



SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES OF THE 43rd REGULAR SESSION OF THE SANGGUNIANG BAYAN OF MONCADA, TARLAC HELD ON THE 26th DAY OF NOVEMBER 2018 AT THE SB SESSION HALL, LEGISLATIVE BUILDING.

PRESENT:

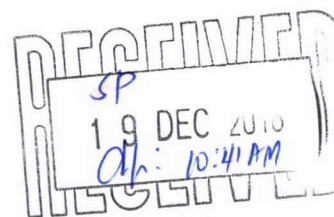
HON. JAIME O. DUQUE	.. VICE MAYOR/PRESIDING OFFICER
HON. RODOLFO A. ESPEJO	.. PRO – TEMPORE
HON. ALBERTO C. MARZAN, JR., MD	.. MEMBER
HON. EDWARD V. TOLENTINO	.. MEMBER
HON. JANIUS M. YASAY	.. MEMBER
HON. THELMAFLOR A. ESPEJO	.. MEMBER
HON. RUBEN V. GAMBOA, JR	.. MEMBER
HON. GEORGE MICHAEL P. AGUILAR	.. MEMBER
HON. CLEOFÉ D. FAVIS	.. MEMBER

ABSENT:

HON. GEORGE R. CUCHAPIN, MD	.. LnB PRESIDENT (On-Leave)
HON. EZEKIEL C. RIVERA	.. SK PRESIDENT

MUNICIPAL ORDINANCE NO. 06
Series of 2018

Proponent: Coun. Janius M. Yasay
Chairperson, Committee on Rules and Ordinances



AN ORDINANCE CREATING THE INTERNAL AUDIT SERVICE UNDER THE ORGANIZATIONAL STRUCTURE OF THE MUNICIPAL GOVERNMENT OF MONCADA

WHEREAS, the Department of Budget and Management (DBM) has been pursuing reforms in public financial management to ensure that the government spends within means, invests in right priorities and delivers measurable results within an environment of transparency, accountability and participation;

WHEREAS, to enable the Municipal Government of Moncada in delivering more quality services to its constituents, there is a need to intensify its effort to generate optimum revenue and the creation of an office that will oversee the effective and appropriate functioning of revenue generating units and other departments utilizing their resources becomes necessary;

WHEREAS, in view of the foregoing premises, there is an imperative need to create the Office of the Internal Auditor in pursuance to Republic Act 3456 (Internal Auditing Act of 1962) as amended by R.A. 4177 otherwise known as "Creating, Organizing, and Operating an Internal Audit Service in all government agencies which shall assist management to achieve efficient and effective Fiscal Administration and performance of agency affairs and functions";

WHEREAS, the creation of the Internal Audit Service manifests the continuous effort of the Municipal Government of Moncada to strengthen accountability, ensure ethical, economical, efficient and effective operations of the Municipal government, improve the quality of outputs and outcomes and enable the local government to better respond to the requirements of the public it serves;



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WHEREAS, the Ordinance complies with the mandate of Republic Act No. 4177, amending Republic Act No. 3456, which states that:

"SECTION 2. There shall be created, organized, and operated in all branches, subdivisions and instrumentalities of the government, xxx internal audit services which shall assist management to achieve an efficient and effective fiscal administration and performance of agency affairs and functions"

NOW, THEREFORE, on motion by Coun. Janius M. Yasay and unanimously seconded;

BE IT ENACTED by the Sangguniang Bayan of Moncada, in session assembled:

-THAT-

SECTION 1. CREATION. – There is hereby created, under the organizational structure of the Municipal Government of Moncada the Internal Audit Service.

SECTION 2. OBJECTIVES. – The Internal Audit service shall assist the Municipal Government to achieve an efficient and effective fiscal administration and performance of government affairs and functions.

SECTION 3. ORGANIZATIONAL STRUCTURE. – The Internal Audit Service shall be under the direct administrative supervision and control of the Municipal Mayor. It shall be an independent department and shall correspondingly perform staff functions. It shall be responsible for instituting and conducting a program of internal audit of the Municipal government.

The highest ranking officer of the Internal Audit Service shall have a rank of Municipal Government Department Head I with compensation corresponding to Salary Grade 24. He/she shall report directly to the Municipal Mayor.

The Chief of the Internal Audit Service shall determine and recommend to the Municipal Mayor the subordinate officers, other personnel and consultants, if necessary of the office for the required appointments.

