



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

No. 2014-001
Date MAR 18 2014

CIRCULAR

TO : Heads of Departments, Agencies, Bureaus/Offices, Regional Offices and Operating Units of National Government; Heads of Government-Owned and/or Controlled Corporations, Local Chief Executives; All COA Assistant Commissioners, COA Directors, Regional Directors, Supervising Auditors, Audit Team Leaders and All Others Concerned

SUBJECT : **Revised Guidelines in the audit of Gender and Development (GAD) Funds and Activities in government agencies**

I. RATIONALE

The Commission on Audit, in compliance with the Philippine Government's State obligations under International Conventions and various laws, rules and regulations on gender and development (GAD), has issued COA Memorandum No. 2009-020 pertaining to the Guidelines on the Audit of Gender and Development funds and activities. With the introduction of a new audit approach called the integrated risk and results based audit approach (IRRBA), and the enactment of RA No. 9710 or the Magna Carta on Women (MCW) and its Implementing Rules and Regulations (IRR), there is a need to amend, update and align the said audit guidelines to conform with the said law and regulations.

II. DEFINITION OF TERMS

The following Definition of Terms are deemed revised and/or integrated in the Guidelines:

1. **Audit of GAD Funds** -- refers to a comprehensive audit of a government agency's policies, funds, programs, projects and activities focusing on the area of gender and development to determine economy, efficiency, and effectiveness of

A handwritten signature in black ink, appearing to be 'Alfonso'.

interventions in addressing gender issues (Section 7B, Rule II, IRR, Magna Carta on Women);

2. **Agency Risk Model (ARM)**- refers to a list of risk identified in a specific agency;
3. **COA Wide Audit Risk Assessment (CARA) Matrix**- a matrix that documents the key government risks identified, selected and prioritized as a result of risk analysis and risk evaluation and contains the planned response to key government risks;
4. **Gender Audit** - refers to a form of “social audit” or “quality audit” which determines whether the organization’s internal practices and related support systems for gender mainstreaming are effective and reinforcing each other and are being followed. This tool or process assist organizations in establishing a baseline, identifying critical gaps and challenges, and recommending ways of addressing them ;(Section 7G, Rule II, IRR, Magna Carta on Women)
5. **Gender Mainstreaming**- the strategy for making women’s as well as men’s concerns and experiences an integral dimension of the design, implementation, monitoring, and evaluation of policies and programs in all political, economic, and societal spheres so that women and men benefit equally and inequality is not perpetuated. It is the process of assessing the implications for women and men of any planned action, including legislation, policies, or programs in all areas and all levels; (Section 4 (i) Magna Carta of Women)
6. **GAD Government Wide Audit**- the simultaneous examination of programs projects and activities pertaining to GAD in a number of government agencies with the end in view of assessing their efficiency and economy;
7. **GAD Sectoral Audit**- the operations audit of a particular GAD program, project, activity being implemented by various agencies of the government in pursuance of the Philippine Plan for Gender –Responsive Development (PPGD), 1995-2025 with the end in view of determining the extent, effectiveness and efficiency of implementation of the Philippine Plan;
8. **Government Risk Model (GRM)** – A framework consisting of risks categorized into groups that could threaten the government agencies as a whole or the specific processes of government agencies. GRM includes a definition of each risks for Audit Teams to have a common understanding of risks; and
9. **Integrated Risk and Results Based Audit Approach (IRRBA)**- an audit approach that integrates the different types of audit being done by COA, including forensic or fraud audit, into a holistic audit methodology that takes into account the projected and actual outputs and outcomes of programs, projects



and activities of government agencies using the Organizational Performance Indicators Framework (OPIF) and Major Final Outputs (MFOs) prescribed by the Department of Budget and Management in the context of implementing the public financial management reforms.

