



▣ COA Laws/Rules/Regulations Issuances

TOPIC OUTLINE:

COA Circular No. 2021-013 dated November 10, 2021

Re: Reiteration of the Rules on the Proper Service of Copies of Notice of Suspensions, Notice of Disallowance/Notice of Charge, Decision on Request for Relief from Accountability, Notice of Finality of Decision, COA Order of Execution or any other COA Order or Decision to all Persons Liable and Providing Guidelines Thereof

TOPIC OUTLINE:

COA Circular No. 2009-006 dated September 15, 2009

Re: Prescribing the Use of the Rules and Regulations on Settlement of Accounts (RRSA)



General Jurisdiction of COA – PD 1445:

Authority and powers . . .

- audit and settlement of the accounts of all persons respecting funds or property received or held by them in an accountable capacity;
- examination, audit, and settlement of all debts and claims of any sort due from or owing to the Government.

COA CIRCULAR 2009-006

dated

September 15, 2009

**Re: Prescribing the Use of the Rules
and
Regulation on Settlement of Accounts
(RRSA)**

DEFINITION OF TERMS

Definition of Terms

Account

- a record of an accountable officer wherein transactions and events pertaining to fund, obligation, revenue, collection or expense affecting his accountability are entered as items of debit and credit.

Definition of Terms

Liability

- personal obligation arising from an audit disallowance or charge which may be satisfied through payment or restitution as determined by competent authority or by other modes of extinguishment of obligation as provided by law.

Definition of Terms

Settlement of Accounts – refers to the process of determining the status or balance of the account of an accountable officer after audit and examination.

Definition of Terms

Appeal

- the process of elevating to a higher authority as provided in these Rules any decision, order or ruling of the Commission or any of its duly authorized representatives.

Definition of Terms

Audit Observation Memorandum (AOM)

- a written notification to the agency head and concerned officer/s informing of deficiencies noted in the audit of accounts, operations or transactions and requiring comments thereto and/or submission of documentary and other information requirements within a reasonable period.

Definition of Terms

Suspension

- a temporary disallowance; refers to transactions or accounts which appear illegal/improper/irregular unless satisfactorily explained or justified by the responsible officers or until the requirements on matters raised in the course of audit are submitted or complied with.

Definition of Terms

Disallowance

- the disapproval in audit of a transaction, either in whole or in part. The term applies to the audit of disbursements as distinguished from “charge” which applies to the audit of revenues/receipts.

Definition of Terms

Persons Responsible

- the persons determined to be answerable for compliance with the audit requirements as called for in the Notice of Suspension.

Definition of Terms

Persons Liable

- the persons determined to be answerable for an audit, charge or decision as provided in these Rules.

Definition of Terms

Aggrieved Party

- a person adversely affected by any decision, order or ruling of the Commission or any of its duly authorized representatives.

Definition of Terms

Settlement

- refers to the payment/restitution or other act of extinguishing an obligation as provided by law in satisfaction of the liability under an ND/NC, or in compliance with the requirements of an NS, as defined in these Rules.

Definition of Terms

Decision

- an adjudication and settlement of a claim or controversy by the authorized COA official/s which shall embody the facts of the case, the issue/s to be resolved, the ruling, and the law, regulations, or precedent on which the ruling based.

Definition of Terms

Notice of Finality of Decision (NFD)

- a written notification that a decision of the COA has become final and executory.

Definition of Terms

COA Order of Execution (COE)

- a written instruction to withhold payment of salary and other money due to persons liable, for settlement of their liability.

Definition of Terms

Notice of Settlement of Suspension/ Disallowance/Charge (NSSDC)

- a written notification that an audit suspension/disallowance/ charge has been settled.

GUIDELINES IN THE
ISSUANCE
OF AOM, NS and ND

Results of audit are documented through the issuance of:

1. Audit Observation Memorandum (AOM)
2. Notice of Suspension (NS)
3. Notice of Disallowance (ND)
4. Notice of Charge (NC)
5. Management Letter (ML) or
6. Annual Audit Report (AAR)

AOM AND MANAGEMENT REPLY

The Auditor shall issue an AOM for observations relating to financial/operational deficiencies such as accounting, internal control or property management which do not involve pecuniary loss. An AOM may also be issued for documentary or other information requirements to enable the auditor to make a decision in audit.

AOM AND MANAGEMENT REPLY

The AOM is addressed to the head of agency and the officer/s concerned stating the deficiencies noted and/or the requirements to be complied with and requiring a response thereto. It shall be signed by both the Audit Team Leader and the Supervising Auditor.

