

FINANCIAL MANAGEMENT OPERATIONS MANUAL

2016

Message from Dr. Leonor Magtolis Briones
Secretary
Department of Education



One important component of institutional reform in government is financial accountability. This requires establishing standards that promote transparency, strategy and efficiency. It is aided by reliable basic education statistics and a defined set of financial management procedures that will ensure accuracy, uniformity and clarity of financial management procedures across all levels of the organization.

It is with great optimism that this administration endorses the immediate dissemination and use of the Financial Management Operations Manual (FMOM) issued under DepEd Order No. 60, s. 2016, titled *"Implementation of the Financial Management Operations Manual and Orientation of DepEd Financial Management Staff at the Regional, Division, and School Levels."*

The FMOM is a *game changer* that will usher significant improvements in the Department of Education's financial management operations.

DR. LEONOR MAGTOLIS BRIONES
Secretary

Message from Br. Armin A. Luistro FSC
Secretary
Department of Education (June 2010 – June 2016)



The effective delivery of public services continuously faces challenges and a growing demand for good governance. Consistent with the government's objectives in promoting equal access through the delivery of better basic education services, the Department of Education (DepEd) has embarked on developing a manual that is very helpful in managing education resources.

A financial management system that promotes transparency and accountability ensures public trust and confidence. Notwithstanding labor-intensive activities of the Department of Education (DepEd), financial management is assured to function efficiently when conveniently leveraged by an operations manual.

The manual was developed largely through a joint effort between DepEd's technical working group on Financial Management Operations and the team of World Bank Financial Management Consultants. The completion of the FMOM is a realization of the long-term need of DepEd decision-makers and finance practitioners for an instrument to ensure standard and uniformity of practice in managing financial resources.

BR. ARMIN A. LUISTRO FSC

Secretary

Message from Reynaldo Antonio D. Laguda
Undersecretary for Finance and Administration
Department of Education (September 2015 – June 2016)



It is a welcome opportunity to strengthen the financial management operations of the Department of Education (DepEd) in order to optimize the use of the agency's limited resources. In partnership with the World Bank, the development of the Financial Management Operations Manual (FMOM) meets the need for a simple and clear guide on financial management processes.

As such, this well-designed FMOM of DepEd serves as a guidebook for the uniform and standard interpretation and implementation of Financial Management practice in all operating units of DepEd particularly in the following areas:

- customization of national guidelines to DepEd's unique characteristics and circumstances concerning FM issues;
- latest issuances on prescribed policies, rules and regulations affecting FM practice; and
- financial transactions defining and describing procedures to be followed, forms to be used, recording and reporting, and documentary requirements.

We are very thankful to World Bank for their full support and commitment to Philippine Education in coming up with a timely and informative manual.

REYNALDO ANTONIO D. LAGUDA

Undersecretary

A C K N O W L E D G E M E N T

The Department of Education (DepEd) would like to acknowledge the contributions given by those who have made the development and completion of this manual a reality. This manual is the result of a joint effort of many, the World Bank (WB) team of consultants including organic personnel of the DepEd, whose valuable assistance has facilitated the completion of this project.

To the late Undersecretary for Finance and Administration Francisco M. Varela who staunchly supported the project recognizing its importance as a needed tool for FM practitioners in DepEd at all levels of the hierarchy. He advised the team to make sure the manual developed will complement and not duplicate other existing DepEd manuals that cross-relate with financial management (e.g., Simplified Accounting Procedures for non-IU Schools, Procurement, Asset Management, etc.).

To the former Undersecretary for Finance and Administration Reynaldo Antonio D. Laguda and his staff who continued the support started by his late predecessor and encouraged the team to see the project to its fruition. He also contributed his own ideas of what the manual should include particularly for the benefit of school heads.

To the members of the Technical Working Group (TWG) formed by Undersecretary Varela who actively participated in the endeavor, from DepEd Central Office (CO), Undersecretary for Finance – Disbursement and Accounting, Victoria M. Catibog, Dir. Theresa Anne M. Menardo, Dir. Armando C. Ruiz, Dir. Aida Carpentero, and Dir. Roger Masapol; Ma. Rhunna L. Catalan, Molyn L. Dionela, Presentacion A. Salandanan, Cholita F. Tiong, of CO-Accounting Division; Selwyn C. Briones, Ma. Belen D. Demonteverde, Gilbert Morong, Jesus Dela Merced and Leonardo Guledew of CO–Budget Division; Gene Patrick Morales of CO - Cash Division. From DepEd Regional Offices, Paulino Garcia – NCR, Arnold Vino - RO I, Antonio Arquero - RO III, Maritess Gloria - RO IV-A, Nancy Dizon - RO IV-A, Teresa Arcayera - RO V and Mary Ann Neri - RO X. From DepEd Schools Division Offices, Irene Fernandez - SDO Laguna, Rolando Bayocot - SDO Bohol and Angelita Ranalan - SDO Misamis Oriental.

To the secretariat of the TWG, Ann Rayshelle G. Lachica, Ma.Rossana Cazandra V. de Jesus-Eseo, Joey O. Tumaliuan and Noemi G. Badua, who took care of administrative and coordinating requirements.

To the Project Management Service (PMS) – Project Management Division (PMD) staff, June Romaella Pereña, Edgardo Palacol and Belen Javier who served as secretariat for the WB consultants.

To Lynette Perez, former World Bank Learning Equity and Accountability Program Support (LEAPS) Task Team Leader and her co-team leader Samer Al-Samarrai, who both saw the importance of this manual and recommended that it is a good project for WB to give technical support to.

To the Australian Aid for International Development (AusAid) who in collaboration with WB gave funding support.

To others whose names may not be mentioned but who rendered support to the development team.

Thank you and God bless.

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INTRODUCTION

It is important to fully understand the existing financial management system of DepEd. Vital to this system is the flow of funds within the rationalized governance structure of DepEd that must be traceable following clear administrative procedures and accounting of funds and the corresponding financial reports.

The development of the Financial Management Operations Manual (FMOM) is a DepEd project with support from the World Bank (WB) that was completed on 31 March 2016. This manual outlines the systems and procedures of financial operations and other related management practices to be observed by DepEd Implementing Units (Central Office, Regional Offices, Division Offices and Schools). It conforms to existing government standards, rules and regulations as provided for by the Commission on Audit (COA), the Department of Budget and Management (DBM), the Bureau of Treasury (BTr) and other government regulatory bodies.

This financial management operations manual is aligned with the recently released Government Accounting Manual (GAM) covered by COA Circular No. 2015-007 dated 22 October 2015, providing clear implementation guides in accounting processes, which is the implementing guidelines of the Philippine Public Sector Accounting Standards (PPSAS).

Innovative approaches in the agency's delivery of basic educational services including private sector partnerships and infrastructure financing require a simple and straightforward financial processing. A codified FMOM will encourage operational efficiency. Clarity of the financial management process, supported by the FMOM, will aid decision-makers in policy formulation and in rightfully assessing the progress of the agency's programs and projects as it carries out its mandate.

OBJECTIVES

FMOM as implementation guide	This FMOM serves as a reference material for Officials, Employees, and other interested public and private stakeholders of the DepEd. This is a big leap towards the eventual integration and automation of government financial systems. This intention was expressed with the issuance of Executive Order (E.O.) No. 55 dated 06 September 2011 (presently on temporary suspension). The E. O. promotes reform towards improving the system of safeguarding assets for optimum utilization.
FMOM as support for process effectiveness and efficiency	Maintaining a solid and operative Public Financial Management system requires support for its continued effectiveness and efficiency. DepEd has embarked on creating this FMOM as a guide for their officers, employees, particularly its financial managers and staff, and other interested parties.
FMOM as a tool for good governance	Good governance entails proper fiscal discipline. There is an increasing realization that PFM, as a measure for the government's overall fiscal discipline, should ensure that the allocation of resources to priority needs is optimal. The FMOM clearly defines the appropriate financial systems and procedures, ensuring sound control mechanisms are in place.
FMOM as an Instrument for Transparency and Accountability	The quality of decisions made for the use of public funds must adhere to the precepts of Transparency and Accountability that are interdependent variables in quality decision-making. The FMOM is DepEd's leverage in its commitment for transparency and accountability to ensure the effective use of public internal and external resources.

COVERAGE

Fiduciary Processes

Management decision-makers in DepEd need a comprehensive support tool for an efficient and effective discharge of their financial management functions. This FMOM is exactly the complementary helping-hand to all various systems and processes in the operations of DepEd (regions/divisions/districts, schools and other learning centers).

The FMOM provides the basic processes and requirements in:

- Planning, Asset Management and Procurement
- Budget Preparation, Legislation, Execution, Accountability and Reporting
- Accounting and Disbursement procedures with illustrative examples and flowchart of processes unique to DepEd
- Financial Reporting and Analysis

It also includes a special section on school-based financial management and Provident Fund operations.

Rules and Regulations on Public Financial Management

This FMOM complies with government budgeting, procurement, accounting and auditing standards through regulations, policies, rules and procedures that guide the overall functions of a bureaucratic unit. Latest circulars and issuances on various financial management concerns are compiled as attachments/references including the GAM CY 2015, P.D. No. 1445 (State Audit Code) and E.O. No. 292 (Administrative Code of the Philippines).

DepEd's Organizational structure based on RA 9155 (Governance of Basic Education Act of 2001) and revised by EO 366 (Rationalization Plan of 2004)

RA No. 9155, the framework of governance for basic education, mandated the decentralization of essential services to the field with the schools and learning centers as the heart of the education system.

To operationalize decentralization as provided under RA 9155, the hierarchical structure and functions of DepEd across all services and covering all levels is distinctly defined. The structure depicts the line of authority and span of control that identifies the responsibilities of its personnel. It provides guidance and clarity on the deployment and utilization of education resources. As specified in the law, it also "defines the roles and responsibilities of and provides resources to the field offices which shall implement educational programs, projects and services in communities they serve." (refer to Figure 1)

A review of the operations and organizational structure of government brought about the 'Rationalization Plan' as directed in E.O. No. 366 s.2004. To give more alignment throughout the organization, further review and revision of DepEd's Rationalization

Plan was continued in CY 2011 until its approval on 15 November 2013 by DBM. DepEd Order No. 52 s. 2015 dated October 30, 2015 prescribed the new organizational structures (see Figure 2) of the DepEd Central, Regional, and Schools Division offices.

FIGURE 1 – DEPED ORGANIZATIONAL CHART (RA 9155)

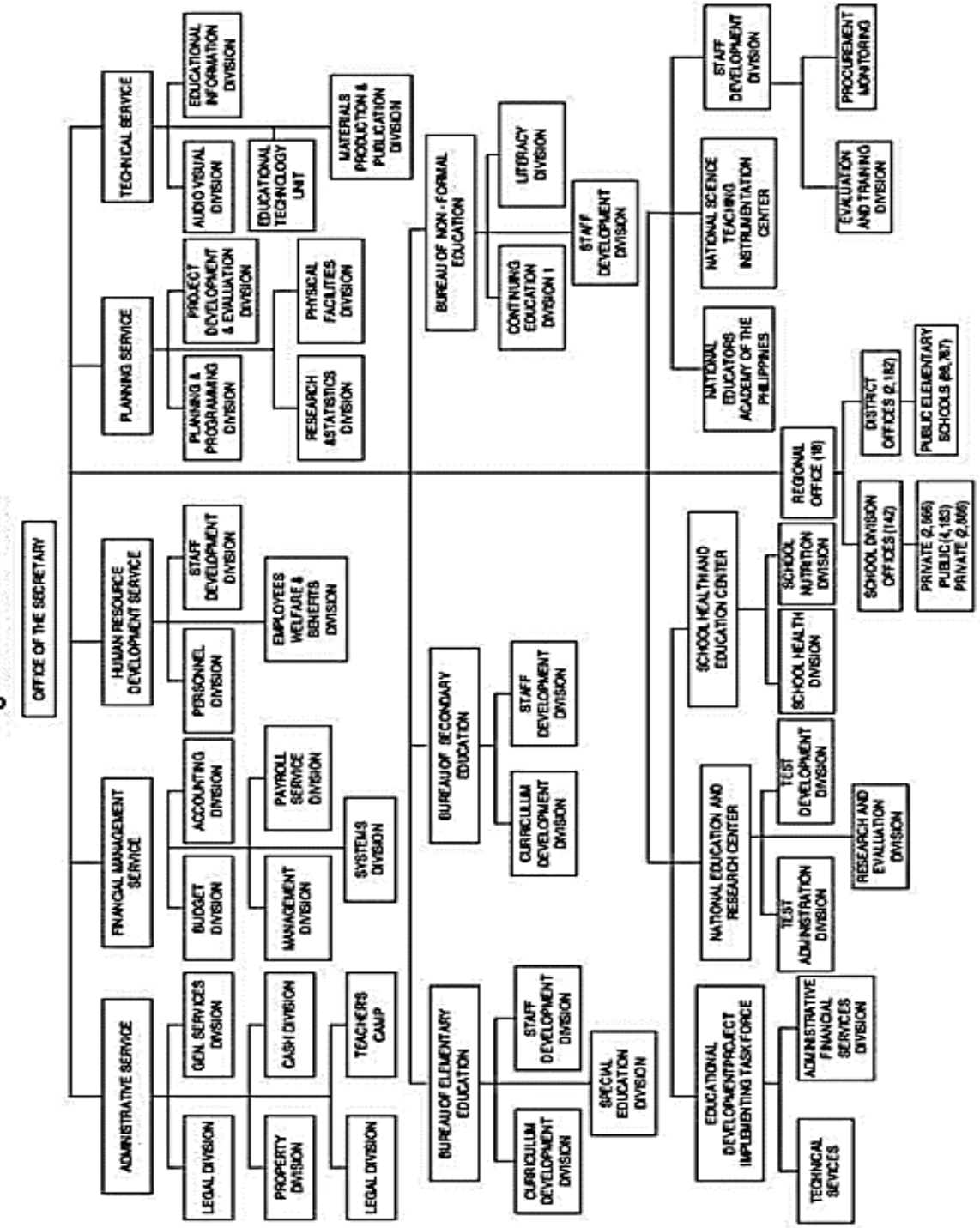


FIGURE 2 – RATIONALIZED ORGANIZATIONAL STRUCTURE (E.O. No. 366)

DEPARTMENT OF EDUCATION
New Organizational Structures

Central Office Structure

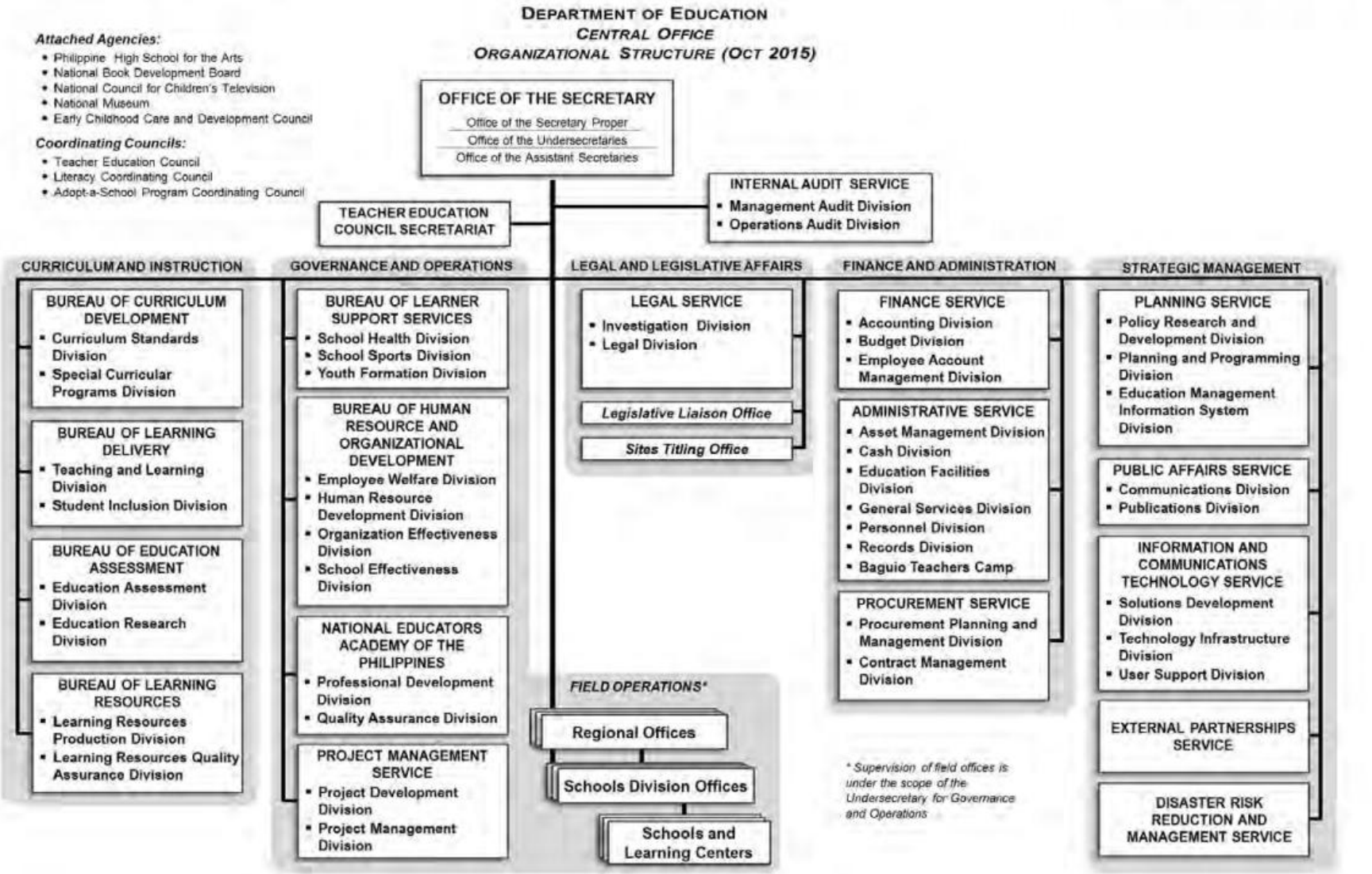


FIGURE 3 – REGIONAL OFFICE STRUCTURE (E.O. No. 366)

DEPARTMENT OF EDUCATION
New Organizational Structures

Regional Office Structure

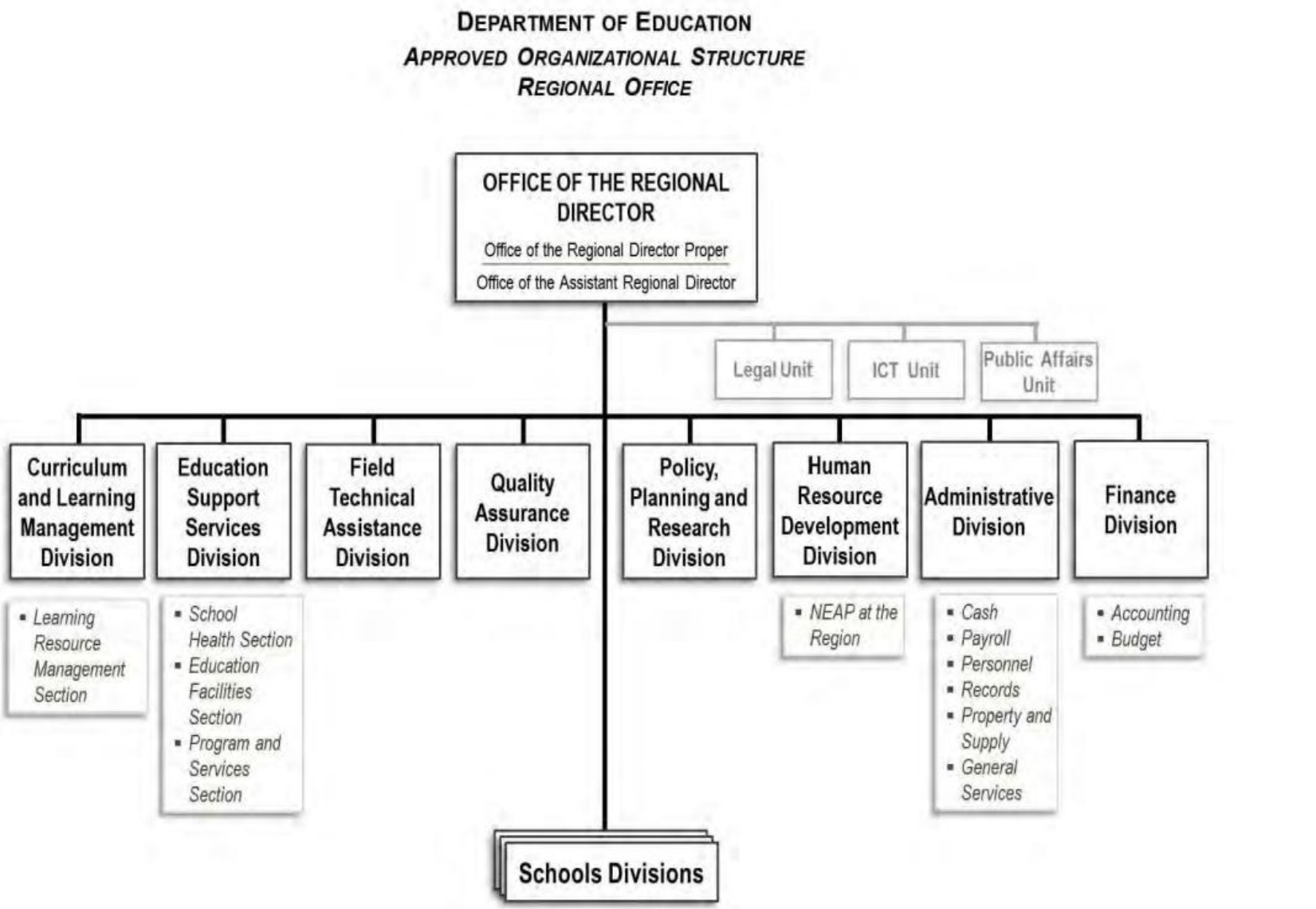


FIGURE 4 – SCHOOLS DIVISION OFFICE STRUCTURE (E.O. No. 366)

DEPARTMENT OF EDUCATION
New Organizational Structures

Schools Division Office Structure

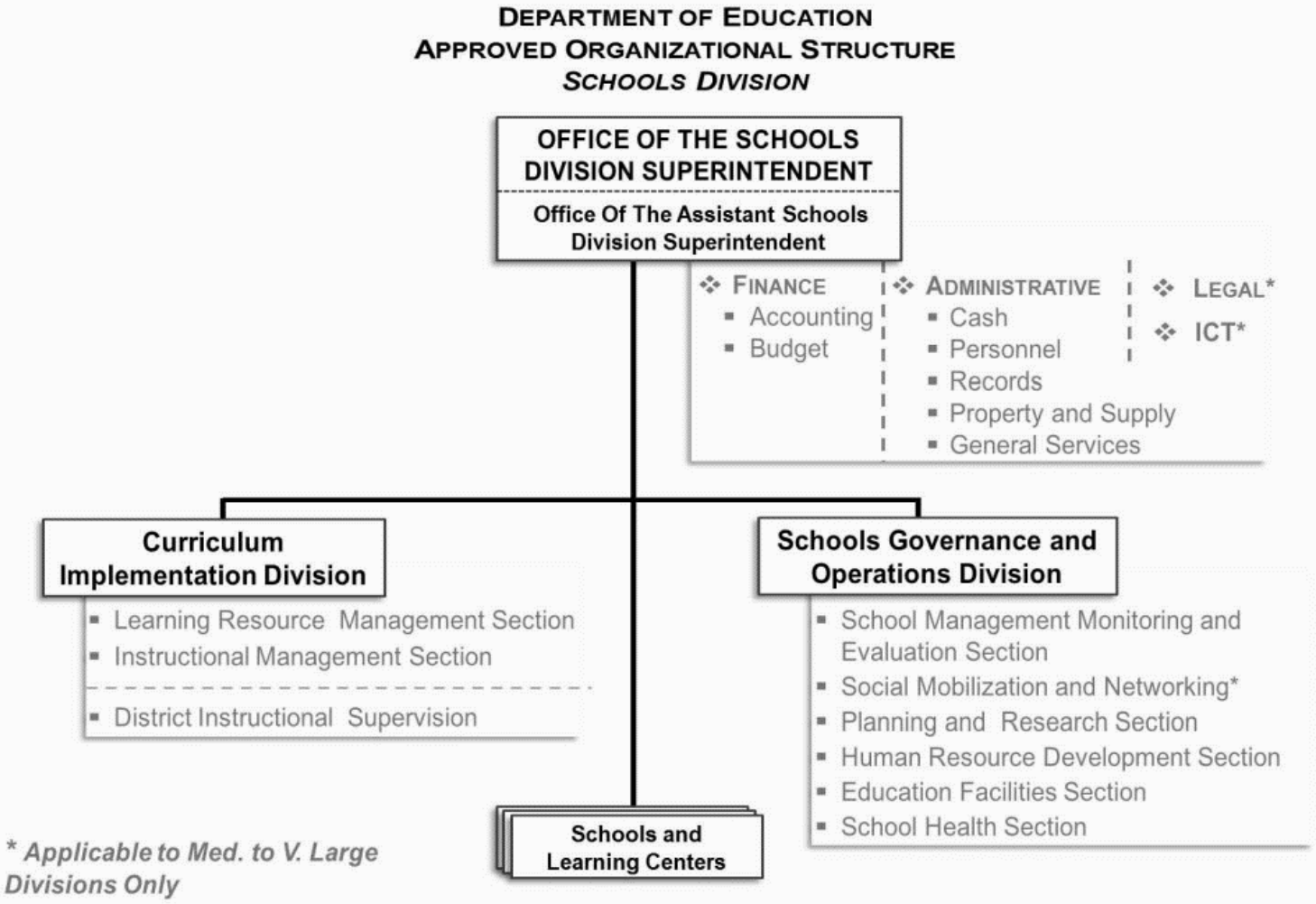
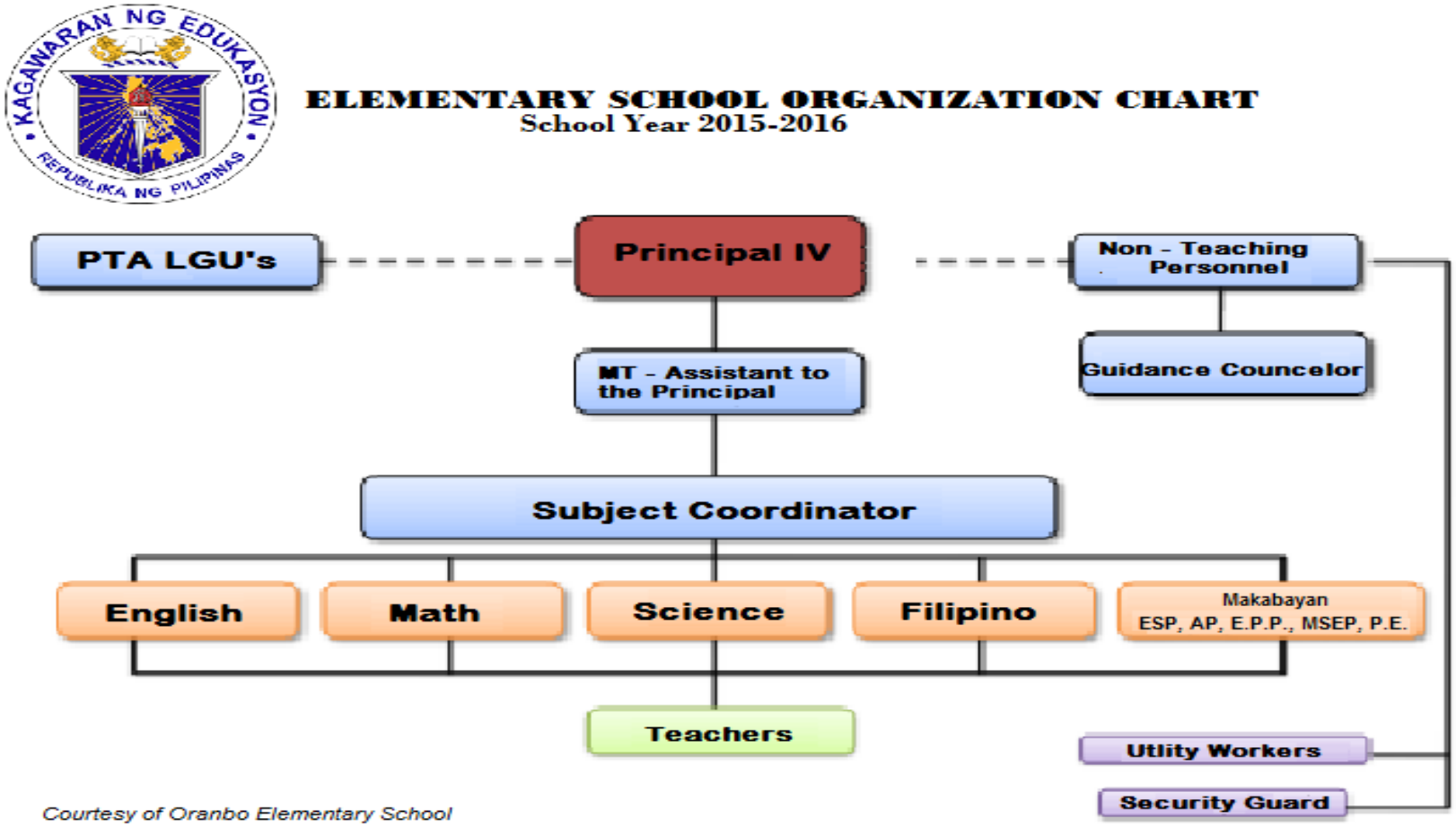
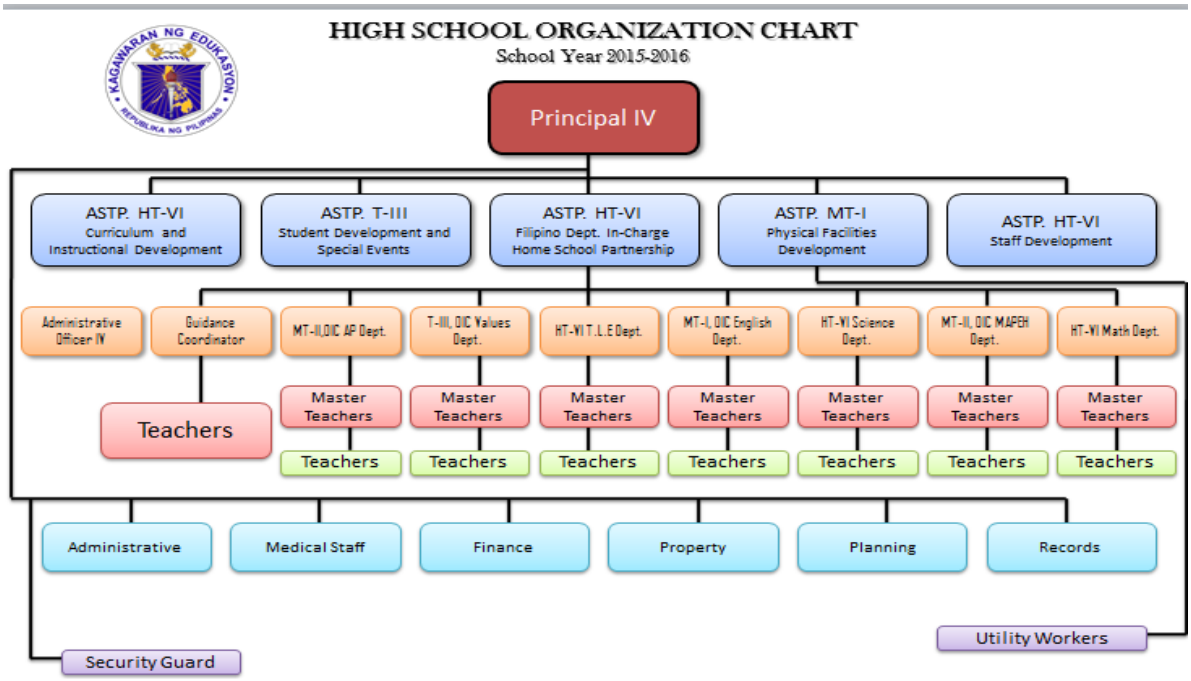


FIGURE 5– SAMPLE ELEMENTARY SCHOOL ORGANIZATION



Courtesy of Oranbo Elementary School

FIGURE 6 - SAMPLE SECONDARY SCHOOL ORGANIZATION CHART



Note: Organization chart may vary from school to school depending on available positions and organization sections and sub-sections.

DepEd's Financial Management Structure

Financial Management Structure	DepEd's financial management structure covers all of the Offices (Central, Regions, Divisions and Schools). Authority, responsibility and accountability are inherent in the key positions created to discharge specific duties and tasks related to financial management (see Figure 7).
Signing Authority of financial transactions	The Secretary exercises overall supervision and control over the entire department. Notwithstanding the primary authority of the Secretary over all financial transactions, delegation of financial signing authority down to the lowest unit of the organization is properly laid down in DepEd Order No. 41 s.2009.

FIGURE 7 - DEPED FINANCIAL MANAGEMENT STRUCTURE AT CENTRAL OFFICE

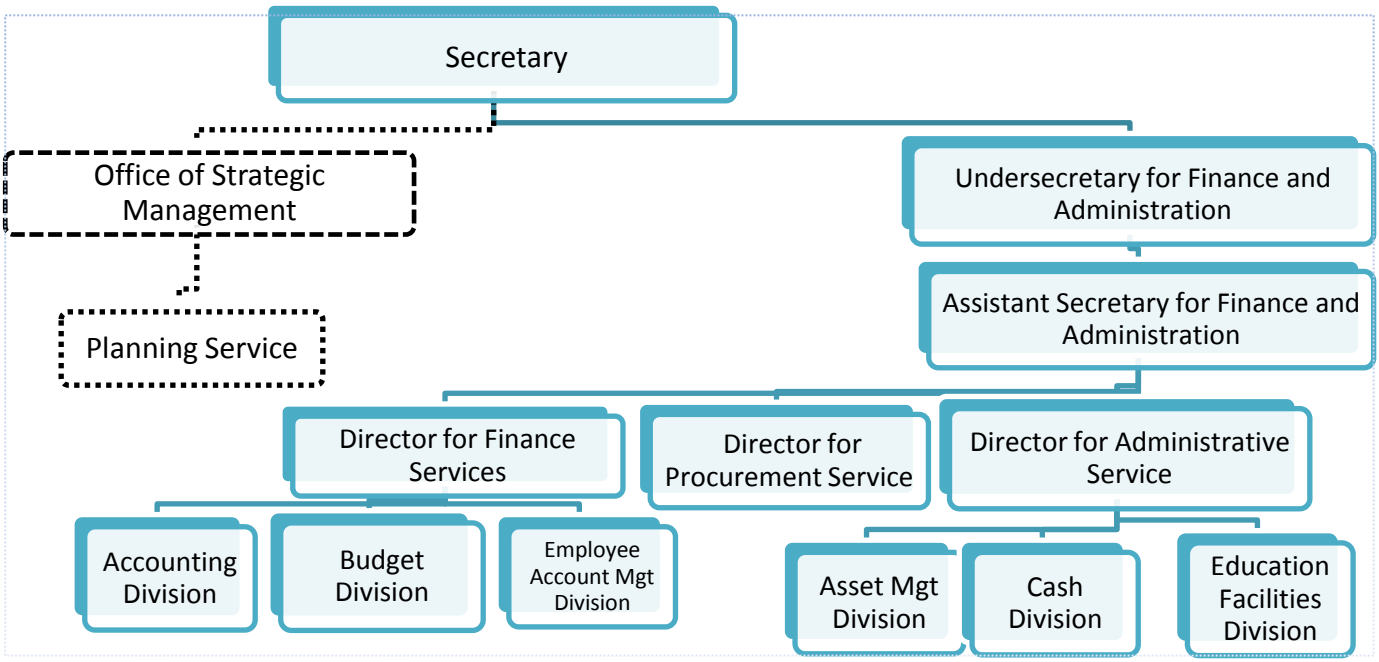


FIGURE 8 - DEPED FINANCIAL MANAGEMENT STRUCTURE AT THE REGIONAL OFFICE

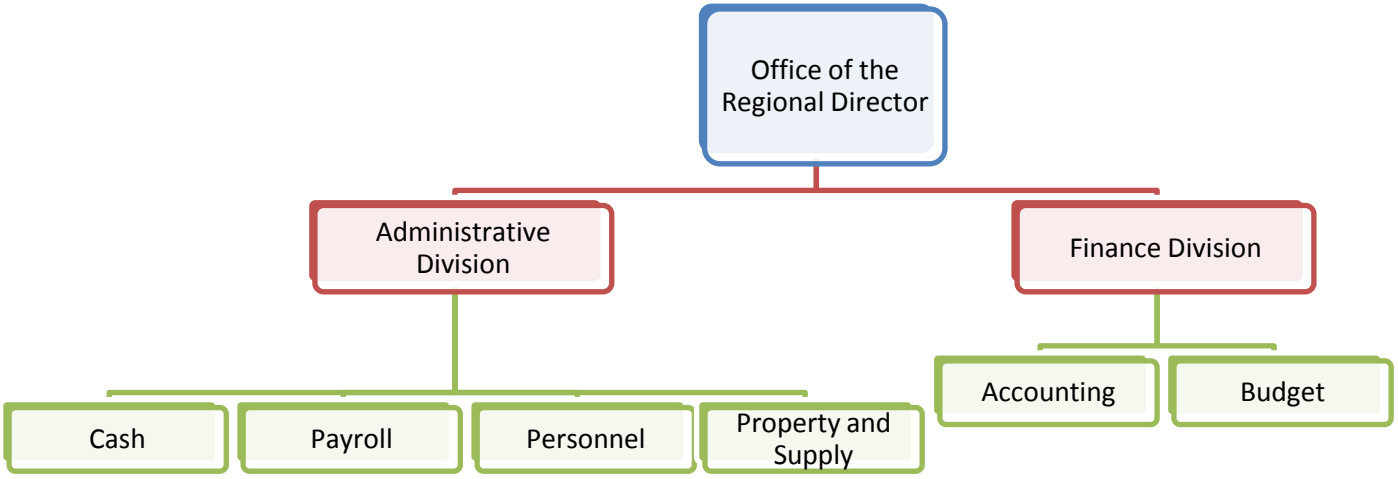
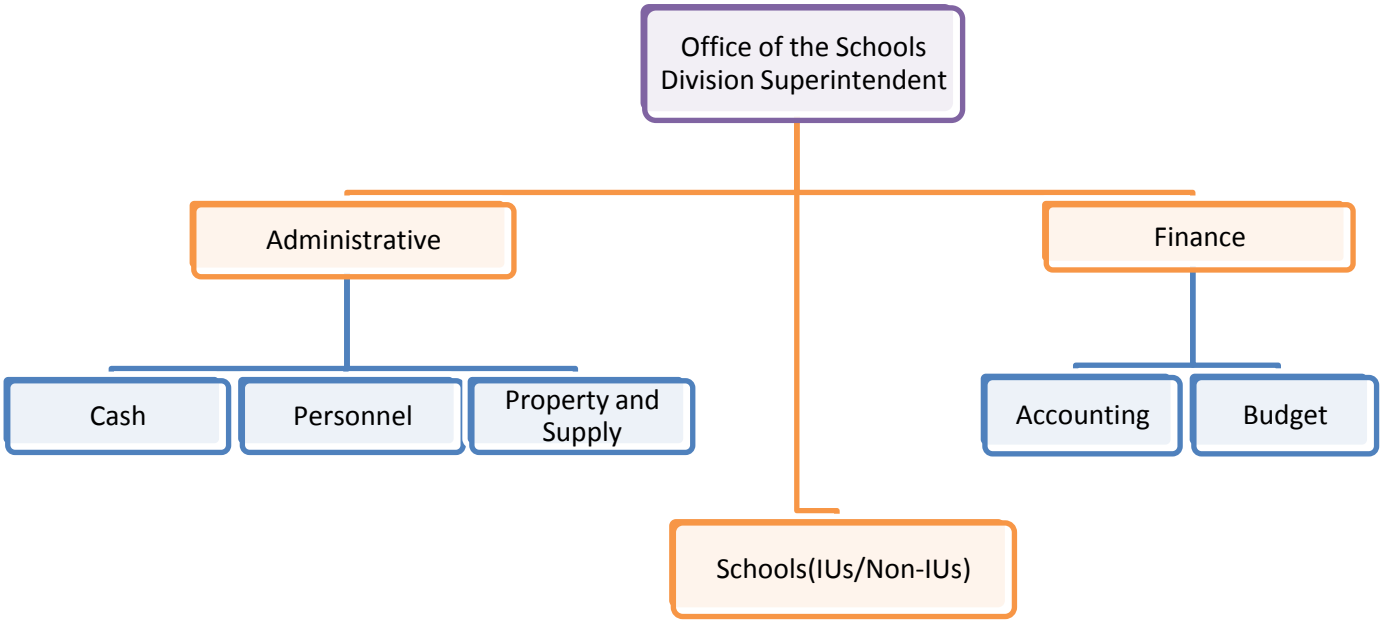


FIGURE 9 - DEPED FINANCIAL MANAGEMENT STRUCTURE AT THE SCHOOLS DIVISION OFFICE



Planning, Budgeting and Procurement

OVERVIEW

Effective financial management requires a strongly linked planning, budgeting and procurement processes in an organization. Understanding the basic principles and standards, as well as the policies and guidelines under each of the systems, facilitates the implementation of the procedures to be undertaken. This section of the Manual presents the general principles and concepts, and discusses the procedures both at the overall government level and at the DepEd level. It starts with the linkages among the three systems, followed by the sections on planning, budgeting and procurement at the national government level. Succeeding sections discuss the systems at the DepEd level. The planning activities at the Central Office, Regional, Division and School levels to produce the national education development plan are presented, followed by the activities in every phase of the budget cycle, also at all levels, and lastly the procurement procedures which are basically in accordance with the Government Procurement Reform Act (RA 9184).

Plan and Budget Linkage

The policy of Government to formulate and implement a National Budget that is an instrument of national development, reflective of national objectives, strategies and plans has continuously been implemented up to the present time, since the enactment of the Budget Reform Decree of 1977. The budget has always been supportive of and consistent with the socioeconomic development plan, prepared within the context of the long-term plan of a long-term budget program. The aggregate magnitudes of the budget are formulated through close consultation among the planning and fiscal agencies of government. Budgetary priorities are those specified in the approved national plan, which, every agency must support by way of budget proposal during execution.

Planning, budgeting and procurement interface is essential to ensure a successful implementation of Program/Activities/Projects (PAPs). A plan without budget cover is meaningless, while a budget that has no plan is a waste of resources.

How is this linkage operationalized?

It is operationalized primarily by the Development Budget Coordination Committee (DBCC), a cabinet level committee composed of the Department of Budget and Management (DBM), as Chairman and the National Economic and Development Authority (NEDA), Department of Finance (DOF), Bangko Sentral ng Pilipinas (BSP) and Office of the President (OP) as members, that set the fiscal and monetary policies of the government. Through this Committee, the link between planning and budgeting is established, and conformity of the budget with the over-all development plan is assured. Specifically, the Committee establishes the Budget level based on projected revenues and manageable deficit level. It sets the sectoral targets and priorities, provides guidelines on the proper allocation of resources in various expenditure dimensions, with the end view of attaining the national development goals and objectives. The sectoral targets and priorities, among others, are contained in the Budget Call issued by the DBM annually, as guide of all agencies in the preparation and submission of their budget proposals.

At the level of DepEd, planning, budgeting and procurement processes are synchronized through DepEd Order 25, s. 2010. Following the DBM's Budget Call, the Secretary prescribes the policy directions, which all operating units must support to improve the quality of basic education. The Central Office employs a set of clear procedures for these processes. The DepEd regions, meanwhile, do their planning and budgeting in close coordination with their respective Regional Development Council (RDCs). Finally, the division and schools, prepare their respective budgetary proposals following the guidelines set out in the Division Education Development Plan (DEDP) and School Improvement Plan – School-Based Management (SIP-SBM) developed by DepEd.

What is the significance of procurement in planning and budgeting?

Section 7 of R.A. No. 9184 (Government Procurement Reform Act), recognizes the necessity of linking procurement planning and budgeting, "Budgeting Linkage- All procurement should be within the approved budget of the Procuring Entity and should be meticulously and judiciously planned by the Procuring Entity concerned. Consistent with government fiscal

discipline measures, only those considered crucial to the efficient discharge of governmental functions shall be included in the Annual Procurement Plan."

In the Budget Call for FY 2016 (National Budget Memorandum No. 123, dated 28 January 2015), it was mentioned that *"slow budget utilization and significant under-spending afflicted the 2014 budget execution"* (and this has been so in the past years).*The more significant part of the problem was attributable to weak budget planning and program preparation* (e.g., delays in procurement, poor coordination with implementers, etc.). It is in this context, that the procurement system, activities, standard procedures, as well as funding requirements and timetable, should be linked with the planning and budgeting systems to help address the issue of slow disbursement and under-spending.

How is procurement planning and budget operationalized in the agency?