III. GENERAL GUIDELINES

1. An annual audit of funds, programs, projects and activities on gender and development shall be conducted on national, and corporate agencies as well as local government units of the government. To save on resources and to reduce redundant activities, such audit shall be integrated in the regular audit of an agency using the IRRBA. GAD shall be considered in all the main processes of IRRBA, i.e. strategic planning and risk identification, Planning (agency audit planning and risk assessment), delivery (execution and Conclusion and reporting) and monitoring (quality control system). As such, the area of gender and development shall always be considered in the development of the Government Risk Model (GRM), the COA Wide Audit Risk Assessment (CARA) Matrix, the Agency Risk Model (ARM) and other templates designed to identify and/or develop the audit response to identified risks. Likewise, gender and development shall be among the audit areas to be considered during the strategic planning of this Commission as well as the planning exercises to be conducted at the cluster and regional levels.
2. The COA GAD Focal Points (GFPs), in exigency of the service, may conduct a separate annual planning conference for the purpose of identifying risk areas on gender and development. A GRM or a list of risk on gender and development shall be prepared as an output of the said conference. The list shall be an input to the strategic planning to be conducted by this Commission, for inclusion in the overall GRM template to be prepared as an output of the said planning conference. The GRM on gender and development shall be disseminated to all Clusters and Regional Offices as an input to the ARM to be prepared at the said levels.
3. The list of risk on gender and development shall be updated regularly and accordingly shall be used in developing audit responses.
4. As part of planning the audit/understanding the agency, the Supervising Auditor/Audit Team Leader shall see to it that the audited agency, thru the GAD's Focal point or the Internal Control Unit, conduct gender mainstreaming or self assessment particularly on the following, among others:
 - a. Compliance with existing laws and regulations on gender and development particularly on the setting aside of at least five per cent (5%) of their total budget appropriation to cover the implementation of, among others, the preparation of GAD plan, submission of required reports, and the like;



- b. Seeing to it that the agency's plans, programs, projects and activities on GAD are aligned to the agency's mandate, the PPGD for 1995-2025 and other laws on GAD;
 - c. Monitoring the use of GAD funds for the purpose for which they have been appropriated; and
 - d. Determining whether gender issues are effectively addressed by GAD interventions in the agency.
5. Audit of funds and activities on gender and development shall always be a priority area in the conduct of regular audit of agencies with resident audit teams. In the case of agencies being audited under the audit team approach where time and resources are limited, audit of GAD funds and activities will depend on the result of risk assessment and identification and the materiality of the funds involved.
6. Depending on the result of risk identification and assessment, audit response may consist of the following:
 - a. Financial and compliance audit of funds pertaining to GAD which shall include evaluation of agency's compliance with existing laws and regulation on GAD including the mandatory appropriation for GAD;
 - b. Value-for-Money (VFM) Audit of GAD activities which shall include the determination of the economy, efficiency and effectiveness of the agency's policies, programs and activities in addressing gender issues. It shall include an assessment of whether GAD activities are aligned and contributed to the full attainment of the objectives of GAD commitments, plans and policies; and
 - c. Fraud Audit which shall be conducted when there are glaring badges of fraud in the transactions concerning gender and development.
7. Results of audit of GAD funds and activities, which may be favorable or unfavorable including audit recommendations, shall be incorporated in the Annual Audit Reports (AARs) of agencies under the heading "Gender and Development". A separate report shall be prepared when required by this Commission and funding institutions such as international organizations.



IV. SPECIFIC GUIDELINES

A. Audit of Appropriations/Budget for GAD

1. Audit of GAD funds shall see to it, among others, that at least five per cent (5%) of the total budget appropriations required for gender and development under existing laws and regulations were indeed appropriated and properly utilized for the purpose. Audit procedures shall be designed to verify whether the agency GAD budget were allocated using any or a combination of the following:
 - a. As a separate GAD Fund to support GAD Focused programs, projects and activities;
 - b. As fund to support integrating gender-perspectives in regular/flagship programs and projects, and
 - c. As counterpart fund to support gender-responsive Official Development Assistance (ODA)-funded projects.
2. The Auditor, in case of ODA-funded Projects (included and not included in the Annual General Appropriations Act), shall also verify whether NGAs and LGUs and other government instrumentalities ensured that five to thirty percent(5-30%) of funds from foreign governments and multilateral agencies are in support of gender-responsive programs and projects.
3. Such audit shall also look into the specific budget items where GAD Budget is drawn such as maintenance and other operating expenses, capital outlay and personal services and verify whether they are in accordance with the Joint Circular No. 2012-01 of the Philippine Commission on Women (PCW), National Economic Development Authority (NEDA) and the Department of Budget and Management (DBM) and other applicable guidelines issued by oversight agencies.

