

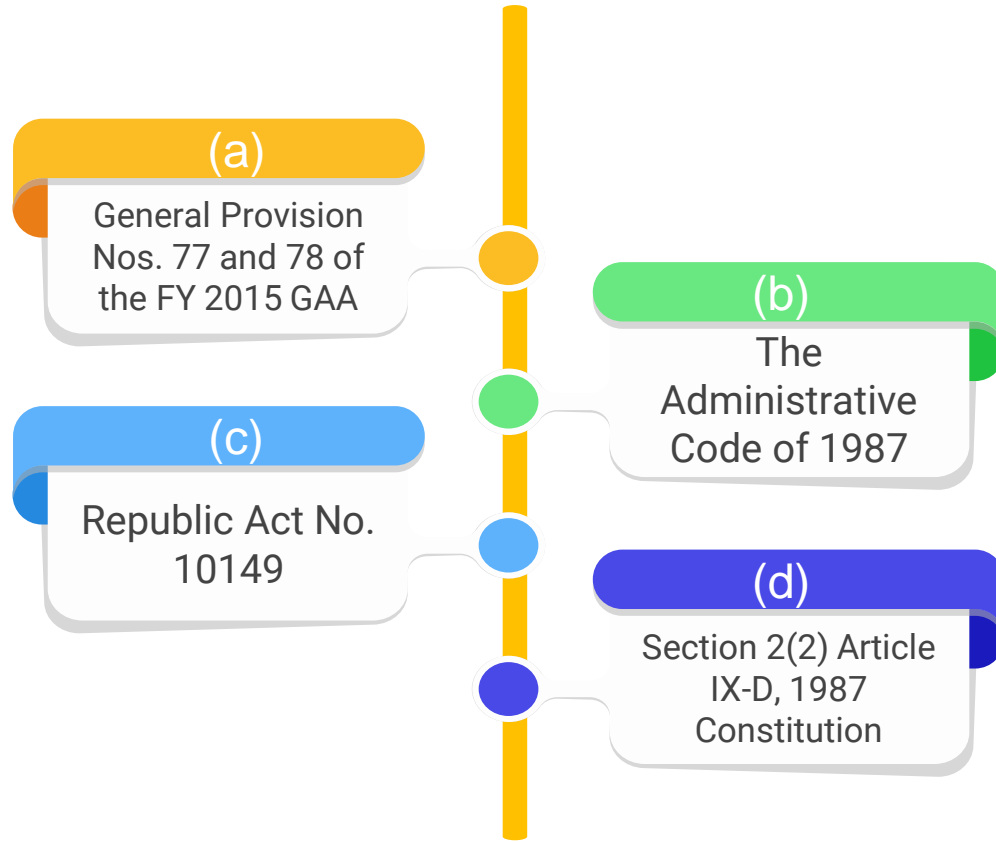
GUIDELINES ON THE ENTITLEMENT, RELEASE, USE, REPORTING AND AUDIT OF CONFIDENTIAL AND/OR INTELLIGENCE FUNDS

**COA-DBM-DILG-GCG-DND JOINT CIRCULAR No. 2015-01 dated
January 8, 2015**

ATTY. FAHAD D. MANGACOP, CPA



Legal Basis



Coverage:

GAA for the NGAs

Corporate Operating Budgets (COBs) of GOCCs, including their subsidiaries, falling under the regulatory jurisdictions of DBM and/or GCG

Appropriation ordinances of Local Government Units (LGUs).



Definition of Terms

Accountable Officers

refers to every officer of the government whose duties permit or require the possession or custody of government funds and property and who shall be accountable therefor and for the safekeeping thereof in conformity with laws and regulations.

Annual Investment Program

refers to the indicative yearly expenditure requirements of the LGUs' programs, activities, and projects to be integrated into the annual budget.

Head of the Agency

refers to the highest official of the NGA and LGU. In the case of GOCCs, however, and solely for purposes of this Circular, the HoA refers to the President and/or Chief Executive Officer, who is in-charge of the day to day operations of the corporation.



Definition of Terms

Cash Disbursement Record

refers to a record maintained by the Special Disbursing Officer (SDO) as herein defined showing the receipt, disbursement and balance of an agency's CF and/or IF at any one time.

Confidential Fund

refers to the lump-sum amount provided as such in the GAA for NGAs, in appropriation ordinances for LGUs, and in the COBs for GOCCs, for their Confidential Expenses.

Confidential Expenses (CE)

refer to those expenses pertaining/related to surveillance activities in civilian government agencies that are intended to support the mandate or operations of the agency.



Definition of Terms

Intelligence and Confidential Fund Audit Unit (ICFAU)

refers to the unit created under the Office of the Chairperson of the COA in charge of the audit of CF and IF.

Intelligence Fund

refers to the lump-sum amount provided as such in the GAA for NGAs

Intelligence Expenses (IE)

refer to those related to intelligence information gathering activities of uniformed and military personnel, and Intelligence Practitioners that have direct impact to national security



Definition of Terms

Peace and Order and Public Safety Plan

refers to the 3-year comprehensive and concerted action plan of an LGU that aims to attain a safe, secure, peaceful and progressive community

Physical and Financial Plan

Plan-refers to the plan' approved by the HoA, in the case of NGAs and LGUs and by the Board of Directors in the case of GOCCs, supporting the request for funds for CE and IE containing the estimated amount per project, activity and program



Definition of Terms

Peace and Order Programs (POP)

refers to any or a combination of the following programs, activities and projects which may be included as part of the Peace and Order and Public Safety Plan of an LGU so that these shall be eligible for funding of the CF:

A.

Crime prevention and law enforcement activities, (e.g. conduct of coordination meetings with partner agencies/ stakeholders, increase in police visibility, provision of equipage and/or logistical support for law enforcement agencies and conduct of awareness raising activities for the community);

B.

Aid and/or capability development for personnel of law enforcement agencies, and volunteers/partners;

C.

Programs for anti-illegal drug, illegal gambling, counter-insurgency and/or counter-terrorism, illegal logging, illegal mining, illegal fishing, smuggling and human trafficking.



