



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES  
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN



**NOTICE OF MEETING**

**Comments on the Proposed Guidelines on the Granting, Utilization and Liquidation of Special Cash Advances for Specific, Legal Purpose Time-Bound Undertakings**

**FOR/TO : Representatives--End-users of Special Cash Advances**  
-Office of the Service Directors  
-Office of the Undersecretaries  
-Office of the Assistant Secretaries  
-DENR Task Force  
- Staff and Line Bureaus  
- Regional Offices

**The Division Chief and Concerned Staff**

-Management Division  
-Accounting Division  
-Budget Division  
-General Services Division  
-Finance Division (Regions 1 to 13)

**Special Disbursing Officers (SDOs)**

- Central Office  
- Staff and Line Bureaus  
- Regional Offices

**FROM : The OIC-Director**  
Financial and Management Service

**DATE : 03 June 2024**

**TIME : 9:30AM onwards**

**VENUE : For the face-to-face meeting:**  
**(Attendees/Participants from Central Office and FMB)**  
Conference Room  
Office of the Undersecretary for Legal and Administration  
6/F Main Building, DENR Central Office

**MEMO NO. 2024 - 487**

**Via Zoom (for Attendees/Participants from the  
Regions and Bureaus except FMB)**

Zoom Link: [bit.ly/DENRSpecialCashAdvances](https://bit.ly/DENRSpecialCashAdvances)

Meeting ID: 994 2414 9045

Passcode: DENRFMS

AGENDA :

- 1) Line-by-line discussion of the proposed guidelines
- 2) Procurement planning in relation to special cash advances
- 3) Other Matters

Your attendance is highly requested.



**IMELDA R. DELA CRUZ**

**SPECIAL CASH ADVANCE VOUCHER**Control No. : YYYY-MM-###

Entity Name : \_\_\_\_\_

Date : \_\_\_\_\_

Fund Cluster: \_\_\_\_\_

End-User Office : \_\_\_\_\_

Responsibility Center Code: \_\_\_\_\_

Name/Title of Time-Bound Undertaking : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**I. To be filled out upon request**

Particulars	Amount

**A**

By signing below, I agree to account for this cash advance within five (5) working days upon receipt by: (a) submitting the complete set of receipts/evidence of payment; and (b) by returning the unused cash (if any).

I understand that my failure to account for the advanced funds in full within the prescribed period of (5) working days shall result in corresponding deductions from my payroll and sanctions based on Civil Service Commission (CSC) Memorandum Circular (MC) No. 23, s. 2019.

*Requested by:**Cash Received by:*

\_\_\_\_\_  
Signature over Printed Name  
Name of End-User/Requestor

\_\_\_\_\_  
Signature over Printed Name  
Focal Personnel Designated by End-User  
Date: \_\_\_\_\_

**B**

The End-user-designated focal personnel has been oriented about the requirements for liquidation and the sanctions for failure to liquidate on the prescribed (5)-day period.

*Cash Released by:*

\_\_\_\_\_  
Signature over Printed Name  
Special Disbursing Officer (SDO)

**II. To be filled out upon liquidation****C**

Total Amount Granted \_\_\_\_\_

Total Amount Paid per  
OR/Invoice No. \_\_\_\_\_Amount Refunded/  
(Reimbursed) \_\_\_\_\_**D** *Complete Receipts/Evidence of Payment* *Refund Received*

\_\_\_\_\_  
Signature over Printed Name  
Special Disbursing Officer (SDO)  
Date: \_\_\_\_\_



**MEMORANDUM ORDER**

No. 2024- \_\_\_\_\_

**SUBJECT : GUIDELINES ON THE GRANTING, UTILIZATION AND LIQUIDATION OF SPECIAL CASH ADVANCES FOR SPECIFIC LEGAL-PURPOSE, TIME-BOUND UNDERTAKINGS**

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**SECTION 1. Rationale.** The accountability for the special cash advance, as far as the Commission on Audit (COA) is concerned, rests with the Special Disbursing Officers (SDOs) because they are the bonded Accountable Officers in accordance with Presidential Decree (P.D.) No. 1445. It must be noted however, that the liquidation of special cash advances must be a cooperative effort among parties, and should not be the sole responsibility of the SDOs. The End-users play a major part in the process because the timely submission of receipts and evidence of payment is vital in the liquidation procedure. The proper and efficient procurement planning is equally important in observing the normal procedures of procurement.

**SECTION 2. Policy Statement.** It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage. It is also the policy of the DENR to adhere to all prescribed accounting and auditing rules and regulations pertaining to cash advances with a view to ensuring efficiency, economy and effectiveness.

