

REPORT HIGHLIGHTS OF THE ANNUAL COA REPORT ON CUMULATIVE ALLOTMENTS, OBLIGATIONS INCURRED AND OBLIGATIONS LIQUIDATED OF NATIONAL GOVERNMENT AGENCIES (CY 1999)

1.0 LEGAL BASES AND PURPOSE

Republic Act No. 7226 dated March 12, 1992, requires the Commission on Audit (COA) to submit to Congress "an annual report of amounts obligated, treasury and funding warrants issued, and expenditures made every quarter for each municipality, province and city by all agencies and instrumentalities of the National Government". This requirement is also provided under Section 4 of the Special Provision for the COA in the 1999 General Appropriations Act (R.A. No. 8745) which states that it shall submit to the Congress and to the President within one hundred twenty (120) days after the end of every fiscal year the Annual COA Report containing the cumulative allotments, obligations incurred/liquidated, total disbursements and the results of expended appropriations of each agency and instrumentality of the National Government subject to its audit.

The COA prepares the consolidated reports on allotments, obligation and disbursements based on the quarterly reports submitted by each department/agency within thirty (30) days after the end of each quarter to the House Committee on Appropriations and the Senate Committee on Finance, copy furnished the Department of Budget and Management and the COA pursuant to Section 87 of the General Provision, R.A. No. 8745.

The main purpose for the submission of quarterly reports is to provide financial information on the geographical distribution by province/city of the national budget and to determine the total amount obligated and spent by each agency/province/city particularly for the selected objects of expenditures under maintenance and other operating expenses and capital outlays.

2.0 COMPONENTS OF THE REPORT

The reports for Calendar Year 1999 consist of two parts.

Part I includes the reports on the Cumulative Allotments, Obligations Incurred and Obligations Liquidated presented by quarter for all funds maintained by the National Government agencies. It also shows the total allotments, obligations incurred and obligations liquidated as summarized in three statements as follows:

Statement A - Allotments, Obligations Incurred, Obligations Liquidated -
By Department, By Quarter.

Statement B - Allotments, Obligations Incurred, Obligations Liquidated -
By Region, By Allotment Class.

Statement C - Allotments, Obligations Incurred, Obligations Liquidated -
By Department, By Region, By Allotment Class

Part II consists of the details by agency/province/city of selected objects of expenditures under Maintenance and Other Operating Expenses (MOOE) and Capital Outlays of the obligations incurred, liquidated/disbursed and unliquidated obligations. Under Section 87 of the 1999

General Appropriations Act (R.A. No. 8745), the details of the following selected objects of expenditures are to be included in the report:

MOOE

1. Traveling Expenses
2. Communication Services
3. Rents
4. Water, Illumination and Power Services
5. Gasoline, Oil and Lubricants

CAPITAL OUTLAYS

6. Motor Vehicles
7. Equipment

In addition to the above expenditure items, COA included expenditures for Grants, Subsidies and Contributions; Extraordinary and Miscellaneous Expenses; and Investment Outlays as these items also constitute the bulk of the expenditures reported by the National Government agencies.

3.0 SUMMARY OF DATA/INFORMATION

The guidelines and forms used in reporting the requirements under R.A. No. 7226 and Section 87 of R.A. No. 8745 was prescribed under COA Circular No. 92-374 as amended by COA Circular No. 96-006 dated May 6, 1996. The reports submitted under the circular were the bases in the preparation of this consolidated quarterly reports.

The guides set in the consolidation process included the following:

- (1) Cut-off date of March 15, 2000 was set. Thus, reports received after that date were not included. This year, 85 percent or 13,629 reports out of 16,067 reports expected were included in the consolidated report.
- (2) For agencies who failed to submit the first to third quarter reports but submitted the fourth quarter, the amount reported under the column fourth quarter was deducted from the cumulative total and the balance was divided equally to get the amount pertaining to the first to third quarters.
- (3) In some cases, in the absence of the quarterly reports submitted, the allotments, obligations and disbursements reported in the quarterly trial balances received by our Office were considered as basis in the report.

3.1 Allotments, Obligations Incurred and Obligations Liquidated

The quarterly breakdown of the total allotments, obligations incurred and obligations liquidated is presented in Table 1.

Table 1 - Total Allotments, Obligations and Liquidations

Quarter	Allotments (in million pesos)	Obligations (in million pesos)	Liquidations (in million pesos)
First	187,056	154,475	132,594
Second	168,193	247,524	220,180
Third	74,889	194,896	185,545
Fourth	50,088	225,211	205,299
Total	480,226	822,106	743,617

Difference between totals and sum of components is due to rounding off

3.1.1 Allotments

Total allotments released to the different departments/agencies during the year amounted to ₱480,226 million broken down as follows: Personal Services - ₱200,254 million, MOOE - ₱187,805 million and Capital Outlays - ₱92,167 million.

