



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines



CIRCULAR

No. : 2009-006
Date : **SEP 15 2009**

TO : All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of the National Government, Heads of Local Government Units, Managing Heads of Government-Owned and/or Controlled Corporations, COA Assistant Commissioners, COA Directors, COA Auditors and All Others Concerned

SUBJECT : Prescribing the use of the Rules and Regulations on Settlement of Accounts

This Circular is issued to prescribe the use of the Rules and Regulations on Settlement of Accounts (RRSA), thereby superseding COA Circular No. 94-001 and COA Memorandum No. 2002-053, dated 20 January 1994 and 26 August 2002, respectively. The RRSA, a copy of which is hereto attached as integral part of this Circular, comprises the following Chapters:

- I. Introduction
- II. General Principles, Rules and Procedures
- III. Guidelines in the Issuance of Audit Observation Memorandum, Notice of Suspension/Notice of Disallowance/Notice of Charge, Notice of Settlement of Suspension/Disallowance/Charge and Statement of Audit, Suspensions, Disallowances and Charges
- IV. Decisions and Appeals
- V. Finality and Enforcement of Decisions
- VI. Transitory Provisions
- VII. Final Provisions

Its main features include:

1. The RRSA shall cover all accounts audited pertaining to the revenues and receipts of and expenditures or uses of government funds. It shall not cover settlement of property accounts.

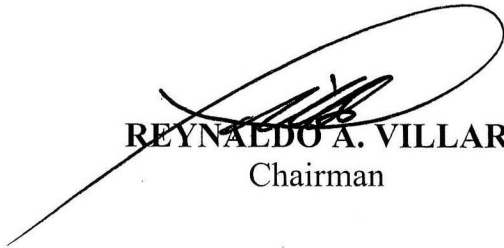
2. The Auditor shall issue a Notice of Disallowance/Notice of Charge for differences/balances resulting from the audit of the accounts. A Notice of Suspension may be issued pending compliance with various requirements for transactions which may result in pecuniary loss to the government.
3. The Statement of Audit Suspensions, Disallowances and Charges (SASDC) shall be issued by the Auditor in place of the Certificate of Settlement and Balances to summarize the total suspensions, disallowances, and charges pertaining to the agency as of the end of each quarter.
4. The first SASDC issued under the RRSA shall reflect a zero (0) balance for uniformity and simplicity in the application of the rules and for facility in the monitoring of agency suspensions/disallowances/charges. It does not, however, mean that there are no existing suspensions/disallowances/charges of the agency.
5. A Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) shall be issued whenever a suspension/disallowance/charge is settled, to serve as basis for dropping from the books of accounts of the agency of the recorded disallowance/charge.
6. A Notice of Finality of Decision (NFD) shall be issued to inform the agency head that a decision of this Commission or its authorized representatives has become final and executory, which shall be the basis for recording the disallowance/charge in the agency's books of accounts.
7. A COA Order of Execution (COE) shall be issued to enforce the settlement of audit disallowance/charge, whenever the persons liable refuse or fail to settle the same after the decision has become final and executory.
8. There is no motion for reconsideration allowed at all levels of adjudication except at the Commission Proper.
9. The levels of appeal from the Auditor's decision are- to the Cluster/Regional Director, the Adjudication and Settlement Board and then the Commission Proper.

A handwritten signature in black ink, consisting of a series of loops and strokes, positioned below the text of item 9.A handwritten signature in black ink, featuring a large, stylized initial 'A' followed by several loops, positioned below the text of item 9.

10. Appeal fees shall be required to be paid before jurisdiction is acquired by the Commission.

All COA Circulars, Memoranda and other issuances inconsistent herewith are hereby revoked or modified accordingly.

This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation.



REYNALDO A. VILLAR
Chairman



JUANITO G. ESPINO, JR.
Commissioner

LSS/OGC
ESZ/JPM

**THE 2009 RULES AND REGULATIONS ON THE
SETTLEMENT OF ACCOUNTS**

CHAPTER 1 – INTRODUCTION

SECTION 1. TITLE

This set of rules shall be known as the “Rules and Regulations on the Settlement of Accounts.”

SECTION 2. LEGAL AUTHORITY

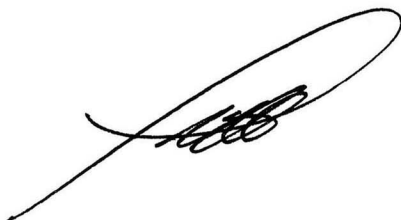
The Commission on Audit is vested by the Constitution with the power, authority, and duty to examine, audit and settle all accounts pertaining to the revenues and receipts of and expenditures or uses of funds, owned or held in trust by, or pertaining to, the Government, or any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations.

Likewise, the Commission has the exclusive authority, subject to limitations under Article IX of the Constitution, to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of government funds and property.

SECTION 3. SCOPE

These rules and regulations shall cover all accounts audited pertaining to the revenues and receipts of and expenditures or uses of government funds.

The settlement of property accounts is not covered by these rules.




SECTION 4. DEFINITION OF TERMS

The following terms shall be understood in the sense as hereunder defined, unless the context otherwise indicates:

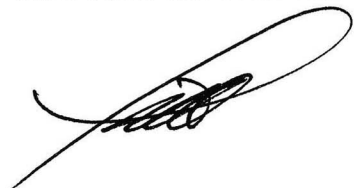
- 4.1 **Account** – a record of an accountable officer wherein transactions and events pertaining to fund, obligation, revenue, collection or expense affecting his accountability are entered as items of debit and credit
- 4.2 **Accountability** – refers to the answerability for government funds of every public officer whose duties permit or require the possession or custody of such government funds in conformity with laws and regulations. Other public officers, although not accountable for government funds by the nature of their duties, may likewise be similarly held accountable and responsible therefor through their participation in the use or application of such government funds.
- 4.3 **Accountable Officer** – the officer of any government agency who by the nature of his duties and responsibilities or participation in the collection/receipt and expenditure/use of government funds, is required by law or regulation to render account to the Commission on Audit (COA).
- 4.4 **Adjudication and Settlement Board (ASB)** – a body composed of COA Assistant Commissioners authorized to exercise adjudication functions.
- 4.5 **Agency** – any department, bureau or office of the national government, or any of its branches and instrumentalities, or any political subdivision as well as any government-owned or controlled corporation including its subsidiaries, or any self governing board or commission of the government.
- 4.6 **Aggrieved Party** – a person adversely affected by any decision, order or ruling of the Commission or any of its duly authorized representatives.
- 4.7 **Annual Audit Report (AAR)** – the final output of the regular yearly audit conducted by the auditor assigned to audit the accounts and operations of a government agency, and basically consists of the Auditor's Certificate, the financial statements and the audit observations and recommendations.

- 4.8 **Appeal** – the process of elevating to a higher authority as provided in these Rules any decision, order or ruling of the Commission or any of its duly authorized representatives.
- 4.9 **Audit Observation Memorandum (AOM)** – a written notification to the agency head and concerned officer/s informing of deficiencies noted in the audit of accounts, operations or transactions and requiring comments thereto and/or submission of documentary and other information requirements within a reasonable period
- 4.10 **Auditor** – refers to the head of an auditing unit, group, or team of the Commission on Audit.
- 4.11 **Charge** – an inclusion or addition to an accountability pertaining to the assessment, appraisal or collection of revenues, receipts and other income such as that arising from under-appraisal, under-assessment or under-collection. As distinguished from “disallowance” which refers to the audit of expenditures, the term “charge” is generally used in connection with the audit of revenues/receipts.
- 4.12 **COA Order of Execution (COE)** – a written instruction to withhold payment of salary and other money due to persons liable, for settlement of their liability.
- 4.13 **Commission** – refers to the Commission on Audit or COA.
- 4.14 **Decision** – an adjudication or settlement of a claim or controversy by the authorized COA official/s which shall embody the facts of the case, the issue/s to be resolved, the ruling, and the law, regulations, or precedent on which the ruling is based.
- 4.15 **Director** – the head of a Central Office Audit Cluster in the National, Local or Corporate Government Sector, or of a Regional Office, or of the Fraud Audit and Investigation Office or other Office authorized to conduct special audit, of the Commission.
- 4.16 **Disallowance** – the disapproval in audit of a transaction, either in whole or in part. The term applies to the audit of



disbursements as distinguished from “charge” which applies to the audit of revenues/receipts.

- 4.17 **Liability** – a personal obligation arising from an audit disallowance or charge which may be satisfied through payment or restitution as determined by competent authority or by other modes of extinguishment of obligation as provided by law.
- 4.18 **Notice of Finality of Decision (NFD)** – a written notification that a decision of the COA has become final and executory.
- 4.19 **Notice of Settlement of Suspension/Disallowance/Charge (NSSDC)** – a written notification that an audit suspension/disallowance/charge has been settled.
- 4.20 **Persons Liable** – the persons determined to be answerable for an audit disallowance, charge or decision as provided in these Rules.
- 4.21 **Persons Responsible** – the persons determined to be answerable for compliance with the audit requirements as called for in the Notice of Suspension.
- 4.22 **Record of COA Decisions (ROCD)** – a register of COA Decisions for each agency showing the NDs and NCs issued, the appeals taken thereon, decision on appeal, the NFDs and COEs issued and the NSSDC, if settlements have been made.
- 4.23 **Statement of Audit Suspensions, Disallowances and Charges (SASDC)** – a written summary of the total balance of the audited accounts of the agency at the end of each quarter. It shows the total issued suspensions, disallowances, charges and settlements for the quarter and the running balance of the suspensions, disallowances and charges as of the quarter ended.
- 4.24 **Settlement** – refers to the payment/restitution or other act of extinguishing an obligation as provided by law in satisfaction of the liability under an ND/NC, or in compliance with the requirements of an NS, as defined in these Rules.
- 4.25 **Settlement of Accounts** – refers to the process of determining the status or balance of the account of an accountable officer after audit and examination.



