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MEMORANDUM

TO : All Staff Bureau Directors
FMB, LMB, BMB and ERDB

All Regional Executive Directors
CAR, NCR, Regions 1-13

All PENROs

FROM : The Undersecretary
Finance, Information Systems and Climate Change

SUBJECT : **IMPLEMENTING THE STANDARD OPERATING PROCEDURES ON THE MONITORING AND REQUEST FOR AUTHORITY TO WRITE-OFF OF DORMANT RECEIVABLE ACCOUNTS, UNLIQUIDATED FUND TRANSFERS AND CASH ADVANCES**

DATE : **OCT 26 2023**

In the CY 2022 DENR Consolidated Annual Audit Report issued by the Commission on Audit, the unliquidated fund transfers to Implementing Agencies, Non-Government Organizations (NGOs), and Civil Society Organizations, and Cash Advances are not fully liquidated and accumulate to prior years' unliquidated balances. Portions of the prior years' balances have been non-moving for more than ten (10) years.

According to the COA report, the reasons for the non-liquidation of the fund transfer are:

- a. Failure of the IAs to perform its obligations as stipulated in the Memorandum of Agreement;
- b. Suspension of Projects;
- c. Absence of liquidation Reports;
- d. Failure to monitor the status of fund transfers at the time it was due for liquidation
- e. Non-enforcement of settlement/liquidation of outstanding cash advances within the prescribed period.

To address these issues, the monitoring of these transactions is essential together with our compliance with COA Circular 94-013¹, dated December 13, 1994, regarding fund transfers, COA Circular 97-002² dated February 10, 1997, on cash advances, and COA Circular

¹ Rules and Regulations in the Grant, Utilization and Liquidation of Fund Transferred to Implementing Agencies

² Restatement with amendments of the rules and regulations on the granting, utilization and liquidation of cash advances provided for under COA Circular No. 90-331 dated May 3, 1990.

No. 2016-005³ dated December 19, 2016, on the request for write-off of dormant receivable accounts, unliquidated fund transfers and cash advances.

To standardize our action and guide our accountants, the attached Standard Operating Procedures on the Monitoring and Request for Authority to Write-off of Dormant Receivable Account, Unliquidated Fund Transfers, and Cash Advances is adopted.

All offices are encouraged and exert efforts to comply with the requirements for those dormant unliquidated cash advances and fund transfers that remained non-moving for ten (10) years or more and where settlement/collectability could no longer be ascertained and file the request for write-off.

For information and compliance.


ATTY. ANALIZA REBUELTA-TEH

MEMO NO. 2023-928

³ Guidelines and Procedures on the Write-off of Dormant Receivable Accounts, Unliquidated Cash Advances, and fund Transfers on National Government Agencies (NGAs), Local Government Units (LGUs) and Government-Owned and Controlled Corporations (GOCCs)

STANDARD OPERATING PROCEDURES ON MONITORING AND REQUEST FOR AUTHORITY TO WRITE-OFF DORMANT RECEIVABLE ACCOUNTS, UNLIQUIDATED CASH ADVANCES AND FUND TRANSFERS

1. Purpose:

The procedure intends to standardize the implementation of the Commission on Audit (COA) guidelines on the procedure on the write-off of Dormant Receivables Accounts, Unliquidated Cash Advances and Fund Transfers, address the recurrence in the COA audit reports and implement monitoring and ascertain internal controls are implemented.

2. Legal Basis

- COA Circular No. 2016-005, dated 16 December 2016
Guidelines and Procedures on the Write-off of Dormant Receivable Accounts, Unliquidated Cash Advances, and Fund Transfers of National Government Agencies (NGAs), Local Government Units (LGUs) and Government-Owned and Controlled Corporations (GOCCs)
- COA Circular No. 2007-001 dated 25 October 2007
Revised guidelines in the granting, utilization, accounting and auditing of the funds released to Non-Governmental Organizations/People's Organizations (NGOs/POs)
- COA Circular No. 97-002 dated 10 February 1997
Restatement with amendments of the rules and regulations on the granting, utilization and liquidation of cash advances provided for under COA Circular No. 90-331 dated May 3, 1990
- COA Circular 94-013 dated 13 December 1994
Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies

