



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

CIRCULAR

No. : 2024-008
Date : MAY 29 2024

- TO :** All Heads of the National Government Agencies, including State Universities and Colleges; Heads of Government Corporations; Heads of Local Government Units; Heads of Finance/Comptrollership/Financial Management Services; Chief Accountants/Heads of Accounting Units; Heads of Budget and Treasury Offices, Treasurers and Cashiers; Commission on Audit (COA) Assistant Commissioners, Directors, Auditors; and All Others Concerned
- SUBJECT :** **Guidelines on the Audit of Financial Transactions Caused and Effected by Suspended or Dismissed Public Officials or Employees, and Officials and Employees Whose Appointments were Terminated by the Appointing Authority or Whose Term of Office has Already Lapsed, and the Corresponding Duties of the Officials of the Agency Concerned**

1.0 RATIONALE

- 1.1 Section 2 of Presidential Decree (PD) No. 1445 states that "it is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguard against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to take care that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned."
- 1.2 Section 4(5) of PD No. 1445 likewise provides that "disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials."
- 1.3 There are instances where the suspended or dismissed public officials or those whose appointments had been terminated by the appointing authority or whose term of office had already lapsed, continue to perform the functions of their office by: processing and approving financial transactions; signing the contracts, purchase orders, DVs, payrolls, checks, authority to debit advice, debit and credit memorandum; and causing the payment of obligations out of government funds during the effectivity of their suspension or when they have been dismissed from the service, their appointment had been terminated, or their term of office had already lapsed.



- 1.4 These acts may constitute usurpation of authority or official functions under Article 177¹ of the Revised Penal Code, as amended, and may be considered as irregular expenditure of public funds for failure to adhere to the provisions of PD No. 1445 and pertinent COA rules and regulations.
- 1.5 Republic Act (RA) No. 7160 or the Local Government Code of 1991 provides for the rules of succession arising from permanent and temporary vacancies for elective officials.
- 1.6 Executive Order (EO) No. 292 or the Revised Administrative Code of 1987 similarly provides for the rules and effects of permanent and temporary vacancies for national government agencies and other entities covered by EO No. 292.
- 1.7 RA No. 6770 or the Ombudsman Act of 1989 likewise grants the Ombudsman the power to suspend and dismiss public officers and employees for cause.
- 1.8 Pursuant to the rule making power of this Commission under Section 6, Article IX-A in relation to Section 2(2), Article IX-D of the 1987 Philippine Constitution, the Commission hereby adopts the guidelines on the audit of financial transactions caused and effected by suspended or dismissed public officials and employees or those whose appointments were terminated by the appointing authority or whose term of office had already lapsed, and the corresponding duties of the officials of the agency concerned.

2.0 COVERAGE

This Circular shall cover all financial transactions caused and effected by public officials or employees during the effectivity of their suspension, or upon dismissal from the service, termination of their appointments, or expiration of their term of office.

For purposes of this Circular, the phrase *subject public official/s and/or employee/s* shall mean officials and employees of audited agencies who were the subject of Notice/Order of Suspension or Dismissal, those whose appointment had been terminated by the Appointing Authority, or whose terms of office had already lapsed pursuant to applicable laws, rules and regulations.

3.0 GENERAL GUIDELINES

- 3.1 Rules and procedures on filling up the vacancies and designation of an officer to perform the functions of the office of the subject public official/s and/or employee/s.**

¹ *Usurpation of authority or official functions.* - Any person who shall knowingly and falsely represent himself to be an officer, agent or representative of any department or agency of the Philippine Government or of any foreign government, or who, under pretense of official position, shall perform any act pertaining to any person in authority or public officer of the Philippine Government or any foreign government, or any agency thereof, without being lawfully entitled to do so, shall suffer the penalty of *prision correccional* in its minimum and medium periods.



Vacancies as a result of dismissal, suspension, termination of appointments, or expiration of term of office of an official or employee in the national and local government shall be governed by the Revised Administrative Code of 1987 and the Local Government Code of 1991, respectively.

3.2 General liability for unlawful expenditure and measure of liability of accountable officers.

Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly responsible therefor.² Every officer accountable for government funds shall be liable for all losses resulting from the unlawful deposit, use, or application thereof and for all losses attributable to negligence in the keeping of the funds.³

3.3 Authority and liability of the subject public official/s and/or employee/s for financial transactions during the effectivity of their suspension or upon their dismissal from the service, termination of their appointments, or lapse of their term of office.

