



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

TO/FOR : **ALL OFFICES**
DENR Central Office

FROM : **UNDERSECRETARY**
Finance, Information Systems and Climate Change

SUBJECT : **SUBMISSION OF ACCOUNTS PAYABLES INCURRED IN FY 2017 AND PRIOR YEARS**

DATE : JUN 21 2021



The Commission on Audit and Department of Budget Management (COA & DBM) issued Joint Circular No. 1, (s 2021) dated March 8, 2021, entitled “**Guidelines implementing Executive Order (E.O) No. 87 directing that all accounts payable which remain outstanding for two years or more in the books of national government agencies be reverted to the accumulated surplus or deficit of the general fund of the national government**”.

Under the said COA & DBM Joint Circular, NGAs/GOCCs shall revert all Accounts Payables (A/Ps) for FY 2017 and prior years thereto in the Accumulated Surplus/(Deficit) on or before the end of 2021.

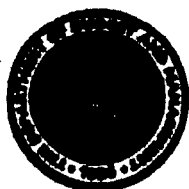
To ensure that all unpaid payables incurred in FY 2017 and prior years are accounted, submit all unpaid claims/payables with the Disbursement Vouchers and complete supporting documents to Accounting Division **on or before June 25, 2021**. This shall serve as one of the bases for reversion of A/Ps and for the purpose of request for payment after reversion, subject to agency validation procedures. The inventory of the A/Ps shall be submitted to DBM and COA not later than June 30, 2021 in compliance with the circular.

For further inquiry, you may contact Mr. Ronald B. Nilo or Mr. Joan A. Furigay of the Accounting Division through local (02) 8925-2342.

For your information and strict compliance.


ATTY. ANALIZA REBUELTA - TEH


cc: The DENR Resident Auditor



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
DEPARTMENT OF BUDGET AND MANAGEMENT

JOINT CIRCULAR NO. 1, s. 2021

March 8, 2021

TO : HEADS OF DEPARTMENTS, AGENCIES, STATE UNIVERSITIES AND COLLEGES (SUCs), HEADS OF CONSTITUTIONAL OFFICES ENJOYING FISCAL AUTONOMY AND OTHER OFFICES OF THE NATIONAL GOVERNMENT; HEADS OF GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS (GOCCs); HEADS OF BUDGET AND ACCOUNTING UNITS; COA AUDITORS; AND ALL OTHERS CONCERNED

SUBJECT : **GUIDELINES IMPLEMENTING EXECUTIVE ORDER (E.O) NO. 87 DIRECTING THAT ALL ACCOUNTS PAYABLE WHICH REMAIN OUTSTANDING FOR TWO YEARS OR MORE IN THE BOOKS OF NATIONAL GOVERNMENT AGENCIES BE REVERTED TO THE ACCUMULATED SURPLUS OR DEFICIT OF THE GENERAL FUND OF THE NATIONAL GOVERNMENT**

1.0 PURPOSES

- 1.1 To prescribe guidelines and procedures relative to the reversion of accounts payable (A/Ps), pursuant to E.O. No. 87 dated 13 August 2019; and
- 1.2 To provide the guidelines required in the release of funds for legitimate obligations that may arise after the reversion of A/Ps.

2.0 COVERAGE

This Circular covers all Accounts Payable (A/Ps) of National Government Agencies (NGAs) and Government Owned/or Controlled Corporations (GOCCs) maintaining Special Account in the General Fund (SAGF). It shall apply to all funds of NGAs, **except for:** (1) Trust or Fiduciary Funds for as long as the purposes for its creation have not been accomplished; and (2) A/Ps

corresponding to Foreign-Assisted Projects for the duration of the said project.

3.0 DEFINITION OF TERMS

The following terms as defined and used under existing guidelines are hereby reiterated or modified for the purpose of E.O No. 87 and this joint circular:

