One competency that a school head should continuously develop and be skilled is on Fiscal Management. This is one of the functions of the school head that is critical. As a fiscal manager, the school head should be able to spend the Maintenance and Other Operating Expenses (MOOE), and other funds available properly. There are mandates and legal bases on proper utilization of government funds. Following these mandates and guidelines would prevent a school head from receiving Audit Observation Memorandum (AOM), Notice of Suspension (NS), and/or Disallowance (ND) from the office of the Commission of Audit (COA).

School heads should not be negative about receiving an AOM and NS. This would be the feeling of a school head who maybe is new in the field or lacks clearer understanding about AOM and NS. Oftentimes, the tendency for a school head who receives AOM and /or NS is to feel dismayed, stress and worried. This should not be the case.

It is a duty and responsibility of an auditor to audit, examine and settle transactions, in whole or in part, and disbursements made out of the government funds. There are established rules and procedures on how to spend government funds, specifically, MOOE in the schools. Upon audit, if COA found some deficiencies, questionable or unclear financial transactions or disbursements, the auditor may issue an AOM as commission’s initial action.
Explanations and/or answers may be required by the auditor from the school head based from their findings as per documents submitted and audited. This is what AOM is all about.

AOM as defined under Section 4.9 of the 2009 Rules and Regulations on Settlement of Accounts, as embodied in COA Circular No. 2009-006, is a written notification to the agency head and concerned officer/s informing of the deficiencies noted in the audit of accounts, operations or transactions and requiring comments thereto and/or submission of documentary and other information and requirements within a reasonable period.

There are effective tips on answering AOM.

1. State the facts and support them with evidence.
2. Support your answer with legal bases.
3. Answer only what is being asked and avoid providing ambiguous information that would stem another AOM.
4. It pays to clarify unclear portions of the AOM with the issuing auditor.
5. Be sincere with your answer.

The documents and information required by the auditor from the school head will be used in making a decision in audit. Will the agency head be cleared? Will the school be issued a suspension? A disallowance?
In a government transaction, a notice of suspension is issued until completing /submitting the deficiencies found in the audit. It is only then that NS will be lifted and cleared.

On the other hand, a notice of disallowance (ND), when issued shall mean disapproval by the COA in a transaction made or in all of the transactions made. Disallowance as defined in section 4n of the 2009 Rules and Regulations on Settlement of Accounts is disapproval in audit of a transaction, either in whole or in part. The term applies to the audit of disbursements as distinguished from “charge” which applies to the audit of revenues/receipts.

If ND is issued, the agency head together with others involved such as the Bookkeeper and Disbursing Officer, should comply with what is directed by the resident auditor. Failure to do so may complicate the situation they are into.

AOMs should be taken positively. All the heads should just do is to comply with what is being required by the auditor. It will really be helpful to continuously read issues and materials about financial management. In addition, asking guidance, questions and/or clarifications to the authority would help. In this case, a school head will properly be guided to disburse and transact using government funds. As a result, a smooth operation will always take place.

Besides, every school head should learn fiscal management. Do right things the right way and no one will ever go wrong.
References:

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COA Circular No. 2009-006. 2009 rules and Regulations on Settlement of Accounts