



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management

Malacañang, Manila



CIRCULAR LETTER

No. 2008-8

October 23, 2008

To : Heads of Departments, Bureaus, Offices and Agencies of the National Government, including State Universities and Colleges; Government-Owned and/or –Controlled Corporations; Local Government Units; and All Others Concerned

Subject: National Guidelines on Internal Control Systems (NGICS)

1.0 Purposes

- 1.1 The National Guidelines on Internal Control Systems (NGICS) is being issued pursuant to Administrative Order No. 119 dated March 29, 1989 and Memorandum Order No. 277 dated January 19, 1990 which directs the Department of Budget and Management to promulgate the necessary rules, regulations or circulars for the strengthening of the internal control systems (ICS) of government agencies.
- 1.2 The NGICS will serve as a guide to the heads of departments and agencies in designing, installing, implementing and monitoring their respective ICS taking into consideration the requirements of their organization and operations.
- 1.3 It can strengthen accountability, ensure ethical, economical, efficient and effective operations, improve the quality and quantity of outputs and outcomes and enable agencies to better respond to the requirements of the publics they serve.
- 1.4 It can also help agencies redesign their ICS if the Commission on Audit determines that the same is inadequate.

2.0 Applicability

The NGICS is applicable to all agencies of the Executive Branch, including State Universities and Colleges, Government-owned and/or -Controlled Corporations and Local Government Units.

The Judicial Branch, Legislative Branch, as well as the Constitutional Offices can also make use of the same in designing a sound system of internal control.

3.0 Guidelines

The NGICS is contained in the handbook accompanying this Circular Letter and is made an integral part hereof.


4.0 Responsibility of the Head of Agency

As mandated under Section 124 of Presidential Decree No. 1445 dated June 11, 1978 and the Administrative Code of 1987, the direct responsibility for installing, implementing and monitoring a sound system of internal control rests with the chief or head of each government agency or instrumentality.

5.0 Repealing Clause

Pertinent portions of Department of Budget and Management (DBM) Budget Circular 2004-4 (Guidelines on the Organization and Staffing of Internal Auditing Units) dated 22 March 2004 and DBM Circular Letter 2008-05 (Guidelines in the Organization and Staffing of an Internal Audit Service/Unit and Management Division/Unit in Departments/Agencies/GOCCs/GFIs Concerned) dated 14 April 2008 that are inconsistent with the NGICS are hereby repealed, amended or modified accordingly.

6.0 For the guidance of all concerned.



ROLANDO G. ANDAYA, JR.
Secretary