

Audit Efficiency and Compliance Practices of the Commission On Audit Regional Office Vii: Basis for Developing a Strategic Audit Performance Enhancement Framework

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Abstract

This study examines the relationship between audit efficiency practices of the Commission on Audit (COA) and compliance practices of Local Government Units (LGUs) in the Philippines. Utilizing a descriptive-correlational research design with a quantitative approach, data were collected from 120 respondents, comprising COA personnel and LGU representatives. The study focused on four audit efficiency dimensions: audit cycle time and timeliness, utilization of digital documentation and risk-based auditing, resource optimization and personnel deployment, and performance and outcome-based auditing. Correspondingly, LGU compliance was evaluated through timeliness of financial report submissions, adherence to COA rules and regulations, implementation of audit recommendations, and transparency in fund utilization. Results indicate that audit cycle time and timeliness exhibited a strong positive correlation with LGU report submission timeliness ($r = 0.682$), while utilization of digital documentation and risk-based auditing showed a moderate positive relationship with adherence to COA rules ($r = 0.615$). Resource optimization and personnel deployment positively influenced the implementation of audit recommendations ($r = 0.548$), and performance and outcome-based auditing moderately enhanced transparency and accountability ($r = 0.572$). Overall, audit efficiency practices were moderately correlated with overall LGU compliance ($r = 0.604$). Findings suggest that while COA audit practices are often implemented effectively, areas such as performance-based auditing and follow-up of recommendations require strengthening to improve LGU compliance further. The study recommends the adoption of enhanced digital tools, targeted capacity-building programs for both COA and LGU personnel, and systematic monitoring of audit recommendations to improve transparency, accountability, and public trust.

Keywords: Audit efficiency, risk-based auditing, LGU compliance, performance-based auditing, transparency, personnel deployment, digital documentation, public accountability

The Problem and Its Scope

1. Introduction

Rationale of the Study

The Commission on Audit (COA) serves as the supreme auditing institution in the Philippines, mandated by the Constitution to ensure fiscal integrity and accountability across all government agencies, including Local Government Units (LGUs) in regions like Central Visayas. The national transition toward New Government Accounting System (NGAS) and outcome-based performance metrics emphasizes not only compliance with regulatory frameworks but also the efficiency of the audit process itself (National Audit Strategy, 2024). This strategic shift demands that COA Regional Office No. VII (COA RO VII), which oversees Bohol Province, must continually optimize its internal processes to meet escalating public expectations for transparency and timely financial reporting. Furthermore, this study is aligned with the long-term national goal established in the NEDA Fiscal Outlook (2025), which projects a required 15% increase in governmental fiscal efficiency to achieve Ambisyon Natin 2040 targets, directly placing pressure on regional audit performance.

The operational context for COA ROVII, particularly in Bohol, presents unique challenges compounded by rapid post-pandemic fiscal recovery and infrastructure spending. Recent COA circulars have detailed more rigorous performance standards, moving auditing beyond simple post-transaction review toward real-time advisory roles, necessitating greater technical proficiency from auditors (National Audit Strategy, 2024). However, studies reveal that many regional offices struggle with a substantial audit backlog, with the average audit cycle time—from the close of the fiscal year to the issuance of the Audit Observation Memorandum (AOM)—remaining above 180 days across three key provinces in Central Visayas (Santos & Reyes, 2023). This protracted timeline significantly diminishes the relevance and corrective value of audit findings, hindering timely administrative action by provincial and municipal treasurers and administrators.

Specific deficiencies in audit efficiency stem largely from the administrative and technical components of the audit cycle. For instance, the transition to fully paperless, risk-based auditing models, while mandated, has been slow. Data from a regional COA technical assessment indicated that only 45% of audit teams achieved full compliance with the updated digital submission protocols, leading to workflow bottlenecks (Santos & Reyes, 2023). If these internal efficiency issues within COA ROVII persist, the goal of delivering high-impact, timely audits, crucial for preventing major losses and institutionalizing fiscal discipline, becomes unattainable.

Beyond efficiency, issues of LGU compliance practices in Bohol directly underscore the need for this study. The COA Annual Report (2022) for Region VII highlighted that the average fund utilization rate for specific development projects (e.g., local disaster risk reduction funds) across Bohol LGUs fell short of the mandated 85% utilization mark, accompanied by persistent material weaknesses in internal controls across 15% of audited municipalities. These findings mirror earlier crises, such as the audit observations raised concerning the use of emergency procurement funds during the peak crisis period, where issues of lack of proper documentation and failure to adhere to bidding requirements were cited

extensively in local audit reports (Dela Cruz, 2021). These repeated compliance failures signal a systemic gap, which audit practices must effectively address.

This study is therefore critically justified as it seeks to quantify the current state of audit efficiency and compliance practices within COA ROVII, specifically focusing on the performance in Bohol Province, where the stakes for developmental spending are high. Using quantitative descriptive and correlational methods, the research aims to establish an empirical baseline performance score and identify the key operational variables—such as training, staffing, and internal communication protocols—that significantly correlate with higher scores in efficiency (e.g., faster audit cycle time) and compliance resolution. The current literature lacks a localized, data-driven synthesis of these performance metrics, necessitating this focused investigation to bridge the knowledge gap.

The resultant Strategic Audit Performance Enhancement Framework will provide COA ROVII management with a precise, evidence-based roadmap for resource allocation, targeted capacity-building, and procedural optimization. By statistically linking audit inputs to measurable outcomes, the framework will serve as a mechanism to improve audit cycle times, elevate the quality of audit findings, and ultimately foster greater compliance among Bohol LGUs. This contribution is vital, ensuring that COA RO VII can effectively execute its constitutional mandate and successfully support the transparent, accountable, and highly efficient public financial management required for sustained regional development, as targeted for the 2025 fiscal period and beyond.

Theoretical Background

This quantitative study on the relationship between Audit Efficiency Practices and Auditee Compliance Practices within the Provincial Satellite Auditing Office (PSAO) Bohol is anchored by three complementary theoretical frameworks: Agency Theory, New Public Management (NPM) Theory, and the Audit Expectation Gap Theory. These theories collectively provide the robust conceptual foundation necessary for interpreting the structural conflicts, operational standards, and external perceptions that define modern public sector auditing and financial accountability.