B. Financial and Compliance Audit on GAD

1. Audit of specific accounts on GAD (salaries, wages, expenditures, etc.) shall be in accordance with existing guidelines on financial and compliance audit. In particular, the rules and regulations on irregular, unnecessary, excessive, extravagant and unconscionable expenditures shall be observed.
2. Funds for gender and development may be used for:
 - a. Programs and projects (PAPs) for which corresponding gender issues have already been identified under the PPGD for 1995-2025 (EO 273) and the



MCW or for gender issues identified by the GAD Focal Point in the course of conduct of a gender audit or in the gender analysis and review of sex disaggregated data of the agency;

- b. PAPA identified or authorized in specific laws for gender and development including Republic Act (RA) No. 8425 (An Act institutionalizing the Social Reform and Poverty Alleviation Program xxxx); RA No. 8505 (An Act providing Assistance and Protection for Rape Victims x x x); RA 8504 (An Act Promulgating Policies and Prescribing Measures for the Prevention and control of HIV/Aids x x x); RA 6728 (Provision for Assistance to Students and Teachers); RA No. 9262 (The Anti Violence against Women and their Children Act); RA No. 7877 (the Anti Sexual Harassment Act of 1995), RA No. 10354 (The Reproductive Health Act), RA No. 9710 otherwise known as The Magna Carta of Women and other laws;
- c. PAPA included in the PCW-endorsed GAD Plan;
- d. Personal Services such as salaries of agency personnel assigned to plan, implement and monitor GAD PAPA on full time or part basis or as an additional duty, following government rules on hiring and creating positions, provided further that in case of those rendering services on part time basis or as an additional duty, only the salary or wage proportionate to the time devoted to GAD shall be considered in the computation of the cost of the particular GAD activity. No additional allowances, benefits, bonuses and the like shall be charged against GAD funds unless there is a specific law or authority from the President of the Philippines authorizing the same.
- e. Maintenance and Operating Expenses provided that:
 1. Expenditures for supplies and materials shall pertain to existing GAD Projects or programs which are organization focused or client focused and which are among those approved by the Philippine Commission on Women. Such supplies shall be included in the annual procurement plan and program of agencies;
 2. Attendance in trainings abroad on GAD may be allowed provided there is a specific authority from appropriate government oversight agencies, said trainings are not offered in any of the local training institutions or universities and provided that knowledge from such training shall be cascaded to the employees of the concerned agency and subject to availability of funds; and
 3. Capacity Development on GAD which shall include meals and snacks, honoraria and transportation of lecturers, trainers and resource persons, supplies and materials and incidental expenses for GAD Trainings and meetings in reasonable amount.



f. Equipment or Capital Outlay provided that:

1. Procurement of equipment or capital outlay is necessary for an identified gender issue, and the project was approved by the PCW;
 2. The equipment can be operated by a corresponding technical employee or staff; and
 3. The prices are reasonable and quantity is not excessive.
3. The result of audit, if material, shall be among the basis in determining the fairness of presentation of the financial statements.
 4. Existing Philippine government auditing and accounting standards and rules and regulations shall be applied.
 5. Compliance with existing laws and regulations on gender and development such as the MCW and its IRR, should be looked into. In particular, compliance with Rule VI-Institutional Mechanisms of the IRR of the MCW should be verified.
 6. Verification of the total amount of appropriation for GAD shall be computed by comparing the amount incorporated in the GAD Budget with that of the total appropriation of the agency for the purpose of determining whether they are equivalent to at least five per cent (5%) of the said total. On the other hand, total amount spent for the GAD project shall be ascertained from the amount disclosed in the GAD Accomplishment Report and other financial reports.
 7. Absence of a GAD Plan and Budget prepared by the agency shall not deter the Auditor from verifying whether funds were used for the proper implementation of projects on GAD. The Auditor shall verify whether GAD activities were nevertheless conducted by the Agency and whether compliance with existing laws and regulations on GAD was made. Consequently, said activities shall also be assessed by the Auditor.
 8. In the absence of a GAD Plan and Budget, information shall be secured from the GAD Focal Point or the Chief accountant of the agency on the sources of funds for GAD. Whether or not the funds used for a specific project were integrated in the regular budget of the agency should also be ascertained.

