Auditor	February 14
General Ledger 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)	Febru
Audit Report (Agency) and Consolidated Trial Balance and Financial Statements	Commission on Audit	Head of Agency	February 28

ment A-1. "

REMARKS

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The Auditor of the Field/
Regional Office verifies and
analyzes trial balance,
financial statements and
reports.

The Agency Chief Accountant
consolidates the trial balances
and other financial statements
prepared by the Regional Account-
ants and verified by the Regional
Auditors

The Agency Auditor consolidates
the field audit reports submit-
ted by the Field Auditors and
prepares his own audit report of
the Bureau or agency. Likewise
he verifies the consolidated trial
balances and consolidated financial
statements to be submitted by the
Agency Chief Accountant on or before
February 14.

ary 24

The National Government Audit
Office reviews the audit report
and financial statements.

FOR LOCAL GOVERNMENTS

REPORTS/FINANCIAL STATEMENTS

Trial Balance, Balance Sheet and Statement of Operations

Audit Report and Trial Balance and Financial Statements

Audit Report and Trial Balance and Financial Statements

TABLE OF SUBMISSION OF AUDIT

SUBMITTED BY TO

1 Provincial and Municipal Treasurer 1. Provincial Auditor

2 City Treasurer 2 City Auditor

Provincial/City Auditor OCA (IGAO)

OCA (IGAO) Provincial Government Municipal/City Mayor

"Attachment A-2"

FT REPORT

D E D U C T I O N S

R E M A R K S

February 14 of the year
followed by a post-audit
examination

The Provincial/City Auditor
verifies and analyzes trial
balance, financial statements
and reports. He prepares
an audit report of the province,
municipality, or city

February 14

February 24

The Local Government Audit
Office reviews the audit
report and financial statements

March 7, February 21

7

TABLE OF SUBMISSION OF AUDIT REPORT

REPORTS/FINANCIAL STATEMENTS

SUBMITTED
By To

DATE

Comparative Preliminary Trial Balance, Statement of financial position, 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 Corporation together with enclosures

Branch Accountant Branch Auditor

February 20
and following
and or other

Comparative Preliminary Trial Balance, Statement of financial position, 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 Corporation together with enclosures.

Branch Auditor Corporate Auditor

February 14

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Corporate Auditor

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Corporate Audit Office)

February 24

The Corporate Audit
Office reviews and
analyzes the Audit
Report

of the governing
of the Agency
signed

February 28

Guides in the Distribution of Copies of the Preliminary Trial Balance

AGENCIES WITH REGIONAL OFFICES	<u>Copies Required</u>	<u>Distribution of Copies</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, Commissioner on Audit
		other copies	usual distribution
B. Originator - Central Office Chief Accountant of Agencies with regional offices - Consolidated Preliminary Trial Balance with supporting documents per CIA Office Memorandum 402-A	6	original	Agency Auditor
		other copies	usual distribution
OTHER CENTRAL OFFICES AND TERRITORIES			
Preliminary Trial Balance with supporting statements per CIA Office Memorandum 402-A	6	original	Agency Auditor
		other copies	usual distribution

nt A-4"

Purpose/Reason

for US limited
C - 100

for about 7-8 yr

file

file

for verification
to the authority

4

for verification
to Accountancy