

**COMMISSION ON AUDIT CIRCULAR NO. 2000-003**  
**May 23, 2000**

**TO** : Provincial Governors, City and Municipal Mayors, Chiefs of Hospitals, Other Local Chief Executives, COA Central and Regional Directors, Auditors of Local Government Units and All Others Concerned.

**SUBJECT** : Accounting Guidelines and Procedures on the Expansion of the Coverage of the Fund Allotment System in the Local Government Units to Include Devolved Hospitals.

**I. PURPOSE**

This circular is issued to prescribe accounting guidelines and procedures implementing Section 3(a) of Executive Order No. 215 on the expansion of the coverage of the fund allotment system in the Local Government Units to include devolved hospitals.

**II. COVERAGE**

This circular covers all Local Government Units (LGUs) and devolved/field hospitals receiving appropriations for current operating expenditures. For this purpose, field hospitals shall refer to the Integrated Provincial Health Office (IPHO) and district hospitals.

**III. GENERAL GUIDELINES**

1. Cash advances granted to the field hospitals (FH) prior to the implementation of the expanded allotment system, if any, shall be fully liquidated. (DBM, DOH, DOF, DILG Joint Circular 96-1, Sec. 4.1)
2. Field hospitals shall prepare a Work and Financial Plan (WFP) and Annual Procurement Plan (APP) for review by the Provincial Health Officer (PHO) and Provincial Budget Officer (PBO), and subsequent approval by the Local Chief Executive (LCE). The WFP shall be the basis for the release of Advice of Allotment (AA) by the Local Government Unit (LGU) to field hospitals concerned. (ibid, Sec. 5.1)
3. In the case of WFP and APP of lower level hospitals, the PHO shall be responsible for their consolidation. The consolidated WFP and APP shall likewise be submitted to the LCE for approval. (ibid, Sec. 5.3)
4. The annual requirements for the Current Operating Expenditures (COE) of FH as approved in the annual/supplemental budget of the LGUs shall be released through AA reflecting the quarterly allocation of such expenditures. Such COE shall exclude the amount which may be withheld at the provincial level to cover for bulk procurement of drugs and medicines as well as medical, dental and surgical supplies and materials. (ibid, Sec.4.2)
5. Funding commercial checks shall be issued by the Provincial Treasurer to cover the monthly operating requirements of FH concerned.
6. Current accounts shall be opened by FH in a duly authorized depository bank. Commercial checks shall be issued chargeable against the said bank account for FH disbursements. (ibid, Sec. 4.4)

7. FH Cashier and hospital officials authorized to sign and countersign checks shall be duly bonded with the Bureau of the Treasury (BTR).
8. Any balance in the bank account at the end of each month can be used in the succeeding month(s). (ibid, Sec. 4.5)
9. Collections of FH pertaining to income and other revenues shall be reported in accordance with Section 26 of Commission on Audit (COA) Circular No. 93-382, as amended, which is reiterated in Part V, Section 2.5 hereof.
10. All collections except refund of current year's cash advances shall be remitted to the Provincial Treasury for deposit in the province's current account. (ibid, Sec. 4.8)
11. The field hospital accountant/bookkeeper or his duly authorized representative shall prepare the monthly bank reconciliation statement based on the bank statement furnished by the depository/servicing banks within ten days after the end of each month. ( ibid, Sec. 4.6)
12. Cash balances pertaining/equivalent to the unobligated allotment as of the end of the year shall be retained and used in the succeeding year. (ibid, Sec. 4.7)

#### IV. REPORTS AND BOOKS OF ACCOUNTS

The Field Hospital Accountant (FHA) shall, henceforth, prepare the following accounting forms and reports as well as maintain the following books of accounts to record its transactions:

##### A. ACCOUNTING FORMS AND REPORTS

- a. Request for Obligation of Allotments (ROA)  
The ROA is prepared to evidence the incurrence of obligations. It shall be supported by documents like payrolls, purchase/job orders, requisitions for supplies and materials, etc.
- b. Report of Checks Issued (RCI)  
This report is prepared by the Field hospital cashier (FHC) to report, in chronological and numerical sequences, all checks issued for payment of expenditures and/or prior year's accounts payable. The report shall be prepared weekly or monthly depending upon the volume of transactions of the FH.
- c. Report of Disbursements by Treasurer/Disbursing Officer (RDTDO)  
This report is prepared by the hospitals' accountable/disbursing officers in liquidating their cash advances.
- d. Report of Collections and Deposits (RCD)  
This report is prepared by FHC monthly to summarize receipts of funding checks from the province, refunds of cash advances and corresponding deposits thereof. It shall list all official receipts including cancelled or voided ones in chronological and numerical sequence.
- e. Journal Vouchers (JV)  
The JV is a prenumbered document used for transactions which cannot be reported in the aforementioned reports and are to be recorded in the General Journal.

Format of the above-mentioned reports and instructions on how to fill in the form are attached as Annexes A to E.

