# PRESCRIBING THE GUIDELINES AND PROCEDURES IN THE REVERSION TO THE GENERAL FUND OF ALL DORMANT CASH, UNAUTHORIZED ACCOUNTS, UNNECESSARY SPECIAL AND TRUST FUNDS AND RELATED ACCOUN...

*COA Circular No. 2015-001, January 29, 2015*

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1.0 RATIONALE

Permanent Committee Joint Circular No. 4-2012 dated September 11, 2012, (Annex A) provides the rules and regulations implementing Executive Order No. 431 dated May 30, 2005, directing the reversion of all dormant accounts, unnecessary special and trust funds to the General Fund and for other purposes. Section 5.6 thereof provides that the Commission on Audit (COA) shall prescribe the necessary accounting entries and supporting documents for the transfer of the cash balances of unauthorized accounts to the National Treasury.

## 2.0 PURPOSE

This Circular prescribes the accounting guidelines and procedures in the reversion to the General Fund of all dormant cash balances, unauthorized accounts and unnecessary special and trust funds maintained by national government agencies (NGAs) with depository banks.

## 3.0 PROCEDURAL GUIDELINES

NGA WITH DORMANT CASH/UNAUTHORIZED ACCOUNTS AND UNNECESSARY SPECIAL AND TRUST FUNDS INCLUDING RECIPIENTS OF INTER-AGENCY FUND TRANSFERS

3.1

The Head of the Accounting Unit of the NGA shall conduct thorough analysis of the cash accounts, provide cash account mapping and/or group the cash accounts into the following:

a)

accounts pertaining to collections deposited/maintained with an Authorized Government Depository Bank (AGDB) which have remained inactive or those accounts with no transactions other than periodic bank charges based on the existing regulation of the Bangko Sentral ng Pilipinas;

b)

accounts or cash account balances maintained by agencies without specific authority or legal basis or specific purpose;

c)

accounts or cash account balances maintained by agencies with specific authority but deposited with non-AGDBs;

d)

cash accounts, special and trust funds maintained by government agencies with AGDBs but without valid claimants, or are no longer necessary for the attainment of the purposes for which said funds were established/received and/or the project implementation has been completed, terminated, cancelled or abandoned;

e)

cash balances intended to fund liabilities with valid claimants but payments are held in abeyance pending completion of certain requirements; and

f)

all other accounts similar to those cash balances enumerated in (a) to (e).

3.2

After the analysis, the concerned agency officials/personnel shall undertake the following:

a)

Evaluate all valid claims;

b)

Prepare Disbursement Voucher (DVL and the corresponding check for the settlement of valid claims;

c)

Determine the remaining balances of the cash in bank accounts enumerated in 3.1 as recorded in the books of accounts;

d)

In case of inter-agency fund transfer, confirm from the Source Agency (SA) the existing balance per books;

e)

Obtain the latest bank statements of the dormant accounts, prepare the bank reconciliation of all existing cash in bank balances and reconcile the balances per bank with the book balances;

f)

Evaluate the legal bases to determine if their continuing existence is still necessary; and

g)

Upon completion of steps (c) to (f), determine the proper disposition of all cash balances, based on the instruction from the Permanent Committee, as follows:

1)

prepare the DV and check for the withdrawal of the AGDB or non- AGDB cash account balances, and deposit to the NT;

2)


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prepare the necessary Journal Entry Vouchers (JEVs) to record the reversion to the NT of the balances of the dormant accounts and unnecessary unused balances of special and/or trust funds; and

3)

return the unutilized balances to the SA/donors/financing entities in the case of grants or foreign-funded programs/projects wherein the attendant agreements require the return of unused balances.

3.3

In the books of the NGA, the entry for the remittance to NT shall be a credit to the Cash in Bank account and a debit to the related accounts/s.

3.4

The NGA shall submit, through their Audit Team Leader (ATL), the audited/verified copies of the JEVs on the remittance of dormant balances to the NT to the following:

a)

SA, if any, within 30 days after remittance;

b)

BTr, within 30 days after remittance, together with copies of validated remittance advices or deposit slips; and

c)

COA's Government Accountancy Sector (GAS), together with year-end financial reports of the agency.

3.5

The Implementing Agency shall coordinate with the SA of the reverted funds to close the related dormant accounts in the SA's books of accounts.

3.6

In case there are unreconciled differences/balances after performing the reconciliation procedures required by this Circular due to the absence or lack of underlying records and documents, the Head of the Agency shall immediately submit a request for write-off of these unreconciled differences/balances to the COA, consistent with Section A.10, COA Circular No. 97-001 dated February 5, 1997, supported by the following:

a)

List of available records and extent of validation made on the accounts; and

b)

Certification and reasons why the Agency's books of accounts/records, financial statements/schedules and supporting vouchers/documents cannot be located.

## SOURCE AGENCY

3.7

For inter-agency fund transfer, the Head of the Accounting Unit of the SA shall:


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a)

Confirm and reconcile the unliquidated balance of the fund transfers with the recipient/implementing agency and effect adjustment, if warranted;

b)

Based on the copy of the JEV for the remittance of the unused funds to the NT furnished by the recipient/implementing agency, record the adjustment of the receivable account by debiting "Accumulated Surplus/(Deficit)" and crediting the appropriate receivable account; and

c)

Furnish the recipient/implementing agency and the GAS, COA, through the ATL concerned, the audited/verified copies of the JEVs taking up the reversion of the account.

## BUREAU OF THE TREASURY

3.8

Upon receipt of the verified/audited copies of the JEVs from the different agencies and/or the Abstract of Collections and Deposit from the bank, the BTr shall:

a)

Take up the amount of reverted cash balances with a corresponding credit to "Accumulated Surplus/(Deficit)"; and

b)

Submit audited/verified copies of the JEV through the ATL of the BTr, to the GAS, COA.

## 4.0 ILLUSTRATIVE ACCOUNTING ENTRIES

The illustrative accounting entries to record the deposit to the BTR of the cash balances and the corresponding adjustments to be made by the NGAs and the BTr, and the required supporting documents are shown in Annexes B1 and B2.

## 5.0 ADMINISTRATIVE SANCTION

Failure of the officials/employees concerned, including the Head of the concerned Agency/Office, to comply with the requirements of this Circular shall subject them to administrative disciplinary action in accordance with the provisions of Section 122 (2), Chapter 3, Title Ill, P.D. No. 1445 and Section 55, Chapter 10, Sub-title I-B, Book V of Executive Order No. 292, series of 1987, of the Revised Administrative Code of the Philippines.

## 6.0 REPEALING CLAUSE

All circulars, memoranda and other issuances or parts thereof which are inconsistent with the provisions of this Circular are hereby repealed/modified accordingly.

## 7.0 EFFECTIVE DATE

This Circular shall take effect fifteen (15) days after publication in newspapers of general circulation.

(SGD) MA. GRACIA M. PULIDO TAN
Chairperson

(SGD) HEIDI L. MENDOZA
Commissioner

(SGD) JOSE A. FABIA
Commissioner


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