



Republic of the Philippines
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FOR IMMEDIATE RELEASE
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STATEMENT OF COA CHAIRPERSON MA. GRACIA PULIDO TAN

On the Notice of Disallowance issued to the City of Manila on March 19, 2012

The COA issued the Notice of Disallowance to the City of Manila on March 19, 2012, for no other reason than it is our duty and mandate. We therefore thank Defense Counsel Ramon Esguerra for giving us the opportunity to rectify a previous lapse in our duties. An omission of duty has occurred once and we cannot allow a second time.

A Notice of Suspension was issued to the City of Manila in 2002 in the Basa Guidote transaction. Such a notice operates as a temporary disallowance, informing the auditee that the COA is suspending the transaction in audit until such a time that the auditee is able to comply with requirements legitimizing the transaction to the satisfaction of the COA. These requirements are expressly set forth in the suspension notice, for which the period of compliance is 90 days. If the auditee is unable to comply within this period, the Suspension automatically lapses into Disallowance, for which the Auditor must then issue a Notice of Disallowance.

Our review of the files requested by Atty. Esguerra discloses that the conditions and requirements in the Notice of Suspension were not met by the City of Manila within the 90-day period, hence ripening the Suspension into Disallowance. However, the auditor then did not issue a Notice of Disallowance nor take any other action on the transaction; we have corrected this inaction by issuing the same. We have meanwhile asked the concerned Auditor to explain.

That a Notice of Disallowance is issued only after 11 years does not detract from the Notice's validity and integrity. Indeed, the COA has a three-year rule against reopening settled accounts. However, this rule does not apply to the Basa Guidote transaction as it is an unsettled account, precisely because it was suspended in audit in 2002 and after 11 years was never settled due to the failure of the auditee to comply with the conditions set forth in the Notice of Suspension.

We hope that we have made our position clear. In rectifying the situation through the issuance of the Notice of Disallowance dated March 19 2012, we have simply discharged our sworn duty. Let it be said that the omission of one auditor should not be taken as the omission of the COA as a whole.

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