## B. JOURNALS

- a. Journal and Analysis of Obligations (JAO)  
The JAO is used to summarize obligations incurred and monitor the balance of unobligated allotments. It shall be prepared by allotment class.
- b. Journal of Checks Issued (JCI)  
The JCI is used to record all checks issued by the FH based on the RCI.
- c. Journal of Disbursements by Treasurer/Disbursing Officer (JDTDO)  
This special journal shall be used to record all cash disbursements of devolved hospitals. Entries are based on the Report of Disbursements by the Treasurer/Disbursing Officer (RDTDO) prepared and submitted by the Treasurer/Disbursing officers.
- d. Journal of Collections and Deposits (JCD)  
This special journal shall be used by the FHA to record cash receipts other than revenues/income and corresponding deposit to the FH bank accounts.
- e. General Journal (GJ)  
This journal shall be used to record other financial transactions which cannot be recorded in any of the above-mentioned special journals and based on prepared JVs.

## C. LEDGERS

- a. General Ledger (GL)  
The GL is a book of final entry containing groups of accounts arranged in the same sequence as the chart of accounts and to which totals of amount columns from the special journal and individual entries of the GJ are directly posted.
- b. Subsidiary Ledgers (SL)  
This book contains the detail or breakdown of the balances of controlling accounts appearing in the GL.

Format of the above-mentioned journals and ledgers are attached as Annexes F to L.

## V. PROCEDURAL GUIDELINES

### 1. Provincial Government

- 1.1 The Provincial Budget Officer (PBO) shall issue an AA pertaining to the annual requirements for the COE of the FH as approved in the annual/supplemental budget of the LGUs reflecting the quarterly allocation of such expenditures. The COE to be released shall exclude the amount to cover bulk procurement of medicines, medical, dental and surgical supplies and materials and shall be signed by the LCE. The PBO shall also ascertain the monthly funding requirements of FH based on the WFP received.
- 1.2 The Provincial Accountant, upon receipt of the AA, shall prepare a Disbursement Voucher (DV) equivalent to the monthly cash requirement of the FH as reflected in the WFP and forwards the same to the Provincial Treasurer.
- 1.3 The Provincial Treasurer shall issue a funding check to be countersigned by the Provincial Governor on the basis of the DV and approved AAs and shall forward the AA with the check to the FH. The check shall be deposited to the

current account of the latter.

- 1.4 Upon receipt of the trial balances (TBs) from field hospitals pursuant to Section 2.13 hereof, the Provincial Accountant shall consolidate the same. Further, a consolidated Preliminary Trial Balance of the Province and Field Hospitals shall be prepared after reconciling and eliminating the reciprocal accounts (8-71-170 and 8-81-170), for submission to fiscal agencies concerned.
- 1.5 In the subsequent year's release of funding check to field hospitals by the Province, the amount to be released shall be net of receivables from FH pertaining to unobligated allotments.

## 2. Field Hospitals

- 2.1 The FH shall prepare and submit a Work and Financial Plan (WFP) and an Annual Procurement Plan (APP) for review by the PHO and PBO and subsequent approval by the Local Chief Executive. Funding requirements of lower level hospitals, such as community hospitals (medical, municipal and maternity hospitals), shall be included in the WFP of the Field Hospitals to which they are assigned.
- 2.2 Upon receipt of the Advice of Allotment from the Provincial Accountant, the field hospital accountant shall prepare a Journal Voucher, to be approved by the Chief of Hospital, recording the total allotment received. The JV shall be recorded in the General Journal monthly. Further, the AA shall be recorded in red ink as a memorandum entry in the JAO.
- 2.3 The accountant shall obligate all expenditures for Personal Services and Maintenance and Other Operating Expenses. For each obligation, the requesting division shall prepare a ROA signed by the office head as requesting official. The FHA shall indicate the obligation number, certify to the existence of allotment by signing on Certification No. 1 of the ROA, and records the amount of obligation in the JAO. The FHC shall certify as to availability of funds for the obligation by signing Certification No. 2.
- 2.4 Collections of field hospitals pertaining to income and other revenues shall continue to be reported in accordance with Section 26 of Commission on Audit Circular No. 93-382 which provides that:

"At the close of business day, collectors/tellers shall turn over all their collections intact to the treasurer/cashier. They shall accomplish the Daily Statement of Collections and Accountable Forms (DSCAF), Prov. Form no. 95 (A), in four copies. The original and two copies, together with the duplicates of official receipts issued and the cash collected, shall be submitted to the treasurer/cashier. The fourth copy of the DSCAF shall be retained by the collector/teller concerned. x x x

In the case of collectors assigned to the field, where travel time from their place of assignment to the treasurer's office is more than one day, turn over of collections shall be made at least once a week, or as soon as the collections reach P5,000.00."

- 2.5 The FHC shall acknowledge funding checks received from the Provincial Treasurer thru issuance of an Official Receipt and deposit the check to the current account maintained in a duly authorized depository bank. For this purpose, a separate series of official receipts shall be maintained by the FHC to acknowledge receipt of funding checks and refunds of cash advances.