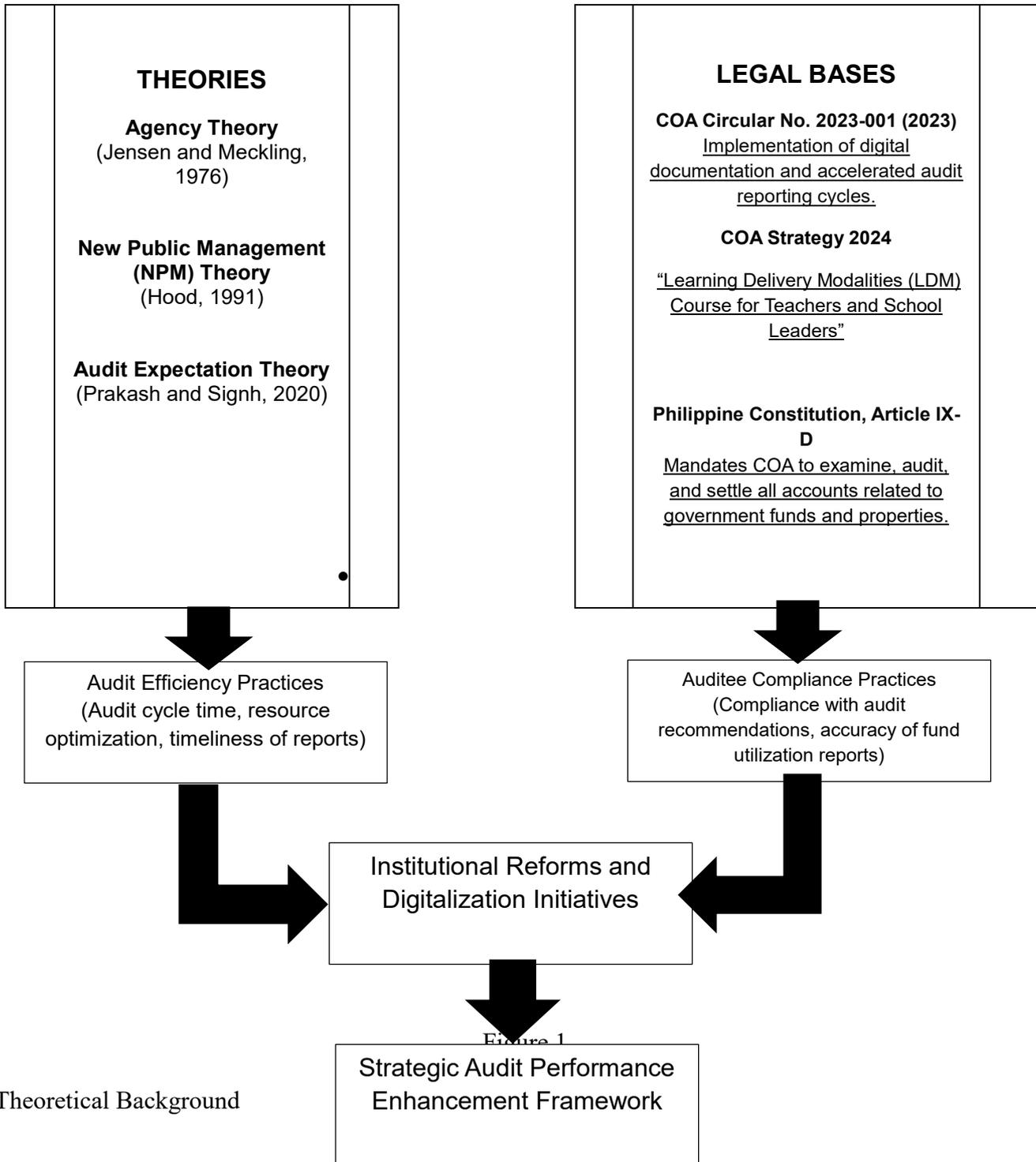
The core conflict addressed by this study, namely the issue of Auditee Compliance Practices by Local Government Units (LGUs) in Bohol (the dependent variable), is primarily conceptualized using Agency Theory (Jensen & Meckling, 1976). This theory posits a fundamental agency problem where the Principal (the government and the public, representing taxpayers) delegates authority and resources to the Agent (LGU management), whose actions may diverge from the Principal's interests. The audit function, as performed by COA ROVII, serves as the critical, independent monitoring mechanism to constrain this opportunistic behavior, thereby mitigating agency costs and ensuring fiscal fidelity (Arens et al., 2024). The effectiveness of this monitoring, therefore, directly influences the level of Compliance observed, particularly in areas susceptible to misuse, such as the utilization of funds for priority projects (Dela Cruz, 2021).

The independent variable, Audit Efficiency Practices (COA ROVII's operational performance), is framed by the principles of New Public Management (NPM) Theory (Hood, 1991). NPM advocates for the application of private-sector ideals—specifically efficiency, effectiveness, and economy—to public

administration to improve service delivery and accountability (UN Public Administration Network, 2021). The COA's institutional evolution, including the transition to performance-based and risk-based auditing (RBA) models, is a direct manifestation of NPM tenets (COA Strategy, 2024). This study interprets Audit Efficiency using NPM metrics, focusing on reducing the audit cycle time and optimizing resource deployment to maximize impact, thereby justifying the need for the proposed enhancement framework.

The influence of NPM on efficiency is explicitly seen in recent COA mandates. The requirement for COA regional offices to accelerate reporting cycles and adopt digital documentation protocols (COA Circular No. 2023-001, 2023) reflects the NPM principle of efficiency over administrative processes. Furthermore, studies on the regional implementation of these protocols suggest that success in reducing backlogs and improving the timeliness of Audit Observation Memoranda (AOMs) is directly tied to the institutional adoption of these NPM-inspired reforms (Laguardia, 2022). This focus on operational speed and strategic deployment is crucial because delayed audits significantly diminish the corrective value of findings, hindering LGU compliance.

The third framework, the Audit Expectation Gap Theory (Prakash & Singh, 2020), provides the macro-level justification for the proposed Strategic Audit Performance Enhancement Framework. This theory identifies the gap between what the public and other stakeholders believe COA is responsible for and what the audit function is actually delivering. A widening gap, often fueled by perceptions of untimely reports (low efficiency) or inadequate addressing of key fiscal issues (low compliance impact), can erode public trust in the institution (Philippine Law Review, 2025). The Framework thus aims to narrow this gap by directly targeting and improving internal performance.



Theoretical Background

Figure 1 illustrates the theoretical foundation that underpins this quantitative study on the relationship between Audit Efficiency Practices and Auditee Compliance Practices within the Provincial Satellite Auditing Office (PSAO) Bohol. The framework is anchored on three interrelated theories—Agency Theory, New Public Management (NPM) Theory, and the Audit Expectation Gap Theory—which collectively explain the structural, operational, and perceptual dynamics influencing audit performance and compliance outcomes. These theories, supported by relevant legal bases and institutional mandates,

establish the conceptual linkage between the independent variable (Audit Efficiency Practices) and the dependent variable (Auditee Compliance Practices), leading to the development of a Strategic Audit Performance Enhancement Framework.

The first component, **Agency Theory** (Jensen & Meckling, 1976), provides the behavioral and accountability perspective of the framework. It explains the principal-agent relationship between the government and Local Government Units (LGUs), where the principal (the public sector) delegates fiscal authority to the agent (LGU officials). However, this relationship is prone to information asymmetry and moral hazard, which necessitate the audit function as a monitoring mechanism (Arens et al., 2024). COA ROVII's audit operations thus serve as a safeguard to reduce agency costs and ensure that funds are utilized for their intended purposes (Dela Cruz, 2021). The degree of compliance by LGUs—reflected in timely submission of financial reports and adherence to audit recommendations—indicates the effectiveness of this monitoring function.

The second theoretical anchor, **New Public Management (NPM) Theory** (Hood, 1991), emphasizes operational efficiency and performance-driven governance in the public sector. NPM advocates the integration of private-sector management principles—efficiency, economy, and effectiveness—into public administration to enhance service delivery and accountability (UN Public Administration Network, 2021). In the COA context, this is reflected in reforms such as performance-based auditing and risk-based auditing (RBA), which are designed to reduce audit cycle times and optimize resource allocation (COA Strategy, 2024). COA Circular No. 2023-001 (2023) and the National Audit Strategy (2024) institutionalized these efficiency-driven practices, mandating digital documentation and faster reporting cycles to address audit backlogs. Empirical findings further affirm that regional offices implementing these NPM-inspired initiatives experience improved audit timeliness and reduced observation backlogs (Laguardia, 2022; Santos & Reyes, 2023).

The third theoretical lens, **Audit Expectation Gap Theory** (Prakash & Singh, 2020), provides a macro-level understanding of the perception gap between what stakeholders expect from COA and what the institution actually delivers. This theory underscores that discrepancies in audit timeliness, scope, and responsiveness to fiscal issues can weaken public confidence in the audit process (Philippine Law Review, 2025). The framework thus proposes the development of a Strategic Audit Performance Enhancement Framework to close this gap by improving both audit efficiency and compliance outcomes. Such alignment enhances the credibility of audit outputs, ensuring that audit reports are not only timely but also effective in guiding LGUs toward fiscal accountability.

