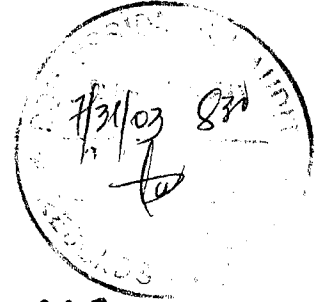




REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines



CIRCULAR

No. : 2003-002
Date : JUL 30 2003

TO : All Department Heads, and Heads of Government Owned and Controlled Corporations, Accountable Officers, and all others concerned.

SUBJECT : AUDIT AND LIQUIDATION OF INTELLIGENCE AND CONFIDENTIAL FUNDS FOR NATIONAL AND CORPORATE SECTORS.

Pursuant to COA Circular No. 92-385 dated October 1, 1992, and for purposes of expediency in the audit of Intelligence and/or Confidential Funds, the following general guidelines and documentary requirements shall be observed:

General Guidelines:

1. All cash advances chargeable against the intelligence and/or confidential funds of all departments, bureaus and offices of the National government, government-owned or controlled corporations, including their subsidiaries, and self-governing boards or commissions, shall be liquidated by the accountable officer concerned within one (1) month from the date the purpose of the cash advance was accomplished.

For projects continuing beyond one month, a monthly progress liquidation report shall be submitted. The first progress report shall be submitted one month after the commencement of the project.

2. The liquidation report *shall not* be coursed through the Agency Auditor or Regional/Cluster Director, but shall be submitted in a sealed envelope with a visible label "CONFIDENTIAL – For COA Chairman Only" directly to the Chairman's Office, COA thru any of the following modes:

- a) registered mail
- b) courier
- c) authorized liaison officers

3. The address appearing in the envelope shall be as follows:

COMMISSION ON AUDIT
Commonwealth Avenue
Quezon City

4. The report should have a covering transmittal letter itemizing the documents being submitted.
5. If the liquidation vouchers and supporting papers are in order, the COA Chairman or authorized representative shall issue a credit advice addressed to Head of the Agency, Attention the Chief Accountant, copy furnished the auditor of the government agency/office concerned.
6. Subsequent cash advances shall be granted only after the issuance of credit advice from the Chairman or the submission of liquidation vouchers/reports for the previous cash advance to the COA Chairman. One copy of the transmittal letter, for the purpose, duly received by the Chairman or his authorized representative, must be forwarded to the Accountant of the agency and the auditor concerned for reference.
7. All liquidation vouchers and supporting papers shall be retained by the COA Chairman for safekeeping in his confidential file. However, duplicate copies of all these record and documents must be retained and filed by the accountable officer of the agency concerned.

Documentary Requirements:

1. The liquidation vouchers duly signed by the authorized signatories must be supported by the following documents:
 - a. Certified Xerox copy of the paid disbursement voucher of the cash advance being liquidated.
 - b. Certification of the Agency Head concerned for the utilization of the Intelligence and Confidential Expense.

- i. For National Sector – by the Department Secretary or Bureau Director
- ii. For Corporate Sector – by the President/ Executive Director/Operating Officer

Any disbursement from the intelligence/confidential funds shall be accounted for solely on the certification of the Head of Agency responsible for the intelligence, confidential, national security mission project or undertaking. (Sample certification in Annex A).

2. Additional requirements for specific sector:

a. **National**

- i. Approval of the President of the release of the Confidential and Intelligence Fund
- ii. Covering Special Allotment Release Order (SARO)
- iii. Copy of the Allotment and Obligation Slip (ALOBS)

b. **Corporations**

- i. Approval from the President of the Philippines except for Bangko Sentral ng Pilipinas (BSP), which is especially authorized under the BSP Charter. Accordingly, specific authority to appropriate Intelligence and/or Confidential funds is governed by the Monetary Board, Memo Circular No. 1290 dated August 19, 1985.

3. Appointment/Designation of a new Disbursing Officer:

Whenever a new Disbursing Officer is appointed or designated, the following must likewise be submitted.

- a. Certified copy of the designation of the Special Disbursing Officer (SDO)
- b. Certified copies of the Fidelity Bond of the designated SDO.
- c. Specimen signatures of officials authorized to sign cash advances and liquidation reports (formerly liquidation vouchers), particularly:
 - c.1 Special Disbursing Officer
 - c.2 Head of Agency

c.3 Chief Accountant

c.4 Budget Officer

When the Head of Agency is the Special Disbursing Officer, the Head of Agency must make a signed statement to that effect.

It shall be the responsibility of the Department/Office/Agency head, and the Corporate Executive Officer to institute and maintain sound and effective internal control measures to discourage and prevent irregular, unnecessary, excessive, extravagant and unconscionable expenditures as well as promote prudence in the use of government resources by those involved in the intelligence/confidential operations.

4. Repealing Clause

Any and all issuances inconsistent herewith are hereby amended or repealed accordingly.

This Circular shall take effect immediately.


GUILLERMO N. CARAGUE
Chairman

SRCD3/01/03

LegO

4