General Guidelines:

4.1

The following are entitled to CF and/or IF:

4.1.1

NGAs which are expressly provided budget allocation for CF and/or IF under the GAA or other law/s;

4.1.2

GOCCs as provided in their COBs in respect only to CF as may be expressly authorized by the GCG under RA. No. 10149, and by the DBM for all other GOCCs; and

4.1.3

LGUs whose peace and order is a priority concern and which have duly allocated CF, but not IF, in their annual appropriation ordinances, provided, that, specific amount for POP is included in their Peace and Order and Public Safety Plan and, provided further, that there is a specific appropriation for POP in their annual budget. The computation of allowable CF of an LGU shall be based on the budget of the LGU's POP only.



General Guidelines:



4.2 All allocations of CF and/or IF shall be supported with a Physical and Financial Plan (Annex A) indicating the proposed amount allocated for each program, activity, and project, where disbursements pertaining to CE and IE shall be based.



4.3 For NGAs, the amount appropriated for CF shall be included among the items to be released comprehensively upon the approval of the GAA ,

- >utilization - approval of the Department Secretary concerned, or the HoA in the case of Constitutional Commissions and other bodies belonging to the Constitutional Fiscal Autonomy Group (CFAG).
- >releases for IF - prior approval of the President of the Philippines.



4.4 In the case a special provision in the GAA to use savings to augment its budget allocation for intelligence and counter intelligence activities,

- >approval of the President of the Philippines shall be secured by the agency prior to **release and disbursement** of such savings for such activities.



ANNEX A

PHYSICAL AND FINANCIAL PLAN (Confidential/Intelligence)

CY20

Department/Agency/LOU _____ Appropriation No. _____ Yearly CIF Approved Budget Appropriation: P

Programs, Activities and Projects (PAPs) Fund Source	Expected Outcome	QUARTERLY/MONTHLY PHYSICAL TARGETS							
		1st Quarter/Months of		2nd Quarter/Months of		3rd Quarter/Months of		4th Quarter/Months of	
		Physical Target	Budget (P)	Physical Target	Budget (P)	Physical Target	Budget (P)	Physical Target	Budget (P)
--									
Total									
Prepared by:		Noted by:				Approved By			
Project Accountable Officer Date		Finance Service/Budget Officer Date		Agency Head/Department Secretary/LCE Date					

General Guidelines:



4.5 For GOCCs, **release and utilization** of the CF shall require prior approval of the **President of the Philippines.**



4.6 For LGUs, **release and utilization** of the total CF shall be covered by a resolution duly approved by **two-thirds (2/3) of the total membership of the Local Peace and Council.**



4.7 For LGUs, in the event that **additional CF** in excess of the limitation is extremely necessary, additional appropriation supported with duly authorized supplemental budget **shall be approved by the Secretary of DILG.**





General Guidelines:

4.8 CF shall be used only for the following Confidential Expenses:

4.8.1 Purchase of information necessary for the formulation and implementation of program, activities **and projects relevant to the national security and peace and order;**

4.8.2 Rental of transport vehicle related to confidential activities;

4.8.3 Rentals and the incidental expenses related to the maintenance of safehouses;





General Guidelines:

4.8 CF shall be used only for the following Confidential Expenses:

4.8.4 Purchase or rental of supplies, materials and equipment for confidential operations that cannot be done through regular procedures without compromising the information gathering activity concerned;

4.8.5

Payment of rewards to informers (non-employee of concerned government agency) subject to the following conditions:

- Approval by the HoA in the case of LGUs and NGAs and approval by the Chairman of the Board in case of GOCC.
- Supported with documents evidencing the success of the information gathering and/or surveillance activities on account of the information given by the informer; and
- Directly related to the conduct of the specific confidential activities of authorized agencies.





General Guidelines:

4.8 CF shall be used only for the following Confidential Expenses:

4.8.6

Uncover/Prevent illegal activities that pose a clear and present danger to agency personnel/property, or other facilities and resources under the agency protection, done in coordination with the appropriate law enforcement agencies;

4.8.7

Others that may be authorized by the GAA or other special law/s.





General Guidelines:

4.9 Conduct of confidential activities shall, as far as practicable, be done with proper collaboration with any of the following law enforcement agencies:



PNP



AFP



PDEA

other agencies with law-enforcement functions.

Such collaboration, if undertaken, must be specified in the accomplishment report of the concerned agency.





General Guidelines:

4.10

IF shall be used only for the following Intelligence Expenses carried out by uniformed and military personnel, and Intelligence Practitioners:

- 4.10.1 Intelligence and counter intelligence activities that have direct impact to national security.
- 4.10.2 Special projects and case operation plans as approved by the HoA involving covert or semi-covert psychological internal security operation, and peace and order activities, as well as programs/projects/campaigns against lawlessness and lawless elements involving intelligence activities.





General Guidelines:

4.11

In no case shall CF or IF be used for:

4.11.1 Salaries, wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees who are employed by the ,government in whatever capacity or elected officials, except when authorized by law.

4.11.2 Representation, consultancy fees or entertainment expenses;
or

4.11.3 Construction or acquisition of buildings or housing structures.





General Guidelines:

4.12

Disbursements from CF shall be supported with documentary evidence of payment, among others, which shall be submitted to the ICFAU in a sealed envelope signed by the SDO.

4.13

Disbursements from IF shall be supported with documentary evidence of payment in a sealed envelope signed by the SDO, kept at all time in the vault in his office. The same may be inspected by the ICFAU or officers/personnel duly authorized in writing by the COA Chairperson if the circumstances so demand.