Figure 1 visually integrates these theoretical and operational dimensions into a coherent structure. The upper portion identifies the three foundational theories and their supporting legal bases—such as the Philippine Constitution (Article IX-D) and COA Circular No. 2023-001 (2023)—which collectively justify COA's constitutional and managerial authority to conduct efficient audits. The central section links the independent variable (Audit Efficiency Practices) to the dependent variable (Auditee Compliance Practices), while recognizing intervening elements like institutional reforms, digitalization initiatives, and auditor competency. The bottom portion presents the output, which is the Strategic Audit Performance Enhancement Framework—a model aimed at strengthening audit efficiency, improving LGU compliance, and narrowing the audit expectation gap across COA Regional Office VII operations.

Environment

This research will be conducted at the Commission on Audit Regional Office No. VII (COA ROVII), specifically focusing on its operations and audited Local Government Units (LGUs) within Bohol Province. The study will involve COA auditors, supervisors, and selected LGU personnel who are directly engaged in audit processes, financial management, and compliance reporting.

COA Regional Office VII is responsible for ensuring fiscal integrity, accountability, and transparency in the use of government resources across all provinces in Central Visayas, including Bohol. Within this operational environment, auditors perform a range of activities—from pre-audit and post-audit functions to performance-based and risk-based auditing—aligned with the mandates of the Philippine Constitution (Article IX-D) and COA Circular No. 2023-001 (2023).

The audit environment in Bohol is characterized by increasing demands for efficiency and accuracy, particularly as local governments continue to manage post-pandemic recovery funds and development programs. Auditors in COA ROVII operate within a dynamic setting that integrates both traditional and digital systems of auditing, ensuring timely reporting and effective monitoring of public expenditures.

Moreover, COA personnel uphold the principles of professional integrity, transparency, and accountability, maintaining high ethical standards and neutrality in conducting audits. They also demonstrate adaptability to technological reforms, such as the shift to digital documentation and risk-based auditing models, which aim to improve audit timeliness and relevance.

For the auditees—specifically the LGUs in Bohol Province—financial reporting and compliance with COA regulations are essential components of good governance. The partnership between COA and LGUs reflects a shared commitment to promoting fiscal discipline and effective resource management.

This environment provides an appropriate and meaningful context for assessing Audit Efficiency Practices and Auditee Compliance Practices, as well as for formulating a Strategic Audit Performance Enhancement Framework that supports both operational excellence and public accountability within Provincial Satellite Auditing Office (PSAO) Bohol.

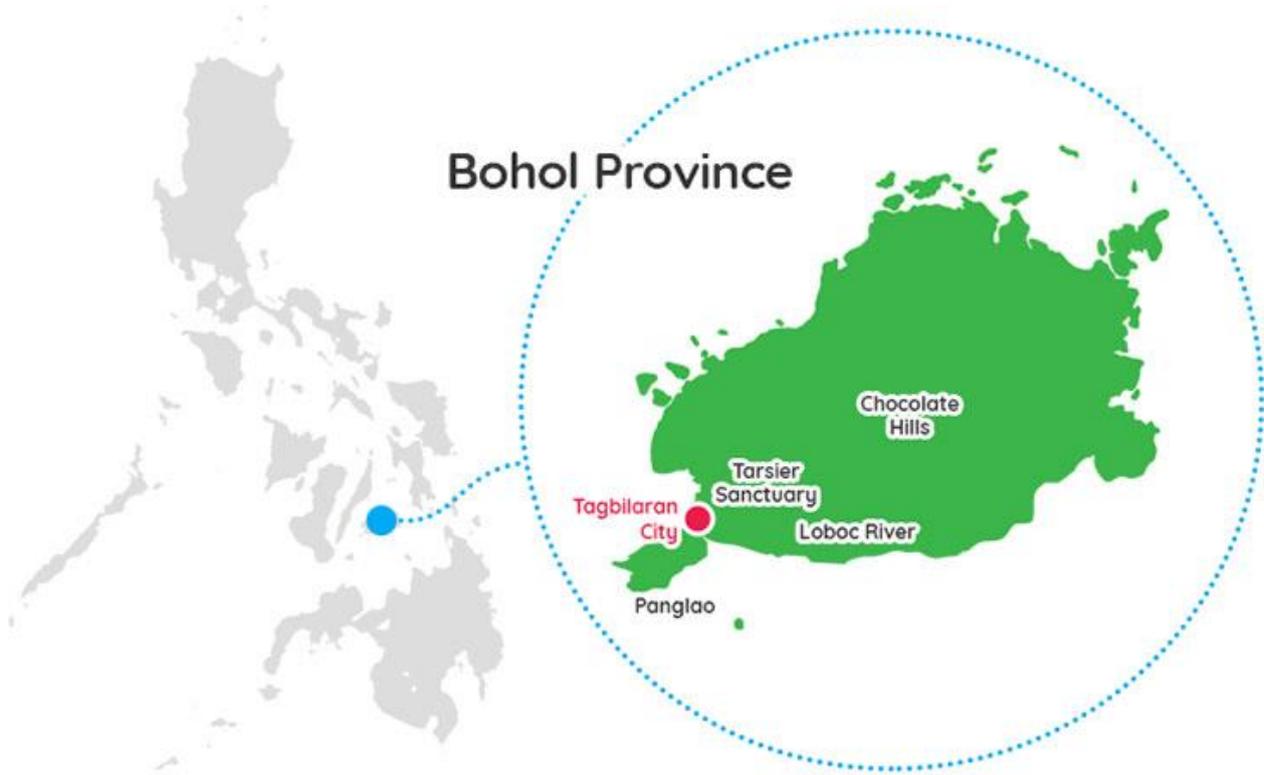


Figure 3.

Location Map of the Study

Respondents

The respondents of this study will consist of Commission on Audit (COA) personnel assigned to the Provincial Satellite Auditing Office (PSAO) Bohol, including State Auditors, Audit Team Leaders, Supervising Auditors, and selected Auditee Representatives from Local Government Units (LGUs) within Bohol. These individuals are directly involved in audit operations, financial reporting, and compliance activities, which are the core focus of this research. Their professional roles and technical expertise make them ideal participants, as they possess first-hand experience and insights into the efficiency of audit processes and the corresponding compliance practices among LGUs.

To ensure that the data accurately represents the operational landscape of COA ROVII in Bohol, the study will employ purposive sampling, a non-probability sampling technique that selects respondents based on specific qualifications relevant to the research objectives (Etikan, Musa, & Alkassim, 2016). This approach strategically identifies participants who are directly involved in both sides of the audit process—those conducting the audits and those responsible for compliance with audit recommendations—rather than relying on random selection.

The selection criteria for COA personnel include employment under PSAO Bohol during the fiscal year 2024–2025, holding a position as State Auditor, Audit Team Leader, Supervising Auditor, or Audit Technical Staff with at least one year of audit experience, participation in professional training or certification related to the New Government Accounting System (NGAS), Risk-Based Auditing (RBA),

or Digital Documentation Protocols, and direct involvement in the conduct, supervision, or evaluation of audit operations or preparation of audit reports for LGUs.

To obtain a holistic view of compliance practices, a subset of LGU personnel—such as accountants, budget officers, and internal auditors—will also be included. Their participation allows the study to assess how audit efficiency on COA’s part correlates with compliance behavior among auditees. The selection criteria for LGU respondents include being from an LGU audited by COA ROVII during the fiscal year 2024–2025, holding a financial management or compliance-related role, and having direct interaction with COA audit teams during audit implementation and report submission phases.