No procurement shall be undertaken unless it is in accordance with the approved APP of the procuring entity. The APP shall bear the approval of the Head of the Procuring Entity or second-ranking official designated by the Head of the Procuring Entity to act on his behalf, and must be consistent with its duly approved yearly budget.

i. At the start of every budget period, the procuring entity shall prepare its proposed budget for the succeeding calendar year, taking into consideration the budget framework for that year in order to reflect its priorities and objectives for the budget period.

ii. The end-user units of the procuring entity shall prepare their respective Project Procurement Management Plan (PPMP) for their different programs, activities, and projects (PAPs). The PPMP shall then be submitted to the procuring entity's Budget Office. The procuring entity's Budget Office shall evaluate each end-user's submitted PPMP and, if warranted, include it in the procuring entity's budget proposal for approval by the Head of the Procuring Entity.

iii. After the budget proposal has been approved by the Head of the Procuring Entity and/or other oversight bodies, the procuring entity's budget office shall furnish a copy of the procuring entity's budget proposal as well as the corresponding PPMPs to the BAC Secretariat for its review and consolidation into the proposed APP. The proposed APP shall be consistent with the procuring entity's budget proposal.

As soon as the GAA becomes final, the end-user units shall revise and adjust the PPMP to reflect the budgetary allocation for their respective PAPs. The revised PPMPs shall be submitted to the BAC, through its Secretariat, for the finalization of the modes of procurement under the proposed APP. The Approved Budget for the Contract (ABC) as reflected in the APP or PPMP shall be at all times consistent with the appropriations for the project authorized in the GAA, continuing, and automatic appropriations. To facilitate the immediate implementation of projects even pending approval of the GAA, and notwithstanding Section 7.2 of the IRR of R.A. 9184, the Procuring Entity may undertake the procurement activities short of award. No award of contract however shall be made until the GAA has been

approved or enacted (Section 7.6 of IRR of R.A. 9184).

How is this operationalized?

Upon approval of the President of the National Government budget, or upon submission of the National Expenditure Program to Congress, agencies are already advised to prepare their Annual Procurement Plan (APP) for Commonly Used Supplies and Equipment (CSE) based on their approved budget. This APP-CSE will be included as part of the Budget Execution Documents (BEDs) which are required to be submitted to DBM and accordingly adjusted upon enactment of the General Appropriations Act (GAA), per the Guidelines on Release of Funds for 2015 issued by DBM (NBC No. 555 dated 18 October 2014). It serves as basis of the DBM- Procurement Service in projecting inventory requirements, scheduling of procurement activities and overall management of centrally procured common supplies and equipment.

GOVERNMENT PLANNING SYSTEM

The National Economic and Development Authority (NEDA) is the overall planning body of Government. It assumes the central role of coordinating planning at the aggregate level and overseeing overall implementation of government programs. It likewise coordinates development policies and monitors project activities.

At the sub-national level, Regional Development Council (RDC), Provincial Development Council (PDC), City Development Council (CDC) and Municipal Development Council (MDC) have been organized for the region, province, city and municipality, respectively. The councils are responsible for the development of their areas of jurisdiction. The NEDA Regional Director chairs the RDC, while the respective governors/mayors chair the other Councils. Memberships to the councils come from representatives of government agencies, private organizations and other stakeholders.

The Philippine Development Plan

The Philippine Development Plan (PDP), which is a consolidation and integration of the various development plans of the national and sub-national councils, is formulated covering a period of six years to coincide with the term of national leadership administration. For example, the current PDP covers the period 2011-2016.

The Plan is accompanied by a Results Matrix (RM) and Public Investment Program (PIP). The RM lists the specific programs/projects against which the performance of the implementing agencies shall be graded, and provides the measurable outputs and targets in line with the government agencies' intended outcomes and strategies. The PIP, on the other hand, identifies the budgetary requirements of these programs and projects and their corresponding sources of funds. The PIP also links the Plan particularly the Results Matrix to ensure effective implementation and monitoring of the development initiatives therein.

Annual updates are done to monitor the results and targets identified in the Plan.

A midterm review is conducted to update the PDP. The review is spearheaded by NEDA, with the participation of all government agencies and other stakeholders. The updated Philippine Development Plan is published for the consumption of the general public and all stakeholders.

National Government Budgeting System

Government budgeting is the critical exercise of planning for and allocating revenues, borrowed funds and other receipts to attain the economic and social goals of the country. The National Government, with limited resources, is responsible for the efficient allocation of such resources among a variety of competing claims for purposes of growth, productivity and economic stability.

What are the benefits derived from budgeting?

A number of benefits can be derived from budgeting, among which are the following:

Activities within an organization are coordinated through the involvement of all concerned to attain common objectives and goals:

1. Awareness among members of management and the organization of the problems faced in implementing programs and projects is created;
2. Members of the organization are made conscious that there are limits to available resources and there is a need to conserve them;
3. Accountability and responsibility is specifically emphasized through obligation accounting, i.e. maintenance of financial records and information for transparency; and
4. The budget is used as a management tool to evaluate its own performance and measure its progress.

What are the functions of the national budget?

It serves three functions, namely:

1. Tool for management;
2. Tool for accountability; and
3. Tool for economic intervention.

As a tool for management, the national budget specifies directly or indirectly, the cost, timing, nature and expected results of government operations.

As a tool for accountability, the national budget makes a government agency accountable for its performance through the accounting of funds released to it. Accountability is shown through compliance of reportorial requirements to oversight agencies.

As a tool for economic intervention, government spending provides any or a combination of the following:

1. Equity or redistribution. The National Government promotes equity or wealth redistribution by providing funds to

programs which directly benefit the people. Programs which have long-term equitable redistribution effects are agrarian reform, public education, basic health care and rural infrastructure;

2. Stabilization. During period of recession and when private sector activity is weak, the National Government can pump prime the national economy through the following strategies:
   a. Increasing government spending on direct purchases and investments;
   b. Ensuring that there are many activity-stimulating projects funded in the budget; and
   c. Timing budgetary releases during a period that has been determined to have the most economic impact; or
   d. By all three.

What are the LEGAL BASES underlying Government budgeting?

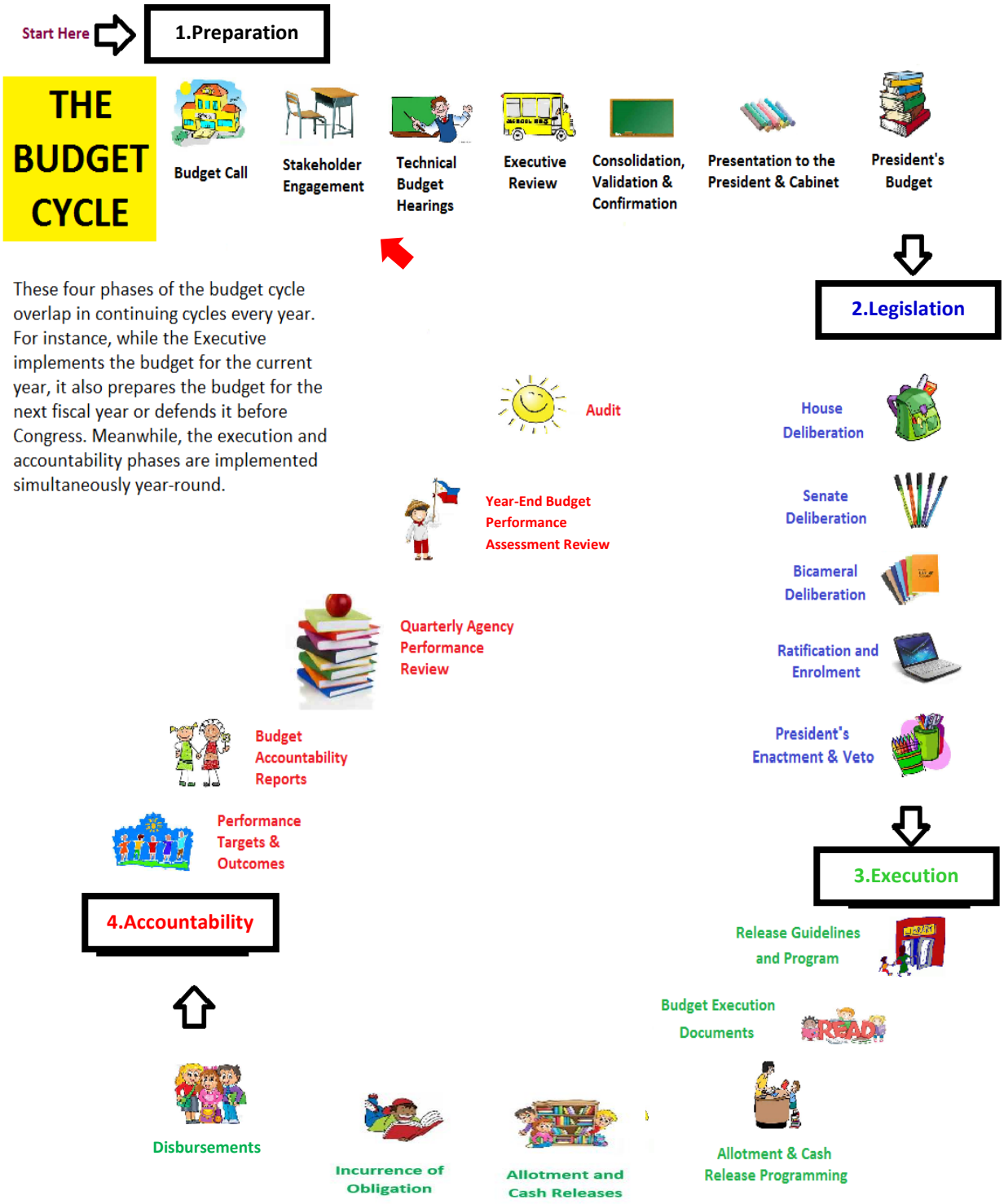
The Philippine Constitution establishes the budget policy, fundamental principles and requirements of the budget process and the budget calendar, while the details of the budget process are defined in various laws such as, starting from Commonwealth Act No. 246, also known as the Budget Act of 1937, Republic Act No. 992, which introduced the concept of performance budgeting, Presidential Decree No. 1177 or the Budget Reform Decree of 1977. Book VI of the Administrative Code of 1987 (E.O. No. 292) is the latest guide and is the one currently being applied and followed. It provides the governing rules and regulations on National Government budgeting, specifically, on budget policy and expenditure of expropriated funds.

What is the BUDGET PROCESS?

The budget process is a cycle and involves four phases, namely:

1. Budget preparation;
2. Budget authorization or legislation;
3. Budget execution or implementation; and
4. Budget accountability.

FIGURE 10 - BUDGET CYCLE



Source: People's Budget, www.dbm.gov.ph (wordings only)

BUDGET PREPARATION

What are the activities or events during Budget Preparation?

Budget preparation is the first phase of the budget process. It covers the formulation of the overall budget level, determination of budgetary priorities and activities and the translation of these priorities and activities into agency budgetary estimates.

How is the overall budget formulated?

The overall budget level is formulated on the basis of the projected revenues of government and a manageable level of domestic and foreign borrowings, which are in turn consistent with the macroeconomic assumptions and fiscal targets set by the Development Budget Coordination Committee (DBCC).

The fiscal targets are based on the macroeconomic assumptions, and consistent with the fiscal targets, the revenue program, expenditure program and the financing program are formulated and approved by the DBCC. The expenditure program is the overall obligation budget ceiling.

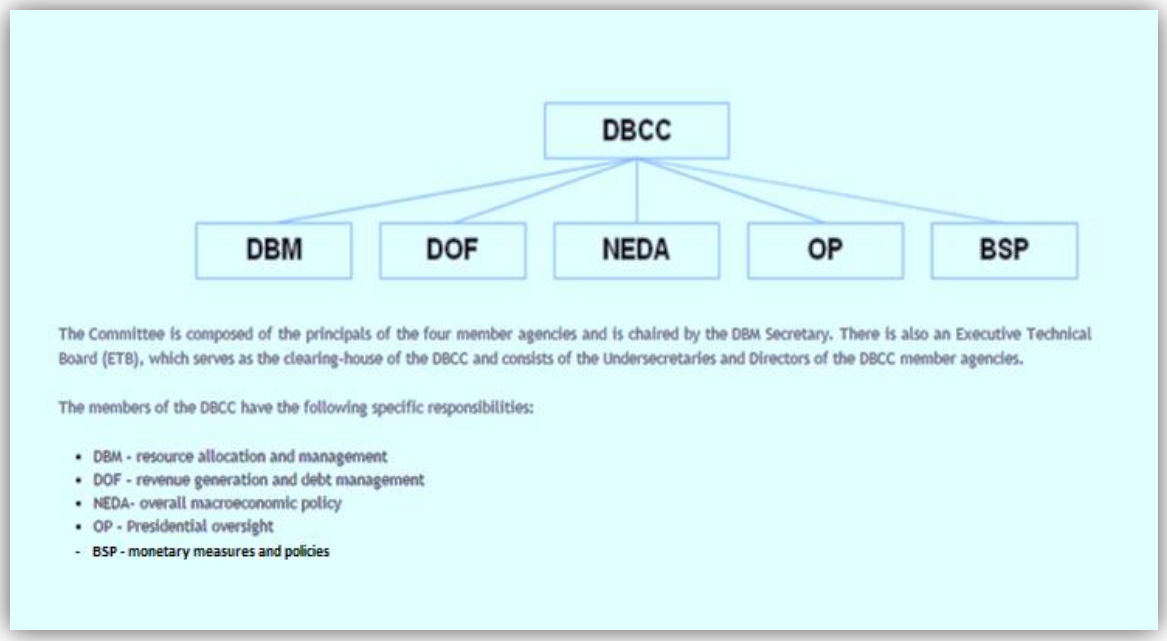
What is the DBCC?

The DBCC is the highest fiscal policy making body composed of the Department of Budget and Management (DBM) Secretary as Chairman. Among its members are the Secretary of the Department of Finance (DOF), Director-General of the National Economic and Development Authority (NEDA), Governor of the Bangko Sentral ng Pilipinas (BSP), and a representative from the Office of the President (OP).

The DBCC was created on 14 May 1970 through Executive Order No. 232 with the following functions:

1. Reviewing and approving macroeconomic targets, revenue projections, and borrowing level,
2. Aggregate budget level and expenditure priorities of government
3. Recommends to the President and the Cabinet the consolidated public sector financial position and the national government fiscal program.
4. Assess the reliability of revenue estimates;
5. Recommend appropriate tax or other revenue measures and the extent and type of the borrowings; and
6. Conducts periodic review and general examination of costs, accomplishments and performance standards applied in undertaking development projects.

FIGURE 11 - DBCC MEMBERSHIP



What are macroeconomic assumptions?

Macroeconomic assumptions serve as guide to government planners on the anticipated performance of the economy, taking into consideration the actual performance in previous years. These consist of:

1. Gross National Product (GNP) Real Growth Rate;
2. Gross Domestic Product (GDP) Real Growth Rate;
3. Inflation Rate; and
4. Foreign Exchange Rate (P/$).

What are fiscal targets?

On the other hand, the fiscal targets are:

1. Revenue, Disbursement, and Surplus/Deficit Levels;
2. Percent to GDP; and
3. Growth rates.

After the overall budget is formulated, what comes next?

1. Issuance of the Budget Call. Upon approval of the overall budget ceiling by the DBCC, the Department of Budget and Management issues the Budget Call which contains the guidelines and procedures in the Budget preparation of budget proposals of the Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges, and other Instrumentalities of the Government - the Budget Call. The overall estimates are reduced into budget proposals prepared by various agencies of the government. Included in the Budget Call are the budget framework, the macroeconomic and fiscal targets, the overall expenditure level allocated by sector, including the indicative department ceilings, the forms

prescribed to be filled, and the schedule of budget preparation activities.

2. Conduct Budget Forum. After the issuance of the Budget Call, the DBM conducts a Budget Forum with the National Government Agencies (NGAs) to explain and elaborate on the contents of the Budget Call, entertain questions and clarify issues raised, to ensure proper compliance by the NGAs and facilitate the evaluation of proposals. A separate budget forum are conducted at the regional level.

3. Conduct Planning Workshops. Agencies conduct annual planning workshop to identify and prioritize their programs and projects in support of the National Government goals and objectives as indicated in the Medium Term Public Investment Plan. These are preceded by an assessment as part of their past accomplishments and performance as basis of plan preparation for the succeeding years. The priority programs and projects are ready for inclusion in the proposed budget when they receive the Budget Call.

4. Submission of Proposed Budget. Agencies submit their budget proposals to DBM. These are reviewed as to consistency with the guidelines and conformance to existing policies of Government and evaluated in relation to the public expenditure management framework. Their performance is assessed in terms of attaining fiscal discipline, allocative efficiency and operational efficiency.

5. Technical Budget Hearing. DBM calls the agencies for a budget hearing to explain and clarify their budget proposals.

6. Approval of Agency Budgets. An iterative process of prioritization takes place, until the final makeup of the budget is arrive at.

7. Information Dissemination. The agencies are informed of the approved budgets, and are given the flexibility to align their priority programs, activities and projects in support of the Major Final Outputs (MFOs), within the approved budget.

8. Preparation and Approval of the National Expenditure Program (NEP). After confirmation of the approved budget by the respective Agency Heads, the NEP is finalized, and submitted to the President for approval.

9. Submission to Congress. The President submits the NEP, together with the other budget documents to Congress and

Senate within the timeframe set in the Constitution

What is the NEP?

The NEP is the budget document submitted by the President to the Congress of the Philippines. It presents the President's Budget Proposal by Department/Agency and by Special Purpose Funds. The expenditure items are structured by program, activity and project, grouped into Major Final Output of the Agency, by expense class (personnel services, maintenance and other operating expenses, financial expenses and capital outlays), in a three year period: actual for the past year, and estimate for the current and budget years. The NEP is the basis of the General Appropriations Bill and eventually, the General Appropriations Act.

Starting FY 2013 the agency's performance indicators as well as performance targets and accomplishments were presented in the NEP.

What other budget documents are submitted to Congress?

In support of the NEP submitted by the President to Congress, the other documents are:

1. Budget of Expenditures and Sources of Financing (BESF) which presents the various summaries and dimensions of expenditures by department, and the detailed income and sources of financing by department and agency.

2. Staffing Summary which presents the staffing structure of the agencies showing the number of permanent positions, the key positions, number of other positions, vacant and filled positions.

3. Details of Selected Programs and Projects, which lists the detailed activities of a particular program or project.

4. President's Budget Message which is the summary of the proposed budget. It reports the thrusts of Government for the Budget year, the strategies adopted in the allocation of resources, the accomplishments, innovations, etc.

The detailed activities, both at the national government level and at the department or agency level are presented below:

TABLE 1 - BUDGET PREPARATION ACTIVITIES

Activities	**Responsibility Center**
Formulation of the overall National Government Budget 1. Setting of macroeconomic assumptions 2. Projection of Tax and Non-Tax Revenues 3. Determine manageable level of borrowing 4. Allocation of expenditure ceiling	DBCC NEDA DOF BSP DBM
Issuance of the Budget Call 1. Policy guidelines and reforms 2. Procedures 3. Forms 4. Budget calendar	DBM
Conduct of Budget Forum	DBM
Preparation of Budget Proposals at the Agency level 1. Issuance of internal Guidelines (internal budget call) to Operating Units 2. Submission of proposals to Budget Division 3. Review and evaluate proposals, including an internal budget hearing within the department 4. Consolidate proposal as evaluated 5. Presentation to Executive Committee for final in-house review	Line Department/Agency PS-Program Planning Division/Budget Division signed by the Department Secretary/Agency Head Bureaus/Offices/Operating units Budget Division/Committee constituted for the purpose Budget Division PS-Program Planning Division/Budget Division
Finalization and submission of proposed budget to DBM	Department Secretary/Agency Head
Evaluation of Proposals 1. Conduct technical budget hearings /consultation with agencies	DBM

2. Conduct executive review and recommend final budget level	
Prepare the Draft National Expenditure Program (NEP)	DBM
Review and confirm NEP	Department Secretary/Agency Head
Issuance of guidelines for the preparation of BEDs and submission to DBM (Note: Adjustments will be made after the enactment of the GAA) Note: This step is done after the approval of NEP by the President.	DBM/Agency Head
Submit Final NEP to President	DBM
Approve NEP and submit National Government Budget (NEP, BESF, Staffing Summary, President's Budget Message) to House of Representatives	President

Budget Legislation

This is the second phase of the budget process. It involves the review of the proposed NEP and enactment into law by the Legislature. In its review, Congress is guided by the provision of law that it cannot increase the budget submitted by the Executive Department. In implementing this provision of law, a realignment maybe effected by an increase in a specific activity but offset by a corresponding decrease in other activity or activities.

What are the activities during Budget Authorization?

1. The Committee on Appropriations assigns the departments/agencies to the various Sub-Committees for review and evaluation;
2. The Sub-Committees conduct budget hearings with the agencies. Agencies are called to justify their proposals, clarify and answer questions that may be asked by the Committee;
3. Based on the outcome of the hearings, the Appropriations Committee submits its recommendation in the form of a General Appropriations Bill to the floor for deliberation and debate. The head of the agencies are invited to act as resource person during the deliberations;
4. Just like any bill, the General Appropriations Bill is subjected to approval from the first to the third reading;
5. Upon approval by the House of Representatives, the Bill is submitted to the Senate;
6. The budget submitted by the House is reviewed and evaluated by the Finance Committee;
7. Budget hearings are conducted to give opportunity to the department and agencies to defend their proposals;
8. Based on the result of the hearings, the Finance Committee submits its recommendation for floor deliberation and debate until finally approved by the Body;
9. A joint Legislative Committee is formed to settle any discrepancy and come up with the final version of the Budget
10. When agreement is reached, the approved Bill is forwarded to the President for signature;
11. When the Bill is signed, it becomes a General Appropriations

Act, ready for implementation.

What happens if the President does not fully agree to the Bill approved by both Congress and Senate?	The President can exercise his or her veto power as provided in the Constitution. Items that are directly vetoed by the President cannot be implemented. If the veto is conditional, the implementation may be done after compliance of the conditions.
What happens if the GAA is not passed before the start of the fiscal year?	The budget of the previous year shall be deemed re-enacted in accordance with the provision of the Constitution. The activities during budget authorization are in the succeeding Table.

TABLE 2 -BUDGET AUTHORIZATION ACTIVITIES

Activities	Responsible Unit/ Entity
Receive budget submitted by the President	Committee on Appropriations of the House of Representatives (HoR) & Finance Committee of the Senate
Review and evaluate budget	Committee on Appropriations of the House of Representatives (HoR) & Finance Committee of the Senate
Conduct budget hearings with agencies and DBM as resource persons	Committee on Appropriations of the House of Representatives (HoR) & Finance Committee of the Senate
Draft appropriation bill	Committee on Appropriations of the HoR
Floor deliberations and approval	HoR
Submission to Senate	HoR
Floor deliberations and approval	Senate
Joint Committee deliberation and approval	HoR and Senate Representatives
Submission to President for signature	Joint Committee
Final Approval	President

Budget Execution

This is the third phase of the budget process. It is at this phase where authorizations are issued by DBM to the departments and agencies in order that implementation of the programs, activities, projects authorized for the year and disbursement/accounting of funds takes place. As basis for the release of the authorizations, DBM requires agencies to submit Budget Execution Documents (BEDs), through the issuance of Guidelines on the Release and Utilization of Funds in the form of a Circular.

What are these authorizations to be issued by DBM?

With the adoption of the Unified Accounts Code Structure (UACS) and the Performance Informed Budgeting (PIB), the following are the fund release documents:

1. Obligational Authority or Allotment – the following are the documents which authorize the entity to incur obligations:

    a. General Appropriation Act as Release Document (GAARD) - serves as the obligational authority for the comprehensive release of budgetary items appropriated in the GAA, categorized as For Comprehensive Release (FCR) as indicated in the Guidelines on the Release and Utilization of Funds issued by DBM.

    b. Special Allotment Release Order (SARO) – covers budgetary items under For Later Release (FLR) of the entity submitted Budget Execution Documents such as the Financial Plan (FP). The FP contains the categorization of the entity budget into FCR and FLR or the negative list. It also covers releases for items subject to Special Budget Request, such as releases from the Special Purpose Funds and Use of Income.

    c. General Allotment Release Order (GARO) – covers automatically appropriated expenditures common to most, if not all, agencies without need of special clearance or approval from competent authority, i.e. Retirement and Life Insurance Premium. It is defined as a comprehensive authority issued to all national government agencies, in general, to incur obligations not exceeding an authorized amount during a specified period for the purpose indicated therein.

2. Disbursement Authority – the following documents authorize the entity to pay obligations and payables:

    a. Notice of Cash Allocation - cash authority issued by the

DBM to central, regional and division offices and operating units to cover the cash requirements of the agencies;

b. Non-Cash Availment Authority – authority of agencies to liquidate their actual obligations incurred chargeable against available allotments for availment of proceeds from loans/grants through direct payments;

c. Cash Disbursement Ceiling – authority issued to Department of Foreign Affairs (DFA) and Department of Labor and Employment (DOLE) to utilize their income collected/retained by the Foreign Service Posts (FSPs) to cover their operating requirements, but not to exceed the released allotment to the said post; and

d. Tax Remittance Advice – constructive authority to liquidate the obligations pertaining to taxes withheld by entity.

What happens when the Agencies receive these authorizations?	The agencies can now incur obligation, undertake and implement the approved programs, activities, and projects. Disbursement of funds can likewise be made. The detailed activities are discussed in DepEd's Budgeting Procedure.
How are the unreleased or withheld items released?	The department/agency submits to DBM a Special Budget Request (SBR) supported with the work and financial plan and other required documents for the later release items that need clearance.
What is a special budget?	It supports the request of a department/agency for the release of lump-sum funds, use of income and other requests for fund releases.
What are Agency Savings?	Savings is defined as the unutilized allotment after the completion of the activity/project or final discontinuance or abandonment of the activity/project for which the said allotment is authorized.

What are the documents to support an SBR?

1. The Work and Financial Plan
2. List of operating units
3. Other documents specified in the Special Provision for the purpose.

Are departments/agencies authorized to use their own savings?	Department and agencies are authorized to use savings for purposes provided in the general provisions of the GAA. Savings generated may be realigned to other justifiable expenditure items subject to approval by the DBM. A certification of savings department/agency is a requirement to support to the request for realignment, together with the justification.
What are the types of realignment that may be allowed?	The most recent issuance by DBM on realignment is NBC No. 559, dated 26 June 2015 – Guidelines in the Realignment of Funds Under the FY 2015 GAA and Other Purposes. Although this is specifically for the 2015 Budget, it can serve as a guide. Realignment can only be done within a PAP and it covers change in: 1. Object of expenditure within allotment class except PS, i.e., changes within MOOE or changes within CO; 2. Implementing or operating units; 3. Project modifications as authorized in the pertinent special provisions of agencies; 4. One allotment class to another, including realignment for deficient allotment classes pertaining to unreleased appropriation of the following. a. Within a Special Purpose Fund (SPF), excluding those requiring prior approval of the President of the Philippines; and b. Within purpose under the Unprogrammed Appropriations (UA).
What is the procedure to effect realignment?	Realignment shall be effected with prior approval of either the Agency Head or the DBM. The detailed procedures are presented in the Section on DepEd Budgeting Procedure below.
What are the other releases that can be made by DBM and what are the required	1. Use of excess income. There are agencies that are by law, or as a Special Provision in the GAA, authorized to use the excess income actually collected over the estimate as presented in the budget documents. In this case, a

supporting documents?

request is submitted to the DBM in the form of a Special Budget for approval. A certification of the actual income collected and deposited with the National Treasury is a required supporting document.

2. Use of Income. There are agencies which, by law, or as a Special Provision in the GAA, are authorized to use their income. In such cases, the funds are released through a Special Budget. A work and financial plan and certification of income collected are the required supporting documents.

3. Release from Special Purpose Funds. Agencies eligible to claim from any of the Special Purpose Funds should submit a request, stating the legal basis, the purpose, the work and financial plan including the supporting documents required for the release of such SPF.

What other activity is undertaken during budget execution?

Conduct of Agency Performance Review. A performance review is conducted by DBM during budget preparation time to assess the agencies' accomplishments for the past year, which is taken into consideration in the formulation of the level of expenditure for the budget year. Likewise, a periodic monitoring and review of agency utilization of funds in the production/delivery of goods/services to the public vis-a-vis plans/targets for a given period is undertaken by DBM, thru review of the submitted BEDs and quarterly BFARs. Regular consultations for selected departments are conducted to monitor their fund utilization (in terms of actual obligations and disbursements) and accomplishment of targeted physical outputs, as well as revenue generation against targets. Where additional funds are needed due to accelerated project or activity implementation, additional funds are released. On the other hand, where released funds are not being utilized due to issues/problems encountered that could not be resolved immediately, withdrawal of funds may be effected through issuance of a negative SARO. Addressing the issues/problems identified is also the objective of the performance review.

The agency performance is assessed vis-à-vis the Performance Targets indicated in the BEDs.

What are the uses of the results of APR?

Results of the performance review will:

1. Provide information as to how much and at what cost the government provides for goods and services to the public, if outputs are accomplished as planned;

2. Track resource leakages and implementation delays, determine factors influencing the level of performance and identify necessary measures/improvement plans to be

undertaken for the remaining period of the year;

3. Serve as guide in deciding whether reallocation of funds or additional release is necessary during the year;

4. Serve as guide for analysis and preparation of reports on the status of the budget for submission to the President; and

5. Serve as inputs in the preparation of the budget for the succeeding year.

The detailed activities during budget execution are presented below:

TABLE 3-BUDGET EXECUTION ACTIVITIES

Activities	Unit/ Entity Responsible
Determination of the Overall Cash Program for the year	DBCC
Preparation of Guidelines on the Release and Utilization of Funds	DBM
Preparation and submission of BEDs (1-4)	Department/Agency
Review and analysis of WFP and MDP	DBM
Issuance of obligational and disbursement authorities	DBM
Obligation or entering into contract	Department/Agency
Implementation of programs, activities and projects	Department/Agency
Payment of Obligations	Department/Agency
Submission of requests for special budget in case of appropriations categorized as FLR	Department/Agency
Submission of requests for release from Special Purpose Funds	Department/Agency
Submission of request for adjustments	Department/Agency
Action on Requests	DBM
Conduct of Agency Performance Review	Department/Agency/DBM

Budget Accountability

This is the final phase of the budget process and it involves the reporting of physical accomplishments and funds utilization of agencies. Agencies report how much of the funds released to them were utilized. Through these reports it can be checked whether the funds were utilized for the purpose they are intended to. The efficiency and effectiveness of the agencies are measured in terms of their performance as reflected in their reports.

What are the Budget and Financial Accountability Report (BFAR) Forms?

The reports required to be submitted to DBM by the agencies are discussed under DepEd Budgeting Procedure below (forms and instructions to accomplish are in accordance with DBM Circular Letter No. 2016-9 dated 27 October 2016.

The outcome of the budget accountability phase is carried as input in the budget preparation phase that is why the budget phases constitute the budget cycle.

Statement of Comparison of Budget and Actual Amounts (SCBAA)

This shall be prepared based on the various registries maintained by the Budget Division/Unit such as the Registry of Revenue and Other Receipts (RRORs), Registry of Appropriations and Allotments (RAPAL), Registry of Allotments, Obligations and Disbursements (RAOD), Registry of Budget Utilization and Disbursements (RBUD) and other supporting documents. The data on Actual Amounts shall be verified by the Accounting Division/Unit in the Statement of Cash Flows (SCF).

The statement shall present the following:

1. The original (approved appropriations, prior year's not yet due and demandable obligations) and final budget (continuing appropriations, transfers, realignments and withdrawals) amounts;
2. The actual amounts on a comparable basis; and
3. By way of note disclosure, an explanation of the material differences between the budget and actual amounts, which are not included in the financial statements. Further explanation shall be made whether the changes between the original and final budget are a consequence of reallocations within the budget.

Reconciliation of Actual Amounts on a Comparable Basis (Budget) and Actual Amounts in the Financial Statements

The actual amounts presented on a comparable basis to the budget shall be reconciled with the actual amounts presented in the FSs identifying separately the differences classified as follows:

1. Basis Differences occur when the approved budget is prepared other than the accounting basis;
2. Timing Differences are budget period which differs from the reporting period reflected in the FSs; and

3. Entity Differences occur when the budget omits program or entities that are part of the FSs are prepared.

   The reconciliation shall be disclosed as part of the Notes to the FSs.

Procedures for the Preparation of SCBAA

1. Posting of data on budgeted and actual amounts of revenue, appropriations, allotments, obligations and disbursements/utilization based on the RROR, RAPAL, RAODs/ RBUDs and SDs in the appropriate columns of SCBAA form by the concerned Budget Staff.
2. Preparation of the SBAA form in two copies, forwarded to the Accounting Division for verification of the actual amounts with the accounting records and SCF, by the Budget Staff.
3. Signature on the Certified Correct portion by the Head of Budget Division and forwarded to Accounting Division.
4. Verification of the receipts and payments on the Actual Amount columns of the SCBAA with the inflows and outflows in the SCF. Coordination with the Budget Division/Unit on discrepancy discovered, if any. Once verified, forwarded 2 copies of the SCBBA and SCF to the Head of Accounting Unit/Chief Accountant.
5. Signature on the Certified Correct portion by the Chief Accounting Division.
6. Submission of the signed SCBAA to the Audit Team Leader, together with other FSs. Furnish one signed copy of the SCBAA to Budget Division/Unit for file.

National Government Procurement System

Public procurement system in the Philippines constitutes one of the largest activities the government is undertaking. The enormous fund outlay being put in the said activity necessitates that it be systematized and simplified to assure the value for government's money is obtained. It is emphasized, however, that the concept of value for money is not absolute in terms of lowest cost. The value for money is best achieved as having the right quantity, best quality, at reasonable price and delivered timely within the stipulated criteria and budgetary constraints.

RA 9184 and IRR

Consistent with the Government's commitment to good governance and its effort to adhere to the principle of transparency, accountability, equity, efficiency and economy in its procurement process, all public procurement initiatives shall be within the purview of Republic Act (R.A.) 9184 an "Act Providing for the Modernization, Standardization, and Regulation of the Procurement Activities of the Government and for Other Purposes,".' The Governing Principles on Government Procurement, when expressed in statutes, are generally considered merely as guides for executive action in the implementation and enforcement of the provisions of the law. Pursuant to Section 75 of this Act, the companion Implementing Rules and Regulations (IRR) was promulgated to cover all procurement activities of government except those as specifically stated in Section 4.4 and 4.5.

The IRR shall apply to the procurement of Infrastructure Projects, Goods, and Consulting services, regardless of source of funds, whether local or foreign, by all branches and instrumentalities of government, its department, offices and agencies, including government-owned and/or controlled corporations and local government units.

Alternative Methods of Procurement

As a general rule, all procurement shall be through Competitive Bidding. However, when justified by the conditions provided in R.A. 9184 and its Revised Implementing Rules and Regulations (IRR), the Procuring Entity subject to the approval of the HOPE may, in highly exceptional cases, to promote economy and efficiency, and at a price most advantageous to the government resort to any of the alternative methods of procurement provided in Rule XVI of the IRR of R.A. 9184.

Annex "H" of the 2016 Revised IRR of R.A. 9184, provides the consolidated guidelines for the use of the alternative methods of procurement.

Procurement of Commonly used Supplies	Current national government policy requires that all agencies of government procure/purchase commonly used supplies, e.g., copy paper, , and envelopes, etc., at DBM – Procurement Service (per Letter of Instructions 755, s. 1978, Executive Order No. 359, s. 1989 and Administrative Order No. 17, s. 2011; DBM Circular No. 2011-06 and 2011-6A)

Preparation of the National Education Development Plan (NEDP)

The Education Development Plan is formulated in a participatory manner. All levels are involved in the planning activity, which is spearheaded by the Planning Service at the Central Office. The ROs, DOs and Schools have their own role. It is a combination of top-to-bottom and bottom-to-top planning. General policies and guidelines, which are consistent with the thrusts and priorities under the Philippine Development Plan/Medium Term Development Plan and Sectoral Plan, are provided by the CO to the field offices.

Each sector at all levels is responsible in the preparation of plans to be integrated into the national/regional/provincial/city and/or municipal development plans. The Education plan constitutes one component of these development plans. For the education sector continuous coordination horizontally and vertically is done.

Horizontal coordination and linkages mean that the educational system works with other agencies/sectors in the region/provinces, etc. to formulate the plans. On the other hand, vertical coordination and linkages mean that all the principals/school heads prepare and submit their plans to the school division; division to regional office to the Planning Service, DepEd. Subsequently, the DepEd's plan becomes a part of the Philippine Development Plan.

Early Planning Activities consist of:

1. Situational Analysis;
2. Review of Existing PAPs;
3. Review of Planning standards and assumptions;
4. Firming up of DepEd Thrusts and Directions;
5. Firming up of Program road maps;
6. Frontloading of Crucial Resources; and
7. Firming Up of DepEd Menu for Government Reform.

What is the Education Planning Process at the National Level?

1. The DepEd Planning Service coordinates with all DepEd's offices, bureau, agencies, units and centers, and down to the regional, division, and schools.

2. The plans, programs and projects prepared by these offices are submitted to the Planning Service for analysis and integration in the National Plan of the DepEd.

3. A Planning Workshop is conducted annually to consolidate, coordinate, and harmonize the activities, projects and programs, and come up with the Education Development Plan.

4. The final draft of the DepEd plan is submitted to the Education Secretary for approval.

5. Then the Plan is submitted to the NEDA for integration to the overall National Development Plan.

How are the programs, projects and activities in the Plan implemented?

Programs, activities and projects cannot be implemented without the necessary resources and funds. There is therefore a need to link planning and budgeting. An annual planning and budgeting exercise is conducted. Department Orders were issued for the purpose, the latest of which is DO 25, s. 2010 (Budget Strategy for Basic Education, FYs 2010-2015 Strengthening the Planning, Implementation, and Coordination of DepEd Programs, Projects and Activities), dated 08 March 2010.

What are the procedures?

1. Upon receipt of the Budget Call through the Office of the Secretary, the Planning and Budgeting processes kick off.

2. Planning and Programming Division (PPD), which acts as the Program Committee (PROGCOM) Secretariat, and Budget Division (BD), which also acts as the Finance

Committee(FINCOM) Secretariat, shall conduct orientation in the Central Office (CO) and Regional Offices (ROs) on the budget year's Plans and Budget Proposals preparation.

3. PROGCOM calls for an in-house planning workshop for offices within CO. The divisions and/or bureaus would do situational analysis, identification of strategies, programs/projects and activities, and estimation of resources. Each division or bureau would review their plans, approved by their respective Chiefs, and submit proposals to PPD- Office of Planning Service (OPS). The budget proposals shall include the

    a. Approved work and financial plan (WFP) with expenditure matrix; and
    b. Project profile for major programs and projects including the budget year's detailed list of proposed recipients,

4. The committee also conducts meetings with assigned offices to plan for DepEd's Basic Inputs with forward estimates. The following offices would undertake data collection, preparation and estimation of requirements for the respective input items:

TABLE 4- DATA COLLECTION, PREPARATION, AND ESTIMATION

Office	Basic Inputs
Education Facilities Division (formerly PFSED) under DepEd's Administrative Service	Classrooms, Furniture, and Water and sanitation facilities
Planning Service – Planning and Programming Division	Teachers
Bureau of Learning Resources (BLR)	Textbooks
Bureau of Learner Support Services - Health and Nutrition Center	Feeding Program
ICT Service	ICT package and internet connectivity
BLR - National Science Teaching and Instrumentation Centre (NSTIC)	Science and math equipment
Bureau of Learning Delivery	TechVoc Equipment
Finance Service - Budget Division	School MOOE
Bureau of Learning Delivery – Student Inclusion Division	GASTPE

5. The submission of the outputs to the Planning Service – Planning and Programming Division (PS-PPD) shall include the following:

   a. Three year estimates of requirements (physical and financial) starting from the budgeting year (e.g. 2016-2018);

   b. Detailed list of proposed recipients; and

   c. Project Profile including the Work and Financial Plan (WFP).

What is the process at the Regional Level?

1. In the Regional Office, the Policy, Planning and Research Division (PPRD) headed by its Chief, in coordination with the Assistant Regional Director analyze, and prepare countryside development plan with emphasis on the increasing demand in the operations of the region. PPRD was established during the rationalization program implementation.

2. The RO should also conduct their respective operational planning. The divisions and/or units in ROs should do situational analysis, identification of strategies, programs/projects and activities, and estimation of resources. Each operating units within the RO would review their plans, approved by their respective Directors, and submit to RO for integration in the Regional Education Development plan and subsequently submitted to PS-PPD.

What is the process at the Division Level?

The DOs shall do situational analysis, identify strategies, programs/projects and activities, estimate resources, review plans submitted by the schools, consolidate, and submit to the respective ROs

What is the Role of Schools?

At the school level, a School Improvement Plan (SIP) is prepared. Refer to DO No. 44, s. 2015, Guidelines on the Enhanced SIP Process and the School Report Card (SRC), dated 29 September 2015.

It is a must that SIP be crafted for a three-year cycle. The Annual Implementation Plan (AIP), which identifies the budgetary requirements of the activities and projects on an annual basis shall be made out of the SIP prepared, any item not accomplished for the year shall be included in the AIP of the following year.

The SIP of every school is included in the Division Education Development Plan, forwarded to the RO, for inclusion in the RO Education Plan and finally submitted to the CO for inclusion in the National Education Development Plan.

DepEd Budgeting System

DepEd's Budget Preparation

What are the steps in budget preparation?

1. Following the issuance of the Budget Call Circular by DBM, DepEd Central Office through the Budget Division in collaboration with Planning and Programming Division (as decided by DepEd ExeCom) releases the parameters for the budget preparation to all Spending Units (SUs) and Implementing Units (IUs).

2. Engagement of stakeholders takes place. Consultations with Civil Society Organizations (CSOs), Local Government Units (LGUs), other private organizations and Regional Development Council (RDC) are conducted in line with the objective to increase citizens' participation in planning and budget preparation.

3. Regional Offices also send out a Regional Budget Memorandum to subordinate units.

4. Budget Meetings / Seminars / Workshops are held at the Divisional level to explain the current Budget guidelines and processes to SUs and IUs.

5. SUs and IUs then prepare their Budget estimates for Personnel Services; Maintenance and Other Operating Expenses; and Capital expenditures for the Budget year and the two Forward Estimate years and submit these in hard-copy form to their Division Office / Regional Office for review and consolidation. A Work and Financial Plan covering the Budget year is also prepared by each SU.

6. The consolidated Regional Budget proposal is then submitted to DepEd Central Office for further consolidation into the DepEd Budget proposal for submission to DBM.

How are budget proposals prepared?

Proposals are based on the result of the planning and budgeting workshop conducted earlier, and prepared in accordance with the guidelines in the Budget Call issued by DBM, presented by accomplishing the Budget Preparation Forms.

What are the Budget Preparation Forms?

These are the forms required by DBM to be submitted by Departments and Agencies, and are specified in the Budget Call. There may be variations from year to year, but the forms enumerated below are those required under the 2017 Budget Call

(refer to NBM No. 125 dated 15 January 2016). The copies of the forms, including the instructions on how to accomplish them are shown in Annex D of the said circular. Likewise, the specific guidelines on PS, MOOE and CO are also shown in Annex C.

1. BP Form A - Major Final Output (MFO) Budget Matrix

   This presents the agency budgetary requirements by P/A/P statement, reflecting the actual obligations of the immediately preceding year (e.g. 2015), the approved budgets of the current year's programs (e.g. 2016), and the proposed programs for the budget year (e.g. 2017). All P/A/Ps of the immediately preceding year and of the current year are listed down and identified as to whether still On-going (OG) or to be Terminated (T). The P/A/Ps to be proposed for the budget year are then added to the list and tagged Proposed (P) accordingly.

2. BP Form B - Agency Performance Measures

   This presents the three-year presentation of the performance measures of DepEd based on the Organizational Performance Indicator Framework (OPIF) agreed with DBM. It details the accomplishments, targets, and the corresponding budgetary allocation that specifically relate to every MFO of DepEd as the provider of the national education services.

3. BP Form C - Summary of Regional Development Councils (RDCs) (Feedback on Agency Major On-going Projects and Activities) Inputs and Recommendation on Agency New and Expanded Programs and Projects.

   A consolidated report shall be prepared containing the inputs and recommendation of the RDCs on agency programs, Activities and Projects (PAPs)

4. BP Form D – Reports of CSOs' Inputs on Ongoing and new Spending Project and Activities

   A consolidated report from various consultations with CSOs, private sector, and other stakeholders shall be prepared containing the feedbacks on their assessment and evaluation of the ongoing PAPs as well as proposed PAP. The ROs in their summary reports shall give priority in the budget allocation, the requested education-related priority projects of LGUs as a result of Bottom-Up-Budgeting (BUB). DepEd shall ensure complementation between national and LGU Projects, identify and present them in the forms (BP Forms 201-A, 201-B, 201-C, 201-D) for tracking and monitoring purposes.

5. BP Form 100 - Statement of Revenues (General Funds)

   This form reflects all revenues collected by agencies for the budget year which are deposited in the National Treasury. Information generated from this form will be deposited as tax and non-tax revenues of the agency.

6. BP Form 100-A - Statement of Revenues and Expenditures – Special Account in the General Fund

   This form reflects all revenues collected and which are deposited in the National Treasury under the General Fund, which are authorized by law to be used for specific purpose.

