



Republic of the Philippines
PROVINCE OF ZAMBOANGA DEL SUR
Municipality of Molave



OFFICE OF THE SECRETARY TO THE SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES OF THE 127th REGULAR SESSION OF THE SANGGUNIANG BAYAN (10th MUNICIPAL COUNCIL UNDER THE LGC OF 1991) OF THE MUNICIPALITY OF MOLAVE, PROVINCE OF ZAMBOANGA DEL SUR HELD AT THE SB SESSION HALL ON MARCH 19, 2025 AT 9:00 A.M.

Officers/Members	Position	Present	Absent	Remarks
Hon. Monalisa J. Glepa	Mun. Vice Mayor	✓		P.O.
Hon. Desiderio L. Jabello	SB Member	✓		
Hon. Cornelio R. Salinas	SB Member	✓		
Hon. Joel M. Geromo	SB Member	✓		
Hon. Jacosalem A. Perong, Jr.	SB Member	✓		
Hon. Jonathan S. Uy	SB Member	✓		
Hon. Illuwil D. Orbita	SB Member	✓		
Hon. Ricardo P. Golez	SB Member	✓		
Hon. Leonila J. Bermejo	SB Member	✓		
Hon. Earl Louise A. Glepa, LNB Pres.	Ex-Officio Member	✓		
Hon. Charina A. Jordan, SKF Pres.	Ex-Officio Member	✓		

MUNICIPAL ORDINANCE NO. 11th-149-2025

Sponsor: Hon. Illuwil D. Orbita

AN ORDINANCE CREATING THE INTERNAL AUDIT UNIT OF MOLAVE, ZAMBOANGA DEL SUR.

BE IT ORDAINED by the Sangguniang Bayan of Molave, Zamboanga del Sur, in session assembled, that:

SECTION 1. PURPOSE.

- 1.a. To guide the LGU Internal Auditors in understanding the legal bases, nature and scope of the internal audit function including the institutional arrangements, protocols, and processes for the conduct of the same;
- 1.b. Identify the prioritize potential audit areas for appraisal as they progress in the internal audit activity; and
- 1.c. describe the logical procedures to facilitate a structured and systematic approach in internal auditing.

SECTION 2. DEFINITION OF TERM.

- 2.a. Internal Audit is the evaluation of management controls and operations performance, and determination of the degree of compliance of internal control with laws, regulations, management policies, accountability measures, ethical organization and all the coordinated method and measures, in order to recommend courses of action on matters relating to operations and management control.

SECTION 3. LEGAL BASES FOR THE CREATION OF THE OFFICE OF INTERNAL AUDIT UNIT. The chronological summary of issuances on the organization, staffing, functions, and activities of internal audit is provided as follows:

1. Office of the President (OP) Administrative Order (AO) No. 119 dated March 29, 1989 (*Directing the Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-Owned or Controlled Corporations and Local Government Units in their Fiscal Operations*), as amended by OP AO No. 278 dated April 28, 1992 (*Directing the Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-Owned and/or Controlled Corporations, including Government Financial Institutions and Local Government Units, in their operations*) mandates government entities to strengthen their ICS and organize systems

and procedures in coordination with the Department of Budget and Management (DBM);