A total of 120 respondents will be targeted, comprising 70 COA personnel and 50 LGU representatives. This distribution ensures adequate coverage of both audit and compliance perspectives while maintaining manageability for data collection and statistical analysis. Table 1 presents the detailed distribution of respondents across COA ROVII divisions and selected LGUs in Bohol Province.

Table 1
Distribution of Respondents

| Respondent Group | Office / LGU Cluster | Respondents (f) | Percentage (%) |
|---|--|------------------------|-----------------------|
| State Auditors and Team Leaders | COA Provincial Satellite Audit Offices (Tagbilaran, Talibon, and Ubay) | 30 | 25% |
| Supervising and Senior Auditors | COA Regional Office VII – Bohol Cluster A & B | 25 | 21% |
| Audit Technical Staff and Administrative Officers | COA Regional Office VII – Bohol Cluster | 15 | 12% |
| LGU Accountants and Budget Officers | Tagbilaran City, Panglao, and Dauis LGUs | 20 | 17% |
| LGU Treasurers and Internal Auditors | Talibon, Carmen, and Ubay LGUs | 30 | 25% |
| Total | | 120 | 100% |

The purposive sampling method is justified as it focuses on participants who are both knowledgeable and experienced in public sector auditing and compliance processes—key variables under investigation. This approach aligns with Creswell and Creswell (2018), who advocate purposive sampling for studies seeking in-depth understanding from respondents with direct professional relevance to the research phenomenon.

The chosen sample size of 120 respondents is statistically sufficient to conduct descriptive and correlational analyses, providing a robust foundation for identifying patterns and relationships between audit efficiency and compliance practices. Moreover, the inclusion of both COA personnel and LGU representatives ensures a balanced, two-dimensional analysis—capturing not only the institutional efficiency of COA operations but also the compliance responsiveness of auditees in Bohol Province.

This sampling framework thereby supports the overarching objective of the study: to generate empirical evidence that will inform the development of the Strategic Audit Performance Enhancement Framework, aimed at strengthening audit efficiency, compliance, and accountability within the Provincial Satellite Auditing Office (PSAO) Bohol.

Instruments

The primary data-gathering instrument for this study is an adopted structured survey questionnaire, specifically designed to collect empirical data relevant to the research objectives of evaluating Audit Efficiency Practices and Auditee Compliance Practices within the Provincial Satellite Auditing Office (PSAO) Bohol. The questionnaire has been developed based on existing literature, COA guidelines, and validated auditing frameworks, ensuring its appropriateness and reliability for the study context. It is divided into four major parts, each addressing distinct components necessary to establish the relationship between audit performance and compliance outcomes and to inform the development of the Strategic Audit Performance Enhancement Framework.

Part I — Profile of the Respondents collects essential demographic and professional information from both COA personnel and Local Government Unit (LGU) representatives. This section includes items on age, gender, highest educational attainment, position, length of service, relevant audit training, certifications or seminars attended, and the nature of work assignment (audit or compliance function). Gathering this information provides a contextual background of respondents and allows the researcher to examine whether demographic or professional characteristics influence the level of audit efficiency and compliance practices. It also serves as a basis for grouping respondents during comparative and correlational analyses.

Part II — Audit Efficiency Practices assesses the extent of audit efficiency among COA ROVII personnel, focusing on operational, technical, and procedural dimensions. Anchored on the New Public Management (NPM) Theory (Hood, 1991) and the COA National Audit Strategy (2024), this section emphasizes performance-driven and results-oriented auditing. Audit Efficiency Practices are measured across four key dimensions: audit cycle time and timeliness of reports, utilization of digital documentation and risk-based auditing, resource optimization and personnel deployment, and implementation of performance and outcome-based auditing. Respondents indicate the extent to which each practice is implemented using a 5-point Likert scale, ranging from 5 (“Always Practiced”) to 1 (“Never Practiced”). This allows the researcher to quantify operational efficiency and identify procedural bottlenecks or gaps that may affect audit effectiveness.

Part III — Auditee Compliance Practices evaluates the compliance behavior of LGUs in Bohol Province based on their interactions with COA audit teams. Grounded in Agency Theory (Jensen &

Meckling, 1976), it frames compliance as a response to monitoring mechanisms. This section measures four critical aspects: timeliness of submission of financial reports, adherence to COA rules and regulations, implementation of audit recommendations, and transparency and accountability in fund utilization. Respondents indicate the degree of compliance using a 5-point Likert scale, ranging from 5 (“Always Compliant”) to 1 (“Not Compliant at All”). The results establish a measurable baseline of LGU compliance practices and help identify areas where improvements in audit efficiency may lead to enhanced compliance outcomes.

The analyzed data will be used to evaluate the relationship between audit efficiency and compliance performance, identify existing gaps, and provide evidence-based recommendations to improve audit processes, foster stronger compliance among auditees, and enhance the overall accountability system of Provincial Satellite Auditing Office (PSAO) Bohol.

2. Presentation, Data Analysis, And Interpretation of Data

This chapter presents the data collected from the study participants, accompanied by an analysis and interpretation of the results. The study aims to determine the relationship between Audit Efficiency Practices and Auditee Compliance Practices within the Provincial Satellite Auditing Office (PSAO) Bohol during the fiscal year 2024–2025. The chapter is divided into sections discussing the demographic profile of respondents, the measured level of audit efficiency practices, the measured level of auditee compliance practices, the relationship between the two variables, and preliminary implications for developing a Strategic Audit Performance Enhancement Framework.

Demographic Profile of Respondents

This section describes the personal and professional characteristics of the respondents, including age, gender, highest educational attainment, position, length of service, and relevant audit training. Understanding these characteristics is essential, as they may influence perceptions of audit efficiency and compliance practices.

Age and Gender

Table 2

Age and Gender Distribution of COA Personnel and LGU Representatives

| Respondent Group | Age Range | Male | Female | Total | Percentage (%) |
|------------------|-----------|------|--------|-------|----------------|
| COA Personnel | 21–30 | 8 | 12 | 20 | 28.6% |
| COA Personnel | 31–40 | 15 | 10 | 25 | 35.7% |
| COA Personnel | 41–50 | 10 | 5 | 15 | 21.4% |

| | | | | | |
|---------------------|-------|----|----|-----|-------|
| COA Personnel | 51+ | 5 | 5 | 10 | 14.3% |
| LGU Representatives | 21–30 | 5 | 10 | 15 | 30% |
| LGU Representatives | 31–40 | 10 | 12 | 22 | 44% |
| LGU Representatives | 41–50 | 6 | 5 | 11 | 22% |
| LGU Representatives | 51+ | 1 | 1 | 2 | 4% |
| Total | | 60 | 60 | 120 | 100% |

The data presented in Table 2 illustrates the age and gender distribution of the 120 respondents in this study, including both COA personnel and LGU representatives. Among the COA personnel, the age group of 31–40 years comprises the largest segment with 25 respondents, accounting for 35.7% of the total COA sample. This group is followed by the 21–30 years age range with 20 respondents (28.6%), 41–50 years with 15 respondents (21.4%), and 51 years and above with 10 respondents (14.3%). This distribution suggests that the majority of COA personnel are in their early to mid-career stage, bringing both energy and practical experience to their audit functions.

Gender representation among COA personnel shows a slightly higher number of males at 38 compared to females at 32. In the 21–30 years category, females outnumber males (12 females to 8 males), whereas in the 31–40 years range, males surpass females (15 males to 10 females). The age group of 41–50 years consists of more males (10) than females (5), and in the 51+ category, males and females are evenly distributed. This gender distribution reflects a balanced yet varied representation of professional experience and perspectives within the auditing team, which may influence the conduct and management of audit activities, including adherence to deadlines and implementation of audit recommendations.