7. BP Form 100 – B - Statement of Other Receipts/Expenditures

   This form reflects all receipts which are authorized by law to be retained/held and used for specific purposes that do accrue to the General Fund and its corresponding expenditures.

8. BP Form 100 – C - Statement of Donations and Grants

   This reflects all non-repayable transfers, in cash or in kind, received from other levels of government, from private individual, or institutions, foreign or domestic, including reparations of gifts given for particular project or programs, or for general budget support.

9. BP Form 200 – Comparison of Appropriation and Obligations

   This form reflects a comparison of appropriations, (all types, such as the appropriations under GAA, continuing appropriations, and supplemental appropriations) and the corresponding obligations.

10. BP Form 201 - Summary of Obligations and Proposed Programs/Projects

    This form reflects the summary of obligations and proposed programs/projects by expenditure class. It is a summary of BP Form 201 (A, B, C and D). It also includes the programs/activities/projects (PAPs), or components thereof that address specific commitment of the government, including appropriate justification as may be necessary.

11. BP Form 201-A – Obligations for Personnel Services (PS)

12. BP Form 201-A.1 – Multi-Year Requirements for FY __ Tier 2 Proposals – Obligation for Personnel Services (PS).

13. BP Form 201-B – Obligation for Maintenance and Other Operating Expenses (MOOE)

14. BP Form 201-B.1 – Multi-Year Requirements for FY ___ Tier 2 Proposal – Obligations for Maintenance and Other Operating Expenses (MOOE).

15. BP Form 201-C - Obligation for Financial Expenses (FINEX)

16. BP Form 201-C.1 - Multi-Year Requirements for FY __Tier 2 Proposals - Obligation for Financial Expenses (FINEX).

17. BP Form 201-D - Obligations for Capital Outlays (CO)

18. BP Form 201-D.1 - Multi-Year Requirements for FY __ Tier 2 Proposals – Obligations for Capital Outlay (CO).

19. BP Form 201-E - Program Expenditure Plan

    This form reflects the priority programs by Key Result Area cluster and the corresponding implementation plan.

20. BP Form 201-F – Climate Change Expenditures

    DepEd shall identify and tag PAPs that relate to climate change adaptation and mitigation.

21. BP Form 202 – Profile and Requirements of – Locally-Funded Projects

22. BP Form 203 – Requirements of Foreign-Assisted Projects (FAPs)

23. BP Form 203-A – Profile of On-going (FAPs)

24. BP Form 204 – Staffing Summary of Non-Permanent Positions

25. BP Form 205 – List of Retirees

26. BP Form 206 – New or Expanded Program/Project Proposal for Locally-Funded Projects and FAPs

27. BP Form 206-A – Profile and Requirements of New LFPs

28. BP Form 206- B – Requirements of New FAPS

29. BP Form 206-B.1 – Profile of New FAPs

30. BP Form 300 – Proposed Special Provisions

31. BP Form 400 – Annual Gender and Development Plan

32. BP Form 400-A – Annual GAD Accomplishment Report

All these forms are to be submitted by the DepEd CO to DBM, with data consolidated from the ROs and attached agencies. ROs submission of relevant forms to CO is a consolidation of DOs submissions and own RO requirements, DOs submission of relevant forms to respective ROs include data from the Schools' (both IU and non-IU schools) SIP and AIP.

Which of these forms should be filled up by the IU Schools, DOs and ROs?

1. BP Form 100 – Statement of Revenues (including sub-tables)
2. BP Form 201 – Summary of Obligations and Proposed Programs/Projects (including sub-tables)
3. BP Form 204 – Staffing Summary of Non-Permanent Positions
4. BP Form 205 – List of Retirees

The forms shall be accomplished by the ROs, DOs, IU Schools as may be applicable to them.

DepEd's Budget Legislation / Authorization

What is DepEd's role at Budget Legislation?

The Secretary makes a presentation of the proposed budget to Congress and Senate

Officials and concerned staff attend the Budget Hearing sessions conducted by both Houses to answer queries, questions, concerns of Congressmen and Senators.

Planning Service and Budget Division take charge of preparing/consolidating the documents/materials to answer questions and address Congressmen's and Senators' concerns. (Refer to the Briefing Kit for the list of documents)

DepEd's Budget Execution / Implementation

What are the activities at Budget Execution Stage?

1. Preparation of and submission of BEDs. Upon submission of the NEP by the President to Congress, which per constitutional provision, should be within 30 days after opening of every Congress (fourth Monday of July). DepEd (all implementing units with consolidation at every level) prepares the documents for submission to DBM, in accordance with the guidelines issued for the purpose.

The forms are shown as Annexes to DBM Circular Letter No. 2016–9 dated 27 October 2016 including the instructions for filling up. These are submitted on-line through the Unified Reporting System (URS) on or before 15 of November of each year or as may be indicated in the Guidelines to be issued by the DBM annually. A generated hard copy is likewise submitted after completing the submission on line.

a. BED 1 – Financial Plan (FP) which shows the overall financial plan of the agency for the year with quarterly breakdown.

b. BED 2 – Physical Plan (PP) which shows the physical targets for the year with quarterly breakdown.

c. BED 3 - Monthly Disbursement Program (MDP) which reflects the monthly disbursement requirements by type of disbursement. It is the basis for the issuance of the disbursement authority (e.g., NCA, NCAA, TRA).

d. BED 4 – Annual Procurement Plan for Common Use Supplies and Equipment (APP-CSE) which projects the monthly procurement in terms of quantity and cash requirement, categorized into items available and those items not available at the Procurement Service, DBM.

The BEDs are accordingly updated upon enactment of the GAA, to effect any modifications/changes (if any) made by both Houses of Congress on the NEP.

2. Receipt of Obligational Authority or Allotment. The three forms of obligational authority are the GAARD, GARO and SARO. (Allotment is defined in the Glossary of Terms).

How does DepEd obtain the obligational authority?

1. Under GAARD, upon enactment of the GAA, DBM issues the Guidelines on the Release and Utilization of Funds. The appropriations for the programs, activities and projects (PAPs) are deemed released, except for such items that are classified as "For Later Release" (FLR) in the Table attached to and part of the said Guidelines. The Table is based on the BED No. 1 (FP), where the PAPs are categorized as "For Comprehensive Release (FCR) or FLR.

   Also covered by GAARD are Transferred Appropriations from one Department to Another or within a department categorized as FCR in the referred Table above, as a separate Annex. For DepEd, part of Basic Education Services appropriations are transferred to ARMM and part from RO to CO. Likewise, the appropriations for Government Assistance

to Students and Teachers in Private Education (GASTPE)are transferred from RO to CO.

2. On the other hand, the SARO is issued to cover the FLR items upon submission of a Special Budget Request (SBR), as discussed above, to DBM, including the required supporting documents. The FLR items include the following:

   a. For Centrally-Managed Items (CMIs) or lump-sum appropriations under the GAA within the Agency Specific Budgets, supported with the list of specific OUs which shall implement the project and amount allocated to each OU. For DepEd, part of Basic Education Services appropriations are transferred to DPWH and some part from RO to CO. For example, the list for the 2015 budget is shown as Annex B to the Guidelines on the Release of Funds for 2015 under NBC No. 556 dated 05 January 2015.

   b. For charges against multi-user Special Purpose Funds (SPFs), such as the Miscellaneous Personnel Benefits Fund (MPBF) which is used to fund PS deficiencies of employees who are still in the government service such as salaries, bonuses (including performance-based bonuses and performance enhancement incentive), allowances, associated premiums and other personnel benefits, if cannot be accommodated within agency savings.

3. Covered under the GARO is the annual requirement for Retirement and Life Insurance Premium (RLIP) of both personal and employers' shares.

How is the regional budget of DepEd released?

The regional budgets specified in the GAA are released directly to the Regional Offices. However, there are budgets pertaining to the regions, which are centrally managed. There are also regionalized activities but presented as lump-sum in the GAA because the allocation by region could not be determined during budget preparation period. In these cases, the sub-allotment procedure is adopted.

Allotment directly released to ROs for the Division Offices and Implementing Units Schools, are also sub-allotted to them by ROs.

How does the sub-allotment procedure operate?

Allotments that pertain to the regional Field Offices which are not directly released by DBM to the Regions are transmitted to them through the issuance of the Sub-allotment release order (Sub-ARO) by the Budget Division of the Central Office. The Sub-ARO is based on the guidelines approved by the Department Secretary. The RO/DO/IU receives the Sub-ARO, which is its

authority to incur obligation or enter into contract. It is recorded in the appropriate Registry and reported in the SAAODB. The DOs/IUs likewise receive the Sub-ARO from the RO, recorded in the appropriate Registry and reported in the SAAODB.

What is the first thing to do upon receipt of the allotment?

In order to properly and effectively monitor, account, and report the receipt of allotment, it should be recorded in the appropriate registries as prescribed under the Government Accounting Manual (GAM).

What are these records that should be in place?

1. The Registry of Appropriations and Allotments (RAPAL) (Appendix 8 of the GAM), shall be maintained to monitor appropriations and allotments charged thereto. It shall show the original, supplemental and final budget for the year and all allotments received charged against the corresponding appropriation. The balance is extracted every time an entry is made to prevent incurrence of overdraft in appropriations. Separate RAPAL shall be maintained by fund cluster and by Major Final Output (MFO)/PAP/Appropriation Act.

TABLE 5 - PROCEDURES IN RECORDING APPROPRIATIONS AND ALLOTMENTS

Area of Responsibility	Activity
Designated Staff	1. Receives the GAA and the allotment release documents from the DBM. Records the same in the logbook and forwards these documents to the Budget Staff for recording in the RAPAL and RAOD.
Budget Staff	2. Records the appropriations and allotments in the appropriate columns of the RAPAL and the RAOD. Forwards a copy of the allotment release documents to the Accounting Unit for reference. *Note:* The amount of allotment should not exceed the authorized appropriations in the GAA. If the allotment exceeds the appropriation, appropriate actions should be taken.

2. The other record is the Registry of Allotments, Obligations and Disbursements (RAOD) which is maintained by the Budget

Unit to record allotments, obligations and disbursements. It shows the allotments received for the year, obligations incurred against the corresponding allotment and the actual disbursements made. The balance is extracted every time an entry is made to prevent incurrence of obligations in excess of allotment and overdraft in disbursements against obligations incurred. The RAOD is maintained by appropriation act, fund cluster, MFO/PAP and allotment class.

a. Registry of Allotments, Obligations and Disbursements – Personnel Services (RAOD-PS) is used to record the allotments received, obligations incurred and disbursements classified under PS.

b. Registry of Allotments, Obligations and Disbursements – Maintenance and Other Operating Expenses (RAOD-MOOE) is used to record the allotments received, obligations incurred and disbursements classified under MOOE.

c. Registry of Allotments, Obligations and Disbursements – Financial Expenses (RAOD-FE) is used to record the allotments received, obligations incurred and disbursements classified under Financial Expenses.

d. Registry of Allotments, Obligations and Disbursements – Capital Outlays (RAOD-CO) is used to record the allotments received, obligations incurred and disbursements classified under CO.

Incurrence of Obligation

With the receipt of the obligational authority or allotment, and after entering the allotment in the RAPAL, incurrence of obligation or entering into contract can now be done.

What are the procedures for the incurrence of obligation?

The following are the steps:

1. Preparation and issuance of Obligation Request and Status (ORS) (see Appendix 11 of GAM) by the Requesting/Originating Office supported by valid claim documents like payrolls, disbursement vouchers, purchase/job orders, itinerary of travel, etc.

2. Certification/Signature of the Head of the Requesting/Originating Office or his authorized representative in the Section A of the ORS as to the necessity and legality of charges to the budget under his supervision and the validity, propriety and legality of supporting documents.

3. Certification/Signature by the Head of the Budget Unit/Designated Budget Officer in Section B of ORS as to the availability of allotment. The signature implies that funds are obligated.

4. Any adjustments in the ORS, must be covered by a corresponding Notice of Obligation Request Status Adjustment (NORSA) prepared by Accounting Division.

5. A subsidiary record to monitor a particular obligation shall be maintained by the Budget Unit in Section C of the ORS. It shall contain the original amount of obligation, payable (goods delivered and services rendered) and the actual amount paid after the processing of the claim.

Receipt of Disbursement Authority

As mentioned in the Section Overview above, the four (4) types of Disbursement Authority are NCA, NCAA, CDC and TRA. CDC is not applicable to DepEd while NCAA pertains to loan proceeds under foreign-assisted projects. Upon receipt of the NCA and TRA, disbursement follows.

How is the NCA released?

It is released monthly or quarterly or semi-annually or annually (relative to the nature of the budget source), taking into account the actual availability of cash in the National Treasury. The initial release covers the total requirement for the month or the quarter or for the semester, as the case may be. Succeeding releases take into account the performance of the agency in terms of disbursements.

Notice of Cash Allocation

The NCA shall be the authority of an agency to pay operating expenses, purchases of supplies and materials, acquisition of PPE, accounts payable, and other authorized disbursements through the issuance of MDS checks, ADA or other modes of disbursements.

1. No MDS check/ADA shall be issued without the covering NCA. Hence, the total MDS checks/ADA issued shall not exceed the total NCA received. To maximize the available NCAs of the agency, the Common Fund System policy shall be adopted whereby cash allocation balances of agencies under the Regular MDS Account may be used to cover payment of current year's accounts payable i.e., goods and services which have been delivered and accepted during the year charged against appropriations of prior year/s, after satisfying their regular operating requirements as reflected in their Monthly Disbursement Program.

2. NCA issued and credited to the Special MDS Accounts of agencies for payment of retirement gratuity/terminal leave benefits as well as prior years' accounts payable shall be valid within the period prescribed under existing rules and regulations. The Accounting Division/Unit shall monitor the NCA through the maintenance of the Registry of Allotments and Notice of Cash Allocation (RANCA) (see Appendix 30 of GAM).

3. NCA issued and credited to the Special MDS Accounts for Trust to cover payments of authorized claims shall be valid within the period prescribed under existing regulations.

4. For NCA issued for foreign assisted projects such as grants from foreign country with a separate Current Account maintained by the spending agency with Government Servicing Banks of the Philippines (GSBPs), checks shall be issued only for specific purpose until full implementation of the project, subject to pertinent DBM issuances prescribing the validity of the NCA or NCAA (relative to the funding institution requirements).

How is the Receipt of NCA Recorded? The CO/ROs/IUs shall record in the RANCA all NCAs received and the amount disbursed to control and monitor unfunded allotments and the balance of disbursement authorities.

TABLE 6 - PROCEDURES FOR RECORDING OF RECEIPT AND UTILIZATION OF NCA

Area of Responsibility	Activity
CO/RO/OU Accounting Division/Unit	
Designated Staff	Receives copy of the GAARD, SARO, and GARO, and posts the allotment in the 'Allotment Received' column of the RANCA.
Receiving/ Releasing Staff	Receives copy of NCA from DBM/Agency's Central Office and records in the logbook. Forwards NCA to the Designated Staff for recording in the RANCA.
Designated Personnel	Records the receipt of NCA in the RANCA.
Designated Personnel	Records the amount disbursed/utilized in the RANCA based on processed DVs/Payroll.
Designated Personnel	Indicates the balance of the Unutilized NCA and Unfunded Allotment.

How is the NCA covering sub-AROs released? The NCA is released directly to the RO, DO or IUs depending on the instructions of the department or agency CO.

Budget Monitoring The budget shall be monitored by the Budget Units of DepEd

and Reporting | (CO/RO/DO) through the maintenance of RAPAL and RAOD as discussed above.

What other registries are required to be maintained and what are the procedures?

1. Registry of Revenue and Other Receipts (The Registry of Revenue and Other Receipts) (Appendix 7) shall be maintained to monitor the revenue and other receipts estimated/budgeted, collected and remitted/deposited.

2. Registry of Budget, Utilization and Disbursements (The Registry of Budget, Utilization and Disbursements) (RBUD) shall be used to record the approved special budget and the corresponding utilizations and disbursements charged to Revolving Funds and Trust Receipts/Custodial Funds. It shall be maintained by legal/authority, fund cluster, MFO/PAP and budget classification.

    a. Registry of Budget, Utilization and Disbursements – Personnel Services (RBUD-PS) shall be used to record the budget utilizations and disbursements classified under PS.

    b. Registry of Budget, Utilization and Disbursements – Maintenance and Other Operating Expenses (RBUD-MOOE) shall be used to record the budget utilizations and disbursements classified under MOOE.

    c. Registry of Budget, Utilization and Disbursements – Financial Expenses (RBUD-FE) shall be used to record the budget utilizations and disbursements classified under FE.

    d. Registry of Budget, Utilization and Disbursements – Capital Outlays (RBUD-CO) shall be used to record the budget utilizations and disbursements classified under CO.

Table 7 - Procedures in Recording and Monitoring Budget, Utilizations and Disbursements charged to Revolving Funds and Trust Receipts/Custodial Funds

Area of Responsibility	Activity
1. Budget Unit Designated Staff	Receives the approved budget (AB) from the concerned entity official. Records the same in the logbook and forwards the AB to the Budget Staff for recording in the appropriate RBUD.
2. Budget Staff	Records the AB in the budget columns of the RBUD and forwards copies of the budget documents to the Accounting Unit for reference.

What happens when there is an adjustment of | Adjustment of obligation incurred after the processing of the claim by the Accounting Unit shall be made through the use of Notice of Obligation Request and Status Adjustment (NORSA) (see

obligation? Appendix 12 of GAM). The adjustment shall be effected thru a positive entry (if additional obligation is necessary) or a negative entry (for reduction) in the 'Obligation' column of the ORS and RAOD.

What is the NORSA? Notice of Obligation Request and Status Adjustment is prepared by the Accounting Unit after the processing of the claim which shall be used in adjusting the original amount obligated to the actual obligations incurred in the RAOD. The following transactions shall need adjustments of obligations:

1. Refund of cash advance granted during the year;
2. Over/Underpayment of expenses during the year; and
3. Disallowances/Charges which have become final and executory.

Certified copies of official receipts for the overpayments/refunds, copies of bills for overpayments of expenses and notice that the disallowances are final and executory shall be attached to the NORSA and shall be forwarded by the Accounting Unit to the Budget Unit to take up the adjustments of obligation in the RAOD.

What is the procedure for realignment?

For change in object of expenditure, implementing or operating unit and project modifications (items a to c above), the approving authority is the Agency Head and the procedure is as follows:

1. Realignment Advice Form (RAF) shall be filled up by the requesting unit indicating the change requested;
2. Head of the Budget Division recommends and signs the Form;
3. Agency Head approves and signs the Form;
4. Budget Division registers the change in the appropriate RAO;
5. Accounting includes in the SAAODB report as adjustment; and
6. Planning Division reflects in the Physical Report of Operation.

For change from one allotment class to another, the approving authority is DBM:

1. the department/agency submits request to DBM indicating what is to be realigned, properly supported with the required documents; and
2. DBM evaluates and approves if request merits approval, then issues the necessary document authorizing the realignment.

What are the required supporting documents for 'Request for Realignment'?

1. Work and financial plan;
2. Justification of request;
3. Certification of savings by the department/agency Accountant if source of realignment is savings;
4. Certification of department/agency head of priorities for realignment of program and projects; and
5. Confirmation of concerned representatives for realignment or relocation of infrastructure and other capital outlays.

DepEd's Budget Accountability

Reports and Forms

The BFARs required to be submitted by DepEd to DBM and COA in compliance to COA-DBM Joint Circular No. 2014-1, dated July 2, 2014 are the following:

1. Quarterly Physical Report of Operation (QPRO) – Budget Accountability Report (BAR) No. 1 (Vol. II, Appendix 16 of the GAM). This report shall reflect the Department's/Agency's actual physical accomplishments at a given quarter, in terms of the performance measures indicated in its Physical Plan (BED No. 2)

2. Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) – Financial Accountability Report (FAR) No. 1 (Vol. II, Appendix 17 of the GAM). This report shall reflect the authorized appropriations and adjustments, total allotments received including transfers/adjustments, total obligations, total disbursements and the balances of unreleased appropriations, unobligated allotments, and unpaid obligations of a department/office/agency by fund cluster. It shall be presented by:

   a. Fund Authorization;
   b. Major Final Output (MFO);
   c. Program/Activity/Project (PAP); and
   d. Major Programs/Projects - Identify by KRA

3. Summary of Appropriations, Allotments, Obligations, Disbursements and Balances by Object of Expenditures (SAAODBOE) – FAR No. 1.A (see Appendix 18 of GAM).This report shall be prepared by Fund Cluster and shall reflect the summary of appropriations, allotments, obligations, disbursements and balances detailed by object of

expenditures consistent with the COA Revised Chart of Accounts per COA Circular No. 2013-002 dated 30 January 2013 and the Conversion from the Philippine Government Chart of Accounts to the Revised Chart of Accounts, additional accounts/revised description/title of accounts per COA Circular No. 2014-003 dated 15 April 2014.

4. List of Allotments and Sub-Allotments (LASA) – FAR No. 1.B (see Appendix 19 of GAM). This report shall reflect the allotments released by the DBM and the sub-allotments issued by the Agency Central Office/Regional Office, their corresponding numbers, date of issuance, and amounts by allotment class and by Fund Cluster. The total allotments per this report should be equal to the total allotments appearing in the SAAODB (FAR No. 1)

5. Statement of Approved Budget, Utilizations, Disbursements and Balances (SABUDB) – FAR No. 2 (for Off-Budget Fund) (see Appendix 20 of GAM). This report shall reflect the approved budget, the utilizations, disbursements and balances of the agency authorized by law to use their income, such as OWWA/SUCs and approved by the Board of Trustee/Regents.

6. Summary of Approved Budget, Utilizations, Disbursements and Balances by Object of Expenditures (SABUDBOE) – FAR No. 2.A (for Off-Budget Fund) (see Appendix 21 of GAM). This report shall reflect the details of the approved budget, utilizations, disbursements and balances of the agency authorized by law to use their income presented by object of expenditures consistent with the COA Revised Chart of Accounts.

7. Aging of Due and Demandable Obligations (ADDO) – FAR No. 3 (see Appendix 22 of GAM). This report shall be prepared by Fund Cluster and shall reflect the balance of unpaid obligations as indicated in the Obligation Request and Status (ORS) and the ADDOs as at year-end.

8. Monthly Report of Disbursements (MRD) – FAR No. 4 (see Appendix 23 of GAM). The report shall reflect the total disbursements made by department, office or agency and operating unit by fund cluster from the following disbursement authorities:

    a. Notice of Cash Allocation (NCA);
    b. NCA for Working Fund issued to BTr as an advance funding from loan/grant proceeds in favor of an

agency;
c. Tax Remittance Advice issued;
d. Cash Disbursement Ceiling (CDC) issued by departments with foreign-based agencies or units;
e. Non-Cash Availment Authority; and
f. Others, e.g. Customs, Duties and Taxes (CDT), BTr Documentary Stamps.

The report shall track the actual disbursement of the departments/agencies against their Disbursement Program. The reasons for over or under spending shall be indicated.

9. Quarterly Report of Revenue and Other Receipts (QRROR)– FAR No. 5 (see Appendix 24 of GAM). This report shall reflect the actual revenue and other receipts of the agency/operating units (OUs) for the current year presented by quarter, and by specific sources consistent with the COA Revised Chart of Accounts

Submission of Budget and Financial Accountability Reports

All departments/agencies shall observe the following timelines in submitting the required BFARs to COA-GAS and DBM:

1. Within thirty (30) days after the end of each quarter

   a. QPRO – BAR No. 1
   b. SAAODB – FAR No. 1
   c. SAAODBOE – FAR No. 1.A
   d. List of Allotments/Sub-Allotments - FAR No. 1.B
   e. SABUDB – FAR No. 2
   f. SABUDBOE – FAR No. 2.A
   g. QRROR – FAR No. 5

2. On or before 30th day following the end of the year ADDO – FAR No. 3

3. On or before 30th day of the following month covered by the report MRD – FAR No. 4

4. On or before February 14 of the following calendar year – Consolidated Statement of Allotments, Obligations, and Balances per Summary of Appropriations under Fund Cluster, GAA, GARO, and SARO

What is the procedure in the preparation and submission of these reports?

The Instructions on how to accomplish the forms are indicated in the COA- DBM Joint Circular No. 2014-1 as mentioned above and so with the following procedure:

1. The field offices (Schools Implementing Units and DOs) shall prepare and submit the reports directly to their COA Audit Team Leader and DBM RO concerned. The DO shall prepare

consolidated report of the division and submit it to RO. They shall furnish the respective ROs and CO copies of the reports within 5 days after the end of each quarter for consolidation purposes;

2. The Agency RO (ARO) shall prepare consolidated report covering the report of the Region and its lower operating units and submit to ACO and COA-GAS within 10 days after the end of each quarter; and

3. The ACO shall prepare an overall consolidated report and submit to the CO of DBM and COA-GAS within 30 days after end of each quarter.

Agency Performance Review

Performance review should be a concern of DepEd as it is of DBM. For DepEd, to know where it stands, and basically identify necessary measures to improve performance if need be. For DBM, to aid in its decision for recommending budget levels and succeeding fund releases. Performance review is conducted by DBM during budget preparation time when it reviews the budget proposals submitted by DepEd. The review covers DepEd performance for the past year and current year, and the result of said review has a bearing on the recommended budget level for the incoming year. On the other hand, the review conducted at midyear determines succeeding fund releases or withdrawal of already released funds, depending on the results of its evaluation.

The Performance Based Bonus (PIB) to government personnel is also based on the result of the performance review.

Other Performance Monitoring Report Required by DBM

The Full-time Delivery Unit (FDU) is required to submit a flash performance monitoring report which is derived from the Budget and Financial Accountability Reports (BFARs). It summarizes the agencies' monthly cumulative absorptive capacity, i.e. obligation and disbursement rates, by appropriation source and allotment class only, without accomplishing at length the information by Major Final Output (MFO), Program/Activity/Project (P/A/P) and by object of expenditure. Said report shall be accompanied by a supporting document citing the reasons for the underperformance, if any, as well as action plan outlining the necessary delivery and execution strategies to address the reasons of the underperformance. Submission of the report shall be made to DBM every tenth day of the following month, copy furnished the NEDA and the Office of the Cabinet Secretary (see DBM Circular 2015-9 – Submission of Summary Performance Monitoring Report).

Procurement and Asset Management

Overview

Managing physical assets is a constant balancing act for operational efficiency. Understanding the true requirements of the different offices requires a holistic view of the entire supply chain to minimize cost without compromising quality. Considering the significant investment of public funds in procuring these resources, they have to be properly managed, controlled and recorded.

Organizational units (Central, Regions, Divisions/Districts and Schools) of DepEd are constantly faced with significant fluctuations in demand, supply and movement of resources that require swift action based on determined priorities. Likewise, uncertainty in transportation (e.g., most especially in far flung and mountainous areas of the country) leads to higher inventory costs as the units try to buffer their stock to meet demand.

Basic Concepts, Principles and Procedures

Effective resources allocation based on implementation priorities rests on Section 2 of Presidential Decree No. 1445 where it is the "declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government."

Strength and stability are very important ingredients of how proper implementation of strategic initiatives leads to successful delivery of expected outcomes. These two ingredients keep decision-making transparent and consultative in the face of big and tough calls.

Procurement Manual

DepEd has developed the Customized Agency Procurement Manual (CAM) which is a generic procurement manual to systematize the procurement process, ensure transparency and avoid confusion. This was subsequently approved by Government Procurement Policy Board (GPPB) through GPPB Resolution No. 01-2008 dated May 30, 2008 for Volumes I-IV, and GPPB Resolution No. 01-2010 dated January 29, 2010 for Volume V, in compliance with the provisions of Section 6 of R.A. 9184 and its IRR.

CAM roll-out

Through DepEd Order No. 69 s.2008 and its nationwide roll-out,

the CAM consists of:

1. Volume 1 - Establishment of Procurement Systems and Organization;
2. Volume 2 - Manual of Procedures for the Procurement of Goods and Services;
3. Volume 3 - Manual of Procedures for the Procurement of Infrastructure Projects; and
4. Volume 4 - Manual of Procedures for the Procurement of Consulting Services.

The use of the manual is mandatory to all procuring entities as it was rolled-out to regions, divisions, schools and other attached agencies for its adoption and official use.

Note: Although some of the significant changes have been discussed/presented during the Roll Out Training of Trainers (RTOT), DepEd's Customized Agency Procurement Manual needs updating in accordance with the 2016 Revised IRR of RA 9184.

Documentary requirements

Public procurement system, being forward-looking, is always at the forefront in government's effort to fight corruption and bribery in most financial transactions. As an initiative to tighten control of operational activities, Commission on Audit has issued COA Circular 2013-001 on January 2013 (see Process Matrix) prescribing revised guidelines and documentary requirements for common government transactions. Such initiative supports a strategy of embracing good governance in the area of procurement.

Section 6 IRR of RA 9184 likewise, prescribed the use of Generic Procurement Manuals, the Philippine Bidding Documents (PBDs) and other standards forms as approved by the GPPB including the revised 2015 format of the PPMP and APP (GPPB Circular 07-2015).

Property Manual

To effectively operationalize policies and procedures based on this concept of strength and stability, DepEd has come up with a handbook that details everything about "procurement, delivery, inspection, acceptance, recording and reporting up to disposal of properties from Central Office to the School Level." This is the Handbook on Property and Supply Management (*Note: the processes illustrated in the manual still apply except for the threshold on items classified as semi-expendable, forms and other relative provisions effected by the new GAM and other COA/DBM issuances)* that ensures optimum utilization of resources of end-users in an effort to spread the principles of good governance in all operational levels of DepEd bureaucracy.

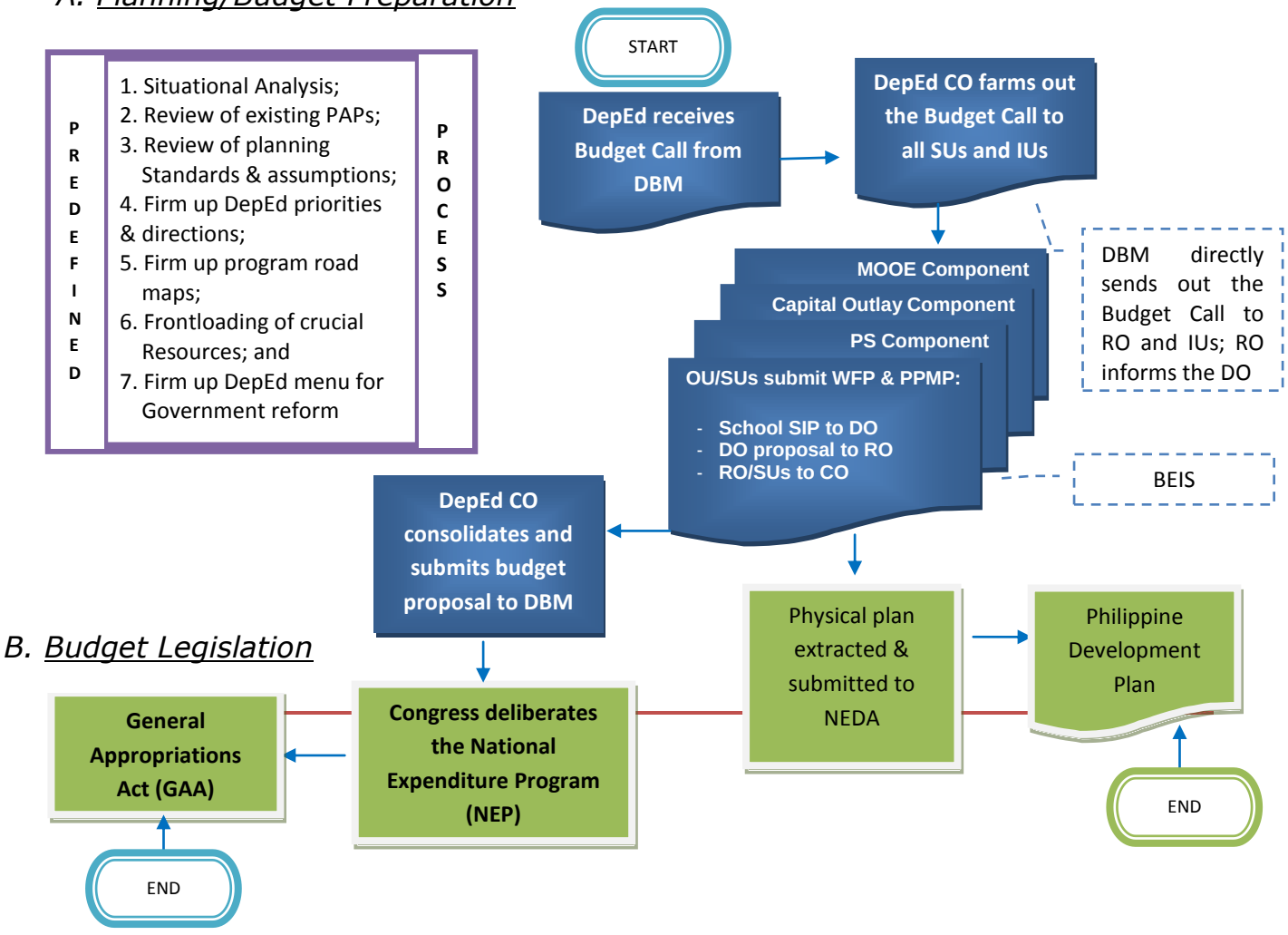
In an effort to capacitate supply officers, property custodians, and other end-users in the different levels of DepEd organization,

appropriate trainings/seminars/workshops were conducted in the use of the Manual (see DepEd Memorandum Nos. 394 and 106 s. 2010 respectively).

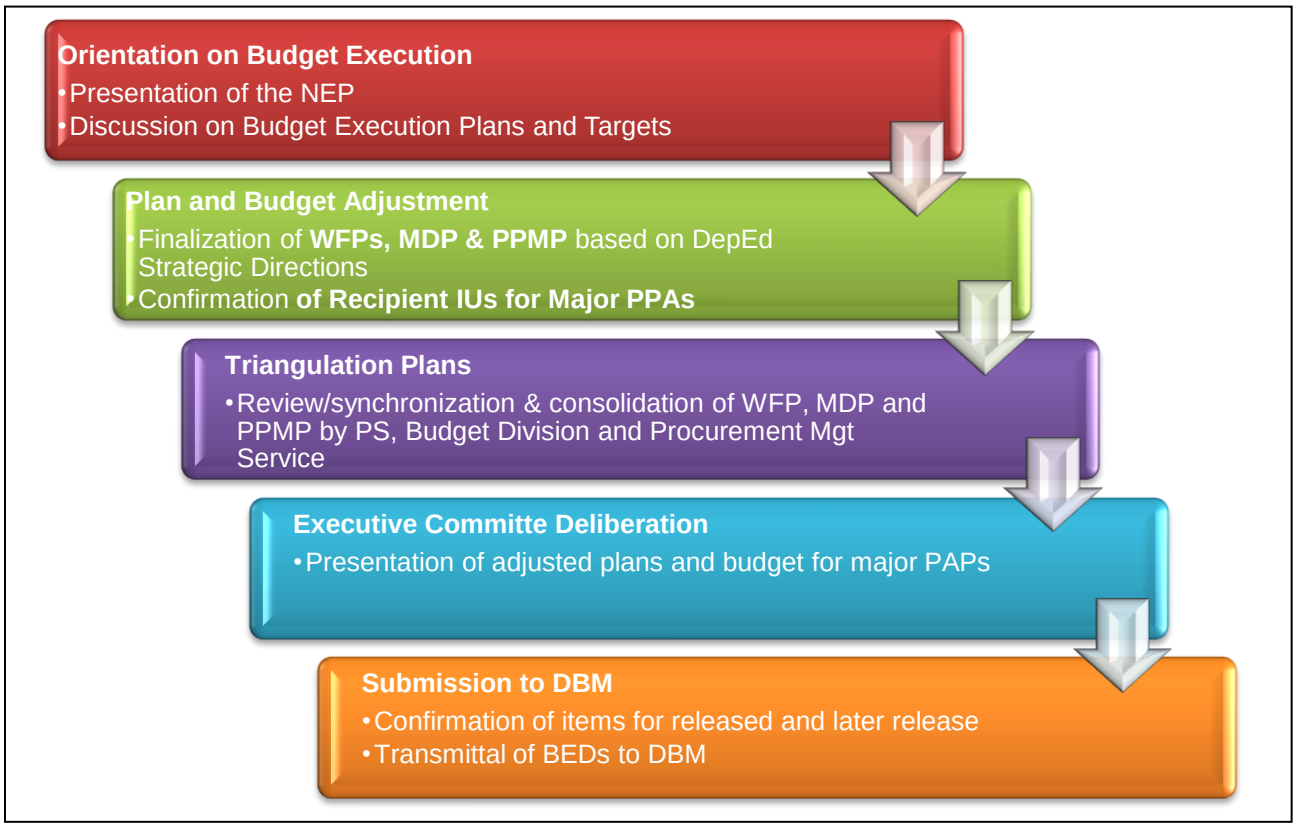
Planning, Budgeting and Procurement: DepEd Triangulation Process

The issuance of DO No. 25 s. 2010 – Budget Strategy for Basic Education FYs 2010-2015 (Strengthening the Planning, Implementation and Coordination of DepEd Programs, Projects and Activities) further strengthened the linkages of planning, budgeting and procurement activities in all levels of the Department. Specifically, new procedures for processing financial transactions are defined. These new procedures aim to further synchronize program planning, budgeting and procurement activities of DepEd offices at the central level, ensure their coherence with the stated policy directions, as well as facilitate monitoring and reporting of progress achieved over time. The process is as shown in the flowchart below:

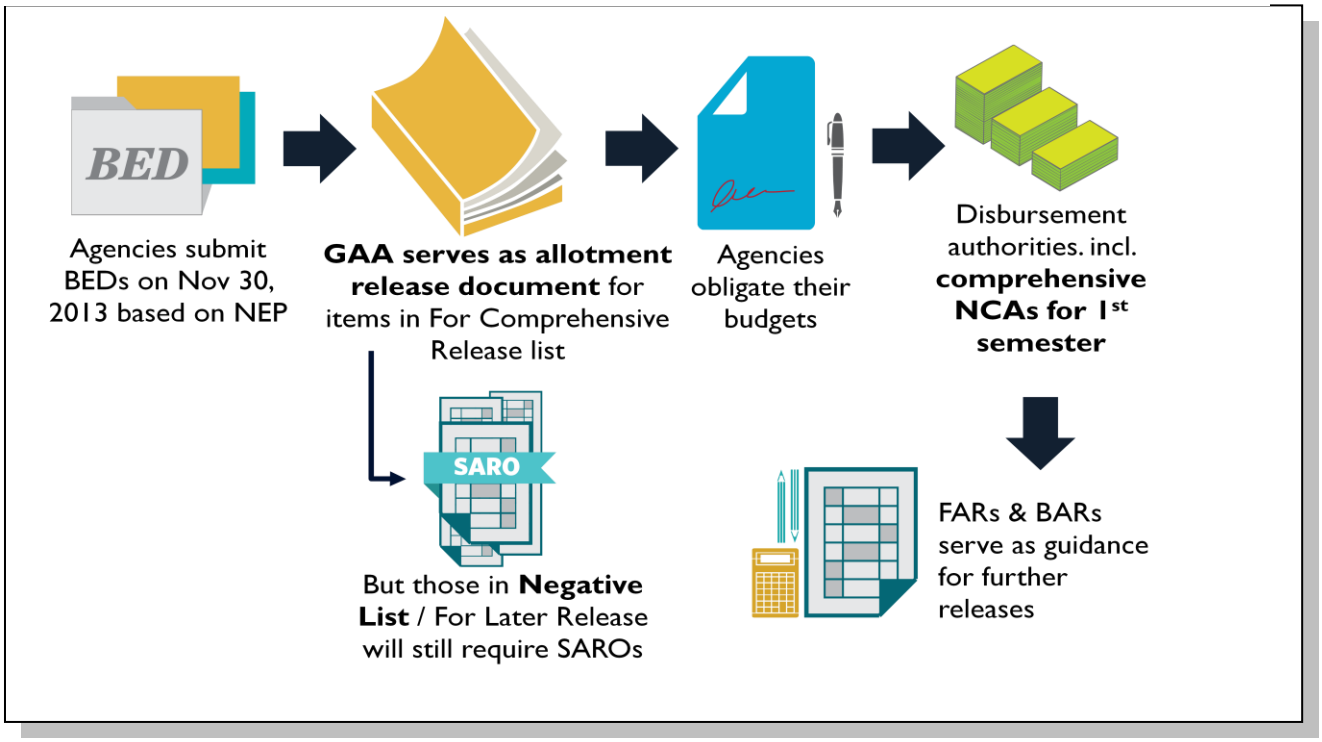
A. Planning/Budget Preparation



C. *Budget Execution: Submission of Budget Execution Documents*

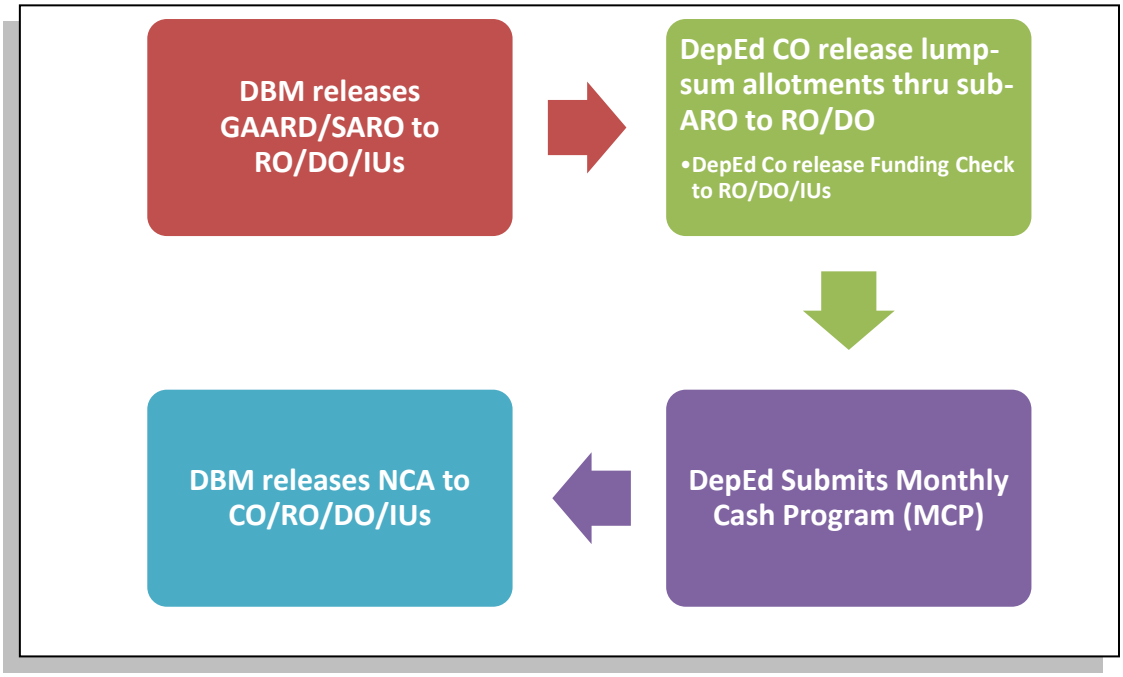


National Government Fund Release System

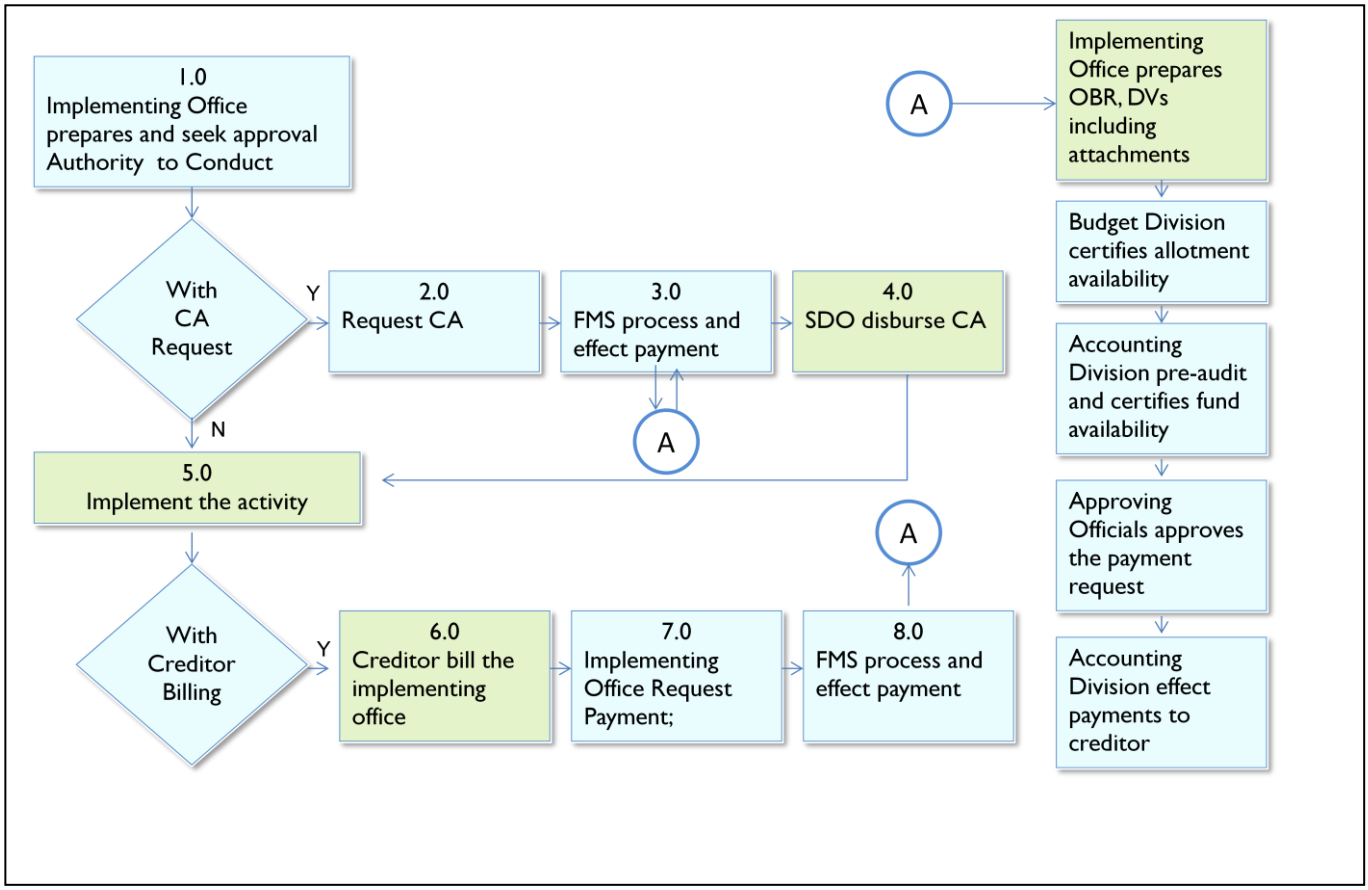


Note: This section is based on DBM Circular as of {date}

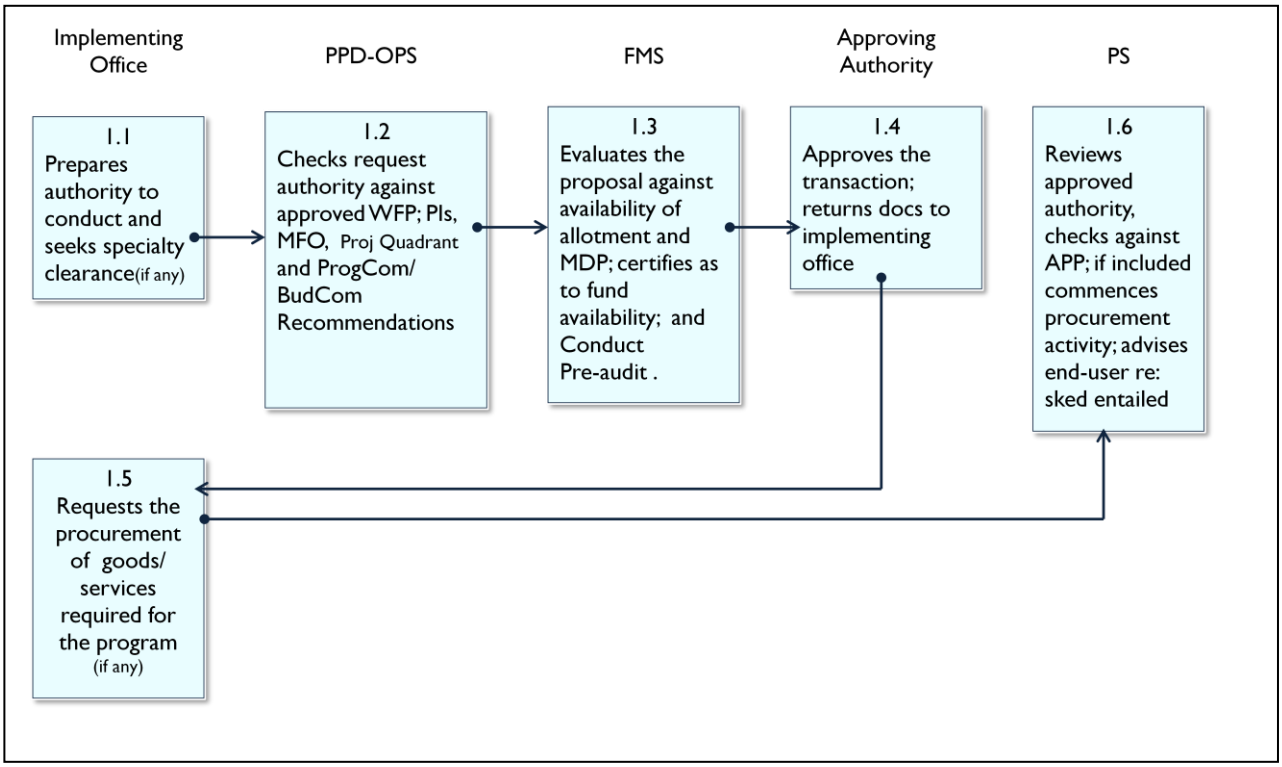
C. *Budget Execution: Release of NCA*



D. *DepEd Budget Utilization Process to Draw CA/ Conduct Training*



E. DepEd Budget Utilization Process to Conduct Procurement



REVENUE/RECEIPTS AND DEPOSIT PROCEDURES

OVERVIEW

Pursuant to the adoption of GAM, which took effect on January 1, 2016, the following accounting standards apply for revenue and receipts of government entities:

1. Revenue includes only the gross inflows of economic benefits or service potential received and receivable by the entity in its own account. (PPSAS 9);

2. Receipts/Collections refer to all cash actually received from all sources during a given accounting period;

3. Gifts and donations shall consist of voluntary transfers of assets including cash or other monetary assets, goods in-kind and services in-kind that one agency makes to another, normally free from stipulations. (PPSAS 23);

4. Goods in-kind are tangible assets transferred to an agency in a non-exchange transaction, without charge, but may be subject to stipulations. External assistance provided by multilateral or bilateral development organizations often includes a component of goods in-kind. (PPSAS 23); and

5. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. (PPSAS 23).