**SECTION 3. Objective.** This set of Guidelines emphasizes that the on-time liquidation of special cash advances is the responsibility of both the SDOs and the end-users, and that proper and efficient procurement planning must be observed.

**SECTION 4. Scope and Coverage.** This policy shall cover only the special cash advances for special purpose, time-bound undertaking in the Central Office.

**SECTION 5. Definition of Terms.** For purposes of this policy, the following terms shall mean:

- 5.1 Special cash advance – one of two types of cash advances granted on the explicit authority of the Head of Agency only to duly-designated disbursing officers or employees for legally authorized purposes such as the following:
- 5.1.1 Operating expenditures for special projects and activities
  - 5.1.2 Special purpose and time-bound activities
- 5.2 End-user - shall refer to the Head of Office that requested for the special purpose-cash advance, and who is directly supervising the time-bound activity. This can be the:
- 5.2.1 Division Chief;
  - 5.2.2 Director;
  - 5.2.3 Service Director;
  - 5.2.4 Executive Director;
  - 5.2.5 Assistant Secretary; or the
  - 5.2.6 Undersecretary.
- 5.3 Accountable Officer – shall refer to the official or employee, who, in the discharge of his office, receives money which he is bound to later account for. These are (1) the SDOs; and 2) the End-users. Transfer, separation or retirement from the government does not operate to discharge the said persons from coverage of the definition and corresponding duty to account for the unliquidated cash advances.
- 5.4 Simple Neglect of Duty – means the failure of an employee or official to give proper attention to a task expected of him or her, signifying a disregard of a duty resulting from carelessness or indifference.
- 5.5 Gross Neglect of Duty<sup>1</sup> – refers to negligence characterized by the want of even slight care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with a conscious indifference to consequences, insofar as other persons may be affected. It is the omission of that care that even inattentive and thoughtless men never fail to give to their own property.

**SECTION 6. General Provisions.** The payments through cash advances is only an alternative method but should not be made as a regular mode of payment. The following Internal Control measures shall be observed:

#### **6.1 System of Disbursements**

- 6.1.1 Disbursements should basically be made through the issuance of check/ADA (Advice to Debit Account).
- 6.1.2 Activities need to be judiciously planned and should be incorporated in the Project Procurement Management Plan (PPMP) and the Annual Procurement Plan (APP). Recurring activities such as the following should

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<sup>1</sup> CSC Memorandum Circular No. 23, s. 2019 "Revised Guidelines on the Settlement of Cash Advance and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate Cash Advance Within the Prescribed Period"

not be covered by special cash advances but should instead be included in the PPMP and APP:

- 6.1.2.1 ENRA Training Courses;
  - 6.1.2.2 DENR Anniversary;
  - 6.1.2.3 Environment Month-related activities such as Earth Day Jam, Coastal Clean-up, Tree Planting, etc.;
  - 6.1.2.4 Christmas Year-end Assembly; and
  - 6.1.2.5 EAGLE Award
- 6.1.3 Procurement for time-bound undertakings should follow the normal procedures of procurement and should be paid directly to the suppliers and/or service providers.
- 6.1.4 Proper and efficient Procurement Planning must be observed so that procurement of office supplies need not use special cash advances:
- 6.1.4.1 The procurement of office supplies should be covered by the Project Procurement Management Plan (PPMP) of each respective office.
  - 6.1.4.2 The Property and Supply Management Division (PSMD) should screen Purchase Requests (PR) before end-users can request for the cash advance.
  - 6.1.4.3 Supplies for workshop activities should likewise be covered by its respective Work and Financial Plan (WFP), not by special cash advances.

## **6.2 Granting of Special Cash Advance**

- 6.2.1 Only permanently appointed officials and employees shall be designated as Special Disbursing Officers (SDOs).
- 6.2.2 No officer or employee shall be granted a cash advance unless he or she is properly bonded in accordance with law or regulations. The amount of cash advance which may be granted shall not exceed the maximum amount covered by the bond.<sup>2</sup>
- 6.2.3 The request for bonding and/or cancellation of bonds of accountable officials and employees shall be approved and duly-entered in the Registry of Bonded Public Officers. The bond shall be renewed on or before the anniversary date, otherwise, the bond is automatically cancelled. The Bureau of the Treasury shall be accordingly notified should there be any changes in accountable officers or amount of accountability within the effective period of the bond.
- 6.2.4 The Head of Accounting Office shall strictly implement the 'No Liquidation, No Additional Cash Advance Policy' and restrict the issuance of additional cash advance to SDOs with unliquidated cash advances.