2. OP Memorandum Order No. 277 dated January 17, 1990 (*Directing the DBM to promulgate the necessary rules, of government offices, Government-Owned and/or Controlled Corporations, and Local Government Units*) directs the DBM to promulgate the necessary rules, regulations, and circulars for the strengthening of the ICS of government offices, agencies, Government-Owned and/or Controlled Corporations, and LGUs;
3. Section 3(b) of RA No. 7160 (The Local Government Code of 1991), which mandated 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 in every LGU. Section 76 of the LGC also stipulates that every LGU shall design and implement its own organizational structure and staffing pattern taking into consideration its service requirements and financial capability, subject to the minimum standards and guidelines prescribed by the Civil Service Commissions (CSC). Section 474(b) of the same law further provides for the qualifications, powers, and duties of an Accountant, among which is the mandate to take charge of both the accounting and internal audit.
4. OP AO No. 70 dated 14 April 2003 (*Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-Owned and/or Controlled Corporations, including Government Financial Institutions, State Universities and Colleges, and Local Government Units*), reiterated the authority for the creation of the IAU and its functions.
5. DBM Budget Circular No. 2004-4 dated March 22, 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.
6. Memorandum Circular No. 89 dated 18 August 2005 (*Reiterating compliance with AO No. 70, s. 2003 "Strengthening of the Internal Control Systems of the Government Offices, Agencies, Government-Owned and/or Controlled Corporations, including Government Financial Institutions, State Universities and Colleges, and Local Government Units", and its Implementing Guidelines under DBM Budget Circular No. 2004-4*) enjoined all heads of agencies to (a) create an IAU in compliance with OP AO No. 70, s. 2003; (b) observe the guidelines set forth under DBM BC No. 2004-4; and (c) submit a report of compliance with AO No. 70, s. 2003 and DBM BC No. 2004-4 to the Office of the Executive Secretary;
7. DBM Circular Letter No. 2008-8 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. It emphasized that the IAU, as a key part of the agency's ICS, is mandated in the agency structure to conduct a separate evaluation or appraisal of the ICS to determine whether or not internal controls are well-designed and properly implemented.
8. DBM CL No. 2020-8 dated May 26, 2020 (*Revised Philippine Government Internal Audit Manual (PGIAM)*) aims to assist government agencies concerned in the Executive Branch in establishing and thereafter strengthening their internal audit function to promote 4Es operations in government, among other objectives.
9. Section 9 of CSC Memorandum Circular (MC) No. 12, s. 2022 dated November 8, 2022 (*2022 Guidelines and Standards in the Establishment of*



Organizational Structures and Staffing Patters in Local Government Units) provides that other offices and positions in the organizational structure and staffing pattern not provided under Section 3 and 4 of the subject MC may be created by the LGUs, provided that they are the priority needs as identified by the LCE, the sanggunian and/or the local development councils concerned consistent with Section 17 of the LGC, the mandatory positions shall have been created, and the budgetary limitations under Section 325 of the LGC have been complied with.

Specifically, Section 3 and 4 of MC No. 12, s. 2022 identify, among others, the Office of the Internal Audit Services which may be created by the LGUs, subject to the provisions of Section 1,2, and 9 of the subject MC.

10. LBC No. 153 dated 31 August 2023 of the DBM which provides for the Internal Audit Manual for Local Government Units (IAM for LGUs), 2023 Edition.

SECTION 4. SCOPE AND TYPES OF INTERNAL AUDIT. Internal audit is an internal part of the Internal Control System of the Local Government Unit. The scope of internal audit is broad and involves all matters relating to operations and management control.

Among others, internal audit encompasses the evaluation of the degree of compliance of controls with laws, rules, and regulations governing the operations of the LGUs, the appraisal of the adequacy of internal controls, the conduct of management audit, and the evaluation of the results of operations, focusing on the effectiveness of controls of operating and support units/systems in the attainment of the LGU objectives.

There are three (3) types of audit namely: compliance, management, and operations audit.

1. Compliance Audit

Compliance Audit is the evaluation of the degree of compliance of controls with laws, regulations, management policies, and operating procedures in the LGU, including compliance with accountability measures, ethical standards, and contractual obligations. This type of audit is a necessary first step to and part of, management and operations audit.

Compliance audit is done by the IAU as part of its separate evaluation and post-audit function.

Examples of Compliance Audit:

- a. Audit on the procurement of infrastructure projects through competitive public bidding undertaken by the Bids and Awards Committee.
Objective: To assess the degree of compliance to RA No. 9184 and its implementing Rules and Regulations
- b. Audit of the conditional matching grant for road repair, rehabilitation, and improvement.
Objective: To determine compliance with the requirements/conditions set forth in the implementing guidelines per Department of the Interior and Local Government-Department of Budget and Management Joint Memorandum Circular No. 2017-2 dated April 26, 2017 (*Guidelines for the Implementation of the Conditional Matching Grant to Provinces for Road, Repair, Rehabilitation and Improvement (CMGP) for FY 2017 and thereafter*)
- c. Audit of the programs, projects and activities (PPAs) on gender and development (GAD)
Objective: To ascertain compliance to existing laws, rules and regulations of the identification, approval, implementation, and monitoring of PPAs on GAD.
- d. Follow-up audit of the Cash Management System of the Cash Receipts and Disbursement Section of the Treasurer's Office.
Objective: To assess compliance to approved audit recommendations
- e. Audit of the Performance Evaluation System



Objective: To assess compliance to the corrective action request issued on infrastructure projects relative to the contractor's Performance evaluation.

2. Management Audit

Management Audit is a separate evaluation of the effectiveness of internal controls adopted in the operating and support service units/systems to determine whether or not they achieve the control objectives over a period or as of a specific date. This includes the conduct of compliance audit.