Basic Rules and Regulations on Collections and Deposits

What are the fundamental principles governing revenues and other receipts?

1. Unless otherwise specifically provided by law, all revenues accruing to an entity by virtue of the provisions of existing law, orders and regulations shall be deposited/remitted in the National Treasury (NT) or in any duly authorized government depository, and shall accrue to the General Fund (GF) of the NG. (Sec. 65(1), P.D. No. 1445);

2. Except as may otherwise be specifically provided by law or competent authority, all moneys and property officially received by a public officer in any capacity or upon any occasion must be accounted for as government funds and government property. (Sec. 42, Chapter 7, Title I(B), Book V, E.O. No. 292);

3. Amounts received in trust and from business-type activities of government may be separately recorded and disbursed in accordance with such rules and regulations as may be determined by a Permanent Committee composed of the Secretary of Finance as Chairman, and the Secretary of Budget and Management and the Chairman, COA, as members. (Sec. 65(2), PD No. 1445);

4. Receipts shall be recorded as revenue of Special, Fiduciary or Trust Funds or Funds other than the GF, only when authorized by law as implemented by rules and regulations issued by the Permanent Committee. (Sec. 66, PD No. 1445);

5. No payment of any nature shall be received by a collecting officer without immediately issuing an official receipt in acknowledgement thereof. The receipt may be in the form of postage, internal revenue or documentary stamps and the like, officially numbered receipts, subject to proper custody, accountability, and audit. (Sec. 68(1), P.D. No. 1445);

6. Where mechanical devices (e.g. electronic official receipt) are used to acknowledge cash receipts, the COA may approve, upon request, exemption from the use of accountability forms. (Sec. 68 (2), P.D. No. 1445);

7. At no instance shall temporary receipts be issued to acknowledge the receipt of public funds. (Sec. 72, GAAM Volume I);

8. Pre-numbered ORs shall be issued in strict numerical sequence. All copies of each receipt shall be exact copies or carbon reproduction in all respects of the original. (Sec. 73, GAAM Volume I);

9. An in-officer charged with the collection of revenue or the receiving of moneys payable to the government shall accept payment for taxes, dues or other indebtedness to the government in the form of checks issued in payment of government obligations, upon proper endorsement and identification of the payee or endorsee. Checks drawn in favor of the government in payment of any such indebtedness shall likewise be accepted by the officer concerned; and at no instance should money be in the hands of the Collecting Offices be utilized for the purpose of cashing private checks. (Sec. 67(1) and (3), P.D. No. 1445).

10. Under such rules and regulations as the COA and the Department of Finance (DOF) may prescribe, the Treasurer of the Philippines and all AGDB shall acknowledge receipt of all

funds received by them, the acknowledgement bearing the date of actual remittance or deposit and indicating from whom and on what account it was received. (Sec. 70, P.D. 1445).

Revenues from exchange transactions

Revenues received by NGAs may arise from exchange and non-exchange transactions:

1. Sale of goods or provisions of services to third parties or to other NGAs; and

    a. Business Income – School Fees, Affiliation Fees, Examination Fees, Seminar/Training Fees, Rent/Lease Income, Communication Network Fees, Transportation System Fees, Road Network Fees, Waterworks System Fees, Power Supply System Fees, Seaport System Fees, Landing and Parking Fees, Income from Hostels/Dormitories and Other Like Facilities, Slaughterhouse Operation, Income from Printing and Publication, Sales Revenue, Hospital Fees, Share in the Profit of Joint Venture and Other Business Income.

2. Use by other entity of assets yielding interest, royalties and dividends or similar distributions:

    a. Interest income – charges for the use of cash or cash equivalents, or amounts due to the entity;

    b. Royalties – fees paid for the use of entity's assets such as trademarks, patents, software, and copyrights; and

    c. Dividends – share of the National Government from the earnings of its capital/equity investments in Government.

3. Shares, Grants and Donations

    a. Share from National Wealth
    b. Share from Philippine Amusement and Gaming Corporation (PAGCOR)/ Philippine Charity Sweepstakes Office (PCSO)
    c. Share from Earnings of GOCCs
    d. Income from Grants and Donations in Cash
    e. Income from Grants and Donations in Kind

Revenue from Non-Exchange Transactions

4. Revenue from non-exchange transactions may also arise when, in respect of an inflow of resources from a non-exchange transaction, the entity satisfies a present obligation recognized as a liability which may be as follows:

    a. Trust Liabilities – Customers' Deposits Payable and

Guaranty/Security Deposits Payable

b. Deferred Credits – Deferred Finance Lease Revenue and Other Deferred Credits
c. Unearned Revenue – Investment Property and Other Unearned Revenue

Other Receipts

Other receipts of NGAs shall be composed of, but not limited to, the following:

1. Receipt of NCA. The NCA specifies the maximum amount of withdrawal that an entity can make from a government bank for the period indicated. The Collecting Officer shall not issue an OR for the receipt of NCA;

2. Non-Cash Availment Authority (NCAA);

   Tax Remittance Advice. This shall be used to recognize: (1) in the books of national government agencies, the constructive remittance to BIR and BOC of taxes and customs' duties withheld, and the constructive receipt of NCA for those taxes and customs duties;

3. Receipt of Subsidy/Assistance from other NGAs, LGUs, GOCCs and Other Funds. The Collecting Officer shall issue OR upon receipt of cash subsidy/assistance;

4. Refund of excess cash advances granted to officers and employees. Cash advances may be classified into:

   a. Advances to Officers and Employees – for official travels;

   b. Advances for Operating Expenses – granted to regular disbursing officer for operating expenses of operating/field units and foreign post not maintaining complete set of books;

   c. Advances for Payroll – for payment of salaries, wages and other personnel benefits; and

   d. Advances to Special Disbursing Officer (SDO) – for special purpose/time-bound undertakings

5. Performance bond/security deposits. Receipts of performance bond posted by contractor or supplier to guaranty full and faithful performance of their contract. It may be in the form of cash or certified checks;

6. Refund of overpayment of expenses. Receipts of refunds from officers, employees and suppliers/creditors resulting from overpayment of expenses;

7. Collections made on behalf of another entity or non-government/private organizations. Receipts of income, receivables or trust funds for the account of other NGAs, LGUs, GOCCs or non-government/private organizations. These collections are later remitted to the government agencies or non-government/private organizations concerned; and

8. Intra-agency and inter-agency fund transfers. Cash received from central office/regional office/operating units of an entity and from another entity for the purposes of implementing specific projects.

9. Inter-agency fund transfers. Cash received from an entity outside of DepEd for the purpose of implementing specific projects.

DepEd's Sources of Revenues and Other Receipts

a. Business income
   (ex. Fines and Penalties)
b. Income from Grants and Donations
c. Subsidy from the National Government (covered by NCA)
d. Other Receipts
   (ex. Gains on FOREX, Other Gains)

What are the Accounting Standards for Revenue and Receipts?

The following accounting standards shall apply for revenue and receipts of government entities:

1. Revenue includes only the gross inflows of economic benefits or service potential received and receivable by the entity in its own account. (PPSAS 9)

2. Receipts/Collections shall refer to all cash actually received from all sources during a given accounting period.

3. Fines shall include economic benefits or service potential received or receivable by a public sector agency, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations. Fines and penalties, either on tax revenue or other specific income account, shall be recognized as income of the year these were collected.
4. Gifts and donations shall consist of voluntary transfers of assets

including cash or other monetary assets, goods in-kind and services in-kind that one agency makes to another, normally free from stipulations. (PPSAS 23)

5. Goods in-kind are tangible assets transferred to an agency in a non-exchange transaction, without charge, but may be subject to stipulations. External assistance provided by multilateral or bilateral development organizations often includes a component of goods in-kind. (PPSAS 23)

6. Taxes are economic benefits or service potentials compulsory paid or payable to public sector agencies, in accordance with laws and or regulations, established to provide revenue to the government. Taxes do not include fines or other penalties imposed for breaches of the law. (PPSAS 23)

7. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. (PPSAS 23)

Accounting Entries

1. The Accounting entries to recognize receipt of NCA are as follows:

Account Title	Account Code	Debit	Credit
Regular			
Cash-Modified Disbursement System (MDS), Regular	10104040	P100,000	
Subsidy from National Government	40301010		P100,000
To recognize receipt of NCA for Regular Agency Fund			
Special Account			
Cash-Modified Disbursement System (MDS), Special Account	10104050	P100,000	
Subsidy from National Government	40301010		P100,000
To recognize receipt of NCA for payment for terminal leave			
Cash-Modified Disbursement System (MDS), Trust	10104060	P100,000	
Cash-Treasury/Agency Deposit, Trust	10104030		P100,000
To recognize the receipt of NCA for Trust Receipts Fund			

2. The accounting entry to recognize the receipt of NCAA is as follows:

Account Title	Account Code	Debit	Credit
Accounts Payable	20101010	P950,000	
Subsidy from National Government	40301010		P950,000
To recognize the receipt of NCAA			

3. The accounting entries for TRA are as follows:

Account Title	Account Code	Debit	Credit
Tax Withheld by NGAs NGAs' (withholding agency) Books			
Cash-Tax Remittance Advice	10104070	P100,000	
Subsidy from National Government	40301010		P100,000
To recognize constructive receipt of NCA for TRA			
Due to BIR	20201010	P100,000	
Cash-Tax Remittance Advice	10104070		P100,000
To recognize constructive remittance to BIR of taxes withheld through TRA			

Account Title	Account Code	Debit	Credit
Cash-Collecting Officers	10101010	P100,000	
Subsidy from Other NGAs	40301020		P50,000
Assistance from LGUs	40301030		25,000
Assistance from GOCCs	40301040		25,000
To recognize receipt of subsidy/assistance from other government agencies.			
Cash-Treasury/Agency Deposit, Trust	10104030	P100,000	
Cash-Collecting Officers	10101010		P100,000

4. The accounting entry for Receipt of Subsidy/Assistance from other NGAs, LGUs, GOCCs and Other Funds.

5. Accounting entry for Refund of excess cash advances granted to officers and employees.

Account Title	Account Code	Debit	Credit
Cash-Collecting Officers	10101010	P100,000	
Advances for Operating Expenses	19901010		P50,000
Advances for Payroll	19901020		25,000
Advances to Special Disbursing Officer	19901030		25,000
or Advances to Officers and Employees	19901040		
To recognize collection of refund of excess cash advances			
Cash-Treasury/Agency Deposit, Regular or	10104010	P100,000	
Cash-Treasury/Agency Deposit, Special Account or	10104020		
Cash-Treasury/Agency Deposit, Trust	10104030		
Cash-Collecting Officers	10101010		P100,000

To recognize remittance of collections to BTr

6. Accounting entry for Performance bond/security deposits.

Account Title	Account Code	Debit	Credit
Cash-Collecting Officers	10101010	P10,000	
Guaranty/Security Deposits Payable	19901010		P10,000
To recognize collection of performance bond/security deposits			
Cash-Treasury/Agency Deposit, Trust	10104010	P10,000	
Cash-Collecting Officers	10101010		P10,000
To recognize remittance of collections to BTr			

7. Accounting for Refund of overpayment of expenses. Receipts of refunds from officers, employees and suppliers/creditors resulting from overpayment of expenses.

Account Title	Account Code	Debit	Credit
Cash-Collecting Officers	10101010	P10,000	
Specific Expense account			P10,000
To recognize collection of refund of overpayment of expenses.			
Cash-Treasury/Agency Deposit, Regular or	10104010	P10,000	
Cash-Treasury/Agency Deposit, Special Account or	10104020		
Cash-Treasury/Agency Deposit, Trust	10104030		
Cash-Collecting Officers	10101010		P10,000
To recognize remittance of collections of refund of overpayment of expenses to BTr			

8. Intra-agency and inter-agency fund transfers.

Cash received from central office/regional office/operating units of an entity and from another entity for the purpose of implementing specific projects.

Account Title	Account Code	Debit	Credit
Intra-entity Fund Transfer			

Cash-Collecting Officers	10101010	P5,000	
Due to Central Office or	20301010		P5,000
Due to Bureaus or	20301020		
Due to Regional Offices or	20301030		
Due to Operating Units or	20301040		
Due to Other Funds	20301050		
To recognize receipt of intra-entity fund transfer			
Cash-Treasury/Agency Deposit, Trust	10104030	P5,000	
Cash-Collecting Officers	10101010		P5,000
To recognize remittance of collections to BTr			

What are the basic rules and regulations on Collections and Deposits?

1. All collection activities shall be done by personnel duly authorized/designated by the Head of the Unit;

2. Based on COA regulations, all employees entrusted with the handling of cash are required to be bonded under the Fidelity Fund. The amount of cash in the hands or under the custody of the accountable employee shall be limited within the amount covered by the bond to render protection to the full extent;

3. Physical barriers should be established to prevent misappropriation of cash;

4. All receipts should be deposited in the AGDB within the day of receipt. All undeposited receipts should be kept in a vault whose lock combination is known only to a specified level of authority;

5. Collecting Officers should also be provided with safety deposit boxes in order for them to store cash/check recently received. Before the end of the banking day, the contents of these safety deposit boxes should be deposited in the AGDBs. Cash/checks that are not deposited within the banking day because of unavoidable circumstances should be kept in the vault;

6. Cash records and accountable forms should also be stored in a

secured vault within the Cash Office;

7. Accountable officers are required to prepare and submit to the Accounting Office a periodic report on collections and deposits, supported by copies of ORs and validated deposit slips;

8. When mechanical devices are used to acknowledge cash receipts, exemption from the use of the standard official receipts shall be duly authorized by the COA/BIR;

9. Cash Receipts Record should be kept updated daily;

10. At no instance should the money in the hands of the Collecting Officers be utilized to encash employees and private checks.

Reporting of Collections and Deposits

Receipts and deposits shall be reported as follows:

1. At the close of the business day, the Collecting Officers shall prepare the Report of Collections and Deposits (RCD) (Appendix 26) for submission to Accounting Office/Unit. The report lists all the ORs issued in numerical sequence including cancelled ones;

2. The RCD shall be supported by documentary evidence such as duplicate copies of ORs and validated deposit slips;

3. The Collecting government entity issuing electronic Official Receipt (eOR) should generate and submit daily to the Auditor a copy of the RCD. In case the collection system is not integrated with the accounting system, the Accounting Division/Unit shall recognize the collections and deposits based on the generated reports duly certified by the Collecting Officer/Cashier/Head of Cash/Treasury Unit;

4. Field Offices (FOs)/Operating Units (OUs) without complete set of books shall record their collections of income chronologically in the Cash Receipts Register (CRReg) (Appendix 17). The certified copy of the CRReg together with the required supporting documents, duplicate copies of ORs and Deposit Slip (DSs) shall be submitted within five (5) days after the end of each month to the concerned mother unit (central/regional/division office) by the FOs (a unit under the central/regional/ division office) for review and recording of the transactions in the CRJ by the Chief Accountant.

Detailed Procedures for Collections and Deposits through the Collecting Officer

Area of Responsibility	Seq. No.	Activity
Cash/Treasury Unit		Daily processes
Collecting Officer	1	Receives cash/check from payor representing collection based on the Order of Payment (OP) (*Appendix 28*) prepared by the Accounting Division/Unit.
	2	Issues OR to acknowledge receipt of cash/check.
		Note 1 –The OR shall be prepared in three copies and distributed as follows: *Original* – Payor *Copy 2* – To be attached to the RCD/CRReg *Copy 3* – Cash/Treasury Unit file
	3	Records collections in the Cash Receipts Record (CRRec) (*Appendix 29*).
	4	Prepares DSs in three copies.
		Note 2 –The DSs shall be distributed as follows: *Original* – AGDB *Copy 2* – To be attached to RCD/CRRec *Copy 3* – Cash/Treasury Unit file
	5	Deposits collections with AGDB for the account of the National Treasurer.
	6	Based on the duplicate copies of ORs on file and validated DSs from the AGDB, prepares the RCD in three copies. Initials on the RCD and forwards the same together with Copy 2 of the ORs and validated DSs to the Head of the Cash/Treasury Unit for review and signature.
Head of Cash/Treasury Unit	7	Reviews and signs the RCD. Forwards original of RCD, Copy 2 of the ORs and validated DSs to the Collecting Officer/Designated Staff for submission to the Accounting Division/Unit.
Designated Staff	8	Records the RCD in the logbook maintained by the Cash/Treasury Unit and forward the same with the copy 2 of the ORs and validated DSs to the Accounting Division/Unit for recording in the books of accounts.
Accounting Division/Unit		
Accounting Staff	9	Receives original of RCD with Copy 2 of the ORs and validated DSs from the Cash/Treasury Unit. Records receipt in the logbook maintained for the purpose and forwards the same to the Bookkeeper for review and preparation of the JEV.
Bookkeeper	10	Based on the RCD, prepares JEV in two copies and signs "Prepared by" portion of the JEV. Forwards the JEV and documents to the Head of the Accounting Unit for review and signature.
Head/Chief Accountant	11	Reviews and signs 'Certified Correct by' portion of the JEV.Forwards the JEV and documents to the Bookkeeper for recording in the CRJ.
		Note 3 –For the succeeding activities, refer to the Chapter on Financial Reporting for the preparation and submission of Trial Balances, Financial Statements and Other Reports.

Procedures for Collections through AAB/AGDB

Area of Responsibility	Seq. No.	Activity
Accounting Division/Unit		
Receiving/ Releasing Staff	1	Receives the Consolidated Report of Daily Collections (CRDC) from the AAB/AGDB. Records receipt in the logbook maintained for the purpose. Forwards the same to the Bookkeeper for preparation of the JEV.
Bookkeeper	2	Based on the CRDC, prepares JEV in two copies to recognize the collections and deposits, and signs "Prepared by" portion of the JEV. Forwards the JEV and supporting documents to the Accounting Division/Unit Head/Chief Accountant for review and signature.
Head/Chief Accountant	3	Reviews and signs "Certified Correct by" portion of the JEV. Forwards the JEV and supporting documents to the Bookkeeper for recording in the GJ.
		Note: For the succeeding activities, refer to the Chapter on Financial Reporting for the preparation and submission of Trial Balances, Financial Statements and Other Reports.

Accounting and Disbursement Procedures

GOVERNMENT ACCOUNTING

Government accounting encompasses the processes of analyzing, recording, classifying, summarizing and communicating all transactions involving the receipt and disposition of government funds and property, and interpreting the results thereof.

Accounting (Fund)	Government uses an accounting system called fund accounting. Fund accounting essentially groups financial data together into funds or accounts that share a similar purpose. This type of concept will give a particular government agency a better idea of what resources it has available to complete specific tasks or activities.
Surpluses and Deficits	Ideally, a government wants expenditures to be very close to revenue on any given year. Differences between revenues and expenditures are called surpluses (a positive difference) or deficits (a negative difference). Within the context of DepEd's financial management operations, it is important to know that a surplus is not a profit, nor is a deficit a loss.
Accounting Cycle	With so many issues facing an organization towards fulfilling its mission, it is important not to lose the big picture of the accounting cycle. Clarity and simplicity of rules and procedures demand a greater understanding of basic accounting cycle.

Disbursement Procedures

Expenditures of government funds or uses of government property in violation of law or regulations shall be a personal liability of the official or employee found to be directly responsible. It is for this reason that appropriate disbursement procedures are mandatory to the principle of good governance for effective delivery of services.

A Process Matrix which outlines steps on accounting procedures and document requirements was prepared and annexed in this document.

Scope	This chapter covers the fundamental principles, rules and regulations to be followed by the Department of Education Central, Regional, Division and Other Implementing and non-

Implementing Units, the Provident Fund, the Attached agencies, Trust Funds and the Foreign Assisted Projects, i.e. consistent with the recently issued revised Government Accounting Manual (CY 2015). Disbursement referred to in this manual include: (i) processing of disbursement voucher (DV); (ii) payment of current and prior year's accounts payable through List of Due and Demandable Accounts Payable – Advice to Debit Account (LDDAP-ADA) or issuance of check; (iii) management of cash advances (including Cash Advances to Non-IUs of their operational expenses); (iv) payment by cash; (v) remittance of taxes withheld through TRA and (vi) availment of foreign loans thru suppliers' credit/constructive cash.

Basic Requirements

The basic requirements (see page 7 of COA Circular No. 2012-001 dated 14 June 2012) for the disbursement of government/government-managed funds (e.g. funds from foreign donors or through a foreign-assisted project) applies to all types of government financial transactions, as long as the requirements and certifications are met (GAM for NGAs 2015):

1. Availability of allotment/budget for obligation/utilization certified by the Budget Officer/Head of Budget Unit;

2. Obligations/Utilizations properly charged against available allotment/budget by the Chief Accountant/Head of Accounting Unit;

3. Availability of funds certified by the Chief Accountant. The Head of the Accounting Unit shall certify the availability of funds before an Agency Head or his duly authorized representative enter into any contract that involves the expenditure of public funds based on the copy of budget release documents;

4. Availability of cash certified by the Chief Accountant. The Head of the Accounting Unit shall certify the availability of cash and completeness of the supporting documents in the disbursement voucher and payroll based on the ORS Certified by the Budget Officer;

5. Legality of the transactions and conformity with existing rules and regulations. The requesting and approving officials shall ensure that the disbursements of government funds are legal and in conformity with applicable rules and regulations; and

6. Submission of proper evidence to establish validity of the claim. The Head of the Requesting Unit shall certify on the necessity and legality of charges to allotments under his/her supervision as well as the validity, propriety and legality of

supporting documents. All payments of government obligations and payables shall be covered by Disbursement Vouchers (DV)/Payrolls together with the original copy of the supporting documents which will serve as basis in the evaluation of authenticity and authority of the claim. It should be cleared, however, that the submission of the supporting documents does not preclude reasonable questions on the funding, legality, regularity, necessity and/or economy of the expenditures or transactions.

7. All disbursement vouchers, payrolls, contracts, purchase orders (PO), authority to conduct activities and authority to pay shall be reviewed and initialed by the Supervising Administrative Officer (SAO) and Chief Administrative Officer (CAO) of the Regional Office before approval of the Regional Director.

Basic Concepts and Principles

Fundamental Principles in Disbursements

The Fundamental Principles governing the disbursements of government/government-managed funds is governed within the limits stated in Section 4 of P.D. No. 1445 (Government Auditing Code of the Philippines), thus:

1. No money shall be paid out of any public treasury or depository except in pursuance of an appropriation law or specific authority;

2. Government fund or property shall be used solely for public purposes;

3. Trust fund shall be available and shall be spent only for specific purpose in which the trust was created or fund received;

4. Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over financial affairs, transactions and operations of the government agency.

5. Disbursement or disposition of government funds or property shall invariably bear the approval of the proper officials;

6. Claims against government funds shall be supported with complete documentation (COA Circular no. 2012-001 dated June 14, 2012 amended by COA Circular no. 2013-001 dated January 10, 2013).

7. All laws and regulations applicable to financial transactions shall

be faithfully adhered.

8. Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed, provided that they do not contravene existing laws and regulations.

Modes of Disbursements

Discussions in this section adhere to the recently issued GAM for NGAs 2015 (see GAM Vol. 1; Ch. 6, sec. 2& 7). Payments/Disbursements by NGAs may be effected through the Treasury Single Account (TSA).

Modes of disbursements are as follows:

1. checks (MDS or commercial checks);
2. cash (out of cash advance granted to authorized Disbursing Officer);
3. advice to debit the account;
4. tax remittance advice;
5. working Fund/CDC; and
6. direct payment method(NCAA)

.

Disbursement by Checks

Checks shall be drawn only on duly approved Disbursement Voucher (DV) or Payroll (see sample forms and instructions in GAM Vol. II). These shall be used for payment of regular expenses which cannot be conveniently nor practically paid using the ADA or not authorized to be paid using the Petty Cash Fund or advances for operating expenses. Checks issued shall be reported and recorded in the books of accounts whether released or unreleased to the respective payees. There are two types of checks being issued by government agencies as follows:

Modified Disbursement System Checks

- checks issued by government agencies chargeable against the account of the Treasurer of the Philippines, which are maintained with different MDS-GSBs (MDS-Government

Servicing Banks)

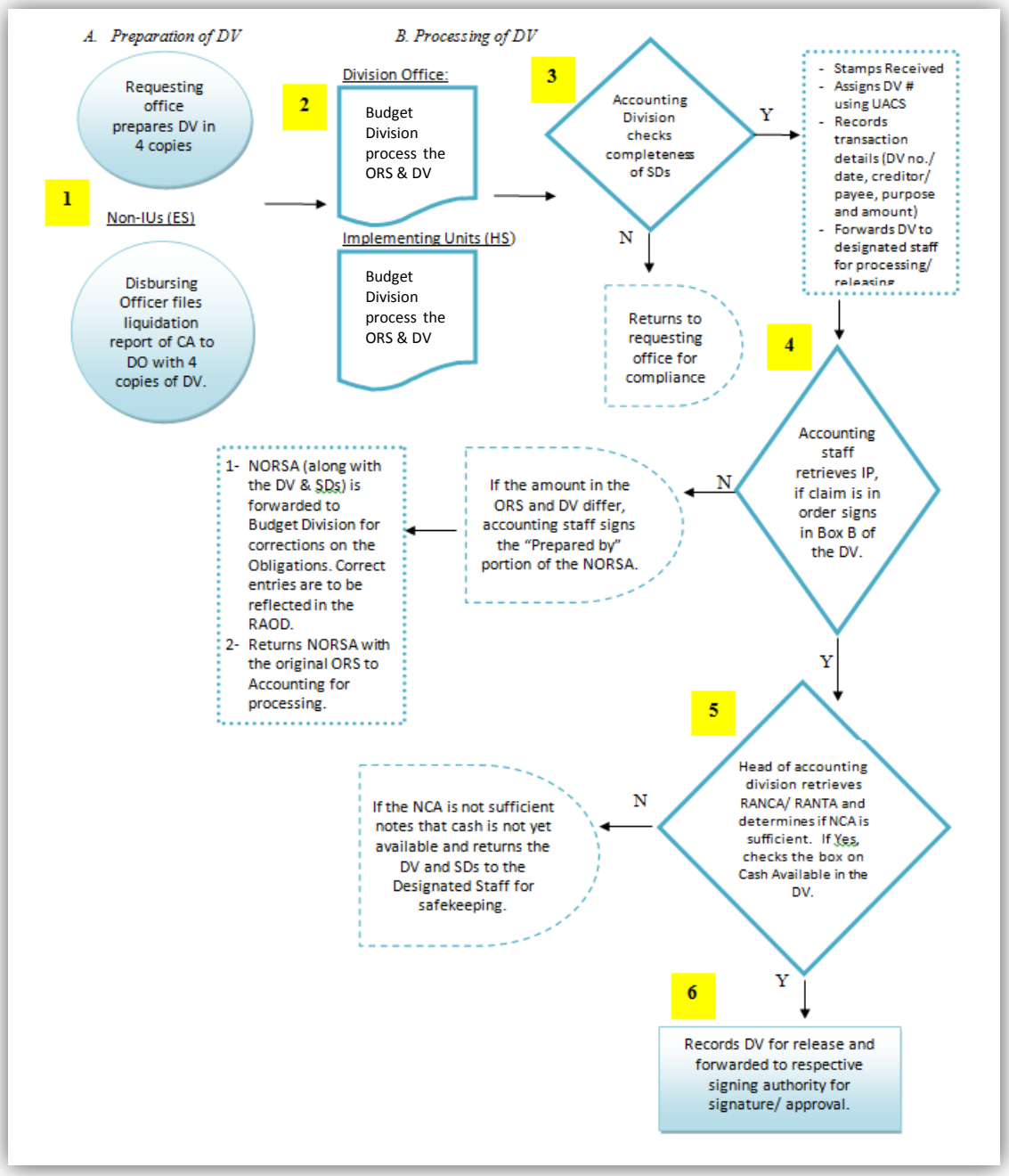
Commercial Checks

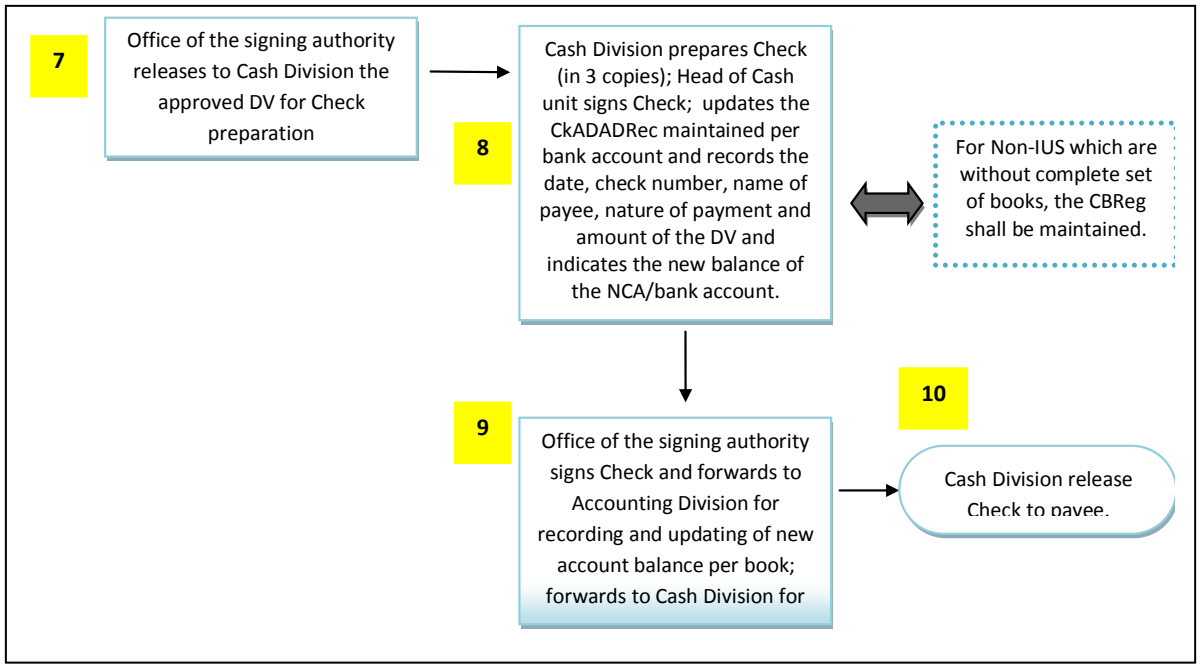
- checks issued by NGAs chargeable against the Agency Checking Account with GSBs. These shall be covered by income/receipts authorized to be deposited with AGDBs

Process Flow

The succeeding sample flowchart on disbursement thru check issuance using sample transaction for office supplies, which is similar to other type of financial transaction, follows the provisions of the GAM for NGAs 2015:

FIGURE 12 – PROCESS FLOW OF DISBURSEMENTS

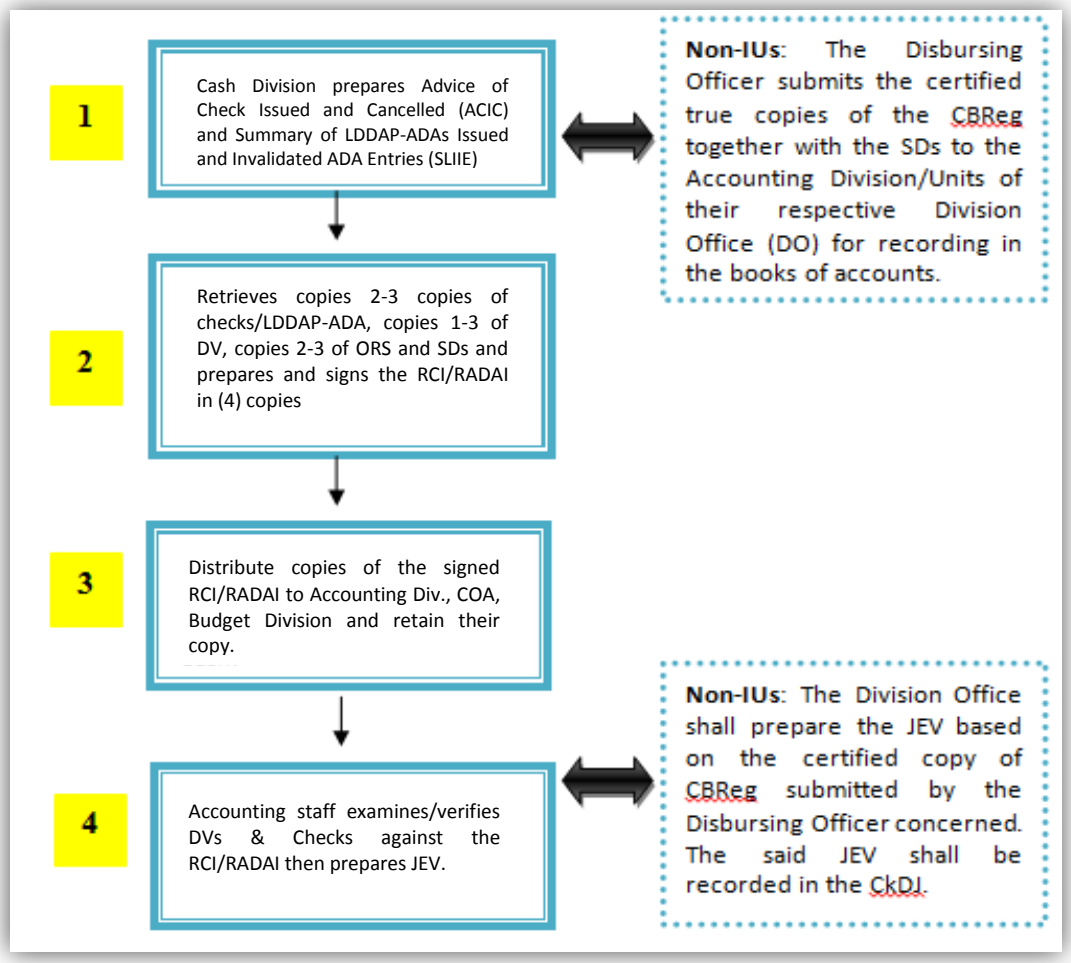




Reporting of Cash and Check Disbursement by the Cash Division/Unit

- Cash Division is responsible for preparing the Report of Disbursement (ROD), Report of Checks Issued, and Report of LDDAP-ADA Issued.
- The ROD must be prepared five (5) days after the culmination of the activity for which the cash advance was granted.
- Report of Check Issued (RCI) must be prepared on a daily basis for checks issued on that day.
- Report of LLDAP-ADA Issued and Validated must be prepared on a daily basis for payments made thru LDDAP-ADA.
- All reports mentioned must be supported by the Disbursement Voucher with all the supporting documents attached as basis for payment.

FIGURE 13 - UPDATING OF DISBURSEMENT REPORTS FLOWCHART



Illustrative Accounting Entries for Disbursements By Check and by LDDAP-ADA

Account Title	Account Code	Debit	Credit
a. Receipt of NCA			
Cash - Modified Disbursement System, Regular	10104040	100,000.00	
Subsidy from National Government	40301010		100,000.00
To recognize receipt of NCA from the DBM			

b. Payment of Salaries and Allowances:

Assumptions:

Salaries and Wages		₱ 36,000
PERA		14,000
TOTAL		**P 50,000**
Less: Salary Deductions		
Withholding Tax	5,000	
Life and Retirement Premiums	3,240	
Pag-Ibig premiums	500	
PhilHealth premiums	600	
GSIS Salary loan	200	
Employees' Association	100	**9,640**
Net Amount		**P40,360**

Salaries and Wages	50101010	36,000.00	
PERA	50102010	14,000.00	
Due to BIR	20201010		5,000.00
Due to GSIS	20201020		3,440.00
Due to Pag-IBIG	20201030		500.00
Due to PhilHealth	20201040		600.00
Other Payables	29999990		100.00
Cash in Bank – MDS, Regular	10102020		40,360.00
To recognize payment of salaries thru ATM for the month of _____.			

Additional Entry on Tax Withheld				
Cash - Tax Remittance Advice	10104070	5,000.00		
Subsidy From National Gov't Agency	40301010		5,000.00	
To recognize constructive receipt of NCA for TRA.				

c. Remittance of Government's Share and Salary Deductions

Ret. and Life Insurance Premiums	₱ 4,320.00
Pag-Ibig Contributions	500.00
PhilHealth Contributions	300.00
Total	₱ 5,120.00

c.1 Remittance to GSIS (Government Share plus Salary Deduction)

Retirement and Life Insurance Premiums	50103010	4,320.00	
Cash - MDS, Regular	10104040		4,320.00
To take up remittance to GSIS (government share) for the period of _____.			
Due to GSIS	20201020	3,440.00	
Cash - MDS, Regular	10104040		3,440.00
To take up remittance to GSIS (salary deduction) for the period of _____.			

c.2 Remittance to Pag-ibig Fund (Government Share plus Salary Deduction)

Pag-ibig Contributions	50103020	500.00	
Due to Pag-ibig	20201030	500.00	
Cash - MDS, Regular	10104040		1,000.00
To take up remittance to Pag-ibig Fund for the period of _____.			

c.3 Remittance to Phil. Health Inc. (Government Share plus Salary Deduction)

PhilHealth Contributions	50103030	300.00	
Due to PhilHealth	20201040	300.00	
Cash - MDS, Regular	10104040		600.00
To take up remittance to Pag-ibig Fund for the period of _____.			

c.4 Remittance to Other Entities

Other Payables	29999990	100.00	
Cash - MDS, Regular	10104040		100.00
To take up remittance to Employees Credit Cooperative for the period of _____.			

c.5 Remittance to BIR

Due to BIR	20201010	5,000.00	
Cash - Tax Remittance Advice	10104060		5,000.00
To take up remittance of taxes withheld thru TRA			

d. Payment for delivery of supplies and materials for consumption

Office Supplies Inventory	10404010	2,500.00	
Due to BIR	20201010		125.00
Cash - MDS, Regular	10104040		2,375.00

To recognize payment for the delivery of supplies and materials based on Delivery Receipt No. 12451

e. Payment of the following utility bills:

Electric Bill	₱ 1,200.00
Telephone Bill	500.00
Water Bill	200.00
Total	₱ 1,900.00

e.1 Payment to Water Company

Water Expenses	50204010	200.00	
Cash - MDS, Regular	10104040		200.00

To take up payment for water bill covering the period_____.

e.2 Payment to Electric Company

Electricity Expenses	50204020	1,200.00	
Due to BIR	10104040		120.00
Cash - MDS, Regular	10104040		1,080.00

To take up payment for electric bill covering the period _____.

e.2 Payment of Telephone Expenses

Telephone Expenses	50205020	500.00	
Due to BIR	20201010		60.00
Cash - MDS, Regular	10104040		440.00

To take up payment for telephone bill covering the period _____.

Additional Entry Tax Withheld:

Cash -- Tax Remittance Advice	10104070	305.00	
Subsidy From National Gov't Agency	40301010		305.00

To recognize constructive receipt of NCA for TRA.

Remittance to BIR:

Due to BIR	20201010	305.00	
Cash - Tax Remittance Advice	10104060		305.00

To take up remittance of taxes withheld thru TRA

f. Payment of rent

Prepaid Rent	19902020	1,300.00	
Cash - MDS, Regular	10104040		1,300.00

To recognize payment of one year rent of photocopying machine (July, 2014 – June, 2015)

g. Grant of cash advance for travel

Advances to Officers and Employees	19901040	1,000.00	
Cash - MDS, Regular	10104040		1,000.00

To recognize granting of travel allowance to employees

h. Advance payment to Procurement Service

Due from NGAs	10303010	2,500.00	
Cash - MDS, Regular	10104040		2,500.00

To recognize advance payment to Procurement Service for the purchase Office Equipment

i. Advances to Contractors

Advances to Contractors	19902010	8,000.00	
Cash - MDS, Regular	10104040		8,000.00

To recognize 15% mobilization fees to contractors to be recoup from progress billing

j. Payment of Accounts Payable

Gross	₱ 400.00			
Less: Withholding Tax (VAT)	36.00			
Net	₱364.00			
Accounts Payable		50203010	400.00	
Due to BIR		20201010		36.00
Cash - MDS, Regular		10104040		364.00

To recognize payment of accounts Payable thru the issuance of checks based on the duly approved DV and supporting documents.

