



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF EDUCATION, CULTURE AND SPORTS  
Merced Avenue, Pasig City

OFFICE OF THE SECRETARY

November 6, 1996

DECS O R D E R  
No. 83, s. 1996

RESTATEMENT/CLARIFICATION OF THE RULES AND REGULATIONS  
ON THE GRANTING, UTILIZATION AND LIQUIDATION  
OF CASH ADVANCES

To: Undersecretaries  
Assistant Secretaries  
Bureau/Cultural Agency Directors  
Directors of Services/Centers and Heads of Units  
Regional Directors  
Schools Superintendents  
Chiefs of Divisions  
All Others Concerned

1. Inclosed is a copy of Commission on Audit Memorandum No. 95-095 dated September 4, 1995, prescribing the rules and regulations on the granting, utilization and liquidation of cash advances and to reiterate the expeditious liquidation of the same.
2. COA Circular No. 90-33 dated May 3, 1990 and COA Circular No. 94-013 dated December 13, 1994 are hereby reiterated.
3. Please be guided accordingly.


Incl.:  
As stated

Reference:  
None

Allotment: 1-2--(M.O. 1-87)

To be indicated in the Perpetual Index  
under the following subjects:

BUREAUS & OFFICES  
OFFICIALS  
RULES & REGULATIONS

  
RICARDO T. GLORIA  
Secretary  
*R. Gloria*

- 3.2 Project - The undertaking, whether construction work, research or training program, computer engagement or other authorized activities which an agency shall prosecute or implement in favor or in behalf of another agency.
- 3.3 Source Agency (SA) - The agency which the allotment has been originally released and in whose behalf or benefit the project will be prosecuted/implemented.
- 3.4 Implementing Agency (IA) - The Agency to which the funds are transferred for the purpose of prosecuting/implementing the project.
- 3.5 Agency - Any department, bureau or office of the national government, or any of its branches and instrumentalities, or any political subdivision, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the government.

4. GENERAL GUIDELINES

- 4.1 The SA shall enter into an agreement with the IA for the undertaking by the latter of the project of the former. The Agreement shall provide for the requirements for project implementation and reporting.
- 4.2 The cash/money transferred shall be taken up as Cash, Inter-agency Transferred Funds (8-70-684) by the source agency (SA) and as a trust liability (8-84-100) by the implementing agency. For this purpose, a special budget to be submitted to and approved by the Department of Budget and Management (DBM) is not required.
- 4.3 The fund to be transferred or sub-allotted to the IA shall be (a) in an amount sufficient for three months operation subject to replenishment upon submission of the reports of disbursements by the IA, or (b) the total project cost, as may be determined by the Heads of the two agencies in either case.

*NIOR*

*8-84-100 or  
8-70-684*

*3 mos op  
replenishment  
of the 3 mos*

*Jan*

4.4 The check shall be issued in the name of the IA for deposit to its trust account in its authorized government depository bank. The IA shall issue its official receipt in acknowledgment.

4.5 A separate subsidiary record for each account shall be maintained by the IA whether or not a separate bank account is opened.

4.6 Within ten (10) days after the end of each month/end of the agreed period for the Project, the IA shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.

4.7 The SA shall draw a Journal Voucher to take up the reports. The amount to take up the liquidation per the RCI shall be net of the cash advances granted by the IA to its accountable officers in accordance with Commission on Audit Circular No. 90-331 dated May 3, 1990.

4.8 The IA Auditor shall audit the disbursements out of the trust accounts in accordance with existing COA Regulations.

4.9 The IA shall return to the SA any unused balance upon completion of the project.

4.10 When the IA is a Bureau/Regional Office of the SA, the procedures for centrally managed projects shall be followed in accordance with entries herein provided.

## 5. DUTIES AND RESPONSIBILITIES OF THE SOURCE AGENCY

The SA shall:

5.1 obligate the allotment for the project to be implemented based on the advise of allotment and/or memorandum of agreement or similar document;

5.2 issue a check in the name of IA;

payee  
IA name

separate  
S/L, account

pa

- 5.3 maintain a subsidiary ledger of the cash transferred pertaining to the project;
- 5.4 require the IA to submit the reports and furnish the IA with a copy of the journal voucher taking up the expenditures. Upon receipt of the copy of the Certificate of Settlement and Balances (CSB) and the Credit Notice (CN) issued by the IA Auditor, the Accountant shall draw a journal voucher restoring back the amount previously credited for any disallowance. He shall furnish the IA with a copy of the JV; and
- 5.5 issue the official receipt for the unexpanded balance and the refunded disallowance remitted by the IA.

