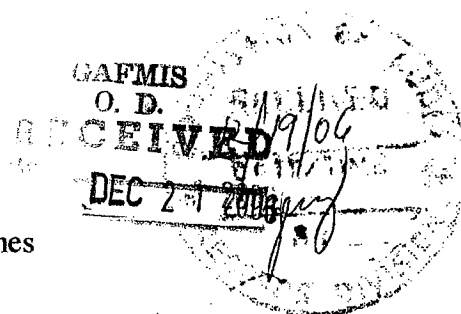




Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines



ACCOUNTING CIRCULAR

No. : 2006-002

Date: DEC 19 2006

TO : City/Municipal Mayors, City/Municipal Treasurers, Accountants/Bookkeepers, Budget Officers; Punong Barangays; Members of the Sangguniang Panlungsod, Sangguniang Bayan, Sangguniang Barangay; Barangay Treasurers; and All Others Concerned

SUBJECT: Prescribing the use of Systems and Procedures Manual on the Management of Barangay Funds and Property and Accounting System Manual for Barangays under the New Government Accounting System (NGAS)

1.0 PURPOSE

Relative to the implementation of NGAS in the barangays, this Circular is issued to prescribe the use of the Systems and Procedures Manual on the Management of Barangay Funds and Property and Accounting System Manual for Barangays.

2.0 LEGAL BASIS

Article IX-D, Section 2 (2) of the 1987 Philippine Constitution vests to the Commission on Audit (COA) the exclusive authority to promulgate accounting and auditing rules and regulations.

3.0 THE MANUALS

3.1 Composition of the Manuals

3.1.1 The Systems and Procedures Manual on the Management of Barangay Funds and Property for use by the Barangay Officials consists of three Volumes:

- I - Operating Procedures
- II - Recording Procedures
- III - Reporting Procedures

3.1.2 The Accounting System Manual for Barangays for use by the City/Municipal Accountants is in Volume IV.

3.2 Objectives of the Systems and Procedures on the Management of Barangay Funds

3.2.1 Prescribe uniform guidelines in the administration and recording of barangay funds and property; and

3.2.2 Prescribe the barangay financial reports for submission to the City/Municipal Accountants as basis in recording barangay transactions in the books of accounts.

3.3 Objectives of the Accounting System Manual for Barangays

3.3.1 Prescribe uniform guidelines and procedures in accounting for barangay funds and property; and

3.3.2 Prescribe the accounting records to be maintained and the financial statements to be generated.

3.4 Contents of the Manuals

3.4.1 Policies and guidelines on the major financial transactions of the barangay:

- Receipts and Deposits
- Appropriations and Commitments
- Disbursements
- Inventory, Property, Plant and Equipment, Public Infrastructures and Reforestation Projects

3.4.2 Detailed narrative operating, recording and reporting procedures and corresponding flow charts for the above-cited transactions.

3.4.3 Accounting and related policies and guidelines under NGAS for barangay financial transactions.

4.0 TRANSITORY PROVISION

The City/Municipal Accountant shall convert the accounts of the barangay as of December 31, 2006 to the accounts under the NGAS.

5.0 SAVINGS CLAUSE

Cases not covered by this Circular shall be referred to the Government Accountancy and Financial Management Information System Sector, this Commission, for resolution.

6.0 REPEALING CLAUSE

These manuals replace the "Barangay Accounting Manual" covered under COA Circular No. 93-396 dated April 15, 1993. All provisions of existing circulars and memoranda that are inconsistent with this Circular are hereby modified/revoked.

7.0 EFFECTIVITY

This Circular shall take effect on January 1, 2007.


GUILLERMO N. CARAGUE
Chairman