- 4.26 **Special Audit Team** – a team created by the Fraud Audit and Investigation Office or any office authorized by the Chairman, to conduct special or fraud audit of transactions or accounts of an agency.
- 4.27 **Suspension** – a temporary disallowance; refers to transactions or accounts which appear illegal/improper/irregular unless satisfactorily explained or justified by the responsible officers or until the requirements on matters raised in the course of audit are submitted or complied with.
- 4.28 **Transaction** – an event or condition the recognition of which gives rise to an entry in the accounting records.

CHAPTER II – GENERAL PRINCIPLES, RULES AND PROCEDURES

SECTION 5. SETTLEMENT OF ACCOUNTS

- 5.1 Settlement of accounts is the process of determining the balance of the account of an accountable officer, through an audit and examination thereof, to verify the total debits and total credits that may be allowed. Such balance represents the disallowance or charge which shall be his accountability. A suspension may likewise result from such audit as provided in these Rules.
- 5.2 The settlement of accounts shall be evidenced by an appropriate marking in the documents audited as prescribed by the Commission. If no balance in the account is found or the transaction is allowed in audit, the audited documents shall indicate “Allowed in Audit.” Otherwise, a Notice of Suspension (NS), Notice of Disallowance (ND) or Notice of Charge (NC) shall be issued pursuant to Rule III hereof, and the documents marked accordingly, with amount suspended/disallowed/charged indicated therein.
- 5.3 The audit and examination of transactions pertaining to an account shall be done in accordance with laws, rules, regulations and standards to determine whether these transactions may be allowed, suspended, disallowed or charged in audit. In case an audit decision cannot as yet be reached due to incomplete documentation/information, or if the deficiencies noted refer to financial or



operational matters which do not involve pecuniary loss, an Audit Observation Memorandum (AOM) shall be issued.

5.3.1 A transaction is suspended in audit when it is temporarily disallowed/disapproved until the requirements on matters raised in the course of audit are complied with. This shall cover only transactions which may result in pecuniary loss to the government. An NS shall be issued indicating the requirements to be complied with by the officers concerned.

5.3.2 A transaction is disallowed in audit when it is disapproved either in whole or in part for being an illegal, irregular, unnecessary, excessive, extravagant or unconscionable expenditure. An ND is issued for the disallowed amount.

5.3.3 A transaction is charged in audit when the correct amount of revenue/receipt due the government is not received by the agency as a result of under-appraisal/assessment/collection. An NC is issued for the uncollected amount.

5.4 An audit suspension or disallowance/charge shall be settled by the persons responsible or liable therefor through compliance with the requirements, or payment/restitution or by any of the modes of extinguishment of obligation provided by law, respectively. A Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) shall be issued for such settlement.

5.5 The Auditor shall, within fifteen (15) calendar days after the end of each quarter, prepare and issue a Statement of Audit Suspensions, Disallowances and Charges (SASDC) to inform of the total suspensions, disallowances and charges for the agency as of the end of the quarter audited. In case of a retiring/transferring officer, the Auditor shall issue the updated list of outstanding suspensions, disallowances and charges for said officer, within five (5) days from receipt of a request for such list.



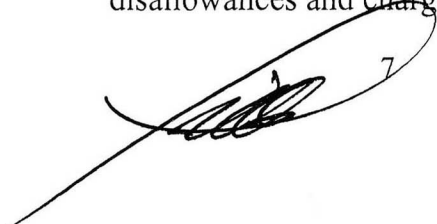
SECTION 6. LINKAGE TO THE ANNUAL AUDIT REPORT (AAR)

- 6.1 The total unsettled suspensions, disallowances and charges at the end of the calendar year as reflected in the SASDC for the last quarter, shall be reported in the AAR of the same year.
- 6.2 The AAR shall also include in its comments and observations other deficiencies noted in the audit of accounts as indicated in the AOM.

SECTION 7. RESPONSIBILITIES FOR AUDIT AND SETTLEMENT OF ACCOUNTS

7.1 Responsibility of the Agency Head

- 7.1.1 The head of the agency, who is primarily responsible for all government funds and property pertaining to his agency, shall ensure that: (a) the required financial and other reports and statements are submitted by the concerned agency officials in such form and within the period prescribed by the Commission; (b) the settlement of disallowances and charges is made within the prescribed period; (c) the requirements of transactions suspended in audit are complied with; and (d) appropriate actions are taken on the deficiencies noted as contained in the AOM.
- 7.1.2 The head of the Agency shall initiate the necessary administrative and/or criminal action in case of unjustified failure/refusal to effect compliance with the foregoing requirements by subordinate officials. Gross negligence in disciplining subordinates who are the subject of repeated adverse audit findings shall subject the officials concerned to disciplinary action by the proper authorities as the evidence may warrant.
- 7.1.3 He shall enforce the COA Order of Execution (COE) by requiring the withholding of salaries or other compensation due the person liable in satisfaction of the disallowance or charge.
- 7.1.4 He shall ensure that all employees who are retiring or transferring to other agencies shall first settle the disallowances and charges for which they are liable.

A handwritten signature in black ink, appearing to be a stylized name, located at the bottom left of the page.A handwritten signature in black ink, appearing to be a stylized name, located at the bottom right of the page.

7.2 *Responsibility of the Agency Accountant*

7.2.1 The Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency shall ensure that:

- a) the reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first ten (10) days of the ensuing month;
- b) the financial records are made accessible at reasonable hours to the Auditor or his authorized representatives when needed;
- c) the audit suspensions, disallowances and charges including their settlements, are properly monitored and reconciled with the SASDC issued by the Auditor in accordance with these Rules;
- d) the disallowances and charges that have become final and executory as contained in the Notice of Finality of Decision (NFD) are recorded in the books of accounts, and settlements thereof under the NSSDC are dropped therefrom; and
- e) the subsidiary ledgers/records are maintained and properly updated for each official/employee determined to be liable/responsible for the amount disallowed/charged/suspended.

7.3 *Responsibility of the Auditor*

The Auditor shall:

7.3.1 enforce submission of the receipt and disbursement records with all paid vouchers, official receipts, reports and supporting documents as prescribed by the Commission and the related laws, rules and regulations, and as necessary in the course of audit;

7.3.2 conduct the examination and audit of the records, reports and documents submitted covering transactions under the identified audit areas;



- 7.3.3 prepare, as a result of his examination and audit, the pertinent NS/ND/NC and AOM in accordance with Sections 8 to 11 of these Rules;
- 7.3.4 serve the AOM, NS, ND, NC, NFD or COE to persons concerned/responsible/liable in accordance with Section 12 of Rule III hereof;
- 7.3.5 sign NFD for disallowances/charges made by him in accordance with Section 22 hereof;
- 7.3.6 prepare the COE for disallowances/charges issued by him, for signature of his Director;
- 7.3.7 monitor the enforcement of the COE issued by the authorized officers pursuant to these Rules and report to his Director the action taken by the agency thereon, pursuant to Section 23.4 hereof;
- 7.3.8 issue the NSSDC when an audit suspension/disallowance/charge has been settled pursuant to Section 13 hereof;
- 7.3.9 prepare and transmit a quarterly SASDC to the agency head and the accountant pursuant to Section 14 hereof; and
- 7.3.10 undertake such other responsibilities as provided in these Rules or other existing regulations of this Commission.

7.4 *Responsibility of the COA Director*

The COA Director shall:

- 7.4.1 exercise general supervision and review in the audit and settlement of accounts;
- 7.4.2 act on appeals pursuant to Section 18 of Chapter IV hereof;
- 7.4.3 sign the NFD for decisions rendered by him in accordance with Section 22 hereof;

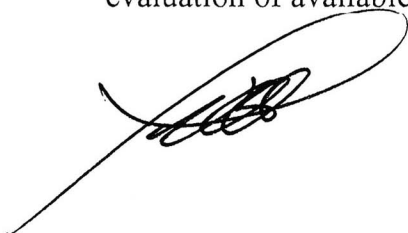


- 7.4.4 sign the COE for decisions rendered by him and by the Auditor in accordance with Section 23 hereof;
- 7.4.5 consolidate the SASDCs, for all auditees under his jurisdiction. In the regions, consolidation shall be by cluster and sector for quarterly submission to the cluster/sector concerned for purposes of national consolidation;
- 7.4.6 undertake such other responsibilities as provided in these rules or other existing regulations of this Commission.