Disbursements by Cash

Cash disbursements constitute payments out of cash advances granted to the regular and special disbursing officers for personnel services, petty expenses, MOOE for field operating requirements, and conduct of special time-bound activities or undertaking

Granting and Liquidation of Cash Advances

On Granting of Cash Advances:

- The grant of cash advances shall be governed by COA Circular No. 97-002 dated February 10, 1997, as amended by COA Circular No. 2006-005 dated July 13, 2006. Provisions are also outlined in the GAM for NGAs 2015.

Eligible expense item

- the cash advances may be granted to the

Cashiers/Disbursing Officers, designated Special Disbursing Officers, officers and employees to cover the following expenses: (i) salaries and wages; (ii) special time-bound undertakings; (iii) petty operating expenses; (iv) MOOE for school operations, and (v) travels;

Attachments to the Disbursement Vouchers on the grant of cash advance:

- For payment of Salaries, wages, allowances and other compensation benefits:
- Approved Payroll
- DTR (and documents necessary to prove service rendered, such as but not limited to Form 6; travel order and certificate of appearance);
- Obligation Request and Status
- Other supporting documents that may be required as stated in COA Circular No. 2012-001 dated June 14, 2012

- For Special time-bound undertaking:
    - Office Memorandum to conduct the activity
    - Project Proposal/Budget Estimate
    - Obligation Request and Status
    - Authority to Grant Cash Advance
- Other supporting documents that may be required as stated in COA Circular No. 2012-001 dated June 14, 2012

- For Petty Operating Expenses:
    - Establishment of Petty Cash Fund (initial grant)
        - Authority/policy to put up petty cash fund
        - Estimated petty expenses in a month
        - Obligation Request and Status

    - Replenishment of PCF
        - Request for replenishment
        - Obligation Request and Status
        - Petty Cash Vouchers
        - Receipts
        - Other supporting documents required of the transaction paid.

- For School Operations – MOOE
    - Initial grant of cash advance for school operations
        - Premium Bond payment
        - Annual Improvement Plan culled out of School Improvement Plan (to be attached in the first cash advance for the year)
        - Monthly Disbursement Program (to be attached in the first cash advance for the

year)
        - Obligation Request and Status

    - Succeeding grants/replenishment:
        - Liquidation Report
        - Cash/Check Disbursement Report
        - School Principal can replenish its cash advance once liquidation reached at least 75% of the previous cash advance.

- For Travel Expenses:
    - ORS
    - Travel Order
    - Appendix 45 – Itinerary of Travel

Supporting Documents – On the Liquidation of Cash Advances per COA Circular No. 2012-001 dated June 14, 2012:

- On Payment of Personnel Services (Salaries and other Compensation Benefits:
    - Report of Disbursement (ROD) certified correct by the accountable officer
    - Approved payrolls/vouchers duly acknowledged/signed by the payee/s
    - Approved daily time records (DTRs) or Certificate of Service
    - Approved application for leave
    - Other supporting documents that may be required as stated in COA Circular No. 2012-001 dated June 14, 2012

- On Petty Expenses:
    - Petty Cash Vouchers duly supported by receipts (Official Receipts, acknowledgement receipts, reimbursement expense receipts, etc.), and other documents required for a particular expense payment
    - Other supporting documents that may be required as stated in COA Circular No. 2012-001 dated June 14, 2012

- On MOOE of Field Operating Expenses:
    - Liquidation Report;
    - Cash/Check Disbursement Record duly supported by documents necessary for a particular expense payment, example:
        - Traveling Expense (local) – documents required are: Travel Order, Certificate of Appearance, Appendix 45 – Itinerary of

Travel & 47 – Certificate of Travel Completed, Fare tickets/receipts (depending on the means of transportation), Travel Report.

- Office Supplies (purchased in private entity)– Requisition Issue Slip, Purchase Request, Certification of Non-Availability at Procurement Service, BAC Resolution to Purchase thru Alternative Mode of Procurement--Shopping, Publication in PHILGEPS, Price Quotation from at least three (3) dealers, Abstract of Canvass, Purchase Order, Inspection and Acceptance Report, Official Receipt/Sales Invoice.

- Office Supplies (purchased at Procurement Service: Requisition Issue Slip, Purchase Request, Purchase Order, Inspection and Acceptance Report, Official Receipt

- Payment of utility bills: Statement of Account from the servicing company, Official Receipt.

- Conduct of Special Activities (time-bound undertakings):
  - Liquidation Report duly supported by:
    - Summary List of Expenses,
    - DepEd Office Memo (School/Division/ Region/Central Office – depending on the organization level of implementation);
    - Project Proposal/Budget Estimate;
    - Receipts (Sales Invoice, Official Receipts, Acknowledgement Receipts, etc.)
    - Narrative Report, and;
    - Other supporting documents required for the activity.

Other Pertinent Provision on the Liquidation of Cash Advances

- The Advances for Payroll should not be used for encashment of checks or for liquidation of previous or other types of cash advances. It shall be equal to the net pay for the period. Liquidation of the advances shall be made within five (5) days after the end of the pay period.
- Any unclaimed salaries/allowances shall be refunded and be issued official receipt to close the account.
- Any excess cash advances shall be refunded and receipted by the Collecting Officer; and shall be remitted to the Bureau of Treasury.
- Cash advance must be granted only to duly bonded

Accountable Officials designated to handle cash advance; except for travel, which may be granted to Officers and Employees, subject to the approval of the agency head

- No additional cash advance shall be given unless previous cash advance has been fully liquidated, except for operating expenses / school MOOE.

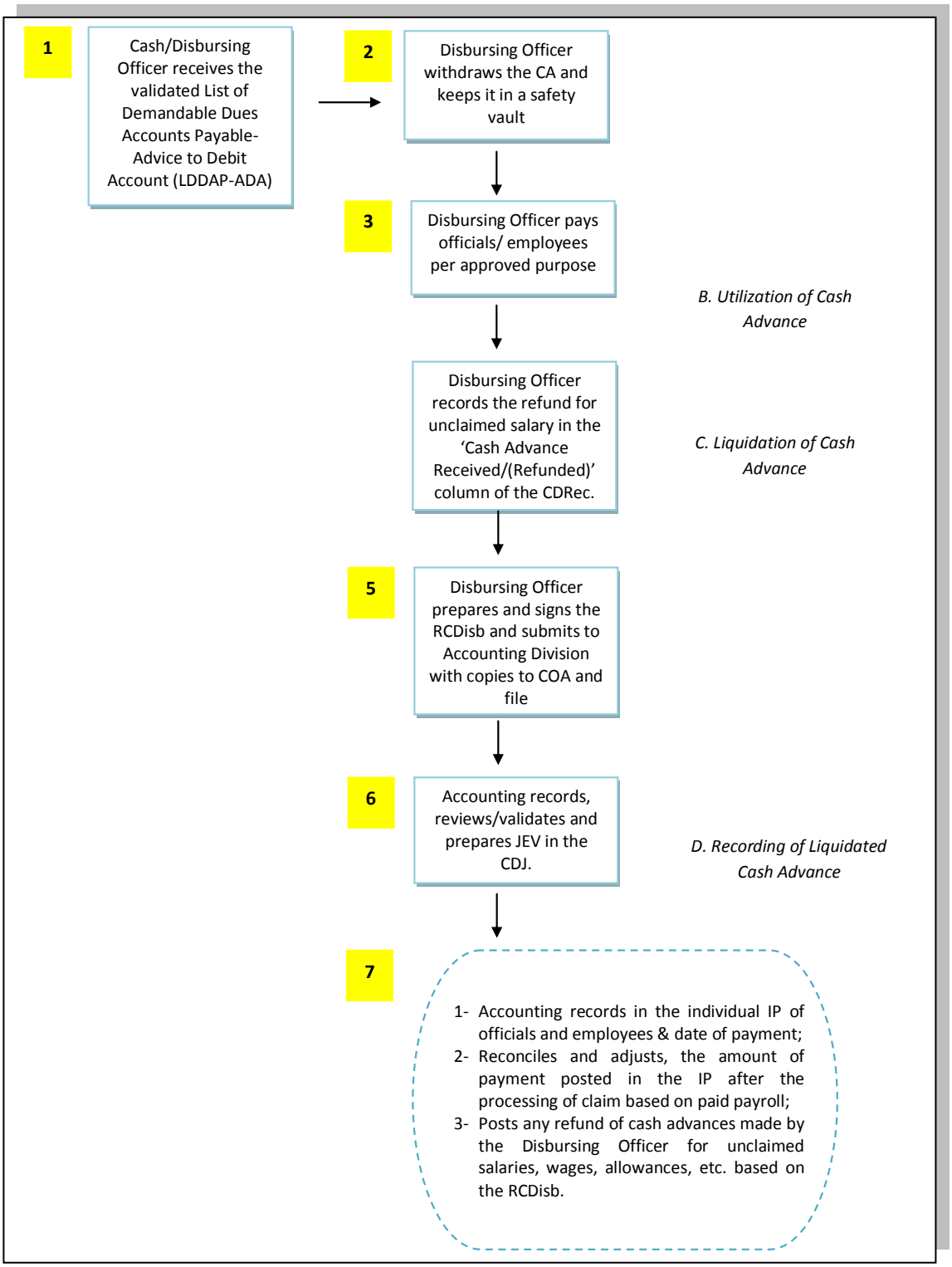
Accounting Books, Documentation and Reports

The Disbursing Officer based on existing COA and DBM regulations (COA Circular No. 2012-001 dated June 14, 2012, amended by COA Circular No. 2013-001 dated January 10, 2013) is tasked to:

i. maintain the Cash Disbursements Record;
ii. monitor the Advances for Payroll;
iii. prepare the Report of Cash Disbursements (RD); and
iv. report its utilization.

Process Flow on the procedures for Disbursements of Advances for Payroll

FIGURE 14 - ADVANCES FOR PAYROLL FLOWCHART



Illustrative Accounting Entries for Granting and Liquidation of Advances for Payroll and the Set-up of Salary Deductions and Due to Officers and Employees

1. Set up of Due to Officers and Employees and Salary Deductions

Assumptions:

Salaries and Wages	₱36,000
PERA	14,000
Total	50,000
Less: Salary Deductions	
Withholding Tax	5,000
Life and Retirement Premiums	3,000
Pag-IBIG premiums	500
PhilHealth premiums	600
GSIS Salary loan	200
Employees' Association	100
Total Deduction	9,400
Net Amount	₱ 40,600

Salaries and Wages - Regular	50101010	36,000.00	
PERA	50102010	14,000.00	
Due to BIR	20201010		5,000.00
Due to GSIS	20201020		3,500.00
Due to Pag-Ibig	20201030		500.00
Due to PhilHealth	20201040		300.00
Other Payables	29999990		100.00
Due to Officers and Employees	20101020		40,600.00

To recognize payable to Officers and employees and to set up salary deductions

2. Granting of Advances for Payroll

Advances for Payroll	19901020	40,600.00	
Cash - MDS, Regular	10104040		40,600.00

To record grant of advances to cover payment of salaries and wages of employees

3. Liquidation of Payroll Fund

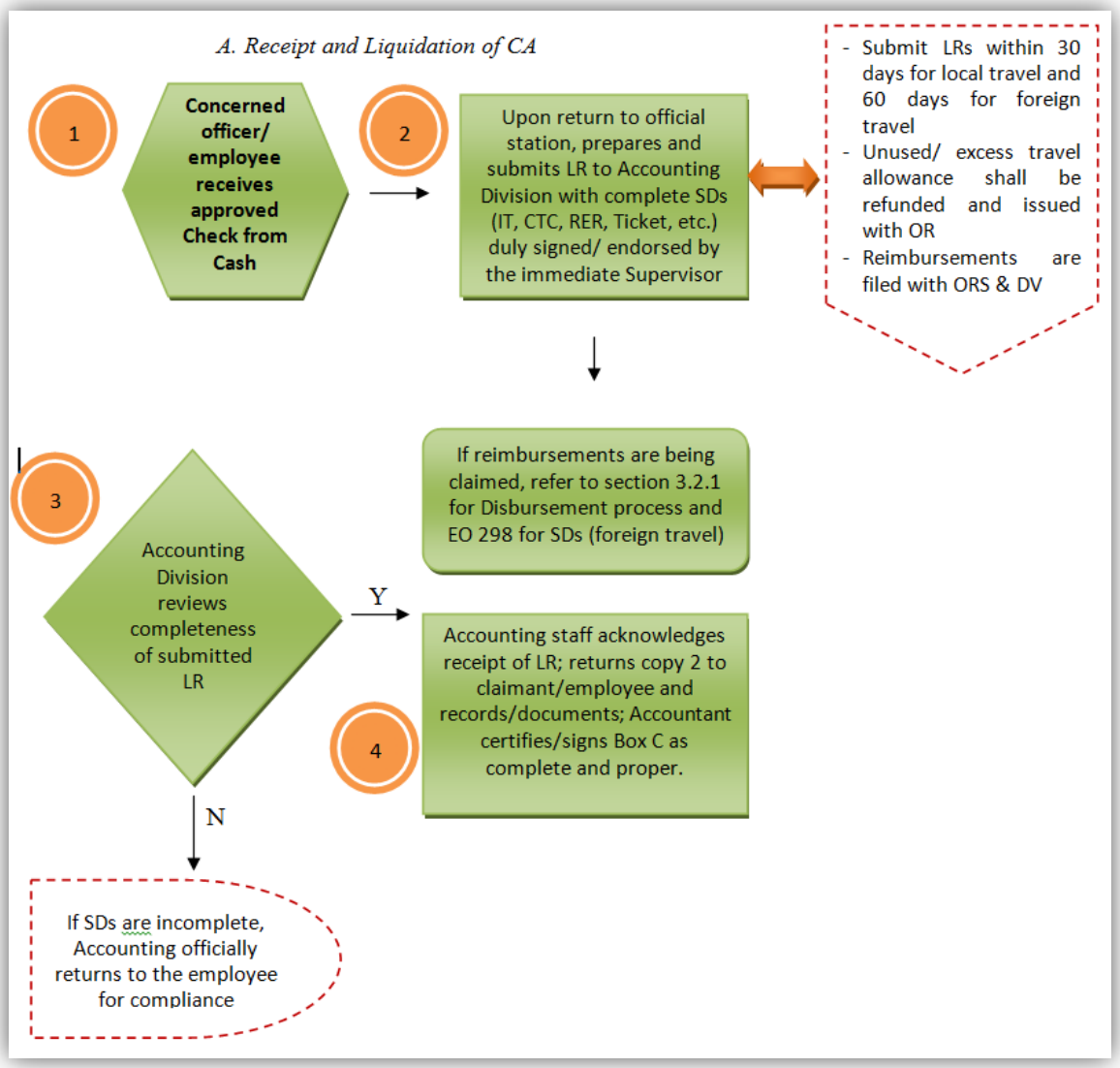
Due to Officers and Employees	20101020	40,600.00	
Advances for Payroll	19901020		40,600.00

To recognize liquidation of Advances for Payroll based on the RDs and supporting documents

Cash Advances for Travel	Section 2 of Executive Order (EO) No. 248 as amended by EO No. 248A dated August 14, 1995 and EO No. 298 dated March 23, 2004, provide that travels shall cover only those that are urgent and extremely necessary, will involve the minimum expenditure and are beneficial to the agency concerned and/or the country. DepEd based its limitations as prescribed in the said regulations and as stated in the GAM for NGAs 2015.
Documentary Requirements	The documentary requirements for cash advance for travel as provided under 1.1.4 of COA Circular No. 2012-001 dated June 14, 2012, amended by COA Circular No. 2013-001 dated January 10, 2013 (see GAM Volume I, Section 25-26).
Granting and Liquidation of Cash Advance	Follows the procedures outlined in the GAM for NGAs 2015 (see GAM Volume I, Section 25-26).
Foreign Travel	Procedures for the liquidation of Cash Advance for Foreign Travel (see GAM Volume I, Section 25-26).
Accounting Books, Documentation and Reports	The officers/employees who made the travel shall prepare the LR and its corresponding supporting documents, which shall be the basis for the preparation of the JEV. The Accounting Division/Unit shall record the JEV in the GJ and maintain SL/IP for officers and employees where the granting and liquidation of travel allowances shall be posted for monitoring purposes (GAM Volume I, Sec. 28).

PROCESS FLOWCHART FOR DISBURSEMENTS OF ADVANCES TO OFFICERS AND EMPLOYEES FOR TRAVEL

FIGURE 15 - ADVANCES FOR TRAVEL FLOWCHART

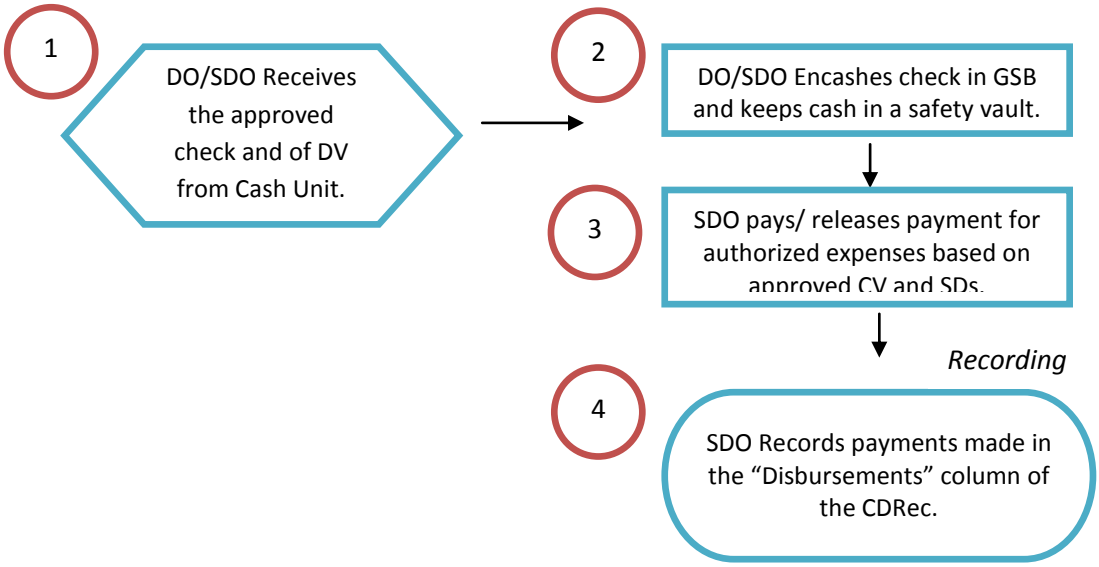


Illustrative Accounting Entries for the Granting and Liquidation of Advances to Officers and Employees covering official travel

Particulars	Account Code	Debit	Credit
1. **Granting of Cash Advance for Travel**			
Advances to Officers and Employees	19901040	2,000.00	
Cash – MDS, Regular	10104040		2,000.00
To record granting of travel allowance to officers and employees based on duly approved DV, Authority to Travel and Itinerary of Travel			
2. **Liquidation of Cash Advance**			
Traveling Expenses - Local	50201010	2,000.00	
Advances to Officers and Employees	19901040		2,000.00
To record liquidation of cash advance for travel upon receipt of LR and supporting documents			
3. **Granting of cash advance for training abroad**			
Advances to Officers and Employees	19901040	200,000.00	
Training Expenses	50202010	80,000.00	
Cash – MDS, Regular	10104040		280,000.00
To record granting of cash advance for training abroad			
4**. Liquidation of Cash Advance**			
Traveling Expenses - Foreign	50201020	200,000.00	
Advances to Officers and Employees	19901040		200,000.00
To record liquidation of cash advance for foreign travel upon receipt of LR and supporting documents (SDs).			

Cash Advance for Specific Purpose/Time Bound Undertaking	Cash advance for special purpose/time-bound undertaking shall be granted only to duly authorized accountable officer/special disbursing officer. It shall be accounted for in the books of accounts as Advances to Special Disbursing Officer. The cash advance shall be sourced only from allotments for maintenance and other operating expenses. It shall be liquidated by the accountable officer within a Documentary Requirements. The documentary requirements for cash advance for specific purpose/time bound undertaking as provided under 1.1 of COA circular No. 2012-001 dated 14June 2012.

FIGURE 16 - ADVANCES TO DISBURSING OFFICERS FLOWCHART



Liquidation of this type of Cash Advance

Follows the same process illustrated in 3.2.1. (refer to the Process Matrix). Any unused cash advances will be refunded to the Cashier with proof of OR as acknowledgement receipt of the refund. The OR is a supporting document to the RD.

Illustrative Accounting Entries for Advances to Special Disbursing Officers

Particulars	Account Code	Debit	Credit

Assumptions:

Estimated Expenses for the celebration of agency anniversary:

Office Supplies	₱ 1,000
Travel Expenses	1,500
Snacks	8,000
Stipend for the priest during mass	1,000
Flowers and candles for the Mass	500
	₱12,000

1. Granting of Cash Advance to Special Disbursing Officers

Advances to Special Disbursing Officer	19901030	12,000.00	
Cash – MDS, Regular	10104040		12,000.00
To record cash advance granted to Special Disbursing Officer			

2. Liquidation of Cash Advance

Traveling Expenses-Local	50201010	1,500.00	
Office Supplies Expenses	50203010	1,000.00	
Other Maintenance and Operating	50209990	9,500.00	

Expenses			
Advances to Special Disbursing Officer		19901030	12,000.00

To record the liquidation of cash advance after the anniversary celebration based on the Report of Disbursements and supporting documents submitted by the Special Disbursing Officer.

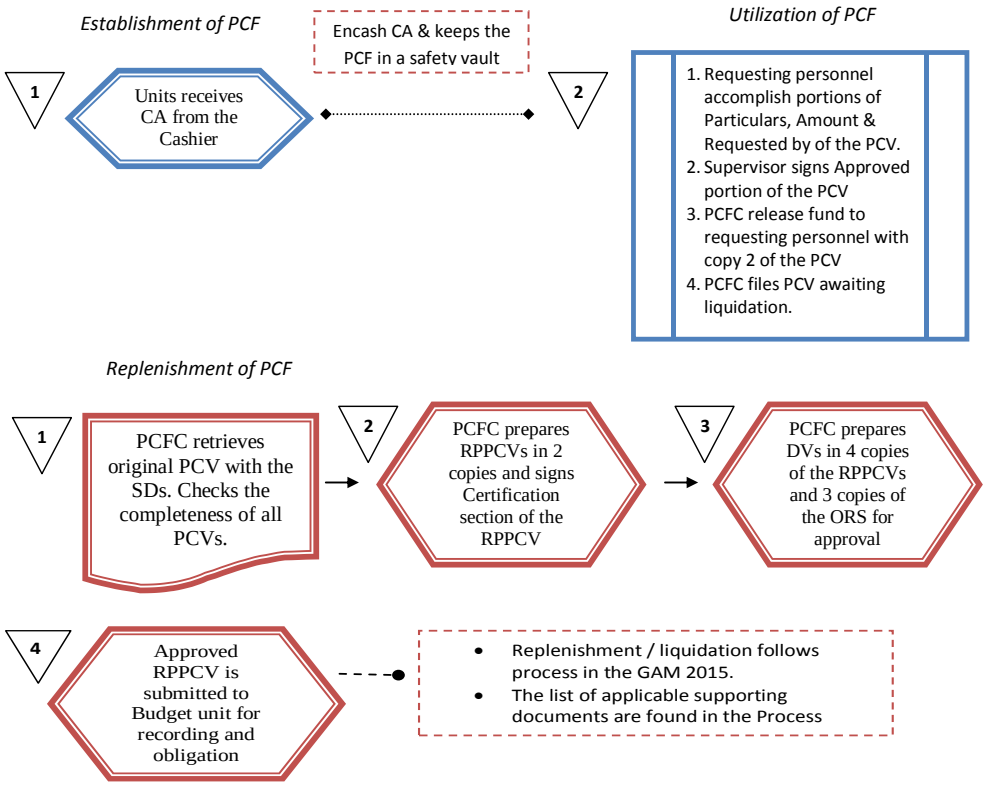
Cash Advance for Petty Operating Expenses

The Petty Cash Fund (PCF) to be set up shall be sufficient for the recurring petty operating expenses of the agency for one month. It shall be maintained using the Imprest System. All replenishments shall be directly charged to the expense account and at all times, the PCF shall be equal to the total cash on hand and the unreplenished expenses. The PCF shall be replenished as soon as disbursements reach at least 75% or as needed. Policies covering the PCF are described in the GAM of 2015 and consistent with COA Circular No. 2012-001 dated June 14, 2012.

The supporting documents/accounting books and reports for the establishment and release of the PCF are outlined in the process matrix as provided under 1.1.2 of the above-cited COA Circular.

Process Flow for the Granting of Petty Cash Advance

FIGURE 17 - ADVANCES FOR PETTY CASH FLOWCHART



Liquidation of the PCF

Follows the same process illustrated in 3.2.1. (see Process Matrix). Any unused cash advances will be refunded to the PCFC with proof of

OR as acknowledgement receipt of the refund. The OR is a supporting document to the RD.

Accounting Books, Records, Forms and Reports to be Prepared and Maintained	The Petty Cash custodian shall prepare the Report on Paid Petty Cash Vouchers (RPPCVs) and maintain the Petty Cash Fund Record (Appendix 50 Vol. II of GAM) to monitor and control the granting and utilization of the fund. The RPPCVs shall be the basis in the preparation of the JEV which shall be recorded by the bookkeeper in the CDJ. The accounting unit shall maintain SL to monitor and control accountability.

Illustrative Accounting Entries for Disbursements Out of Petty Cash

Particulars	Account Code	Debit	Credit
Assumptions:			
1. Establishment of Petty Cash Fund			
Petty Cash	10101020	2,800.00	
Cash – MDS, Regular	10104040		2,800.00
To record the establishment of PCF			
2. Replenishment of Petty Cash Fund			
Travelling Expense – Local	50201010	800.00	
Office Supplies Expenses	50203010	900.00	
Fuel, Oil and Lubricants	50203090	100.00	
Postage and Courier Expenses	50205010	500.00	
Other Maintenance and Operating Expense	50209990	300.00	
Petty Cash	10101020	2,600.00	
Cash – MDS, Regular	10104040		2,600.00
Petty Cash	10101020		2,600.00
To record the replenishment of Petty Cash based on the DV, RPPCVs and supporting documents			
3. Closure of PCF upon retirement, resignation, separation and termination of the Petty Cash Custodian			
Expenses		2,600.00	
Cash - Collecting Officer	10101010	200.00	
Petty Cash	10101020		2,800.00

Particulars	Account Code	Debit	Credit

To record return of unused PCF upon retirement, resignation, separation and termination of the Petty Cash Custodian based on the OR

4. Recording of Unreplenished Petty Cash at the end of the year

Assume the following are the unreplenished PCVs as of December 31:

Office Supplies	₱ 300
Traveling Expenses-Local	400
	₱ 700

Traveling Expenses-Local	50201010	300.00	
Office Supplies Expenses	50203010	400.00	
Petty Cash	10101020		700.00

To record the un-replenished petty cash at the end of the year

Documentary Requirements

The documentary requirements for Petty Cash Fund (PCF) as provided under 1.1.2 of COA Circular No. 2012-001 dated 14June 2012.

Disbursements through Advice to Debit Account

The Advice to Debit Account (ADA) is an authorization issued by the NGA/OU appearing in the lower portion of the List of Due and Demandable Accounts Payable (LDDAP). It serves as instruction to the Modified Disbursement System – Government Servicing Banks (MDS-GSB) to debit a specified amount from its available NCA balance under the regular MDS sub-account for payment of creditors/payees thru the Expanded Modified Direct Payment Scheme (ExMDPS) except for payment of terminal leave, retirement gratuity, remittance to social insurance premium contribution to government-owned and/or controlled corporations and utility companies such as: supplier of petroleum, power services, telephone, among others. Payments of small transactions which cannot be conveniently or practically paid through ADA shall be made thru PCF subject to existing COA accounting rules and regulations on the granting, utilization and liquidation of PCF.

Expanded Modified Disbursement Payment System

This refers to the payment procedures whereby the MDS-GSB shall pay the creditors/payees listed in the List of Due and Demandable Accounts Payable - Advice to Debit Account or LDDAP-ADA (Appendix 42 of the GAM) not later than 48 hours but not earlier than 24 hours upon receipt of the said document from the NGA/OU thru:

1. Direct credit to the creditor's current/savings/ATM account (CA/SA/ATM) maintained with MDS-GSB; or

2. Bank transfer, if creditor's account is maintained outside the agency's MDS-GSB, where corresponding bank charges shall be borne/paid by the creditor/payee concerned.

Signatories in the List of Due and Demandable Accounts Payable - Advice to Debit Account (LDDAP–ADA)	The LDDAP (Box I) shall be certified correct by the Chief Accountant/Head of the Accounting Unit and approved by the Head of the Agency/Authorized Official. The ADA (Box II) shall be signed by the Cash Unit/Authorized Representative and countersigned by the Head of the Agency/Authorized Representative. The signatories in the ADA (Box II) shall be bonded in accordance with Treasury Circular No. 02-2009 dated August 6, 2009.
Accounting Books, Records, Forms and Reports to be Prepared and Maintained	All LDDAP-ADA approved/issued during the day shall be recorded chronologically in the ADA Disbursements Record (Appendix 34 of the GAM) maintained by the Cash Unit per bank account. Indicates the dates the LDDAP-ADA was actually delivered to the MDS-GSB in the appropriate column provided for in the ADA Disbursements Record (ADADRec) and indicates the new balance of the NCA/bank accounts. The RADAI shall be prepared by the Cash Unit daily and certified correct by the Cashier/Disbursing Officer. All approved/issued LDDAP-ADA including those not yet delivered to the MDS-GSB and invalidated/cancelled one shall be included in the RADAI. The RADAI together with the original copies of the DVs, SLIIE and other supporting documents shall be submitted to the Accounting Unit for the preparation of JEV. A Summary of LDDAP-ADA Issued and Invalidated ADA Entries shall be prepared by the Cash Unit daily. Forwards the original and second copy to the MDS-GSB.
Monitoring of Receipt of Validated LDDAP-ADA and OR or other Acceptable Evident of Receipt of Payment	The Cash Unit shall monitor the receipt of the validated LDDAP-ADA from the MDS-GSB and the issuance of OR or other evidence of receipt of payments from the creditors/payees. A provisional receipt shall be issued by the creditors/payees once they are included in the LDDAP-ADA, subject to replacement of OR upon presentation of the duly validated LDDAP-ADA by the MDS-GSB as evidence that the said MDS-GSB direct payment has been effected in favor of the said creditors/payees.
Recording of LDDAP-ADA Issued	The Accounting Unit shall prepare a JEV and credit the appropriate "Cash – MDS, Regular" account upon receipt from the Cash Unit of the RADAI supported with DVs, SLIIE and other supporting SDs. The JEV shall be recorded in the ADA Disbursements Journal (Appendix 52 of the GAM). Documentary Requirements The documentary requirements for common government transactions depending on the nature of expenses shall be complied with as prescribed in paragraph 9.3 of COA Circular No. 2012-001 dated June 14, 2012.

Procedures for Disbursements thru ADA

Area of Responsibility	Seq. No.	Activity
		A. Preparation of LDDAP-ADA
Accounting Unit		DBM Circular Letter No. 2013-16 dtd. Dec. 23, 2013 DBM Circular Letter No. 2013-16 B dtd. Dec. 25, 2014 GAM Volume II Forms & Instruction appendix 42
Chief Accountant	2	Reviews and signs in Box I "Certified Correct" portion of LDDAP-ADA and forwards the documents to the Receiving/Releasing Staff.
Receiving/Releasing Staff	3	Records in the logbook release of Copies 1-5 of LDDAP-ADA, Copies 1-4 of DVs/payroll and SDs to the Head of Agency or Authorized Representative for approval of the LDDAP-ADA.
		B. **Approval of the LDDAP**
Office of the Agency Head/Authorized Representative Receiving/Releasing Staff	4	Receives Copies 1-5 of LDDAP-ADA, Copies 1-4 of DVs/payroll and SDs and records in the logbook the date of receipt.
Approving Officer	5	Reviews LDDAP-ADA and signs in Box I "Approved" portion. Forwards Copies 1-5 of LDDAP-ADA, Copies 1-4 of DVs/payroll, and SDs.
Receiving/Releasing Staff	6	Records in logbook the release of Copies 1-5 of LDDAP-ADA, Copies 1-4 of DVs/payroll and all SDs and forwards the documents to the Cash Unit.
		C. Approval of the ADA
Cash Unit Receiving/Releasing Staff	7	Receives Copies 1-5 of approved LDDAP-ADA, Copies 1-4 of DVs/payroll, and SDs. Records in the logbook the date of receipt of LDDAP-ADA, covering DV/payroll numbers, payees, particulars and amounts.
Designated Staff	8	Checks completeness of signatories on the LDDAP-ADA and in the DVs/payroll and amount.
	9	Retrieves from file the ADAD Rec maintained per bank account and records the date and number for LDDAP-ADA; date and number, name of payee, nature of payment and amount of the covering DVs/payroll and indicates the new balance of the NCA/bank account. Forwards Copies 1-5 of LDDAP-ADA, DVs/payroll and SDs to Cashier for review and signature.

Area of Responsibility	Seq. No.	Activity
Cashier	10	Verifies completeness of signature on the LDDAP-ADA and DVs/payroll. Reviews the amount of the LDDAP-ADA against the total amount of the DVs/payroll and supporting documents. Signs the LDDAP-ADA.
Receiving/Releasing Staff	11	Records in the logbook release of Copies 1-5 of LDDAP-ADA, Copies 1-4 of DVs/payroll and SDs.
Office of the Agency Head/Authorized Representative Receiving/Releasing Staff	12	Records in the logbook Copies 1-5 of LDDAP-ADA, Copies 1-4 of DV/payroll and SDs.
Authorized Official	13	Countersigns the LDDAP-ADA. Forwards Copies 1-5 of LDDAP-ADA, Copies 1-4 of DVs/payroll, and SDs to the Receiving/Releasing Staff for return to the Cashier.
Receiving/Releasing Staff	14	Records in the logbook the date of release of Copies 1-4 of approved LDDAP-ADA, Copies 1-4 of DVs/payroll and SDs.
		D. Preparation of Reports Summary of LDDAP-ADAs Issued and Invalidated ADA Entries (SLIIE)
Cash Unit Designated Staff	15	Receives Copies 1-5 of LDDAP-ADA, Copies 1-4 of DV/payroll, and SDs. Retrieves the ADADRec and checks completeness of documents.
Designated Staff	16	Daily, prepares the SLIIE in four (4) copies based on the approved LDDAP-ADA. Assigns control number in the SLIIE. Records in the logbook the SLIIE number and date, covering LDDAP-ADA number, date and amount and total amount of the SLIIE and forwards the document to the Cashier.
Cashier	17	Verifies completeness of signature on the LDDAP-ADA. Checks the correctness of the amounts. Signs the SLIIE and endorses to the Head of Agency/Authorized Official. Files temporarily the covering DVs and SDs.
Receiving/Releasing Staff	18	Records in the logbook release of Copies 1-5 of SLIIE and covering LDDAP-ADA to the Head of the Agency/ Authorized Official.
Head of the Agency/ Authorized Official Receiving/Releasing Staff	19	Receives Copies 1-5 of SLIIE and LDDAP-ADA and records in the logbook the date of receipt.
Head of the Agency/ Authorized Official	20	Countersigns the SLIIE. Forwards copies 1-5 of SLIIE and LDDAP-ADA to the Receiving/ Releasing Staff for return to the Cashier.

Cash Unit		
Designated Staff	21	Receives Copies 1-5 of SLIIE and LDDAP-ADAs. Records in the logbook the date of receipt and forwards to the Cashier.
Cashier	22	Checks completeness of the SLIIE and LDDAP-ADA and SDs. Forwards copies 1-5 to the liaison Officer.
Liaison	23	Receives copies 1-5 of the SLIIE and LDDAP-ADA and forwards to the MDS-GSB for validation. Note 3: The MDS-GSB shall retain the original SLIIE together with the validated copy of LDDAP-ADA issued as well as the Copy 2 of the SLIIE and LDDAP-ADA for submission to the BTr on the same day of receipt of said document from the agency. This will serve as the advisory to the BTr on the magnitude of expected disbursements through LDDAP-ADA and replenishment of the MDS Seed Fund. The remaining copies of the SLIIE and LDDAP-ADA shall be distributed as follows: Copy 3 – Accounting Unit Copy 4 – COA Copy 5 – Cash Unit
Cashier	24	Informs creditors/payees with the LDDAP-ADA number for the purpose of updating them on the status of their claims and for the issuance of provisional receipt once they are included in the LDDAP-ADA, subject to replacement of OR or other evidence of receipt of payment consistent with COA Circular No. 2004-006 dated September 9, 2004, immediately after actual receipt of payment. Note 4: Copy 4 of the DV/payroll shall be given to the payee upon issuance of OR.
		<u>Daily</u>
Liaison Officer	25	Submits to the Cashier validated Copies 3-5 of the SLIIE and LDDAP-ADA.
Cashier	26	Receives validated Copies of SLIIE and LDDAP-ADA. Retrieves covering DVs and SDs and attaches the validated SLIIE and LDDAP-ADA. Files the documents temporarily. Monitors return and completeness of submission of the duly validated LDDADP-ADA from the MDS-GSB and receipt of OR or other acceptable evidence of receipt of payment.
Designated Personnel	27	Stamps “PAID” on all DVs/payroll and supporting documents with validated LDDAP-ADA and OR or other acceptable evidence of receipt of payment. Ensures that the suppliers/creditors sign the “Received” portion of the DV. Files temporary the validated LDDAP-ADA, DVs/payroll and SDs.

E. Report of ADA Issued

Daily

Cash Unit Cashier	28	Retrieves Copies 3-5 of SLIIE and LDDAP-ADA and Copies 1-3 of DVs/payroll and SDs and prepares the Report of ADA Issued in four copies.
	29	Initials in "Certification" portion of the RADAI.
Head of the Cash Unit	30	Reviews RADAI and signs in "Certification" portion.
Designated Staff	31	Distributes the RADAI as follows: Copies 1-3 – to the Accounting Unit (with Copies 3-4 of the SLIIE and LDDAP-ADA, Copies 1 and 3 of DVs/payroll and supporting documents) Copy 4 – Cash Unit file copy (with Copy 5 of SLIIE and LDDAP-ADA, DVs/payroll and supporting documents) Note 6: The RADAI shall include all LDDAP-ADA prepared/issued during the day including the invalidated ADA. The RADAI shall be distributed as follows: Copies 1 – 3 – to the Accounting Unit together with Copies 3 - 4 of SLIIE and LDDAP-ADA paid DVs/payroll and SDs for JEV preparation Copy 4 – Cash Unit file copy (with Copy 5 of SLIIE and LDDAP-ADA, Copy 2 of DVs/payroll and supporting documents)
Designated Personnel	32	Furnishes Assigned Unit/Office of copy of RADAI for posting in the website.

F. Preparation of JEV

Accounting Unit

Daily

Receiving /Releasing Staff	33	Receives Copies 1 -3 of RADAI supported with Copies 3 and 4 of SLIIE and LDDAP-ADA and Copy 1 and 3 of DVs/payroll and SDs.
Designated Staff	34	Examines DVs/payroll and LDDAP-ADA against RADAI. Verifies if the serial number of all the LDDAP-ADA issued are all accounted.
	35	Prepares JEV in two copies and signs in the "Prepared" portion.
Head of the Accounting Unit/Authorized Signatory	36	Reviews and signs the JEV. Forwards Copies 1-2 of JEV and Copies 1 - 3 of RADAI supported with Copies 3 and 4 of SLIIE and LDDAP-ADA and Copy 1 and 3 of DVs/payroll and SDs to the bookkeeper for recording in the ADA Disbursement Journal (ADADJ).

F. Recording in ADADJ

Designated Staff	37	Receives Copies 1-2 of JEV, Copies 1 - 3 of RADAI, Copies 3 and 4 of SLIIE and LDDAP-ADA and Copies 1 and 3 of DVs/payroll and SDs. Records the JEV in the ADADJ.
Designated Staff	38	Records in the logbook submission of documents to COA and Budget Unit. Retains Copy 2 of JEV and RADAI and Copy 3 of SLIIE and LDDAP-ADA for file. Note 5 To COA – Copy 1 of JEV and RADAI, Copy 4 of SLIIE and LDDAP-ADA and Copy 1 of DVs/payroll and SDs. To Budget Unit – Copy 3 of RADAI with Copy 3 of DVs/payroll for posting of payments in Box C of ORS.

Illustrative Accounting Entries for Disbursements Through Authority ADA

Particulars	Account Code	Debit	Credit
1. **Upon set up of payables to suppliers**			
Office Equipment	10605020	80,000.00	
Accounts Payable	20101010		80,000.00
To set up payables for the purchase of Xerox machine based on processed/approved DV			
2. **Payment thru ADA**			
Accounts Payable	20101010	80,000.00	
Due to BIR	20201010		5,000.00
Cash – MDS, Regular	10104040		75,000.00
To record payment of payables to suppliers thru ADA.			

Disbursements Through Tax Remittance Advice

The Tax Remittance Advice (TRA) is an accountable document issued by NGA and approved by the Agency Head to record the remittance of all taxes withheld to the BIR. The same document shall be the basis for the BIR and the BTr to draw a JEV to record the tax collection and deposit in their respective books of accounts. The JEV shall be recorded in the GJ.

The TRA shall be supported with the Summary of Taxes Withheld (STW) certified by the Chief Accountant. The STW is the document which summarizes the type and amount of taxes withheld based

on the withholding tax returns. The accounting unit shall maintain SL to monitor remittances of taxes withheld from individual employees, suppliers and contractors.

Procedures for Disbursements Through TRA

Area of Responsibility	Seq. No.	Activity
Accounting Unit		
Chief Accountant/ Bookkeeper	1	Comply with the registration requirements of the BIR as withholding agent pursuant to Sec. 26 of the National Internal Revenue Code.
Cash Unit		
Disbursing Officer/ Cashier	2	Pay employees/suppliers/contractor for services rendered/ goods delivered net of withholding taxes. Note 1 Refer to Sec.13 for the procedures for disbursement by checks and Sec. 19 for the procedures on the disbursements through Payroll Fund.
Accounting Unit		
Bookkeeper	3	Prepares STW which will serve as basis for the remittance to the BIR. Note 2 The format of the STW shall be in accordance with what was prescribed in Annex A of Joint Circular No. 1-2000 dated January 3, 2000. Note 3 The STW shall be numbered as follows: 1st three (3) digits - Revenue District Office (RDO) Code Next two (2) digits - Department Code Next five (5) digits - Agency Code Next four (4) digits - Year Last three (3) digits - Serial No (one series a year)
	4	Forwards the STW to the Chief Accountant for signature.
Chief Accountant	5	Reviews the STW and prepares the TRA and forwards to the Agency Head for approval.

Area of Responsibility	Seq. No.	Activity
	6	Upon receipt from the Agency Head of the approved TRA, forwards the STW and TRA to the bookkeeper for the preparation of the JEV.
Bookkeeper	7	Receives from the Chief Accountant the STW and TRA.
	8	Files with the concerned BIR Office the required tax returns for all taxes withheld for compensation, expanded, final and government money payments (BIR Form 1601-C, 1601-E, 1601-F and 1600, respectively) together with a copy of the TRA and STW.
	9	Prepares the JEV and records in the GJ the remittance of all taxes withheld. Note 4 For the succeeding activities, refer to Chapter on Financial Reporting for the preparation and submission of Trial Balances and Other Reports.

Illustrative Accounting Entries for Remittance of Withholding Tax Through TRA

Particulars	Account Code	Debit	Credit
A. Agency Books			
1. Receipt of NCA for TRA			
Cash – Tax Remittance Advice	10101070	5,000.00	
Subsidy from National Government	40301010		5,000.00
To record constructive receipt of NCA for TRA			
2. Remittance of withholding taxes through TRA			
Due to BIR	20201010	5,000.00	
Cash – Tax Remittance Advice	10101070		5,000.00
To record remittance of withholding taxes through TRA			

Disbursement for Inter-Agency Transferred Funds (IATF)

Inter-Agency Transferred Fund refers to cash or money transferred to an Implementing Agency (IA) for the undertaking of a project by a Source Agency in which the allotment was released. The following are the accounting policies for the transfer of funds:

A Memorandum of Agreement (MOA) shall be entered into by the Source Agency and the IA for the undertaking by the latter of the project of the former. The MOA shall provide for the requirements for project implementation and reporting.

1. Depending on the MOA, the fund transfers may be treated as a) If the MOA provides a condition that the fund shall be spent as specified and any excess shall be returned to the Source Agency, the IA shall recognize the receipt of the fund as asset at its fair value with a corresponding liability, while the Source Agency shall recognize a receivable corresponding to the fund transfer; or b) If the MOA provides stipulations or no condition, the IA shall recognize the receipt of the fund as asset at its fair value with a corresponding revenue, while the Source Agency shall recognize an expense corresponding to the fund transfer.