The bulk of the total allotments amounting to ₱101,249 million or 21 percent was reported by the Department of Budget and Management (DBM). The amount included the assistance to Local Government Units (LGUs) released under the Special Purpose Fund – Allocation to Local Government Units in the form of Internal Revenue Allotment, Special Share of LGUs in the Proceeds of National Taxes, Municipal Development Fund, Local Government Empowerment Fund and Palarong Pambansa Fund.

The ten departments which reported the biggest allotments are presented in Table 2.

Table 2 - Ten Departments with Biggest Allotments

Department	Amount (in million pesos)
Budget and Management	101,249
Education, Culture and Sports	73,068
Public Works and Highways	61,421
National Defense	51,224
Interior and Local Government	38,823
Finance	27,348
State Universities and Colleges	14,479
Health	13,938
Transportation and Communications	12,902
Constitutional Offices	7,339

3.1.2 Obligations Incurred/Expenditures

Total obligations incurred during the year amounted to ₱822,106 million consisting of Personal Services – ₱177,461 million, MOOE – ₱582,991 million, and Capital Outlays - ₱61,654 million. The Department of Finance (DOF) reported the biggest expenditures of ₱443,938 million or 54 percent of the total. This includes obligations for Debt Service amounting to ₱415,343 million representing Obligations Incurred In Excess of Allotments.

Table 3 shows the ten departments with biggest expenditures/ obligations incurred.

Table 3 - Ten Departments with Biggest Expenditures/Obligations Incurred

Department	Amount (in million pesos)
Finance	443,938
Budget and Management	96,689
Education, Culture and Sports	68,621
National Defense	44,363
Public Works and Highways	40,906
Interior and Local Government	24,820
Agriculture	11,347
Health	10,844
Transportation and Communications	10,416
The Judiciary	6,587

3.1.3 Obligations Liquidated/Disbursements

Total obligations liquidated/disbursements made during the year amounted to ₱743,617 million composed of Personal Services – ₱160,002million, MOOE – ₱560,120 million and Capital Outlays – ₱23,496 million. The DOF reported the biggest disbursements of ₱435,985 million owing to the liquidations made in the absence of allotments pertaining to Debt Service. The DBM followed with ₱94,853 million and the bulk of the amount represents disbursements made by LGUs.

Table 4 shows the ten departments with the biggest liquidations/disbursements during the year.

Table 4 - Ten Departments with Obligations Liquidated/ Disbursements

Department	Amount (in million pesos)
Finance	435,9855
Budget and Management	94,853
Education, Culture and Sports	55,867
National Defense	40,966
Interior and Local Government	22,294
Public Works and Highways	16,8511
Agriculture	7,057
Health	6,660
The Judiciary	6,258
Constitutional Offices	4,958

3.1.4 Allotments, Obligations Incurred and Obligations Liquidated By Region

The National Capital Region reported the biggest allotments, obligations incurred, and obligations liquidated since majority of the Central Offices of big departments are situated there. Table 5 presents the regional breakdown of allotments, obligations incurred and obligations liquidated.

Table 5 - Allotments, Obligations Incurred and Obligations Liquidated by Region

Region	Amount (in million pesos)		
	Allotment	Obligations Incurred	Obligations Liquidated
NCR	232,356	594,406	546,823
I	16,690	15,853	14,231
CAR	10,338	8,266	6,807
II	11,110	10,379	8,895
III	26,279	24,715	20,739
IV	36,621	34,401	29,083
V	18,986	17,921	14,881
VI	17,556	16,108	4,843
VII	18,184	16,394	14,733
VIII	18,118	16,684	14,139
IX	11,859	10,996	10,003
X	17,161	15,250	13,840
XI	18,504	16,060	13,275
XII	13,303	12,318	11,469
XIII	7,321	6,655	5,510
ARMM	5,840	5,697	4,344
TOTAL	480,226	822,106	743,617

Difference between totals and sum of components is due to rounding off.

4.0 STATUS OF QUARTERLY REPORTS

To cope with the April 30, 2000 deadline for the submission of the 1999 Annual COA Report to the President and the Congress of the Philippines, a cut-off date of March 15, 2000 was set by the Accountancy Office. As of that date, only 13,629 or 85 percent of the total quarterly reports were received.

5.0 CONSTRAINTS IN REPORT CONSOLIDATION

The problems encountered in the preparation and consolidation of the 1999 Quarterly Reports were the same as in the previous years reiterated as follows:

1. Non-submission of reports.
2. Incomplete reports.
3. Delayed submission of reports particularly for the last quarter of calendar year.
4. Non-compliance by agencies with the format prescribed under COA Circular No. 96-006 dated May 6, 1996.
5. Amount of allotments and expenditures as shown in the quarterly reports and in the trial balances do not reconcile.
6. No breakdown shown for objects of expenditures which should be presented in details pursuant to COA Circular No. 96-006.