CHAPTER III – GUIDELINES IN THE ISSUANCE OF AOM, NS/ND/NC, NSSDC and SASDC

SECTION 8. AOM AND MANAGEMENT REPLY

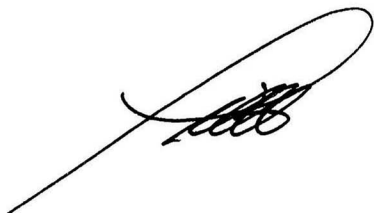
- 8.1 The Auditor shall issue an AOM – Form I - for observations relating to financial/operational deficiencies such as accounting, internal control or property management which do not involve pecuniary loss. An AOM may also be issued for documentary or other information requirements to enable the auditor to make a decision in audit.
- 8.2 The AOM is addressed to the head of agency and the officer/s concerned stating the deficiencies noted and/or the requirements to be complied with and requiring a response thereto. It shall be signed by both the Audit Team Leader and the Supervising Auditor. A sample AOM is shown in Annex 1.
- 8.3 The AOM shall be replied to by the agency officials concerned within fifteen (15) calendar days from receipt thereof.
- 8.4 If the agency officials fail to reply within the period specified above, the audit observation on financial/operational deficiencies shall be deemed accepted and shall be included in the Management Letter and/or Audit Report. In case of failure to submit the required documents or information needed to reach an audit decision, an NS/ND/NC may be issued by the Auditor, as warranted, after a re-evaluation of available documents/information.



- 8.5 The agency reply/comments shall be evaluated by the Auditor vis-à-vis the audit observations and he shall inform the head of the agency and officer concerned in writing, of the results of the evaluation.
- 8.6 The documents/information submitted in response to the requirements of the AOM may, after audit and examination, provide the basis for the allowance in audit of the transactions, or the subsequent suspension, disallowance or charge thereof, as warranted.

SECTION 9. NOTICE OF SUSPENSION (NS)

- 9.1 The Auditor shall issue an NS – Form 2 - for transactions of doubtful legality/propriety/regularity which may result in pecuniary loss of the government, and which will be disallowed in audit if not satisfactorily explained or validly justified by the parties concerned.
- 9.2 The NS shall be addressed to the head of agency and the accountant and served on the persons responsible, stating the amount suspended, the reason/s for the suspension, the justification/explanation/legal basis or documentation required in order to lift the suspension, and the persons responsible for compliance with the requirements. It shall be signed by both the Audit Team Leader and Supervising Auditor. A sample NS is shown in Annex 2.
- 9.3 The NS shall be issued as often as suspensions are made by the Auditor for the purpose of notifying the agency head and the accountable officer concerned of the amount suspended in audit.
- 9.4 A suspension should be settled within ninety (90) calendar days from receipt of the NS; otherwise the transaction covered by it shall be disallowed/charged after the Auditor shall have satisfied himself that such action is appropriate. Consequently, the Auditor shall issue the corresponding ND/NC.
- 9.5 The date of receipt of the NS by the responsible officers or their authorized representatives as provided in Section 12 hereof shall be the reckoning date for purposes of counting the 90-day period.

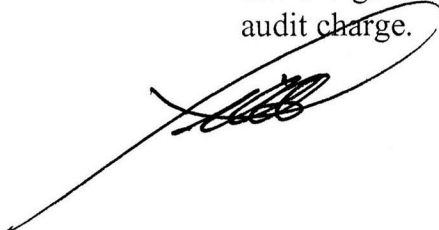


SECTION 10. NOTICE OF DISALLOWANCE (ND)

- 10.1 The Auditor shall issue an ND – Form 3 - for transactions which are irregular/unnecessary/excessive and extravagant as defined in COA Circular No. 85-55A as well as other COA issuances, and those which are illegal and unconscionable.
- 10.1.1 Illegal expenditures are expenditures which are contrary to law.
- 10.1.2 Unconscionable expenditures are expenditures which are unreasonable and immoderate, and which no man in his right sense would make, nor a fair and honest man would accept as reasonable, and those incurred in violation of ethical and moral standards.
- 10.2 The ND shall be addressed to the agency head and the accountant; served on the persons liable; and shall indicate the transaction and amount disallowed, reasons for the disallowance, the laws/rules/regulations violated, and persons liable. It shall be signed by both the Audit Team Leader and the Supervising Auditor. A sample ND is shown in Annex 3.
- 10.3 The ND shall be issued as often as disallowances are made by the Auditor in order to notify the agency head, the accountant, and the persons liable for the amount disallowed in audit.
- 10.4 The disallowance shall be settled within six (6) months from receipt of the ND by the persons liable.
- 10.5 The date of receipt of the ND by the persons liable therefor or by their authorized representatives as provided in Section 12 hereof shall be the reckoning date for purposes of counting the 6-month period for appeal.

SECTION 11. NOTICE OF CHARGE (NC)

- 11.1 The Auditor shall issue the NC – Form 4 - as follows:
- 11.1.1 If the amount assessed/appraised is less than what is due the government, the difference shall be a proper audit charge.



- 11.1.2 If the amount billed is less than the amount due the government, the difference shall also be a proper audit charge.
- 11.1.3 If the amount collected is less than what is due the government, the difference shall likewise constitute a proper audit charge.
- 11.2 The NC shall be addressed to the agency head and the accountant; served on the persons liable; and shall indicate the transaction and amount charged, reasons for the charge, laws/rules/regulations violated; and persons liable. It shall be signed by both the Audit Team Leader and the Supervising Auditor. A sample NC is shown in Annex 4.
- 11.3 The NC shall be used and issued as often as charges are made by the Auditor to notify the agency head, the accountant and the persons liable for the charges noted in the audit of revenues/receipts/assessments.
- 11.4 The audit charge shall be settled within six (6) months from the date of receipt of the NC.
- 11.5 The date of receipt of the NC by the persons liable therefor or by their authorized representatives as provided in Section 12 hereof, shall be the reckoning date for purposes of counting the 6-month period for appeal.

SECTION 12. SERVICE OF COPIES OF ND/NS/NC

- 12.1 A copy of the NS/ND/NC shall be served to each of the persons liable/responsible, by the Auditor, through personal service. If personal service is not practicable, it shall be served by registered mail. In case there are several payees, as in the case of a disallowed payroll, service to the accountant who shall be responsible for informing all payees concerned, shall constitute constructive service to all payees listed in the payroll.
- 12.2 Personal service is done by delivering personally a copy to the party or by leaving it in his office with his clerk or with a person having charge thereof. If no person is found in his office, or his office is not known, or he has no office, then by leaving the copy between the hours of eight in the morning and six in the evening at the party's

residence, if known, with a person of sufficient age and discretion then residing therein.

- 12.3 Service by registered mail is done by sending a copy by registered mail to the office address of the party, if known; otherwise at his residence with instruction to the Postmaster to return the mail to the sender after ten (10) days, if undelivered. If no registry service is available in the locality of either the sender or the addressee, service may be done by ordinary mail.
- 12.4 The Auditor shall maintain a record of the date of actual or constructive service of notices for purposes of determining the running of the ninety (90) days maturity period of the suspension and the six (6) months period to appeal the disallowances and charges. These information shall be included in the Record of COA Decisions (ROCD).

**SECTION 13. NOTICE OF SETTLEMENT OF
SUSPENSION/DISALLOWANCE/CHARGE (NSSDC)**

- 13.1 The Auditor shall issue the NSSDC – Form 5 - whenever a suspension/disallowance or charge is settled.
- 13.1.1 A suspension shall be settled by the submission of the justification/explanation and/or documentation required under an NS and after the Auditor becomes satisfied that the transaction is regular/legal/proper and that no loss was suffered by the government. If the Auditor is not satisfied with the justification/explanation and/or documentation submitted, he shall issue the corresponding ND/NC.
- 13.1.2 A disallowance or charge shall be settled by payment of the amount disallowed or by such other applicable modes of extinguishment of obligation as provided by law. In the case of the latter modes, the Auditor may refer to the General Counsel, for evaluation and advice, the propriety of the settlement.
- 13.1.3 Settlement of disallowance or charge may also result from a decision of the Director, Adjudication and Settlement Board or the Commission Proper, lifting the disallowance or charge.

- 13.2 The NSSDC shall be addressed to the agency head and the accountant, copy furnished the persons responsible/liable and shall indicate the NS/ND/NC settled, amount, nature of transaction and the mode of settlement. It shall be signed by the Audit Team Leader and the Supervising Auditor. A sample NSSDC is shown in Annex 5.

SECTION 14. STATEMENT OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES (SASDC)

- 14.1 The Auditor shall prepare the SASDC – Form 6 - summarizing the total suspensions, disallowances and charges of the audited transactions of an agency at the end of each quarter. The SASDC shall indicate the balance at the beginning of each quarter of the suspension/disallowances/charges, as well as the suspension/disallowances/charges, and settlements during the quarter. It shall be signed by the Audit Team Leader and the Supervising Auditor.
- 14.2 The SASDC shall be issued to the agency head and the Chief Accountant within fifteen (15) calendar days from the end of each quarter, copy furnished the COA Director concerned. The prescribed form for SASDC is shown in Annex 6.
- 14.3 The quarterly SASDC issued by the Auditor shall be the basis for the preparation by the COA Director of a consolidated quarterly SASDC for his region/cluster showing the total unsettled suspensions/disallowances/charges per auditee department/agency.
- 14.4 The Assistant Commissioner for the Sector shall be furnished with a copy of the consolidated quarterly SASDC of each cluster/region for purposes of national consolidation into a Sector SASDC as input into a database to be maintained by the Information Technology Office showing the total unsettled disallowances, charges and suspensions per sector.