AOM AND MANAGEMENT REPLY

The AOM shall be replied to by the agency officials concerned within fifteen (15) calendar days from receipt thereof.



Republic of the Philippines
COMMISSION ON AUDIT
Department of Education
Region IV, Pasig City

AOM No. 09-001
Date : October 25, 2009

AUDIT OBSERVATION MEMORANDUM (AOM)

For : Mr. Juan C. de la Cruz
Director
Department of Education, Region IV
Pasig City

Attention: Mr. Joselito Remonde
Property Officer

We have audited the _____ and observed the following deficiencies/errors:

TC

May we have your comments on the foregoing audit observations within fifteen (15) calendar days from receipt hereof.

Likewise, please submit the following documents to enable us to make a decision in audit.

- 1.
- 2.

Proof of Receipt of AOM:

Juan C. Dela Cruz
JUAN C. DELA CRUZ
Date: _____

Mario S. Dela Costa
MARIO S. DELA COSTA
Audit Team Leader

Efren R. Cadiente
EFREN R. CADIENTE
Supervising Auditor

AOM AND MANAGEMENT REPLY

If the agency officials fail to reply within the period specified above, the audit observation on financial/operational deficiencies shall be deemed accepted and shall be included in the Management Letter and/or Audit Report.

In case of failure to submit the required documents or information needed to reach an audit decision, an NS/ND/NC may be issued by the Auditor, as warranted, after a re-evaluation of available documents/information.

AOM AND MANAGEMENT REPLY

The agency reply/ comments shall be evaluated by the Auditor vis-à-vis the audit observations and he shall inform the head of the agency and officer concerned in writing, of the results of the evaluation.

The documents/ information submitted in response to the requirements of the AOM may, after audit and examination, provide the basis for the allowance in audit of the transactions, or the subsequent suspension, disallowance or charge thereof, as warranted.

NOTICE OF SUSPENSION (NS)

The Auditor shall issue an NS for transactions of doubtful legality/propriety/regularity which may result in pecuniary loss of the government, and which will be disallowed in audit if not satisfactorily explained or validly justified by the parties concerned.

NOTICE OF SUSPENSION (NS)

The NS shall be addressed to the head of agency and the accountant and served on the persons responsible:

1. stating the amount suspended;
2. reason/s for the suspension;
3. the justification/explanation/ legal basis or documentation required in order to lift the suspension and
4. persons responsible for compliance with the requirements.

It shall be signed by both the Audit Team Leader and Supervising Auditor.

NOTICE OF SUSPENSION (NS)

The NS shall be issued as often as suspensions are made by the Auditor for the purpose of notifying the agency head and the accountable officer concerned of the amount suspended in audit.



Republic of the Philippines
COMMISSION ON AUDIT
 XYZ City, Metro Manila

NS NO.: 09-032-101-(09)
 Date: October 27, 2009

NOTICE OF SUSPENSION (NS)

Hon. Horacio A. dela Cruz
City Mayor
XYZ City

Attention: Ms. Maria V. Ocampo
City Accountant

We have audited the payment to Mr. Ernesto P. Joson, Prosecutor II, of City allowance for the period January 01, 2009 to June 1, 2009 pursuant to Section 458 (1), (xi) of RA 7160, covered by the following reference document and particulars:

Check/DV No. _____ Date _____ Amount _____ Payee _____

The amount of _____ was suspended in audit due lack of a Sanggunian Panlungsod (SP) Resolution authorizing Prosecutor Joson to receive the additional allowance. Please submit the SP Resolution authorizing payment of the same as required under Section 305 (a) of the Local Government Code.

The following persons have been determined to be responsible for compliance with the aforementioned requirement:

Name	Position/Designation	Nature of Participation in the Transaction
1. Maria V. Ocampo	City Accountant	Certified that the DV was supported by the necessary documents
2. Elena A. Dionisio	Head, Human Resource Department	Certified that expenses are necessary, lawful and incurred under her direct supervision
3. Prosecutor Ernesto P. Joson	Payee	Received the payment

Please settle the above audit suspension through compliance with the requirements indicated which we will evaluate. Items suspended in audit which are not settled within ninety (90) days from receipt hereof shall become a disallowance pursuant to Section 82 of P.D. No. 1445.