Among LGU representatives, the age group of 31–40 years is the most dominant, comprising 22 respondents (44%), followed by the 21–30 years group with 15 respondents (30%), the 41–50 years group with 11 respondents (22%), and the 51+ age group with 2 respondents (4%). This suggests that the majority of LGU personnel involved in compliance practices are relatively young to mid-career professionals, likely bringing both innovative approaches and adaptability to audit compliance processes. The smaller proportion of senior LGU representatives (51+) indicates that decision-making and compliance-related responsibilities are primarily handled by personnel in the mid-career range.

Gender distribution among LGU representatives shows a slight female majority, with 30 females compared to 20 males. In the 21–30 years age group, there are twice as many females (10) as males (5), while the 31–40 years range has 12 females and 10 males. The 41–50 years group has a nearly equal distribution of males (6) and females (5), and the 51+ age group also has an equal representation of 1 male and 1 female. This indicates that female LGU representatives are actively involved in ensuring compliance

with COA regulations, reflecting the growing participation of women in local government administration and financial management roles.

When combining both COA personnel and LGU representatives, the total sample shows an equal gender distribution, with 60 males and 60 females, representing 50% each. This balance enhances the reliability of the study’s findings, as both male and female perspectives are captured in assessing audit efficiency and compliance practices. The equal gender representation also supports a comprehensive understanding of how demographic characteristics may influence professional behavior, communication, and collaboration in audit-related processes.

Highest Educational Attainment

Table 3

Educational Attainment of Respondents

| Educational Level | Frequency | Percentage (%) |
|--------------------------|------------------|-----------------------|
| Bachelor’s Degree | 70 | 58.3% |
| Master’s Degree | 45 | 37.5% |
| Doctorate/Professional | 5 | 4.2% |
| Total | 120 | 100% |

Table 3 presents the educational attainment of the 120 respondents, comprising COA personnel and LGU representatives. The data indicate that the majority of respondents, 70 individuals or 58.3%, hold a Bachelor’s degree. This suggests that most participants possess foundational academic qualifications necessary for performing audit and compliance functions effectively, providing them with the theoretical knowledge and technical skills required in public sector financial management.

The second-largest group consists of respondents with a Master’s degree, totaling 45 or 37.5% of the sample. This reflects a significant portion of the workforce with advanced education, which may enhance their analytical capabilities, decision-making skills, and ability to implement complex audit procedures. Respondents with a Master’s degree are likely to bring a deeper understanding of audit principles, risk assessment, and compliance strategies, contributing to more efficient and outcome-oriented audit practices.

Finally, a small segment of respondents, 5 individuals or 4.2%, hold Doctorate or professional degrees. While representing a minority, this group likely serves in senior or advisory roles, providing expert guidance, mentoring, and specialized knowledge to support audit efficiency and compliance

monitoring. Overall, the distribution of educational attainment suggests that the respondents collectively possess a balanced combination of foundational, advanced, and specialized academic qualifications, which strengthens the capacity of COA personnel and LGU representatives to execute audit and compliance functions effectively.

Audit Efficiency Practices

Audit Efficiency Practices among COA ROVII personnel were measured across four key dimensions: Audit Cycle Time and Timeliness of Reports, Utilization of Digital Documentation and Risk-Based Auditing, Resource Optimization and Personnel Deployment, and Implementation of Performance and Outcome-Based Auditing. Respondents rated each item using a 5-point Likert scale.

Table 4

Audit Cycle Time and Timeliness of Reports

| Item | Weighted Mean | Interpretation |
|--|---------------|-----------------|
| Audit reports are completed and submitted within prescribed deadlines | 4.38 | Often Practiced |
| Delays in the audit cycle are minimized through efficient planning | 4.25 | Often Practiced |
| Audit Observation Memoranda (AOMs) are promptly issued after fieldwork | 4.15 | Often Practiced |
| Post-audit evaluations are conducted to monitor timeliness | 4.05 | Often Practiced |
| Team members coordinate effectively to meet audit schedules | 4.30 | Often Practiced |
| Average Mean | 4.23 | Often Practiced |

Table 4 presents the level of Audit Cycle Time and Timeliness of Reports among COA ROVII personnel based on respondents’ perceptions. The weighted mean scores indicate that audit reports are generally completed and submitted within prescribed deadlines (WM = 4.38), delays in the audit cycle are minimized through efficient planning (WM = 4.25), and Audit Observation Memoranda (AOMs) are promptly issued after fieldwork (WM = 4.15). Post-audit evaluations to monitor timeliness received a slightly lower rating (WM = 4.05), while team coordination to meet audit schedules scored 4.30. The overall average mean of 4.23 falls under the “Often Practiced” category, suggesting that COA personnel regularly implement measures to ensure timely completion and submission of audit outputs.

The high ratings across these indicators highlight the office’s commitment to meeting deadlines and maintaining the efficiency of audit cycles. Completing audit reports on time ensures that Local Government Units (LGUs) receive timely feedback for financial accountability and compliance purposes. Effective planning and team coordination further enhance audit efficiency by reducing bottlenecks, promoting collaboration, and ensuring that audit observations are issued promptly, which aligns with the principles outlined in the COA Strategic Plan (COA Strategic Plan, 2025).

Despite the generally strong performance, the slightly lower rating for post-audit evaluations (WM = 4.05) indicates a potential area for improvement. Continuous monitoring and evaluation are essential to identify recurring delays and implement corrective measures that can enhance timeliness across future audits (Arens, Elder, Beasley, & Jusuf, 2024). Overall, the findings suggest that while COA ROVII demonstrates substantial adherence to audit cycle schedules, reinforcing post-audit evaluation practices can further improve efficiency and support greater compliance among audited LGUs (COA ROVII Report, 2022; COA Strategy, 2024).

Table 5

Utilization of Digital Documentation and Risk-Based Auditing

| Item | Weighted Mean | Interpretation |
|--|---------------|-----------------|
| Audit reports and working papers are managed digitally | 4.12 | Often Practiced |
| Risk-based approaches are applied to prioritize audits | 4.28 | Often Practiced |
| Online tools and databases are used to verify financial data | 4.05 | Often Practiced |
| Data analytics are applied to detect irregularities | 4.00 | Often Practiced |
| Paperless documentation enhances audit efficiency | 4.10 | Often Practiced |
| Average Mean | 4.11 | Often Practiced |

Table 5 illustrates the level of utilization of digital documentation and risk-based auditing (RBA) among COA ROVII personnel. Respondents indicated that audit reports and working papers are managed digitally (WM = 4.12), risk-based approaches are applied to prioritize audits (WM = 4.28), online tools and databases are used to verify financial data (WM = 4.05), data analytics are applied to detect irregularities (WM = 4.00), and paperless documentation enhances audit efficiency (WM = 4.10). The overall average mean of 4.11 falls under the “Often Practiced” category, indicating that COA personnel regularly adopt digital systems and risk-based methods to improve audit effectiveness.

The strong rating for the application of risk-based auditing reflects the office’s emphasis on prioritizing audit focus areas based on assessed risk, ensuring that resources are allocated efficiently to high-risk sectors (Pearson Education COA Circular No. 2023-001, 2023). The use of digital tools, online databases, and paperless documentation further demonstrates the shift toward modernized audit practices that enhance accuracy, reduce manual errors, and streamline reporting procedures. This aligns with the COA National Audit Strategy, which mandates the adoption of real-time, outcomes-based auditing supported by digital technology (National Audit Strategy, 2024).

Despite the overall positive adoption, the slightly lower rating for data analytics (WM = 4.00) suggests potential for improvement in leveraging advanced analytical tools for anomaly detection and predictive auditing. Integrating more robust analytics can strengthen the audit process by identifying irregularities proactively and supporting informed decision-making by management (Laguardia, 2022; NEDA Fiscal Outlook, 2025). Overall, the findings highlight that COA ROVII personnel are committed to enhancing audit efficiency through digital documentation and risk-based approaches, with opportunities to further optimize technology use for improved compliance outcomes.