- 2.6 All disbursements shall be covered by Disbursement Vouchers duly approved by the Head of Hospital. Commercial checks chargeable against the said bank account shall be issued by the field hospital cashier for all disbursements. The check disbursements shall be reported chronologically in the RCI to be prepared by the FH Cashier at least weekly.
- 2.7 The RCI and supporting DVs shall be submitted to the FHA within five days from report preparation for recording in the JCI. After recording, the duplicate copies shall be retained by the Accountant and the original copy forwarded, within ten days upon receipt, to the Auditor for post-audit.
- 2.8 A monthly BRS shall be prepared by the FHA within ten days after the end of each month. The BRS shall be submitted to the COA Auditor copy furnished the Field Hospital Cashier and Provincial Accountant.
- 2.9 Cash advances maybe given to the FHC/Disbursing Officers for petty operating expenses and payrolls. These cash advances shall be duly obligated and liquidated pursuant to the provisions of COA Circular No. 98-002. A RD shall be submitted to the FHA for liquidations pertaining to cash advances and shall be duly recorded in the JD TDO.
- 2.10 Refunds of unused/unutilized cash advances shall be acknowledged by the FH Cashier through a separate series of ORs mentioned in Sec. 2.6. He shall immediately deposit the refund to the current account maintained for the FH.
- 2.11 The FHC shall prepare a RCD which shall summarize the official receipts issued for funding checks received and refunds of Cash advances and corresponding deposits thereof. The RCD shall be recorded in the JCD by the FH Accountant.
- 2.12 A trial balance (TB) for accounts appearing in the ledgers shall be prepared by the FHA monthly, quarterly and annually. It shall be prepared by fund showing for each account the debit balances and debit totals and/or credit totals and credit balances. The following shall be furnished a copy of the Trial Balance:
  - a. COA Unit Auditor
  - b. COA Regional Office Concerned (Through the COA Unit Auditor)
  - c. Provincial/City Accountant
  - d. Local Chief Executive
  - e. Sangguniang Panlalawigan
- 2.13 A report on the Status of Allotments, Obligations and Liquidations (Annex M), shall likewise be submitted quarterly, with the Trial Balance. It shall show total allotments received, obligations during the month and the unobligated balances.
- 2.14 At the end of the fiscal year, the books of accounts shall be closed. All unexpended or unobligated allotments shall be adjusted and/or reverted to the Province by recording the amount payable thereto and a copy of the JV taking up the reversion shall be submitted to the Provincial Accountant.

## VI. ACCOUNTING ENTRIES AND ACCOUNTS TO BE USED

Accounting entries to be used by the Province and FH as well as the Preliminary and Final Trial Balances to be prepared are illustrated in Annex N hereof. For this purpose, the following accounts shall be used as an addition and/or expansion to the SGCA:

*8-71-270 - Receivables – Allotments not Covered by Funding Check*

This account is used to record in the books of Field Hospitals the amount of allotment received from the Province not covered by funding check.

Debit this Account for:

Amount of allotment received from the Province not covered by funding check.  
Adjustment - reduction (in parenthesis)

Credit this account for:

Amount of funding check received.  
Adjustment – reduction (in parenthesis)

*8-81-270 - Payables-Allotments not Covered by Funding Check*

This account is used by the Province to record the amount of allotments released to Field Hospitals.

Debit this account for:

Release of funding check  
Adjustment – reduction (in parenthesis)

Credit this account for:

Release of allotment to Field hospitals  
Adjustment – reduction (in parenthesis)

*8-81-205 – Payables – Local Government Units – Prov'l/City Gov't.*

This account is used to record in the books of Field Hospitals the amount of liabilities to the Province.

Debit this account for:

Settlement or liquidation of the liabilities  
Adjustment – reduction (in parenthesis)

Credit this account for:

Unobligated balance of allotments covered by funding checks from Province  
Adjustment – reduction (in parenthesis)

*8-71-205 Receivables – Local Government Units – field hospitals*

This account is used by the Province to record the amount due from field hospitals

Debit this account for:

Amounts due from Field Hospital pertaining to Unobligated Balance of Allotments covered by funding check  
Adjustments – reduction (in parenthesis)

Credit this account for:

Settlement or liquidation by Field Hospital

Adjustment – reduction (in parenthesis)

VII. SAVING CLAUSE

Issues arising from the implementation of this Circular and cases not covered by the provisions herein shall be referred to the Local Government Audit Office of this Commission for resolution.

VIII. REPEALING CLAUSE

All other circulars or other issuances which are inconsistent herewith, are hereby repealed or modified accordingly.

IX. EFFECTIVITY

This circular shall take effect immediately.

**(Sgd.) CELSO D. GAÑGAN**  
Chairman

**(Sgd.) RAUL C. FLORES**  
Commissioner

**(Sgd.) EMMANUEL M. DALMAN**  
Commissioner