- 3.1 **Accounts Payable (A/Ps) or Due and Demandable Obligations** – refer to valid and legal obligations of NGAs/GOCCs for which goods/services/projects have been delivered/rendered/completed and accepted regardless of the year when these obligations were incurred.
- 3.2 **Obligation** – a commitment, by a government entity arising from an act of a duly authorized official, which binds the government to the immediate or eventual payment of a sum of money. Obligation may be referred to as a commitment that encompasses possible future liabilities based on current contractual agreement. A government 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 Department of Budget and Management (DBM).
- 3.3 **Not Yet Due and Demandable Obligations** – commitments or obligations incurred by government agencies for which items have not yet been delivered or services not yet rendered.
- 3.4 **Accumulated Surplus/(Deficit)** – refers to the cumulative results of normal and continuous operations of an agency including prior period effects of changes in accounting policy and errors, and other capital adjustments.
- 3.5 **Custodial Funds** – refer to receipts or cash received by any government agency – whether from a private source or another government agency – to fulfill a specific purpose. Custodial receipts include receipts collected as an agent for another entity. These include trust receipts – both from an individual or corporation – that are required to be held by government until the outcome of a court's case or procurement activity is determined, as well as cases where a department or agency holds receipts as a trustee for the fulfillment of some obligations.
- 3.6 **Foreign-Assisted Projects** – Government projects which are wholly or partly financed by foreign loans and/or foreign grants.

4.0 GENERAL GUIDELINES

- 4.1 In line with Section 1 of E.O. No. 87, NGAs/GOCCs shall revert all A/Ps for FY 2017 and prior years thereto in the Accumulated Surplus/(Deficit) on or before the end of 2021.
- 4.2 The following shall apply to FAPs-A/Ps:
 - 4.2.1 Those which have remained outstanding for two (2) years after the completion date of the project per loan/grant documents, shall be reverted to the Accumulated Surplus/(Deficit); and
 - 4.2.2 Those falling under direct payment scheme of loan availment shall not be reverted to the Accumulated Surplus/(Deficit); and instead be reviewed by the agencies concerned for purposes of requesting the issuance of a Non-Cash Availment Authority from the DBM pursuant to the provisions of DBM-COA-DOF Joint Circular No. 2-97 dated March 21, 1997.
- 4.3 All A/Ps that were reverted to the Accumulated Surplus/(Deficit); and which have been validated by competent authorities or by final and executory decisions, to be legitimate claims, shall be charged against the following:
 - 4.3.1 Contingent Fund for the payment of validated claims and determined by DBM as urgent; and/or
 - 4.3.2 The specific budget of the agency concerned under succeeding year's annual General Appropriations Act (GAA).
- 4.4 Item 4.3 hereof shall in no way be construed as authority to revive or validate claims and accounts payable that are already barred by prescription or disallowed by final judicial or administrative determination.
- 4.5 A Special Allotment Release Order (SARO) shall be issued for reverted and legitimate claims for which the actual transactions, i.e., delivery of goods and services, have already been completed. The SARO to be issued shall have the following conditions:
 - 4.5.1 It shall be effective only during the year it is issued;
 - 4.5.2 It shall be treated as a "specific transaction release document" which cannot be re-issued. Thus, if for any reason the SARO for the reverted claim was not obligated during the year it was released, there can be no re-issuance of a SARO for the same purpose; and

4.5.3 It cannot be modified for whatever other purpose.

- 4.6 All government entities concerned shall prepare an inventory of A/Ps incurred in FY 2017 and years prior thereto, as of December 31, 2020. It shall reflect the name of creditor, Obligation Request and Status (ORS) Number, allotment class, funding source, year of incurrence and obligations, etc., and shall be submitted to DBM and COA not later than June 30, 2021. Such inventory shall serve as one of the bases for reversion of the A/P and for the purpose of payment after reversion, subject to agency validation procedures.
- 4.7 All agencies concerned are reminded of their submission of the Financial Accountability Report (FAR) No. 3, before January 31, 2021 which provides an inventory of Not Yet Due and Demandable Obligations (NYDDO) as of December 31, 2020.

5.0 PROCEDURAL GUIDELINES

- 5.1 NGAs/GOCCs shall review and analyze all recognized A/Ps in their respective books of accounts. On the other hand, A/Ps for infrastructure capital outlays, including those subsidy releases for GOCCs for infrastructure projects which remained outstanding for two (2) years or more, may not be reverted immediately if the following conditions are present:
- 5.1.1 On-going construction projects with at least 15% overall physical accomplishments as of December 31, 2020; and
- 5.1.2 Said on-going construction project shall be completed by December 31, 2021.
- 5.2 To effect the reversion of A/Ps, a Journal Entry Voucher (JEV) shall be prepared for the reversion to the Accumulated Surplus/(Deficit). A copy of the JEV certified by the Chief Accountant and supported with List of Reverted A/Ps (**Annex A**), shall be submitted to DBM and GAS-COA.

The Accounting Unit shall furnish the Budget Unit copies of JEV for the reversion of A/Ps, to adjust the Registry of Allotments, Obligations and Disbursements (RAOD) and ORS.