SECTION 15. ISSUANCE OF NOTICES BY SPECIAL AUDIT TEAM

- 15.1 The following procedures shall be observed in the issuance of the notices for transactions disallowed and charged in special audits and settlements thereof:



- 15.1.1 The Special Audit Team Leader and Supervisor shall sign the ND/NC for transactions audited.
- 15.1.2 The ND and NC issued shall be marked as “Special audit ND/NC No. _____, Office Order No. _____.”
- 15.1.3 The ND/NC/ issued shall be transmitted by the Cluster Director of the Office that conducted the special audit, to the agency head and the accountant through the Auditor of the agency audited and the concerned Cluster/Regional Director, together with the special audit report. The Audit Team Leader shall serve the copies of the ND/NC on the persons liable and such ND/NC shall be included in the SASDC for the current quarter.
- 15.1.4 In case of settlement of the ND/NC by the persons liable, evaluation thereof shall be made by the Director of the Office which conducted the special audit, who shall then advise the auditor of the agency concerned to issue the NSSDC.
- 15.2 The Special Audit Team shall be authorized to reopen accounts already post-audited and/or settled pursuant to Section 52 of PD 1445. The Office Order directing the special audit is deemed sufficient authority to reopen the accounts.
- 15.3 In case the transaction subject of the special audit has been earlier allowed in audit, the special audit team shall preliminarily discuss the disallowance or charge with the Auditor concerned. If the latter disagrees with the findings of the audit team, the written comment shall be requested from the Auditor for evaluation of the special audit team.
- 15.4 The Auditor shall consider the significance or impact of the disallowances and charges issued by the special audit team on the fairness of presentation of the balance of the accounts of the agency, and consequently on the audit opinion.



SECTION 16. DETERMINATION OF PERSONS RESPONSIBLE/LIABLE

- 16.1 The Liability of public officers and other persons for audit disallowances/charges shall be determined on the basis of (a) the nature of the disallowance/charge; (b) the duties and responsibilities or obligations of officers/employees concerned; (c) the extent of their participation in the disallowed/charged transaction; and (d) the amount of damage or loss to the government, thus:
- 16.1.1 Public officers who are custodians of government funds shall be liable for their failure to ensure that such funds are safely guarded against loss or damage; that they are expended, utilized, disposed of or transferred in accordance with law and regulations, and on the basis of prescribed documents and necessary records.
- 16.1.2 Public officers who certify as to the necessity, legality and availability of funds or adequacy of documents shall be liable according to their respective certifications.
- 16.1.3 Public officers who approve or authorize expenditures shall be liable for losses arising out of their negligence or failure to exercise the diligence of a good father of a family.
- 16.1.4 Public officers and other persons who confederated or conspired in a transaction which is disadvantageous or prejudicial to the government shall be held liable jointly and severally with those who benefited therefrom.
- 16.1.5 The payee of an expenditure shall be personally liable for a disallowance where the ground thereof is his failure to submit the required documents, and the Auditor is convinced that the disallowed transaction did not occur or has no basis in fact.
- 16.2 The liability for audit charges shall be measured by the individual participation and involvement of public officers whose duties require appraisal/assessment/collection of government revenues and receipts in the charged transaction.

- 16.3 The liability of persons determined to be liable under an ND/NC shall be solidary and the Commission may go against any person liable without prejudice to the latter's claim against the rest of the persons liable.

CHAPTER IV – DECISIONS AND APPEALS

SECTION 17. PERIOD TO APPEAL

- 17.1 Any person aggrieved by a disallowance or charge may within six (6) months from receipt of the notice, appeal in writing as prescribed in these Rules. A disallowance or charge not appealed within the period prescribed shall become final and executory.
- 17.2 The filing by the aggrieved party of an appeal will suspend the running of the prescribed period.
- 17.3 The running of the 6-month period shall resume upon receipt of a decision from the Director or the Adjudication and Settlement Board.

SECTION 18. PROCEEDINGS BEFORE THE DIRECTOR

- 18.1 A person aggrieved by a disallowance/charge of the Auditor may file an Appeal Memorandum to the Director who exercises supervision over the audited agency, or in case of a disallowance/charge resulting from a special audit, to the Director of the Cluster/Office that conducted the special audit, within six (6) months from receipt of the ND or NC.
- 18.2 Within five (5) calendar days from receipt of the Appeal Memorandum, the Director shall order the Auditor to file his Answer, copy furnished the Appellant, and to submit the entire records of the case including the Excerpt of Documents and Summary of Events (EDSE), duly numbered at the bottom of each page.
- 18.3 The Auditor shall comply with the order of the Director within fifteen (15) calendar days from receipt thereof. The appellant may file a Reply within the same period from receipt of the Answer.

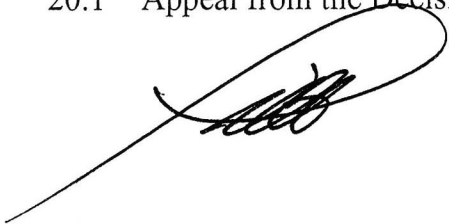
- 18.4 The Director shall decide the appeal within fifteen (15) calendar days from receipt of the complete documents necessary for evaluation and decision.
- 18.5 If the Director reverses, modifies or alters the decision of the Auditor, the case shall be elevated to the Commission Proper for automatic review of the Director's decision.
- 18.6 The Director shall not entertain a motion for reconsideration of his decision.

SECTION 19. PROCEEDINGS BEFORE THE ADJUDICATION AND SETTLEMENT BOARD (ASB)

- 19.1 A person aggrieved by a decision of the Director involving an amount not exceeding one million (₱1,000,000.00) pesos may appeal to the ASB within the time remaining of the six (6) months period to appeal.
- 19.2 Upon receipt of the Appeal Memorandum, the ASB, through the Assistant Commissioner of the Legal Services Sector shall require the Director to file his Answer, copy furnished the Appellant, and to submit the entire records of the case including the EDSE, duly numbered at the bottom of each page.
- 19.3 The Director shall comply with the order of the ASB within fifteen (15) calendar days from receipt thereof. The appellant may file a Reply within the same period from receipt of the answer.
- 19.4 The ASB shall decide the appeal within fifteen (15) calendar days from receipt of the complete documents necessary for evaluation and decision.
- 19.5 The ASB may affirm, reverse, modify or alter the decision of the Director.
- 19.6 The ASB shall not entertain a motion for reconsideration of its decision.

SECTION 20. PROCEEDINGS BEFORE THE COMMISSION PROPER (CP)

- 20.1 Appeal from the Decision of the Director



20.1.1 A party aggrieved by the decision of the Director involving disallowances/charges exceeding one million (₱1,000,000.00) pesos may file an appeal to the CP within the time remaining of the six (6) months period to appeal, taking into consideration the suspension of the running thereof as provided in these Rules.

20.1.2 The CP shall decide any case or matter brought before it within sixty (60) calendar days from the date of its submission for decision or resolution.

20.1.3 A case or matter is deemed submitted for decision or resolution upon the filing of the last pleading, brief, or memorandum required by the rules of the Commission. If the account or claim involved in the case needs reference to other person or office, or to a party interested, the period shall be counted from the time the last comment necessary to a proper decision is received by it.

20.2 Automatic Review of the Decision of the Director

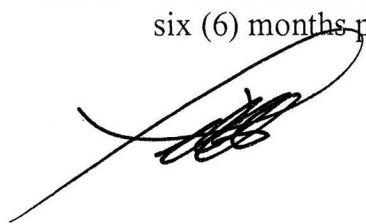
20.2.1 A decision of the Director which reverses, modifies or alters a decision of the Auditor shall be automatically reviewed by the CP as provided in section 18.5 hereof.

20.2.2 The CP shall within sixty (60) calendar days from receipt of the Auditor's decision and the entire records of the case, review the same and render its own decision.

20.3 Motion for Reconsideration of CP Decision

20.3.1 Only one motion for reconsideration shall be entertained by the CP on the basis of new and material evidence, or that the evidence is insufficient to justify the decision, or the said decision is contrary to law.

20.3.2 The motion shall be filed within the remaining of the six (6) months period to appeal.



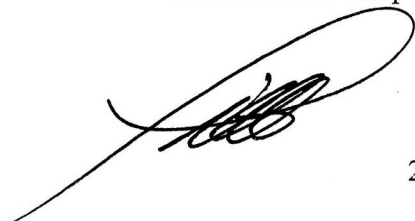
SECTION 21. APPEAL TO THE SUPREME COURT

- 21.1 The party aggrieved by any decision, order, or ruling of the CP may within thirty (30) days from his receipt of a copy thereof, appeal on *certiorari* to the Supreme Court in the manner provided by law and Rules of Court.
- 21.2 When the decision, order, or ruling of the CP adversely affects the interest of any government agency, the appeal may be taken by the head of the agency.

CHAPTER V – FINALITY AND ENFORCEMENT OF DECISIONS

SECTION 22. NOTICE OF FINALITY OF DECISION (NFD)

- 22.1 A decision of the Commission Proper, ASB, Director or Auditor upon any matter within their respective jurisdiction; if not appealed as herein provided, shall become final and executory.
- 22.2 The NFD – Form 7 - (Annex 7) shall be issued by the authorized COA official to the agency head to notify that a decision of the Auditor, Director, ASB or CP has become final and executory, there being no appeal or motion for reconsideration filed within the reglementary period.
- 22.3 The NFD shall be signed by the:
- 22.3.1 Audit Team Leader and Supervising Auditor, for ND/NC issued by them;
 - 22.3.2 Director having supervision over the special audit team, for ND/NC issued by the team;
 - 22.3.3 Director, for decision rendered by him;
 - 22.3.4 General Counsel, for decision of the ASB
 - 22.3.5 Commission Secretary, for a decision of the Commission Proper



- 22.4 The NFD shall be addressed to the Agency Head, Attention: the Chief Accountant and shall indicate the particulars of the COA decision that has become final and executory and the persons liable.
- 22.5 A copy of the NFD shall be served by the Auditor of the agency concerned on the persons liable or their authorized representatives who shall indicate their printed name and signature and the date of receipt thereof.
- 22.6 The Chief Accountant shall, on the basis of the NFD, record in the books of accounts, the disallowance and/or charge as a receivable.

