



REPUBLIC OF THE PHILIPPINES
City of San Carlos, Negros Occidental
OFFICE OF THE SANGGUNIANG PANLUNGSOD

EXCERPTS FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG PANLUNGSOD HELD ON THE 20TH DAY OF SEPTEMBER, 2018 AT 4:00 P.M. AT THE SP SESSION HALL, THIS CITY

PRESENT:

Hon. JOSE CARLOS L. VILLARANTE,	SP Member/Presiding Officer Pro Tempore
“ BENITO Y. GUSTILO, JR.,	SP Member
“ CHRISTOPHER PAUL S. CARMONA,	SP Member
“ MARI-CAR O. QUISUMBING,	SP Member
“ VICTORIANA C. CABILI,	SP Member
“ MARK E. CUI,	SP Member
“ CLINT S. MANSUETO,	SP Member
“ WILMER L. YAP,	SP Member
“ JONIE S. UY,	SP Member
“ ANTHONY S. WEE,	SP Member (LnB President)

OIC, CITY MAYOR'S OFFICE:

Hon. RENATO Y. GUSTILO, Vice Mayor

ON OFFICIAL BUSINESS:

Hon. ALEXANDER Y. ONGTIAOBOK,	SP Member
“ JB SPRING C. BACURNAY,	SP Member (SK Representative)

ORDINANCE NO. 18-46

AN ORDINANCE CREATING THE INTERNAL AUDIT SERVICES/UNIT (IAS/U) IN THE CITY OF SAN CARLOS, NEGROS OCCIDENTAL

Introduced by: HONS. UY, CARMONA and YAP

Be it ordained by the Sangguniang Panlungsod in regular session assembled, that:

SECTION 1. – TITLE. This ordinance shall be known and treated as “**An Ordinance Creating the Internal Audit Services/Unit (IAS/U) in the City of San Carlos, Negros Occidental.**”

SECTION 2. – RATIONALE AND PURPOSE. The IAS/U in the City of San Carlos is created pursuant to the following legal bases:

- Republic Act No. 3456 otherwise known as Internal Auditing Act of 1962, as amended by RA No. 4177 which mandates the Creation, Organization and Operation in all government agencies an Internal Audit Service. It shall be under the direct administrative supervision and control of the heads and/or assistant heads of agency. The chief of the Internal Audit Service shall have the rank and salary equivalent to the third ranking official of the agency. He shall report directly to the head or assistant head of the agency.

- b) AO No. 278 dated 28 April 1992 [Directing the Strengthening of the Internal Control Systems of Government Financial Institutions (GFIs) and LGUs, in their Operations], which provided for the functions, duties, and activities of the IAS/U. It also provides that IAS shall be detached from all functions of routine operating character.
- c) AO No. 70 dated 14 April 2003 [Strengthening of the Internal Control Systems of Government Offices, Agencies, GOCCs, including GFIs, SUCs and LGUs], which reiterated the authority for the creation of the IAS/U and its functions.
- d) DBM Budget Circular No. 2004-04 dated 22 March 2004 (Guidelines on the Organization and Staffing of IAUs) which provided for the policy guidelines in the organization, staffing, positions, and salary grades of the IAS/U in Departments/Agencies/GOCCs/GFIs/LGUs concerned.
- e) DBM-CSC Joint Resolution No. 1 dated May 12, 2006 (Rationalization Program's Organization and Staffing Standards and Guidelines), which provided for the creation of the IAS/U with its functions in line with Executive Order No. 366, as supplemented by CSC MC No. 12 s.2006 issued on June 22, 2006.
- f) DBM Circular Letter No. 2008-08 dated 23 October 2008 [National Guidelines on Internal Control System (NGICS), which provides guidance to heads of departments and agencies in designing, installing, implementing, and monitoring their respective ICS, taking into consideration the requirements of their organizations.

This ordinance further strengthens the City Government's thrust to accomplish its objectives in the improvement of risk management, controls, and governance processes by establishing a source of continuous assessment of internal controls and operations, and recommending possible courses of action for improvement. Furthermore, the establishment of the IAS/U will instill public confidence in the LGU's ability to operate effectively and efficiently by strengthening the mechanism for ensuring the accountability of the LGU to the public it serves.

