



**Republic of the Philippines
CITY COUNCIL
City of Manila**

REGULAR SESSION NO. 178

12TH CITY COUNCIL

**Begun and held in the City Council on Thursday,
the twelfth day of December, Two Thousand Twenty-Four**

ORDINANCE NO. 9093

**AN ORDINANCE CREATING THE CITY INTERNAL AUDIT SERVICE/UNIT UNDER
THE OFFICE OF THE MAYOR AND FOR OTHER PURPOSES**

SPONSORED BY:

HON. MACARIO M. LACSON
President Pro-Tempore and
Acting Majority Floor Leader



EXPLANATORY NOTE

Republic Act No. 3456 otherwise known as the "Internal Auditing Act of 1962", provided for the creation, organization and operation of an Internal Audit Services/Unit (IAS/U) in all government agencies which shall assist management to achieve an efficient and effective fiscal administration and performance of agency affairs and functions.

Department of Budget and Management (DBM) Budget Circular No. 2004-4 dated March 22, 2004 provided for the policy guidelines in the organization, staffing, positions and salary grades of the IAS/U in departments, agencies, GOCCS and including the local government units (LGUs) concerned.

Section 3(b) of Republic Act No. 7160 otherwise known as the Local Government Code of 1991, mandated the establishment of an accountable, efficient and dynamic organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities in every local government unit.

The creation therefore of the City Internal Audit Service/Unit is necessary since it provides independent assurance that the City of Manila's overall operations is effective and that it is ensured that there is compliance by the City Government of relevant laws, rules and regulations.

I seek the support of my colleagues in this august Chamber for the passage of this proposed ordinance.


MACARIO M. LACSON
Councilor, 2nd District
Manila

Be it ordained by the City Council of Manila, in session assembled, *THAT*:

SECTION 1. Short Title. - This Ordinance shall be called the "The Internal Audit Service/Unit Ordinance of the City of Manila" for brevity.

Legal Bases for the Creation of Internal Audit Service/Unit:

- a. Republic Act No. 3456 (Internal Auditing Act of 1962), as amended by Republic Act No. 4177, which created and organized an IAS/U in all government agencies to help management achieve an efficient and effective fiscal administration and assist in the performance of agency affairs and functions.
- b. Presidential Decree No. 1 (Reorganizing the Executive Branch of the National Government), which abolished the IAS/U created under R.A. No. 3456, as amended by R.A. No. 4177. The function was subsequently merged with the Management Division of the Financial and Management Service in the Department pursuant to Item 3, Article IV, Chapter I, Part IV of the P.D.
- c. Section 1 of Administrative Order No. 119 dated 29 March 1989, which mandated government entities to strengthen their internal control systems and organize systems and procedures coordination with DBM.
- d. Memorandum Order No. 277 dated 17 January 1990, directing the DBM to promulgate the necessary rules, regulations, and circulars for the strengthening of the internal control systems of government offices, agencies, government-owned or controlled corporations (GOCCs), and LGUs.
- e. Section 3(b) of R.A. 7160 (The Local Government Code of 1991), which mandated the establishment of an accountable, efficient and dynamic organizational structure and operating mechanisms that will meet the priority needs and service requirements of its communities in every LGU, Section 474(b) further provides for the qualifications, powers and duties of an Accountant, among which is the mandate to take charge of both the accounting and internal audit services of the LGU.
- f. Administrative Order No. 278 dated 28 April 1992 (Directing the Strengthening of the Internal Control Systems of Government Financial Institutions (GFIs) and LGUs, in their Operations), which provided for the functions, duties and activities of the IAS/U It also provides that IAS shall be detached from all functions of routine operating character.
- g. Administrative Order No. 70 dated 14 April 2003 (Strengthening of the Internal Control Systems of Government Offices, Agencies, GOCCs, including GFIs, State Universities and Colleges (SUCs) and LGUs, which reiterated the authority for the creation of the IAS/U and its functions.
- h. DBM Budget Circular No. 2004-4 dated 22 March 2004 (Guidelines on the Organization and Staffing of IASs) which provided for the policy guidelines in the organization, staffing, positions and salary grades of the IAS/U in Departments/Agencies/GOCCS/GFIs/LGUs concerned.
- i. DBM-CSC Joint Resolution No. 1 dated 12 May 2006 (Rationalization Program's Organization and Staffing Standards and Guidelines), which provided for the creation of the IAS/U with its functions in line with Executive Order No. 366, as supplemented by CSC MC No. 12 s. 2006 issued on 22 June 2006.

SEC. 2. Creation. – The Office of the City Internal Audit Service/Unit under the Office of the Mayor is hereby created.

SEC. 3. Functions of the City Internal Audit Service/Unit. -

- a. Advise the Local Chief Executive (LCE) or Sanggunian on all matters relating to management control and operations audit of the executive or legislative branches;
- b. Conduct management and operations audit of the city's functions, programs, projects, activities and outputs and determine the degree of compliance with their mandate, policies, government regulations, established objectives, systems and procedures/processes, and contractual obligations;
- c. Review and appraise systems and procedures, organizational structures, asset management practices, financial and management records, reports, and performance standards of the City;
- d. Analyze and evaluate management deficiencies and assist top management by recommending realistic courses of action; and
- e. Perform such other related duties and responsibilities as may be assigned or delegated by the LCE or as required by law.

The City Internal Audit Service/Unit shall consist of two (2) sections, namely: the Management Audit Section and the Operations Audit Section.