General Guidelines:

4.15 Disbursements from CF and IF shall be supported by Certification of the Accountable Officer of the CF or IF signed under oath (Annex B), containing the following:

4.15.1

That the certifying officer or employee is accountable for the disbursements from the cash advance of CF and/or IF;

4.15.2

That expenses were incurred in connection with the agency's intelligence and/or confidential operations and activities, with supporting documents attached to the liquidation for CF, and for the IF, documentary evidence of payment kept in a sealed envelope in the vault in the office of the SDO;





General Guidelines:

4.15 Disbursements from CF and IF shall be supported by Certification of the Accountable Officer of the CF or IF signed under oath (Annex B), containing the following:

4.15.3

That the details and supporting documents of transactions that are classified are in the custody of the agency and kept in its vault which may be inspected by ICFAU if the circumstances so demand;

4.15.4

That the funds are not used for payment of salaries and wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees, representation/ entertainment expenses, consultancy fees and construction or acquisition of buildings or housing structures;





General Guidelines:

4.15 Disbursements from CF and IF shall be supported by Certification of the Accountable Officer of the CF or IF signed under oath (Annex B), containing the following:

4.15.5

That the purchase of equipment (if there is any) is relevant to the confidential and/or intelligence activities; and

4.15.6

That the expenditures are necessary and utilized for legal purposes.



ANNEX B

CERTIFICATION

_____ Date

We hereby certify that the amount of _____
(P _____) was incurred by the undersigned in connection with PROJECT
_____ (File Code No.) from the cash advance drawn on
_____ in the amount of _____

We further certify that:

- a. The certifying officer or employee is accountable for the disbursement from the cash advance of CF and/or IF;
- b. The expenses were incurred in connection with the agency's intelligence and/or confidential operations and activities, with supporting documents attached to the liquidation for CF and for the IF, documentary evidence of payment kept in a sealed envelope in the vault in the office of the SDO;
- c. The details and supporting documents of transactions that are classified are in the custody of the agency and kept in its vault which may be inspected by ICFAU if the circumstances so demand;
- d. The funds are not used for payment of salaries and wages, overtime, additional compensation, allowance or other fringe benefits of officials and employees, representation/ entertainment expenses, consultancy fees and construction or acquisition of buildings or housing structures;
- e. The purchase of equipment is relevant to the confidential and/or intelligence activities; and,
- f. The expenditures are necessary and utilized for legal purposes.

PROJECT ACCOUNTABLE OFFICER/SDO

Attested:

HEAD OF THE AGENCY/
GOVERNOR/MAYOR

Subscribed and sworn to me this ___ of ___, 20___

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Name and Signature





General Guidelines:

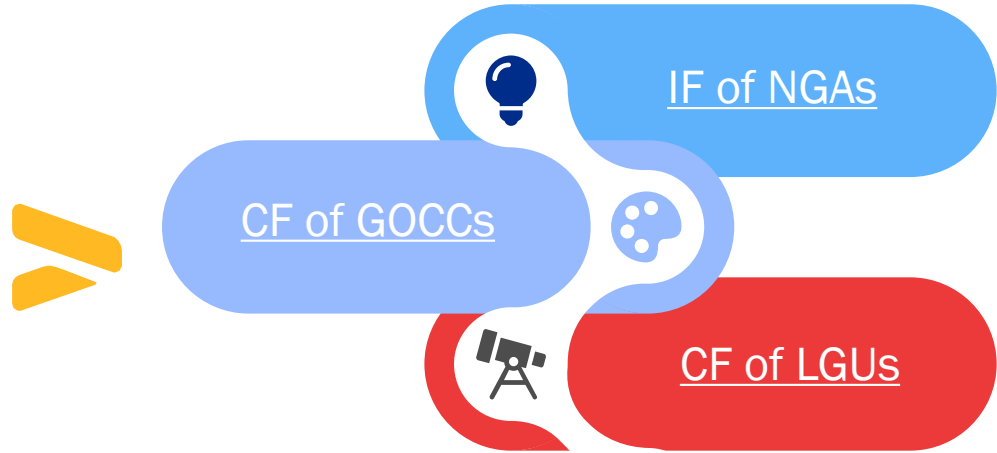
4.16

In case of misuse of IF/CF, and depending on the participation in the transaction, the Budget Officer, Chief Accountant, the Treasurer and Project Officer may likewise be held accountable with the SDO.



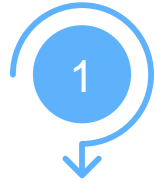
Procedural Guidelines

Release, Augmentation and Additional IF/CF





IF of NGAs



IF, including amounts from savings authorized by special provisions to be used for intelligence and counter intelligence activities, shall be released only **upon approval of the President** of the Philippines.



Upon approval of the GAA, the HoA of the department/ agency concerned shall **submit to the DBM a Special Budget Request(SBR)**.



DBM shall **endorse the SBR of the agency to Office of the President (OP)** for approval. The submission shall include the IF allocation for the project/purpose under the agency specific budget in the GAA and reflected in the Physical and Financial Plan.



In **augmentation** of IF by the use of savings, as authorized by law, the agency **shall first submit a request** for augmentation of funds to the **Office of the President** for approval.





CF of GOCCs

5.1.2.1

In the case of GOCCs covered by R.A. No. 10149, before any GOCC can allocate CF in its COB, it must **first obtain clearance from the GCG**, to justify the provision of CF in its COB. For this purpose, the GOCC shall submit to the GCG the following:

a



Position paper on how its mandate meets the legislative standards warranting the allocation of CF.

b



Physical and Financial Plan containing the program, activities and projects to be funded with the CF, with corresponding estimated amount.



5.1.2.2

The effectivity of the clearance from GCG shall be for one (1) year, coterminous with the period of the COB. Its effectivity, however, may be terminated earlier if:



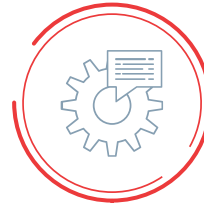
A

Revoked by
the GCG;



B

The
mandate of
the GOCC
changes; or



C

The factual
premise of
the clearance
changes.