SECTION 3. – CREATION. The Internal Audit Services/Unit is hereby created which shall assist management in achieving an efficient and effective fiscal administration and performance of agency affairs and functions.

SECTION 4. POWERS AND FUNCTIONS OF THE IAS/U. The Internal Audit Services/Unit shall perform the following functions pursuant to the Administrative Code of 1987, and as reiterated in Item 3.5.4 of the NGICS and Section 3.2 of the Scope of Internal Audit of the Philippine Government Internal Audit Manual (PGIAM) and Section 1.10 of Internal Audit Manual for Local Government Units:

1. Advise the Local Chief Executive (LCE) or Sanggunian on all matters relating to management control and operations audit of the executive or legislative branches;
2. Conduct management and operations audit of LGU functions, programs, projects, activities, and outputs and determine the degree of compliance with their mandate, policies, government regulations, established objectives, systems and procedures/processes, and contractual obligations;

3. Review and appraise systems and procedures, organizational structures, asset management practices, financial and management records, reports, and performance standards of the LGU;
4. Analyze and evaluate management deficiencies and assist top management by recommending realistic courses of action; and
5. Perform such other related duties and responsibilities as may be assigned or delegated by the LCE or as may be required by law.

However, pursuant to AO No. 278, the IAS/U shall be detached from all functions of routine operating character, such as the following:

- a. Pre-audit of vouchers and counter-signature of checks;
- b. Inspection of deliveries, although the internal auditor may, as part of the examination, observe inspections;
- c. Preparation of treasury and bank reconciliation statements;
- 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 5. – ORGANIZATION AND COMPOSITION.

5.1 Organization. The Internal Audit Service/Unit shall be a division directly under the City Mayor. It shall be headed by the Internal Auditor IV, who shall have direct supervision and control in the operations and administrative functions to effectively carry out the task as stipulated in this Ordinance.

5.2 Composition. The IAS/U shall be staffed by the following position titles pursuant to DBM Budget Circular No.2004-04 with the Qualification Standard (QS) set by the Civil Service Commission as embodied in CSC Memo. Circular No. 12, s. 2006:

Internal Auditor IV	SG-22
Internal Auditor III	SG-18
Internal Auditor II	SG-15
Internal Auditor I	SG-11
Internal Auditing Assistant	SG-8

The personnel occupying the position of Internal Auditor I in the Office of the City Mayor is hereby absorbed and transferred to the corresponding above-mentioned position title. The records of the absorbed section shall be transferred to the IAS/U.

SECTION 6. – FUND ALLOCATION. The Internal Audit Services/Unit shall be provided with the necessary appropriation that shall be included in the City's Annual Budget.

SECTION 7. – SEPARABILITY CLAUSE. If for any reason, any part or provisions of this ordinance shall be held unconstitutional or invalid, other parts or provisions hereof which are not affected shall continue to be in full force and effect.

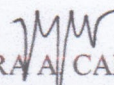
SECTION 8. – REPEALING CLAUSE. All ordinances and administrative regulations or parts thereof which are inconsistent with any provisions of this ordinance are hereby repealed or modified accordingly.

SECTION 9. – EFFECTIVITY. This ordinance shall take effect in accordance with the provisions of R.A. 7160, otherwise known as "The Local Government Code of 1991."


ENACTED: SEPTEMBER 20, 2018 by the affirmative votes of Hons. GUSTILO, JR., CARMONA, QUISUMBING, CABILI, CUI, MANSUETO, YAP, UY and WEE

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I HEREBY CERTIFY to the correctness of the foregoing ordinance which was duly enacted by the Sangguniang Panlungsod during its regular session held at the SP Session Hall, this city on September 20, 2018.

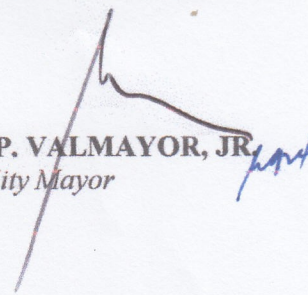
For and in the absence of SP Secretary:


BARBARA A. CAMPO
Local Legislative Staff Officer V

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


JOSE CARLOS L. VILLARANTE
SP Member /Presiding Officer Pro Tempore'

APPROVED 24 SEP 2018, 2018


GERARDO P. VALMAYOR, JR.
City Mayor