SECTION 23. COA ORDER OF EXECUTION (COE)

- 23.1 The COE – Form 8 - (Annex 8) shall be issued to enforce the settlement of an audit disallowance/charge, whenever the persons liable therefor refuse or fail to settle them after the decision has become final and executory.
- 23.2 The COE shall be approved by the following officers, not earlier than five (5) days from receipt of the NFD by the agency head:
- 23.2.1 Director, for NFD issued by him or by the Auditor
- 23.2.2 General Counsel for NFD issued by him or by the Commission Secretary, or for judgment rendered by the Supreme Court
- 23.3 The COE shall be addressed to the Agency Head, Attention: the Treasurer/Cashier, and shall indicate the NFD, the particulars of the decision being enforced and the persons liable.
- 23.4 The Auditor shall monitor the implementation of the COE and report to the Director the action taken by the agency thereon. Unsettled COEs shall be referred to the General Counsel for appropriate action including referral to the Office of the Solicitor General and the Ombusman.



SECTION 24. DROPPING FROM THE BOOKS OF ACCOUNTS OF SETTLED ND OR NC

Recorded final disallowances and charges which are settled shall be dropped from the books of accounts upon receipt by the Accountant of the NSSDC.

SECTION 25. RECORD OF COA DECISIONS (ROCD)

- 25.1 The Auditor shall maintain an ROCD showing the NDs and NCs issued to his agency, the appeal/s taken thereon, the decision/s on appeal/s, the NFDs and COEs issued and the NSSDC if settlements have been made.
- 25.2 The Director and the Assistant Commissioner for Legal Services Sector (LSS) shall keep copies of Decisions rendered by his Office and the ASB, respectively, and the corresponding NFDs and COEs.
- 25.3 The Director, LSS Assistant Commissioner and the Commission Secretary shall ensure that the Auditor is furnished with copies of the decisions of the Director, ASB and CP, respectively as well as the NFDs and COEs, to update the ROCD.

SECTION 26. OPENING AND REVISION OF SETTLED ACCOUNTS

- 26.1 At any time before the expiration of three (3) years after the settlement of any account by an auditor, the Commission may *motu proprio* review and revise the account or settlement and certify a new balance. For the purpose, it may require any account, voucher, or other papers connected with the matter to be forwarded to it.
- 26.2 When any settled account appears to be tainted with fraud, collusion, or error of calculation, or when new and material evidence is discovered, the Commission may, within three (3) years after the original settlement, open the account, and after a reasonable time for reply or appearance of the party concerned, may certify thereon a new balance. An auditor may exercise the same power with respect to settled accounts upon prior authorization of the COA Chairman pertaining to the agency under his jurisdiction.
- 26.3 Accounts once finally settled shall in no case be opened or reviewed except as herein above provided.



- 26.4 If a settled account is re-opened or reviewed, and a new balance is certified in accordance with Section 52 of P.D. No. 1445, the aggrieved party may appeal therefrom in accordance with Rule IV of these Rules.

CHAPTER VI – TRANSITORY PROVISIONS

SECTION 27. UNSETTLED ND/NC/NS AS OF EFFECTIVITY OF THESE RULES

- 27.1 ND/NC/NS which have not been settled as of effectivity of these rules shall be covered by a special report (Report on ND/NC/NS Issued Prior to the 2009 RRSA, (Annex 9)) to be prepared by the Auditor and submitted to his Director, together with copies of the ND/NC/NS. Disposition thereof shall be as follows:
- 27.1.1 NDs and NCs for which an Auditor's Order (AO) or Final Order of Adjudication (FOA) had been issued but which have not been settled shall be verified and monitored as to their settlement. Information shall be given to the General Counsel through the Director as to the reasons for non-enforcement of the AO or FOA.
- 27.1.2 NDs and NCs which have become final and executory but are not covered by an AO or FOA shall be forwarded to the officer concerned for the issuance of the COE in accordance with Section 23 hereof.
- 27.1.3 NDs and NCs issued which have not become final and executory shall be governed by these Rules.
- 27.1.4 NSs shall be evaluated by the Auditor and the corresponding ND/NC or NSSDC shall be issued in accordance with these Rules.



**SECTION 28. DETERMINATION OF BALANCE OF ACCOUNTABILITY
UPON EFFECTIVITY OF THESE RULES**

- 28.1 The SASDC under the herein Rules shall be issued covering transactions commencing from the effectivity of these Rules only.
- 28.2 The first SASDC issued under these Rules shall reflect a zero (0) balance for uniformity and simplicity in the application of the rules and for facility in the monitoring of agency suspensions/disallowances/charges. This is not in any way intended to mean that there are no existing suspensions, disallowances or charges.
- 28.3 The suspensions, disallowances, and charges existing at the effectivity of these Rules shall continue to be monitored and enforced by this Commission.

CHAPTER VII – FINAL PROVISIONS

SECTION 29. REPEALING CLAUSE

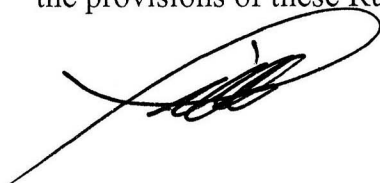
The provisions of COA Circular No. 94-001 dated January 20, 1994 and COA Memorandum No. 2002-053 and all other issuances which are inconsistent or in conflict with these Rules and Regulations are hereby repealed or modified accordingly.

SECTION 30. EFFECTIVITY

These Rules and Regulations shall take effect 15 days after publication in a newspaper of general circulation.

SECTION 31. SUPPLEMENTARY PROVISIONS

- 31.1 The applicable provisions of the Government Accounting and Auditing Manual (GAAM), the State Audit Manual (SAM), the 2009 Revised Rules of Procedure of the COA (RRPC) and other COA issuances which are not inconsistent herewith shall be supplementary to the provisions of these Rules.



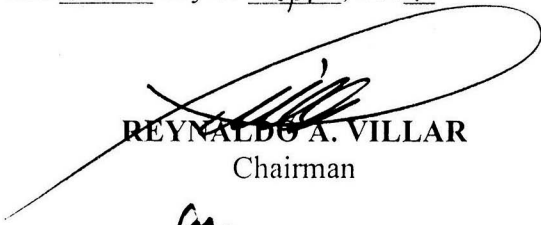
31.2 The pertinent provisions of the Rules of Court of the Philippines shall be applicable by analogy or in suppletory character and effect.

31.3 All cases not covered by these Rules and Regulations shall be referred to the Office of the General Counsel for disposition.

SECTION 32. SEPARABILITY CLAUSE

If any part or provision of these Rules and Regulations is held invalid or unconstitutional, the remaining part not affected thereby shall remain valid and effective.

APPROVED this 15th day of Sept., 2009.



REYNALDO A. VILLAR
Chairman



JUANITO G. ESPINO, JR.
Commissioner

Having been published in the Philippine Star on Sept. 21, 2009, these rules take effect on Oct. 6, 2009. *and the Daily Tribune*

Attested by:



FORTUNATA M. RUBICO
Director IV
Commission Secretary



Republic of the Philippines
COMMISSION ON AUDIT
Department of Education
Region IV, Pasig City

AOM No. 09-001

Date : October 25, 2009

AUDIT OBSERVATION MEMORANDUM (AOM)

For : Mr. Juan C. de la Cruz
Director
Department of Education, Region IV
Pasig City

Attention: Mr. Joselito Remonde
Property Officer

We have audited the _____ and observed the following deficiencies/errors:

May we have your comments on the foregoing audit observations within fifteen (15) calendar days from receipt hereof.

Likewise, please submit the following documents to enable us to make a decision in audit.

- 1.
- 2.

Mario S. Dela Costa
MARIO S. DELA COSTA
Audit Team Leader

Proof of Receipt of AOM:

Juan C. Dela Cruz
JUAN C. DELA CRUZ
Date: _____

Efren R. Cadiante
EFREN R. CADIENTE
Supervising Auditor

**INSTRUCTIONS IN ACCOMPLISHING THE
AUDIT OBSERVATION MEMORANDUM**

AOM No. _____ an identification number assigned to each AOM consisting of the following:

00-000
: :
: :
: : _____ Number of the AOM issued by the Auditor
:
: _____ Year account or transaction was audited

DATE Date AOM was prepared

ADDRESSEE The name and position/designation of the Agency Head

ATTENTION The officer directly responsible for the submission of management's comments to the audit observation.

Audit Observations:

GUIDE IN THE DEVELOPMENT OF AUDIT OBSERVATIONS

Paragraph 1 – shall indicate the details of the audit observation:

1. Condition – the situation prevailing in the agency at the time of the audit, the actual practice which violated the prescribed laws, rules, regulations and/or policies.
2. Criteria – the appropriate standard/s used which may be derived from laws, rules, regulations and/or prescribed policies.
3. Cause – the action, inaction or inadequacy of action of management or its employees as measured against applicable criteria.
4. Effect(s) – the difference between the standard and the action taken which produce the results.
5. Recommendation(s) – the course(s) of action offered to correct or remedy the deficiencies observed.