Provided further, that the following organizational structure shall be adopted by the Municipal Government of Moncada in promulgating the new department:

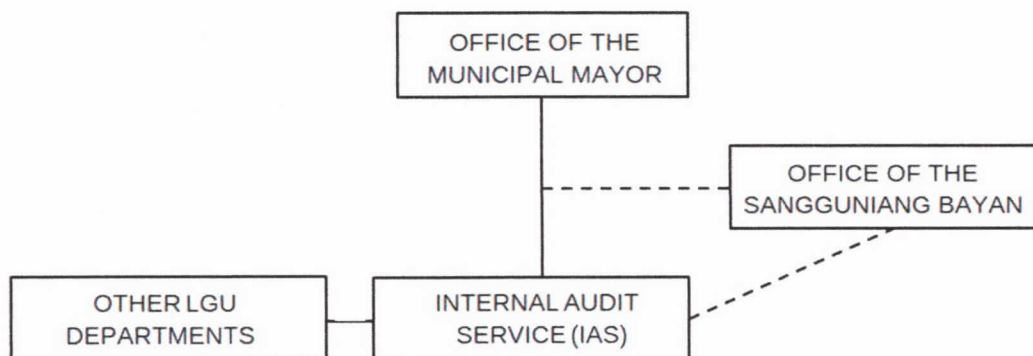


Figure 1. Organizational Structure of Internal Audit Service



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SECTION 4. DUTIES AND FUNCTIONS. – The Internal Audit Service activities shall include the following:

- a. Ascertaining the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information;
- b. Ascertaining the extent of compliance and reviewing the systems established to ensure compliance with government policies, plans and procedure, laws and regulations which have impact on operations;
- c. Ascertaining the extent which the assets and the other resources of the Municipality are accounted for and safeguarded from losses of all kinds;
- d. Reviewing and evaluating the soundness, adequacy and application of the accounting, financial and other operating controls and promoting the most effective control at reasonable cost;
- e. Reviewing operation or programs to ascertain whether or not the results are inconsistent with established objectives and goals and whether or not such programs are being carried out as planned;
- f. Evaluating the quality of performance of groups/individuals in carrying out their assigned responsibilities;
- g. Recommending corrective actions on operational deficiencies observed.

SECTION 5. OTHER DUTIES. – The Internal Audit Service may be called upon by the Mayor to perform special assignments. However, it shall not be responsible for or required to participate in procedures which are essentially a part of regular operating activities or in operations which are the primary responsibility of another office in the Municipal government. The Internal Audit Service **SHALL BE DETACHED** from all functions of routine operating character, such as:

- a. Pre-audit of vouchers and counter-signature of the check;
- b. Inspection of deliveries, although the internal auditor may, as part of his examination, observe inspection;
- c. Preparation of treasury and bank reconciliation statement;
- d. Development and installation of systems and procedures, however, in exceptional cases, the Internal Auditor may assist by way of giving suggestions;
- e. Taking physical inventories, however, the Internal Auditor may review the plans in advance and observe and test-check the accuracy of counting, costing and summarizing;
- f. Maintaining property records; and
- g. All other activities related to operations.

SECTION 6. CONDUCT OF INTERNAL AUDIT. – Internal Audit shall be performed with proficiency and professional care.

Internal Audit Service shall, therefore:

- a. Ensure that the technical proficiency and educational background of internal auditors are appropriate for the audit to be performed;
- b. Ensure that internal auditors possess the knowledge, skills and discipline needed to carry out the audit responsibilities of the office;



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- c. Ensure the internal audits are properly supervised and performed with due professional care;
- d. Conduct the audit in conformity with International Standards for the Professional Practice of Internal Auditing; and
- e. Strictly observe the Code of the Ethics promulgated by the Association of Government Internal Auditors (AGIA) to maintain high standards of honesty, objectivity, diligence and loyalty.

SECTION 7. EFFECTIVITY. – This Ordinance shall take effect immediately upon its approval.

ENACTED, November 26, 2018 at Moncada, Tarlac.

Affirmative: Espejo, Rodolfo; Marzan, Tolentino, Yasay; Espejo, Thelmaflor; Gamboa, Aguilar, Favis


Negative: None

Absent: Cuchapin (On-Leave), Rivera

X-----X
I **HEREBY CERTIFY** to the correctness of the foregoing Municipal Ordinance which was enacted by the Sangguniang Bayan of Moncada, Tarlac during its 43rd Regular Session held on the 26th day of November 2018.


VICTOR SANDINO S. MOLINA, MPA
Secretary to the Sanggunian

**ATTESTED AND CERTIFIED
TO BE DULY ENACTED:**


HON. JAIME O. DUQUE
Vice-Mayor & Presiding Officer

APPROVED:


HON. ESTELITA M. AQUINO
Municipal Mayor

Date: 12/13/2018