



Republic of the Philippines  
**SANGGUNIANG PANLUNGSOD**  
City of Mandaluyong

ORDINANCE NO. 540, S-2014

**AN ORDINANCE CREATING THE INTERNAL AUDIT SERVICE  
UNDER THE ORGANIZATIONAL STRUCTURE OF THE  
CITY GOVERNMENT OF MANDALUYONG CITY**

**EXPLANATORY NOTES**

The creation of the Internal Audit Service manifests the continuous effort of the City Government of Mandaluyong City to strengthen accountability, ensure ethical, economical, efficient and effective operations of the City Government, improve the quality and quantity of outputs and outcomes and enable the local government to better respond to the requirements of the public they serve.

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.*

amplified by Administrative issuances such as Administrative Order Nos. 70 and 278 that directed the strengthening of the internal control systems of government offices and agencies of the government.

BE IT ORDAINED by the Sangguniang Panlungsod of Mandaluyong, in session assembled:

- SECTION 1. CREATION. There is hereby created, under the organizational structure of the City Government of Mandaluyong the Internal Audit Service.
- SECTION 2. OBJECTIVES. The Internal Audit Service shall assist the City Government to achieve an efficient and effective fiscal administration and performance of government affairs and functions.
- SECTION 3. ORGANIZATION STRUCTURE. The Internal Audit Service shall be under the direct administrative supervision and control of the City Mayor. It shall be an independent staff unit and shall correspondingly perform staff functions. It shall be responsible for instituting and conducting a program of internal audit for the City Government.

The Chief of the Internal Audit Service shall have the rank and salary equivalent to the third ranking official of the City Government. He shall report directly to the City Mayor.

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

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 procedures, laws and regulations which have impact on operations;
- c. Ascertaining the extent to which the assets and other resources of the City are accounted for and safeguarded from losses of all kinds;
- d. Reviewing and evaluating the soundness, adequacy and application of 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 City 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 City 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 checks;
- b. Inspection of deliveries, although the internal auditor may, as part of his examination, observe inspection;
- 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 6. CONDUCT OF INTERNAL AUDIT. Internal Audit shall be performed with proficiency and professional care. The 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;
- c. Ensure that 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 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 on this 10<sup>th</sup> day of March, 2014 in the City of Mandaluyong.

I HEREBY CERTIFY THAT THE FOREGOING ORDINANCE  
WAS ENACTED AND APPROVED BY THE SANGGUNIANG  
PANLUNGSOD OF MANDALUYONG IN REGULAR SESSION  
HELD ON THE DATE AND PLACE FIRST ABOVE GIVEN.

  
JIMMY D. LACEBAL  
Sanggunian Secretary

APPROVED:

PRESIDED BY:

  
EDWARD G. BARTOLOME  
Vice Mayor &  
Presiding Officer

  
BENJAMIN DC ABALOS, JR.  
City Mayor

Date: MAR 19 2014