3. Definition of Terms

Accounts	Refers to Accounts Receivable, Due from Officers and Employees, Other Receivables, and other accounts.
Dormant Receivable Accounts	Accounts whose balances remained inactive or non-moving in the books of accounts for ten (10) years or more and where settlement/collectability could no longer be ascertained.
Dormant Unliquidated Cash Advances	Advances granted to disbursing officers, agency officers, and employees who remained non-moving for ten (10) years or more and where settlement/collectability could no longer be ascertained.
Dormant Unliquidated Fund Transfers	Advances granted by the source entity to the implementing entity for the implementation of programs/projects which remained non-moving for ten (10) years or more and where settlement could no longer be ascertained.
Impairment	A loss in the future economic benefits due to uncertainty of collectability of the receivables or the amount in respect of which recovery has ceased to be probable.
Write-off of Dormant Accounts	The process of derecognizing the asset account and the corresponding allowance for impairment from the books of accounts and transferring the same to the Registry of Accounts Written off (RAWO). This does not mean condoning/extinguishing the obligation of the accountable officer/debtor.

4. Coverage

The procedure covers dormant receivables arising from regular trade and business transactions, claims from entities' officers and employees and other dormant receivable accounts; dormant unliquidated cash advances for operating expenses, payroll, special purpose/time-bound activities or undertakings and travel as well as advances granted to Civil Society Organizations (CSOs)/NGOs/POs; and dormant unliquidated fund transfers to/from NGAs, LGUs, and GOCCs.

The following are the accounts used relative to Receivables, Cash Advances and Fund Transfers as defined/described in the Revised Chart of Accounts:

<ul style="list-style-type: none">• Accounts Receivables• Due from Officers/Employees• Other Receivables• Advances for Operating Expense• Advances for Payroll• Advances to Special Disbursing Officer• Advances to Officers and Employees• Due from NGAs• Due from GOCCs• Due from LGUs• Due from NGOs/CSOs• Due from Central Office	<ul style="list-style-type: none">• Due from Bureaus• Due from Regional Offices• Due from Operating Units• Due from Other Funds• Due to NGAs• Due to GOCCs• Due to LGUs• Due to Central Office• Due to Bureaus• Due to Regional Offices• Due to Operating Units• Due to Other Funds
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5. Non-Coverage

- Loans and Advances of Government Financial Institutions
- Receivables arising from Disallowances and Charges
- Receivables arising from Cash Shortage
- Claims from Entities' Officers and Employees and other Parties for transactions which are the subject of a pending case in court or before investigative authorities

6. Guidelines

- The Accounting Division/Units shall conduct regular monitoring and analysis of receivable accounts to ensure that these are collected when these become due and demandable and that cash advances and fund transfers are liquidated within the prescribed period depending upon their nature and purpose.
- The Accounting Division/Units shall prepare the schedule of all receivables, unliquidated cash advances, and fund transfers (Appendix 55 of Vol. II, GAM).