The Chief Accountant shall record the reverted A/Ps to the Registry of Reverted Accounts Payable (RRAP) (**Annex B**). The registry shall be maintained by the Accounting Division/Unit.

5.3 All A/Ps that were reverted to the Accumulated Surplus/(Deficit), pursuant to Section 1 of E.O No. 87, may be considered for payment upon determination, thru administrative processes, of the existence, validity and legality of the claims, subject to the following procedures:

5.3.1 The claimants shall take the initiative to file their requests with the agency concerned;

5.3.2 The claimants shall submit pertinent documents such as: approved contracts; proof that services had been rendered; proof that assets and other properties had been delivered; projects have been completed and accepted by the agency and other documentation to prove the validity and legitimacy of their claims;

5.3.3 Upon establishment of the proof of validity to settle the claim, the agency head shall request for the issuance of SARO from DBM. The request shall be supported by the following:

5.3.3.1 Certified copy of the specific JEV showing that the A/Ps had been reverted to the Accumulated Surplus/(Deficit); and

5.3.3.2 Justification for the non-payment of the claims during the past years.

5.3.4 The SARO and Notice of Cash Allocation chargeable against the fund/s identified for the purpose, shall be released by the DBM after which the agency shall process the payment of the claims.

5.3.5 Upon receipt of the SARO by the Agency, the Budget Unit shall furnish the Accounting Unit of the copy thereof, for posting/recording in the RRAP.

6.0 ACCOUNTING ENTRIES

Accounting entries pertinent to the provisions of this Circular is hereto attached as **Annex C**.

7.0 APPLICABILITY

This Circular shall have a continuing application. Henceforth, agencies shall pay only those A/Ps which are outstanding for less than two (2) years, except those pertaining to exemptions as mentioned in this Circular.

LIST OF REVERTED ACCOUNTS PAYABLE

Instructions

1. The List of Reverted Accounts Payable shall:

- a. be prepared by the National Government Agencies (NGAs), and Government Corporations (GCs) maintaining Special Account in the General Fund (SAGF) with Accounts Payable (A/P) which are outstanding as at December 31, 2017;
- b. be prepared by fund clusters as follows: 01-Regular Agency Fund; 02-Foreign Assisted Projects Fund; 03-Special Account-Locally Funded/ Domestic Grants Fund; 04-Special Account-Foreign Assisted/Foreign Grants Fund; 05-Internally Generated Funds; 06-Business Related Funds; and 07-Trust Receipts;
- c. be certified correct by the Chief Accountant and approved by the Agency/Entity Head or authorized official as recommended by the Director of Financial Management Service (FMS) or equivalent; and
- d. be submitted on or before January 31, 2022 to the COA Auditor, Department of Budget and Management (DBM) and COA-Government Accountancy Sector (GAS), copy furnished the Budget Division/Unit.

2. Columns 1 to 17 shall reflect the following information:

Column 1 - Particulars indicating the names of creditors of the outstanding A/P incurred in fiscal year (FY) 2017 and years prior thereto

Columns 2 to 4 - ORS/BURS number, date, and total amount

Column 5 to 8 - Amount of A/P per creditor and per allotment class that were incurred in FY 2017

Column 9 to 12 - Amount of A/P per creditor and per allotment class that were incurred in FY 2016

Column 13 to 16 - Amount of A/P per creditor and per allotment class that were incurred in years prior to FY 2016 (please specify the year the A/Ps were incurred)

Column 17 - Total amount of reverted A/P

REGISTRY OF REVERTED ACCOUNTS PAYABLE
As at December 31, 2021

Department : _____
Agency/Entity : _____
Operating Unit : _____
Fund Cluster : _____

(e.g. UACS Fund Cluster: 01-Regular Agency Fund, 02-Foreign Assisted Projects Fund, 03-Special Account-Locally Funded/ Domestic Grants Fund, 04-Special Account-Foreign Assisted/Foreign Grants Fund, 05-Internally Generated Funds, 06-Business Related Funds and 07-Trust Receipts)

Table with columns for Name of Creditors, Obligation Request and Status/Budget Utilization Request and Status*, REVERTED ACCOUNTS PAYABLE (2017, 2016, Other Years, Total Amount Reverted), and PAYMENT OF REVERTED ACCOUNTS PAYABLE (Allotments, Obligations, Disbursements/Payments). Includes a 'Creditor A' row and a 'GRAND TOTAL' row.

