



Republic of the Philippines  
Department of Environment and Natural Resources  
Visayas Avenue, Diliman, Quezon City  
Tel Nos. 929-6626 to 29; 929-6633 to 35  
929-7041 to 43; 929-6252; 929-1669  
Website: <http://www.denr.gov.ph> / E-mail: [web@denr.gov.ph](mailto:web@denr.gov.ph)

**MEMORANDUM**

**TO :** **THE REGIONAL EXECUTIVE DIRECTORS**

- DENR Regions 1,3,4A, 4B, 5, 6, 7, 9, 10, 11, 13, NCR, and CAR

**THE BUREAU DIRECTOR**

- Land Management Bureau

**FROM :** **THE UNDERSCRETARY**  
Finance, Information Systems, and Climate Change

**SUBJECT :** **CLARIFICATION ON THE VALIDITY OF INTER-AGENCY FUND TRANSFER FROM THE DEPARTMENT OF NATIONAL DEFENSE - ARMED FORCES OF THE PHILIPPINES (DND - AFP)**

**DATE :** **NOV 09 2021**

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This refers to the letter of the Department of Budget and Management (DBM) signed by the Officer-in-Charge USEC Tina Rose Marie L. Canda dated 25 October 2021 regarding the adoption of the Cash Budgeting System (CBS) for the inter-agency fund transfer treated as trust receipts from the Department of National Defense – Armed Forces of the Philippines (DND – AFP) intended for the titling of DND/AFP's Real Estate Properties.

Please be informed that you are advised to expedite the awarding of contracts and subsequently the project implementation and completion of inter-agency fund transfers until 31 December 2021 per section 3.5 of the National Budget Circular (NBC) no. 578 dated 06 January 2020.

In case that the projects were in the early stage of procurement and the contracts are still not awarded to the winning bidders, this shall be reverted after 31 December 2021. Claims shall be considered accounts payable if the projects were: **1) already covered with awarded contracts and are already being implemented and 2) payments for delivered goods/services not yet processed by 31 December 2021.** These claims can still be paid after the 31 December 2021 cut-off date, subject to the limitations per Executive Order (E.O.) 87 dated 13 August 2019, and Commission on Audit (COA) and DBM Joint Circular No. 1, s. 2021 dated 08 March 2021.

Attached are copies of our letter to DBM dated 06 August 2021, reply letter of DBM dated 25 October 2021, COA – DBM Joint Circular no. 1, s. 2021 dated 08 March 2021, NBC no. 578 dated 06 January 2020, and E.O. 87 dated 13 August 2019 for your reference.

For your information and guidance.

  
**ATTY. ANALIZA REBUELTA – TEH**

cc. **The Undersecretary**  
Legal, Administration, Human Resources and Legislative Affairs

**The Undersecretary**  
Field Operations and Environment

**The Undersecretary**  
Policy, Planning and International Affairs

MEMO NO. 2021 - 769

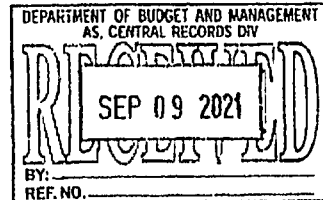


Republic of the Philippines  
Department of Environment and Natural Resources  
Visayas Avenue, Diliman, Quezon City  
Tel Nos. (632) 929-66-26 to 29 • (632) 929-62-52  
929-66-20 • 929-66-33 to 35  
929-70-41 to 43

AUG 05 2021

Secretary **WENDEL E. AVISADO**  
Department of Budget and Management  
General Solano Street  
San Miguel, Manila

Attention: **Director Cristina B. Clasara**  
Budget and Management Bureau- E



Dear Sir:

This has reference to the fund transferred from Department of National Defense-Armed Forces of the Philippines (DND-AFP) amounting to **Two Hundred Ninety Eight Million Two Hundred Eighty Six Thousand Six Hundred Seventy Six Pesos (P298,286,676.00)**, intended for the titling of DND/AFP's Real Estate Properties.