Management audit may encompass a comprehensive and thorough examination of an organization or a specific operating or support system or work process. The audit is conducted to identify issues and control weaknesses or management deficiencies in the system, thus, providing the LCE with courses of action to address the problem area.

Examples of support services systems are human resource management system, financial management system (FMS), quality management system (QMS), risk management system, and their respective sub-systems.

Management Audit is done by the IAU as part of its separate evaluation and post-audit function.

Examples of Management Audit

- 1) Audit of the dormant accounts
- 2) Audit on the utilization of the existing Department of Health 2016 variable tranche covered by service level agreements or terms of partnership
- 3) Audit of the disaster risk reduction and management funds
- 4) Audit of the time and motion study of the Accounts Liquidation Division, Accountant's Office
- 5) Audit of the Real Property Appraisal and Assessment System
- 6) Audit of the Information Technology and Infrastructure System
- 7) Audit of the Property, Plant and Equipment Management System
- 8) Audit of the Records Management System
- 9) Audit of the Payroll System of the job order workers

Common Objective: To evaluate the adequacy and effectiveness of internal controls, and assess whether or not the existing procedures are in accordance with relevant laws, rules, regulations and implementing guidelines.

3. Operations Audit

Operations Audit is a separate evaluation of the outcome, output, process, and input to determine whether or not government operations, programs, and projects are 4Es. It likewise includes the conduct of compliance audit. Operations audit of organizations, programs, and projects involves an evaluation of whether or not performance targets and expected results were achieved.

The importance of assessing the 4Es of government operations is essential to the delivery of better public services, accountability, and better governance. The matter of outcomes, outputs, processes, and inputs, as well as their correlation with the goals of the 4Es of operations, are the focus of the evaluation.

Operation Audit is done by the IAU as part of its separate evaluation and post-audit function.

Examples of Operation Audit

- 1) Audit of the tax relief measure implemented through the grant of tax condonation of interests and surcharges on delinquent real property taxes.



Objective: To assess its implementation pursuant to applicable implementing guidelines and evaluate the effectiveness, efficiency, economy and ethicality of the implemented tax relief measures.

- 2) Follow-up audit of the tracking system

Objective: To assess the effectiveness, efficiency, economy and ethicality of the Implementation of the system.

- 3) Audit of the Disaster Awareness and Preparedness, Information Material and Tools Development and Dissemination project of the Disaster Risk Reduction and Management Office.

Objective: To determine whether or not the office has effectively capacitated the key stakeholders through timely distribution of adequate information materials and conduct of seminars/trainings.

- 4) Audit of the Engineer's Office Document Tracking System

Objective: To determine compliance with the requirements or conditions set forth in the implementing guidelines and evaluate the effectiveness, efficiency, economy and ethicality of the implementation of the system.

Essential to the conduct of operations audit is the assessment of progress with respect to processes, projects, programs, their respective outputs or outcomes, or impact or change towards improving the condition of intended beneficiaries. This is the work back approach of operations audit wherein the evaluation is done on the outcome-output-process-input as they relate to the 4Es. The work back approach of operations audit requires proper identification of programs/projects/processes and their respective outputs and outcomes. This is to establish causality between programs and projects, projects and processes, as well as their respective outputs or outcomes.

SECTION 5. PROFESSIONAL COMPETENCE.

5.a. Internal auditors must maintain high standards of competence and professional integrity commensurate with his/her responsibilities and mandated functions. They should commit to the highest degree of professional competence, both in the technical and ethical sense, through empowerment and continuing self-development. They must possess and continually develop the knowledge, skills, and other competences needed to perform their responsibilities to enhance the quality of the audit.

5.b. Internal auditors shall respect the confidentiality of information acquired while performing audit activities and should not use or disclose any such information without proper and specific authority unless there is a legal or professional right or duty to disclose.

SECTION 6. ROLES AND RESPONSIBILITIES OF THE INTERNAL AUDIT UNIT. As the assigned unit in the appraisal of the Internal Control System within the LGU, the IAU head is accountable to the Local Chief Executive or Presiding Officer of the Sanggunian for the efficient and effective operation of the Internal Audit function. The functions of the IAU are as follows:

1. Advise the LCE or Presiding Officer of the sanggunian on all matters relating to the separate evaluation of the ICS in the Executive or Legislative Branches, respectively;
2. Conduct management and operations audit of the LGU functions and programs, projects, and activities (PPAs) with outputs, and determine the degree of compliance with their mandate, policies, government regulations, established objectives, system and procedures/processes, and contractual obligations;



- 3. Review and appraise systems and procedures, organizational structures, management practices, records, reports, and performance standards of the LGU;
- 4. Analyze and evaluate internal control deficiencies, conduct RCA in cases when controls are weak, and recommend realistic courses of action (corrective and preventive measures) for the LCE or Presiding Officer of the sanggunian to consider; and
- 5. Perform such other internal audit-related duties and responsibilities, as may be assigned or delegated by the LCE or the Presiding Officer of the sanggunian or as maybe required by law.