*For Fund Clusters 05 to 07, Budget Utilization Request and Status shall be used

REGISTRY OF REVERTED ACCOUNTS PAYABLE

Instructions

1. The Registry of Reverted Accounts Payable shall:
 - a. be prepared by the National Government Agencies (NGAs) and Government Corporations (GCs) maintaining Special Account in the General Fund (SAGF) with Accounts Payable (A/P) which are outstanding as at December 31, 2017;
 - b. be maintained by fund clusters as follows: 01-Regular Agency Fund; 02-Foreign Assisted Projects Fund; 03-Special Account-Locally Funded/ Domestic Grants Fund; 04-Special Account-Foreign Assisted/Foreign Grants Fund; 05-Internally Generated Funds; 06-Business Related Funds; and 07-Trust Receipts; and
 - c. be maintained by the Accounting Division/Unit for monitoring of the reverted A/P.

2. Columns 1 to 19 shall reflect the following information:
 - Column 1 - Particulars indicating the names of creditors of the outstanding A/P incurred in fiscal year (FY) 2017 and years prior thereto
 - Columns 2 to 4 - ORS/BURS number, date and total amount
 - Column 5 to 8 - Amount of A/P per creditor and per allotment class that were incurred in FY 2017
 - Column 9 to 12 - Amount of A/P per creditor and per allotment class that were incurred in FY 2016
 - Column 13 to 16 - Amount of A/P per creditor and per allotment class that were incurred in years prior to FY 2016 (please specify the year the A/Ps were incurred)
 - Column 17 - Total amount of reverted A/P

3. Columns 18 to 26 shall reflect the following information:
 - Column 18 to 20 - Special Allotment Release Order (SARO) number, date and total amount
 - Column 21 to 23 - ORS/BURS number, date and total amount
 - Column 24 to 26 - Disbursements/Payments reference number, date and total amount

**ILLUSTRATIVE ACCOUNTING ENTRIES ON THE IMPLEMENTATION OF E.O. No. 87 PRESCRIBING
THE REVERSION OF ACCOUNTS PAYABLE OUTSTANDING FOR AT LEAST TWO YEARS**

Particulars	Source Document	Account Title	Account Code	Debit	Credit
1. REVERSION OF ACCOUNTS PAYABLE (A/P)					
a. Recognition of Reverted A/P	List of Reverted A/P	Accounts Payable	20101010	100,000.00	
		Accumulated Surplus/(Deficit)	30101010		100,000.00
		<i>To recognize reversion of A/P to the Accumulated Surplus/ (Deficit) of the General Fund</i>			
b. Posting of the reverted A/P in the Registry	JEV List of Reverted A/P	Posting of the reverted A/P in the Registry of Reverted Accounts Payable (RRAP)			
2. PAYMENT OF REVERTED A/P					
a. Receipt of SARO from the DBM sourced from Contingent Fund/Specific budget of the Agency	SARO	Posting to the appropriate RAPAI and RAOD by the Budget Unit Posting to the RRAP by the Accounting Division/Unit			
b. Incurrence of Obligations	ORS	Posting of ORS in the RAOD by the Budget Unit Posting to the RRAP by the Accounting Division/Unit			
c. Receipt of the Notice of Cash Allocation	NCA	Cash-Modified Disbursement System (MDS), Regular Subsidy from National Government	10104040 40301010	100,000.00	100,000.00
		<i>To recognize receipt of NCA from DBM</i>			
d. Recognition of goods received/services rendered	IAR Certificate of Completion/ Progress Report DV other SDs	Appropriate expense or asset Accounts Payable	20101010	100,000.00	100,000.00
		<i>To set up the validated A/P previously reverted</i>			
e. Payment of reverted A/P	ORS DV other SDs	Accounts Payable Cash-Modified Disbursement System (MDS), Regular	20101010 10104040	100,000.00	100,000.00
		<i>To recognize payment of reverted A/P</i>			

8.0 SANCTIONS

Failure of the officials and employees concerned to comply with the provisions of this Circular shall subject them to penalties imposed under Section 43, Chapter 5, Book VI of E.O. No. 292, the revised Administrative Code of the Philippines.

9.0 REPEALING CLAUSE

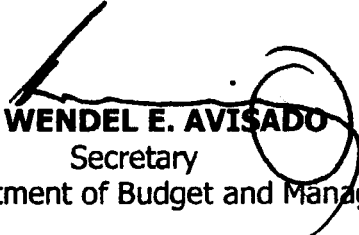
All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly.

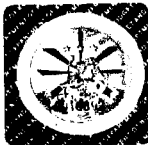
10.0 SAVING CLAUSE


Cases not covered in this Circular shall be referred to the DBM and shall be jointly resolved with COA.


