

COMMISSION ON AUDIT CIRCULAR NO. 99-005
November 11, 1999

- TO** : The Local Accountants; Director, Local Government Audit Office; All Directors and Officer-in-Charge, COA Regional Offices; Provincial/City/Municipal Auditors; Audit Teams assigned to audit Barangays and others concerned.
- SUBJECT** : Submission by the City/Municipal Accountant of Consolidated Year-end Financial Statements of Barangays.

1.0 Rationale:

Under Section 41 of PD 1445, the Commission on Audit is mandated to submit to the President and the National Assembly, not later than the last day of September of each year, an Annual Report on the Financial Condition and Results of Operation of all agencies of the government. To carry out this purpose, the Chief Accountant or the official in charge of keeping the accounts of a government agency shall submit to the Commission year-end trial balances and such other supporting or subsidiary statements as may be required by the Commission not later than the fourteenth day of February.

Barangays are among the agencies of the government for which an Audit Report on the financial condition and results of operations is being prepared. While trial balances and the corresponding financial statements are being submitted to the Commission, consolidation of the financial statements are being performed by the local auditors as part of the preparation of the Audit Reports of Barangays (ARB), causing delay in the submission of the latter report as well as the Consolidated financial statements. This results to the delay in the submission of the ARB and the preparation of the Annual Financial Report for Barangays. Considering that the books of accounts of the barangays are being kept by the City/Municipal Accountants, consolidation of the financial statements by the same official will not only facilitate the preparation of the Annual Financial Report of Barangays but will give the city/municipality concerned, information on the financial condition and results of operations of the barangays, under its jurisdiction taken as a whole.

This Circular, therefore, issued on the basis of Section 2(2), Article IX-D of the 1986 Philippine Constitution, which mandates the Commission on Audit to promulgate accounting and auditing rules and regulations, aims to facilitate the preparation of the ARB and the Annual Financial Report for Barangays.

2.0 DUTIES OF THE CITY/MUNICIPAL ACCOUNTANT

The City/Municipal Accountant, in addition to the preparation of the annual individual trial balance and financial statements of barangay, shall consolidate the latter using the forms presented in [Annexes A and B](#). The consolidated financial statements shall be supported by corresponding schedules shown in [Schedules 1 and 2](#).

The Consolidated Financial Statements shall be submitted to the Provincial/City Auditor who has jurisdiction over the barangays not later than the end of May of each year.

3.0 DUTIES OF THE PROVINCIAL/CITY AUDITOR

The Provincial/City Auditor, upon receipt of the Trial Balances together with the individual and Consolidated financial statements of barangays by municipality shall verify said statements. Special attention shall be given to the mathematical accuracy of the figures in the individual and consolidated financial statements, as well as the correctness of the basic accounting equation for the statement of financial condition.

The verified consolidated financial statements for each Municipality shall be further consolidated by the Provincial Auditor using the forms herein attached as [Annexes C and D](#) and supported with [Schedules 3 and 4](#), respectively. The consolidated financial statements for the whole Province/City shall be submitted to the Director, LGAO not later than June 30 of each year, together with the status report on the submission of the trial balance and year end financial statement of barangay.

4.0 DUTIES OF THE DIRECTOR OF LGAO

The Director, Local Government Audit Office, shall use the consolidated financial statements in the preparation of the Annual Financial Report of the Local Government.

5.0 EFFECTIVITY

This Circular shall take effect after fifteen (15) days from its publication in the Official Gazette or in a newspaper of general circulation. All COA Circulars, Memoranda and other issuances inconsistent herewith are hereby amended or modified accordingly.

(Sgd.) CELSO D. GAÑGAN
Chairman

(Sgd.) RAUL C. FLORES
Commissioner

(Sgd.) EMMANUEL M. DALMAN
Commissioner