Ericson J. Sison
ERICSON J. SISON
 Audit Team Leader

Regina E. Faller
REGINA E. FALLER
 Supervising Auditor

PROOF OF SERVICE OF COPIES OF NS TO PERSONS RESPONSIBLE

Name of Person Responsible	Position	Received by (Pls. print & sign)	Date
1. Ms. Maria V. Ocampo	City Accountant	_____	_____
2. Ms. Elena A. Dionisio	HRMO V/Head HRD	_____	_____
3. Atty. Ernesto P. Joson	Prosecutor II	_____	_____

NOTICE OF SUSPENSION (NS)

A suspension should be settled within ninety (90) calendar days from receipt of the NS, otherwise the transaction covered by it shall be disallowed/charged after the Auditor shall have satisfied himself that such action is appropriate.

Consequently, the Auditor shall issue the corresponding ND/NC.

NOTICE OF SUSPENSION (NS)

The date of receipt of the NS by the responsible officers or their authorized representatives shall be the reckoning date for purposes of counting the 90-day period.

NOTICE OF DISALLOWANCE (ND)

The Auditor shall issue an ND for transactions which are irregular/unnecessary/excessive and extravagant as defined in COA Circular No. 2012-003 dated October 29, 2012 (updating COA Cir. No. 85-55A as well as other COA issuances), and those which are illegal and unconscionable.

NOTICE OF DISALLOWANCE (ND)

- ✓ The disallowance shall be settled within six (6) months from receipt of the ND by the persons liable.
- ✓ The date of receipt of the ND by the persons liable therefor or by their authorized representatives shall be the reckoning date for purposes of counting the 6-month period for appeal.



Republic of the Philippines
COMMISSION ON AUDIT
 Office of the Auditor
 DEF Authority
 Roxas Blvd., Manila

ND NO.: 09-051-101-(08)

Date: November 14, 2009

NOTICE OF DISALLOWANCE (ND)

Mr. Lucio M. Encarnacion
Administrator, DEF Authority
Roxas Blvd., Manila

Attention: Ms. Jennifer S. Refuerzo
Chief Accountant

We have audited the payment for the procurement of equipment under Purchase Order No. 0506 dated January 10, 2008 in the amount of ₱142,826.00, covered by the following reference document and particulars:

Check/DV No. _____ Date _____ Amount _____ Payee _____

The amount of ₱42,000.00 was disallowed in audit because the delivered equipment was found to be second hand and is valued at ₱100,826.00 only as stated in the Post-Inspection Report of the Technical Audit Specialist. The Purchase Order requires the delivery of a brand new unit. This constitutes an irregular transaction as defined under COA Circular No. 85-55A and payment thereof was in excess of its value by ₱42,000.00.

The following persons have been determined to be liable for the transaction:

Name	Position/Designation	Nature of Participation in the Transaction
1. Jose L. Lorenzo	Property Inspector, Administrative Department	Signed the Inspection Report indicating that the deliveries were complete and in accordance with the specifications
2. Gloria V. Hernandez	Chief, General Services	Signed the Certificate of Acceptance for the Deliveries
3. Sandra F. Campo	Chief, Research Division, Environment Management Department	Signed Sales Invoice No. 471 dated February 12, 2008 indicating that she received the deliveries in good order and condition and conforming to specifications
4. ABC Enterprises	Payee	Received payment for the delivery

Please direct the aforementioned persons liable to settle immediately the said disallowance. Audit disallowances not appealed within six (6) months from receipt hereof shall become final and executory as prescribed under Sections 48 and 51 of P. D. 1445.

Ernesto S. Aquino
 ERNESTO S. AQUINO
 Audit Team Leader

Lester J. Sandoval
 LESTER J. SANDOVAL
 Supervising Auditor

PROOF OF SERVICE OF COPIES OF ND TO PERSONS LIABLE

Name of Person Liable	Position/Designation	Received by (Pls. print & sign)	Date
1. Mr. Jose L. Lorenzo	Property Inspector	_____	_____
2. Ms. Gloria V. Hernandez	Chief, General Services	_____	_____
3. Ms. Sandra F. Campo	Chief, Research Division.	_____	_____
4. ABC Enterprises	Payee, 12 Rizal St., Tondo Manila	_____	_____

NOTICE OF DISALLOWANCE (ND)

The ND shall be issued as often as disallowances are made by the Auditor in order to notify the agency head, the accountant, and the persons liable for the amount disallowed in audit.

