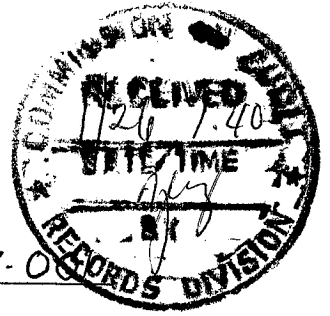




REPUBLIC OF THE PHILIPPINES  
COMMISSION ON AUDIT  
Commonwealth Avenue, Quezon City Philippines



**ACCOUNTING CIRCULAR LETTER**

No. : 2007-00

Date: JAN 19 2007

**TO :** Heads of Financial Management Services, Chief Accountants/Heads of Accounting Units, Budget Officers/Heads of Budget Units of National Government Agencies (NGAs) and All Others Concerned

**SUBJECT:** Guidelines on the Submission of Year-End Financial Statements and Other Reports/Schedules for Inclusion in the Annual Financial Report (AFR) for NGAs for FY 2006 and Onwards

**1.0 RATIONALE**

The Commission on Audit is mandated under Article IX-D of the 1987 Philippine Constitution to submit to the Office of the President and the Congress, an annual report on the financial condition and on the results of operations of all agencies of the government not later than September 30 of each year.

**2.0 PURPOSE**

This Accounting Circular Letter is issued to prescribe guidelines and procedures for all NGAs on the following:

- 2.1 Submission of year-end financial statements and other reports/schedules in printed and digital (diskette or compact disc) copies for inclusion in the AFR for FY 2006 and onwards ; and
- 2.2 Conversion of accounts in compliance to COA Accounting Circular No. 2006-001 dated November 9, 2006.

**3.0 GUIDELINES AND PROCEDURES**

3.1 The Chief Accountant/Head of Accounting Unit shall submit directly to Government Accountancy and Financial Management Information System (GAFMIS) Sector, this Commission and Audit Team Leader (ATL)/Auditor concerned, the following year-end financial statements and reports/schedules in printed and digital copies on or before February 14 of each year pursuant to GAFMIS Circular Letter No. 2003-007 dated December 19, 2003:

- a. Pre-Closing Trial Balance
- b. Post-Closing Trial Balance
- c. Detailed and Condensed Statements of Income and Expenses
- d. Detailed and Condensed Balance Sheets
- e. Statement of Changes in Government Equity

- f. Statement of Cash Flows (Direct Method)
- g. Notes to Financial Statements
- h. Statement of Management Responsibility
- i. Detailed Breakdown of Obligations
- j. Detailed Breakdown of Disbursements
- k. Report of Income National Government Books
- l. Report of Income Regular Agency Books
- m. Regional Breakdown of Income
- n. Regional Breakdown of Expenses
- o. Schedule/Aging of Accounts Payable
- p. Schedule/Aging of Accounts Receivable
- q. Schedules of Public Infrastructures/Reforestation Projects

- 3.2 The printed and digital copies of the reports required under 3.1 of this Accounting Circular Letter shall be stamped received by the ATL/Auditor to ensure that the data submitted to GAFMIS Sector are the same data submitted to the ATL/Auditor for the Annual Audit Report preparation.
- 3.3 The Budget Officer/Head of Budget Unit shall submit the Statement of Allotments, Obligations and Balances (SAOB) and Detailed Breakdown of Obligations of the current year to GAFMIS Sector in printed and digital copies.
- 3.4 The Budget Officer/Head of Budget Unit shall also submit a List of Not Yet Due and Demandable Obligations (Annex A). Such obligations which are not yet recorded as liabilities are agencies' valid commitments based on approved contracts/purchase orders where projects are not yet implemented and/or goods are not yet delivered. The same shall be disclosed in the Notes to Financial Statements.
- 3.5 In compliance to COA Accounting Circular No. 2006-001 dated November 9, 2006, the following cash transactions shall be analyzed and the accounts shall be reclassified to the appropriate account:

<u>Transactions</u>	<u>Appropriate Account</u>	<u>Account Description</u>
1. Cash Advance for Payroll recorded as <b>Cash - Disbursing Officers</b>	Payroll Fund (Code 106)	Cash advances to disbursing officers for salaries and wages and other benefits of officers and employees
2. Cash Advance for Special Purpose/ Time-bound Undertaking recorded as <b>Cash -- Disbursing Officers</b> or as <b>Due from Officers and Employees</b>	Advances to Officers and Employees (Code 148)	Cash advances granted for travel and for special purpose/time-bound undertaking

<u>Transactions</u>	<u>Appropriate Account</u>	<u>Account Description</u>
3. Fund Transfer to Field Offices	<b>Central/Head Office (CO/HO) Book:</b>  Subsidy to RO/Branches (Code 872)  <b>Regional Offices/ Branches Book:</b>  Subsidy from CO/HO (Code 653)	Fund transfer to field offices covering budgetary requirements for Current Operating Expenses (PS, MOOE and FE)

For this purpose, a Journal Entry Voucher shall be prepared using the foregoing account titles and codes.

#### **4.0 PENALTY CLAUSE**

Failure of the officials/employees concerned to comply with the requirements of this Accounting Circular Letter shall cause the automatic suspension of the payment of their salaries and other emoluments until they have complied therewith. Violation of this provision for at least three (3) times shall subject the offender to administrative disciplinary action imposed under Section 55, Chapter 10, Title 1.B, Book V of Executive Order No. 292, the Administrative Code of 1987.

#### **5.0 SAVING CLAUSE**


Cases not covered in this Accounting Circular Letter shall be referred to the GAFMIS Sector, this Commission, for resolution.

#### **6.0 REPEALING CLAUSE**

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

#### **7.0 EFFECTIVITY**

This Accounting Circular Letter shall take effect immediately.

  
**CARMELA S. PEREZ, DBA**  
 Assistant Commissioner