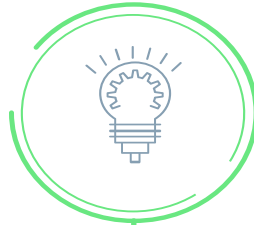
5.1.2.3

Upon approval by the GOCC Board, the Chairman of the Governing Board of the concerned GOCC shall submit to the DBM the COB incorporating the allocation of CF, supported with the following documents:



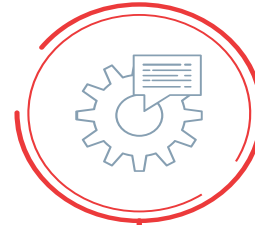
A

GCG Clearance when applicable;



B

Physical and Financial Plan, with corresponding estimated amount and additional details that may have arisen since the GOCC's application with GCG for clearance;



C

Other supporting documents the GOCC deems necessary for the proper evaluation of its request.



5.1.2.4

DBM shall evaluate the proposed amounts and recommend the same to the President of the Philippines for approval, subject to modifications that DBM deems necessary.





CF of LGUs



LGUs with peace and order concerns shall allocate in their respective Annual Appropriations Ordinance funds for POP, as part of its Peace and Order and Public Safety Plan.

The total amount for CF shall not exceed thirty percent (30%) of the total annual amount allocated for the LGU's POP.



The release and use of CF shall be covered by a Resolution duly approved by two-thirds (2/3) of the total membership of the Local Peace and Order Council.



LGUs shall secure Certification from the concerned PNP Chief in their locality relative to the peace and order situation highlighting in concrete details the circumstances which require the urgency in allocating CF



Additional CF shall be covered with a supplemental budget authorized by the Sanggunian concerned, the source of which shall not come from 20% Development Fund of the LGU.



5.1.3.5

Request for additional CF in excess of the ceiling provided in 5.1.3.1 shall be filed with the concerned DILG Field Officer justifying the need thereof supported with the following documentary requirements:

Duly approved Three-Year Peace and Order and Public Safety Plan;



A



Annual and Supplemental Appropriations Ordinance indicating the appropriations for CF;

Certification from the Budget Officer as to the availability of appropriations;



D

Certifications from the concerned PNP Chief in their locality relative to the peace and order situation highlighting in concrete details the circumstances which require the urgency in allocating funds for

Physical and Financial Plans for both the original allocation for CF and the subject request.



E

Certification of Full Disclosure Policy (FDP) compliance.



5.1.3.6

Upon review of the documents and field-verification of the circumstances as to the need to allocate additional CF, the DILG Regional Office shall forward the request within five (5) days to the Director of the Bureau of Local Government Supervision (BLGS) for further evaluation. The Director of the BLGS shall submit his or her recommendation to the Secretary of the DILG, who shall approve or disapprove the request.



Reporting Requirements

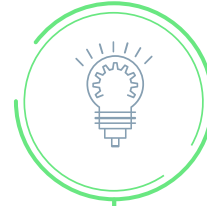
5.2 To strengthen accountability, all HoAs of NGAs, LGUs and GOCCs which released CF and/or IF shall submit Quarterly Accomplishment Report on the use of CF and IF (Annex C), which must be duly certified by the HoA, not later than the 15th day of the first month of the succeeding quarter, as follows:



5.2.1.1

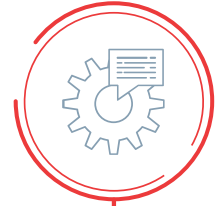
NGAs - to the President of the Philippines, in the case of IF and to the President of the Philippines, the Senate President, and Speaker of the House of Representatives; and to the Department Secretary in the case of CF;

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5.2.1.2

GOCCs - to the President of the Philippines, through the Governance Commission for GOCCs (GCG), the Senate President, and Speaker of the House of Representatives;



5.2.1.3

LGUs - to the Secretary of the DILG.



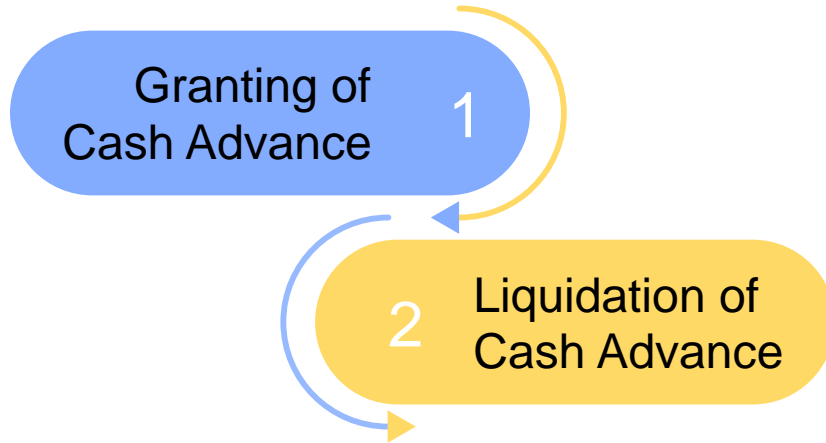
ANNEX C

⊕ (Form applicable to NGA/GOCC/LGU)

Annex C					
ACCOMPLISHMENT REPORT UTILIZATION OF CONFIDENTIAL AND INTELLIGENCE FUNDS					
Agency:	(Please check one)			AR No.	
	D	Monthly Progress			
Period Covered:	Q	Quarterly		AR Date:	
Total Amount of CF/IF Per Budget CY 20_ P	Total Amt of Cash Advance for the Period: P _____				
Program/Project/Activities Per Physical & Financial Plan (Form in Annex C)	Actual Outcome/Accomplishment	Amount Utilized	Limiting Factor	Facilitating Factor	Reference*
	Summary:				
	Amount this Quarter	P			
	Cumulative 1st Quarter to End of this Quarter	P			
Prepared by:			Approved By:		
Signature Over Printed Name			Signature Over Printed Name		
Designation	Date	Designation		Date	
<small>* for confidential expenses - state available document attached as evidence of payment * for intelligence - documents on file with the SDO Prepared By: (Special Disbursing Officer); Approved By: (Local Chief Executive)</small>					



Guidelines on the Grant and Liquidation of Cash Advance for CF and/or IF and the Audit thereof





Granting of Cash Advance



6.1.1

Cash advances shall be used for specific legal purpose related to CF and/or IF. Under no circumstance shall it be used for liquidation of the previous cash advance or be transferred from one accountable to another.



