



**COMMISSION ON AUDIT
DEPARTMENT OF BUDGET AND MANAGEMENT**

**JOINT CIRCULAR NO. 2013 - 1
March 15, 2013**

TO : HEADS OF DEPARTMENTS, AGENCIES, STATE UNIVERSITIES AND COLLEGES (SUCS), AND OTHER OFFICES OF THE NATIONAL GOVERNMENT; HEADS OF GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS MAINTAINING SPECIAL ACCOUNTS IN THE GENERAL FUND; HEADS OF BUDGET AND ACCOUNTING UNITS; AND ALL OTHERS CONCERNED

SUBJECT : REVISED GUIDELINES ON THE SUBMISSION OF QUARTERLY ACCOUNTABILITY REPORTS ON APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS AND DISBURSEMENTS

1.0 RATIONALE

The Department of Budget and Management (DBM) and the Commission on Audit (COA) as oversight agencies on Financial Management require agencies, under various circulars, to submit on a regular basis, budget and financial accountability reports. The data in the budget accountability reports are used by the DBM in monitoring the performance of agencies and providing the President of the Philippines and other fiscal agencies necessary information for policy decision. On the other hand, the COA uses the data in the agencies' financial reports in preparing the Annual Report on Allotments, Obligations and Disbursements being submitted to the President and Congress within 120 days after the end of every fiscal year pursuant to Republic Act No. 7226 dated March 12, 1992 and the pertinent special provision in the annual General Appropriations Act (GAA).

In preparation for the operationalization of the Government Integrated Financial Management Information System (GIFMIS), the existing procedures in accounting and reporting of government financial transactions need to be harmonized and simplified to provide timely, reliable and accurate information.

To enable government agencies to submit timely, complete and accurate financial reports and achieve the abovesited objectives, there is a need for the DBM and the COA to prescribe harmonized financial accountability reports.

2.0 PURPOSE

- 2.1 To prescribe harmonized formats of the financial accountability reports (FARs) on appropriations, allotments, obligations, disbursement authorities, disbursements, and balances; and
- 2.2 To prescribe guidelines on the preparation and timely submission of FARs by the agencies to the DBM and the COA after the end of each quarter.

3.0 COVERAGE

This Circular covers all departments, bureaus, offices and agencies of the national government and government-owned and/or controlled corporations maintaining Special Accounts in the General Fund.

4.0 DEFINITION OF TERMS

- 4.1 Appropriation – an authorization made by law or other legislative enactment, directing the payment of goods and services out of government funds under specified conditions or for specified purposes.
- 4.2 Allotment – a specific authority in the form of Agency Budget Matrix (ABM) or Special Allotment Release Order (SARO) issued by DBM to identified agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated therein.
- 4.3 Sub-Allotment – a specific authority in the form of Sub-Allotment Release Order (Sub-ARO) issued by the Central Office (CO)/Regional Office (RO) of a department/office/agency to its ROs/lower operating units (i.e., field office, district office or provincial office) which allow them to incur obligations within a specified amount during a specified period. The sub-ARO should not exceed the allotment releases to the CO.
- 4.4 Obligation – a commitment by a government agency arising from an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money. The agency is authorized to incur obligations only in the performance of activities which are in pursuit of its functions and programs authorized in appropriation acts/laws within the limit of the allotment released by the DBM.
- 4.5 Disbursement – a settlement of government obligations either in the currency, check or constructive cash such as the issuance of Tax Remittance Advice (TRA) for the remittance to BIR of taxes withheld from employees and suppliers and Non-Cash Availment Authority for direct payments made by international financial institutions to suppliers and consultants of foreign assisted projects.
- 4.6 Accounts Payable – obligations of government agencies, whether current year or prior years, for which services had been rendered, goods have been delivered or projects have been completed and accepted.

- 4.7 Commitment – an obligation incurred by government agencies for which items have not yet been delivered and services not yet rendered. This is also called "Obligations Not Yet Due and Demandable."
- 4.8 Unpaid Obligation – this is the balance of an accounts payable or commitment.
- 4.9 Operating Unit – a "national government agency" or a unit thereof receiving direct release of a Notice of Cash Allocation (NCA) from the DBM.

5.0 GUIDELINES

- 5.1 The head of each operating unit (OU), office or agency shall be responsible for the timely submission, either physically or electronically, of the following FARs prescribed in this Circular to the DBM offices concerned and to the COA (Audit Team Leaders and Government Accountancy Sector (GAS), not later than the **30th day after the end of each quarter:**

- 5.1.1 Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) – **Annex A;**

This report shall reflect the authorized appropriations and adjustments, total allotments received including transfers, total obligations, total disbursements and the balances of unreleased appropriations, unobligated allotments and unpaid obligations of a department/office/agency by source and by allotment class. It shall be prepared by fund (General Fund 101, Fund 102, Special Account in the General Fund 151, 171, 172, etc.) .

- 5.1.2 List of Agency Budget Matrix (ABM)/SAROs and Sub-AROs – **Annex A-1;**

The list shall reflect the ABM/SAROs released by the DBM and the Sub-AROs released by the agency CO/RO, their corresponding numbers, date of issuance, and amounts of release by allotment class and fund source. The total allotments per this report should be equal to the total allotments appearing in the SAAODB.