SECTION 7. CREATION OF THE INTERNAL AUDIT UNIT AND ITS ORGANIZATIONAL STRUCTURE. The Internal Audit Unit is hereby created to be under the supervision of the Local Chief Executive. The present organizational structure and personnel complement of the LGU shall be reviewed by the LCE, and that the existing vacant and/or parallel positions of incumbents in the LGU shall be converted as necessary for the creation/strengthening of the IAU. Hence, the Internal audit-related positions may be created or sourced within the LGU, through the transfer and conversion of vacant positions.

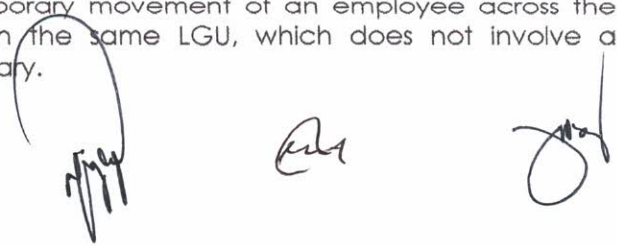
The following positions under the Municipal Internal Audit Unit can be created subject to availability of funds and when all the mandatory positions of the LGU are already created, filled up and funded:
Internal Auditor IV/SG 22
Internal Auditor II, SG-15
Internal Auditing Assistant, SG-8

SECTION 8. QUALIFICATION STANDARDS

Internal Auditor IV/SG 22	Education: Master's Degree
	Experience: 4 years in position involving management and supervision
	Training: 24 hours of training in management and supervision
	Eligibility: Career Service (Professional)/Second Level Eligibility
Internal Auditor II/ SG-15	Education: Bachelor's degree relevant to the job
	Experience: One (1) year of relevant experience
	Training: Four (4) hours of relevant training
	Eligibility: Career Service (Professional)/Second Level Eligibility
Internal Auditing Assistant/ SG-8	Education: Completion of two (2) years of study in college
	Experience: One (1) year of relevant experience
	Four (4) hours of relevant training
	Eligibility: Career Service (Sub-Professional)/First Level Eligibility

SECTION 9. TEMPORARY HUMAN RESOURCE MOVEMENTS TO SUPPLEMENT INTERNAL AUDIT RESOURCES. Temporary resource movements can be a useful way of gaining training and experience for the IAU staff. The following arrangements are supported by CSC MC No. 14 dated August 30, 2018 [2017 Omnibus Rules on Appointments and Other Human Resource Actions (ORA-OHRA), Revised July 2018] and Resolution No. 06-1165 dated July 5, 2006.

- a. **Reassignment.** This is a temporary movement of an employee across the organizational structure within the same LGU, which does not involve a reduction in rank, status, or salary.



- b. **Detail.** This is a temporary movement of an employee in the executive offices of this LGU from one office to another which does not involve a reduction in rank, status, or salary.
- c. **Designation.** This refers to the temporary movement that involves additional and/or higher duties to be performed by a public official/employee and can be terminated anytime at the pleasure of the appointing officer/authority. A designation may involve the performance of the duties of another on a concurrent capacity or full-time basis.

Consistent with the concepts and principles of internal auditing, specifically on objectivity and impartiality, and avoidance of conflict of interest, designees to the IAU shall act in a full-time capacity. They shall be detached from all functions of routine operating character and no longer perform other regular functions. Pursuant to Section 13 (c) (5) of the ORA-OHRA, these foregoing conditions shall be explicitly specified in the Office Order to be signed and issued by the LGE for the purpose.

SECTION 10. FUNCTIONAL STATEMENT OF THE IAU.