6.1.2

Cash advances for CF and/or IF shall be drawn by duly designated and bonded SDOs or HoA for the implementation of a program, activity, and project chargeable to the corresponding CF and/or IF of the agency, upon approval of the HoA. In no case shall cash advance for CF and/or IF be utilized as reimbursement of the expenses prior to the granting of cash advance.



6.1.3

The cash advance shall not exceed the maximum cash accountability of the SDO/HoA as indicated in his/her designation order and approved bond application.





Granting of Cash Advance



Cash advances chargeable against the CF and IF of agencies shall not exceed the appropriation therefor and the ceilings as specified herein.



Cash advances shall be limited to the requirements for three (3) months. If on the other hand cash advances are drawn monthly, liquidation shall also be done monthly.

Cash advances shall be granted only upon the certification of the Agency Accountant stamped or printed on the disbursement voucher (DV) that previous cash advance for the same purpose, project or activity given to the SDO requesting cash advance has been liquidated



No transfer of funds/appropriation through cash advances or any form of payment from one agency to another for purposes of confidential and intelligence activities shall be allowed.



6.1.7

The following are the required documents to support the DV for the grant of cash advance for CF and IF common to NGAs, GOCCs and LGUs:



a. Certified copy of the designation of the SDO. If the HoA is the SDO, a Certification by the HoA to that effect shall be signed by him/her;



b. Certified copy of the approved application for fidelity bond together with a copy of the Official Receipt (OR) evidencing payment of premium or List of Accountable Officers with Approved Bond issued and duly certified by the Bureau of Treasury;



c. Certified copy of the transmittal letter of the LR of the previous cash advances duly stamped "received" by the ICFAU, COA and certification of the Accountant that the SDO has no unliquidated CF/IF cash advances;



6.1.7

The following are the required documents to support the DV for the grant of cash advance for CF and IF common to NGAs, GOCCs and LGUs:



d. Original specimen signatures of signatories to DV and Obligation Requests (ObR)



e. Certified copy of the Physical and Financial Plan where disbursements of the cash advance of the CF/IF shall be based; and



f. Certified copy of the annual budget bearing approval of proper authorities concerned except for NGAs whose budget is reflected in the GAA;.

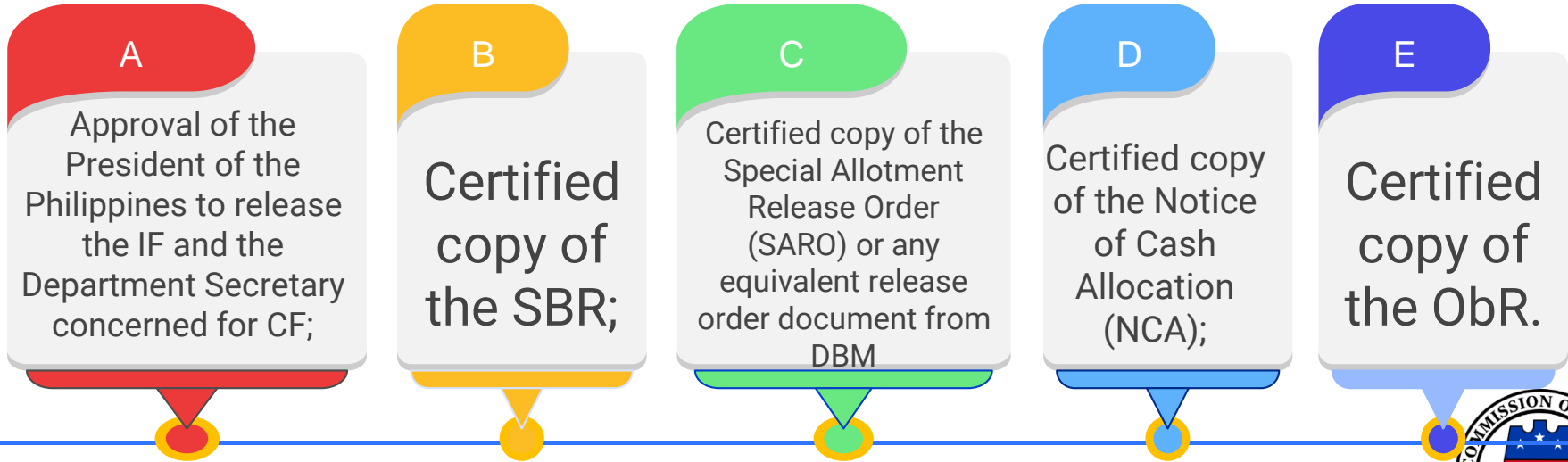


6.1.8

In addition to those mentioned in 6.1.7, the following are the required documents to support DV for the grant of cash advance for CF and IF for a specific sector;



For NGAs:





For GOCCs:

A

Approval of the President of the Philippines to release the CF except for Bangko Sentral ng Pilipinas;

B

Copy of the GCG or Clearance

C

Certified copy of the DBM approved COB/Supplemental COB, showing the approved budget for CF.





For LGUs:

A

Certified copy of Annual/Supplemental Budget supported with the AIP showing the allocation/budget for POP of the LGU, and the corresponding Appropriation Ordinance approving the budget;

B

Statement of Itemized POP of the LGU where the allowable CF was computed duly certified by the Budget Officer;





For LGUs:

C

Certified copy of the minutes of the meeting evidencing the 2/3 votes of the Local Peace and Order Council approving the POP and the release of the CF;

D

Certification from the concerned PNP Chief in the locality highlighting the peace and order situation in the locality and supporting the need to release and use the CF;





For LGUs:

E

Approval by the DILG Secretary in case of additional appropriation for CF; and,

F

Certified copy of the ObR.