2. A separate subsidiary record for each account shall be maintained by the IA whether or not a separate bank account is opened.

3. Within ten (10) days after the end of each month/end of the agreed period for the Project, the IA shall submit the RCI and the RD to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.

4. The IA shall return to the Source Agency any unused balance upon completion of the project, if stipulated in the MOA.

The illustrative accounting entries are presented in Annex M of the GAM (Vol. I).

Disbursements Through Direct Payment Method

This type of disbursement should be covered by an NCAA, The NCAA is an authorization issued by the DBM to the implementing agency to account for the cash equivalent of the loan proceeds availed of through supplier's credit or constructive cash. This mode of disbursement is made through the JEV issued by the BTr to the availing/implementing agency to record payment of goods and services made directly by the lending institution to the supplier or contractor. The JEV shall be recorded in the GJ.

Procedures for Disbursements Through Direct Payment Scheme of Foreign Loans Availment

Area of Responsibility	Seq. No.	Activity
		A. Recording of Goods/Property/Services Procured abroad thru Direct Payment Method by Concerned NGA
NGA Accounting Unit Designated Personnel	**1**	Receives IAR from Property Officer/Supply Officer/ Concerned Official, shipping documents and certified copy of the approved billing from supplier/contractor and prepares JEV to record goods/property in the books of accounts. The cost shall be based on the certified copy of the duly approved billing.
	2	Records the approved JEV in the GJ.
	3	Prepares the application for withdrawal from the loan account to pay for the goods and services and submits to the head of the agency for approval.
Head of the Agency	**4**	Approves the application for withdrawal and submits to the lending institution.
		Recording of Foreign Loans Payable in the BTr's Books of Accounts
Bureau of the Treasury Accounting Unit Designated Personnel	**5**	Receives the withdrawal authorization (WA)/advice of payment or any proof of disbursement from the lending institution and prepares the JEV in three copies to record the amount paid by the supplier/contractor/consultant as proceeds from borrowings.
Head of the Accounting Unit/Authorized Signatory	**6**	Reviews correctness of the journal entries and signs on "Certified Correct by" portion of the JEV. Forwards Copies 1 of JEV and WA/advice of payment or any proof of disbursement from the lending institution to Designated Staff for recording in the GJ and Copies 2-3 to the concerned NGA together with the WA/advice of payment or any proof of disbursement received from the lending institution.
Designated Personnel	**7**	Records the approved JEV in the GJ.
NGA Accounting Unit Designated Personnel	**8**	Receives from the BTr Copy 2-3 of JEV together with copy of WA/advice of payment or any proof of disbursement from the lending institution and records in the logbook.
	9	Submits to the DBM Copy 2 of JEV together with copy of WA/advice of payment or any proof of

		disbursement, list of suppliers/contractors/consultants directly paid by the lending institutions for the issuance of NCAA.
	10	Receives NCAA from the DBM, records in the logbook.
	11	Reconciles NCAA with the JEV to record receipt of goods/property paid by lending institution.
	12	Prepares JEV to record receipt of NCAA and settlement of accounts payable.
	13	Records the JEV in the GJ Note 3: For the succeeding activities, refer to the Chapter on Financial Reporting for the preparation and submission of Trial Balances and Other Reports.

Illustrative Accounting Entries for Disbursements thru Through Direct Payment Scheme of Loan Availment

Particulars	Account Code	Debit	Credit
Agency Books			
Receipt of goods procured thru the direct payment scheme			
Communication Equipment	10605070	500,000.00	
Accounts Payable	20101010		500,000.00
To record receipt of PPE			
Receipt of NCAA and Settlement of Accounts Payable			
Accounts Payable	20101010	500,000.00	
Subsidy from National Government	40301010		500,000.00
To record receipt of NCAA and payment of payables based on the WA/advice of payment or any proof of disbursement received from the lending institution.			

Financial Statements Presentation The Financial Statement presentation of the accounts related to disbursements shall be in accordance with the PPSAS 1.

Unified Accounts Code Structure (UACS) – Chart of Accounts

Consolidated FM coding system

Consistent with the Public Financial Management Reforms Roadmap, the Department of Budget and Management (DBM), Commission on Audit (COA), Department of Finance (DOF), and Bureau of the Treasury (BTr) jointly developed the Unified Accounts Code Structure (UACS), a government-wide coding framework, to provide a harmonized budgetary and accounting code classification that took effect on January 1, 2014 thru the issuance of COA-DBM-DOF Joint Circular No. 2013-1 dated August 6, 2013. The Joint Circular includes the complete Appendices of UACS Codes covering the Financing Source Codes up to the Chart of Accounts Object Codes with a total of 46 digit codes.

With the introduction of Unified Accounting Code Structure (UACS) in 2014, greater accountability and transparency in financial reporting of actual revenue collections and expenditures vis-a-vis programmed data are enhanced. UACS is a consolidated financial management coding system which harmonizes the classification of government accounts and codes for budgetary and accounting transactions

Interoperability

The interoperability of financial data through common chart of accounts under this concept makes it easy to analyze financial transactions among budget officers, accountants and auditors. This government-wide object coding framework harmonizes budgeting and accounting code classifications for reporting purposes.

Thus, working on the same page means better communication and understanding to properly manage people's hard-earned taxes. To further enhance the interoperability of the UACS codes, in November 7, 2014, the COA, DBM and DOF issued Joint Circular No. 2014-1 to include a two-digit Fund Cluster code in the Fund Source Code, another five-digit for Sector/Horizontal Outcome in the MFO/PAP codes and an additional one-digit in the Activity level. This enhancement brings the total UACS codes to 54-digits from the original 46-digits.

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Figure 18- Enhanced UACS Structure

Fund Cluster	Financing Source	Authorization Code	Fund Category	Department Code	Agency Code	Operating Unit Classification	Lower Level Operating Unit	Region	Province	City/Municipality	Barangay	Sector/Horizontal Outcomes	Program/Project	MFO/Project Category	Activity Level 1/Project Sub-Category	Activity Level 2/Project Title	Revised Chart of Accounts	Sub-Object Code
Funding Source (8)				Organization Code (12)				Location Code (9)				MFO/PAP (15)					Object Code (10)	
New (2)	Existing (6)			Existing (12)				Existing (9)				New (5)	Existing (9) – Now (10)				Existing (10)	
2	1		5	2	3	2	5	2	2	2	3	5	1	2	2	5	8	2

Provident Fund

Legal Basis

The Provident Fund of DepEd has been established under Administrative Order No. 279, s. 1992. It started operation in January 1995 through receipt of seed money in the amount of Seventy-five million pesos (P 75 million) representing Collection of Service fee from GOCCs and PLIs deposited to BTr. The fund is intended as a lending facility for regular teaching and non-teaching personnel, including contractual employees of DepEd nationwide. DECS Order 3, s. 1999 and DepEd Order No 12, s. 2004 was issued as Implementing Guidelines for the DepEd Provident Fund for CO, RO, DO and IUs.

Beneficiaries

The beneficiaries of the Fund are teachers, administrative staff (non-teaching) and officials of Central, Regional, Division and other Field Offices of DepEd who have permanent status of employment and under the regular payroll deductions scheme.

Casual, contractual and co-terminus employees are also entitled in the program provided that:

1. they have been in the service with the DepEd for at least two (2) years;
2. they have earned one hundred (100) or more days of leave credits.

Governance

The overall administration and management of DepEd Provident Fund shall be entrusted to the National, Regional and Division Board of Trustees, henceforth to be known as the Board. The Board is responsible to:

1. promulgate, apply and enforce policies and regulations;
2. administer, supervise and monitor the operations of the fund;
3. determine the type, use and amount of loans and benefits that may be granted to DepEd employees; and
4. prescribe the applicable repayment schedules and interest rate, among others.

For its part, the Secretariat will implement the policies, rules and regulations promulgated by the Board.

General Guidelines

1. ensure that all service fees from Private Lending Institutions (PLIs) are duly collected in accordance with the guidelines of Automatic Payroll Deduction Scheme (APDS)concerning the percentage of service fee to be deducted from the GOCCs and PLIs;

2. ensure that all service fees collected are properly accounted for and remitted to BTr with the corresponding Certification of Remittances issued;

3. receipt of funds from BTr should be properly recorded and transferred to DepEd Provident Fund;

4. allocation of Provident Fund received from BTr are equitably distributed to Implementing Units in accordance with the prescribed guidelines; and

5. all funds received should be properly accounted for in accordance with the accounting and auditing rules and regulations.

Compensation of Staff and Operating Expenses

The members, officers and staff of the National, Regional, Divisions and field offices shall serve without compensation, except for payment of overtime services rendered by the clerical staff.

In implementing the Provident Fund activities, reasonable expenses for administration and operating expenses are chargeable against the 20% of net income on operations as prescribed in the Administrative Order No. 279. The balance of 80% will be flowed back to the principal and form part of the equity of the Provident Fund.

Procedures of Disbursement and Recording

All loan applications shall be processed by the Secretariat, and may approve such loans as can be delegated by the Board. The approved loan applications shall go through the standard procedures for disbursement of funds. (Please refer to section on *Disbursement through ADA*).

Administration and operating expenses, and other necessary acquisitions of Plant, Property and Equipment (PPE) such as computers shall be for the exclusive use of Secretariats. All transactions shall be processed by the Secretariat with prior approval of the Board. Said expenses, however, should not exceed 20% of the net income on the operations of the Fund.

Financial transactions pertinent to the Fund, shall be disbursed and recorded in accordance with the recent provisions of the GAM.

Financial reporting

Separate financial statements and other related reports shall be prepared by each operating unit and submitted to the RO for review and consolidation. Consolidated financial reports of RO shall be submitted to CO to be integrated with the national financial reports.

Illustrative Accounting entries for fund transfer from DepEd-CO to Implementing Units

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
1	Fund Transfer from General Fund	Cash in Bank, LCCA	450		no entry			no entry	
		Other Payables		450					

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
2	Release of Fifty percent (50%) Allocation	Other Payables	225		Cash in Bank, LCCA	225		no entry	
	for Regional Office (RO) and Division	Cash in Bank, LCCA		225	Other Service Income		100		
	Office (DO)				Other Payables		125		
	RO 100				OR				
	DO 125								
					Cash in Bank, LCCA	225			
					Other Payables		225		
					To Record receipt of 50% Allocation				
					Other Payables	100			
					Other Service Income		100		
					to record allocation retained for RO				

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
3	Recording of the twenty percent (20%)	Other Payables	90		no entry			no entry	
	Share of the National Office	Other Service Income		90					

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
4	Transfer of allocations to the DO by the I	no entry			Other Payables	125		Cash in Bank, LCCA	125
					Cash in Bank, LCCA		125	Other Service Income	
*	Transfer of additional fund to RO from N	Other Service Income (Accum	20		Cash in Bank, LCCA	20			
		Surplus(Deficit)for prior years)							
		Cash in Bank, LCCA		20	Other Service Income		20		
	Transfer of Additional Fund to DO from				Other Service Income (Accum.				
	the allocation of RO				Surplus(Deficit)for prior year	20		Cash in Bank, LCCA	20
					Cash in Bank, LCCA		20	Other Service Income	
								(Accum. Surplus(Deficit)	
								for prior years	

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
5	Granting of Loans				Loans Receivable - Others	50		Loans Receivable - Others	50
	RO 50				Cash in Bank, LCCA		50	Cash in Bank, LCCA	
	DO 40								
	Granting of Loans with previous loan balance				Loans Recevables - Others (n	50		Loans Recevables - Others (	40
	RO new 50 previous loan 25				Cash in Bank, LCCA		25	Cash in Bank, LCCA	
	DO new 40 previous loan 20				Loans Recevables - Others (old		25	Loans Recevables - Others (old	

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
6	Collection of loans receivable				Cash Collecting Officers	40		Cash Collecting Officers	30
	Principal Interest				Laon Receivalbles - Others		30	Laon Receivalbles - Others	
	RO 30 10				Interest Income		10	Interest Income	
	DO 25 5								

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
7	Deposit of Collections				Cash in Bank - Local currency,			Cash in Bank - Local Currency,	
					Current Account	40		Current Accont	30
					Cash Collecting Officers		40		

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
8	Release of the remaining thirty	Other payables	81		Cash in Bank, LCCA	81			
	percent (30%) allocations	Cash in Bank, LCCA		81	Other Payables		45		
	RO - 30, DO - 45				Other Service Income		36		
					(or see entry in #2)				

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
9	Transfer of Allocation to the DO by the RO			3.5	ther Payables	45	5.2	sh in Bank, LCCA	45
					Cash in Bank, LCCA		45	Other Service Income	

	Transaction	National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
10	Interest Income on Bank Deposits	Cash in Bank, LCCA	5		Cash in Bank, LCCA	10		Cash in Bank, LCCA	5
		Interest Income		5	Interest Income		10	Interest Income	
	Payment of refund of overdeduction of loans				Loans Receivable - Others	10		Loans Receivable - Others	5
					Interest Income (for curren	2		Interest Income (for curre	1
					Acc. Surplus(Deficit) for prior			Acc. Surplus(Deficit) for prior	
					years)			years)	
					Cash in Bank, LCCA		12	Cash in Bank, LCCA	

Transaction		National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
11	Payment of Check Books	Bank Charges	3		Bank Charges	5		Bank Charges	3
		Cash in Bank, LCCA		3	Cash in Bank, LCCA		5	Cash in Bank, LCCA	

Transaction		National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
12	Cash Advance for Travel	Advances to Officers and			Advances to Officers and			Advances to Officers and	
		Employees	5		Employees	5		Employees	5
		Cash in Bank, LCCA		5	Cash in Bank, LCCA		5	Cash in Bank, LCCA	

Transaction		National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
13	Liquidation of Cash Advance for Travel	Cash-Collecting Officers	2		Cash-Collecting Officers	2		Cash-Collecting Officers	2
	Expense - 3	Traveling Exp. - Local	3		Traveling Exp. - Local	3		Traveling Exp. - Local	3
	Refund - 2	Advances to Officers and			Advances to Officers and			Advances to Officers and	
		Employees		5	Employees		5	Employees	

Transaction		National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
14	Deposit of Collection	Cash in Bank, LCCA	2		Cash in Bank, LCCA	2		Cash in Bank, LCCA	2
		Cash-Collecting Officers		2	Cash-Collection Officers		2	Cash-Collection Officers	

Transaction		National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
15	Expenses incurred for the conduct of	Training Expense	5		Training Expense	10		Training Expense	8
	Training/Seminar/Workshop/Conference	Due to BIR		0.6	Due to BIR		1	Due to BIR	
		Cash in Bank, LCCA		4.4	Cash in Bank, LCCA		9	Cash in Bank, LCCA	

Transaction		National Office			Regional Office			Division Office	
		Account	DR	CR	Account	DR	CR	Account	DR
16	Purchase of Office Supplies	Office Supply Inventory	10		Office Supply Inventory	8		Office Supply Inventory	15
		Due to BIR		0.6	Due to BIR		0.48	Due to BIR	
		Cash in Bank, LCCA		9.4	Cash in Bank, LCCA		7.52	Cash in Bank, LCCA	

School-based Financial Management

Financial management at the school level is admittedly a challenging process considering the lack of formal preparation of school heads. Even for those considered as fiscally autonomous because they enjoy the benefit of having finance staff, the important though difficult role of the school head acting as a financial manager cannot be gainsaid.

The first attem pt at school based financial management was piloted in the DepEd Third Elementary Education Project (TEEP). The Handbook on School Based Management (SBM) includes a section on "Fund Management for SBM". This early attempt that proved successful and indeed was part of the reasons leading to improved school performance is cited in reports evaluating TEEP as a DepEd project. It will also be noted that the eventual development of the Simplified Accounting Procedures currently being used by non-IU schools evolved from this initial attempt.

What is SBFM?

School-based Financial Management (SBFM) refer to activities undertaken or pursued by a school head and his/her designated staff who assist in the management of financial and relevant non-financial resources available to the school. These are pursued aimed at maximizing the benefits that may be derived from the utilization of these resources and minimizing the attendant negative costs or effects of such activities. These activities include but are not limited to the following:

- fiscal planning, budgeting
- cashiering and disbursement
- accounting and recording
- procurement
- asset and liability management, and
- physical and financial reporting.

What is an Implementing Unit?

An implementing unit (IU) school is a secondary school with a minimum required set of financial staff to enable the separation of functions as provided by basic accounting principles of internal control. That is, recording of transactions is separate from handling of cash and disbursements. Thus, an IU processes its own transactions, maintains its own complete set of books of accounts and produces its own financial statements and other reports. IUs receive their allocations from the national budget directly from the DBM regional office. This is also true in the IU share of centralized lumps sums being released by DepEd central office that are downloaded directly to them. Consequentially, they are also mandated to prepare financial statements and other

reports directly to government regulatory agencies like the DBM, COA and the DOF. They are also mandated to submit these financial statements and other related reports to the division office for purposes of consolidation. The Division Office may require IUs to submit additional management reports for purposes of monitoring and evaluating school performance.

What is a Non-Implementing Unit (Non-IU)?

A non-IUisan elementary and secondary school that does not have financial staff and do not maintain complete set of books of accounts. They receive their allocations from the national budget through the Division Office in the form of Cash Advances. The School Head and a designated staff, if any, handle the Cash Advance. Their financial transactions are included in the books of accounts and financial reporting of the Division Office. Currently, most of the approximately 40,000 elementary schools and about two-thirds of around 8,000 secondary schools are non-IUs.

What is fiscal planning?

At the school level, fiscal planning includes the estimation of financial resources a school may get from all sources, i.e., national government (the GAA budget allocation), local government (share in the SEF and/or from the local executive's general fund), PTA donations, income generating projects (IGP), private sector donations and contributions, and all other sources. It also includes identifying output or target-setting and identification of activities needed to be undertaken to achieve the outputs and/or targets. These activities are then matched with resources estimated to be received considering the timing of when the activities must be pursued and when the resources become available. DO No. 44, s. 2015 details the guidelines for the preparation of the school improvement plan (SIP) which in essence is the major fiscal planning activity of the school. An SIP is a medium term fiscal plan. It covers three (3) years of planned operation. During this planning activity, a school involves its stakeholders, e.g., CSOs, LGUs, NGO, PTA or School Governing Council, to encourage active participation in the schools' management concerns such as improvement of the learners' performance and sourcing of needed funds.

What is budgeting?

School budgeting is an annual process that involves matching the estimated resources for the ensuing budget year to the activities that will be funded considering timing of the availability of the resources. Preparation of the school annual implementation plan (AIP)is explained and detailed in DO No. 44, s. 2015. The AIP is also referred to as the school operating budget (SOB).

A school's major source of funding is its allocation from the national budget downloaded to it by the division office, in the case of a non-IU or directly by the DBM regional office in the case of an IU. In addition, it may also get funding from its

income generating projects or IGP (e.g., school canteen, agricultural production, arts and crafts, fund raising activities, etc.), donations (PTA, alumni, non-government organizations, private companies, private individuals, etc.), other government sources (e.g. SEF, LGU general fund, sponsorship by members of congress from other national funds, etc.) and other sources.

The school's share in MOOE from the national budget is determined by DepEd central office with a formula using EBEIS data on enrollment, number of classrooms, number of teachers, and number of graduates. The latest formula used was referred to as the Boncodin formula with a fixed component, and variable factors for each of the datum identified in the EBEIS. A newly developed formula that considers costs, norms and standards in the delivery of programs and services of DepEd and referred to as the Normative Funding Formula will replace the current one.

What is cashiering and disbursement?

Cashiering and disbursement for schools involves cash management and payments whether by check or in cash. Cash management includes not only actual handling but safekeeping of cash funds as well. For IUs, the preceding chapters for general use of divisions, regions and the central office apply. For non-IUs the pertinent sections on cash advances shall be applied. There are requirements in the opening and administration of cash advances, including bonding of accountable officers. The succeeding sections discuss these in detail.

The unique feature of a cash advance for non-IUs is that liquidation can be made when 75% of the cash advance has been used. The unused balance is not returned but may still be used and liquidated with the succeeding cash advance. In effect the system is a "modified" cash advance system that allows non-IU schools to always have available cash to meet school needs. The cash advance is finally closed at year-end and any unspent balance shall be refunded or re-deposited to the division office (refer to Simplified Accounting Procedures).

What are the procedures to be followed for bonding of the accountable officer?

Bonding of the Accountable Officer. A bond is an undertaking that is sufficiently secured. A bonded officer (at the school level is usually the School Head and/or Special Disbursing Officer) is one whose duties permits or requires the custody of funds or property for which he is accountable. An officer whose fidelity bond is insured in the Fidelity Fund, shall, from the moment he/she assumes the office, be considered bonded to the government. The bonded official, to the benefit of the government, shall faithfully account for all funds and public property in his/her custody. He/She shall exercise control over allotment, collection, as well as lawful payment/disbursement of

all fund transfers in his/her custody.

Guidelines for Bonding?

1. Each accountable Officer (The School Head / Special Disbursing Officer) with a cash accountability beyond Php5,000.00 or more shall be insured with the Bureau of the Treasury- Fidelity Bond Division(FBD) as provided under Treasury Cir. 02-2009 dated 06 August 2009, as previously mentioned;

2. The Accountable official shall accomplish General Form no. 57A and request for application of fidelity bond to the Bureau of Treasury (BTr) duly signed by the head of the office;

3. Bond Requirements:

   a. Appointment and/or designation as accountable officer. With Character references by at least three (3) officials in the DepEd Division office, who is the Administrative Officer or Legal Officer, other than the appointing/designating official;
   b. Statement of Assets, Liabilities and Net Worth (SALN) as of the end of the preceding year; and
   c. Certification of No Pending Administrative and criminal case.

   The above documents shall be submitted, together with the application for bond, to the Office of the Schools Division Superintendent who shall fix and approve the amount of the bond and transmits the same to the Fidelity Bond Division of the Bureau of the Treasury.

4. When the amount of accountability is increased, accordingly the bond is increased;
5. The Accountable official/employee whose accountability ceases by reason of retirement, separation from the government, promotion, or transfer to another agency, suspension of the office or for any other cause, shall submit immediately a request to the BTr for bond cancellation in the respective CO, RO DO using the General Form 57(A);
6. If the School Head /designated Special Disbursing Officer is already bonded, he/she shall attach a copy of approved fidelity bond certificate on his/her request for cash advance; and
7. SDO submits the "Requests for Cash Advance" together with approved fidelity bond certificate to the Schools Division Superintendent for his/her appropriate action.

What is Accounting and Recording?

At the school level, accounting and recording is the necessary activity to be undertaken as resources are received and utilized.

For IUs it involves maintaining books of accounts and rendering of the required financial statements and other reports. IU transactions are audited by COA separately while those for non-IUs are part of division office books. The main chapters of this manual have fully discussed these procedures. Likewise, refer to the Government Accounting Manual.

For non-IUs it involves substantiation of disbursements with the appropriate documentation of transactions made and preparation of the liquidation reports as required for cash advances. These are submitted to the division office and the transactions are incorporated into the division office books of accounts. Refer to the Simplified Accounting Procedures.

Part of the accountability phase of financial management for schools is the rendering of physical reports as can be seen in the school report card (SRC). This is discussed in more detail in DO No. 44, s. 2015.

What is Procurement?

Procurement for schools involves the acquisition of needed supplies and materials and other school needs and includes the constitution of a school bids and awards committee (SBAC) and a school inspection committee (SIC) that oversee the procurement process in the school. In the case of small schools, they may be clustered to form a cluster BAC and SIC. Some divisions have formed district level BAC and SIC for clustered schools. What is important is the presence of these two organizational structure to ensure the impartiality and fairness of the procurement process and deter possible corruption and fraud. The general rules and regulations on procurement as discussed in the appropriate chapter in this manual apply to school procurement as well, particularly that for IU schools. Please refer to the DepEd Procurement Manual.

In addition, DepEd has issued guidelines on the use of school MOOE that also applies to schools, particularly the non-IU schools, as detailed in DO No. 12, s. 2014. Likewise, guidelines for utilization of SBM grants that are MOOE funds are also detailed in DO No. 69, s. 2012 and DO No. 45, s. 2015. Meanwhile, it is noted that under the current GAM limitations on small value equipment costing less than Php15,000 may be procured using school MOOE.

Procurement procedures for Non-IUs

In all cases, procurement should be within the approved budget and consistent with the Annual Procurement Plan (APP) prepared by the school. The procedure follows:

1. Preparation/updating of the APP;
2. Identification of both the common-use and non-common-use items by the SBAC Secretariat and preparation of

separate lists for each;

3. Performance of the function of the SBAC (conduct of canvass, bidding, etc.) for items not classified as common use supplies and preparation of the Agency Procurement Request (APR) by the designated Supply/Property Officer for common-use items to be submitted to DBM-PS in the region where it must be procured;
4. Payment of supplies is drawn from the Cash Advance for School MOOE

For more information on details of the procurement process schools can refer to the DepEd Handbook on Property and Supply Management.

What is asset management?

For IUs, the respective chapter in this manual apply. For non-IUs, it is indirect as they are part of the division office books. Hence, the initiative lies with the division office and school participation is minimal and only to the extent that the division office requires or involve the schools in activities related to this financial management function. Some important aspects of asset management that schools should pay attention to are the following:

1. Custodianship
2. Inventory management
3. Disposal procedures

For more details on asset management schools can refer to the DepEd Handbook on Property and Supply Management (also refer to extracts from the handbook).

The GAM provides that the Residual Value of the PPE is at least 5% and the Management has the prerogative to decide based on the experience of the agency with similar asset.

What is custodianship?

Property custodianship refers to the guardianship of government property by the person accountable. It includes the receipt of supplies, materials and equipment, the safekeeping, issuance, repair and maintenance.

What is inventory management?

Inventory management is the bigger function and includes all the activities described in custodianship. In addition, it also involves disposal of unusable supplies and materials and unserviceable furniture and equipment. Proper observance of accountability for government resources require an effective and efficient inventory management system.

What are the disposal

It is the end of the life cycle of any government property. There are specific procedures to follow in the disposal of government

procedures?	property. Non-IU schools must coordinate with the DO on the disposal of property particularly because these items are recorded in the books of the DO and carried in the DO financial statements. There will be accounting entries involved in property disposal. Meanwhile, schools have the opportunity to earn on disposed items if these are sold following prescribed procedures. For more information on the disposal of property schools can refer to the DepEd Handbook on Property and Supply Management.
What is Physical and Financial reporting?	For schools, the main document that is prepared to show information on accomplishments and financial resources applied to produce outputs is the school report card (SRC). The SRC is a document to communicate to all school stakeholders the status of the school and the conditions under which it operates. It is meant to encourage more participation in terms of support that may be given by stakeholders in whatever form as well as acknowledge that which they have already given. DO No. 44, s. 2015 also details the guidelines on the preparation of the SRC. The order also aims to standardize reporting done by schools as well as guide and encourage schools to pay particular attention to certain items of interest to management and all other stakeholders. A unique feature requiring transparency in school operations is the mandated posting of the use of school MOOE and other funds of the school in a transparency board that each school should have. This transparency board must be located in a place open to public view and frequented by the school's stakeholders. Meanwhile, IU schools have to prepare and submit the required Budget and Financial Accountability Reports (BFARs), Financial Statements and other reports to DBM, DOF, COA and other government regulatory bodies. Non-IU schools financial operations are included in the financial statements and other required reports prepared and submitted by the division office.
Cash Advances for Operating Expenses of Non-IUs	Non-IUs schools may be granted Cash Advance covering one month of operating requirements for MOOE to finance their operations. The Cash Advance shall be granted to the duly appointed Principal or School Head.
Requirements for the Granting of Cash Advance	1. Authority of an accountable officer issued by the Schools Division Superintendent or his duly authorized representatives indicating the maximum accountability and purpose of cash advance (for initial CA); 2. Certification from the Division Office Accountant that previous CA have been liquidated and accounted for; 3. Approved application for bond and/or Fidelity Bond for the

year for cash accountability of P5,000 or more; and
4. Approved SIP / AIP /SOB for operating expenses of the school

Disbursement Procedures for Non-IUs

The procedure for the disbursements of Cash Advance for Operating Expenses of Non-IUs without complete set of books of accounts follows the same process on the disbursement of Checks. Utilization of schools MOOE follows the above-cited DepEd Order No. 12, s. 2014, for the eligible expense items.

1. Encashes check in GSB and keeps cash in a secure place.
2. Pays the MOOE requirements of the schools/satellite offices/ based on duly approved AIP/APP/SIP/SOB with the required supporting documents.
3. For purchases of small value items, compliance to the Guidelines on Shopping for Small Value Procurement under R.A. 9184 shall be adhered to.
4. Records in the Cash Disbursement Record (CDRec; refer to Vol. II, Appendix 40of the GAM).

Liquidation of Cash Advance

Documentary requirements as those for salaries, petty operating expenses, other personnel services, and maintenance and other operating expenses depending on the nature of expenses incurred shall be submitted, among these are the following where appropriate:

1. Cash Disbursements Record
2. Approved purchase request with certificate of Emergency Purchase, if necessary
3. Bills, official receipts, sales invoices, Reimbursement Expense Receipt (RER)
4. Approved trip ticket, for gasoline expenses
5. Toll Receipts
6. Trip tickets
7. Canvass from at least three suppliers for all purchases.
8. Summary/Abstract of Canvass
9. Certificate of inspection and acceptance
10. Report of Waste Materials in case of replacement or repair

Accounting Books and Reports

Each Cash Advance shall be supported by a CDRec and shall be maintained to record, monitor and report transactions involving the grant, utilization and liquidation of the cash advance. The Disbursing Officer shall submit within five (5) days after month-end the certified copies of the CDRec with supporting paid Cash Vouchers and other documents to the accounting units of their respective Division Offices for JEV preparation at least once a month or whenever a request for replenishment is made. The JEV shall be recorded in the

CDJ by the Division Office Accountant.

As provided in DepEd Order No. 12, s. 2014 Non-IUs (ES) are allowed to replenish their schools MOOE if 75% of the amount has been expended. The process of liquidation/replenishment follows the same COA rules and regulations of a regular Cash Advance.

Liability Management

Overview

Liabilities are present obligations of an agency arising from past transactions or events, the settlement of which is expected to result in an outflow of resources embodying economic benefits from the agency. To quote from the Guidelines for Public Debt Management prepared by the staffs of the International Monetary Fund (IMF) and World Bank Staffs, "the main objective of public debt (liability) management is to ensure that the government's financial needs and its payment obligations are met at the lowest possible cost over the medium or in the long run, consistent with a prudent degree of risk." Corollary to this, cost-effective cash management policies should be in place to enable the authorities to meet with a high degree of certainty the financial obligations as they fall due. In the preparation of the Monthly Cash Program by agencies, the financial requirements to settle due and demandable liabilities or payables need to be included to ascertain inclusion in the disbursement authority to be issued by the DBM.

The following are the major categories of liabilities under the Government Chart of Accounts: a) financial liabilities, b) inter-agency payables, c) intra-agency payables, d) trust liabilities, e) deferred credits, f) provisions, and g) other payables. DepEd's liabilities fall under all the categories, and these are discussed in this Section of the Manual.

Financial liabilities

Examples of financial liabilities which are transacted by DepEd are Accounts Payable, Due to Officers and Employees, and Tax Refund Payable, descriptions of which are as follows:

Account Title *Account Number* *Normal Balance* *Description*	Accounts Payable 20101010 Credit This account is used to recognize receipt of goods or services on account in the normal course of trade and business operation. Debit this account for payment or settlement of liabilities Ledgers are maintained for each creditor.

Account Title *Account Number* *Normal Balance* *Description*	Due to Officers and Employees 20101020 Credit This account is used to recognize incurrence of liability to officers and employees for salaries, benefits and other emoluments including authorized expenses advanced by the officers and employees. Debit this account for settlement or payment to officers and employees.
Account Title *Account Number* *Normal Balance* *Description*	Tax Refunds Payable 20103010 Credit This account is used to recognize amount refundable to taxpayers for excess amount paid/withheld. Debit this account upon payment or return of the tax refunds to the taxpayers.

Inter-Agency Payables

Examples are: a) withholding of various employees' contributions deducted from the payroll for remittance to the appropriate agencies such as BIR for the taxes, GSIS/PAG-IBIG for premium and loan payments, PhilHealth for premium payments of health insurance; b) authorized fund transfers to other NGAs, GOCCs and LGUs. The descriptions are as follows:

Account Title *Account Number* *Normal Balance* *Description*	Due to GSIS 20201020 Credit This account is used to recognize the withholding of employees' premium payments and other payables for remittance to the Government Service Insurance System (GSIS). Debit this account for the remittance of withheld Subsidiary Ledgers: 01 – Life and Retirement Premium 02 – Employees Compensation Contribution 03 – Salary Loan 04 – Policy Loan

Account Title *Account Number* *Normal Balance* *Description*	Due to Pag-Ibig 20201030 Credit This account is used to recognize the withholding of employees' premium payments and other payables for remittance to the Home Development Mutual Fund (HDMF). Debit this account for the remittance of withheld amount.
Account Title *Account Number* *Normal Balance* *Description*	Due to PhilHealth 20201040 Credit This account is used to recognize the withholding of employees' premium payments for remittance to the Philippine Health Insurance Corporation (PHIC). Debit this account for the remittance of withheld amount. Subsidiary Ledgers: 01 – PAG-IBIG Premium 02 – PAG-IBIG Multi-Purpose Loan 03 - PAG-IBIG Housing Loan
Account Title *Account Number* *Normal Balance* *Description*	Due to NGAs 20201050 Credit This account is used to recognize the receipt of funds for delivery of goods/services as authorized by law, fund transfers from NGAs, other than the BIR, for implementation of specific programs or projects and other inter-agency transactions. Debit this account for delivery of goods /services, liquidation of funds received and settlement of liabilities.

Account Title *Account Number* *Normal Balance* *Description*	Due to GOCCs 20201060 Credit This account is used to recognize the receipt of: a) funds for delivery of goods/services as authorized by law; b) fund transfers from the GOCCs for the implementation of specific programs or projects; c) NG-managed fund; d) escrow accounts; e) collateral deposits for the account of GOCCs/GFIs; and f) other inter-agency transactions, except those pertaining to GSIS, PhilHealth and Pag-Ibig. Debit this account for delivery of goods /services, liquidation/release of funds received and settlement of liabilities.
Account Title *Account Number* *Normal Balance* *Description*	Due to LGUs 20201070 Credit This account is used to recognize the receipt of funds from LGUs for delivery of goods/services as authorized by law, fund transfers for the implementation of specific programs or projects and other inter-agency transactions. Debit this account for delivery of goods/services, liquidation of funds received and settlement of liabilities.

Intra-Agency Payables

These are payables due to either the Central Office, Regional Offices, Operating Units, and Other Funds. The descriptions follow:

Account Title *Account Number* *Normal Balance* *Description*	Due to Central Office 20301010 Credit Bureaus/Regional Offices/Operating Units of the same agency for the implementation of specific program or project and other intra-agency transactions use this account to recognize the receipt of funds not covered by allotment from Central Office. Debit this account for liquidation of funds received or settlement of liabilities.

Account Title *Account Number* *Normal Balance* *Description*	Due to Regional Offices 20301030 Credit The Central Office/Bureaus/Operating Units or another Regional Office of the same agency for the implementation of specific program or project and other intra-agency transactions uses this account to recognize the receipt of funds not covered by allotment from Regional Offices. Debit this account for liquidation of funds received or settlement of liabilities. The Subsidiary Ledgers shall be the different Regional Offices of the agency.
Account Title *Account Number* *Normal Balance* *Description*	Due to Operating Units 20301040 Credit This account is used to recognize the receipt of funds not covered by allotment from an Operating Unit by the Central/Regional Offices/Bureaus or another Operating Unit of the same agency for the implementation of specific program or project and other intra-agency transactions. Debit this account for liquidation of funds received or settlement of liabilities. The Subsidiary Ledgers shall be the different Operating Units of the agency.
Account Title *Account Number* *Normal Balance* *Description*	Due to Other Funds 20301050 Credit This account is used to recognize transfers from other funds and/or payables to other funds. Debit this account for liquidation of funds received or settlement of liabilities or adjustments.

Trust Liabilities

Accounts that fall under this liability are Guaranty/Security Deposits and Performance/Bidder's Bond Payable, described below:

Account Title	Guaranty/Security Deposits/Performance Bidder's Bond Payable
Account Number	20401040
Normal Balance	Credit
Description	This account is used to recognize the incurrence of liability arising from the receipt of cash or cash equivalents to guaranty (a) that the winning bidder shall enter into contract with the procuring entity; and (b) performance by the contractor of the terms of the contract. Debit this account for refund after the fulfillment of the purpose of the bond or forfeiture upon failure to comply with the purpose of the bond.

Provisions

Examples are accrued pension benefits, leave benefits, retirement gratuity, and other provisions, described below:

Account Title	Pension Benefits Payable
Account Number	20601010
Normal Balance	Credit
Description	This account is used to recognize accrual of pension of government personnel. Debit this account for payment of pension benefits.
Account Title	Leave Benefits Payable
Account Number	20601020
Normal Balance	Credit
Description	This account is used to recognize accrual of money value of the earned leave credits of government personnel. Debit this account for monetization of earned leave and payment of terminal leave benefits.

Account Title *Account Number* *Normal Balance* *Description*	Retirement Gratuity Payable 20601030 Credit This account is used to recognize liability for retirement gratuity benefits due to government personnel. Debit this account upon payment of the retirement gratuity benefits.
Account Title *Account Number* *Normal Balance* *Description*	Other Provisions 20601990 Credit This account is used to recognize liabilities of uncertain timing or amount. This includes provisions for litigation and other legal claims, warranty.

Other Payables (99)

Account Title *Account Number* *Normal Balance* *Description*	Other Payables 29999990 Credit This account is used to recognize other liabilities not falling under any of the specific payable accounts. Debit this account for settlement of liabilities.

LDDAP - ADA

The use of List of Due and Demandable Accounts Payable (LDDAP) and Advice to Debit Account (ADA) as a mode of settlement of accounts payable due the creditors/payees of all NGAs and their OUs was prescribed under DBM Circular Letter No. 2013-16 dated December 23, 2013.This implemented the Expanded Modified Disbursement Payment system (ExMDPS,) amended by DBM Circular Letter Nos. 2013-16A and 2013-16B dated February 6, 2014 and February 25, 2014, respectively. The following are excluded from the implementation of ExMDPS:

1. Payment of Terminal Leave and Retirement Gratuity (TL/RG) benefits which is governed by Republic Act No. 10154 as implemented by CSC Resolution No.1300237 and Budget Circular No. 2013-1;

2. Remittance of social insurance premium contributions to government corporations, such as GSIS, PhilHealth, and HDMF;

3. Payment of Accounts Payable to utility companies, such as: supplier of petroleum, oil and lubricants, water, illumination and power services, telephone, internet and other communication services; and

4. Other payables that cannot be conveniently nor practicably paid using the ADA.

More discussion on the LDDAP is presented in the Disbursement and Accounting Chapter above.

Contingent/ Other Liabilities

PPSAS 19, adopting IPSAS 19, defines contingent liability as a possible obligation from past events, and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of an entity. Or, by a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount cannot be measured with sufficient reliability.

Under PPSAS 19, an entity shall not recognize a contingent liability. However, it is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Some of the contingent liabilities that may arise from transactions of the DepEd are:

1. Lawsuits claims
2. Tax assessments
3. Unfunded pension and social security benefits
4. Losses from natural and man-made calamities

Disclosure on the contingent liabilities shall be made in the financial statements such as:

1. A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential;

2. An indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events.

Aging Report of Accounts Payable

Accounts payable aging is the process of determining which creditors are being paid on time, which are not, and how far their bills are behind the payment date. This analysis indicates which creditor must be paid first in order to avoid any credit or supply problem. Aging Report of Accounts Payable presents the different accounts payable of the agency showing the balances per the length of time the liabilities are outstanding. A crucial segment of this report is the balance of the payables that are long overdue. This balance is an indication of the efficiency/inefficiency in the payment system of the agency. The report also serves as a guide in the prioritization of disbursements given the available amount of NCA received.

How is an Aging Report of Accounts Payable prepared?

The balance of each subsidiary record is listed down in the report and grouped in accordance with the number of days the account is outstanding. Control totals for each group are determined and added to obtain the total accounts payable balance. This balance is compared with the balance recorded in the General Ledger to ascertain consistency and accuracy of the amounts. The Schedule of Accounts Payable (SAP) (Appendix 54 of GAM) is a form used by the Accounting Division in the preparation of the list of accounts payable. It is prepared by cluster. Aging of the payables is done in this schedule.

The form is accomplished as follows:

1. **As at –** the reporting period in which the accounts are outstanding
2. **Entity Name –** the name of the agency/entity
3. **Fund Cluster** – the fund cluster name/code in accordance with the UACS
4. **UACS Object Code –** the object code in accordance with the UACS
5. **Name of Creditor –** the names of the creditors in each account in alphabetical order
6. **Amount Balance** – the outstanding balance in each account

Amount Due Columns – the amount of the debt is divided by the period in which it will become due and demandable. The range of the period is as follows:

- **Current**
  - Less than 90 days
  - 91-365 days
- **Past Due**
  - Over 1 year
  - Over 2 years
  - Over 3 years and onwards

7. **Remarks –**comments on the status or condition of the accounts payable or of the debt/obligation.

The Chief Accountant or Head of Accounting Division/Unit shall affix his/her signature to certify that data reported are duly correct.

At the end of each reporting period, the schedule shall be footed and appropriate disclosures shall be made in the Notes to the Financial Statements.

The SAP shall be prepared in two (2) copies to be distributed as follows:

Original copy – COA Auditor, for post-audit

Copy 2 – Accounting Division/Unit

Financial Reporting System

SCOPE

Financial Statements are the primary output of a financial accounting system. Together with other supporting schedules, they are the products of the government accounting process. Periodic accumulation and processing of information are the principal and comprehensive means to communicate to the users.

Considering the significant changes in the accounting policies and procedures as a result of the first time adoption of the PPSAS in CY 2014, supplementary guidelines on the preparation of financial statements and other financial reports was issued under COA Circular No. 2015-002, dated 09March 2015 as an aid in improving the government financial management system.

In the same manner, the latest Government Accounting Manual (GAM) provides that all financial transactions should be recognized and presented in financial statements based on accounting system running through an accrual basis, and budget reporting system on budget basis.

Accrual basis and budget basis

GAM requires that *the financial reporting system of the Philippine government consists of accounting system on accrual basis and budget reporting system on budget basis under the statutory responsibility of the NGAs, Bureau of the Treasury (BTr), Department of Budget and Management (DBM), and the COA, as follows:*

1. Each entity of the National Government (NG) maintains complete set of accounting books by fund cluster which is reconciled with the records of cash transactions maintained by the BTr.

2. The BTr accounts for the cash, public debt and related transactions of the NG.

3. Each entity maintains budget registries which are reconciled with the budget records maintained by the DBM and the Government Accountancy Sector (GAS), COA.

4. The COA, through the GAS:

    a. maintains budget records showing the overall approved budget of the NG and its execution/implementation;

b. consolidates the FSs and budget accountability reports of all NGAs and the BTr with COA's records to come up with an Annual Financial Report (AFR) for the NG as required in Section 4, Article IX-D of the 1987 Philippine Constitution; and

c. prepares other financial reports required by law for submission to oversight agencies.

Trial Balance

Trial Balance (TB) is a list of all the GL accounts and their balances at a given time. The accounts are listed in the order in which they appear in the Revised Chart of Accounts (RCA), with the debit balances in the left column and the credit balances in the right column.