Hereunder is the functional statement of the IAU:

- a. Conduct management and operations performance audits of activities of the LGU and determine the degree of compliance with the mandate, policies, government regulations, established objectives, systems and procedures/ processes, and contractual obligations;
- b. Review and appraise systems and procedures/processes, organizational structure, assets management practices, financial and management records, reports, and performance standards of the LGU and the departments covered;
- c. Verify and analyze financial, management, and operations data to ascertain if attendant management information systems generate data or reports that are complete, accurate, and valid;
- d. Ascertain the reliability and integrity of financial, management, and operations information and the means used to identify, measure, classify, and report such information;
- e. Ascertain the extent to which the assets and other resources of the institutions are accounted for and safeguarded from losses of all kinds;
- f. Review 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;
- g. Review 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;
- h. Review and evaluate the soundness, adequacy, and application of accounting, financial and management controls and promote the most effective control at a reasonable cost;
- i. Evaluate the quality of performance of groups/individuals in carrying out their assigned responsibilities;
- j. Recommend courses of action on operational deficiencies observed;
- k. Perform functions of a protective nature, such as prevention and detection of fraud or dishonesty; review of cases involving misuse of agency property; and checking of transactions with outside parties; and





I. Perform miscellaneous services, including special investigations and assistance to outside contacts, subject to authority from the LCE or the Presiding Officer of the Sanggunian.

SECTION 11. DUTIES AND RESPONSIBILITIES. The duties and responsibilities of the positions under the Municipal Internal Audit Office shall be determined by the Local Chief Executive consistent or in accordance with the general functions provided for by the Civil Service Commission (CSC).

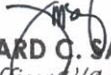
SECTION 12. FUNDING. The funding requirements for the creation and operationalization of the Municipal Internal Audit Unit shall be incorporated in the Annual Investment Plan (AIP) and the Municipality's Annual Budget subject to the availability of funds.

SECTION 13. SEPARABILITY CLAUSE. Should any provision in this ordinance be declared unconstitutional by any competent court, the remaining provisions shall remain valid and legal.

SECTION 14. REPEALING CLAUSE. Any ordinance, rules and regulations and executive issuances found inconsistent with the provisions of this ordinance are hereby repealed or modified accordingly.

SECTION 15. EFFECTIVITY. This ordinance shall take effect upon its approval.

ENACTED, this 19th day of March, 2025 at Molave, Zamboanga del Sur.

CERTIFIED CORRECT:

JUNARD C. SAYSON
Admin. Officer V/Acting Secretary

ATTESTED & DULY CERTIFIED:


MONALISA J. GLEPA, R.N.
Municipal Vice Mayor/Presiding Officer

APPROVED:


CYRIL REO A. GLEPA, M.D.
Municipal Mayor

3-31-25
Date



Republic of the Philippines
PROVINCE OF ZAMBOANGA DEL SUR
Municipality of Molave



OFFICE OF THE SECRETARY TO THE SANGGUNIANG BAYAN

Proof of Service

MUNICIPAL ORDINANCE NO. 11TH-149-2025

AN ORDINANCE CREATING THE INTERNAL AUDIT UNIT OF MOLAVE, ZAMBOANGA DEL SUR.

OFFICE	NAME (Receiver)	SIGNATURE	DATE RECEIVED
MO	CHESSAV. ESIN		4/3/25 1:09pm
MPDO	GUYNETH STIBIL R. BATAAN		4/3/25 1:16pm
MBO	CATHERINE Y. CEMLON		4/3/25 1:22pm
MAccO	DAISY MAY A. MONTERNEL		4/3/25 1:59pm
MTO	JUNRA E. RUPUNTA		4/3/25 2:00pm
HRMO	JOSE DEJOYL A. BARRERA		4/3/25
COA	JELIAN G. BONTILAO		04/03/25 2:19pm

MUNICIPAL ORDINANCE NO. 11TH-151-2025

AN ORDINANCE TEMPORARILY CLOSING THE PORTION OF RAMOS ST. (AT THE BACK OF THE MOLAVE GYM) AS THE DISPLAY AREA OF UKAY-UKAY VENDORS FOR THE MAXIMUM PERIOD OF FORTY FIVE (45) DAYS STARTING FROM MARCH 28, 2025 TO MAY 2025.

OFFICE	NAME (Receiver)	SIGNATURE	DATE RECEIVED
MO	CHESSAV. ESIN		4/3/25 1:09pm
MPDO	GUYNETH STIBIL R. BATAAN		4/3/25 1:16pm
MTO	JUNRA E. RUPUNTA		4/3/25 2:00pm
Ord. Enforcer	Single Janello		4/3/25 4:30pm
MBFP	DR. DORIS M. MURRAY		4/3/25
MEO	AL MURRAY		