



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines



CIRCULAR

No. : 2009-007
Date : September 25, 2009

TO : All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of the National Government, Heads of Local Government Units, Managing Heads of Government-Owned and Controlled Corporations with Original Charters, COA Assistant Commissioners, COA Directors, COA Auditors, and All Others Concerned

SUBJECT: Restatement and clarification of Items 4.5.4, 4.7.2, and 4.9.1 and other related provisions of COA Circular No. 2009-002 dated 18 May 2009

Reports on the monitoring of the implementation of selective pre-audit on government transactions reinstated under COA Circular No. 2009-002 indicate that misappreciation or misapplication of certain provisions therein continue to surface notwithstanding the initiatives to orient early on management and auditors alike. Specifically, the application by auditors of Items 4.5.4 (procurement of life saving medicines, food and other items exempt from pre-audit); 4.7.2 (liquidation of releases to NGOs/POs); and 4.9.1 (disbursements of trust funds of local government units) of the said Circular remains varied, resulting at times, in the inappropriate submission or examination of transactions that would otherwise be exempt or outside the coverage of pre-audit.

In order to forestall further occurrence of these reported misapplications and limit the adverse impact of the continuing misappreciation thereof, the following clarifications are hereby issued:

a. Item 4.5.4 should read as follows:

"Procurement of goods and services to address the effects and impacts of natural calamities or emergencies during its existence shall be exempt from pre-audit. The existence of natural calamities or emergencies shall be based on the official pronouncement of the appropriate and competent government agency. However, procurement of goods and services before the actual existence or in anticipation of a natural calamity or emergency (pre-calamity activities) and those made after the existence thereof for purposes of repairs, rehabilitation and other post calamity activities shall be subject to pre-audit.

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b. In view of the stringent requirements under COA Circular No. 2007-001 dated October 25, 2007 as regards releases of funds to NGOs/POs, item 4.7 of COA Circular No. 2009-002 is hereby suspended.

c. Item 4.9.1 should read as follows:

"Disbursements of trust funds of local government units covered by pre-audit shall include only trust funds received from national government agencies and government-owned and controlled corporations intended to implement specific projects which could be categorized either as infrastructure project or procurement. Thus, the thresholds established in Items 4.3.2 (infrastructure projects) and 4.5.3 (procurement of goods and services) of the Circular shall govern."

All COA Circulars, Memoranda and other issuances inconsistent herewith are hereby revoked or modified accordingly.

This Circular shall take effect after fifteen (15) days from publication in two newspapers of general circulation.

Quezon City, Philippines.



REYNALDO A. VILLAR
Chairman



JUAN TONG ESPINO JR.
Commissioner