6.1.8.4

Within seven (7) days after release of check, the cash advance voucher with covering transmittal letter (Annex D) enumerating the supporting documents shall be submitted by the Agency Accountant or authorized representative in a sealed envelope, to the concerned COA Audit Team Leader (COA ATL) for post audit.



ANNEX D

(Proforma transmittal Letter)

Name of Agency _____

Date

The Audit Team Leader
(Agency)

Dear Sir/Madam

We are submitting the herein documents relative to the cash advance drawn for Confidential/Intelligence Fund of this agency in the amount of P _____ for the period _____ by (name of SDO) as follows:

- ___ a. Certified Copy of the Physical and Financial Plan
- ___ b. Certified copy of the designation of the SDO. If the HOA is the SDO, a Certification by the HOA to that effect shall be signed by him/her
- ___ c. Certified copy of the approved application for fidelity bond together with a copy of the Official Receipt (OR) evidencing payment of premium or List of Accountable Officers with Approved Bond issued and duly certified by the Bureau of Treasury
- ___ d. Certified copy of the transmittal letter of the LR of the previous cash advances duly stamped "received" by the ICFAU, COA and certification of the Accountant that the SDO has no unliquidated CF/IF cash advances;
- ___ e. Original specimen signatures of signatories to DV and Obligation Requests (OBR) in case of NGAs and LGUs;

Additional requirements for specific Sector

For NGAs:

- ___ e. Approval of the President of the Philippines to release the IF and the Department Secretary concerned for. CF
- ___ f. Certified copy of the SBR
- ___ g. Certified copy of the Special Allotment Release Order (SARO) or any equivalent release order document from DBM

- ___ h. Certified copy of the Notice of Cash Allocation (NCA)
- ___ i. Certified copy of the OBR.

For GOCCs:

- ___ j. Approval of the President of the Philippines to release the CF except for ~~Banko Sentral ng Pilipinas~~
- ___ k. Certified copy of the GCG or Clearance
- ___ l. Certified copy of the DBM approved COB/Supplemental COB, showing the approved budget for CF.

For LGUs

- ___ m. Certified copy of Annual/Supplemental Budget supported with the AIP showing the allocation/budget for POP of the LGU, and the corresponding Appropriation Ordinance approving the budget
- ___ n. Statement of itemized POP of the LGU where the allowable CF was computed duly certified by the Budget Officer
- ___ o. Certified copy of the minutes of the meeting evidencing the 2/3 votes of the Local Peace and Order Council approving the POP and the release of the CF
- ___ p. Certification from the concerned PNP Chief in the locality highlighting the peace and order situation in the locality and supporting the need to release and use the CF
- ___ q. Approval by the DILG Secretary in case of additional appropriation for CF.
- ___ r. Certified copy of the OBR.

s. Others:

- ___ s.1 _____
- ___ s.2 _____
- ___ s.3 _____

Please acknowledge receipt hereof.

Very truly yours,

(i-lead of Agency)





Liquidation of Cash Advance

Liquidation of cash advance for CF and IF shall be audited by the ICFAU.





Liquidation of Cash Advance

6.2.2 All cash advances for CF and IF shall be liquidated within 30 days after every quarter, or from the approved target date of completion of the project activity, or after the cash advance had been fully utilized whichever comes first in accordance with the following procedures:

6.2.2.1 Submission of the Liquidation Report (LR) (Annex E) duly signed by the HoA or SDO approved by the HoA, together with the supporting documents and listed in the covering transmittal letter of the LR. These shall be submitted directly to the ICFAU in a sealed envelope with a visible label "CONFIDENTIAL - For ICFAU Only" through any of the following:


- a. registered mail
- b. courier
- c. authorized liaison officer



ANNEX E

(Form applicable to NGA/GOCC/LGU)

Annex E

LIQUIDATION REPORT		No: _____
_____ Agency		Date: _____
		Resp. Center Code: _____
Particulars	Amount	
Total Amount Spent		_____
Amount of Cash Advance Per DV No. Dtd		_____ -
Amount Refunded Per OR No. Dtd		_____ -
Amount to be Reimbursed		_____
Certified: Correctness of the above data	Certified: Purpose of cash advance duly accomplished	 Certified: Supporting documents complete and proper
Claimant	Immediate Supervisor	Head, Accto Unit or SDO





Liquidation of Cash Advance

6.2.2 All cash advances for CF and IF shall be liquidated within 30 days after every quarter, or from the approved target date of completion of the project activity, or after the cash advance had been fully utilized whichever comes first in accordance with the following procedures:

6.2.2.2 The agency liaison officer's authorization by the HoA must be presented to the receiving staff designated by the ICFAU.





Liquidation of Cash Advance

6.2.2 All cash advances for CF and IF shall be liquidated within 30 days after every quarter, or from the approved target date of completion of the project activity, or after the cash advance had been fully utilized whichever comes first in accordance with the following procedures:

6.2.2.3 The ICFAU authorized receiving staff shall open the sealed envelope in front of the liaison officer to verify completeness of the documents stated in the covering transmittal letter (Annex F). If incomplete, the ICFAU authorized receiving staff shall not stamp "received" and shall return the documents in a sealed envelope signed by the ICFAU staff.



ANNEX F

Name of Agency

Date

The Honorable Chairperson
Commission on Audit
Quezon City

Attention: **The Head**
Confidential and Intelligence Funds Audit Unit

Dear Chairperson:

We are submitting the herein documents relative to the liquidation of the cash advance drawn for Intelligence/Confidential Fund of this agency in the amount of P _____ for the period _____ by (name of SDO) as follows:

- ___ 1. Liquidation Report
- ___ 2. Certified photocopies of the check and paid DV of the cash advance being liquidated signed and/or approved by the HoA
- ___ 3. Documentary evidence of payments and Certification by the HoA
- ___ 4. Copy of the supporting documents attached to the cash advance for the CF or IF as submitted to the ATL as follows:
 - ___ a. Certified copy of the designation of the SDO. If the HoA is the SDO, a Certification by the HoA to that effect shall be signed by him/her
 - ___ b. Certified copy of the approved application for fidelity bond together with a copy of the Official Receipt (OR) evidencing payment of premium or List of Accountable Officers with Approved Bond issued and duly certified by the Bureau of Treasury
 - ___ c. Certified copy of the transmittal letter of the LR of the previous cash advances duly stamped "received" by the ICFAU, COA and certification of the Accountant that the SDO has no unliquidated CF/IF cash advances;
 - ___ d. Original specimen signatures of signatories to DV and Obligation Requests (ObR) in case of NGAs and LGUs;