6. DUTIES AND RESPONSIBILITIES OF THE IMPLEMENTING AGENCIES

The IA shall:

- 6.1 issue an official receipt for every amount received from the SA;
- 6.2 deposit the amount with its authorized depository bank;
- 6.3 keep separate subsidiary records for the trust liability whether or not a separate bank account is maintained;
- 6.4 within five (5) days after the end of each month, the Accountable Officer (AO) shall prepare the RCI and the RD and shall submit them with all supporting vouchers/payrolls and documents to the Accountant. These reports shall be approved by the Head of the Agency;
- 6.5 within ten (10) days after receipt from the AO, the Accountant shall verify the Reports, provide accounting entries, record and submit the duplicate copies of the Reports with all the originals of vouchers/payrolls and all supporting documents to the IA Auditor. The Accountant shall ensure that only expenses for the project are included in the Reports. He shall submit the original copy of the Reports to the SA (Attention: the SA Accountant).

*Paul* →

- 6.6 record the disallowance in audit after receipt of the CSB and the CN issued by the IA Auditor and require the settlement of any suspension and disallowance;
- 6.7 return to the SA any unused balance and refund of disallowance upon completion of the project.

7. DUTIES AND RESPONSIBILITIES OF THE AUDITOR OF THE SA

The Auditor of the SA shall:

- 7.1 ensure that the fund transferred is for a project of the SA with appropriate allotment and covered by a MOA/similar document and that it is properly recorded;
- 7.2 advise the IA Auditor of the funds transferred;
- 7.3 see that reports of disbursements are recorded, transmit the CSB and the CN from the IA Auditor to the Head and Accountant of the SA and ensure that the disallowances are immediately taken up in the SA books;
- 7.4 coordinate with the Auditor of the IA for the regular reconciliation of the accounts;
- 7.5 ensure that provisions of COA Circular NO. 90-326 are followed when the IA audited is a Bureau/Regional Office of the SA.

8. DUTIES AND RESPONSIBILITIES OF THE AUDITOR OF THE IA

The Auditor of the IA shall:

- 8.1 ensure that the fund transferred is taken up as trust liability in the books and that a separate subsidiary ledger is maintained;
- 8.2 audit the transactions for the project within thirty (30) days upon receipt of the reports from the IA Accountant;
- 8.3 issue separate CSB and CN for the trust account and furnish the SA Auditor with a copy;
- 8.4 see that the unexpended balance and the refund of the disallowance are remitted to the SA.

9. **LIMITATION IN THE USE OF THE FUND TRANSFER**

In no case shall the fund transferred be utilized for the payment of additional compensation to employees in the form of allowances, incentive pay, bonuses, honorarium, or other forms of additional compensation, except as may be authorized by law or existing regulations, nor shall it be used to create new positions, to augment salaries of regular personnel or in case of purchase motor vehicles without prior approval of the Office of the President.

10. **ACCOUNTING ENTRIES**

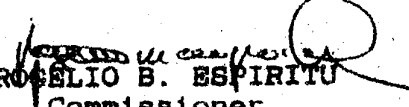
The accounting entries in recording the transfer and utilization of the transferred funds are prescribed in Annex A.


11. **REPEALING CLAUSE**

All circulars/issuances inconsistent herewith are hereby modified accordingly.

12. This Circular shall take effect immediately.

  
CELSO D. GANGAN  
Chairman

  
ROSELIO B. ESPIRITU  
Commissioner

  
SOFRONIO B. URSAL  
Commissioner



Annex A

ILLUSTRATIVE ACCOUNTING ENTRIES

Case 1 - Where the Implementing Agency is another agency

<u>Transactions</u>	<u>Source Agency (SA)</u> <u>Books</u>		<u>Implementing Agency (IA)</u> <u>Books</u>	
1. Receipt of Advice of Allotment (AA) P10,000.00	8-99-000	10,000		No Entry
	0-90-000	10,000		
2. Receipt of NCA		No Entry		No Entry
3. Incurrence of obligation based on Memorandum of Agreement (MDA)	0-90-000	10,000		No Entry
	0-82-000	10,000		
Note: No corollary entry shall be made in the books of the source agency even if the funds transferred pertain to capital outlay.				
4. Transfer of Cash				
a. Transfer by SA	8-70-684	10,000		No Entry
	8-70-707	10,000		
b. Issuance of OR by IA		No Entry	8-70-400	10,000
			8-84-100	10,000
c. Deposit of Cash Received		No Entry	8-70-300	10,000
			8-70-400	10,000
5. Use of Funds				
a. Check Disbursements		No Entry	8-84-100	8,000
			8-70-300	8,000
1) corollary entry for purchase of equipment			8-79-084	6,000
			8-94-384	6,000
2) corollary entry for purchase of supplies and materials or semi-expendable supplies and property			8-72-900	2,000
			8-86-900	2,000
b. Grant of Cash Advance (CA) to Accountable Officer (AO)		No Entry	8-70-500	1,000
			8-70-300	1,000