7. Procedures

	RESPONSIBLE OFFICE/PERSON	ACTIVITY
1	Accounting Division/ Section/Unit	<p>Monitoring of Receivables, Unliquidated Cash Advances and Fund Transfers</p> <p>Conduct regular monitoring and periodic verification, analysis and validation of the existence of the receivables, unliquidated cash advances, and fund transfers, and determine the concerned debtors, accountable officers (Regular and Special Disbursing Officers, Collecting Officers, Cashiers) and the source and implementing government entities concerned.</p>
2	Accounting Division/ Section/Unit	<p>Reconcile the unliquidated fund transfers between the DENR and implementing government entities, prepare the adjusting entries for the reconciling items noted, and require liquidation of the balances.</p> <p>Prepare the necessary adjusting entry/ies for the following:</p> <ul style="list-style-type: none"> • Recognition of the computed/determined impairment in accordance with the Philippine Public Sector Accounting Standards or Philippine Financial Reporting Standards. • Correction of inadvertent errors, or inaccurate calculation or computation. • Reclassification of accounts. • Recovery/settlement of previously written-off accounts. <p>Note: Adjustments made on the above need not be submitted to the COA for approval but are subject to the usual audit. However, the accountant or the auditor may seek assistance from the GAS for proper accounting treatment.</p>
4	Accounting Division/ Section/Unit	<p>Prepare aging of dormant receivables, unliquidated cash advances, and fund transfers on a quarterly basis (Annexes 1-3) to support the request for write-off, and indicate in the remark's column the existence of the applicable conditions, as follows:</p> <ul style="list-style-type: none"> • Absence of records or documents to validate/support the claim and/or unreconciled reciprocal accounts. • Death of the accountable officer/employee/debtor. • Unknown whereabouts of the accountable officer/employee/debtor, and that he/she could

		<p>not be located despite diligent efforts to find him/her.</p> <ul style="list-style-type: none"> • incapacity to pay or insolvency. • Exhaustion of all possible remedies by the Management to collect the receivables and to demand liquidation of cash advances and fund transfers. • No pending case in court involving the subject dormant accounts.
5	Accounting Division/ Section/Unit	<p style="text-align: center;">Filing of the Request for Authority to Write-off (Dormant Receivable Accounts/Unliquidated Cash Advances/Fund Transfers remained non-moving for ten (10) years or more and where settlement/collectability could no longer be ascertained.)</p> <p>Prepare Request for Authority to Write-off Dormant Receivable Accounts/Unliquidated Cash Advances/Fund Transfers and submit to COA Resident Auditor. The request shall be supported by the following documents:</p> <ol style="list-style-type: none"> a. Schedule of dormant accounts by accountable officer/debtor/government entity and by account, certified by the accountant and approved by the Head of the government entity. b. Certified relevant documents validating the existence of the conditions, as applicable, such as: <ol style="list-style-type: none"> b.1. Death Certificate issued by Philippine Statistics Authority (formerly National Statistics Office) b.2. Proof of Insolvency b.3. Certification from the Department of Trade and Industry that the debtor has no registered business b.4. Certification from the Securities and Exchange Commission that the Corporation is no longer active b.5. Certificate of no residence in the barangay of the municipality/city of last known address b.6. Proof of exhaustion of all remedies to collect the receivables and demand to liquidate the cash advances and fund transfers, such as but not limited to copies of served or returned demand letters b.7. Certification by the Legal Officer of the entity of no pending case relative to the account b.8. Certification by the responsible officials of the entity to the effect that there are no records/documents available to validate the claim

		<p>b.9. Other justifications, like in the case of a request for write-off due to loss of documents, the circumstances of the loss should be stated in the letter-request</p> <p>b.10. In case of fund transfer, the unliquidated amount after reconciliation shall be supported by certification by the Chief Accountants and approved by the Heads of the source and implementing entities that the fund was utilized for the purpose, and certification from the recipient that the project was partially or fully implemented, supported by pictures of the implemented projects.</p>
6	Accountant	Review and initials.
7	Recommending Approval¹	Review and initial on the request for authority to write off.
8	Approving Official²	Sign the Request for Authority to Write-off.
9	Accounting Division/ Section/Unit	<p>Forwards the Request for Authority to Write-off and supporting documents to the Office of the DENR COA Auditor.</p> <p>Note: No filing fee is required.</p>
10	DENR COA Resident Auditor	<p style="text-align: center;">COA Action</p> <p>Receive and assign reference number, verify and validate the above documents, and decide on the requests for authority to write off for amounts not exceeding P100,000.00 per accountable officer/debtor/government entity and by account within 15 working days from receipt thereof.</p> <ul style="list-style-type: none"> In case the basis for denial of the request for write-off by the Audit Team Leader (ATL) and Supervising Auditor (SA) is failure to comply with the conditions and requirements under items 4 and 5 above, the aggrieved party may refile the request for write-off before the ATL and SA provided that the basis for denial has been satisfactorily complied with/met. The ATL and SA shall decide on the

