NATIONAL ADMINISTRATIVE REGISTER · JUNE 10, 1999

DIRECTING ALL NATIONAL GOVERNMENT AGENCIES TO REVERT CERTAIN ACCOUNTS PAYABLE TO THE CUMULATIVE RESULT OF OPERATIONS OF THE NATIONAL GOVERNMENT AND FOR OTHER PURPOSES

EXECUTIVE ORDER NO. 109, June 10, 1999

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WHEREAS, Republic Act No. 3526 and Presidential Decree No. 1445 provide that the Commission on Audit may revert to the Unappropriated Surplus of the General Fund - now called Cumulative Result of Operations - any unliquidated balance of accounts payable which has been outstanding for two years or more and against which no actual claim, administrative or judicial, has been filed or which is not covered by perfected contracts on record, save for the unliquidated balances of accounts payable in trust funds as long as the purposes for which the funds were created have not been accomplished;

WHEREAS, Executive Order No. 228, series of 1970, provides that all accounts payable and unliquidated obligations, two years old or over, and/or other undocumented accounts payable irrespective of age are required to be reverted to the Unappropriated Surplus, save for the unliquidated balances of accounts payable in trust funds as long as the purpose for which the funds were created have riot been accomplished;

WHEREAS, under Memorandum Order No. 181, series of 1988, all agencies were directed to revert their 1985 and prior years accounts payable, be they documented or undocumented, as well as their 1986 and 1987 undocumented accounts payable to the unappropriated surplus of the General Fund with the exception of trust funds;

WHEREAS, despite the aforementioned law and issuances, it has been observed that there still remains a proliferation of dormant and outstanding accounts payable in the books of accounts of agencies;

WHEREAS, these prior years' accounts payable hamper national government efforts to establish a more realistic cash program;

WHEREAS, in view of the various competing demands on existing government financial resources, there is a need to determine the actual cash requirements for accounts payable which are due and demandable;

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:

Section 1. Reversion of Accounts Payable. — All 1995 and prior years documented accounts payable and all undocumented accounts payable regardless of the year they were incurred shall be reverted to the Cumulative Result of Operations of the National Government. Henceforth, all documented accounts payable which have remained outstanding for two years shall be reverted to the Cumulative Result of Operations of the National Government. Likewise, the practice of booking up undocumented accounts payable shall be strictly prohibited.

Section 2. Funding Source for Reverted Claims. — The Department of Budget and Management shall provide a lump-sum fund in the Annual General Appropriations Act to cover legitimate obligations of the National

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Government that may arise after the reversion of accounts payable as provided in Section 1 hereof. Provided, That this shall not be construed as an authority to revive claims already barred by prescription or disallowed by a final administrative or judicial determination.

Section 3. Sanctions. — Failure to comply with the provisions of this Order shall subject the responsible official/s and employees to appropriate sanctions as circumstances may warrant.

Section 4. Applicability. — This Executive Order shall apply to accounts payable of all funds, except fiduciary funds as long as the purposes for which the funds were created have not been accomplished and accounts payable under foreign-assisted projects for the duration of the said project.

Section 5. Rules and Regulations. — The Department of Budget and Management and the Commission on Audit shall jointly prepare the implementing rules and regulations of this Executive Order.

Section 6. Effectivity. — This Order shall take effect immediately.

Adopted: 10 June 1999

(SGD.) JOSEPH E. ESTRADA
President

By the President:

(SGD.) RONALDO B. ZAMORA
Executive Secretary

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