Management Audit Section

The Management Audit Section shall evaluate the achievement of the control objectives, which include the 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:

- a. Conduct management audit of activities of the City 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);
- b. Review and appraise systems and procedures/processes, organizational structure, assets management practices, financial and management records, reports, performance standards of the City (Section 2.4c, DBM Circular Letter No. 2008-5);
- c. Verification and analysis of financial and 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. 2004-4);
- d. Ascertain the reliability and integrity of financial and management information and the means used to identify, measure, classify, and report such information (Section 1.1.1, AO No. 278, s. 1992);
- e. 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);
- f. Review and evaluate the soundness, adequacy and application of accounting, financial and management controls and promote the most effective control at reasonable cost (Section 1.1.4, AO 278, s. 1992);
- g. Evaluate the quality of performance of groups/individuals in carrying out their assigned responsibilities (Section 1.1.6, AO 278, s. 1992);
- h. Perform functions of a 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 (Section 4,1,1,4, DBM Budget Circular No. 2004-4); and

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

Operations Audit Section

The Operations Audit Section shall evaluate the extent of compliance and ascertain the effective, efficient, ethical and economical execution of operations by utilizing internal auditing methods. This Section is tasked to perform the following functions:

- a. Conduct operations of activities of the City and its departments and determine the degree of compliance with the mandate, policies, government regulations, established objectives, systems and procedures and processes and contractual obligations (Section 2.4b, DBM Circular Letter No. 2008-5);
- b. Review and appraise systems and procedures/processes, organizational structure, operations practices, operations records, reports, and performance standards of the city and the departments covered (Section 2.4c, DBM Circular Letter No. 2008-5);
- c. Verify and analyze operations 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. 2004-4);
- d. Ascertain the reliability and integrity of operational information and the means used to identify, measure, classify, and report such information (Section 1.1.1, A.O No.278 s, 1992);
- e. 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, A.O. 278 s. 1992);
- f. Evaluate the quality of performance of groups/individuals in carrying out their assigned responsibilities (Section 1.1.6, A.O. 278 s. 1992);
- g. Recommend courses of action on operational deficiencies observed (Section 1.1.7, A.O. 278 s, 1992);
- h. Perform functions of a protective nature, such as prevention and detection of fraud or dishonesty; review of cases involving misuse of agency property; and checking of transactions with outside parties (Section 4.1.1.4, DBM Circular No. 2004-04; and
- i. Perform miscellaneous services, including special investigations and assistance to outside contacts such as COA (Section 4.1.1.5, DBM Budget Circular No. 2004-4).

SEC. 4. Organizational Structure. – The City Internal Audit Service/Unit shall be headed by an Internal Auditor V with salary grade 24-1 with an Internal Auditor IV at salary grade 22-1 as assistant.

The City Internal Audit Service shall be staffed as follows:

Position Title	Number of Personnel	Salary Grade	Rate (annual)
CITY INTERNAL AUDIT SERVICE			
Internal Auditor V	1	24	PhP. 1,129,584.00
Internal Auditor IV	1	22	PhP. 898,032.00
MANAGEMENT AUDIT SECTION			
Internal Auditor II	1	15	PhP. 460,956.00
Internal Auditor I	1	11	PhP. 342,144.00
OPERATIONS AUDIT SECTION			
Internal Auditor II	1	15	PhP. 460,956.00
Internal Auditor I	1	11	PhP. 342,144.00

SEC. 5. Coordination with Offices and other agencies. –

The City Internal Audit Service/Unit shall be afforded independence and cooperation to carry out its powers and function to render impartial and unbiased judgement essential in the conduct of internal audit and in the gathering of evidence to support its findings and recommendations.

The City Internal Audit Service shall coordinate with all departments within the City Government of Manila and other government agencies as well as NGOs to effectively carry out its powers and functions.

SEC. 6. Funding Requirements. – The amount necessary for the effective and continuous implementation of this ordinance shall be sourced from any unprogrammed funds of the City.

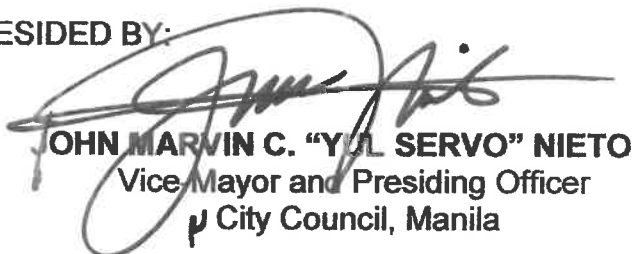
SEC. 7. Separability Clause. – If any part or provision of this Ordinance is held or declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SEC. 8. Repealing Clause. – All other laws, decrees, orders, issuances, rules and regulations which are inconsistent with the provisions of the Ordinance are hereby repealed, amended or modified accordingly.

SEC. 9. Effectivity. – This Ordinance shall take effect upon its approval.

This Ordinance was finally enacted by the City Council of Manila on December 12, 2024.

PRESIDED BY:


JOHN MARVIN C. "Y.L. SERVO" NIETO
Vice Mayor and Presiding Officer
City Council, Manila


ATTESTED:


LUCH R. GEMPIS, JR.
City Government Department Head VI
(Secretary to the City Council)

APPROVED BY HIS HONOR, THE MAYOR, ON DEC 12 2024


MARIA SHEILAH "Honey" H. LACUNA PANGAN, MD, FPDS
Mayor
City of Manila

ATTESTED:


ATTY. MARLON M. LACSON
City Government Department Head III
(Secretary to the Mayor)

JMG/RRB: acl/jok/cpf/hpr/avs