The subject public official/s and/or employee/s shall have no authority to approve, effect and/or implement all financial transactions of their agencies during the period of suspension or upon their dismissal, termination or lapsed of term of office, unless an appropriate order from the courts shall have been obtained restraining the implementation of the suspension, dismissal, or termination, or suspending the expiration of term of office. Appropriate liabilities shall be imposed upon them for approving and/or implementing such financial transactions without authority.

3.4 Liability of other officials or employees who signed the contracts, DVs, payrolls, checks, debit and credit memorandum, and other financial documents together with the subject official/s and/or employee/s

Officials and employees who shall participate in the approval and/or implementation of financial transactions caused and effected by the subject official/s and/or employee/s, with the knowledge of the described circumstances affecting their authority to approve/effect financial transactions, may be held jointly and severally liable therefor.

3.5 Audit on payment of regular and recurring transactions.

Payments of regular and recurring transactions, such as, but not limited to payroll and utilities expenses, may be considered valid and allowable in audit without prejudice to administrative liability of the subject official/s and/or employee/s who approved the transaction without authority.

² Section 103, Presidential Decree (PD) No. 1445.

³ Section 105(2), PD No. 1445.



4.0 SPECIFIC GUIDELINES

4.1 Duties of the Agency Concerned

- a. The Agency Head shall immediately inform and furnish the Chiefs of its Offices including the Accounting/Finance, Budget and Treasury Department/Unit, of a copy of the Notice/Decision/Resolution of Suspension/Dismissal/Termination/Lapse of Term of Office of any of its personnel. Within three (3) working days from receipt thereof, the Agency Head shall also furnish the COA Audit Team a certified true copy of such Notice, Decision, or Resolution; and upon the end of the suspension period, a Certification of Service of Suspension.

In case the subject public official is the agency head, it is the duty of the next-in-rank official to comply with the above submission.

- b. The Chief of the Accounting/Finance Department/Unit shall cause the immediate submission of the subject financial documents to the Audit Team concerned.

4.2 Duties of the Audit Team Concerned

The auditor concerned shall prioritize the audit of financial transactions of the subject official/s and/or employee/s by performing the following:

- a. Upon receipt of the Notice/Decision/Resolution, validate the status and date of effectivity of the suspension, dismissal, termination of appointment, or expiration of term of office, as the case may be.
- b. Upon validation of the effectivity of the suspension, dismissal, termination of appointment, or expiration of term of office:
 1. Verify whether the subject public official/s and/or employee/s has caused and effected any disbursement or payment out of public funds or caused the charging of any government account during and/or upon the effectivity of the suspension, dismissal, termination, or expiration of term of office.
 2. Conduct post-audit by examining all supporting documents related to the subject transactions to identify other officials and employees who, with knowledge of the suspension, dismissal, termination of appointment, or expiration of the term of office of the subject public official/s and/or employee/s, have participated with them in the approval and implementation of the transactions, including but not limited to the following:
 - a. Signatories in the Contracts
 - b. Other Signatories in the DV



- i. Head of Budget Office/Treasury or his or her Authorized Representative – For the certification on the availability of allotment, or funds for the purpose.
 - ii. Head of Accounting Unit or his or her Authorized Representative – For the certification on the cash availability, the completeness of supporting documents, and the amount claimed is proper.
 - iii. Claimant or his or her Authorized Representative – For the receipt of check or cash payments.
- c. Signatories in the check
- d. Signatories in the other supporting documents
- 3. After the conduct of verification and examination:
 - a. Except for valid and recurring transactions, such as, but not limited to payments for payroll and utilities expenses, disallow in audit the irregular transaction, as may be warranted, making all the certifying and/or approving officials, who participated in the transaction by signing the contracts, purchase orders, DVs, payrolls, checks, authority to debit advice, debit and credit memorandum, despite their knowledge of the irregularities brought about by the unauthorized act of the suspended, dismissed or terminated officials and/or employees, or those whose term of office had already expired, jointly and severally liable therefor; and
 - b. Immediately refer the matter, with the assistance of the Legal and Adjudication Division of the Region/Cluster, to the Office of the Ombudsman for the filing of appropriate charges.

5.0 SEPARABILITY CLAUSE

In the event that any of the provisions of this Circular is declared invalid or unconstitutional, all the provisions not affected thereby shall remain valid and subsisting.

6.0 SAVING CLAUSE

Any other matter not covered by this Circular shall be referred to this Commission for proper disposition.



7.0 EFFECTIVITY

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




GAMALIEL A. CORDOBA
Chairperson

COA Signed
2024-06-13
18:51:30


ROLAND CAFÉ PONDOC
Commissioner

COA Signed
2024-06-14
15:26:50


MARIO G. LIPANA
Commissioner

COA Signed
2024-06-14
14:20:13