11.0 EFFECTIVITY

This Circular takes effect immediately.


WENDEL E. AVISADO
Secretary
Department of Budget and Management




MICHAEL G. AGUINALDO
Chairperson
Commission on Audit



LIST OF REVERTED ACCOUNTS PAYABLE
As at December 31, 2021

Department : _____
 Agency/Entity : _____
 Operating Units : _____
 Fund Cluster : _____

(e.g. UACS Fund Cluster: 01-Regular Agency Fund, 02-Foreign Assisted Projects Fund, 03-Special Account-Locally Funded/ Domestic Grants Fund,
 04-Special Account-Foreign Assisted/Foreign Grants Fund, 05-Internally Generated Funds, 06-Business Related Funds and 07-Trust Receipts)

Name of Creditors	Obligation Request and Status/Budget Utilization Request and Status*			ACCOUNTS PAYABLE												Total Amount Reverted	
				2017				2016				Other Years (pls. specify)					
	Number	Date	Amount	PS	MOOE	CO	Total	PS	MOOE	CO	Total	PS	MOOE	CO	Total		
1	2	3	4	5	6	7	8 = 5+6+7	9	10	11	12 = 9+10+11	13	14	15	16=13+14+15	17=8+12+16	
Creditor A (please specify name of creditor/s...)																	
GRAND TOTAL																	

*For Fund Clusters 05 to 07, Budget Utilization Request and Status shall be used.

Certified Correct by: _____

Chief Accountant _____
 Date: _____

Recommending Approval by: _____

Director of Financial Management Service (FMS) or Equivalent _____
 Date: _____

Approved by: _____

Agency Head or Authorized Official _____
 Date: _____



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MEMORANDUM

TO/FOR : ALL OFFICES
 DENR Central Office

FROM : UNDERSECRETARY
 Finance, Information Systems and Climate Change

SUBJECT : **TIMELINES ON THE OBLIGATION, DELIVERY, INSPECTION, ACCEPTANCE AND PAYMENT OF ALL CLAIMS AND PAYABLES**

DATE : **MAY 05 2021**

Pursuant to DBM National Budget Circular No. 583, Section 3.6.2 and National Budget Circular No. 585, Section 3.2.2 dated 04 January 2021 and 26 January 2021 respectively, government agencies are mandated to observe the end-period validity of appropriations not later than **31 December 2021** for the release, obligation and disbursement of appropriation items i.e.. PS, MOOE and CO, under R.A. No. 11465 (FY 2020 GAA), as extended pursuant to R.A. No. 11520.

To ensure that all claims and payables to employees, supplier, other agency and non-government agencies are paid, please be reminded that the validity of obligation, completion/delivery, inspection, acceptance and payments are settled in accordance with the standards and following set of timelines:

FY	Expenses Class	Obligation	Implementation (delivery, inspection, acceptance)	End of Payment Period (disbursement)
2019 Appropriations (including 2019 Continuing Appropriations)	MOOE	Until December 2020	not later than 30 June 2021	not later than 30 June 2021
	Non-Infrastructure Capital Outlay		not later than 30 June 2021	not later than 30 June 2021
	Infrastructure Capital Outlay*		not later than 31 December 2021	not later than 31 December 2021
2020 Appropriations (including 2020 Continuing Appropriations)	PS	Until December 2021	not later than 31 December 2021	not later than 31 December 2021
	MOOE		not later than 31 December 2021	not later than 31 December 2021
	Non-Infrastructure Capital Outlay		not later than 31 December 2021	not later than 31 December 2021
	Infrastructure Capital Outlay*		not later than 31 December 2021	not later than 31 December 2021

Appropriations Sec. 62 of General Provision of FY2021 (GAA)	PS	Until December 2021	not later than 31 December 2021	not later than 31 December 2021
	MOOE		not later than 31 March 2022	not later than 31 March 2022
	Non-Infrastructure Capital Outlay		not later than 31 March 2022	not later than 31 March 2022
	Infrastructure Capital Outlay*		not later than 30 June 2022	not later than 30 June 2022

* construction of buildings, facilities, systems and structures.

In addition, Section 3.7 of the DBM-NBC No. 583 states that, “**after the end of validity period**, all unreleased appropriations or unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund, in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292 and shall not be available for expenditure except for subsequent legislative enactment.”

For your information and strict compliance.

Analiza R
 ATTY. ANALIZA REBUELTA – TEL.
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