In the certification issued by Mr. Eduardo Anthony G. Mariño III, OIC, Deputy Treasurer of the Philippines, Bureau of the Treasury, dated July 27, 2021, it was stated that the amount of **Two Hundred Ninety Eight Million Two Hundred Eighty Six Thousand Six Hundred Seventy Six Pesos (P298,286,676.00)** was credited to the account of DENR-CO (10 001 01 00000) under Funding Source Code 07 308601.

In this connection, we would like to request for the issuance of Notice of Cash Allocation (NCA) amounting to **Two Hundred Sixty Three Million One Hundred Eighty One Thousand Pesos (P263,181,000.00)** to defray the expenses for the implementation of the project.

Attached are copies of pertinent documents to support the request as follows:

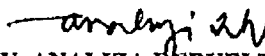
1. Certification from the Bureau of the Treasury;
2. Work and Financial Plan;
3. Monthly Disbursement Program (BED No. 3);
4. Memorandum of Agreement; and
5. Special Allotment Release Order (SARO) to DND dated April 03, 2020.

With the adoption of the Cash Budgeting System (CBS) and National Budget Circular No. 583 and 585 dated January 4, 2021 and January 26, 2021 respectively, may we be **clarified on the validity** of this fund transfer from DND-AFP in the implementation of project (**completion, inspection, acceptance and payment**). The fund transfer was received last March 17, 2021 and deposited to DENR Trust Account as per Sec. 6 of the General Provisions Fiscal Year 2021.

We hope that you find the documents in order. We look forward to the immediate action of our request.

Thank you.

Very truly yours,

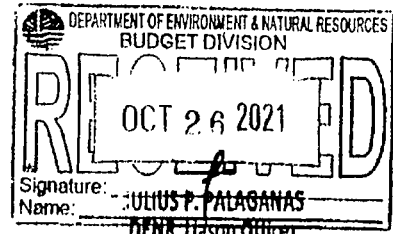
  
ATTY. ANALIZA REBUelta-TEH  
Undersecretary for Finance,  
Information Systems and Climate Change



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

OCT 25 2021

**SECRETARY ROY A. CIMATU**  
Department of Environment and Natural Resources (DENR)  
Visayas Avenue, Diliman, Quezon City



Attention : **Undersecretary Analiza Rebuelta-Teh**  
Finance, Information Systems and Climate Change

Dear **Secretary Cimatu**:

This has reference to two (2) separate requests from the DENR for clarification on the validity of inter-agency transferred funds insofar as the Cash Budgeting System is concerned (completion, inspection, acceptance and payment), as follows:

DMS Ref. No.	DENR's Role	Particulars
2021-BE-0097079B	Implementing Agency	Receipt of fund transfer in the amount of ₱298,286,676.00 per Bureau of Treasury (BTr) Certification dated July 27, 2021, sourced from the budget of the Department of National Defense – Arm Forces of the Philippines (DND-AFP) under the FY 2020 General Appropriations Act (GAA), for the survey and titling of its real estate properties
2021-BE-0108377	Source Agency	Balances of funds transferred to MMDA and DPWH for the Manila Bay Rehabilitation Program. The funds for the said projects, comprising MOOE and CO, were charged against the GAA of FYs 2019 and 2020.  DPWH FY 2019 MOOE                    ₱ 1,145,516,877.07 CO                        150,000,000.00 TOTAL, DPWH <u>₱ 1,295,516,877.07</u>  MMDA FY 2019 - MOOE    ₱ 76,359,682.95 FY 2020 MOOE                    162,148,000.00 CO                        262,603,933.11 TOTAL, MMDA <u>₱ 501,111,616.06</u>

Generally, funds treated as trust receipts under Section 6 of the General Provisions of the General Appropriations Act shall be governed by the provisions therein, as well as by the pertinent budgeting, accounting, and auditing laws, rules and regulations.