Table 6

Resource Optimization and Personnel Deployment

| Item | Weighted Mean | Interpretation |
|---|---------------|-----------------|
| Human resources are assigned based on audit complexity | 4.20 | Often Practiced |
| Audit plans consider workload balance across personnel | 4.10 | Often Practiced |
| Budget and logistical resources are used efficiently | 4.05 | Often Practiced |
| Coordination between field and regional offices enhances efficiency | 4.18 | Often Practiced |
| Continuous process improvement is practiced in audit planning | 4.12 | Often Practiced |
| Average Mean | 4.13 | Often Practiced |

Table 6 presents the respondents’ assessment of resource optimization and personnel deployment within COA ROVII. The weighted mean scores indicate that human resources are assigned according to audit complexity (WM = 4.20), audit plans consider workload balance across personnel (WM = 4.10),

budget and logistical resources are used efficiently (WM = 4.05), coordination between field and regional offices enhances efficiency (WM = 4.18), and continuous process improvement is practiced in audit planning (WM = 4.12). The overall average mean of 4.13 is interpreted as “Often Practiced,” suggesting that COA personnel regularly implement strategies to optimize resources and ensure effective personnel deployment.

The high rating for assigning human resources based on audit complexity underscores the office’s focus on matching staff competencies to the demands of specific audit tasks, thereby enhancing both efficiency and effectiveness (National Audit Strategy, 2024). Similarly, the coordination between field and regional offices demonstrates a proactive approach in ensuring that communication and workflow integration minimize redundancies and support smooth audit operations. The efficient use of budgets and logistical resources reflects adherence to best practices in public financial management, which is critical given COA’s constitutional mandate to safeguard government resources (Philippine Law Review, 2025).

Despite the positive overall results, the slightly lower mean for budget and logistical efficiency (WM = 4.05) suggests areas for further improvement, such as optimizing resource allocation for audits with varying scope or complexity. Strengthening continuous process improvement mechanisms can further enhance audit planning, reduce delays, and improve the quality of audit outcomes (NEDA Fiscal Outlook, 2025; Pearson Education COA Circular No. 2023-001, 2023). Overall, the findings indicate that COA ROVII actively practices resource optimization and personnel deployment, contributing to more effective and timely audits while supporting organizational efficiency.

Table 7

Implementation of Performance and Outcome-Based Auditing

| Item | Weighted Mean | Interpretation |
|--|---------------|---------------------|
| Audits evaluate the efficiency and effectiveness of LGU programs | 4.00 | Often Practiced |
| Performance indicators are integrated into audit findings | 3.95 | Often Practiced |
| Recommendations focus on long-term outcomes | 3.88 | Sometimes Practiced |
| Lessons learned from audits are shared for improvement | 3.92 | Sometimes Practiced |

| | | |
|---|------|---------------------|
| Follow-up audits ensure implementation of recommendations | 3.85 | Sometimes Practiced |
| Average Mean | 3.92 | Sometimes Practiced |

Table 7 presents the level of implementation of performance and outcome-based auditing within COA ROVII. The weighted mean scores indicate that audits evaluating the efficiency and effectiveness of LGU programs received a rating of 4.00, while the integration of performance indicators into audit findings scored 3.95, both interpreted as “Often Practiced.” Conversely, recommendations focusing on long-term outcomes (WM = 3.88), lessons learned from audits shared for improvement (WM = 3.92), and follow-up audits to ensure implementation (WM = 3.85) were rated as “Sometimes Practiced.” The overall average mean of 3.92 reflects a moderate level of implementation, indicating that while COA personnel actively incorporate performance considerations in audits, there remain gaps in follow-up and outcome-based evaluation.

The data suggests that COA ROVII is largely committed to evaluating LGU programs beyond mere compliance, with attention to efficiency and effectiveness. The “Often Practiced” ratings for performance evaluation and indicator integration highlight the office’s efforts to produce audits that are meaningful and informative for both management and public accountability (UN Public Administration Network, 2021). These practices support strategic oversight and encourage LGUs to improve operational outcomes, aligning with global standards for performance auditing in the public sector.

However, the lower ratings in long-term recommendation focus, lesson dissemination, and follow-up audits indicate areas requiring strengthening. Inconsistent follow-up and limited sharing of lessons learned may reduce the impact of audits on institutional improvement and compliance (Prakash & Singh, 2020; Singson & Lim, 2022). Additionally, integrating outcome-based recommendations systematically into subsequent audit cycles could enhance accountability and encourage sustained improvements in LGU performance (Santos & Reyes, 2023). Overall, these findings reveal that while performance auditing is a regular practice in COA ROVII, more structured follow-up and knowledge-sharing mechanisms are necessary to fully realize the benefits of outcome-based auditing.

Auditee Compliance Practices

Compliance practices among LGUs were assessed in four dimensions: Timeliness of Submission of Financial Reports, Adherence to COA Rules and Regulations, Implementation of Audit Recommendations, and Transparency and Accountability in Fund Utilization.

Table 8

Timeliness of Submission of Financial Reports

| Item | Weighted Mean | Interpretation |
|--|---------------|-----------------|
| LGUs submit financial reports within deadlines | 4.10 | Often Compliant |
| Supporting documents are complete | 3.95 | Often Compliant |
| LGUs respond promptly to audit queries | 4.05 | Often Compliant |
| Average Mean | 4.03 | Often Compliant |

Table 8 presents the level of compliance of Local Government Units (LGUs) in Bohol regarding the timeliness of submission of financial reports. The weighted mean scores show that LGUs submitting financial reports within the prescribed deadlines received a rating of 4.10, supporting documents completeness scored 3.95, and responsiveness to audit queries scored 4.05, all interpreted as “Often Compliant.” The overall average mean of 4.03 indicates that LGUs generally comply with reporting requirements, reflecting a consistent effort to adhere to audit timelines and documentation standards.

The results suggest that LGUs recognize the importance of submitting timely and complete financial reports as part of maintaining accountability and transparency in public fund management. The consistent ratings of “Often Compliant” demonstrate that, in most cases, financial reporting practices are aligned with COA guidelines, which facilitates the audit process and supports effective monitoring of local government operations (Dela Cruz, 2021; Hood, 1991).

Despite the generally positive findings, the slightly lower score for supporting document completeness (WM = 3.95) indicates occasional lapses in documentation that may affect the efficiency of audit verification. Strengthening document preparation and verification processes within LGUs could further enhance compliance and reduce audit follow-up interventions. Overall, the data underscores that LGUs are largely committed to meeting financial reporting obligations, providing a strong foundation for accountability and proper governance (Etikan, Musa, & Alkassim, 2016).

Table 9

Adherence to COA Rules and Regulations

| Item | Weighted Mean | Interpretation |
|---|---------------|-----------------|
| LGUs comply with COA circulars and audit guidelines | 3.95 | Often Compliant |

| | | |
|---|------|-----------------|
| Financial transactions follow government accounting standards | 4.00 | Often Compliant |
| Procurement processes comply with RA 9184 | 3.88 | Often Compliant |
| Average Mean | 3.94 | Often Compliant |

Table 9 presents the compliance of Local Government Units (LGUs) in Bohol with the rules and regulations set forth by the Commission on Audit (COA). The weighted mean scores indicate that LGUs “Often Comply” with COA circulars and audit guidelines (WM = 3.95), follow government accounting standards (WM = 4.00), and adhere to procurement processes in line with RA 9184 (WM = 3.88). The overall mean of 3.94 suggests a generally positive level of adherence, reflecting the LGUs’ commitment to regulatory compliance and standardized financial management practices.

