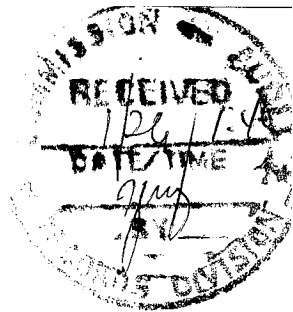




REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City Philippines



ACCOUNTING CIRCULAR LETTER

No. : 2007-003

Date: JAN 19 2007

TO : Heads of Financial Management Services/Controllership Departments, Chief Accountants/Heads of Accounting Units, Budget Officers/Heads of Budget Units of Government Owned and/or Controlled Corporations (GOCCs) and their Subsidiaries 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 GOCCs and their Subsidiaries 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 GOCCs and their subsidiaries 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 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:

- 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 Equity
 - f. Statement of Cash Flows (Direct Method)
 - g. Notes to Financial Statements
 - h. Statement of Management Responsibility
 - i. Breakdown of Personal Services
 - j. Breakdown of Maintenance and Other Operating Expenses
 - k. Schedule/Aging of Accounts Payable
 - l. Schedule/Aging of Accounts Receivable
 - m. Breakdown of Domestic/Foreign Loans (indicate whether these are guaranteed by National Government)
 - n. Schedule of Subsidies Received from National Government and Other GOCCs (if applicable)
 - o. Schedule of Income Taxes Paid
 - p. Schedule of Dividends Paid
- 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 a List of Budget Utilizations Not Yet Due and Demandable (Annex A). Such budget utilizations 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.
- 3.4 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>Transaction</u>	<u>Appropriate Account</u>	<u>Account Description</u>
1. Cash Advance for Payroll recorded as Cash-Disbursing Officers	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 Cash-Disbursing Officers or as Due from Officers and Employees	Advances to Officers and Employees (Code 148)	Cash advances granted for travel and for special purpose/ time-bound undertaking

<u>Transaction</u>	<u>Appropriate Account</u>	<u>Account Description</u>
3. Fund Transfer to Field Offices	Central/Head Office (CO/HO) Book: Subsidy to RO/ Branches (Code 872) Regional Office/ Branch Book: 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 offender to administrative disciplinary action imposed under Section 55, Chapter 10, Title 1, 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/modified accordingly.

7.0 EFFECTIVITY

This Accounting Circular Letter shall take effect immediately.


CARMELA S. PEREZ, DBA
 Assistant Commissioner