Accordingly, the table below shows the validity of inter-agency transferred funds treated as trust receipts in terms of release, obligation, and disbursement:

GAA	Expense Class	Legal Basis	Release	Obligation	Disbursement
2019	1. MOOE and other CO items	RA No. 11464 <sup>1</sup> NBC No. 578 <sup>2</sup>	Until Dec. 31, 2020		Until June 30, 2021
	2. infra-related CO, including subsidy releases to GOCCs for infrastructure projects				Until Dec. 31, 2021
2020	MOOE and other CO items	RA No. 11520 <sup>3</sup>	Until Dec. 31, 2021		

Based on further clarification with our Legal Service, agency-transferred funds for projects sourced from the FY 2019 GAA to be reverted after June 30, 2021, are for those projects in the early stage of procurement and the contracts have not been awarded to the winning bidders. In the case of projects covered with awarded contracts and are already being implemented, payments for delivered goods/services not yet processed by June 30, 2021 are already considered accounts payable. Hence, such can still be paid after the June 30, 2021 cut-off date, subject to the limitations set by the pertinent issuances on reversion of accounts payable.

For inter-agency fund transfers sourced from the FY 2020 GAA, it is recommended that implementing agencies fast-track the awarding of contracts and subsequently, project implementation and completion to optimize the validity period for the said appropriation source.

We hope that we have provided you with appropriate guidance on the matter. Thank you and God bless.

Very truly yours,

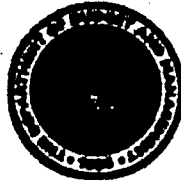
  
**TINA ROSE MARIE L. CANDIA**  
 Officer-in-Charge



<sup>1</sup> An Act Extending the Availability of the 2019 Appropriations to December 31, 2020, Amending for the Purpose Section 65 of the General Provisions of Republic Act No. 11260, the General Appropriations Act of Fiscal Year 2019

<sup>2</sup> Guidelines on the Release of Funds for FY 2020

<sup>3</sup> An Act Extending the Availability of the FY 2020 Appropriations to December 31, 2021, Amending for the Purpose Section 60 of the General Provisions of Republic Act No. 11465 of the General Appropriations Act of Fiscal Year 2020



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**
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**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 avilment 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.

## **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**

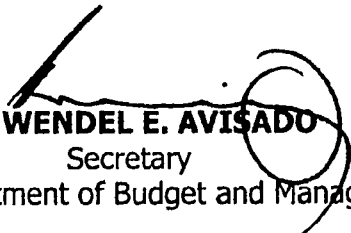
All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly.


## **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. AGINALDO**  
Chairperson  
Commission on Audit





REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
GENERAL SOLANO STREET, SAN MIGUEL, MANILA



**NATIONAL BUDGET CIRCULAR**

No.: 578  
January 6, 2020

For : All Heads of Departments/Agencies/State Universities and Colleges (SUCs) and Other Offices of the National Government, including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG), Government Entities Receiving Budgetary Support (Government-owned or -controlled Corporations [GOCCs] and Local Government Units [LGUs]); Budget Officers; Heads of Accounting Units; and All Others Concerned

Subject : **GUIDELINES ON THE RELEASE OF FUNDS FOR FY 2020**

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**1.0 PURPOSES**

- 1.1 To provide policies, procedures, rules and regulations on the release, utilization of funds, and monitoring of items authorized under Republic Act No. 11465, the FY 2020 General Appropriations Act (GAA), in accordance with the General and Specific Provisions, thereof.
- 1.2 To synchronize fund release with the implementation of the overall physical and financial plans, targets and schedules submitted by the departments, agencies, and/or operating units (OUs).
- 1.3 To institutionalize a simplified, streamlined monitoring and evaluation of performance information through the required budgetary reports.

**2.0 COVERAGE**

All departments, agencies and OUs of the National Government, including CFAG, SUCs, GOCCs and LGUs receiving budgetary support from the national government from all sources of appropriations in FY 2020.