Paragraph 2 – request to submit comments/justifications for the observation. A paragraph may likewise be included to indicate the documents required to be submitted.

ISSUING OFFICER The name, position and signature of the Audit Team Leader (ATL) and Supervising Auditor (SA).

PROOF OF RECEIPT of AOM - The printed name and signature of the addressee or authorized representative and date of receipt thereof.



Republic of the Philippines
COMMISSION ON AUDIT
 XYZ City, Metro Manila

NS NO.: 09-032-101-(09)
 Date: October 27, 2009

NOTICE OF SUSPENSION (NS)

Hon. Horacio A. dela Cruz
City Mayor
XYZ City

Attention: Ms. Maria V. Ocampo
City Accountant

We have audited the payment to Mr. Ernesto P. Joson, Prosecutor II, of City allowance for the period January 01, 2009 to June 1, 2009 pursuant to Section 458 (1), (xi) of RA 7160, covered by the following reference document and particulars:

Check/DV No. _____ Date _____ Amount _____ Payee _____

The amount of _____ was suspended in audit due lack of a Sanggunian Panlungsod (SP) Resolution authorizing Prosecutor Joson to receive the additional allowance. Please submit the SP Resolution authorizing payment of the same as required under Section 305 (a) of the Local Government Code.

The following persons have been determined to be responsible for compliance with the aforementioned requirement:

Name	Position/Designation	Nature of Participation in the Transaction
1. Maria V. Ocampo	City Accountant	Certified that the DV was supported by the necessary documents
2. Elena A. Dionisio	Head, Human Resource Department	Certified that expenses are necessary, lawful and incurred under her direct supervision
3. Prosecutor Ernesto P. Joson	Payee	Received the payment

Please settle the above audit suspension through compliance with the requirements indicated which we will evaluate. Items suspended in audit which are not settled within ninety (90) days from receipt hereof shall become a disallowance pursuant to Section 82 of P.D. No. 1445.

Ericson J. Sison
ERICSON J. SISON
 Audit Team Leader

Regina E. Faller
REGINA E. FALLER
 Supervising Auditor

PROOF OF SERVICE OF COPIES OF NS TO PERSONS RESPONSIBLE

Name of Person Responsible	Position	Received by (Pls. print & sign)	Date
1. Ms. Maria V. Ocampo	City Accountant	_____	_____
2. Ms. Elena A. Dionisio	HRMO V/Head HRD	_____	_____
3. Atty. Ernesto P. Joson	Prosecutor II	_____	_____

**INSTRUCTIONS IN ACCOMPLISHING THE
NOTICE OF SUSPENSION (NS)**

NS NO. The identification number for the Notice of Suspension
which shall consist of the following digits:

00-000-000-(00)
: : : :
: : : ----- Year of transaction
: : ----- Fund Code
: ----- Number/Series for the year
----- Year the NS is issued

DATE The date NS was prepared

ADDRESSEE The name and position/designation of the Agency Head

ATTENTION The name of the Chief Accountant

PARAGRAPH 1 Statement as to the transaction audited indicating the reference
document/s including information as to the Check/OR No., date,
amount, payee.

PARAGRAPH 2 Statement as to the amount of audit suspension and the facts and
reasons therefor. The particulars for the suspension shall include
the nature of the transaction and the provision of the
law/rule/regulation violated, such as non-submission of complete
documents to support the disbursement

PARAGRAPH 3 This shall indicate the persons responsible for submitting the
required explanation/justification/approval and other information
to enable a decision in audit, and shall include their names,
position/designation, and the nature of their participation in the
transaction.

PARAGRAPH 4 This shall indicate the requirement to settle the NS and the effect
of non-settlement within the prescribed period.

ISSUING OFFICER Name, position/designation and signatures of the ATL and SA.

PROOF OF SERVICE OF COPIES OF NS TO PERSONS LIABLE

The names, position/designation of persons responsible;
and the printed name and signature of person/s receiving
the copy of the NS and date of receipt thereof.



Republic of the Philippines
COMMISSION ON AUDIT
 Office of the Auditor
 DEF Authority
 Roxas Blvd., Manila

ND NO.: 09-051-101-(08)
 Date: November 14, 2009

NOTICE OF DISALLOWANCE (ND)

Mr. Lucio M. Encarnacion
Administrator, DEF Authority
Roxas Blvd., Manila

Attention: Ms. Jennifer S. Refuerzo
Chief Accountant

We have audited the payment for the procurement of equipment under Purchase Order No. 0506 dated January 10, 2008 in the amount of ₱142,826.00, covered by the following reference document and particulars:

Check/DV No. _____ Date _____ Amount _____ Payee _____

The amount of ₱42,000.00 was disallowed in audit because the delivered equipment was found to be second hand and is valued at ₱100,826.00 only as stated in the Post-Inspection Report of the Technical Audit Specialist. The Purchase Order requires the delivery of a brand new unit. This constitutes an irregular transaction as defined under COA Circular No. 85-55A and payment thereof was in excess of its value by ₱42,000.00.

The following persons have been determined to be liable for the transaction:

Name	Position/Designation	Nature of Participation in the Transaction
1. Jose L. Lorenzo	Property Inspector, Administrative Department	Signed the Inspection Report indicating that the deliveries were complete and in accordance with the specifications
2. Gloria V. Hernandez	Chief, General Services	Signed the Certificate of Acceptance for the Deliveries
3. Sandra F. Campo	Chief, Research Division, Environment Management Department	Signed Sales Invoice No. 471 dated February 12, 2008 indicating that she received the deliveries in good order and condition and conforming to specifications
4. ABC Enterprises	Payee	Received payment for the delivery

Please direct the aforementioned persons liable to settle immediately the said disallowance. Audit disallowances not appealed within six (6) months from receipt hereof shall become final and executory as prescribed under Sections 48 and 51 of P. D. 1445.

Ernesto S. Aquino
ERNESTO S. AQUINO
 Audit Team Leader

Lester J. Sandoval
LESTER J. SANDOVAL
 Supervising Auditor

PROOF OF SERVICE OF COPIES OF ND TO PERSONS LIABLE

Name of Person Liable	Position/Designation	Received by (Pls. print & sign)	Date
1. Mr. Jose L. Lorenzo	Property Inspector	_____	_____
2. Ms. Gloria V. Hernandez	Chief, General Services	_____	_____
3. Ms. Sandra F. Campo	Chief, Research Division.	_____	_____
4. ABC Enterprises	Payee, 12 Rizal St., Tondo Manila	_____	_____

**INSTRUCTIONS IN ACCOMPLISHING THE
NOTICE OF DISALLOWANCE (ND)**

ND NO. The identification number for the Notice of Disallowance
which shall consist of the following digits:

00-000-000-(00)
: : : :
: : : ----- Year of transaction
: : ----- Fund Code
: ----- Number/Series for the year
----- Year the ND is issued

DATE Date ND was prepared

ADDRESSEE The name and position/designation of the Agency Head

ATTENTION The name of the Chief Accountant

PARAGRAPH 1 Statement as to the transaction audited indicating the
reference document/s including information as to the Check
/DV No., date, amount, payee, etc.

PARAGRAPH 2 Statement as to the amount of disallowance and the facts
and reasons therefor. The amount of disallowance is not
necessarily the full amount of the check or voucher. The
particulars for the disallowance shall include the nature of
the transaction and the provision of the law/rule/regulation
violated. E.g. violation of Section 4(1) of P.D. 1445, or
Section 37 of P.D. 1177; or the transaction is irregular,
unnecessary, excessive or extravagant as defined under
COA Circular 85-55A dated September 8, 1985.

PARAGRAPH 3 This shall indicate the persons liable for the transaction and
shall include their names, position/designation, and the
nature of their participation in the transaction.

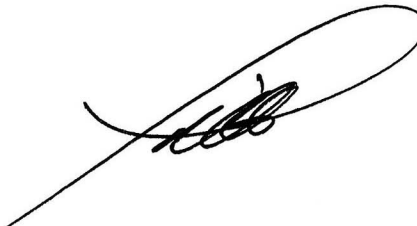

PARAGRAPH 4 This shall indicate the directive to settle the disallowance or
appeal within the prescribed period

ISSUING OFFICER Name, position, designation and signature of the ATL and
SA.

PROOF OF SERVICE OF COPIES OF ND TO PERSONS LIABLE

The names, position/designation of persons liable, and the
printed name and signature of persons receiving the copy of
ND and date of receipt thereof.

32



Republic of the Philippines
COMMISSION ON AUDIT
 Office of the Auditor
 JKL City, Metro Manila

NC NO.: 09-037-101-(09)
 Date: October 30, 2009

NOTICE OF CHARGE (NC)

Hon. Lito M. Paras
City Mayor
JKL City, Metro Manila

Attention: Mr. Lauro T. Lorenzo
City Accountant

We have audited the collection of City License Tax covered by the following reference document and particulars:

OR No. _____ Date _____ Amount _____ Payor _____

The amount of ₱2,700.00 was charged in audit due to under-collection resulting from error in assessment. The amount of tax due was ₱65,889.00 based on City Ordinance No. 05-212, but the Payment Order issued was only ₱63,189.00 for a deficiency of ₱2,700.00

The following persons have been determined to be liable for the transaction:

Name	Position/Designation	Nature of Participation in the Transaction
1. Edna P. Gamba	Assessment Clerk II	Prepared the Order of Payment indicating that the amount to be paid was ₱63,189.06 as against actual tax due of ₱65,889.00
2. Joseph R. Santos	Chief, License Division	Approved the Order of Payment
3. ABC Enterprises	Payor	Paid an amount less by ₱2,700.00 than that actually due from him.