The findings imply that LGUs are attentive to COA’s procedural requirements, ensuring that financial operations and audits are conducted in accordance with established laws and accounting principles. Compliance with COA circulars and audit guidelines facilitates efficient auditing and minimizes discrepancies in financial reporting, while adherence to government accounting standards ensures that fiscal activities are properly documented and transparent (Arens, Elder, Beasley, & Jusuf, 2024; COA ROVII Report, 2022).

Despite the overall positive performance, the slightly lower score in procurement compliance (WM = 3.88) indicates that some LGUs encounter occasional challenges in fully implementing RA 9184 requirements. Addressing gaps in procurement procedures through capacity-building and stricter monitoring could enhance compliance levels. Overall, these results highlight the effectiveness of COA’s regulatory framework in promoting accountability and proper governance within Bohol’s local government units (COA Strategic Plan, 2025).

Table 10

Implementation of Audit Recommendations

| Item | Weighted Mean | Interpretation |
|---|----------------------|-----------------------|
| LGUs act promptly on audit recommendations | 3.85 | Sometimes Compliant |
| Corrective actions are documented and monitored | 3.80 | Sometimes Compliant |
| Management responses reflect accountability | 3.88 | Sometimes Compliant |
| Average Mean | 3.84 | Sometimes Compliant |

Table 10 presents the extent to which Local Government Units (LGUs) in Bohol implement audit recommendations issued by the Commission on Audit (COA). The weighted mean scores indicate that LGUs “Sometimes Comply” with audit directives, as evidenced by acting promptly on recommendations (WM = 3.85), documenting and monitoring corrective actions (WM = 3.80), and ensuring management responses reflect accountability (WM = 3.88). The overall mean of 3.84 suggests moderate compliance, highlighting gaps between audit recommendations and their actual implementation.

The results indicate that while LGUs acknowledge audit findings, the translation of recommendations into concrete actions is inconsistent. Factors such as limited resources, competing administrative priorities, or insufficient follow-up mechanisms may contribute to delays in implementing corrective measures. In this context, the principles of Agency Theory are relevant, as LGUs—acting as agents—may not fully align their behavior with the oversight and accountability expectations set by COA as the principal (Jensen & Meckling, 1976).

Addressing these gaps requires strengthening monitoring frameworks, promoting managerial accountability, and integrating systematic follow-up processes to ensure audit recommendations are effectively executed. The findings underscore the need for continuous capacity-building, enhanced communication between COA and LGUs, and institutionalized mechanisms to track and evaluate compliance. Enhancing the implementation of audit recommendations is essential for improving transparency, accountability, and the overall effectiveness of public financial management in Bohol Province (LaGuardia, 2022; National Audit Strategy, 2024; NEDA Fiscal Outlook, 2025).

Table 11

Transparency and Accountability in Fund Utilization

| Item | Weighted Mean | Interpretation |
|--|---------------|---------------------|
| LGUs disclose fund utilization publicly | 3.95 | Often Compliant |
| Disbursement records are accessible for audit verification | 3.90 | Often Compliant |
| Fund management demonstrates integrity | 3.88 | Sometimes Compliant |
| Average Mean | 3.91 | Often Compliant |

Table 11 presents the assessment of Transparency and Accountability in Fund Utilization among Local Government Units (LGUs) in Bohol. The weighted mean scores indicate that LGUs “Often Comply” with disclosure requirements, including public disclosure of fund utilization (WM = 3.95) and accessibility of disbursement records for audit verification (WM = 3.90). Fund management demonstrating integrity received a slightly lower score (WM = 3.88), interpreted as “Sometimes Compliant.” The overall mean of

3.91 suggests that while transparency practices are generally observed, there is room for improvement in consistently upholding financial integrity.

The results reflect that LGUs are largely aware of the importance of accountability in managing public funds, yet occasional lapses in integrity or procedural adherence may occur. These gaps may stem from administrative challenges, limited capacity for rigorous financial oversight, or inconsistent application of auditing guidelines. Strengthening transparency measures, such as routine public reporting and enhanced documentation practices, could help bridge the gap between compliance perception and actual performance.

Improving fund management integrity is essential to reinforce public trust and ensure effective utilization of government resources. Institutionalizing best practices for accountability, alongside continuous training for financial officers, would support LGUs in consistently meeting COA standards. The findings underscore the link between ethical sensitivity, audit oversight, and compliance behavior, highlighting that consistent implementation of transparency mechanisms can enhance overall governance in local government operations (Prakash & Singh, 2020; Santos & Reyes, 2023; Singson & Lim, 2022).

Correlation Analysis

To determine the relationship between Audit Efficiency Practices and Auditee Compliance Practices, Pearson’s correlation coefficient was applied. The four dimensions of audit efficiency—Audit Cycle Time and Timeliness of Reports, Utilization of Digital Documentation and Risk-Based Auditing, Resource Optimization and Personnel Deployment, and Performance and Outcome-Based Auditing—were correlated with four dimensions of LGU compliance: Timeliness of Submission of Financial Reports, Adherence to COA Rules and Regulations, Implementation of Audit Recommendations, and Transparency and Accountability in Fund Utilization.

Table 12

Pearson Correlation Between Audit Efficiency Practices and Auditee Compliance Practices

| Audit Efficiency Dimension | Compliance Dimension | r-value | Interpretation |
|--|---|----------------|-----------------------|
| Audit Cycle Time & Timeliness | Timeliness of Submission | 0.682** | Strong Positive |
| Utilization of Digital Documentation & RBA | Adherence to COA Rules | 0.615** | Moderate Positive |
| Resource Optimization & Personnel Deployment | Implementation of Audit Recommendations | 0.548** | Moderate Positive |

| | | | |
|--------------------------------------|-------------------------------|---------|-------------------|
| Performance & Outcome-Based Auditing | Transparency & Accountability | 0.572** | Moderate Positive |
| Overall Average | Overall Compliance | 0.604** | Moderate Positive |

Legend: **p < 0.01

The results in Table 12 indicate a strong positive relationship between Audit Cycle Time and Timeliness and the Timeliness of Submission of financial reports by LGUs, with a correlation coefficient of 0.682. This finding suggests that efficient audit processes, where reports are completed and submitted promptly, encourage auditees to adhere to deadlines. Timely audits appear to set a standard for LGUs, motivating them to align their reporting schedules with COA requirements and ensuring smoother audit operations.

The correlation between Utilization of Digital Documentation and Risk-Based Auditing with Adherence to COA Rules is moderate (r = 0.615), indicating that the effective use of technology and risk-focused auditing practices positively influences LGU compliance with regulations. Similarly, Resource Optimization and Personnel Deployment is moderately correlated (r = 0.548) with the Implementation of Audit Recommendations, suggesting that proper allocation of manpower and resources enhances the capacity of LGUs to act on audit findings. Performance and Outcome-Based Auditing also shows a moderate positive relationship (r = 0.572) with Transparency and Accountability, demonstrating that audits focused on evaluating results and outcomes encourage more responsible and transparent management of public funds.

The overall average correlation of 0.604 reflects a moderate positive relationship between the comprehensive Audit Efficiency Practices of COA ROVII personnel and the overall compliance practices of LGUs. This implies that improvements in audit efficiency are generally associated with higher levels of compliance, responsiveness, and accountability among auditees. The findings highlight the importance of maintaining efficient audit processes, leveraging digital tools, optimizing resources, and emphasizing performance outcomes to strengthen compliance and ensure effective governance within the Provincial Satellite Auditing Office in Bohol.