**3.0 GENERAL GUIDELINES**

- 3.1 The FY 2020 GAA takes effect on January 1, 2020 as provided under Section 1, General Provisions (GP) of said law.
- 3.2 Consistent with the FY 2020 fiscal program as approved by the Development Budget Coordination Committee (DBCC), the programmed aggregate allotment releases during the year from all appropriation sources shall not

exceed the Total Obligation Program under Table H of the FY 2020 Budget of Expenditures and Sources of Financing (BESF).

3.2.1 The Allotment Release Program (ARP) of each National Government Agency (NGA) shall be an amount equal to the aggregate of the following:

3.2.1.1 Its Built-in Appropriation under the FY 2020 GAA; and

3.2.1.2 The programmed level of its automatic appropriations, i.e., Retirement and Life Insurance Premiums (RLIP), Special Accounts in the General Fund (SAGF), among others.

3.2.2 In accordance with prudent fiscal management, the following items shall be accommodated within the agency ARP, i.e., to be offset against the items programmed/identified under item 3.2.1 hereof:

3.2.2.1 Releases from Unprogrammed Appropriations (UA) under the FY 2020 GAA; and

3.2.2.2 Other automatic appropriations, such as SAGFs, grant proceeds, among others.

3.3 Pursuant to the Department of Budget and Management (DBM) Circular Letter (CL) No. 2020-1<sup>1</sup>, agencies are authorized to obligate the amounts covering their regular operating requirements for the month of January 2020.

3.3.1 Obligations incurred shall be recorded as overdraft in allotments in the Registry of Appropriations and Allotments, and shall not be considered as "add-ons" to the FY 2020 ARP.

3.3.2 Upon effectivity of the FY 2020 GAA, such overdraft in allotments shall be adjusted through the GAA as Allotment Order (GAAAO) or General Allotment Release Order (GARO) for the purpose.

3.4 With the adoption of the Cash Budgeting System (CBS) and consistent with Section 60, GPs of the FY 2020 GAA, all appropriations authorized under the FY 2020 GAA, including budgetary support to GOCCs and SAGF, shall be available for release and disbursement for the purpose specified, and under the same General and Special Provisions of said GAA applicable thereto until December 31, 2020.

3.4.1 The appropriations for the following items under the FY 2020 GAA shall be valid for obligation until December 31, 2020:

3.4.1.1 Infrastructure Capital Outlays (CO), including subsidy releases to GOCCs for infrastructure projects; and



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<sup>1</sup> DBM CL No. 2020-1 dated January 2, 2020 (Release of Funds for January of FY 2020)

3.4.1.2 MOOE and other CO items.

3.4.2 The completion of construction, inspection, acceptance and payment **for infra-related CO shall be made not later than December 31, 2021**, while the delivery, inspection, acceptance and payment **for MOOE and other CO items shall not be later than June 30, 2021**.

3.4.3 Amounts appropriated under the FY 2020 GAA as **financial assistance to LGUs released during the fiscal year** shall be **available for disbursement for the purpose specified until December 31, 2021**.

3.4.4 Appropriations for the **statutory shares of LGUs**, shall be available for obligation and disbursement until fully expended:

3.4.4.1 Internal Revenue Allotment (IRA) share from actual national internal revenue taxes collected in FY 2017 (Republic Act [R.A] No. 7160) and

3.4.4.2 Special Shares in the proceeds of National Taxes:

- From the utilization and development of national wealth within their territorial jurisdiction (Sections 289 to 291, R.A. No. 7160);
- From Tobacco Excise Tax (R.A. No. 7171 – Virginia Tobacco Cigarettes, R.A. No. 8240 as amended by R.A. No. 10351 – Burley and Native Tobacco Products);
- From gross income taxes paid by businesses/enterprises within economic zones (R.A. No. 7922, as amended by R.A. No. 9400);
- From Value-Added Tax (VAT) (R.A. No. 7643) and VAT in lieu of Franchise Tax (R.A. Nos. 7953 and 8407) and
- From share in Fire Code Fees (R.A. No. 9514).