Please direct the aforementioned persons liable to settle immediately the said audit charge. Audit charges not appealed within six (6) months from receipt hereof shall become final and executory as prescribed under Sections 48 and 51 of P.D. 1445.

Ronald S. Enriquez
RONALD S. ENRIQUEZ
 Audit Team Leader

Felipe Q. Daganzo
FELIPE Q. DAGANZO
 Supervising Auditor

PROOF OF SERVICE OF COPIES OF NC TO PERSONS LIABLE

<u>Name of Person Liable</u>	<u>Position/address</u>	<u>Received by</u> (Pls. print & sign)	<u>Date</u>
1. Edna P. Gamba	Assessment Clerk License Division	_____	_____
2. Joseph R. Santos	Chief, License Division	_____	_____
3. ABC Enterprises	Payor, # 12 Rizal St., Tondo, Manila	_____	_____

**INSTRUCTIONS IN ACCOMPLISHING THE
NOTICE OF CHARGE (NC)**

NC NO. The identification number for the Notice of Charge which shall consist of the following digits:

00-000-000-(00)
: : : :
: : : ----- Year of transaction
: : : ----- Fund Code
: : : ----- Number/Series for the year
----- Year the NC is issued

DATE Date NC was prepared

ADDRESSEE The name and position/designation of the Agency Head.

ATTENTION The name of the Chief Accountant.

PARAGRAPH 1 Statement as to the transaction audited indicating the reference document/s including information as to the Check/OR No., date, amount, payor

PARAGRAPH 2 Statement as to the amount of audit charge and the facts and reasons therefor. The particulars for the charge shall include the nature of the transaction and the provision of the law/rule/regulation violated. E.g. erroneous computation or violation of Section 68 or 69 of P.D. 1445

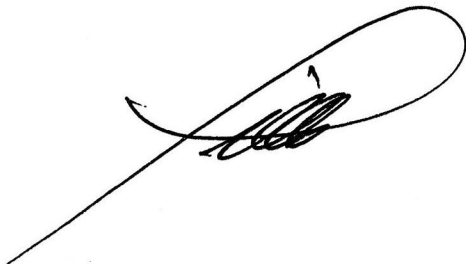
PARAGRAPH 3 This shall indicate the persons liable for the transaction and shall include their names, position/designation, and the nature of their participation in the transaction.

PARAGRAPH 4 This shall indicate the directive to settle the audit charge or appeal the charge within the prescribed period.

ISSUING OFFICER Name, position, designation and signature of the ATL and SA.

PROOF OF SERVICE OF COPIES OF NC TO PERSONS LIABLE

The names, position/designation of persons liable; and the printed name and signature of person/s receiving the copy of the NC and date of receipt thereof.





Republic of the Philippines
COMMISSION ON AUDIT
 Department of Health
 Manila

**NOTICE OF SETTLEMENT OF
 SUSPENSION/DISALLOWANCE/CHARGE (NSSDC)**

NSSDC No.09-005 /
 NC-09-048-101(09)
 November 28, 2009

Dr. Enrique Kallos
 Secretary, Department of Health
 Manila

Attention: Ms. Imelda Blanco
 Chief Accountant

Reference: ND/NC/NS No. - _____
 Date - _____
 Amount - _____
 Nature of transaction _____
 Persons liable/responsible - _____

(In case of submission of requirements under an NS)

In view of the submission of _____ by _____ which we have evaluated/examined and audited and found in order, the above suspension is hereby settled.

(or if the audit of submitted requirements under a NS is adverse)

Our audit of the requirements submitted under the above NS shows that the transaction is not in order and is hereby disallowed/charged in audit. Accordingly ND/NC No. _____ is hereby issued in place of the NS. The reasons for the disallowance/charge are stated in the ND/NC.

(In case of payment of disallowance/charge)

In view of the payment by _____ of the amount of _____ under OR No. _____ dated _____, the above disallowance/charge is hereby settled.

(or in case of lifting of ND/NC by the Director/ASB/CP Decision)

In view of Decision of the Director/ASB/COA Decision No. _____ dated _____ lifting the above ND, the disallowance of ₱ _____ is hereby settled.

Alberto F. Erestain
ALBERTO F. ERESTAIN
 Audit Team Leader

Elvira D. Ramiro
ELVIRA D. RAMIRO
 Supervising Auditor

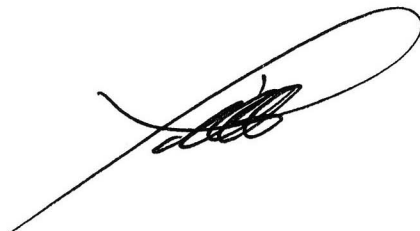
Copy furnished:

Persons Liable/Responsible
 Director/ASB Chairperson/ComSec

35

**INSTRUCTIONS IN ACCOMPLISHING THE NOTICE OF SETTLEMENT OF
SUSPENSION/DISALLOWANCE/CHARGE (NSSDC)**

- NSSDC No.** Identification number for the Notice of Settlement of Suspension/Disallowance/Charge. It shall consist of:
- 00-000 / No. of ND or NC or NS being settled
: :
: ----- Number/Series for the year
----- Year the NSSDC is issued
- DATE** Date NSSDC was prepared
- ADDRESSEE** Name and position/designation of the agency head
- ATTENTION** Name of the Chief Accountant.
- REFERENCE** The reference ND/NC/NS indicating the particulars thereof, which has been settled. The ND/NC/NS shall be indicated even if the decision that has become final and executory is a decision of the Director, ASB or CP.
- PARAGRAPH** Statement on the settlement of NS/ND/NC or COA decision, indicating the mode of settlement, amount settled, number and date of ND/NS/NC or of the decision of the Director, ASB or CP
- (a) For NS, the statement shall indicate if the audit of the submitted requirements, authority, legal basis, justification or explanation, shows that the transaction is in order, in which case, the NS is settled. Otherwise it shall be indicated that an ND/NC has been issued in place of the NS
- (b) For ND/NC, the statement shall indicate the mode of settlement and the official receipt number in case of payment of the amount disallowed/charged
- ISSUING OFFICER** Name, position, designation and signature of the ATL and SA
- COPY FURNISHED** The persons liable/responsible whose accounts have been settled and the Director/ASB Chairperson/Commission Secretary whose Office rendered the decision as the case may be





Republic of the Philippines
COMMISSION ON AUDIT
 Bureau of Animal Industry

January 04, 2010

**STATEMENT OF AUDIT SUSPENSIONS, DISALLOWANCES
 AND CHARGES (SASDC)**

For All Funds Audited
 For the Period Ending December 31, 2009

Director Antonio F. Evangelista
Bureau of Animal Industry
Quezon City

Attention: Ms. Aida M. Romulo
 Chief Accountant

Please be informed that the total audit suspensions, disallowances and charges found in the audit of various transactions of that agency, as of December 31, 2009 is P_____, based on the Notice of Suspension (NS)/Notice of Disallowance (ND)/Notice of Charge (NC) issued by this Commission, as summarized hereunder:

A.

	Beginning Balance (As of September 30, 2009)	This period October 1 to December 31, 2009 (See B Below)		Ending Balance (As of December 31, 2009)
		NS/ND/NC	NSSDC	
Notice of Suspension	₱xxxxx.xx	₱xxxxx.xx	₱xxxxx.xx	₱xxxxx.xx
Notice of Disallowance	xxxxx.xx	xxxxx.xx	xxxxx.xx	xxxxx.xx
Notice of Charge	xxxxx.xx	xxxxx.xx	xxxxx.xx	xxxxx.xx
Total	₱xxxxx.xx	₱xxxxx.xx	₱xxxxx.xx	₱xxxxx.xx

B.

DETAILS OF SUSPENSIONS, DISALLOWANCES AND CHARGES

For the period October 1 – December 31, 2009

NS/ND/NC NSSDC		PAYEE/ PAYOR	AMOUNT			
Date	No.		Disallowed	Charged	Suspended	Settled
10/15/09	NS 09-01-101 (09)	3C			xxxxx.xx	
10/25/09	NSSDC 09-008 (ND-09-048-101(09))	3C				xxxxx.xx

11/15/09	NS 09-03-101 (09)	Mr. Alex Go			xxxxx.xx	
12/3/09	ND 09-01-101 (09)	Amon Trading	xxxxx.xx			
12/3/09	ND 09-02-101 (06)	Sy Construction Supply	xxxxx.xx			
3/08/07	NC 07-01-101 (06)	Mr. Jesus Dionisio		xxxxx.xx		
3/08/07	NC 07-02-101 (06)	Mr. Manuel Jacinto		xxxxx.xx		
Total			Pxxxxx.xx	Pxxxxx.xx	Pxxxxx.xx	Pxxxxx.xx

ND/NC/NS issued prior to effectivity of the RRSA are not included in the reflected balance but are deemed disallowances/charges which shall continue to be enforced in accordance with these Rules as provided under Sec. 28 hereof.