ANNEX F

- _____ 5. Certified Copy of the Physical and Financial Plan
- _____ 6. Certified copy of the Accomplishment Report and its proof of submission to:
 - _____ a. For NGAs - President of the Philippines in the case of IF and the President of the Philippines, the Senate President and the Speaker of the House of Representative and to the Department Secretary in case of CF.
 - _____ b. For GOCCs - President of the Philippines (through the Governance Commission for GOCCs pursuant to R.A No. 10149}, the Senate President and the Speaker of the House of Representative
 - _____ c. For LGUs - to the Secretary of the DILG
 - _____ d. Others:
 - _____ d.1 _____
 - _____ d.2 _____
 - _____ **d.3** _____

Please acknowledge receipt hereof.

Very truly yours,

(Head of Agency)





Liquidation of Cash Advance

6.2.2 All cash advances for CF and IF shall be liquidated within 30 days after every quarter, or from the approved target date of completion of the project activity, or after the cash advance had been fully utilized whichever comes first in accordance with the following procedures:

6.2.2.4A copy of the transmittal letter, duly received by the ICFAU authorized staff, shall be forwarded by the liaison officer to the Agency Accountant and the COA ATL concerned. Upon receipt of said transmittal letter, the Agency Accountant shall record the liquidation of the cash advance in the books of accounts.





Liquidation of Cash Advance

6.2.2 All cash advances for CF and IF shall be liquidated within 30 days after every quarter, or from the approved target date of completion of the project activity, or after the cash advance had been fully utilized whichever comes first in accordance with the following procedures:

6.2.2.5 In case of LR received by ICFAU thru mail, the "Received" copy shall immediately be sent to the concerned agency within five (5) days upon its receipt.





Liquidation of Cash Advance

6.2.2 All cash advances for CF and IF shall be liquidated within 30 days after every quarter, or from the approved target date of completion of the project activity, or after the cash advance had been fully utilized whichever comes first in accordance with the following procedures:

6.2.2.6 In case ND is issued by ICFAU after post audit of the liquidation of the cash advance, the Agency Accountant shall restore in the books of accounts the cash advance corresponding to the amount of disallowance and shall form part of the unliquidated cash advance of the SDO/HoA.

6.2.2.7 All cash advances for CF and/or IF shall be liquidated at year-end.





Liquidation of Cash Advance

6.2.3 The liquidation of cash advances for CF and/or IF shall be supported by the following documentary requirements:

6.2.3.1 Liquidation Report (Annex E);

6.2.3.2 Certified copy of the check and paid DV of the cash advance drawn for CF and or IF being liquidated signed and/or approved by the HoA with certification by the Agency Accountant stamped or printed on the DV pursuant to Sec. 6.1.5 hereof;





Liquidation of Cash Advance

6.2.3 The liquidation of cash advances for CF and/or IF shall be supported by the following documentary requirements:

6.2.3.3 Documentary evidence of payments and Certification by the HoA, required under Sections 4.12, 4.13, 4.14 and 4.15 hereof;

6.2.3.4 Copy of the Physical and Financial Plan;

6.2.3.5 Copy of the Accomplishment Report and its proof of submission to the concerned agencies.





Liquidation of Cash Advance

6.2.3 The liquidation of cash advances for CF and/or IF shall be supported by the following documentary requirements:

6.2.3.6 Copy of the transmittal letter of the DV and supporting documents pertaining to the cash advance being liquidated duly stamped "Received" by the office of the COA-ATL; and

6.2.3.7 Other supporting documents the ICFAU deems necessary for the proper evaluation of liquidation documents submitted.





Responsibilities:

Head of the Agency

- a. In his/her discretion, assume the responsibility as SDO of the IF/CF of his or her agency, or designate a regular/permanent employee of the agency for that purpose;
- b. Approve the cash advances for CF or IF and oversee its agency-wide use and disposition;





Responsibilities:

Head of the Agency

- c. Institute and maintain sound and effective internal control measures to discourage and prevent irregular, unnecessary, excessive, extravagant and unconscionable expenditures as well as promote prudence in the use of government resources by those involved in the intelligence and/or confidential operations;





Responsibilities:

Head of the Agency

- d. Approve the LR of the cash advances for CF and IF;
- e. Approve and transmit a quarterly accomplishment report on the use of IF to the President of the Philippines, and on the use of CF to the President of the Philippines, the Senate President, Speaker of the House of the Representatives, or to the Secretary of the DILG, as the case may be;





Responsibilities:

Head of the Agency

- f. Ensure the submission by the Agency Accountant of all DV for CF and IF cash advance, with complete required supporting documents to the concerned COA ATL within (7) working days from release of the check, as well as the liquidation thereof in accordance with Section 6.2 of this Joint Circular; and
- g. Ensure compliance with this Circular and related issuances of government oversight bodies on CF and IF;





Responsibilities:

Special Disbursing Officer

- a. Disburse the CF and IF in accordance with the provisions of this Circular;
- b. Maintain separate records of all transactions in CDR for CF and IF and retain a certified photocopy/duplicate copy of required supporting documents and reports on the utilization of CF and IF;





Responsibilities:

Special Disbursing Officer

- c. Prepare and submit to the HoA, for approval, the LR and progress reports of the cash advances and the quarterly accomplishment report on the use of C/IF; and
- d. Prepare and submit to ICFAU the LR of cash advances supported with documentary requirements in accordance with this Joint Circular.





