



**PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS**  
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NHQ-PCG/CGIA

27 November 2019

**MEMORANDUM CIRCULAR**  
**NUMBER 11-19**

**Guidelines and Procedures for the Issuance of Coast Guard Internal Audit Observation Memorandum (CGIAOM) and Issuance of AQ, AOM, NS, ND issued by COA to be transmitted by CGIA**

**I. AUTHORITY:**

- A. Republic Act No. 9993 (Philippine Coast Guard Law of 2009)
- B. Implementing Rules and Regulations of Republic Act No. 9993

**II. REFERENCES:**

- A. R.A 3456 – An Act Providing for the Creations, Organization, Creation of Internal Audit Service in all Department, Bureaus and Offices of the National Government of 1962;
- B. P.D 1445 – Government Audit Code of the Philippines of 1978
- C. COA Circular No. 2009-006 dated 15 Sept 2009 'Prescribing the Use of the Rules and Regulation on Settlement of Accounts';
- D. COA Circular No. 2012-003 dated 29 Oct 2012 ' Updated Guidelines for the Prevention and Disallowance of Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures; and
- E. CGIA Charter

**III. PURPOSE:**

This Memorandum Circular prescribes the guidelines and procedures for the issuance of Coast Guard Internal Audit Observation Memorandum (CGIAOM) and issuance of Audit Query (AQ), Audit Observation Memorandum (AOM), Notice of Suspension (NS) and Notice of Disallowance (ND) issued by Commission of Audit (COA) and transmitted by Coast Guard Internal Audit (CGIA).

**IV. RATIONALE:**

- A.** The Commandant Philippine Coast Guard (CPCG) as the head of agency has the direct responsibility to install, implement, and monitor a sound system of internal control.
- B.** The CGIA appries and advises the CPCG on all matters relating to management control and operations audit.
- C.** The Command through the CGIA aims to ensure that all the deficiencies noted by COA is properly complied and acted by the Command.
- D.** There are still AQ, AOM, NS, ND issued by COA and transmitted by CGIA were not yet properly complied and acted by the Command.
- E.** Conduct of Audit and early issuance of CGIAOM may eradicate if not minimize the AQ, AOM, NS, ND issued by COA and at the same time the Command will achieve a sound and more improved systems.
- F.** Command through the CGIA is on the thrust to establish an effective and efficient internal control.

**V. SCOPE:**

This Memorandum Circular applies to all Coast Guard Non-Uniformed Personnel, Non-Officers, Officers and Coast Guard Units.

**VI. DEFINITION OF TERMS:**

For purposes of this Memorandum Circular, the following words and phrases shall be defined as:

- A. CG Internal Audit Observation Memorandum (CGIAOM)** - This is an instrument issued by the CGIA complying the office or unit regarding the observations relating with financial/operational deficiencies noted in audit addressed to the Head of the office/district and concerned personnel.
- B. Noted Deficiencies** - These are the evident irregularities found/noted in the Audit conducted by CGIA or other official report related to financial/operational matters.
- C. Comment/Response** - These are the actions taken, submitted documents or response of the concerned personnel surrounding on the issued CGIAOM or transmitted AOM issued by COA.

- D. **Concerned Personnel** - Any Coast Guard Non-Uniformed Personnel, Non-Officers, Officers, Coast Guard Units who have participated or responsible on the noted deficiencies.
- E. **Audit** - The evaluation of personnel, units/office's operations, system and process conducted by the CGIA.
- F. **Official Audit Report** - These are the communications received/gathered by the CGIA, informing/suggesting that deficiencies has occurred. In addition, are the other reports aside from the result or report made by the CGIA.
- G. **Motu Propio** - An initiative of CGIA to issue CGIAOM.