Jocelyn G. Medina
JOCELYN G. MEDINA
 Audit Team Leader

Henry O. Barrameda
HENRY O. BARRAMEDA
 Supervising Auditor

Copy furnished:

The Cluster Director
 Cluster D
 National Government Sector




**INSTRUCTIONS IN ACCOMPLISHING THE
STATEMENT OF AUDIT SUSPENSIONS, DISALLOWANCES
AND CHARGES (SASDC)**

DATE	date SASDC was prepared
TITLE	indicates audit coverage
ADDRESSEE	the name and position/designation of the Agency Head
ATTENTION	the name of the Chief Accountant
BALANCE AS OF END OF PREVIOUS PERIOD 'AUDITED	the amount of the total accountability reflected in the SBA for the end of previous audited period
PART A	summary of suspensions, disallowances charges for the current audited period. It shall indicate beginning balance for each ND/NC/NS, the ND/NC/NS and NSSDC for the period and the ending balance of the ND/NC/NS
PART B	details of the suspensions, disallowances, charges and settlements during the current audited period
ISSUING OFFICER	name, position/designation of the Auditor
COPY FURNISHED	the Cluster Director





Republic of the Philippines
COMMISSION ON AUDIT
JKL City, Manila

Date: December 12, 2009

NOTICE OF FINALITY OF DECISION (NFD)

Hon. Lito M. Paras
City Mayor
JKL City, Metro Manila

Attention: Mr. Lauro T. Lorenzo
City Accountant

Reference: ND/NC No.	-	_____									
Date of NC	-	_____									
Amount	-	_____									
Nature of ND/NC	-	<u>Collection of City License tax in the amount of P63,189.00 which was deficient by P2,700.00 since the correct amount should be P65,889.00.</u>									
Persons Liable and date of receipt of ND/NC	-	<table border="0"> <tr> <td>1. <u>Edna P. Gamba</u> – Assessment Clerk II</td> <td>-</td> <td>_____</td> </tr> <tr> <td>2. <u>Joseph R. Santos</u> – Chief, License Division</td> <td>-</td> <td>_____</td> </tr> <tr> <td>3. <u>ABC Enterprise</u> – payor</td> <td>-</td> <td>_____</td> </tr> </table>	1. <u>Edna P. Gamba</u> – Assessment Clerk II	-	_____	2. <u>Joseph R. Santos</u> – Chief, License Division	-	_____	3. <u>ABC Enterprise</u> – payor	-	_____
1. <u>Edna P. Gamba</u> – Assessment Clerk II	-	_____									
2. <u>Joseph R. Santos</u> – Chief, License Division	-	_____									
3. <u>ABC Enterprise</u> – payor	-	_____									

Please be informed that the above ND/NC has become final and executory, there being no appeal filed within the reglementary period.

Accordingly, the above named persons liable shall pay the above amount immediately to the agency cashier. Failure to pay the same shall authorize the agency cashier to withhold payment of salary and other money due to persons liable in accordance with COA Order of Execution to be issued to the agency cashier.

Carlito G. Odullo
CARLITO G. ODULLO
Audit Team Leader

Gina H. Landicho
GINA H. LANDICHO
Supervising Auditor

PROOF OF SERVICE OF NFD TO PERSONS LIABLE

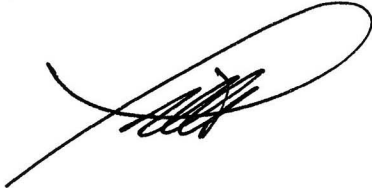
Name	Position	Received by	Date
1. Edna P. Gamba	_____	_____	_____
2. Joseph R. Santos	_____	_____	_____
3. ABC Enterprise	_____	_____	_____

Copy furnished:
The Director
Local Government Sector

If decision of the Director/ASB or CP attains finality, par 1 may be restated as follows:

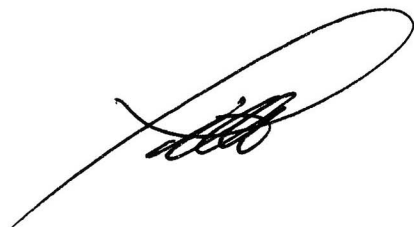
Please be informed that the decision of the Director/Adjudication and Settlement Board/Commission Proper No. _____ dated _____ has become final and executory in the absence of an appeal filed within the prescribed period. The said decision affirmed the above ND/NC

(Signatory shall be the Director, General Counsel or Commission Secretary as provided under Section 22.3 of these Rules. A copy of the CFD issued by the Commission Secretary shall be furnished the General Counsel)

A handwritten signature in black ink, consisting of a large, sweeping loop followed by several smaller, connected strokes.A handwritten signature in black ink, featuring a prominent vertical stroke on the left side and a series of horizontal and diagonal strokes extending to the right.

**INSTRUCTIONS IN ACCOMPLISHING THE
NOTICE OF FINALITY OF DECISION (NFD)**

- DATE:** Date NFD was prepared
- ADDRESSEE:** The name and position/designation of the Agency Head
- ATTENTION:** Name of the Accountant
- REFERENCE:** Should indicate the number of the decision (ND, NC, Decision, ASB or CP) which has become final and executory and should include the date it was issued, names of persons liable, date it was received by them and the particulars of the transaction.
- ISSUING OFFICER:** The NFD shall be issued by the: a) Auditor for an ND/NC issued by him, b) Director for decision rendered by him or by the special audit team under his supervision, c) General Counsel, for decision rendered by the ASB, and d) Commission Secretary for decision rendered by the Commission Proper, as provided under Section 22 of these Rules.
- COPY FURNISHED:** A copy of the NFD shall be furnished
- the Director, if the NFD was issued by Auditor
 - the General Counsel, if NFD was issued by Commission Secretary

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the left.A smaller, more compact handwritten signature in black ink, featuring a prominent vertical stroke and a horizontal base.



Republic of the Philippines
COMMISSION ON AUDIT
 Office of the General Counsel

Date: July 20, 2010

COA ORDER OF EXECUTION (COE)

Mr. Romeo Formoso
President, GHI Corp.
Roxas Blvd., Manila

Attention: Ms. Erlinda Manrique
Cashier

Reference: CP/ASB Decision No. & date - 2009-023 dated March 10, 2009
 ND No. & date - 06-051-101-05 dated July 14, 2006
 Amount - ₱42,000.00
 Date of NFD - July 5, 2008

Nature of transaction - Payment for sports equipment under DV No. 03- 07-25 dated 5/28/2006 in the total amount of ₱142,826.00

Persons Liable -
 1. Jose L. Unciano – Property Inspector - _____
 2. Gloria G. Manalili – Chief, General Services - _____
 3. Sandra P. Baylon – Chief, Research Division - _____

You are hereby instructed to withhold the payment of the salaries or any amount due to the above-named persons liable, for the settlement of their liabilities pursuant to the ND/Decision referred to above, copy attached and made an integral part hereof.

Payment of salaries or any money due them in violation of this instruction will be disallowed in audit and you will be held liable therefor.

Wilma C. Jardin
WILMA C. JARDIN
 Assistant Commissioner
 General Counsel

PROOF OF SERVICE OF COE TO AGENCY OFFICIALS

Name	Position	Received by	Date
1. Mr. Romeo Formoso	President, GHI Corp.	_____	_____
2. Ms. Erlinda Manrique	Cashier	_____	_____

Copy furnished:

Persons liable:
 Mr. Jose L. Unciano
 Ms. Gloria G. Manalili
 Ms. Sandra P. Baylon
 All of GHI Corp., Manila

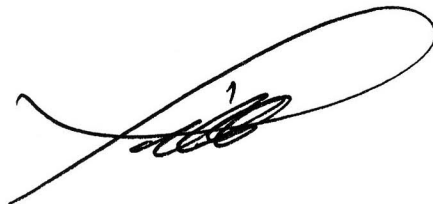
The Accountant
 GHI Corp.

The Auditor
 GHI Corporation, Manila

The Director, Cluster C
 Corporate Government Sector

**INSTRUCTIONS IN ACCOMPLISHING THE
COA ORDER OF EXECUTION (COE)**

- DATE:** Date COE was prepared
- ADDRESSEE:** The name and position of the agency head
- ATTENTION:** The name of the Treasurer/Cashier or officer of the agency charged with the payment of salaries of officials and employees
- REFERENCE:** The particulars of the ND/NC/Decision which should include the number, date, amount, nature of the transaction and name and position/designation of persons liable
- ISSUING OFFICER:** The name, position, designation and signature of the issuing officer.
- COPY FURNISHED:** The following shall be furnished with a copy of the COE
1. Persons liable
 2. The Chief Accountant
 3. The Director
 4. The Auditor
- PROOF OF SERVICE OF OE** The names, position/designation of the agency head and the Treasurer, and name and signatures of the persons receiving the copy of the OE and date of receipt thereof





Republic of the Philippines
COMMISSION ON AUDIT
 Office of the Auditor
 City of XYZ

Date _____

**REPORT ON ND/NC/NS ISSUED PRIOR TO THE 2009 RULES AND REGULATIONS
 ON SETTLEMENT OF ACCOUNTS**

1. NDs/NCs Issued With Auditor's Order (AO) or Final Order of Adjudication (FOA)

ND/NC		AO/FOA		Remarks
No.	Date	Issued by	Date	

2. NDs/NCs Issued Without AO/FOA, but Final and Executory

ND/NC		Date received by Persons liable	Remarks
No.	Date		

3. NS's Issued

NS		Date received by Persons Responsible	Remarks
No.	Date		

Efren I. Regino
EFREN I. REGINO
 Audit Team Leader

Digna L. Morales
DIGNA L. MORALES
 Supervising Auditor

 45