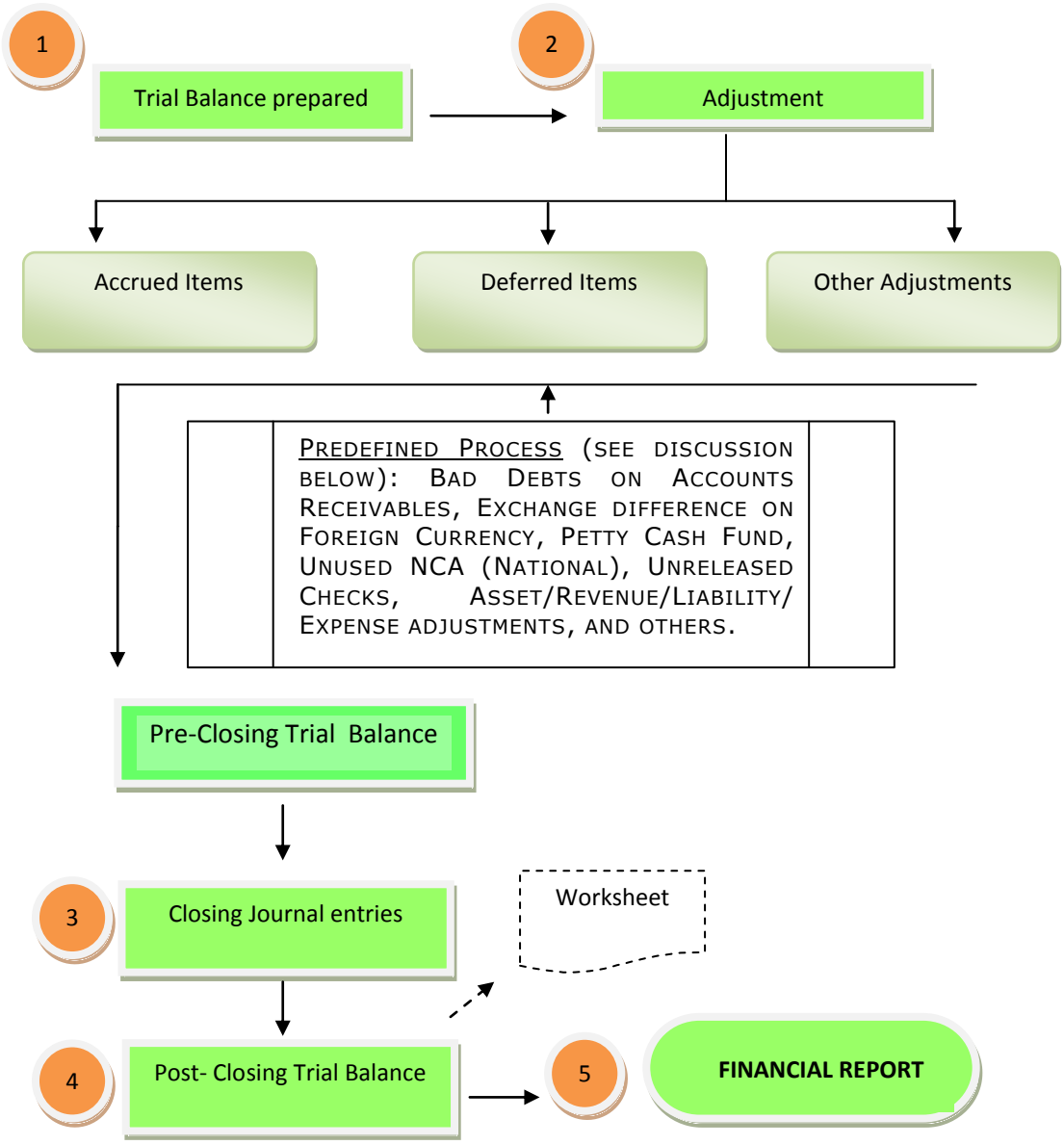
1. The TB shows the equality of debit and credit balances of all GL accounts as at a given period. It is prepared and submitted monthly, quarterly and annually. At the end of the fiscal year, the pre-closing and the post-closing trial balances shall be prepared;

2. The TB is prepared to:
   a. Prove the mathematical equality of the debits and credits after posting;
   b. Check the accuracy of the postings;
   c. Uncover errors in journalizing and posting; and
   d. Serve as basis for the preparation of the financial statements.

Pre-Closing Trial Balance

The Pre-Closing Trial Balance shall be prepared after posting the Adjusting Journal Entries (AJEs) in the General Journal (GJ) and the same to the General Ledger (GL). It shows the adjusted balances of all accounts as at a given period. This is also described/termed as the Adjusted Trial Balance. The TB shall be supported with the schedule of Subsidiary Ledger (SL) balances of the controlling accounts.

The succeeding notes and process flow for financial reporting is based on the 2015 GAM.



Adjusting Journal Entries

Adjusting journal entries are made at the end of an accounting period to allocate revenue and expenses to the period in which they actually occurred. AJE are required every time a FS is prepared to make the statement truly reflective of the financial condition of the entity at a given period. Adjustments are of two main types:

a. ACCRUED ITEMS
b. DEFERRED ITEMS

Other Adjustments

The following adjustments shall also be made (if applicable) for fair presentation of the results of operation of the entity in the FSs:

a. Bad Debts on Accounts Receivables
b. Exchange difference on Foreign Currency
c. Petty Cash Fund
d. Unused NCA (National)
e. Unreleased Checks

Adjustment for Accrued Items

It is an adjusting entry for an economic activity already undertaken but not yet recorded into asset and revenue accounts or liability and expense accounts. It requires asset/revenue adjustments and liability/expense adjustments.

Asset/Revenue Adjustment. It involves earned revenues not yet recorded as assets and income at the end of the accounting period. Examples are receivables for revenues already earned but not yet collected nor billed as of the year-end.

The following is the adjusting journal entry:

Account Title	Account Code	Debit	Credit
Interest Receivable	10301050	xx	
Interest Income	40202210		xx
To recognize interest income already earned.			

Liability/Expense Adjustment

It involves expenses, which have already been incurred but remained unpaid at the end of the accounting period. Examples are salaries and wages, water, electricity and other expenses, which are already incurred but not yet paid.

The adjusting journal entries are as follows:

Account Title	Account Code	Debit	Credit
Salaries and Wages-Regular	50101010	xx	
Due to Officers and Employees	20101020		xx
To recognize salaries and wages not yet paid.			

Adjustment for Deferred Items

These are adjusting entries transferring data previously recorded in an asset account to an expense account, or data previously recorded in a liability account to a revenue account. In contrast to the accrued items, it requires asset/expense adjustments and liability/revenue adjustments.

Asset/Expense Adjustments

These pertain to assets, portion of which are consumed/used/incurred at the end of the accounting period. Examples of these adjustments are prepayments. Prepayments are expenses paid before they are incurred. At the end of the accounting period, the expired portion shall be determined and an adjusting journal entry shall be prepared to recognize the expense applicable to the period being reported.

Account Title	Account Code	Debit	Credit
Original Entry:			
Prepaid Rent	19902020	1,000.00	
Cash - MDS, Regular	10104040		1,000.00
Adjusting Entry:			
Rent/Lease Expenses	50299050	900.00	
Prepaid Rent	19902020		900.00

Liability/Revenue Adjustments

For accounting purposes, the cash received does not represent revenue until it has been earned. Thus, the recognition of revenue must be deferred until it is earned. Advance income collections are recorded by debiting Cash and by crediting a liability account for unearned revenue. As unearned revenue is earned, an adjusting journal entry is made at the end of each period to transfer the appropriate amount from the liability account to revenue account. This adjustment reflects the fact that all or part of the company's obligation to its customers has been fulfilled and that revenue has been realized.

Account Title	Account Code	Debit	Credit
Original Entry:			
Cash - MDS, Regular	10104040	1,000.00	
Other Unearned Revenue	20502990		1,000.00

Adjusting Journal Entry:			
Other Unearned Revenue	20502990	900.00	
Other Service Income	40201990		900.00

Petty Cash Fund Adjustments

At the end of the year, all unreplenished PCF expenses shall be reported and supporting papers submitted to the Accounting Unit, to record the expenses incurred to the period to which they relate. In case no replenishment could be made for lack of fund, a JEV shall be prepared to take up all the expenses paid under the Petty Cash with a credit to the account Petty Cash Fund. If replenishment is made, the credit shall be the appropriate cash account.

Reversion of Unused NCA

For NGAs receiving subsidies from the national government in the form of NCA, adjusting journal entry shall be made for the reversion of the unused or unutilized NCA at the end of the accounting period.

For unused NCA issued for the release of performance/bidders/bail bonds, which were deposited with the National Treasury, A JEV shall be drawn with debit to account Cash - Treasury/Agency Deposit, Regular and credit to account Cash - MDS, Regular.

The entry for lapse regular NCA and those issued for the payment of accounts payable/retirement gratuity/terminal leave, shall be:

Account Title	Account Code	Debit	Credit
Subsidy from National Government	40201010	10,000.00	
Cash - MDS, Regular	10104040		10,000.00

Adjustments for Unreleased Checks

All unreleased checks at the end of the year shall be reverted back to the cash accounts. A JEV shall be prepared to record the restoration of the cash equivalent to the unreleased checks and the recognition of the appropriate liability/payable account. The accounting entry for the restoration of the unreleased check to the cash account shall be a debit to Cash in Bank, LCCA with credit to the appropriate liability account. There shall be no physical cancellation of the checks. The JEV supporting such reversion shall form part of the supporting document to the FS to be submitted to COA at year end. At the start of the ensuing year, another JEV shall be drawn to restore the previous entry made and recognize the availability of the checks for release. The

accounting entry previously made shall be reversed.

Closing Journal Entries

Closing journal entries are entries which close out the balances of all nominal/temporary and intermediate accounts at the end of the year. The closure will reduce the balance of those accounts to zero. The nominal and intermediate accounts that shall be closed at the end of the year are as follows:

a. Balance of all income accounts to the Income and Expense Summary account;

b. Balance of all expense accounts to the Income and Expense Summary account; and

c. Balance of the Income and Expense Summary to the Accumulated Surplus/(Deficit) account.

In the preparation of the first, second and third quarter financial statements, the closing entries shall be prepared, but shall not be recorded in the books of accounts.

Post-Closing Trial Balance

The Post-Closing Trial Balance shall be prepared at the end of the year after preparing and recording the closing journal entries in the GJ and posting to the GL. Since revenue and expense accounts have been closed out, the only accounts with balances are balance sheet accounts.

Worksheet

To facilitate the preparation of the Financial Statements (FSs) a columnar worksheet is recommended as a tool. This may be prepared beginning with the entity's trial balance. AJE are posted to the appropriate accounts in the adjustments column, and adjusted balances are then computed. The worksheet is also a significant reference in the preparation of reversing entries for the ensuing year.

Purpose of Financial Statements

Objectives of General Purpose Financial Statements (GPFS)

Provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Relatively, financial reporting in the public sector requires information that are useful for decision-making, and that the accountability for all entrusted public resources are properly adhered to.

The purpose of financial statements as laid down by GAM are:

1. Financial statements are a structured representation of the financial position and financial performance of an entity. The objectives of general purpose financial statements are to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of general purpose financial reporting in the

public sector should be to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it, by:

a. providing information about the sources, allocation, and uses of financial resources;

b. providing information about how the entity financed its activities and met its cash requirements;

c. providing information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments;

d. providing information about the financial condition of the entity and changes in it;

e. providing aggregate information useful in evaluating the entity's performance in terms of service costs, efficiency and accomplishments;

2. General purpose financial statements can also have a predictive or prospective role, providing information useful in predicting the level of resources required for continued operations, the resources that may be generated by continued operations, and the associated risks and uncertainties. Financial reporting may also provide users with information:

    a. indicating whether resources were obtained and used in accordance with the legally adopted budget; and

    b. indicating whether resources were obtained and used in accordance with legal and contractual requirements, including financial limits established by appropriate legislative authorities. (Par. 15-16 PPSAS 1)

3. Financial statements provide information about an entity's:
    a. Assets;
    b. Liabilities;
    c. Net assets/equity;
    d. Revenue;
    e. Expenses;
    f. Other changes in net assets/equity;
    g. Cash flows; and
    h. Comparison of budget and actual amounts. (Par. 17, PPSAS 1)

Components of Financial Statements and other Financial Reports

Specific components of Financial Statements

Government Accounting Manual (GAM), Volume I, Chapter 2 and Philippine Public Sector Accounting Standards (PPSAS) furnish specific components of Financial Statements and Other Financial Reports as follows:

1. Statement of Financial Position
2. Statement of Financial Performance
3. Statement of Changes in Net Assets/Equity
4. Statement of Cash Flows
5. Statement of Comparison of Budget and Actual Amounts and
6. Notes to the Financial Statements, comprising of summary of significant accounting policies and other explanatory notes.

Statement of Financial Position

A formal statement that shows the financial condition of the entity as at a certain date. It includes information on the three elements of financial position, namely, assets, liabilities and equity. The Statement of Financial Position shall be presented in comparative, detailed and condensed format.

1. Condensed Statement of Financial Position – presents only the major sub-classification of Statement of Financial Position accounts in the Revised Chart of Accounts. Condensed Statement of Financial Position shall be submitted at yearend to the concerned Auditor. Its breakdown and other relevant information shall be disclosed in the Notes to Financial Statements.
2. Detailed Statement of Financial Position – presents all Statement of Financial Position accounts in the Revised Chart of Accounts as a line item in the financial report. Detailed Statement of Financial Position shall be submitted at yearend to the Government Accountancy Sector, COA, as part of the yearend financial statements.
3. Comparative Financial Position – shows the flow of resources between two (2) reporting period.

Per GAM, An entity shall present current and non-current assets, as well as current and non-current liabilities as separate classifications on the face of the Statement of Financial Position (SFP).

Some accounts were compressed and/or expanded based on the major account classification as presented under COA Circular No. 2014-003 dated April 15, 2014

Statement of Financial Performance

A statement which includes line items that present the revenue, expenses and net surplus or deficit for the period. The statement of Financial Performance shall be presented in detailed, condensed and comparative format.

Normally, all items of revenue and expense recognized in a period are included in surplus or deficit. This includes the effects of changes in accounting estimates. However, circumstances may exist when particular items may be excluded from surplus or deficit for the current period, as follows:

1. The correction of prior period errors (*PPSAS 3*);

2. The effect of changes in accounting policies (*PPSAS 3*); and

3. Gains or losses on remeasuring available-for-sale financial assets. (*PPSAS 29*)

Statement of Changes in Net Assets/Equity

An entity shall present in the Statement of Changes in Net Assets/Equity (SCNA/E) the following:

1. Surplus or deficit for the period;
2. Each item of revenue and expenses for the period that, as required by Standards, is recognized directly in net assets/equity, and the total of these items;
3. Total revenue and expenses for the period (calculated as the sum of (1) and (2); and
4. For each component of net assets/equity separately disclosed, the effects of changes in accounting policies and corrections of errors recognized in accordance with PPSAS 3-Accounting Policies, Changes in Accounting Estimates and Errors.
5. The balance of accumulated surpluses or deficits at the beginning of the period and at the reporting date, and the changes during the period.

Statement of Cash Flows

Per GAM, the Statement of Cash Flows summarizes the cash flows from operating, investing and financing activities of an entity during a given period. It identifies the sources of cash inflows, the items on which cash was expended during the reporting period, and the cash balance as at the reporting date.

Cash flow information provides users of financial statements with a basis to assess (a) the ability of the entity to generate cash and cash equivalents, and (b) the needs of the entity to utilize those cash flows. (Par. 126, PPSAS 1)

The Statement of Cash Flow shall be presented in detailed and comparative format.

Statement of

A comparison of budget and actual amounts will enhance the

Comparison of Budget and Actual Amounts	transparency of financial reporting in government. This shall be presented by government agencies as a separate additional financial statement referred in this Manual as the Statement of Comparison of Budget and Actual Amounts (SCBAA). The Procedures for the Preparation of the SCBAA is found in GAM, Volume I, Chapter 3, Budget Execution, Monitoring And Reporting, Sec. 30 page 26 - 28 GAM, Volume I, Chapter 3, Budget Execution, Monitoring And Reporting, Sec. 25 – 26. Presentation of Budget Information in the Financial Statements on a Comparable Basis. An entity shall prepare a comparison of the budget and actual amounts spent as a separate statement since the budget and the financial statements are not prepared on a comparable basis in accordance with PPSAS (Par. 23, PPSAS 24).
Notes to Financial Statements	**The Notes to the Financial Statements are integral components of financial reports and mandatory requirement by COA.** As a more comprehensive way of giving additional information to financial statement users, Notes to FS ensure that all interested individuals have reliable information on DepEd's performance. They further clarify the accounting procedures used, as well as divulge information that has occurred during and immediately after the close of the accounting period (refer to Annex F, Volume I of GAM). As provided for in the recently approved GAM, the Notes to FS contain information in addition to that presented in the SFP, SFPer, SCNA/E, SCF and SCBAA. Notes provide narrative descriptions or disaggregation of items disclosed in those FS and information about items that do not qualify for recognition in those statements.
Consolidation of Financial Statements and Other Reports	DepEd's Annual Financial Report (AFR) and other related reports - consist of consolidated financial statements (FS) and budget accountability reports inclusive of all DepEd implementing units that are required to produce such statements and reports. Thus, it follows DepEd's hierarchy from schools to Division Offices to Regional Offices and finally consolidated as a single financial report at DepEd Central Office. Moreover, in view of policies adopted by government oversight agencies (COA and DBM) implementing units (IUs) also submit directly their FS and other accountability reports to regional COA and DBM as consequence of the direct fund release system.
Pertinent Changes on Financial Reporting	Discontinuance of NG book and adaption of Fund Clustering per COA Circular 2014-003 dated 15 April 2014.

Financial Statements Analysis

Analysis and Interpretation of Other Financial Reports

Financial Reports requires an analysis of periodic financial statements (F/S) and other related reports to present an accurate and reliable financial information to be submitted to oversight agencies. Analysis and interpretation of F/S looks at its various parts, relating these to each other, and then to the statement as a whole. In the process useful interpretation can be made out of the findings, and changes that have occurred over an accounting period can be identified. This will lead management and oversight agencies to make an appropriate evaluation of the agency's financial condition.

Methods of FS analysis

Common methods of financial statements analysis are horizontal, vertical, financial ratios and trend. In addition, projection of future performance rests on historical information combined with a series of assumptions and adjustments to the financial information.

Management Responsibility for Financial Statements

Responsible Official/ Responsibility Center

1. For individual entity/department FSs – the head of the entity/department central office (CO) or regional office (RO) or operating unit (OU) or his/her authorized representative jointly with the head of the finance/accounting division/unit; and

2. For department/entity FSs as a single entity – the head of the entity/department or his authorized representative jointly with the head of the Accounting Division.

   Responsibility for the fair presentation and reliability of financial statements rests with the management of the reporting agency. This responsibility is discharged by applying generally accepted state accounting principles that are appropriate to the entity's circumstances, by maintaining effective system of internal control and by adhering to the chart of accounts prescribed by the Commission on Audit.

It shall be understood to mean the following:

Operating Unit Level	Head of Finance / Accounting Office	Head of Finance / Budget Office	Head of Agency
CO	Chief Accountant	Budget Division Chief	*Secretary or his Authorized Representative*
RO	Regional Accountant	Regional Budget Officer	Regional Director
DO	Division Accountant	Administrative Officer V	Schools Division Superintendent
IU	Bookkeeper		School Principal

Submission of Reports

To ensure the timely submission of accurate financial statements and reports, DepEd Financial Service (FS) staff conducts quarterly, bi-annual and annual reconciliation workshops at the division, region and national levels. **Particular attention is directed at intra-agency transfer of funds and uniformity of treatment of similar transactions**. The COA Circular No. 2015-004 dated 16 July 2015 covers the deadline on Submission of Year-End Financial Statements and Other Financial Reports/Schedules for Inclusion in the Financial Report (AFR) for GOCC and their Subsidiaries starting FY 2014. On the other hand, COA and DBM crafted Joint Circular No. 2014-01 dated 2 July 2014 prescribes the submission of BFARS. COA Circular No. 92-89E dated 8 March 1992 prescribes the submission of reports on a quarterly basis.

For consolidation purposes, the following financial statements, schedules and other reports shall be complied within the prescribed internal policy deadlines:

Frequency	Statement/Report	Deadline	Submit to:
Schools Division Offices and Implementing Units			
Monthly	Trial Balances (TBs) and Supporting Schedules (SSs)	10 days after the end of the month	COA-RO
	BFARS (FAR No. 4) (consolidated IUs and SDOs)	**For IUs** - On or before 10th day of the following month covered by the report	Division Accountant
		For SDOs - On or before 15th day of the following month covered by the report	Regional Accountant
Quarterly	TBs, FSs, SSs	10 days after the end of the quarter	COA-RO
	BFARS (FAR No. 1, 1A, 2, 2A, 5) (consolidated IUs and SDOs)	**For IUs** – within 5 days after the end of each quarter	Budget Officer / Division Accountant
		For SDOs – within 10 days after the end of each quarter	Budget Officer / Division Accountant
Yearend	TBs, FSs, SSs (consolidated IUs and SDOs)	**For IUs** - On or before January 15 of each year	Division Accountant
		For SDOs - On or before January 20 of each year	Regional Accountant

	BFARS (FAR No. 3) (consolidated IUs and SDOs)	**For IUs** - On or before January 10 of each year	Budget Officer / Division Accountant
		For SDOs - On or before January 15 of each year	Budget Officer / Regional Accountant
Regional Offices			
Monthly	TBs and SSs	Ten days after the end of the month	COA-RO
	BFARS (FAR No. 4) (consolidated IUs, SDOs and ROs)	On or before 20th day of the following month covered by the report	Chief Accountant
Quarterly	TB, FS, SDs	Ten days after the end of the quarter	COA-RO, Chief Accountant
	BFARS (FAR No. 1, 1A, 2, 2A, 5) (consolidated IUs, SDOs and ROs)	Within 15 days after the end of each quarter covering the reports	CAO – Budget Division , Chief Accountant
Year-end	TBs, FS, SSs (consolidated IUs, SDOs and ROs)	On or before January 31 of each year	Chief Accountant
	BFARS (FAR No. 3) (consolidated IUs, SDOs and ROs)	On or before January 20 of each year	CAO – Budget Division , Chief Accountant
Central Office/Attached Agencies			
Monthly	TBs and SSs	Ten days after the end of the month	COA, Management
	BFARS (FAR No. 4) (consolidated CO, ROs, SDOs and IUs)	On or before 30th day of the following month covered by the report	DBM, COA
Quarterly	TB, FSs, SSs	Ten days after the end of the quarter	COA, Management
	BFARS (FAR No. 1, 1A, 2, 2A, 5) (consolidated CO, ROs, SDOs and IUs)	Within 30 days after the end of each quarter covering the report	DBM, COA, Management
Yearend	TBs, FS, SSs (consolidated CO, ROs, SDOs and IUs)	On or before February 14 of each year	COA, DBM, COA-GAS
	BFARS (FAR No. 3) (consolidated CO, ROs and IUs)	On or before January 31 of each year	COA, CAO – Budget Division, Chief Accountant, DBM

Note:

All IUs, SDOs, ROs and COs are required to submit their financial statements and other related reports and BFARs directly to respective COA and DBM counterpart in printed and digital copies as a consequence of the direct fund release system. This shall be complied within the prescribed deadline stated in COA Circular No. 2015-004 dated 16 July 2015, COA and DBM crafted Joint Circular No. 2014-01 dated 2 July 2014 and COA Circular No. 92-89E dated 8 March 1992.

Answers to Frequently Asked Questions (FAQs)

Questions	Answers
What supporting documents are required for usual financial transactions?	**Common Government Transactions** On 14 June 2012, COA Circular No. 2012-001 was issued to guide public offices about required supporting documents for common government transactions. Much assistance can be provided by the generated Process Matrix from this Circular which is integrated in this main document of the FMOM.
	Procurement
What is R.A. 9184?	It is the law entitled Government Procurement Reform Act, prescribing the policies and procedures in all government procurement activities.
What is IRR-A?	Implementing Rules and Regulations-A is the accompanying support to R.A. 9184 to prescribe the necessary rules and regulations which cover all fully domestically-funded procurement activities from procurement planning up to contract implementation and termination. IRR-B, on the other hand, is for foreign-funded procurement activities.
How do you procure security and janitorial services?	The procurement of janitorial services falls under the definition of goods; the winning bid is determined by the lowest calculated and responsive bid. For specific guidelines, see Appendix Q (Guidelines on the Procurement of Security and Janitorial Services) and Appendix A (Additional Set of Technical Parameters) on page 240 and 244, respectively, of the 'Handbook on Philippine Government Procurement.'
How do you procure water, electricity, telecommunications (landlines and cellular phones) and internet service providers?	These general support services, which are needed in the transaction of public business or in the pursuit of any government undertaking, are in the category of goods. Appropriate guidelines are contained in Appendix M (Guidelines of Procurement of Water, Electricity, Telecommunications and Internet Service Providers) on page 218 of the 'Handbook on Philippine Government Procurement.'
Can Non-Government	Yes. This group is encouraged to participate in the procurement process for the welfare of the nation as prescribed in our

Organizations (NGOs), community-based, or sectoral organizations participate in public procurement?	Constitution. The organizations in this group are committed to the task of socio-economic development and established primarily for providing goods and services to the public. For further details, see Appendix P (Guidelines on Non-Governmental Organization Participation in Public Procurement), page 235 of the 'Handbook on Philippine Government Procurement.'
Can School MOOE be used to procure equipment like computer printer?	Yes. But, only items below P15,000.00 per unit and as long as it is in the schools' approved Annual Procurement Plan (APP) and Annual Implementation Plan (AIP).
When can a newly-hired teacher receive his/her first salary?	When complete supporting documents for the issuance of an appointment has been submitted by the appointee, the Schools Division Superintendent (SDS)will approve and sign the appointment and submit this to the Civil Service Commission. The appointee signs the oath of office and the immediate supervisor signs the report to duty. The division office may now release the first salary even without CSC attestation (refer to attached Process Matrix).
Who are entitled to receive Representation and Transportation Allowance (RATA)?	Only appointed personnel occupying items designated as key positions that are executive, managerial and Chief of Division or equivalent positions in the approved Personnel Services Itemization (PSI). This is based on NBC No. 527 dated 03 December 2010.For the revised rates, refer to Section 59 of the General Provisions under GAA of 2016 covered by RA 10717.
Assuming a large Secondary School with Principal IV as their school head with Assistant Principal II as in-charge in the Senior High School, who will cash advance for SHS MOOE, the school head or the Assistant Principal II?	School head.
Sale of Bid Docs – currently sale of bid docs is at current account of DOs, this should be cleared in the FMOM since these docs are used in paying honoraria.	Must be lodged with the procuring entity undertaking the procurement.

Non-IU – There is no issuance of Official Receipt (OR) in sale of Bid Documents.	Non-IUs are not allowed to sell bid documents because (1) they do not have Collecting Officers, (2) they do not have Official Receipt to issue, and (3) no Bookkeeper to account the collections and possible disbursements.
Can the Non-IU conduct their own procurement?	Yes, they can conduct procurement within the level of cash advance subject to the existing procurement rules and regulations.
Can the documents required in the procurement be reduced? Ex. School Feeding Program due to numerous requirements, schools prefer not to use the fund.	No.
What to do with the first tranche of MOOE of Senior HS without enrolment yet? Revert?	Yes, revert.
With the presence of Senior Bookkeepers or ADAS III, wherein they were given more than 20 schools to provide assistance to school heads, are they going to be deployed to their schools or stay at the Division Office?	In accordance to Unnumbered DepEd Memorandum dated 31 March 2014, it should be under direct supervision of the Division Accountant.
Is there a separation of office/unit between the budget and accounting in the SDO? or is the budget unit under the supervision of the accountant? Because in the member of inspectorate team, the budget officer is	Accounting staffs can be a member of the inspectorate team but not the Accountant.

the one that can be a member but the accountant and its staff shall not be a member of that team. The orientation in the SDO, the budget officer is under the supervision of the accountant.	
Based from the School Improvement Plan (SIP) (3 years plan), how can we monitor the correct implementation of the plan with that of the spending/ utilization of school MOOE?	Based on Annual Improvement Plan (AIP) check if it is included in their SIP.
Why does FAR No. 1 (SAAODB) not tally with FAR No. 4 (MRD) as to disbursement column?	FAR No. 1 (SAAODB) does not tally with FAR No. 4 (MRD) because of the Accounts Payable but it can be reconciled.
Why does FAR No. 1 and FAR No. 4 not tally with the Financial Statements?	FAR No. 1 and FAR No. 4 do not tally with the Financial Statements because the data required by the oversight agencies are incomparable.
What if the supplier gave supplies as promotional item? What would be the accounting entry?	Refer to page 170 of GAM, Volume I
What are the guidelines on fund raising activities of Schools/PTA – legal basis and reporting in line with transparent and accountable	Refer to DepEd Order No. 54, s. 2009 - Revised Guidelines Governing Parents-Teachers Associations (PTAs) at the School Level

governance?	
On threshold – signing authority of principal to school	Refer to DepEd Order No. 41, s. 2009 - Revision to DepEd Order No. 66, s. 2008 (Signing Authorities for Certain Administrative and Financial Matters in the Central and Field Offices)
On policy – there should be a DepEd Order/ Policy that the principal must record all the received items/ donations to school for school use because there are principals who brings home these items/donations.	Refer to Deped Order No. 82, S. 2011 - Guidelines On The Proper Recording Of All Donated Properties
Provident Fund - Can the approving authority for loans be in the Division not in the Region	Yes, for P50,000 below.
Inclusion of SCBAA in the eBMS.	It is not possible.
Training - Recommend that supply officers be included in the division level roll out because of the following considerations: A. Procurement B. Fixed assets C. Inventories	Asset Management Division (AMD) has their own roll-out.
Fidelity bond of school heads when transferred to new school, should the fidelity bond be carried (if within same division) until expiry?	Yes, if the station is not specified in the application for bond. No, if the station is specified.
Signatories for Disbursement Voucher – is the SDS	No, there's no SDS employed/appointed by the local gov't.

employed/appointed by the local gov't allowed to sign the DV of DepEd?	
Income Generating - Rules on PRC exam fees (use of rooms as examination venue) – should the fees be deposited to the BTr MDS trust then request for NCA?	Yes, all collections should be deposited to BTr.
Before granting the salary differential, is the adjusted salary really required?	Yes, there must be adjusted salary before granting salary differential.

DEPARTMENT OF EDUCATION
MATRIX on FINANCIAL PROCESSES

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
I. PLANNING BUDGETING AND PROCUREMENT								DepEd Memo on Annual Budget call
National Government Budget Cycle								
A. Preparation	**1**	**Setting of Macro and Micro Parameters**	**Priorities/Parameters / Assumptions/ Forecasts**		**Policy Studies/Economic Data/Reports from different Offices**	**National/Sectoral Budget Ceilings**		
	2	Engagement of stakeholders	Partnership with civil society organizations and other citizen-stakeholders to increase citizen participation in budget preparation (including RDCs)	NA	Accomplished Budgetary Forms (BP 100 to BP 400 and Forms A to D)	DepEd Budget Proposal		
Internal Processes to DepEd	**3**	Orientation on the Guidelines (including Budget ceiling) for the Preparation of Budget Proposal based on DBM's Budget Call	Budget Call	NA		List of Parameters		

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
Internal Processes to DepEd	**3.1**	Spending Units prepare draft respective Budget proposal						
	3.2	Conduct **Triangulation Process**(Budget Division, OPS & PS reviews the SUs respective budget proposal)						
		Presentation to and Recommendation of RDC						
	3.3	Consolidation of Budget Proposal	Defend the Budget proposal based on performance indicators on output targets and absorptive capacity. DBM review and issuance of recommendations	PS; MOOE; CO	Accomplished Budgetary Forms (BP 100 to BP 400 and Forms A to D)	DepEd Budget Proposal		
	3.3.a.	Consolidation of Schools Annual Implementation Plans & DO Proper Budget Proposals						
	3.3.b.	Consolidation of DOs & RO Proper Proposals						
	3.3.c.	Consolidation of ROs & CO Proposal						

	3.3	Conduct of executive review and Approval of DepED Proposed Budget	Deliberation of the Executive Review Board and Sr. Officials.	PS; MOOE; CO	Accomplished Budgetary Forms (BP 100 to BP 400 and Forms A to D)	DepEd Budget Proposal		
	3.4	Revision & finalization of SUs respective budget proposal						
	4	Submission to DBM	OSBP					
	5	Evaluation of Budget Proposal	DBM					
	5.1	Conduct of Technical Budget Hearing	DBM consolidate and recommend into a National Expenditure Program and a Budget of Expenditures and Sources of Financing (BESF).	PS; MOOE; CO	Accomplished Budgetary Forms (BP 100 to BP 400 and Forms A to D)	Draft NEP and BESF		
	5.2	Recommend draft National Expenditure Program (NEP)						
	5.3	Confirmation of ceilings by SUs				Proposed NEP		

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
	6	Presentation to the President and Cabinet	Refinements or reprioritization after the President and Cabinet approve the proposed NEP, the DBM finalizes the budget documents to be submitted to Congress.	PS; MOOE; CO	Accomplished Budgetary Forms (BP 100 to BP 400 and Forms A to D)			
	7	President budget	The President's Budget consists of the following documents, which help legislators analyze the contents of the proposed budget	PS; MOOE; CO	Accomplished Budgetary Forms (BP 100 to BP 400 and Forms A to D)	Budget of Expenditures and Sources of Financing (BESF); NEP; Details of selected Programs and Projects; and staffing summary		
	8	Submission of President's Budget				NEP		
	9	Preparation of preliminary BEDs	NEP			Preliminary BEDs		
B. Budget Legislation/ Authorization			National Expenditure Program					

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
	1	House deliberations	DepED Budget Proposal & BH documents		NEP	DepEd Budget Proposal		
		Amendment/Adjustment of the NEP						
	2	Senate deliberations	DepED Budget Proposal & BH documents	PS; MOOE; CO	GAB	DepEd Budget Proposal		
		Amendment/Adjustment of the NEP	Adjusted DepED Proposed Budget			GAB		
	3	Bicameral deliberations	GAB	PS; MOOE; CO	GAB	DepEd Proposed Budget		
	4	Ratification and enrolment	Draft GAA	PS; MOOE; CO	GAA	DepED Approved Budget		
	5	Enactment of budget	GAA	PS; MOOE; CO	GAA	Approved Budget		
	6	Veto message	GAA	PS; MOOE; CO	GAA	DepED Approved Budget		

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
C. Execution			**GAARD, GARO & SARO**			Work and Financial Plan; APP, PPMP, MDP		
	1	Receipt of GAARD/GARO/NCA		PS; MOOE; CO		DBM's approved Release Program (ARP) and Cash Release Program (CRP)	NCA	
	2	Issuance of guidelines on the release and utilization of funds				DBM's guidelines & programs		
	3	Finalization of Budget Execution Documents						
	4	Incurrence of Obligation	Commitment to Creditors/stakeholders; Obligation Request & Status (ORS)	PS; MOOE; CO	Refer to "Annex A" of COA Circular No. 2012-001 dated June 14, 2012	RAOs/ SAOB	Registry of Allotment and Obligation, Status of Allotment, Obligations and Balances (SAOB);	

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
	5	Request and receipt of SARO & NCA/NCAA for items not covered by GAARD and GARO	MDP, LDDAP	PS; MOOE; CO	MDP, LDDAP	SARO & NCA/NCAA	Status of NCA Received and Utilized	
	6	Processing of payment (disb.) based on obligations incurred adopting the Modified Disbursement Scheme (MDS)	NCA, NCAA, claims	PS; MOOE; CO	Refer to "Annex B" of COA Circular No. 2012-001 dated June 14, 2012	Checks issued	Monthly Report of Disbursement Journal; General Journal	
	7	Revisit & adjustment of BEDs						
	8	Receipt of NCA	Adjusted MDP	PS; MOOE; CO		DBM's approved Release Program (ARP) and Cash Release Program	NCA	
	9	Request for re-alignment and other adjustments						
D. Accountability		Preparation of budget and financial accountability reports (BFARs) (monthly, quarterly, semi-annual, annually and as the needs arises).						

PROCESSES		ACTIVITY	INPUT	ALLOTMENT CLASS	SUPPORTING DOCUMENTS	OUTPUT	REPORT GENERATED	REFERENCE
	1	Preparation, consolidation and submission of accountability reports (monthly, quarterly, semi-annual, annually and as the needs arises).	Quarterly agency reports	PS; MOOE; CO			BED, BARS, APRs	
	2	Conduct of Quarterly Performance/Assessment Review						
	3	Review of financial and physical performance of DepEd.	Year-end Budget Performance Assessment Review	PS; MOOE; CO			BED, BARS, APRs	
E. Audit	**1**	Compliance to the auditing standard of COA. (AUDIT COMPLIANCE)	Transactional Documents; Monthly/Quarterly/annual Audit	PS; MOOE; CO	Payment documents required per "Annex A & B"	Post audited transactions	Audit Observation Memorandum (AOM); Notice of Suspension; Notice of Disallowance; Notice of Credit; Annual Audit Report	

Process Matrix

Processes under Budget Execution (Categorized based on UACS)

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
1. Standard Disbursement Procedures							
a) General Fund				refer to COA Cir 2013-2 s 2013, Revised Chart of Accounts or PPSAS			
	1	**Preparation of Claims**	Refer to COA Cir. 2012-001 dated June 2012 for the list of required documents	-do-	Disbursement Voucher		Requesting Ofc/ Client
	2	**Certification of availability of Allotment** *(Evaluate/determine appropriate charging, check completeness of supporting documents, Encode to eBMS (Assign ORS No./ Object Code)*	Approved request for reimbursement/payment of expenses (ex. Approved Purchase Request)	-do-	Signed Box A & B of ORS	RAOD	Budget Unit

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
	3	**Pre-audit of claim and certification of NCA** *(Review of Supporting documents and mathematical computation, correctness of fund source, object code, MFO and accounting entries. Adjust*	Refer to COA Cir. 2012-001 dated June 2012	-do-	Signed DVs		Accounting Unit
		ORS and furnish Budget Division copy of Adjusted ORS. In case of adjustment after the reporting period, NORSA is prepared to reflect adjustment in ORS. Indexing of Payment)					
	3.1	Monitor Cash Availability		-do-			
	3.2	Posting to Registry of Allotment and Notice of Cash Allocation (RANCA).		-do-	Updated record on Cash Availability/Balance		Accounting Unit
	4	Approval of DV	refer to DepED Order re. signing authority		Approved DV		Head of the Agency (Secretary for CO, Director for RO's, SDS for SDO's, School Principals for IU schools)

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
	5	**Preparation of LDDAP-ADA and Summary LDDAP-ADA Issued and Invalidated-ADA Entries (SLIIE) or Check and Advice of Check Issued**	Approved DV's and the supporting documents.		LDDA-ADA and SLIIE is certified correct by the head of accounting unit.	LDDAP-ADA and SLIIE	Accounting
		and Cancelled (ACIC), as the case may warrant.					
	6	**Approval of the LDDAP-ADA and/or Checks and/or ACIC**			Approved LDDAP-ADA, and SLIIE, and/or Check and ACIC	Posting to Registry/Record of Check Issued	Head of Agency and Cash
	7	**Submission of approved LDDAP-ADA with SLIIE and/or Advice to AGDB**					Cash
	8	**AGDB to credit to Payee's Account**			Creditors paid	Report of ADA Issued	Cash
	9	**Release of check payment**			Creditors paid	Report of Check Issued (RCI)	Cash
	10	**Receipt of OR from creditor**			Creditors paid. Section "C" of DV is signed by the recepient of check/ADA.		Cash

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
	11	**Recording of LDDAP-ADA and Checks Issued by the Cashier in the Cash Register**			Updated Check Disbursement Record	Report of ADA/check Issued (if not yet done in #8 and 9)	Cash
	12	**Submission of RCI and List of ADA Issued by the Cashier to the Accounting**	Approved DV's and the supporting documents paid thru LDDAP-ADA and check issuance		Logbook entry on the submission of RCI and paid DVs for the day/week/month		Cash
	13	Journalization thru eFRS and report generation					Accounting
	13.1	**JEV preparation, updating of Journals, posting to General ledger and Subsidiary Ledgers, and generation of Financial Reports.**	Paid DVs; Report of Check Disbursements (RCDs); Report of Disbursements (RDs) and other supporting documents		Updated Journals, Ledgers and FS	JEV's, Journals, Ledgers, Trial Balance and Financial Statements	Accounting
	13.2	**Submission of Journalized DV's and other financial/transaction documents to COA for Post Audit**	JEV's and paid DV's with complete supporting documents.		For audit of the Auditor	AOM, NS, ND	Accounting

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
b. Off-Budgetary Funds							
b1. Revolving (RELC & IGP)	**1**	**Preparation of Claim**	refer to COA Cir. 2012-001 dated June 2012	refer to COA Cir 2013-2 s 2013, Revised Chart of Accounts	Prepare DV	DV	
b2. Retained Income and Receipts	**2**	**Posting to Registry of Revenues and Other Receipts (RROR- IG)**	refer to GAM 2015 Appendix 7C		Updated RROR-IG	BFAR 2 and 2-a	Budget Unit
		Note: Steps for Disbursement follows General Fund procedures for utilization of retained revenues except for reports/outputs			Signed Budget Utilization Request and Status (BURS)		
	3	**Claims and certification of cash availability are pre-audited**	refer to COA Cir. 2012-001 dated June 2012	refer to COA Cir 2013-2 s 2013, Revised Chart of Accounts	Signed Box A of DV	RANCA	Accounting Unit
	4	**Head of Agency approves DV**	DV with Box A signed and with all supporting documents attached.		Approved DV		Head of Agency
	5	**Check, and ACIC are prepared and approved by the head of agency.**	Approved DV with all supporting documents.		Signed Check	RCI and ACIC	Cashier

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
	5.1	**Cashier records check issued and paid in the Registry of Check Issued (RCI)**					
	5.2	**ACIC is submitted to AGDB and check payment to Creditor is released**					Cashier
	6	**Official Receipt is issued to Creditor and is attached to DV to support liquidation report.**			Section "C" of DV signed by the claimant		Cashier
	7	**RCI preparation**	Approved DVs and supporting documents		Signed RCIs		Cashier
Journalization thru eFRS	**8**	**JEV preparation, updating of Journals, posting to General ledger and Subsidiary Ledgers, and generation of Financial Reports.**	Paid DVs; Report of Check Disbursements (RCDs); Report of Disbursements (RDs) and other supporting documents		Updated Journals, Ledgers and FS	Updated Journals and Ledger, Trial Balance, Financial Statements and supporting schedules.	Accounting unit
	9	**Submission of paid DVs to COA for post-audit**	Approved DVs and supporting documents				

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
	10	**Submission of Trial Balance, Financial Statements and other supporting statements to COA for audit.**	JEV's, DV's and supporting documents		FS to COA	**AOM, NS, ND**	COA
	11	**BAR 2, 2-A and 5 are prepared and submitted to DBM Region and DepEd CO.** *(Bar 2 is Summary of Approved Budget, Utilization Disbursement and Balances; BAR 2-a is Summary of Approved Budget, Utilization, Disbursements and Balances by Object of Expense; BAR 5 is Quarterly Report of Revenue & Other Receipts)***.**	RROR-IG		Signed BAR 2, 2-A and 5	Utilization and Disbursement Balances, Quarterly reports of revenue & other receipts	Accounting
c. Custodial (Provident & Other Trust Receipts)							
c1. Trust Account (MDS)							

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS /OFFICE
	1	**Preparation of Claim (Signature of Requesting Officer in Box A of BUR)**	COA Cir. 2012-001 dated June 2012				Requesting Ofc/ Client
	2	**Certification of availability of Funds** *(Evaluate/determine appropriate charging, check completeness of supporting documents)*					Budget Unit
	3	**Pre-audit and certification of NCA and posting to Registry of Fund Allocation** *(Review of Supporting documents and mathematical computation, correctness of fund source, object code, MFO and accounting entries.)*	refer to GAM 2015 Appendix 7D		Signed Box A of DV	Registry of Revenues and Other Receipts - Trust Receipts (RROR-TR)	Accounting Unit
	4	**Approval of DV**	(Note: For claims/ payments refer to processes under Off-Budgetary Fund)		Approved DV		Head of Agency
	5	**Preparation of Check and Advice of check issued (ACIC)**			Check issuance	(Note: For claims/ payments refer to processes under Off-Budgetary Fund)	Cash

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS/ OFFICE
	6	**Approval of the Checks and Advice of check issued (ACIC)**				(Note: For claims/ payments refer to processes under Off-Budgetary Fund)	Cash
	7	**Submission of approved Advice to AGDB**			Logbook entry on the submission of ACIC to AGDB		Cash
	8.a	**AGDB to credit to Payee's Account (for the LDDAP-ADA method, not yet applicable for MDS Trust.)**					AGDB
	8.b	**Release of check payment to creditor.**			Creditors paid. Section "C" of DV is signed by the recepient of check.		Cash
	9	**Receipt of OR from creditor and attached said OR to the approved DV's.**					Cash
	10	**Recording of Checks Issued by the Cashier in the Cash Registry**					Cash

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS/ OFFICE
	11	**Submission of RCI by the Cashier to the Accounting**	Paid DV's with complete supporting documents.		Logbook entry on the submission of RCI and paid DVs for the day/week/month		Cash
Journalization thru eFRS and report generation	**12**	**JEV preparation, updating of Journals, posting to General ledger and Subsidiary Ledgers, and generation of Financial Reports.**	JEV's with all paid DV's with complete supporting documents.		JEV's	Updated Journals and Ledger, Trial Balance, Financial Statements and supporting schedules.	Accounting unit
Report submission to oversight agencies	**13**	**Submission of Trial Balance, Financial Statements and other supporting statements to COA for post-audit.**	JEV's, DV's and supporting documents		FS to COA	**AOM, NS, ND**	COA
	14	**BAR 2, 2-A and 5 are prepared and submitted to DBM Region and DepEd CO.** *(Bar 2 is Summary of Approved Budget, Utilization Disbursement and Balances; BAR 2-a is Summary of Approved Budget, Utilization, Disbursements and Balances by Object of Expense; BAR 5 is Quarterly Report of Revenue & Other Receipts)*				Utilization and Disbursement Balances, Quarterly reports of revenue & other receipts	

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS OFFICE
c.2. PROVIDENT FUND (Expenses and Loan grant)							
c.2.a Provident Operating Expenses	**1**	**Preparation of Claim**	refer to COA Cir. 2012-001 dated June 2012			DV	Claimant/Section/ Division where claim originates.
	2	**Certification of availability of Funds**	DV and BUR	refer to COA Cir 2013-2 s 2013, Revised Chart of Accounts	BUR signed	BFAR 2 and 2-a	Budget
	3	**Pre-audit and certification of Cash, posting to Registry of Fund Allocation.**			Box A of DV signed by head of accounting unit.	Updated Registry of Fund Allocation.	Accounting unit
		(Note: Refer to Steps 4 - 14 under Off-Budgetary Funds)					
	4	**Approval of DV**			Approved DV.		Head of Agency
	5	**Preparation of Check and Advice of check issued (ACIC)**	Approved DV.		Check and ACIC prepared.	RCI and ACIC	Cash