<sup>2</sup> COA Circular No. 86-257 dated March 31, 1986

- 6.2.5 The 'Start' and 'Finish' dates of every project/activity/undertaking shall be clearly defined in the approved Special Order (S.O.) to establish the prescribed period of liquidation, which is within (30) days from the completion of the time-bound activity.
- 6.2.6 Only one disbursing officer shall be assigned/designated for a specific legal purpose time-bound undertaking. Additional disbursing officers may be assigned/designated for the same purpose only when fully justified by the Secretary.<sup>3</sup>
- 6.2.7 The documentary Requirements for the Release of Cash Advance to SDOs are:
  - 6.2.7.1 Special Order (SO) issued by the Head of Agency or his duly authorized representative, authorizing the Special Disbursing Officer (SDO) to handle special cash advances for special purpose, time-bound activities, and indicating the maximum accountability and purpose of cash advance (for initial cash advance);
  - 6.2.7.2 Special Order of the conduct of special event and other activities;
  - 6.2.7.3 Certification from the Head of Accounting Office that previous cash advances have been fully-liquidated and accounted for in the books;
  - 6.2.7.4 Approved Obligation Request and Status;
  - 6.2.7.5 Approved application for bond and/or Fidelity Bond for the year for cash accountability of P5,001 above or other minimum amount that may be prescribed by the Bureau of the Treasury (upon set-up of new/renewed accountability)
  - 6.2.7.6 Estimated breakdown of expenses and Approved Purchase Request
  - 6.2.7.7 Confirmation Letter of Approved Fidelity Bond of concerned SDO

### **6.3 Utilization of Cash Advance**

- 6.3.1 Transfer of cash advance from one SDO to another shall not be allowed.
- 6.3.2 The cash advance shall be used solely for the specific legal purpose for which it was granted. Under no circumstance shall it be used for encashment of checks or for liquidation of a previous cash advance.
- 6.3.3 Purchase of supplies and materials should be strictly aligned and related with the specific event/activity for which the cash advance was granted.
- 6.3.4 Cash advances granted for a particular year shall not be used to pay expenses of other years.
- 6.3.5 In inevitable cases where an SDO cannot personally accompany the end-users or their representatives in procuring the needed supplies and materials due to the distance of/or location of the specific project/activity, the cash

<sup>3</sup> COA Circular No. 90-331 dated May 3, 1990

transferred to the End-user, using the Special Cash Advance Voucher Form, must be properly accounted for. Except as may otherwise be specifically provided by law or competent authority, all moneys and property officially received by a public officer in any capacity or upon any occasion must be accounted for as government funds and government property.<sup>4</sup>

- 6.3.6 SDOs are responsible to facilitate the conduct of orientation for end-user-designated personnel regarding the liquidation and other requirements, prior to the release of any cash advance.
- 6.3.7 End-users must observe prudence in proper planning and timing of activities so that the corresponding cash advance granted for the purpose will be utilized hand-in-hand with the implementation of the planned activities.<sup>5</sup> Unused cash advance, as a result of poor planning, prevents the maximum utilization of cash allocation which could have been used to finance other activities or pay for other valid obligations.
- 6.4 Liquidation of Special Cash Advances.** A special cash advance is settled and liquidated either by returning the money advanced if unspent, or by the presentation of proper receipts and evidence of payment.
- 6.4.1 An organized and systematic way of handling liquidation documents, is essential. The End-user therefore, shall designate a focal personnel of permanent status appointment, that will be in-charge of methodically filing all official receipts and other pertinent liquidation documents.
- 6.4.2 The documentary requirements are:
- 6.4.2.1 Liquidation Report
  - 6.4.2.2 Report of Disbursement certified correct by the SDO
  - 6.4.2.3 Bills, delivery receipts, official receipts, cash invoices, sales invoices duly inspected by the Inspection and Pre-Acceptance Committee (IPC)
  - 6.4.2.4 Abstract
  - 6.4.2.5 Canvass from at least three suppliers for purchase involving One Thousand Pesos (Php1,000) and above, if applicable
  - 6.4.2.6 Official Receipt (OR) in case of Refund
  - 6.4.2.7 Certificate of Acceptance by the End-user
  - 6.4.2.8 Such other pertinent supporting documents as required by the nature of expense
- 6.4.3 The special cash advance shall be reported on and liquidated as soon as, but not later than thirty (30) days after the purpose for which it was given has been served.
- 6.4.4 Accountants must ensure the accuracy and correctness of data and submitted documentary requirements prior to booking of liquidation.