¹ Central Office – Director FMS, ASEC Supervising Finance or USEC Supervising Finance
Staff Bureau – Asst. Bureau Director

Regional Office – Chief, Finance Division or ARD-MS
PENRO – Chief, MSD

² Central Office – Secretary or Authorized Representative
Staff Bureau – Bureau Director
Regional Office – RED
PENRO – PENR Officer

		<p>request within 15 working days from receipt thereof.</p> <ul style="list-style-type: none"> The aggrieved party may appeal from the decision of the ATL and SA to the COA Cluster Director (CD)/Regional Director (RD) who has jurisdiction over the government entity under audit within 15 working days from receipt of the decision. The CD/RD shall decide on the appeal within 15 working days from receipt thereof. The decision of the CD/RD on appealed request is final and non-appealable.
11	Audit Team Leader and Supervising Auditor	<p>For amounts exceeding P100,000.00 per accountable officer/debtor/ government entity and by account, the ATL and/or SA shall forward the entire records of the requests to the CD/RD, together with their comments and recommendations, within 15 working days from receipt thereof.</p>
12	Cluster Director/ Regional Director	<p>Review the entire records of the requests and shall decide on amounts involving more than P100,000.00 but not exceeding P1,000,000.00 per accountable officer/debtor/government entity and by account within 15 working days from receipt thereof.</p> <ul style="list-style-type: none"> In case the basis for denial of the request for write-off by the CD/RD is failure to comply with the conditions and requirements under items 4 and 5 above, the aggrieved party may refile the request for write-off before the CD/RD provided that the basis for denial has been satisfactorily complied with/met. The aggrieved party may appeal from the decision of the CD/RD to the Assistant Commissioner (AC) concerned within 15 working days from receipt of the decision. The AC shall decide on the appeal within 15 working days from receipt thereof. The decision of the AC on appealed request is final and non-appealable.
13	Cluster Director/ Regional Director	<p>For amounts exceeding P1,000,000.00 per accountable officer/debtor/ government entity and by account, the CD/RD shall forward the entire records of the requests together with his/her recommendation to the AC of the Sector within 15 working days from receipt thereof.</p>
14	Assistant Commissioner	<p>Review the entire records of the requests and shall decide on amounts exceeding P1,000,000.00 per accountable officer/debtor/ government entity and by account within 15 working days from receipt thereof:</p> <ul style="list-style-type: none"> In case the basis for denial of the request for write-off by the AC of the Sector is failure to comply with the conditions and requirements under items 4 and 5 above, the aggrieved party may refile the request for write-off before the AC of the Sector provided

		<p>that the basis for denial has been satisfactorily complied with/met.</p> <ul style="list-style-type: none"> • The aggrieved party may appeal from the decision of the AC of the Sector to the CP within 15 working days from receipt of the decision. Filing fee is required at a rate prescribed in the 2009 RRPC. The decision of the CP is final and non-appealable.
15	Accounting Division/ Section/Unit	<p style="text-align: center;">Upon Granting of Authority to Write-Off</p> <p>Prepare the Journal Entry Voucher (JEV) within 15 working days upon receipt of the decision granting the authority to write-off, for approval of the Head of the government entity, effect the adjusting entries in the books, and enter the gross amount of the receivables in the RAWO. A sample form of the RAWO is attached as Annex 4 (Appendix 56, Vol. II, GAM).</p>
16	Accounting Division/ Section/Unit	Submit the JEV to the COA ATL;
17	Accounting Division/ Section/Unit	<p>Maintain a RAWO to record the accounts written-off and keep a copy of the approved request for write-off including the records and documents pertaining thereto.</p> <p>At the end of the year, foot entries in the RAWO and make the appropriate disclosures in the Notes to FS.</p>

Note: In case the request is not granted due to incomplete or lacking documents, the Accounting Division should complete the documents and prepare another request and submit to COA.