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS OFFICE
	6	**Release of check payment to creditor.**	Signed and countersigned check.		Creditors paid. Section C of DV is signed by the recipient of check.		Cash
	7	**Receipt of OR from creditor and attached said OR to the approved DV's.**					Cash
	8	**Recording of Checks Issued by the Cashier in the Check Register**			Updated check registry / Record of Check Issued.		Cash
	9	**Submission of RCI by the Cashier to the Accounting**	Paid DV's with complete supporting documents.		Logbook entry on the submission of RCI and paid DVs for the day/week/month		Cash
	10	**Generation of JEV's, updating of Journals, and Ledgers**	JEV's with all paid DV's with complete supporting documents.		JEV's	Updated Journals and Ledger, Trial Balance, Financial Statements and supporting schedules.	Accounting unit
	11	**Submission of Trial Balance, Financial Statements and other supporting statements to COA for post-audit.**	JEV's, DV's and supporting documents		FS to COA	**AOM, NS, ND**	COA

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS OFFICE
c.2.b Provident Loan grant (for discussion w/ Welfare)	**12**	**BAR 2, 2-A and 5 are prepared and submitted to DBM Region and DepEd CO.** *(Bar 2 is Summary of Approved Budget, Utilization Disbursement and Balances; BAR 2-a is Summary of Approved Budget, Utilization, Disbursements and Balances by Object of Expense; BAR 5 is Quarterly Report of Revenue & Other Receipts)*			Submitted BFAR 2 & 2a	Utilization and Disbursement Balances, Quarterly reports of revenue & other receipts	Budget unit
	1	**Preparation of Claim**	Refer to DepEd Order No. 36, s. 2007 *_Amendments and Addendum to DepEd Order No. 12, s. 2004 (Revised Implementing Guidelines for the DepEd Provident Fund*				Loan Borrower
	2	**Certification of availability of Funds**	Approved Letter request and Application of loan.				Accounting Unit
	3	**Pre-audit and certification of Cash, posting to Registry of Fund Allocation.**			Signed Box A of DV		Accounting Unit

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS OFFICE
	4	**Approval of DV**			Approved DV		Head of Agency
	5	**Preparation of Check and Advice of check issued (ACIC)**	Approved DV		Check and ACIC prepared	Report of Checks Issued.	Cash
	6	**Approval of the Checks and Advice of check issued (ACIC)**			Signed and countersigned checks and ACIC.		Cash
	7	**Submission of approved Advice to AGDB**			ACIC received by Bank.		Cash
	8	**Release of check payment to creditor.**			Creditors/borrowers paid. Section C of DV is signed by the recepient of check.		Cash
	9	**Recording of Checks Issued by the Cashier in the Cash Register**			Updated Cash/Check Register.		Cash
	10	**Submission of RCI by the Cashier to the Accounting**	Paid DV's with complete supporting documents.		Logbook entry on the submission of RCI and paid DVs for the day/week/month		Cash

PROCESSES		ACTIVITY	INPUT (SUPPORTING DOCUMENTS)	OBJECT OF EXPENDITURE	OUTPUT/ ACTION REQUIRED	REPORT GENERATED	LIMITS OFFICE
	11	**Generation of JEV's, updating of Journals, and Ledgers**	JEV's with all paid DV's with complete supporting documents.		JEV's	Updated Journals and Ledger, Trial Balance, Financial Statements and supporting schedules.	Accounting unit
	12	**Submission of Trial Balance, Financial Statements and other supporting statements to COA for post-audit.**	JEV's, DV's and supporting documents		FS to COA	**AOM, NS, ND**	COA

SUMMARY OF FINANCIAL FORMS AND REPORTS
BUDGET:
A. Budget Reports/Forms
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ABBREVIATIONS AND ACRONYMS

AAB	Authorized Agent Banks
AB	Approved Budget
ACIC	Advice of Checks Issued and Cancelled
ACO	Agency Central Office
ADA	Advice to Debit Account
ADADRec	Advice to Debit Account Disbursements Records
ADDO	Aging of Due and Demandable Obligations
AFR	Annual Financial Report
AGDBs	Authorized Government Depository Banks
AIP	Annual Improvement Plan
AJE	Adjusting Journal Entries
AO	Administrative Order
APDS	Automatic Payroll Deduction Scheme
APMs	Agency Performance Measures
APP	Annual Procurement Plan
APR	Agency Performance Review (Budgeting)
APR	Agency Procurement Request (Procurement)
ARE	Acknowledgement Receipt of Equipment
ARO	Agency Regional Office
ARP	Allotment Release Program
ASDS	Assistant Schools Division Superintendent
ATM	Automated Teller Machine
BAC	Bids and Awards Committee
BARs	Budget Accountability Reports
BD	Budget Division
BEDs	Budget Execution Documents
BESF	Budget of Expenditures and Source of Financing
BIR	Bureau of Internal Revenue
BOC	Bureau of Customs
BP	Budget Preparation
BSE	Bureau of Secondary Education (under the old structure of DepEd)
BSP	Bangko Sentral ng Pilipinas
BTr	Bureau of the Treasury
BTr-FBD	Bureau of the Treasury-Fidelity Bond Division

BUB	Bottom-Up Budgeting
BURS	Budget Utilization Request and Status
CAM	Customized Agency Procurement Manual
CA	Cash Advance
CDC	Cash Disbursement Ceiling
CDC	City Development Council
CDJ	Cash Disbursement Journal
CDO	Cash Disbursing Officer
CDReg	Cash Disbursement Register
CDT	Customs, Duties and Taxes
CID	DepEd Curriculum Implementation Division
CkDJ	Check Disbursement Journal
CMI	Centrally-managed items
CO	Capital Outlay
COA	Commission on Audit
COA-GAS	Commission on Audit-Government Accountancy Sector
CPA	Certified Public Accountant
CSC	Civil Service Commission
CSO	Civil Society Organizations
CRJ	Cash Receipts Journal
CRDC	Consolidated Reports of Daily Collection
CV	Cash Voucher
DBCC	Development Budget Coordination Committee
DepEd	Department of Education
DBM	Department of Budget and Management
DFA	Department of Foreign Affairs
DO	Disbursing Officer
DOF	Department of Finance
DOLE	Department of Labor and Employment
DPWH	Department of Public Works and Highways
DTR	Daily Time Record
DV	Disbursement Voucher
EBEIS	Enhanced Basic Education Information System
ExMDPS	Expanded Modified Disbursement Payment Scheme
EO	Executive Order
eOR	Electronic Official Receipt

ESC	Education Service Contracting
EVS	Education Voucher System
FAP	Foreign-Assisted Project
FARs	Financial Accountability Reports
FCR	For Comprehensive Release
FE	Forward Estimates (Budget)
FE	Fixed Expenditure
FIFO	First In First Out
FinCom	Finance Committee
FinEx	Financial Expense
FLR	For Later Release
FM	Financial Management
FMOM	Financial Management Operations Manual
FOA	Forward Obligational Authority
FOs	DepEd Field Offices
FP	Financial Plan
FS	Financial Statement
FSC	Funding Source Code
FSP	Foreign Service Posts
GAA	General Appropriations Act
GAARD	General Appropriations Act Release Document
GAAM	Government Accounting and Auditing Manual
GAD	Gender and Development
GAM	Government Accounting Manual
GARO	General Allotment Release Order
GASTPE	Government Assistance for Students and Teachers in Private Education
GDP	Gross Domestic Product
GF	General Fund
GFI	Government Financial Institution
GIFMIS	Government Integrated Financial Management Information System
GJ	General Journal
GL	General Ledger
GNP	Gross National Product
GOCCs	Government Owned and Controlled Corporations
GOP	Government of the Philippines

GPFS	General Purpose Financial Statement
GPPB	Government Procurement Policy Board
GSB	Government Servicing Bank
GSIS	Government Service Insurance System
HDMF	Home Development Mutual Fund
HT	Head Teacher
IA	Implementing Agency
IAR	Inspection and Acceptance Report
IATF	Inter-Agency Transfer of Funds
ICS	Inventory Custodian Slip
IGP	Income Generating Project
IMF	International Monetary Fund
IPs	Indigenous Peoples
IPSAS	International Public Sector Accounting Standards
IRP	Invoice Receipt of Property
IUs	Implementing Units
JEV	Journal Entry Voucher
KRA	Key Result Area
LCCA	Local Currency, Current Account
LDDAP-ADA	List of Due and Demandable Accounts Payable-Advice to Debit Account
LEAPS	Learning Equity and Accountability Program Support
LFP	Locally-Funded Projects
LGUs	Local Government Units
LIS	Learners Information System
LR	Liquidation Report
MCP	Monthly Cash Program
MDG	Millennium Development Goals
MDS	Modified Disbursements Scheme
MDS-GSB	Modified Disbursements Scheme-Government Servicing Bank
MFO	Major Final Outputs
MOOE	Maintenance and Other Operating Expenses
MPBF	Miscellaneous Personnel Benefits Fund
MOA	Memorandum of Agreement
MRD	Monthly Report of Disbursements
NBC	National Budget Circular

NBM	National Budget Memorandum
NCA	Notice of Cash Allocation
NCAA	Non-Cash Availment Authority
NG	National Government
NGAs	National Government Agencies
NGAS	New Government Accounting System
NEDA	National Economic and Development Authority
NEDP	National Education Development Program
NEP	National Expenditure Program
NGICS	National Guidelines on Internal Control Systems
NGO	Non-Government Organizations
Non-IUs	Non-Implementing Units
NOSA	Notice of Salary Adjustment
NORSA	Notice of Obligation Request Status Adjustment
NTA	Notice of Transfer of Allocation
OP	Office of the President
OP	Order of Payment
PS	Planning Service
OR	Official Receipt
ORS	Obligation Request and Status
OU	Operating Unit
OWWA	Overseas Workers Welfare Administration
PAPs	Programs/Activities/Projects
PBB	Performance-Based Bonus
PCF	Petty Cash Fund
PCFC	Petty Cash Fund Custodian
PCV	Petty Cash Voucher
PCVP	Petty Cash Voucher Payroll
PD	Presidential Decree
PDBC	Presidential Development Budget Committee
PDC	Provincial Development Council
PDP	Philippine Development Plan
PERA	Personnel Economic Relief Allowance
PFM	Public Finance Management
PhilGEPS	Philippine Government Electronic Procurement System
PIB	Productivity Incentive Bonus

PIB	Performance-Informed Budgeting
PIP	Public Investment Program
PIS	Productivity Incentive Scheme
PLI	Private Lending Institution
PMS – PMD	Project Management Service (previously EDPITAF)– Project Management Division
PO	Purchase Order
PP	Physical Plan
PPE	Plant, Property and Equipment
PPMP	Project Procurement Management Plan
PPSAS	Philippine Public Sector Accounting Standards
PR	Purchase Request
PROGCOM	Program Committee
PS	Personnel Services
PTA	Parents Teachers Association
QPRO	Quarterly Physical Report of Operation
QRROR	Quarterly Report of Revenue and Other Receipts
RA	Republic Act
RADAI	Report of ADA Issued
RAF	Re-alignment Advice Form
RANCA	Registry of Allotment and Notice of Cash Allocation
RANTA	Registry of Allotment and Notice of Transfer Allocation
RAO	Registry of Allotment and Obligations
RAOD	Registry of Allotment, Obligations and Disbursements
RAPAL	Registry of Appropriations and Allotments
RATA	Representation and Transportation Allowance
RBUD	Registry of Budget Utilization and Disbursements
RCD	Reports of Collection and Disbursements
RCI	Reports of Checks Issued
RD	Report of Disbursements
RDC	Regional Development Council
RG	Retirement Gratuity
RIS	Requisition and Issuance Slip
RLIP	Retirement and Life Insurance Premium
RM	Results Matrix
RMAO	Records Management and Archives Office
RO	Regional Office

RROR	Registry of Revenues and Other Receipts
RPPCV	Report on Paid Petty Cash Vouchers
SAAODB	Statement of Appropriation, Allotment, Obligation, Disbursement and Balances
SAGF	Special Accounts in the General Fund
SAI	Supplies Availability Inquiry
SALN	Sworn Statement of Assets, Liabilities and Net Worth
SAP	Schedule of Accounts Payable
SARO	Special Allotment Release Order
SB	Special Budget
SBAC	School Bids and Awards Committee
SBM	School-based Management
SBFM	School-based Financial Management
SBAA	Statement of Budget and Actual Amounts
SBAC	School Bids and Awards Committee
SCBAA	Statement of Comparison of Budget and Actual Amounts
SCF	Statement of Cash Flows
SCNA	Statement of Changes in Net Assets
SCNE	Statement of Changes in Net Equity
SD	Supporting Documents
SDO	Special Disbursing Officer
SDO	Schools Division Office
SDS	Schools Division Superintendent
SEF	Special Education Fund
SGOD	Schools Governance and Operations Division
SIC	School Inspectorate Committee
SIP	School Improvement Plan
SL	Subsidiary Ledger
SLIIE	Summary of LDDAP-ADAs Issued and Invalidated ADA Entries
SPF	Special Purpose Fund
SRC	School Report Card
SS	Supporting Schedule
STW	Summary of Taxes Withheld
Sub-ARO	Sub-Allotment Release Order
SU	Spending Units
SUCs	State Universities and Colleges

TB	Trial Balance
TEEP	Third Elementary Education Project
TL	Terminal Leave
TRA	Tax Remittance Advice
TSA	Treasury Single Account
UACS	Unified Accounts Code Structure
WA	Withdrawal Application
WB	World Bank
WFP	Work and Financial Plan

Glossary of Terms

Acronyms and Abbreviations	Definition / Explanation
Accounting Policies	• specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. (Par. 7, PPSAS 3)
Accrual basis	• basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid) • transactions and events are recognized in the accounting records and recognized in the financial statements of the periods to which they relate • elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses
ADA	Advice to Debit Account • authorization issued by the NGA/OU appearing in the lower portion of the List of Due and Demandable Accounts Payable-Advice to Debit Account (LDDAP-ADA) • serves as instruction to the Modified Disbursement System, Government Servicing Banks (MDS-GSBs) to debit a specified amount from its available NCA balance under regular MDS sub-account for payment of creditors/payees through the Expanded Modified Disbursement Payment Scheme (ExMDPS)
AGDBs	Authorized Government Depository Banks • such as Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP), and Philippine Veterans Bank (PVB)
AIP or SOB	Annual Implementation Plan or School Operating Budget • based on School Improvement Plan (SIP), it identifies the problems and objectives for one school year and the intervention programs that include strategies and learning activities, time frame for implementing the activities, persons responsible, and resources needed which are appropriate to achieve the objectives set • annual budget that contains estimates of the total value of resources (personnel services, miscellaneous and other operating expenses, and capital outlay) required for the performance of the operation
Allotment	• authorization issued by DBM to NGAs to incur obligations for specified amounts contained in a legislative appropriation in the form of budget release documents. It is also referred to as Obligational Authority.
AO	Administrative Order • enforceable order issued by a public authority (under the

powers conferred to it by one or more statutes) to an individual or an organization to take certain corrective action, or to refrain from an activity

AP — Accounts Payable
- refers to valid and legal obligation of NCAs/OUs, for which, goods/services/projects have been delivered/rendered/completed and accepted, regardless of the year when these obligations were incurred

APMF — Agency Performance Measure Framework
- linked with the agency's work and financial plan and Budget Financial Accountability Reports (BFARs)

APP — Annual Procurement Plan
- documents that consolidate the various Project Procurement Management Plans (PPMPs) submitted by the various end-user units of the agency
- reflects the entirety of the procurement activities that will be undertaken within the calendar year

Appropriation
- It is the authorization made by a legislative body to allocate funds for purposes specified by the legislative or similar authority. The following are the different types of appropriations:
- New General Appropriations - are annual authorizations for incurring obligations during a specified budget year, as listed in the GAA.
- Supplemental Appropriations - are additional appropriations authorized by law to augment the original appropriations which proved to be insufficient for their intended purpose due to economic, political or social conditions supported by a Certification of Availability of Funds (CAF) from the BTr.
- Continuing Appropriations - are the authorizations to support obligations for a specific purpose or project, such as multi-year projects or activities which require the incurrence of obligations even beyond the budget year.
- Automatic Appropriations - are the authorizations programmed annually or for some other period prescribed by law, by virtue of outstanding legislation which does not require periodic action by Congress.

APR — Agency Performance Review
- the process of determining the level of accomplishment of each agency in terms of physical outputs, income generated, and actual expenditures incurred in the production/delivery of goods and services to the public vis-à-vis the targets/budgets for the same period

ARP — Allotment Release Program
- overall ceiling of the total obligational authority which may be issued to the agencies for the year, from all fund sources

Approved Budget	• expenditure authority derived from appropriation laws, government ordinances, and other decisions related to the anticipated revenue or receipts for the budgetary period
Assets	• resources controlled by an entity as a result of past events, and from which future economic benefits or service potential are expected to flow to the entity
Automatic Appropriations	• authorizations programmed annually or for some other period prescribed by law, by virtue of outstanding legislation which does not require periodic action by Congress
Budget Accountability	• takes the form of management's review of actual performance or work accomplishment in relation to the work targets of the agency vis-à-vis the financial resources made available • also include detailed examinations of each agency's book of accounts undertaken by the Commission on Audit (COA) to ensure that all expenses have been disbursed in accordance with accounting regulations and the purpose(s) for which the funds have been authorized
Bank Charges	• charges imposed by the bank for various services rendered excluding interest charges • also includes cost of checkbooks, penalties and surcharges on overdrafts
Bank Reconciliation	• settlement of differences contained in the bank statement and the cash account in the agency's/entity's books of accounts
Bank Statement	• reflects the transactions in the agency's/entity's (depositor's) bank account for a period such as deposits made to the account as well as checks/ADAs drawn on the account, bank charges, returned items, etc.
BFAR	Budget Financial Accountability Reports • reports on the agencies' actual financial and physical accomplishments/performance for a given period • reportorial requirements of Department of Budget and Management (DBM) from funded agencies which include the following: • Statement of Appropriations, Allotments, Obligations, Disbursements and Balances • Detailed Statement of Current Year's Obligations, Disbursements and Unpaid Obligations • Summary of Prior Year's Obligations, Disbursements and Unpaid Prior Year's Obligations • Summary Report of Disbursements
BEDs	Budget Execution Documents • annual documents required at the onset of the budget execution phase, which contain the agencies' targets and plans for the current year

BEFF	Basic Education Facilities Fund • lump-sum amount of appropriations that normally covers classroom (construction, repair and rehabilitation), water and sanitation facilities, and furniture requirements of the schools
BESF	Budget of Expenditures and Sources of Financing • detailed and graphical presentation of the expenditure program and the sources to finance the expenditures • document which reflects the annual program of estimated expenditures presented by the executive branch to the legislature for spending authority, accompanied by an estimate of expected sources of financing
BP	Budget Preparation (forms) • Department of Budget and Management's (DBM) required forms for preparing budget proposal
Cash	• comprises cash on hand and cash in bank (held under current and savings account) and cash treasury accounts
CA	Cash Advances • advances granted to officers and employees which may be classified into: • regular cash advances – those granted to cashiers, disbursing officers, paymasters and/or property/supply officers for salaries and wages, commutable allowances, honoraria and other similar payments and petty cash operating expenses • special cash advances – those granted on the explicit authority of the agency heads to duly designated disbursing officers or employees for other legally authorized purposes
Canceled Check/ADA	• checks/ADAs issued and chargeable to the agency bank account but was later voided due to expiration of validity, and other valid reasons
Cash Equivalents	• short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. (Par. 8, PPSAS 2)
Cash Flows	• inflows and outflows of cash and cash equivalents. (Par. 8, PPSAS 2)
CDC	Cash Disbursement Ceiling • authority issued by DBM to the Department of Foreign Affairs (DFA) and Department of Labor and Employment (DOLE) to utilize their income collected/retained by their Foreign Service Posts (FSPs) to cover their operating requirements, but not to exceed the released allotment to the said post
Change in accounting estimate	• adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities • changes in accounting estimates result from new information

	or new developments and, accordingly, are not correction of errors. (Par. 7, PPSAS 3)
Cluster of Schools	• group of schools which are geographically contiguous and brought together to improve the learning outcomes
CO	Capital Outlay (or Capital Expenditures) • appropriations spent for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add assets to the government
Consolidated Financial Statements	• financial statements of an economic entity (controlling entity and controlled entities) presented as those of a single entity
Continuing Appropriations	• authorizations to support obligations for a specific purpose or project, such as multi-year construction projects which require the incurrence of obligations even beyond the budget year
Controlling Entity	• an entity that has one or more controlled entities
Controlled Entity	• an entity, including an unincorporated entity such as a partnership, which is under the control of another entity (known as the controlling entity)
Credit Memorandum	• document issued by the bank informing an increase in the depositor's (Agency's/Entity's) account, such as previous bank debit errors and collection directly deposited to the agency's/entity's bank account
CRP	Cash Release Program • overall ceiling of disbursement authorities which may be issued to the agencies for a particular period
CSO	Civil Society Organizations • include Non-Government Organizations (NGOs), people's organizations, cooperatives, trade unions, professional associations, faith-based organizations, media groups, indigenous peoples movements, foundations, and other citizen groups formed primarily for social and economic development, to monitor government programs and projects, engage in policy discussions, and actively participate in collaborative activities with the government
CTC	Certificate of Travel Completed • certificate issued by cash advance initiator to prove that such travel actually happened
DBCC	Development Budget Coordination Committee • primarily to review and approve the macroeconomic targets, revenue projections, borrowing level, aggregate budge level and expenditure priorities and recommend to the Cabinet and

	the President of the consolidated public sector financial position and the national government fiscal program
DCR	Daily Cash Report • report indicating status of cash on a daily basis
Debit Memorandum	• document issued by the bank informing a decrease in the account, such as previous bank credit errors or service charges and fees
Deposits-in-Transit	• amounts of agency/entity deposits in the bank but which are yet to be recorded by the bank until the next period • usually pertain to late deposits in the last day of business for a period
Disbursements	• actual amounts spent or paid out of the budgeted amount • constitute all cash paid out during a given period in currency (cash) or by check/ADA • the settlement of government payables/obligations by cash, check or ADA • covered by DV/Petty Cash Voucher (PCV)/Payroll
DPS	Direct Payment System • payment procedure whereby the MDS-GSB shall, upon receipt of NCA an LDDAP-ADA from DBM pay the CCC not earlier than 24 hours but not later than 48 hours, through direct credit to the CCC current account
DV	Disbursement Voucher • is a form used to pay an obligation to employees/individuals/agencies/creditors for goods purchased or services rendered
EBEIS	Enhanced Basic Education Information System • maintains a database of education statistics, sector performance indicators and profile of public and private schools, learning centers and other education service providers • web-based system designed to enhance information management at all levels of the education system (school, division, region and national levels) through streamlined processes and use of information and communication technologies • delivers relevant and accurate information to school heads, education managers, policy makers and various stakeholders of the education system
ExMDPS	Expanded Modified Disbursement Payment Scheme • payment procedures whereby the MDS-GSB shall pay the creditors/payees listed in the LDDAP-ADA not later than 48 hours but not earlier than 24 hours upon receipt of the said document from the National Government Agency (NGA)/Operating Unit (OU)

Entities	• refer to NGAs and GOCCs maintaining SAGF • may be a group of NGAs and GOCCs combined as a single entity (e.g. central and regional offices including their operating units)
ESC	Education Service Contracting • aimed at democratizing and improving access to quality secondary education through government extension of financial assistance to deserving elementary school graduates who wish to pursue their secondary education in private schools
EVS	Education Voucher System • certificate of funding where the government issues a coupon directly to students to enable them to enroll in eligible private educational institutions or non-DepEd public schools under a full or partial tuition subsidy • students and their parents or guardians have control of the private school of their own choosing
Exchange transactions	• transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. (Par. 11, PPSAS 9)
Expenses	• decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners
FAP	Foreign Assisted Projects • government projects which are wholly or partly financed by foreign loans and/or foreign grants
FCR	For Comprehensive Release • General Appropriations Act (GAA) as obligational authority, replacing the Agency Budget Matrix (ABM)
Forward Estimates	• projections or estimation of the future costs of existing policies • also serves as the validation instrument of determining the reasonableness of agency proposals on existing programs/projects/activities
FE	Finance Expense
Final Budget	• original budget adjusted for all reserves, carry-over amounts, transfers, allocations and other authorized legislative or similar authority changes applicable to the budget period
Financial	• any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. (Par. 9, PPSAS 28)

instrument	
Financial Reporting	• process of preparation, presentation and submission of general purpose financial statements and other reports • the objective of financial reporting is to provide information about the entity that is useful to users for accountability purposes and decision-making
FLR	For Later Release • Special Allotment Release Order (SARO) as obligation authority subject to compliance of required documents/clearances
FP	Financial Plan • categorization of the agency budget into "For Comprehensive Release" (FCR) and "For Later Release" (FLR) or the negative list
Fund Cluster	• refers to an accounting entity (similar to a bank account) for recording expenditures and revenues associated with a specific activity for which accounting records are maintained and periodic financial reports are prepared
GAA	General Appropriations Act • a law on budgetary programs and projects for each agency of the government, with the corresponding appropriations for each program and project, including statutory provisions of specific agency or general applicability • embodies the President's thrust for inclusive development in social and economic services that are invested in empowering people and creating more economic opportunities for them
GAARD	General Appropriations Act Release Document • serves as the obligational authority for the comprehensive release of budgetary items appropriated in the GAA, categorized as For Comprehensive Release (FCR)
GAB	General Appropriations Bill • proposal of budgetary programs and projects of the country • becomes General Appropriations Act (GAA) when approved by Congress and eventually signed by the President of the Republic of the Philippines
GAD	Gender and Development • organization tasked to collectively nurture the full potential of women through education and strengthened participation in evolving a responsive and caring community
GARO	General Allotment Release Order • comprehensive authority issued to all national government agencies to incur obligations not exceeding an authorized amount • no need of special clearance or approval
GASTPE	Government Assistance to Students and Teachers in Private Education

	• Republic Act 8545 (amending R.A. 6728), or the "Expanded Government Assistance to Students and Teachers in Private Education (GASTPE) • main objective is to decongest public secondary schools by "contracting" the excess capacities of private high schools through the provision of subsidies for students who, otherwise, would have gone to the public high schools
GDP	Gross Domestic Product • measures total output within the geographic boundaries of the country, regardless of the nationality of the entities producing the output
General Purpose Financial Statements	• those intended to meet the needs of users who are not in a position to demand reports tailored to meet their particular information needs. (Par. 3, PPSAS 1)
GIFMIS	Government Integrated Financial Management Information System • IT-based system for budget preparation, management, execution, accounting and reporting that will be implemented by the Philippine Government to improve public financial management processes and enhance greater accountability and transparency across National Government Agencies (NGAs) • designed to make use of modern information and communication technologies to help the government to plan and use its financial resources more efficiently and effectively • web-based application that will enable government agencies to generate real-time, reliable and accurate financial reports to aid decision making, enabling citizens to know where public funds are spent
Gifts, Donations and Goods In-kind	• voluntary transfers of assets, including cash or other monetary assets, goods in-kind and services in-kind that one entity makes to another, normally free from stipulations.
GNP	Gross National Product • a measure of the market value of the output of final goods and services produced by a national economy during a specific period of time, usually a year
Government Accounting	• encompasses the processes of analyzing, recording, classifying, summarizing and communicating all transactions involving the receipt and disposition of government funds and property, and interpreting the results thereof. (Sec. 109, Presidential Decree (P.D.) No. 1445)
Government Budget	• financial plan of a government for a given period, usually for a fiscal year, which shows what its resources are, and how they will be generated and used over the fiscal period • government's key instrument for promoting its socio-economic objectives • income, expenditures and sources of borrowings of the National Government (NG) that are used to achieve national

objectives, strategies and programs

GPB — Grassroots Participatory Budgeting
- also known as 'bottom-up budgeting'
- an approach in formulating the budget proposal of agencies, taking into consideration the development needs of poor municipalities and cities as identified in their respective local development plan and/or local anti-poverty action plan formulated with the meaningful participation of Civil Society Organizations (CSOs)

GSB — Government Servicing Banks
- financial institutions authorized, upon accreditation by the Monetary Board, to accept government deposits and perform banking services on behalf of government agencies
- presently, only three government financial institutions have been designated to be servicing banks of the Modified Disbursement Scheme (MDS), namely: Land Bank of the Philippines, Development Bank of the Philippines, and Philippine Veterans Bank

HRTD — Human Resource Training and Development
- unified system that provides for the continuing quality professional development for in-service education personnel at all levels of the educational system

IATF — Inter-Agency Transferred Fund
- cash or money transferred to an Implementing Agency (IA) for the undertaking of a project by a Source Agency (SA) in which the allotment was released

ICT — Information and Communications Technology
- mapping of schools and library hubs nationwide of the 46,603 public schools nationwide through the use of computer technology

INSET — In-Service Education and Training
- policies and procedures designed to improve and develop teachers relative to their knowledge, attitudes, behaviors and skills required to perform their tasks effectively in the classroom, school and wider community

IRA — Internal Revenue Allotment
- account created under PD 144, as amended, representing the portion of total national government revenues which accrue to the local governments
- includes the local government share in the specific tax on oil products authorized by PD 436, as amended

IT — Itinerary of Travel
- document indicating places to travel

IUs — Implementing Units
- refers to secondary schools that maintain separate books of accounts

Lapsed NCAs	• NCAs which are no longer valid or its validity has expired but remain unadjusted by the bank or the agency/entity
LDDAP-ADA	List of Due and Demandable Accounts Payable-Advice to Debit Account • accountable form integrating the Advice to Debit Account (ADA) with the LDDAP, which is a list reflecting the names of creditors/payees to be paid by the NGA/OU and the corresponding amounts of the unpaid claims
LFP	Locally-Funded Projects • projects financed out of revenue collections and domestic borrowings
Liabilities	• obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential
Material omissions or misstatements of items	• material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements • Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances • nature or size of the item, or a combination of both, could be the determining factor. (Par. 7, PPSAS 1)
MCP	Monthly Cash Program form • the estimated monthly disbursement requirements of the Operating Units (OUs) of departments/agencies
MDS	Modified Disbursement System • a procedure whereby disbursements by National Government (NG) agencies chargeable against the account of the Treasurer of the Philippines are effected through Government Servicing Banks (GSBs)
MDSC	Modified Disbursement System Check • check issued by government agencies chargeable against the account of the Treasurer of the Philippines, which are maintained with different MDS AGDBs. MDS checks are covered by NCA
MFO	Major Final Outputs • goods and services that a department or agency are mandated to deliver to external clients through the implementation of programs, activities and projects
MITHI	Medium-term Information Technology Harmonization Initiative • affirmation of the government's effort to end the existence of differing systems and culture of turf wars through institutionalizing sharing and teamwork resulting to a government that is responsive to the needs of its citizens

MOOE	Maintenance and Other Operating Expenses • expenses that are not either Personnel Services or Capital Outlay that are necessary to support and maintain the operations of government agencies • normally included in this category are traveling expenses, supplies and materials, utility expenses, communication expenses, professional services, general services, repairs and maintenance, taxes and licenses, advertising expenses, representation expenses, rent/lease expenses, printing and publication expenses, membership dues and contributions, donations, subscription expenses, etc.
MTEF	Medium-Term Expenditure Framework • planning-budgeting framework of the government which provides a medium term - three year perspective to decision making process during budget
NCA	Notice of Cash Allocation • cash authority issued by the DBM to central, regional and provincial offices and operating units through the authorized government servicing banks of the Modified Disbursement Scheme (MDS), to cover the cash requirements of the agencies • issued by DBM on a monthly/quarterly/bi-annual/annually basis • specifies the maximum amount of withdrawal that an agency can make from a government bank for the period indicated • follows the "Common Fund" concept where agencies are given a maximum flexibility in the use of their cash allocations provided that the authorized allotment for a specific purpose is not exceeded
NCAA	Non-Cash Availment Authority • authority granted by the Department of Budget and Management (DBM) to government agencies to account for the cash equivalent of loan proceeds availed of through supplier's credit/constructive cash
New General Appropriations	• annual authorizations for incurring obligations during a specified budget year, as listed in the GAA
NGAs	National Government Agencies • refers to the various units of the Government, including a Department, bureau, office and instrumentality
NEP	National Expenditure Program • Total level of expenditure in a national economy, equivalent to its total level of output and total level of income
Net Assets/Equity	• residual interest in the assets of the entity after deducting all its liabilities
NGAS	New Government Accounting System • basic policies and procedures in government accounting • the new coding system; the accounting systems, books,

	registries, records, forms, reports, and financial statements; and illustrative accounting entries to be adopted by all national government
NGICS	National Guidelines on Internal Control Systems • an initiative taken by the national government to affirm its commitment to the citizenry towards accountability, effective operations, prudence in finances, and quality service • unifies in one document existing Philippine laws, rules and regulations on internal controls to serve as a benchmark towards designing, installing, implementing and monitoring internal controls in the public service
NGO	Non-Government Organization • any non-profit, voluntary citizens' group which is organized on a local, national or international level • private sector, voluntary (and usually non-profit and non-sectarian) organization that contributes to, or participates in, cooperation projects, education, training or other humanitarian, progressive, or watchdog activities
Non-IUs	Non-Implementing Units • public elementary and secondary schools without separate books of accounts that are under the direct supervision of the Division Offices
NOSA	Notice of Salary Adjustment • notice letter to a teacher/employee for any modification(s) in the salary in view of organizational, technological, professional and other developments of his(her) respective position
NOSCA	Notice of Organization, Staffing and Classification Action • letter of the Department of Budget and Management (DBM) authorizing the creation and classification of regular plantilla positions including non-itemized positions such as casual or contractual positions • form of staffing modification and/or position classification action which may be applied only when there has been a substantial change in the regular duties and responsibilities of the incumbent of the position and which may result in a change in any or all of the position attributes: position title, level and salary grade • reclassification action takes effect on the date indicated in the NOSCA but not earlier than the date when funds for the purpose are authorized in the General Appropriations Act (GAA) • for positions under the Department of Education (DepEd) and other schools, the effectivity is not earlier than June 1 of the current year
Notes to Financial Statements	• contain information in addition to that presented in the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets/Equity, and Statement of Cash Flows • provide narrative descriptions or disaggregation of items

disclosed in those statements and information about items that do not qualify for recognition in those statements. (Par. 7, PPSAS 1)

NTA — Notice of Transfer of Allocation
- authority of the regional and operating units to pay their operating expenses, purchases of supplies and materials, acquisition of PPE, accounts payable, and other authorized disbursements through the issue of MDS checks, ADA or other modes of disbursements

Obligation
- an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money
- maybe referred to as a commitment that encompasses possible future liabilities based on current contractual agreement

ORS — Obligation Request and Status
- amount committed to be paid by the concerned agency for any lawful act made by an accountable officer for and in behalf of the government required prior to accomplishing a Disbursement Voucher (DV)

Operating Unit
- a "national government agency" or a unit thereof receiving direct release of a Notice of Cash Allocation (NCA) from the DBM

OPIF — Organization Performance Indicator Framework
- an approach to expenditure management that directs resources towards results or Major Final Outputs (MFO) and measures agency performance by key quality and quantity indicators

Original Budget
- initial approved budget for the budget period usually the General Appropriations Act (GAA)
- may include residual appropriated amounts automatically carried over from prior years by law such as prior year commitments or possible future liabilities based on a current contractual agreement

Outstanding Checks
- checks the agency/entity has issued and recognized but which have not been presented to the bank for payment

PAPs — Programs/Activities/Projects
- activities undertaken by a department/agency to achieve the purpose for which it is established or created to deliver its Major Final Output (MFO)
- represents the structure of the current budgeting framework used to appropriate funds in the General Appropriations Act (GAA)

PBB Performance-Based Bonus

- timely implementation of programs and projects as a result of good planning will improve public spending and the quality of service delivery to the public

PIS Performance-Based Incentive System

- new system of incentives for government employees
- employees may receive two incentives: Performance-Based Bonus (PBB) and Productivity Enhancement Incentive (PEI)

PCF Petty Cash Fund

- amount granted to duly designated Petty Cash Fund Custodian for payment of authorized petty or miscellaneous expenses which cannot be conveniently paid through checks/LDDAP-ADA

PDF Position Description Form

- basic document in the position classification process

PDP Philippine Development Plan

- adopts a framework of inclusive growth, which is high growth that is sustained, generates mass employment, and reduces poverty
- with good governance and anti-corruption as the overarching theme of each and every intervention, the Plan translates into specific goals, objectives, strategies, programs and projects all the things that are necessary to accomplish in the medium term

PDS Personal Data Sheet

- Civil Service Commission (CSC) Form 212 indicating information about an incumbent employee/officer or a would-be applicant in government service

PGS Performance Government System (DepEd)

- strategic initiatives in the performance of mandate

PEM Public Expenditure Management

- seeks to change the orientation of expenditure management from focusing on rules and processes to focusing on three key objectives or outcomes:
- Fiscal discipline – living within the means or resources available to the government
- Allocative efficiency – spending money on the right things or right priorities
- Operational efficiency – obtaining the best value for the money or resources available

PFM Public Financial Management

- aims to improve efficiency, accountability and transparency in public funds use in order to ensure the direct, immediate, substantial and economical delivery of public services especially to the poor
- comprehensive reform agenda that seeks to clarify, simplify, improve and harmonize the government's financial management processes and information systems

Pension and Gratuity Fund	• appropriated in the General Appropriations Act (GAA) for payment of pension and gratuity benefits of government personnel
PhilGEPS	Philippine Government Electronic Procurement System • central portal of all public procurement activities that provides both government agencies and suppliers a more open, transparent and competitive environment
Performance Indicators	• a predetermined measure of the results of an activity against a standard of performance required to achieve a set of policy objectives within a given period
PIP	Project Implementation Plan • detailed listing of programs/projects/activities costs, expected difficulties, and schedules that are required to achieve the objectives of the strategic plans
PPMP	Project Procurement Management Plan • serves as a guide document in the procurement and contract implementation process, as well as a vital reference in procurement monitoring
Project	• undertaking, whether construction work, research or training program, computer engagement or other authorized activities which an agency shall prosecute or implement in favor or in behalf of another agency
PS	Personnel Services • provisions for the payment of salaries, wages and other compensation (e.g., merit, salary increase, cost-of-living-allowances, honoraria and commutable allowances) of permanent, temporary, contractual, and casual employees of the government
PSF	Program Support Fund • ten percent (10%) of the School-Based Management (SBM) Grant's Installation and Support Funds (ISF) shall be distributed among the different administrative levels of the Department of Education (DepEd) to support the operations of the Divisions, Regions, and the Central Office in ensuring smooth implementation of the SBM Grants
PSI-POP	Personnel Services Itemization and Plantilla of Personnel • itemized or detailed listing of the agency's personal services in accordance with Republic Act No. 9498 • serves as the primary data source for manpower information and as a basis for determining the Personnel Services requirement of the Department of Education (DepEd)
Performance Target	• a predetermined level of quantity, quality, timeliness and cost of outputs

RCA	Regular Cash Advance • amount granted to cashiers, disbursing officers, paymasters, and/or other accountable officers for the payment of expenses such as salaries and wages, commutable allowances, honoraria and other similar payments to officials and employees
RPMS	Results-based Performance Management System • shared-undertaking between the superior and the employee that allows an open discussion of job expectations, Key Results Areas (KRA), Objectives and how these align to overall departmental goals • provides a venue for agreement on standards of performance and behaviors which lead to professional and personal growth in the organization
RER	Reimbursement Expense Receipt (form) • form used to reimburse all disbursements supported Official Receipts (OR) acceptable to Bureau of Internal Revenue (BIR) where the money is advanced by the official concerned and the expense is authorized to be reimbursed by the government agency concerned
Responsibility Accounting	• provides access to cost and revenue information under the supervision of a manager having a direct responsibility for its performance • system that measures the plans (by budgets) and actions (by actual results) of each responsibility center
Responsibility Center	• part, segment, unit or function of a government agency, headed by a manager, who is accountable for a specified set of activities • established to provide each government agency's accessibility to cost information and to facilitate cost monitoring at any given period
Returned Check	• check returned by the bank due to errors or deficiencies in the maker's or agency's/entity's account
Revenue	• gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners
Revenue funds	• all funds derived from the income of any agency of the government and available for appropriation or expenditure in accordance with law. (Section 3, P.D. No. 1445)
RLIP	Retirement and Life Insurance Premiums • share of the National Government (NG) in the premium payments to Government Service Insurance System (GSIS), for the life insurance and retirement benefit fund of government employees
RFQ	Request for Quotation (form) • request for information and lowest possible price/quotation

from suppliers of a particular product or service
- request, however, does not commit the Government to pay any costs incurred in the preparation of the submission of the quotation or to contract for supplies or service

SAGF — Special Accounts in the General Fund
- a fund whereby proceeds of specific revenue measures and grants earmarked by law for specific priority projects are recorded

SAAODB — Statement of Allotments, Actual Obligations, Disbursement and Balances
- obligation accounting is modified to simplify procedures in the occurrence and liquidation of obligations and the recording of the budgetary accounts (allotments, and obligations incurred and liquidated)

SARO — Special Allotment Release Order
- specific authority issued to identified agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated that are classified as "needing clearance"
- shall cover expenditures the release of which is subject to compliance with specific laws or regulations, or is subject to separate approval or clearance by competent authority
- agencies need to submit to DBM Special Budget Request and supporting documents before they can draw funds

SBM — School-Based Management
- decentralization of decision-making authority from central, regional and division levels to the individual schools, with the intent of bringing together the school heads, teachers, students as well as parents, the local government units, and the community at large in bringing about improved learning outcomes through effective schools
- responsibility and decision-making over school operations is transferred to principals, teachers, parents, sometimes students, and other school community members

SBP — School Building Program
- program for the construction, rehabilitation, replacement, completion and repair of kindergarten, elementary and secondary school buildings including the construction of water and sanitation facilities and acquisition of school desks, furniture and fixtures

SCA — Special Cash Advance
- amount granted on the explicit authority of the Head of the Agency only to duly designated disbursing officers or employees for other legally authorized purposes, such as payment of current operating expenditures, including salaries, wages and allowances, travel expenditures, and maintenance and other operating expenses, of the agency field office or for special purpose/time-bound undertaking of the agency when it is impractical to pay the same by check

School Head	• person responsible for the administrative and instructional supervision of the school or cluster of schools • may be a teacher in charge/ head teacher/principal
SEF	Special Education Fund • arises from the additional one percent (1 %) tax on real property and is allotted by the local government to the Local School Boards (LSB) • allocated for: • the operation and maintenance of public schools • construction and repair of school buildings, facilities and equipment • educational research; purchase of books and periodicals • sports development
Services in-kind	• services provided by individuals to public sector agencies in a non-exchange transaction
SIP	School Improvement Plan • education development plan that shows the intent and design that the schools will undertake to introduce improvements in learning outcomes within the context of School-Based Management (SBM) in a prescribed period and at a given cost • school program/project proposal that primarily focuses on the development of ideal or educationally maximal learning environment for children based on the accepted/approved School Improvement Plan (SIP) and Annual Improvement Plan (AIP) submitted to the Division Office that outlines a proposed project and shows budgetary requirements and requests monetary assistance in the form of a grant
Source Agency	• refers to the agency to which the allotment has been originally released and in whose behalf or benefit the project will be prosecuted/implemented
Staffing Summary	• indicates the number and salaries of permanent filled and unfilled positions
Sub-ARO	Sub-Allotment Release Order • authority issued by the agency to its operating units to incur obligations
SU	Spending Unit • may be an operating/implementing or non-implementing unit that is authorized to disburse funds for its operations
Supplemental Appropriations	• additional appropriations authorized by law to augment the original appropriations which proved to be insufficient for their intended purpose due to economic, political or social conditions supported by a Certification of Availability of Funds (CAF) from the BTr.
Technical Budget Hearing	• budget hearings conducted by DBM to rationalize the existence of the department /office, and to validate the expected outputs and cost estimates for the budget year

TRA	Tax Remittance Advice • serially-numbered document prescribed by the DBM that should be used by the NGAs in the remittance of withheld taxes on funds coming from DBM
Trial Balance	• listing of general ledger accounts with their corresponding debit and credit balances used to determine equality of debit and credit balances after the recording process
UACS	Unified Accounts Code Structure • government-wide coding framework, to provide a harmonized budgetary and accounting code classification that will facilitate the efficient and accurate financial reporting of actual revenue collections and expenditures compared with programmed revenues and expenditures, respectively
Unrecorded Deposits	• collections of the agency/entity which are directly deposited by the debtor/client to the bank account of the agency/entity but remain unrecorded by the agency/entity as at the period under reconciliation
ZBB	Zero-Based Budgeting • budgeting approach which involves the review/evaluation of major ongoing programs and projects implemented by different departments/agencies in order to: • establish the continued relevance of programs/projects given the current developments/directions • assess whether the program objectives/outcomes are being achieved • ascertain alternative or more efficient or effective ways of achieving the objectives guide decision makers on whether or not the resources allotted for the programs/projects should continue at the present level or be increased, reduced or discontinued

NASH Reviewer

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