

**MALACAÑANG**  
**Manila**

**BY THE PRESIDENT OF THE PHILIPPINES**

**ADMINISTRATIVE ORDER NO. 70**

**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**

I, **GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

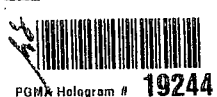
**SECTION 1. *Creation of Internal Audit Service.*** - All heads of government offices, agencies, government-owned and/or controlled corporations, including government financial institutions, State Universities and Colleges (SUCs) and local government units, shall organize an Internal Audit Service (IAS) in their respective offices.

The IAS shall be an integral part of the office and shall assist in the management and effective discharge of the responsibilities of the office, without intruding into the authority and mandate of the Commission on Audit (COA) granted under the Constitution. It shall function in accordance with the policies established by the provisions of Republic Act No. 3456 as amended by Republic Act No. 4177.

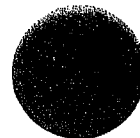
The IAS shall be provided with sufficient support from the top management to gain the cooperation/confidence of the auditee.

**SEC. 2. *Conduct of Internal Audit.*** - Internal Audit shall be performed with proficiency and due professional care, in accordance with the following, to wit:

1. The IAS shall ensure that the technical proficiency and educational background of internal auditors are appropriate for the audit to be performed;
2. Internal auditors shall possess/obtain the knowledge, skills and discipline needed to carry out the audit responsibilities of the IAS;
3. The IAS shall ensure that internal audits are properly supervised and performed with due professional care;
4. The IAS shall conduct the audit in conformity with International Standards for the Professional Practice of Internal Auditing; and



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5. The Code of Ethics promulgated by the Association of Government Internal Auditors (AGIA) shall be strictly observed to maintain high standards of honesty, objectivity, diligence and loyalty.

**SEC. 3. *Standard of the Internal Auditing Profession.*** – The head/chief of IAS shall ensure that internal audit practices, methods and procedures in the agency are improved and updated through continuing education. The AGIA shall ensure that all audit works in all government agencies are conducted in conformity with the standards of the internal audit profession.

**SEC. 4. *Personnel Complement.*** – Agencies without IAS shall immediately organize one. The head of the agency shall review the organizational structure and personnel complement and convert existing vacant positions and/or parallel positions of incumbents in the agency necessary for the creation/strengthening of the IAS.

**SEC. 5. *Monitoring and Reporting.*** – All heads of agencies are hereby directed to submit a report of compliance to the Office of the President through the Office of the Executive Secretary within one (1) year from the date of effectivity of this Order. Subsequently, the accomplishment of the IAS shall be included in the Agency Annual Report.

**SEC. 6. *Transitory Provision.*** – All incumbent Internal Auditors and those performing internal audit functions per AO No. 278, s. of 1992 shall continue to perform internal audit functions. Their position title shall be reclassified to Internal Auditor positions.

**SEC. 7. *Repealing Clause.*** – All issuances, orders, guidelines, rules and regulations inconsistent herewith are hereby revoked.

**SEC. 8. *Effectivity.*** - This Administrative Order shall take effect immediately.

**DONE** in the City of Manila, this 14<sup>th</sup> day of April, in the year of our Lord, two thousand and three.

*Mansueto*

By the President:

*Alberto G. Romulo*  
**ALBERTO G. ROMULO**  
 Executive Secretary