Responsibilities:

Agency Accountant

- a. Ensure that the amount of CE and IE will not exceed the authorized funds provided for the CF and IF;
- b. Ensure that the amount of CF and IF handled by the HoA/SDO will not exceed the maximum cash accountability covered by the fidelity bond;
- c. Record the cash advance in the books of accounts and maintain a separate subsidiary record of cash advances solely for CF and IF per SDO;





Responsibilities:

Agency Accountant

- d. Submit all DVs for cash advance for intelligence and confidential activities/projects, with complete required supporting documents, within seven (7) working days from release of the check to the COA ATL concerned in a sealed envelope with a visible label "CONFIDENTIAL - For the COA ATL Only" and with a covering transmittal letter enumerating the submissions;





Responsibilities:

Agency Accountant

- e. Record the liquidation in the books within five days after the receipt of the copy of the transmittal of documents duly acknowledged by the ICFAU. He shall submit the corresponding Journal Entry Voucher (JEV) to the COA ATL; and
- f. Ensure that the amount subject of ND is restored in the books of accounts upon receipt of the said notice from ICFAU.





Responsibilities:

COA Chairperson

- a. Conduct post audit of the liquidations of disbursements from the cash advances for the CE and IE of government agencies;
- b. Retain for safekeeping all liquidation reports and supporting papers;
- c. Maintain and update a record of the cash advances and their liquidations pertaining to CE and IE for each individual AO and for each agency;





Responsibilities:

COA Chairperson

- d. Issue an AOM, NS or ND addressed to the HoA as may be warranted in accordance with the RRSA or COA Circular No. 2009-006 dated Septemebr 15, 2009 and any subsequent amendments thereof;
- e. Keep records of all AOM/NS/ND issued to the HoA including the NFD and COE, in the event of failure to settle the disallowance; and





Responsibilities:

COA Chairperson

- f. Provide the concerned ATL and the Agency Accountant with a copy of the AOM, NS and ND issued in relation to the post-audit of the liquidation of cash advances for CF and IF.





Responsibilities:

The Audit Team Leader

- a. Verify the completeness of the supporting documents attached to the DV of the cash advance for CF and/or IF contained in confidential envelope per transmittal letter submitted by the Agency Accountant. He or his authorized representative shall open the sealed envelope in front of the Agency Accountant or his representative. If found incomplete, the ATL or his representative shall not stamp "received" and shall return the cash advance documents in a sealed envelope signed by the COA ATL authorized staff.





Responsibilities:

The Audit Team Leader

- b. Ensure that the submitted DV and supporting documents have been post-audited within fifteen (15) days from receipt from the Agency Accountant in accordance with the RRSA;
- c. In the post audit of the cash advance for CF and IF, the COA ATL shall be guided by this Joint Circular and, among others, the provisions of the GAA, charter of the GOCC, issuances of DILG, COA and other oversight agencies, and other pertinent laws, rules and regulations;





Responsibilities:

The Audit Team Leader

- d. Maintain and update a record for each SDO per agency of the cash advances and their liquidations pertaining to CF and IF; and
- e. Submit to the Office of the Chairperson, COA, Attention: ICFAU a Report of Submission of Cash Advance for CE and IC and results of Audit thereof (Annex G) containing the status of the audit, including copy of the AOM, NS and ND issued, if any, on or before the 5th day of each month. Submission during a given/reported month which have not been audited yet, or when an AOM/NS/ND was issued shall continuously be reported until such month that post audit has been completed or the AOM/NS/ND has been settled.



ANNEX G

Report on the Submission of Cash Advance for Confidential and Intelligence Expenses and Results of Audit Thereof

Name of LGU/NGA/GOCC

Total CIF for 20 :P

DVNo.	Date of Check	Special Disbursing Officer/Payee	Nature of cash Advance (Confidential/Intelligence)	Period Covered	Amount	Results of Audit* (Please Check)			Number	Date
						AOM	NS	ND		

* Copy attached

Prepared By:

Certified Correct:

Date: Designation

Date: Audit Team Member



7.0 Handling, Custody and Disposition of the Cash Disbursement Record (CDR)

7.1 The appointed or designated SDO shall maintain a CDR as required in the New Government Accounting System (NGAS) Manual.

7.2 The SDO shall record each invoice/ receipt/ voucher individually, or the total disbursements for the day depending on the volume of the transactions;





7.0 Handling, Custody and Disposition of the Cash Disbursement Record (CDR)

7.3

The SDO shall reconcile the balance of the CDR with cash on hand daily. He shall foot and close the CDR and reconcile with the cash on hand balance at the end of each month;

7.4

The CDR shall be kept in the safe or steel cabinet with lock in the office of the SDO when not in use. It may be taken out from his custody only by the ICFAU or a duly authorized representative or an official duly authorized by the HoA, who shall issue necessary receipt thereof;





7.0 Handling, Custody and Disposition of the Cash Disbursement Record (CDR)

7.5

When the SDO ceases to be one, he shall submit the CDR together with files of the proof of payments in a sealed envelope with his signature on the sealing tape to the Agency Accountant or the Treasurer (for LGUs) who shall place the same in the vault. Such turnover shall be evidenced by a receipt. No clearance shall be issued to an SDO if he fails to submit the CDR, or if the requirements for handling, custody, recording and reconciliation have not been faithfully complied with;

7.6

The CDR shall be available to the ICFAU or a duly authorized representative of the COA Chairperson at any time for examination.



8.0 Administrative Provisions/Penal Sanctions

8.1

It shall be the duty of the officials or employees concerned to comply with the requirements of this Circular. Failure or refusal to do so without justifiable cause shall constitute a ground for administrative disciplinary action as well as disallowing the cash advance granted.

8.2

The preceding section is without prejudice to the filing of appropriate criminal charges under existing laws against the erring officials or employees.

8.3

Failure of the AO to liquidate any public funds for which he is accountable, upon demand by any duly authorized officer, shall be prima facie evidence that he has put such missing funds or property to personal use and benefit. (Antonio C. Martinez vs. People of the Philippines and the Sandiganbayan, G.R. No. 126413, 20 August 1999).



Thank you!

