

## [ MEMORANDUM CIRCULAR NO. 89, August 18, 2005 ]

### **REITERATING COMPLIANCE WITH A.O. 70, S. 2003 "STRENGTHENING OF THE INTERNAL CONTROL SYSTEMS OF THE GOVERNMENT OFFICES, AGENCIES, GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS, STATE UNIVERSITIES AND COLLEGES AND LOCAL GOVERNMENT UNITS" AND ITS IMPLEMENTING GUIDELINES UNDER DBM BUDGET CIRCULAR NO. 2004-4.**

Administrative Order (AO) No. 70 dated 14 April 2003 was issued to strengthen the internal 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 by creating Internal Audit Service (IAS) in their respective offices. The Department of Budget and Management (DBM), thereafter, issued Budget Circular No. 2004-4 dated 22 March 2004 providing for the "Guidelines on the Organization and Staffing of Internal Auditing Units (Aus)" consistent with A.O. 70, s. 2003. In the Presidential Anti-Corruption Workshop held on 15-17 December 2004, the 22-Integrity Development Action Plan (IDAP) National Framework was developed and presented to the President. This includes Prevention Action Plan No. 1: "Strengthen Internal Control Through Institutionalization of Internal Audit Unit:" In line with its implementation , all heads of agencies are therefore enjoined to: (a) create an Internal Audit Service in their respective offices in compliance with AO 70, s. 2003; (b) observe the guidelines set fort under DBM Budget Circular No. 2004-4; and (c) submit report of compliance with AO 70, s 2003 and DBM Budget Circular No. 2004-4 to the Office of the Executive Secretary. Manila, 18 August 2005 By authority of the President: **(Sgd.) EDUARDO R. ERMITA** *Executive Secretary*



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