3.4.5 **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<sup>2</sup> and shall not be available for expenditure except by subsequent legislative enactment.

3.5 Pursuant to R.A. No. 11464, An Act Extending the Availability of the FY 2019 Appropriations to December 31, 2020, amending for the Purpose Section 65 of the General Provisions of R.A. No. 11260, the General Appropriations Act



<sup>2</sup> Executive Order No. 292 dated July 25, 1987 (Instituting the "Administrative Code Of 1987")



MALACAÑAN PALACE  
MANILA

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER 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, OR THE CUMULATIVE RESULT OF OPERATIONS OF THE NATIONAL GOVERNMENT**

**WHEREAS**, Republic Act No. 3526, entitled "An Act Authorizing the Reversion of Unliquidated Balances of Accounts Payable Outstanding for Two Years or More" and Presidential Decree No. 1445 (s. 1978) or the "Government Auditing Code of the Philippines," authorize the reversion to the Unappropriated Surplus of the General Fund of the National Government, of accounts payable which have remained outstanding for at least two years and for which no actual claim has been filed, and accounts payable which are undocumented or not covered by perfected contracts on record;

**WHEREAS**, despite the laws and issuances on the reversion of accounts payable, various agencies continue to accrue prior years' accounts payable in their respective books of accounts;

**WHEREAS**, to facilitate the preparation of transparent, accountable and realistic disbursement and annual expenditure programs, the accounts payable from prior years need to be reexamined and kept at manageable levels, and the actual cash requirements therefor need to be ascertained;

**WHEREAS**, the existence of prior years' accounts payable in the books of accounts of agencies unnecessarily immobilizes public funds, hampers efforts to determine the actual financial condition of the national government, and hinders effective resource planning and allocation;

**NOW, THEREFORE, I, RODRIGO ROA DUTERTE**, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

**Section 1. Reversion of Documented Accounts Payable.** All documented accounts payable for fiscal year 2016 and years prior thereto shall be reverted to the Accumulated Surplus or Deficit of the General Fund, or the Cumulative Result of Operations of the National Government. Henceforth, all documented accounts payable which remain outstanding for at least two years, for which no actual administrative or judicial claim has been filed, shall be subject to automatic reversion.

THE PRESIDENT OF THE PHILIPPINES

**Section 2. Treatment of Undocumented Accounts Payable.** All accounts payable which are undocumented or not covered by perfected contracts on record, regardless of the year in which they were incurred, shall automatically be reverted. The recording of undocumented accounts payable in the books of accounts of agencies shall be strictly prohibited.

**Section 3. Funding Source for Validated Claims.** In the event that reverted accounts payable are subsequently validated by competent authorities or by final and executory decisions, the funding therefor shall be determined by the Department of Budget and Management (DBM) subject to the applicable laws, rules and regulations.

**Section 4. Prescribed and Disallowed Claims.** The preceding Section 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.

**Section 5. Applicability.** This Order shall apply to all accounts payable of all National Government Agencies, except: (i) trust or fiduciary funds, for as long as the purposes for their creation have not been accomplished; and (ii) accounts payable corresponding to foreign-assisted projects for the duration of the said projects.

**Section 6. Sanctions.** Failure to comply with the foregoing shall be a ground for appropriate sanctions and/or administrative action against the responsible government officials and employees, as may be warranted under the circumstances.

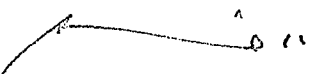
**Section 7. Implementing Rules and Regulations.** The DBM, in consultation and/or coordination with the Commission on Audit, shall prepare the rules and regulations for the implementation of this Order.

**Section 8. Effectivity.** This Executive Order shall take effect immediately.

**DONE**, in the City of Manila, this 13<sup>th</sup> day of **August**, in the year of our Lord Two Thousand and Nineteen.

*Rolando*  


By the President:

  
**SALVADOR C. MEDIALDEA**  
Executive Secretary