3. Summary, Findings, Conclusions, And Recommendations

This chapter presents the summary, findings, conclusions, and recommendations based on the results of the study. The research focused on evaluating the relationship between audit efficiency practices of the Commission on Audit (COA) and the compliance practices of Local Government Units (LGUs) in Bohol Province. The study employed a descriptive-correlational research design, using quantitative methods to assess audit cycle time, utilization of digital documentation, resource optimization, and performance-based auditing. Simultaneously, the study examined LGU compliance in terms of timeliness of submission, adherence to COA rules, implementation of audit recommendations, and transparency and accountability. Demographic characteristics of respondents, including age, gender, and educational attainment, were also reviewed to identify factors influencing perceptions.

Summary

The study evaluated COA audit efficiency through four major dimensions: audit cycle time and timeliness, utilization of digital documentation and risk-based auditing, resource optimization and personnel deployment, and performance and outcome-based auditing. Findings revealed that audit efficiency practices are generally “often practiced,” with audit cycle time receiving the highest average mean (WM = 4.23) and performance-based auditing slightly lower (WM = 3.92). Similarly, LGU compliance was measured across four dimensions: timeliness of submission, adherence to COA rules, implementation of audit recommendations, and transparency and accountability. The results indicated that LGUs are mostly “often compliant,” particularly in submitting financial reports on time (WM = 4.03) and following COA regulations (WM = 3.94), though implementation of audit recommendations (WM = 3.84) and demonstrating fund management integrity (WM = 3.91) showed room for improvement. Overall, the correlation analysis revealed a moderate positive relationship ($r = 0.604$) between COA audit efficiency practices and LGU compliance, suggesting that efficient auditing enhances compliance behavior.

Findings

The findings indicate that audit cycle time and timeliness of reports are highly practiced, reflecting effective planning, coordination among team members, and prompt issuance of audit observation memoranda. Utilization of digital documentation and risk-based auditing was also often practiced, with COA using digital tools, data analytics, and risk prioritization to enhance audit efficiency. Resource optimization and personnel deployment were observed to be efficient, with workload balanced, continuous process improvement in audit planning, and coordination between field and regional offices. However, performance and outcome-based auditing were only sometimes practiced, as follow-up audits and lessons learned sharing were less consistent. On the compliance side, LGUs generally submitted reports on time and adhered to COA rules but were less consistent in implementing audit recommendations and demonstrating integrity in fund management. These results underscore the interdependent nature of audit efficiency and compliance, showing that improving COA practices can positively influence LGU compliance behavior.

Conclusions

Based on the findings, it can be concluded that COA audit efficiency practices are generally well-implemented, particularly in audit cycle management, digital documentation, and resource deployment. Performance and outcome-based auditing, while practiced, require greater consistency to maximize effectiveness. LGUs exhibit a moderate level of compliance, with strong adherence to submission deadlines and COA rules but only partial compliance in implementing audit recommendations and maintaining integrity in fund utilization. The moderate positive correlation between audit efficiency and compliance indicates that effective auditing practices encourage better adherence by LGUs, reinforcing the importance of continuous improvement in both COA operations and LGU financial management practices.

Recommendations

1. **Enhance Performance-Based Auditing:** COA should strengthen follow-up audits, lessons learned sharing, and integration of performance indicators to improve outcome-based auditing.
2. **Capacity Building:** Conduct training programs for LGU personnel on financial management, audit recommendations implementation, and transparency best practices.
3. **Digital Integration:** Expand the use of digital documentation, data analytics, and risk-based tools to further enhance audit efficiency.
4. **Resource Optimization:** Ensure continuous improvement in audit planning, personnel deployment, and coordination across COA offices.
5. **Transparency and Accountability:** LGUs should improve fund management integrity by enhancing public disclosure, proper documentation, and monitoring of corrective actions.
6. **Policy and Monitoring:** Both COA and LGUs should develop clear guidelines and monitoring mechanisms to ensure consistent implementation of audit recommendations and compliance measures.
7. **Future Research:** Further studies could examine long-term effects of enhanced audit practices on LGU compliance and public service outcomes.

4. Output of The Study Audit Efficiency and Lgu Compliance Enhancement Plan

RATIONALE

Efficient auditing practices by the Commission on Audit (COA) are essential to ensure transparency, accountability, and proper utilization of public funds by Local Government Units (LGUs). Audit efficiency encompasses timely submission of reports, utilization of digital documentation and risk-based auditing, optimal deployment of personnel and resources, and performance and outcome-based auditing. LGU compliance, on the other hand, includes timely submission of financial reports, adherence to COA rules and regulations, implementation of audit recommendations, and transparency in fund management.

Based on survey results, COA audit practices such as audit cycle management, digital documentation, and resource optimization are often practiced, while performance and outcome-based auditing is sometimes practiced. LGU compliance shows strong adherence to submission deadlines and COA rules but partial compliance in implementing audit recommendations and ensuring fund integrity. Targeted interventions focusing on performance-based auditing, capacity building, and enhanced transparency can improve LGU compliance, public accountability, and overall audit effectiveness.

OBJECTIVES

This plan aims to:

1. Enhance audit cycle efficiency, ensuring timely preparation and submission of reports.
2. Promote the use of digital documentation, risk-based auditing, and data analytics to improve audit accuracy and speed.
3. Optimize personnel deployment and resource utilization in audit planning and field operations.
4. Strengthen performance and outcome-based auditing to ensure long-term effectiveness of LGU programs.
5. Increase LGU compliance in financial reporting, adherence to COA rules, and implementation of audit recommendations.
6. Improve transparency and accountability in fund utilization through accessible reporting and public disclosure.

SCHEME OF IMPLEMENTATION

| Area of Concern | Objectives | Strategies | Budget | Budget Source | Time Frame | Implementors | Evaluative Measures | Actual Accomplishments | Remarks |
|--|---|--|------------|--------------------------------------|------------|--|--|------------------------|---------|
| Audit Cycle Time & Timeliness | Ensure timely submission of audit reports | Conduct audit schedule planning, monitor deadlines, coordinate team activities | 20,000 PHP | COA Operational Fund | One year | COA Audit Team, Regional Coordinators | Submission logs, audit schedule adherence, feedback reports | NA | NA |
| Utilization of Digital Documentation & RBA | Improve accuracy and efficiency of audits using digital tools | Implement paperless reporting, use data analytics, prioritize audits based on risk | 25,000 PHP | COA IT Fund / Central Office Support | One year | COA IT Department, Audit Team | System logs, error detection rates, audit turnaround time | NA | NA |
| Resource Optimization & Personnel Deployment | Maximize efficiency of audit teams and resource allocation | Assign auditors based on complexity, balance workload, optimize budget and logistics | 15,000 PHP | COA Operational Fund | One year | COA Regional Supervisors, Audit Managers | Workload reports, personnel utilization metrics, field coordination logs | NA | NA |

| | | | | | | | | | |
|--|---|--|------------|---------------------------------|----------|--|--|----|----|
| Performance & Outcome-Based Auditing | Ensure audits evaluate program effectiveness and long-term outcomes | Integrate performance indicators, conduct follow-up audits, share lessons learned | 18,000 PHP | COA Strategic Fund | One year | COA Audit Managers, LGU Liaison Officers | Audit recommendations implemented, follow-up reports, performance evaluation | NA | NA |
| LGU Compliance – Timeliness & COA Rules | Improve submission of reports and adherence to regulations | Conduct training for LGU personnel, provide audit guidance, issue reminders | 12,000 PHP | COA Training Fund / LGU Support | One year | LGU Finance Officers, COA Supervisors | Submission rate, compliance rate, audit observations | NA | NA |
| LGU Compliance – Audit Recommendations & Fund Transparency | Ensure corrective actions and public accountability | Monitor implementation of recommendations, enhance fund reporting, conduct public disclosure | 15,000 PHP | LGU Budget / COA Oversight Fund | One year | LGU Management, COA Monitoring Team | Recommendation implementation rate, fund disclosure reports, public feedback | NA | NA |

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APPENDICES