NOTICE OF CHARGE (NC)

The Auditor shall issue an NC:

- a) if the amount assessed/appraised is less than what is due the government;**
- b) if the amount billed is less than the amount due the government; and**
- c) if the amount collected is less than what is due the government.**

NOTICE OF CHARGE (NC)

The NC shall be addressed to the Agency Head and the Accountant, served on the persons liable; and shall indicate the transaction and amount charged, reason for the charge, laws, rules, regulations violated; and persons liable.

The NC shall be used and issued as often as charges are made by the Auditor to notify the Agency Head, the Accountant and the persons liable for the charges noted in the audit of revenue/receipts/assessments.

It shall be settled within six (6) months from the date of the receipt of the NC

NOTICE OF CHARGE (NC)

The date of receipt of the NC by the persons liable therefor or by their authorized representatives shall be the reckoning date for purposes of counting the 6-month period for appeal.

NOTICE OF CHARGE (NC)

Hon. Lito M. Paras
City Mayor
JKL City, Metro Manila

Attention: Mr. Lauro T. Lorenzo
City Accountant

We have audited the collection of City License Tax covered by the following reference document and particulars:

OR No. _____ Date _____ Amount _____ Payor _____

The amount of ₱2,700.00 was charged in audit due to under-collection resulting from error in assessment. The amount of tax due was ₱65,889.00 based on City Ordinance No. 05-212, but the Payment Order issued was only ₱63,189.00 for a deficiency of ₱2,700.00

The following persons have been determined to be liable for the transaction:

Name	Position/Designation	Nature of Participation in the Transaction
1. Edna P. Gamba	Assessment Clerk II	Prepared the Order of Payment indicating that the amount to be paid was ₱63,189.06 as against actual tax due of ₱65,889.00
2. Joseph R. Santos	Chief, License Division	Approved the Order of Payment
3. ABC Enterprises	Payor	Paid an amount less by ₱2,700.00 than that actually due from him.

Please direct the aforementioned persons liable to settle immediately the said audit charge. Audit charges not appealed within six (6) months from receipt hereof shall become final and executory as prescribed under Sections 48 and 51 of P.D. 1445.

Ronald S. Enriquez
RONALD S. ENRIQUEZ
 Audit Team Leader

Felipe Q. Daganzo
FELIPE Q. DAGANZO
 Supervising Auditor

PROOF OF SERVICE OF COPIES OF NC TO PERSONS LIABLE

<u>Name of Person Liable</u>	<u>Position/address</u>	<u>Received by</u> (Pls. print & sign)	<u>Date</u>
1. Edna P. Gamba	Assessment Clerk License Division	_____	_____
2. Joseph R. Santos	Chief, License Division	_____	_____
3. ABC Enterprises	Payor, # 12 Rizal St., Tondo, Manila	_____	_____

DECISIONS AND APPEALS

PERIOD TO APPEAL

Any person aggrieved by a disallowance or charge may, within six (6) months from receipt of the notice, appeal in writing as prescribed in these Rules. A disallowance or charge not appealed within the period prescribed shall become final and executory.

PERIOD TO APPEAL

The filing by the aggrieved party of an appeal will suspend the running of the prescribed period.

The running of the 6-month period shall resume upon receipt of a decision from the Director or the Adjudication and Settlement Board.

PROCEEDINGS BEFORE THE DIRECTOR

A person aggrieved by a disallowance/charge of the Auditor may file an Appeal Memorandum to the Director who exercises supervision over the audited agency, or in case of a disallowance/charge resulting from a special audit, to the Director of the Cluster/Office that conducted the special audit, within six (6) months from receipt of the ND or NC

Within five (5) calendar days from receipt of the Appeal Memorandum, the Director shall order the Auditor to file his Answer, copy furnished the Appellant, and to submit the entire records of the case including the Excerpt of Documents and Summary of Events (EDSE), duly numbered at the bottom of each page.

PROCEEDINGS BEFORE THE DIRECTOR

The Auditor shall comply with the order of the Director within fifteen (15) calendar days from receipt thereof. The appellant may file a Reply within the same period from receipt of the Answer.

The Director shall decide the appeal within fifteen (15) calendar days from receipt of the complete documents necessary for evaluation and decision.

If the Director reverses, modifies or alters the decision of the Auditor, the case shall be elevated to the Commission Proper for automatic review of the Director's decision.

The Director shall not entertain a motion for reconsideration of his decision.

PROCEEDINGS BEFORE THE COMMISSION PROPER (CP)

Appeal from the Decision of the Director

- A party aggrieved by the decision of the Director involving disallowances/charges exceeding one million (P1,000,000.00) pesos may file an appeal to the CP within the time remaining of the six (6) months period to appeal, taking into consideration the suspension of the running thereof as provided in these Rules.
- The CP shall decide any case or matter brought before it within sixty (60) calendar days from the date of its submission for decision or resolution.

