

**COMMISSION ON AUDIT CIRCULAR NO. 99-001**  
**June 15, 1999**

- TO** : All Heads of Departments/Bureaus and Offices of the National Government including State Universities and Colleges; Managing Heads of Government-Owned and/or Controlled Corporations; Chief Accountants/Heads of Accounting Units; COA Directors and Auditors; and All Others Concerned.
- SUBJECT** : Accounting Guidelines and Procedures Relative to the CY 1999 Fund Release System

**1.0 PURPOSE**

This Circular is issued to prescribe accounting guidelines and procedures to be adopted for the release of funds in accordance with National Budget Circular (NBC) Nos. 463 and 463-A dated January 20, 1999 and February 4, 1999, respectively.

**2.0 COVERAGE**

This Circular shall apply to all funds appropriated in the General Appropriations Act (GAA), Public Works Act and other duly enacted appropriation measures for all National Government Agencies (NGAs) and Government Owned and/or Controlled Corporations (GOCCs) receiving allotments under the General Fund and maintaining Special Account in the General Fund (SAGF).

**3.0 GENERAL GUIDELINES**

- 3.1** For CY 1999, all government agencies receiving funds from the National Government shall adopt NBC Nos. 463 and 463-A, dated January 20, 1999 and February 4, 1999, respectively.
- 3.2** The approved Agency Budget Matrix (ABM) and the Special Allotment Release Order (SARO) shall be the bases of the agency to record their allotments and incur obligations.
- 3.3** The amount under the column Not Needing Clearance in the approved ABM shall be deemed available to the agency for obligation and shall be recorded as allotments in the books of accounts of agencies except those enumerated under Item Nos. 3.2.1 to 3.2.5 of NBC 463, as follows:
- a. Confidential and Intelligence Funds which must be subject to prior approval from the Office of the President;
  - b. Built-in Lump Sum within the agency for the following purposes:
    - Creation of new positions
    - Reclassification of positions;
    - Newly legislated schools;
    - Magna Carta for health workers under DOH;
    - Nationwide and region wide lump sum for infrastructure projects;

- Amount appropriated for the Equivalent Record Form and Master Teacher;
  - DECS lump sum for desks, textbooks and repair of school buildings;
  - Police benefits administered by NAPOLCOM; and
  - Retirement Gratuity and Terminal Leave Benefits (RG/TL)
- c. Built-in agency appropriation for Special Accounts in the General Fund (SAGF);
- d. Items in the agency appropriation for FOREX differential; and,
- e. Other appropriation items which involve organizational changes which DBM had not previously acted upon.
- 3.4 Obligations incurred prior to the receipt of the approved ABM shall be treated as overdrafts in appropriations as authorized under COA Circular No. 96-002 dated February 27, 1996. Said overdrafts shall be adjusted accordingly upon receipt of the approved ABM.
- 3.5 The augmentation and realignment of funds enumerated in NBC Nos. 463 and 463-A shall be recorded in the books of accounts.
- 3.6 Allotment releases received by the agencies after December 31 shall no longer be recorded in the books of accounts for that year. However, if the validity of the allotment releases received after December 31 extends beyond the fiscal/calendar year, these releases shall be taken up in the books of accounts in the ensuing year as continuing appropriations.
- 3.7 The correct Fund Code appearing in the ABM shall be followed.

#### 4.0 PROCEDURAL GUIDELINES

- 4.1 National Government Agencies and Government Owned and/or Controlled Corporations Receiving Allotments from the National Government.
- 4.1.1 Upon receipt of the approved ABM and the SARO, the Chief Accountant/Head of Accounting Unit shall draw a Journal Voucher (JV) to record the allotment authorized in the ABM and SARO. The JV shall be recorded in the General Journal and posted to the General Ledger. The allotment shall likewise be entered as memorandum entry in the Journal and Analysis of Obligations (JAO).
- 4.1.2 Realignment/augmentation of funds from one program/project/allotment class to another shall be recorded in the General Journal thru a Journal Voucher. The additions/deductions shall be shown in the JAO as a memorandum entry.
- 4.1.3 A schedule of Allotments Received (Annex A) shall be submitted together with the quarterly trial balance to the Accountancy Office (AO) on or before the 10th day of the month following the quarter.
- 4.1.4 The accounting entries to record the overdraft in appropriations allotment

releases obligations incurred and liquidations as shown in Annexes B-1 to B-4 shall be followed.

4.1.5 Allotment releases for continuing appropriations of the previous year received only in the ensuing year as mentioned in Item No. 3.6 of this circular, shall be recorded in the General Journal thru a Journal Voucher. The illustrative accounting entries to record the continuing appropriations are shown in Annex B-5.

4.2 Government Owned and/or Controlled Corporations Maintaining Special Account in the General Fund (SAGF)

4.2.1 The Comptroller/Head of Finance of GOCCs maintaining SAGF shall follow the procedures stated in Items 4.1.1 to 4.1.3 of this Circular.

4.2.2 The accounting entries to record the appropriations, allotment releases, obligations incurred and liquidations as provided in COA Circular No. 90-326 dated February 22, 1990 shall be followed.

4.3 Accountancy Office (AO) Commission on Audit

The Accountancy Office shall:

4.3.1 upon receipt of the General Appropriations Act and other appropriation acts, record the set up of the appropriations in the COA-Cumulative Results of Operations Unappropriated (CROU) books.

4.3.2 based on the copy of the approved ABM and SARO from the DBM, record the allotments for each national agency in the books.

4.3.3 at the end of every quarter, reconcile the amount of allotments recorded in the CROU books with the allotments reflected in the quarterly trial balances supported by Annex A hereof.

4.3.4 immediately communicate to the agency concerned the discrepancies noted between the amounts recorded by the agencies and those of the AO.

4.4 COA Auditing Units

The Unit Auditors concerned shall ensure:

4.4.1 that the amount of allotment and related transactions are correctly recorded in the books of accounts, and

4.4.2 that the quarterly trial balance supported by Annex A is submitted within the prescribed deadline.

4.5 Department of Budget and Management

The DBM shall:

4.5.1 furnish AO, COA copies of the approved ABM by agency within the first quarter of the calendar year. Copies of SARO issued by the DBM - CO and ROs, together with the supporting documents, such as letter

authority, certification and approval of the President of the Philippines shall be furnished AO, COA on or before the 15th day of the following month, and

4.5.2 ensure that copies of all SAROs are received by AO, COA and the agencies concerned not later than December 31 of the year.

5.0 SAVING CLAUSE

Issues and cases arising from the implementation of this Circular shall be referred to the Accountancy Office, this Commission, for resolution.

6.0 REPEALING CLAUSE

All provisions of circulars, memoranda or other issuances which are inconsistent with the provisions of this Circular are hereby rescinded, repealed and/or modified accordingly.

7.0 EFFECTIVITY

This Circular shall take effect January 1, 1999.

**(Sgd.) CELSO D. GAÑGAN**  
Chairman

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

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