<sup>4</sup> (Sec. 42, Chapter 7, Title I (B), Book V, E.O. No. 292)

<sup>5</sup> As recommended by the COA Auditor in AOM No. 2018-21-101



- 6.4.5 The Accountants shall conduct regular monitoring and analysis of unliquidated cash advances to ensure that they are liquidated within the prescribed period according to nature and purpose.
- 6.4.6 The Accountant shall prepare the Schedule of Aging of Unliquidated Cash Advances on a monthly basis and determine the concerned accountable SDOs with unliquidated balances. They shall furnish the Director, Financial and Management Service with the Monthly Report.
- 6.4.7 For non-liquidation of cash advances, the sending of Notices, Reminders and Demand Letters must strictly be observed, to wit:

	<b>Signatory</b>	<b>Who Shall Send?</b>	<b>When to Send?</b>
Notice to End-Users to Liquidate Money Received	Director, Administrative Service	Concerned SDO	(5) working days after the receipt of cash advance
Demand Letter to End-Users to Liquidate Money Received	Director, Administrative Service	Concerned SDO	(15) working days after the receipt of cash advance
Demand Letter to End-Users to submit all liquidation documents	Director, Administrative Service	Concerned SDO	(15) working days after the culmination of special project/time-bound undertaking
Memorandum Withholding the End-User's Salary	Supervising Undersecretary for Administration	Concerned SDO	(10) working days after the receipt of Demand Letters without any Response/Action by End-user
Reminder to SDOs to Liquidate	Chief Accountant	Accounting Division	(10) working days before the expiration of the (30)-day period
Demand Letter to SDOs	Director, Financial and Management Service	Chief Accountant	after the given (30) calendar days period to liquidate

**SECTION 7. Administrative Liability and the Corresponding Penalty for Failure of the Accountable Officer to Liquidate Special Cash Advances Within the Prescribed Period.**<sup>6</sup> The failure of a public officer to have duly forthcoming any public funds or property with which he is chargeable, upon demand by any duly authorized officer, shall be prima facie evidence that he has put such missing funds or property to personal use.<sup>7</sup>

<sup>6</sup> Based on CSC MC No. 23, s.2019 re the Revised Guidelines on the Settlement of Cash Advance and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate Cash Advance Within the Prescribed Period  
<sup>7</sup> Article 217 of the Revised Penal Code

7.1 Failure of the Accountable Officer to refund the undisbursed fund and/or submit the liquidation report and supporting documents within the respective prescribed periods shall constitute a valid cause for the withholding of his/her salary.

7.2 An Accountable Officer (AO) shall be absolved of any administrative liability after formal demand by the State Auditor or Audit Team Leader if:

7.2.1 Full liquidation/settlement/payment of the subject cash advance is made within the prescribed period stated in the formal demand letter;

7.2.2 With a valid justification; and

7.2.3 No aggravating circumstances present as enumerated under Section 53 Rule 10, 2017 Rules on Administrative Cases in the Civil Service (2017 RACCS).

7.3 Absent such valid justification mentioned above, the Accountable Officer shall be liable for:

7.3.1 Simple Neglect of Duty

7.3.1.1 with penalty of suspension from the government service for a period of one (1) month and one (1) day:

7.3.1.1.1 if partial liquidation of not less than fifty percent (50%) of the total unliquidated cash advance was made within the prescribed period stated in the formal demand letter;

7.3.1.1.2 if Accountable Officer (AO) is able to present justifying circumstance explaining why only partial liquidation was made;

7.3.1.1.3 if AO has the intention of fully liquidating the cash advances such as by resorting to a salary deduction scheme; or executing a promissory note to pay the unliquidated portion of the cash advance;

7.3.1.2 Penalty of suspension from the government service for a period of three (3) months shall be imposed if:

7.3.1.2.1 Accountable Officer fails to present any justifying circumstance explaining why only partial liquidation was made; and

7.3.1.2.2 There are aggravating circumstances present and no mitigating circumstances from which aggravating circumstances may be offset.

7.3.2 Gross Neglect of Duty imposed with the penalty of dismissal from the service for the first offense if the Accountable Officer:

7.3.2.1 fails to make any liquidation, whether partial or full, of the cash advance within the prescribed period stated in the formal demand letter;

- 7.3.2.2 makes partial liquidation regardless of the amount, but failed to present any justifying circumstance and has no intention to fully liquidate; and
- 7.3.2.3 defaulted in the intention of fully liquidating the cash advance through salary deduction scheme or executing a promissory note to pay the unliquidated portion of the cash advance

**SECTION 8. Effectivity Clause.** This Memorandum Order shall take effect immediately. All Orders including DMO No. 2020-02 and other similar issuances inconsistent herewith are hereby revised, amended or modified accordingly.

For strict compliance.

**MARIA ANTONIA YULO LOYZAGA**

DRAFT