

COMMISSION ON AUDIT CIRCULAR NO. 2000-002

April 4, 2000

TO : The Presidents, Members of the Board of Regents/Trustees, Chief Accountants/Heads of Accounting Units, Budget Officers, and COA Auditors of State Universities and Colleges (SUCs); and All Others Concerned.

SUBJECT : Accounting Guidelines and Procedures on the Use of Income of SUCs Pursuant to Republic Act No. 8292.

1.0 Rationale and Purpose

At present, SUCs are authorized under Letter of Instructions Nos. 872 and 1026 to retain as Revolving Fund their income from food production and manufacturing operations deposited in authorized government depository bank (AGDB). Fund Codes 161 and 163 were issued by the Department of Budget and Management (DBM) for the purpose. In addition, Fund 164 was issued for use of a University which was granted authority to use all income accruing to it by virtue of Executive Order No. 714.

Under Section 4(d) of Republic Act (R.A.) No. 8292, the Higher Education Modernization Act of 1997, SUCs are likewise authorized to deposit in any AGDB and treat as Special Trust Funds (STF), income from tuition fees and other necessary school charges, such as; matriculation fees, graduation fees, and laboratory fees. The law further authorized the Board of Regents/Trustees (BOR/T) of SUCs to disburse such income and other charges, as well as those generated from the operation of auxiliary services and land grants, for instruction, research, extension or other programs/projects of the university or college. Such disbursements require a special budget duly approved only by the BOR/T which is now empowered by R.A. No. 8292 to appropriate the income of the university/college and allocate funds with flexibility.

In accordance with the constitutional function of the Commission On Audit (COA) governing promulgation of accounting and auditing rules and regulations and in order to provide specific guidelines on the utilization of income of SUCs constituted into STF pursuant to Section 4(d) of R.A. No. 8292, this Circular is hereby issued.

2.0 General Guidelines

2.1 The following provisions of R.A. No. 8292 and R.A. No. 8745, the General Appropriations Act for CY 1999 are hereby reiterated:

- 2.1.1 All income of SUCs from tuition fees and other necessary charges such as: matriculation fees, graduation fees, laboratory fees, medical and dental fees, library fees, athletic fees and other similar fees shall be deposited in an AGDB and constituted as STF. All interests that shall accrue therefrom shall form part of the same Fund.
- 2.1.2 Income from university hospitals shall be earmarked and used exclusively for the operating expenses of the hospitals.
- 2.1.3 All fiduciary fees shall be disbursed for the specific purposes for which they are collected.
- 2.1.4 In no case shall the STF be used for the payment of salaries and the creation of new positions.

- 2.2 The STF shall be used to augment the maintenance and other operating expenses and capital outlays of the university and to pay authorized allowances and fringe benefits to teachers and students who render services to the school.
- 2.3 A special budget for the utilization of the STF, supported by a Certification from the Chief Accountant that sufficient income had been realized, collected and deposited with an AGDB shall be approved by the (BOR/T) of the University/College.
- 2.4 The approved special budget shall be the basis of the Chief Accountant in recording appropriations and allotments.
- 2.5 A copy of the approved special budget shall be furnished the DBM and the Accountancy Office, COA within ten days after approval.
- 2.6 Any balance of allotments at the end of the year shall be reverted to the Cumulative Results of Operations-Unappropriated (CROU).

3.0 Specific Guidelines

- 3.1 Each University/College shall open a separate bank account for the STF wherein all income collections shall be deposited. All interests that shall accrue therefrom shall form part of the same Fund and shall be reported as interest income. A monthly bank reconciliation statement shall be prepared and submitted to the Accountancy Office, COA pursuant to COA Circular No. 92-125A.
- 3.2 The Chief Accountant shall maintain a separate set of books of accounts for the STF using Fund Code 164.
- 3.3 The Budget Officer shall prepare a special budget for the approval of the BOR/T to utilize the income deposited with AGDB.
- 3.4 No special budget shall be approved by the BOR/T unless it is supported by a certification signed by the Chief Accountant that available deposits is sufficient to cover its funding requirements.
- 3.5 Upon receipt of the duly approved special budget from the Budget Officer, the Chief Accountant shall draw a Journal Voucher to set-up the appropriations and record the allotments.
- 3.6 The Budget Officer shall also furnish the DBM and the Accountancy Office, COA copies of the duly approved special budget within ten days after approval by the BOR/T.
- 3.7 The Chief Accountant shall follow the accounting entries shown as Annex A hereof in recording financial transactions pertaining to the STF.
- 3.8 At the end of the year, the Chief Accountant shall prepare a Detailed Schedule of Allotments and Obligations Incurred (Annex B) and Breakdown of Income (Annex C) as supporting schedules of the Preliminary Trial Balance.

4.0 Saving Clause

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

5.0 Sanctions

Failure of the officials and employees concerned to comply with the requirements of this Circular shall subject them to disciplinary action in accordance with Section 55, Chapter 10, Title I-B, Book V of E.O. No. 292, the Revised Administrative Code of the Philippines.

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, 2000.

(Sgd.) CELSO D. GAÑGAN
Chairman

(Sgd.) RAUL C. FLORES
Commissioner

(Sgd.) EMMANUEL M. DALMAN
Commissioner