<u>Transactions</u>	<u>Source Agency (SA) Books</u>		<u>Implementing Agency Books</u>	
c. Liquidation of CA by AD	No Entry		8-84-100    1,000	8-70-500    1,000
6. Receipt of Reports from IA				
a. Within the year of transfer				
1. Report of Disbursements (RD)	0-83-000    1,000	8-70-684    1,000	No Entry	
2. Report of Checks Issued (RCI)	0-83-000    8,000	8-70-684    8,000	No Entry	
b. In the ensuing year				
1. Report of Disbursements (RD)	8-81-400    1,000	8-70-684    1,000	No Entry	
2. Report of Checks Issued (RCI)	8-81-400    8,000	8-70-684    8,000	No Entry	
7. Return to SA of the unutilized balance of the transferred funds after the completion of the project				
a. If returned during the year				
1. Issuance of check by IA			8-84-100    1,000	8-70-300    1,000
2. Collection	8-70-400    1,000	8-70-684    1,000		
3. Adjustment of obligation	0-90-000    (1,000)	0-82-000    (1,000)		
4. Remittance to BTR	8-70-700    1,000	8-70-400    1,000		
5. Closing of 8-70-700	8-99-000    1,000	8-70-700    1,000		



b. If returned in the ensuing year

1. Issuance of check by IA		8-84-100	1,000	
		8-70-300		1,000
2. Collection	8-70-400	1,000		
	8-70-684		1,000	
3. Remittance to BTR	8-70-700	1,000		
	8-70-400		1,000	
4. Reversion of Accounts Payable	8-81-400	1,000		
	7-92-410		1,000	

### 8. Closing Entries

a. If unutilized fund is transferred and liquidation reports are submitted during the year

1. Unexpended balance of allotment	8-99-000	(1,000)		
	0-90-000		(1,000)	
2. For obligation incurred and liquidated	0-82-000	9,000		
	0-83-000		9,000	
3. For MDS Disbursements	8-70-707	10,000		
	8-99-000		10,000	

b. If unutilized fund is transferred and liquidation reports are submitted in the ensuing year.

1. For obligation incurred and liquidated	0-82-000	10,000		
	0-83-000		9,000	
	8-81-400		1,000	
2. For MDS Disbursements	8-70-707	10,000		
	8-99-000		10,000	

Case 2 - When the Implementing Agency is a Staff Bureau/Regional Office/  
Operating Unit of the Source Agency

<u>Transactions</u>	<u>Agency Proper (Source Agency)</u>		<u>Bureau/RD/OU (Implementing Agency)</u>	
1. Receipt of AA - P10,000	8-99-000	10,000	No Entry	
	0-90-000	10,000		
2. Receipt of NCA	No Entry		No Entry	
3. Issuance of SAA/LAA by Source Agency to its Staff Bureau/ Regional Office/ Operating Unit	8-81-170	10,000	8-71-170	10,000
	0-90-000	(10,000)	0-90-000	10,000
4. Issuance of Funding Check to Staff Bureau/RD/OU	8-81-170	9,500	8-70-370	9,500
	8-70-707	9,500	8-71-170	9,500
Note: This does not require issuance of DR by IA				
5. Incurrence of obligation by Bureau/ RD/OU	No Entry		0-90-000	9,000
			0-82-000	9,000
1) corollary entry for purchase of equipment			8-79-900	6,000
			0-94-110	6,000
6. Disbursement by Bureau/ Regional Office/OU	No Entry		0-83-000	8,000
			8-70-370	8,000
1) corollary entry for purchase of equipment			8-79-100	6,000
			8-79-900	6,000
2) corollary entry for purchase of supplies and materials and semi-expendable supplies, con- tainers and property			8-72-600	1,200
			8-86-600	1,200
			8-72-700	800
			8-86-700	800
7. Grant of Cash Advance	No Entry		8-70-500	1,000
			8-70-370	1,000
8. Liquidation of Cash Advance	No Entry		0-83-000	1,000
			8-70-500	1,000

<u>Transactions</u>	<u>Agency Proper</u> <u>(Source Agency)</u>	<u>Bureau/RO/OU</u> <u>(Implementing Agency)</u>
9. Return to SA of the unexpended balance of allotment		
a. If returned during the year		
a.1 Issuance of Check by IA	No Entry	8-70-370 500 0-90-000 (1,000) 8-71-170 (500)
a.2 Issuance of OR by SA	8-70-400 500 0-90-000 1,000 8-81-170 (500)	
a.3 Reversion to CRD of the unobligated allotment	8-99-000 (1,000) 0-90-000 (1,000)	
a.4 Remittance to BTR	8-70-700 500 8-70-400 500	
b. If to be returned in the ensuing year		
b.1 Transfer of unobligated allotment	8-71-100 500 0-90-000 1,000 8-81-170 (500)	8-81-100 500 0-90-000 (1,000) 8-71-170 (500)
b.2 Reversion to CRD by SA	8-99-000 (1,000) 0-90-000 (1,000)	
10. Remittance to SA of cash corresponding to the unexpended balance of allotment reverted in prior years as in b.1 and b.2.		
a. Issuance of Check by IA	No Entry	8-81-100 500 8-70-300 500
b. Issuance of OR by SA	8-70-400 500 8-71-100 500	
c. Remittance to BTR	8-70-700 500 8-70-400 500	

COA Cir. No. 94-013  
 AcctyD  
 GSC/WPL/CBC/ABE/JBA/CAS/HLL/PSP  
 A:Tr-Funds