**VII. POLICIES:**

- A. The CGIA is currently detached from all function of routine operating character in order to be responsible for the effective evaluation and improvement of the PCG's efficiency, effectiveness, ethical and economical standards on governance, risk management and control processes.
- B. To effectively perform the mandated functions, the CGIA shall have the motu propio to issue CGIAOM.
- C. Aside from the AOM issued by COA, the Command through the CGIA may issue CGIAOM to any concerned personnel informing of the deficiencies noted during the audit or other official audit report related to financial/operational matters
- D. The issued CGIAOM could serve as an early detection of deficiencies noted by the CGIA.
- E. The concerned personnel shall be responsible to act upon on the issued CGIAOM and/or AQ, AOM, NS, ND issued by COA and transmitted by CGIA.
- F. Any Coast Guard Non-Uniformed Personnel, Non-Officers, Officers , Coast Guard Units received the said CGIAOM and/or AQ, AOM, NS, ND issued by COA and transmitted by CGIA shall act upon within the period prescribed on the communications. Otherwise failure to comply shall be dealt accordingly.

**VIII. PROCEDURES:**

**A. CGIAOM ISSUED BY COAST GUARD INTERNAL AUDIT**

1. The CGIA will issue the CGIAOM to the office/unit addressed to the head of the Office/Unit and to the concerned personnel.
2. The concerned personnel shall reply to CGIA within the prescribed number of days from receipt thereof.
3. In any case that the concerned personnel failed to reply within the prescribed period, the CGIA shall reiterate the same for the second (2<sup>nd</sup>) notice.
4. If the concerned personnel on the second (2<sup>nd</sup>) notice have failed to reply within prescribed period, a third (3<sup>rd</sup>) notice shall be reiterated.
5. Failure to respond/comply on the third (3<sup>rd</sup>) notice, the CGIA shall make an endorsement to the Office of Coast Guard Internal Affairs Service (CGIAS) for proper disposition.
6. The head of the Office/Unit and concerned personnel shall be informed by CGIA regarding the result of the evaluation of the complied CGIAOM. (See attached Figure 1 for flowchart reference.)

**B. AQ, AOM, NS AND ND ISSUED BY COA AND TRANSMITTED BY CGIA**

1. Upon receipt of the subject AQ, AOM, NS, ND issued by COA, the Command through CGIA shall immediately transmit the communication to concerned CG Personnel.
2. Any Coast Guard Officer, Non-Officer, Non-Uniformed Personnel and Coast Guard Unit that received an AQ, AOM, NS, ND transmitted by CGIA shall act upon within the period prescribed on the communications.
3. Reply/Response/Comment prepared by the concerned personnel then forwarded to the Office of CGIA shall be immediately transmitted to the Office of Resident Auditor.
4. In any case, the concerned personnel failed to act upon within the prescribed period, the CGIA shall reiterate the same for 2<sup>nd</sup> notice.
5. If the concerned personnel on the second (2<sup>nd</sup>) notice have failed to reply, a third (3<sup>rd</sup>) notice shall be reiterated.
6. Failure to respond/comply on the 3<sup>rd</sup> notice without justifiable reasons, the CGIA shall make an endorsement to the Office of CGIAS for proper disposition. (See attached Figure 2 for flowchart reference.)

**IX. RESPONSIBILITIES:**

- A. The CGIA shall issue CGIAOM to the concerned personnel informing of the deficiencies noted in the audit or other official report related to financial/operational matters.
- B. The CGIA shall immediately transmit to the concerned personnel the AQ, AOM, NS, ND issued by COA.
- C. The CGIA shall make the endorsement to the office of CGIAS for proper disposition, for concerned personnel who failed to act upon on the said CGIAOM or/and AQ, AOM, NS, ND issued by COA and transmitted by CGIA.
- D. Concerned personnel shall give/submit comment/response/ documents depending on the action requested/directed by the Coast Guard Internal Audit specified on the said CGIAOM or AQ, AOM, NS, ND issued by COA.
- E. The CGIAS shall conduct investigation for proper disposition on the report endorsed by CGIA.

**X. RESCISSION CLAUSE:**

All PCG Circulars, Orders, Policies, and other issuances inconsistent with this Memorandum Circular are hereby amended or revoked.

**XI. SEPARABILITY CLAUSE:**

In case any provision of this Memorandum Circular is declared unconstitutional or contrary to law by a competent court, such as parts not affected thereby shall remain in full force and effect.

**XII. EFFECTIVITY:**

This Memorandum Circular shall take effect fifteen (15) days after completion of publication in the official gazette or in a newspaper of general circulation.

**BY COMMAND OF VADM GARCIA PCG:**

**OFFICIAL:**

  
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