C. Audit of GAD Projects

1. In the audit of GAD projects, the following should be considered:
 - a. Whether GAD Funds were devoted/used for projects which are within the context of the agency's mandate and approved/or recommended by the



PCW and which shall either be organization-focused or client-focused. In particular, the audit shall include determination of whether or not areas identified in the MCW and its IRR were given priority. Sample areas are the development of a GAD Code for LGUs and establishment of a Violence Against Women's (VAW) desk for Barangays, provision of legal aid, counseling and medical treatment of victims of VAWs and sexual harassment in all LGUs, national government agencies (NGAs), government owned and controlled corporations (GOCCs) and State Universities and Colleges (SUCs), establishment of sex disaggregated data as well as capacity building on GAD.

- b. Whether GAD Projects are aligned to the PPGD for 1995-2025.
- c. Whether GAD Projects are responsive to gender issues in the agency as determined by its GAD Focal Point. Expenditures for projects without a well defined gender issue to be addressed shall not be considered as a GAD related project and shall be excluded in the computation of the mandated appropriation for GAD. Consequently, the Audit Team shall evaluate the transaction for issuance of an NS or ND, as the case may warrant.

In the determination of gender issues, reference may be made to the PPGD for 1995-2025, the law on Disaster Risk Reduction Management (DRRM) and other laws on gender and development and programs and projects of the national government on the subject.

Further, whether or not the gender issue was identified based on the result of gender audit, gender analysis or sex disaggregated data shall be established.

- d. Whether the projects are in accordance with the Harmonized Gender and Development Guidelines (HGD) issued by the NEDA, the PCW and the Official Development Assistance Gender and Development Network.
 - e. Economy, efficiency and effectiveness of the implementation of the project shall also be evaluated in the light of existing standards on gender and development.
 - f. Such audit shall not be confined to the verification of the status of accomplishment vis-à-vis the GAD Plan but shall include a determination of how the agency's policies, programs, projects and procedures address gender issues. Such identification of gender issues shall be made in the planning phase of the audit. Further, an evaluation may be made of the economy, efficiency and effectiveness of an agency's gender mainstreaming activities.
 - g. In the evaluation of GAD projects, it shall be determined whether or not the gender issue identified has been fully addressed by the project implemented.
2. In addition to existing laws, rules and regulations on gender development, the following standards may be used in the conduct of audit of GAD Projects:



- a. PPGD for 1995-2025;
 - b. UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW);
 - c. Beijing Platform for Action (BPA);
 - d. Declaration on the Elimination of Violence against Women (DEVAW);
 - e. MCW and its IRR;
 - f. Millennium Development Goals (MDGs);
 - g. Recent statistics of the National Statistics Office (NSO), Department of Health (DOH), Department of Justice (DOJ) and other agencies that maybe related to gender issues on labor, health, agrarian reform, criminal justice system, education and the like;
 - h. Action plans of agencies related to gender and development;
 - i. PCW endorsed GAD plans of agencies;
 - j. Reports/indicators prepared by agencies concerning gender issues like the Health Indicators, Reports on Manifestations of Gender Bias, and the like and
 - k. Rules and regulations issued by PCW to LGUs for GAD activities.
3. The GAD focal point of the Commission in coordination with the other Audit Sectors and the Special Services Sector (SSS) may initiate the conduct of performance/operations audit on a government wide or sectoral basis. Funds for the conduct of said audit shall be incorporated in the GAD budget. GAD government wide and sectoral audit may also be conducted when required as part of the country's commitment to national and international conventions.
 4. Audit Observations on GAD shall be consolidated by each Regional Office and Cluster and shall be submitted to the GAD Secretariat for consolidation. The consolidated audit observations (Annex A) shall be used by this Commission in GAD planning and policy formulation.



V. RESPONSIBILITY OF THE AUDITED AGENCY

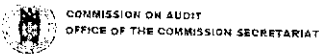
The Audited agency shall submit a copy of the Annual GAD Plan and Budget (GPB) to the COA Audit Team assigned to the agency within five (5) working days from the receipt of the approved plan from the PCW or their mother or central offices, as the case maybe. Likewise, a copy of the corresponding Accomplishment Report shall be furnished the said Audit Team within five (5) working days from the end of January of the preceding year.

VI. REPEALING CLAUSE

Any Circular or Memoranda of this Commission contrary to, or inconsistent with, the provisions of this Circular is hereby amended or revoked accordingly.

VII. EFFECTIVITY

This Circular shall take effect immediately.



9

Ma. Gracia M. Pulido-Tan
MA. GRACIA M. PULIDO-TAN
Chairperson

Heidi L. Mendoza
HEIDI L. MENDOZA
Commissioner