- 5.1.3 Detailed Statement of Current Year's Obligations, Disbursements and Unpaid Obligations (SODUO-CY), **Annex B;**

This report shall reflect the quarterly obligations incurred during the calendar year from all sources presented by program, activity, project (P/A/P), by allotment class, sub-object of expenditures, as well as the corresponding quarterly disbursements or payments made for such obligations and the unpaid obligations as of the end of the quarter.

5.1.4 Summary of Prior Year's Obligations, Disbursements and Unpaid Prior Years' Obligations (SODUO-PY), **Annex C**; and,

This report shall reflect the accounts payables (A/Ps), obligations which are not yet due and demandable, disbursements and balances of unpaid obligations pertaining to prior years' obligations presented by allotment class. The disbursements portion shall show the totals by quarter. The amounts to be shown as beginning balance of A/Ps and obligations not yet due and demandable at year end broken down by allotment class shall correspond to the balances per **Annex B** of the immediately preceding year (Detailed Statement of Current Year's Obligations, Disbursements and Unpaid Balances).

5.1.5 Summary Report of Disbursements – **Annex D**.

This report shall reflect the total disbursements made by department, office or agency and operating unit from the Notice of Cash Allocation received, Tax Remittance Advice issued, Cash Disbursement Ceiling issued by departments with foreign-based agencies or units, and Non-Cash Availment Authority received. The format and information needed from this report is similar to the existing Monthly Report of Disbursement (BAR No. 5) required by DBM under NBC 507.

5.2 The FARs prescribed in this Circular shall replace certain budget accountability reports (BARs) of DBM per NBC Nos. 507/507A and financial reports of COA per Circular No. 92-374 as amended by COA Circular No. 96-006, COA GAFMIS Circular Letter No. 2003-007 and COA Accounting Circular Letter No. 2007-001, as follows:

DBM

- o Statement of Allotments, Obligations and Balances (SAOB) - BAR No. 4
- o Financial Report of Operations (BAR No. 2)
- o Monthly Report of Disbursements - BAR No. 3

COA

- o SAOB
- o Detailed Breakdown of Obligations
- o Detailed Breakdown of Disbursements
- o Regional Breakdown of Expenses
- o Statement of Cumulative Allotments, Obligations Incurred and Unobligated Balances
- o Detailed Statement of Cumulative Expenditures/Obligations Incurred, Obligations Liquidated/Disbursements and Unliquidated Obligations

5.3 Responsibilities

5.3.1 The FARs shall be prepared and certified correct by the following agency officials:

- Budget Officer/Head of Budget Unit – for the portion of the report pertaining to appropriations, allotments, obligations, unobligated allotments and unreleased appropriations.
- Chief Accountant/Head of Accounting Unit – for the portion of the report pertaining to disbursements and unpaid obligations.

5.3.2 The FARs shall be signed by the Agency Head as the approving official. He/she shall ensure the timely submission of the accurate and reliable FARs.

5.3.3 All departments/agencies shall submit to COA and DBM the required FARs not later than the **30th day after the end of each quarter**. Departments/agencies with decentralized set-up shall establish their reasonable cut-off dates to allow sufficient time in the consolidation of reports. The following procedures shall be observed to ensure submission on the prescribed date:

- The lower operating units, i.e., field offices, district offices, provincial offices shall **directly** submit their reports to their COA Audit Team Leader and DBM RO concerned (in the case of DPWH, DOH, SUCs, DepEd, TESDA and CHED). However, they shall likewise furnish their RO and CO, copy of their reports **within 5 days** after the end of each quarter, for consolidation purposes.
- The agency RO shall prepare a consolidated report covering the report of the region and its lower operating units, then submit the same to the agency Central Office (CO) and COA-GAS **within 10 days** after the end of each quarter;
- The CO shall prepare an overall consolidated report of the department/agency and submit the report to the CO of DBM and COA-GAS **within 30 days** after the end of each quarter.

6.0 PENALTY CLAUSE

6.1 COA and DBM shall regularly monitor agency/OU compliance with the reporting requirements prescribed in this Circular.

6.2 In the event of failure to submit the required financial accountability reports, the "no-report, no release" policy of DBM shall be enforced.



- 6.3 Also, the administrative sanctions on the automatic suspension of the payment of the salaries of officials mentioned in item 5.3.1 hereof until they have complied with the requirements of this Circular, as provided under EO 292 (Section 57, Chapter 6 of Book VI thereof) may be imposed. The head of the agency concerned shall be responsible of ensuring the enforcement of this sanction.
- 6.4 Moreover, violation of this Circular for three (3) times, without justifiable cause, during the calendar year by the officials concerned shall constitute a ground for the institution of administrative disciplinary action against them for inefficiency and incompetence as provided under item (p) of Section 22, rule XIV, Book V of EO 292 and the Omnibus Rule.

7.0 **EFFECTIVITY**

This Circular shall take effect immediately.



FLORENCIO B. ABAD

Secretary

Department of Budget and Management


MA. GRACIA M. PULIDO-TAN

Chairman

Commission on Audit