PROCEEDINGS BEFORE THE COMMISSION PROPER (CP)

Appeal from the Decision of the Director

- A case or matter is deemed submitted for decision or resolution upon the filing of the last pleading, brief, or memorandum required by the rules of the Commission. If the account or claim involved in the case needs reference to other person or office, or to a party interested, the period shall be counted from the time the last comment necessary to a proper decision is received by it.

PROCEEDINGS BEFORE THE COMMISSION PROPER (CP)

Automatic Review of the Decision of the Director

- A decision of the Director which reverses, modifies or alters a decision of the Auditor shall be automatically reviewed by the CP
- The CP shall within sixty (60) calendar days from receipt of the Auditor's decision and the entire records of the case, review the same and render its own decision.

APPEAL TO THE SUPREME COURT

The party aggrieved by any decision, order, or ruling of the CP may within thirty (30) days from his receipt of a copy thereof, appeal on *certiorari* to the Supreme Court in the manner provided by law and Rules of Court.

When the decision, order, or ruling of the CP adversely affects the interest of any government agency, the appeal may be taken by the head of the agency.

COA Circular No. 2021-013 dated November 10, 2021

Re: Reiteration of the Rules on the Proper Service of Copies of Notice of Suspensions (NS), Notice of Disallowance/Notice of Charge (ND/NC), Decision on Request for Relief from Accountability (DRRA), Notice of Finality of Decision (NFD), COA Order of Execution (COE) or any other COA Order or Decision to all Persons Liable and Providing Guidelines Thereof

Purpose –

Ensure proper and complete service of NS, ND/NC, DRRRA, NFD, COE or any other COA Order or Decision in order to apprise the persons liable and other concerned parties of the existence of NS, ND/NC, DRRRA, NFD, COE or any other COA Order or Decision, and to afford them the opportunity to seek appropriate relief from COA's actions.

Service of NS and DRRA by the Auditor is effected thru:

- 1) personal service**
- 2) substituted personal service**
- 3) registered mail within 10 c.d. from date of issuance**

In case of disallowed payroll involving several payees, service shall be made to the Accountant who shall inform all payees within 5 w.d. from receipt of ND (constructive service).

The Accountant shall accomplish the Accountant's Affidavit of Service and submit to the Auditor within 5 days after the period of posting of Notice the Payees.

REPUBLIC OF THE PHILIPPINES)

_____) S.S.

ACCOUNTANT'S AFFIDAVIT OF SERVICE

I, (Name of Accountant), of legal age, Filipino, with office address at _____, after being sworn to according to law, depose and state that:

- 1) I am the (Position/Designation) of (Agency), (Office Address);
- 2) On (Insert Date), I received a copy of a Notice of Disallowance No. _____, dated _____. Under the said ND No. _____, the (Nature of Benefits or Compensation) therein granted to the (Agency) employees were disallowed in audit;
- 3) I am responsible for immediately informing all the payees affected by said ND No. _____ pursuant to Section 12.1 of Commission on Audit (COA) Circular No. 2009-006 dated September 15, 2009;
- 4) On (Insert Date) at (insert time) a.m./p.m., I posted a Notice to Payees re: (Nature of Benefits/Compensation received) at the Bulletin Board of the (Agency) located in a conspicuous place in the _____ floor/lobby thereof, for two consecutive weeks. A copy of the Notice to Payees is attached;
- 5) I also sent the said Notice to Payees to each concerned employee through their respective e-mail addresses if known, or to the official electronic mail address of the offices of each concerned employee, for at least two times in a week, for two consecutive weeks. A copy of the email printout evidencing such is attached;
- 6) By taking the above steps in notifying the payees concerned, I have performed my duties under Section 12.1 of COA Circular No. 2009-006, and the same shall constitute constructive service to all payees listed in the disallowed payroll under ND No. _____ dated _____; and
- 7) It is my responsibility to submit this affidavit within five days after sending the Notice to Payees under Item No. 5; and

8) I am executing this affidavit to attest to the truth of the foregoing facts and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ in _____, Philippines.

(Name and Signature of Affiant)

SUBSCRIBED AND SWORN to before me this _____, affiant exhibiting to me his/her (competent proof of identity) issued by _____, valid until _____.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.



THANK YOU and
GOOD DAY!

