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REUBEN S. TORDERA
Province of Bataan
OFFICE OF LEGAL SERVICE

EXECUTIVE ORDER NO. 122, Series of 2016

CREATING AND ORGANIZING THE PROVINCIAL INTERNAL AUDIT SERVICES/UNIT, AND DEFINING ITS POWERS AND FUNCTIONS

WHEREAS, RA No. 7160 or the Local Government Code, mandate 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;

WHEREAS, RA No. 3456 or known as the "Internal Auditing Act of 1962", as amended by RA No. 4177, mandated the creation, organization and operation of the Internal Audit Services/Unit (IAS/U) in all government agencies, including LGUs;

WHEREAS, AO No. 278 dated April 28, 1992 (Directing the Strengthening of the Internal Control systems of government offices, agencies, GOCCs, including GFIs and LGUs, in their Operations), and AO No. 70 dated April 14, 2003 (Strengthening of the Internal Control Systems of Government Offices, Agencies, GOCCs, including GFIs, State Universities and Colleges and LGUs) provided the creation, functions, duties and activities of the IAS/U;

WHEREAS, there is a need to strengthen the Provincial Government of Bataan's (PGB) effectiveness in risk management, controls and governance processes by providing a continuous assessment of internal controls and source of recommendations for improvement as well as to strengthen mechanisms for ensuring the accountability of PGB to their constituents and to instil public confidence in the PGBs ability to operate effectively;

WHEREAS, economical, efficient, effective, and ethical utilization of resources is an indispensable requirement of good governance;

WHEREFORE, in view of the foregoing premises, I, **ALBERT S. GARCIA**, by virtue of the powers vested in me as the Chief Executive of the Province of Bataan, hereby create and organize the Provincial Internal Audit Services/Unit, and defining its powers and functions:

Section 1. DEFINITION. The following terms are defined as used in this Executive Order:

Compliance Audit refers to evaluation of the degree of compliance with laws, regulations, managerial policies and operating procedures, including compliance with accountability measures, ethical standards and contractual obligations;

Internal Audit pertains to the appraisal of internal controls. It involves the evaluation of management controls and operations performance, and the determination of the degree of compliance with laws, regulations, managerial policies, accountability measures, ethical standards and contractual obligations. Specifically, it pertains to management audit, operations audit, and compliance audit.

Internal control refers to the plan of organization and all the coordinated methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies (*Section 123 of Presidential Decree No. 1445, as amended*)

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Management Audit refers to a separate evaluation of the effectiveness of internal controls adapted in the operating and support services units over a period of time or as of a specific date;

Operations Audit refers to a separate evaluation of the outcome, output, process and input to determine whether government operations, programs and projects are effective, efficient, ethical and economical;

Section 2. POWERS AND FUNCTIONS.

Generally, the Provincial Internal Audit Services/Unit shall be responsible for instituting and conducting a program of internal audit for the Provincial Government. This internal audit encompasses the examination and evaluation of the adequacy and effectiveness of internal control. This is divided into three important functions, namely: management audit, operations audit, and compliance audit.

Specifically, it shall perform the following internal audit activities:

1. Ascertaining the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information;
2. Ascertaining the extent of compliance and reviewing the systems established to ensure compliance with government policies, plans and procedures, laws and regulations which have impact on operations;
3. Ascertaining the extent to which the assets and other resources of the institutions are accounted for and safeguarded from losses of all kinds;
4. Reviewing and evaluating the soundness, adequacy and application of accounting, financial and other operating controls and promoting the most effective control at reasonable cost;
5. Reviewing 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;
6. Evaluating the quality of performance of groups/individuals in carrying out their assigned responsibilities; and
7. Recommending corrective actions on operational deficiencies observed.
8. Perform such other related duties and responsibilities as may be assigned or delegated by the LCE or as may be required by law.

Section 3. ORGANIZATIONAL STRUCTURE.

The Provincial Internal Audit Services/Unit shall be under the direct supervision and control of Governor as an independent attached unit.

IAS/U shall be headed by a Chief who shall have a rank/position, qualifications, salary and remuneration as determined by an Ordinance to be enacted by the Sangguniang Panlalawigan. The Head/Chief of IAS/U shall report directly to the Governor.

The IAS/U shall also have a staff complement whose rank/position, qualifications, salary and remuneration shall also be as determined by an Ordinance to be enacted by the Sangguniang Panlalawigan.

The Provincial Governor may also assign additional employees to the IAS/U to complement its staff requirement.

Section 4. COORDINATION WITH OFFICES AND OTHER AGENCIES.

The IAS/U shall be afforded independence and cooperation to carry out its powers and function to render impartial and unbiased judgment essential in the conduct of internal audit and in the gathering of evidence to support its findings and recommendations.

The Provincial Internal Audit Services/Unit shall coordinate with all the Departments within the PGB and other government agencies, as well as non-governmental organizations to effectively carry out its powers and functions.

Section 5. FUNDING.

Subject to the requirements of the law, the budget necessary for the operation of the IAS/U shall be taken from the Annual Budget/ Appropriation Ordinance enacted by the Sangguniang Panlalawigan for such purpose.

Section 6. SEPARABILITY CLAUSE.

If for any reason, any part or provision of this Executive Order shall be declared unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 7. REPEALING CLAUSE.

All prior issuances or part or parts thereof which are inconsistent with any of the provisions of this Executive Order are hereby repealed or modified accordingly.

Section 8. EFFECTIVITY.

This Executive Order shall take effect upon approval and after compliance with the provision of existing law on posting and publication.

Let copies of this Executive Order be furnished to all offices/agencies concerned.

SO ORDERED.

Issued this 22nd day of December 2016 at the Provincial Capitol, Balanga City, Bataan.


ALBERT S. GARCIA
Governor

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REUBEN S. TORDERA
Province of Bataan
Office of Legal Service