

OVERVIEW OF CASH MANAGEMENT AND CONTROL SYSTEM



Rules and Regulations on the Proper Handling and Custody of Government Funds

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Commission on Audit

Iloilo Convention Center
November 12, 2025

Section 2 Declaration of Policy. All resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguard against loss or wastage through illegal or improper disposition with a view to ensuring efficiency, economy and effectiveness in the operations of government.

**STATE AUDIT
CODE
OF THE
PHILIPPINES**

P.D. 1445





INTERNAL CONTROL is an integral process that is effected by an agency's management and personnel, and is designed to address risks and provide reasonable assurance that in pursuit of the agency's mission, the general objectives are being achieved.

[Internal Control Standards for the Philippine Public Sector (ICSPPS)]



INTERNAL CONTROL SYSTEM



It refers to an agency's whole system or network of methods, procedures, and plans which govern its activities to accomplish its goals and objectives.

[Internal Control Standards for the Philippine Public Sector (ICSPPS)]



*Article XI, Section 1 of the
1987 Constitution of the
Philippines*

CASH MANAGEMENT

The proper handling, custody, and control of government funds to ensure sufficient liquidity while maintaining financial integrity.



KEY PLAYERS OF GOVERNMENT FUNDS

Head of Agency

The highest official in any government agency who is **immediately** and **primarily** **responsible** for all government funds and property pertaining to the agency.



Accountable Officers

Are officers whose duties permit or require the **possession/custody** of government funds or property, and its **safekeeping** in conformity with the law.

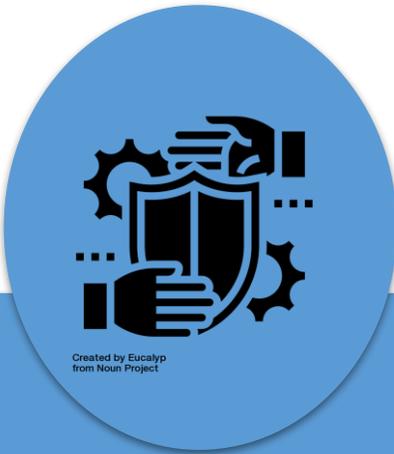
[Sec. 101 (1), PD 1445];
Section 340 of Republic Act 7160.



RESPONSIBILITY

Refers to the state of being answerable for the **discharge of a duty.**

[Nation's Journal Special Issue, April 27, 1980 Vol. 11, No. 4, p. 27]



ACCOUNTABILITY

Refers to the answerability of every public officer, whose duties permit or require the possession or custody and safekeeping of government funds or property.

[Sec. 4.2 of COA Cir. 2009-06]



LIABILITY

Is comprehensive and embraces all **obligations** which a person is bound to discharge or meet either in **law** or in **equity.**

RESPONSIBILITY

Head of Agency

Shall exercise the diligence of a good father of a family in supervising AO



Accountable Officers

Shall exercise the diligence of a good father of a family in the safekeeping of government funds or property





ACCOUNTABILITY

Head of Agency

All government funds and property pertaining to the agency

(Sec. 102, P.D. No. 1445)



Accountable Officers

Government funds or property, whether in actual or constructive possession or custody

(Sec. 101, P.D. No. 1445; Section 50, Chapter 9, Subtitle B, Book V, Executive Order (E.O.) No. 292)





LIABILITY

Head of Agency

If there is a clear showing of bad faith, malice or gross negligence.



Accountable Officers

For all losses resulting from the unlawful deposit, use, or application of funds.



. (Sec. 105(2), P.D. No. 1445)



LIABILITY

Head of Agency

Neglects to perform a duty within a period fixed by law, shall be liable for damage to the private party concerned without prejudice to such another liability as may be prescribed by law.



Accountable Officers

For all losses attributable to negligence in the keeping of the funds.



. (Sec. 105(2), P.D. No. 1445)



LIABILITY

Head of Agency

Is not liable for the wrongful acts, unless he has actually authored by written order the specific act or misconduct complained.



Accountable Officers

Is not liable if prior to that act, he notified the superior officer in writing of the illegality of the payment, application, or disposition.



. (Sec. 106, P.D. No. 1445)

BONDING OF ACCOUNTABLE OFFICERS

- Section 101 of PD 1445 Accountable Officers; bond requirement
- Treasury Circular (TC) No. 02-209 dated April 25, 2019 *Revised Omnibus Regulations Governing the Fidelity Bonding of Accountable Public Officers (Sec. 313-335 Chapter 15, Revised Administrative Code of 1917)*, as amended by TC No. 4-2021 dated November 29, 2021, and TC No. 1-2022 dated May 30, 2022



BUDGET PROCESS



- Budget Preparation
- Budget Legislation
- Budget Execution/ Implementation
- Budget Accountability Review

NGAs



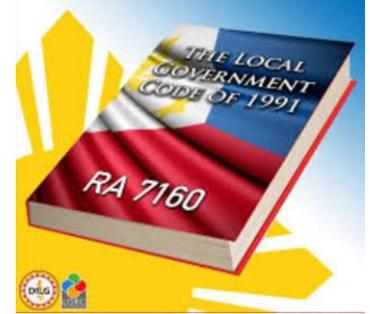
Consolidated by the Local Finance Committee headed by Local Treasurer and forwarded to the Sanggunian. After deliberation the budgets are approved which now become the appropriation law.

LGUs



The budget authorization is lodged with their respective governing boards and budget review by the DBM and/or GCG.

GOCCs



INTERNAL CONTROLS ON COLLECTIONS AND RECEIPTS

Sec 68 (1), PD 1445

No payment of any nature shall be received by a collecting officer **without immediately issuing an official receipt** in acknowledgment thereof

Sec 69 (1), PD 1445

Public officers authorized to receive and collect moneys shall **remit or deposit intact the full amount** and **credited to the particular accounts** to which the said money belong.
(Section 307, RA 7160, Sec 7, COA Cir. No. 92-382 dtd 7/3/92)

Sec 67 (3), PD 1445

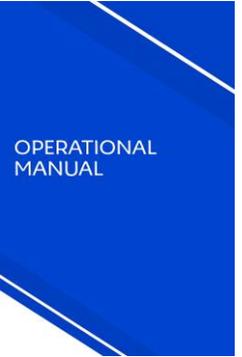
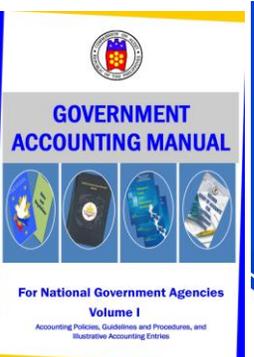
At **no instance** should money in the hands of the collecting officer **be utilized** for the purpose of encashing private checks.

Sec 28, COA Cir No. 92-382

The treasurer/cashier **shall deposit intact** all his collections, as well as all collections turned over to him by the collectors/ tellers, with the authorized depository bank **daily or not later than the next banking day.**

Sec 4 (h) of GAM

At **no instance** should money in the hands of the collecting officer **be utilized** for the purpose of encashing private checks.



COMPONENTS OF A RECEIPT AND COLLECTION SYSTEM



Accountable & Responsible Officers



Accountable Forms



Reports



Records



Procedures

SOURCES OF COLLECTIONS AND RECEIPTS - NGAs



Revenue from exchange transactions

Sale of goods or provisions of services

Use by other entity of assets yielding interest, royalties and dividends or similar distributions



Revenue from non-exchange transactions

Tax Revenue, Fines and Penalties

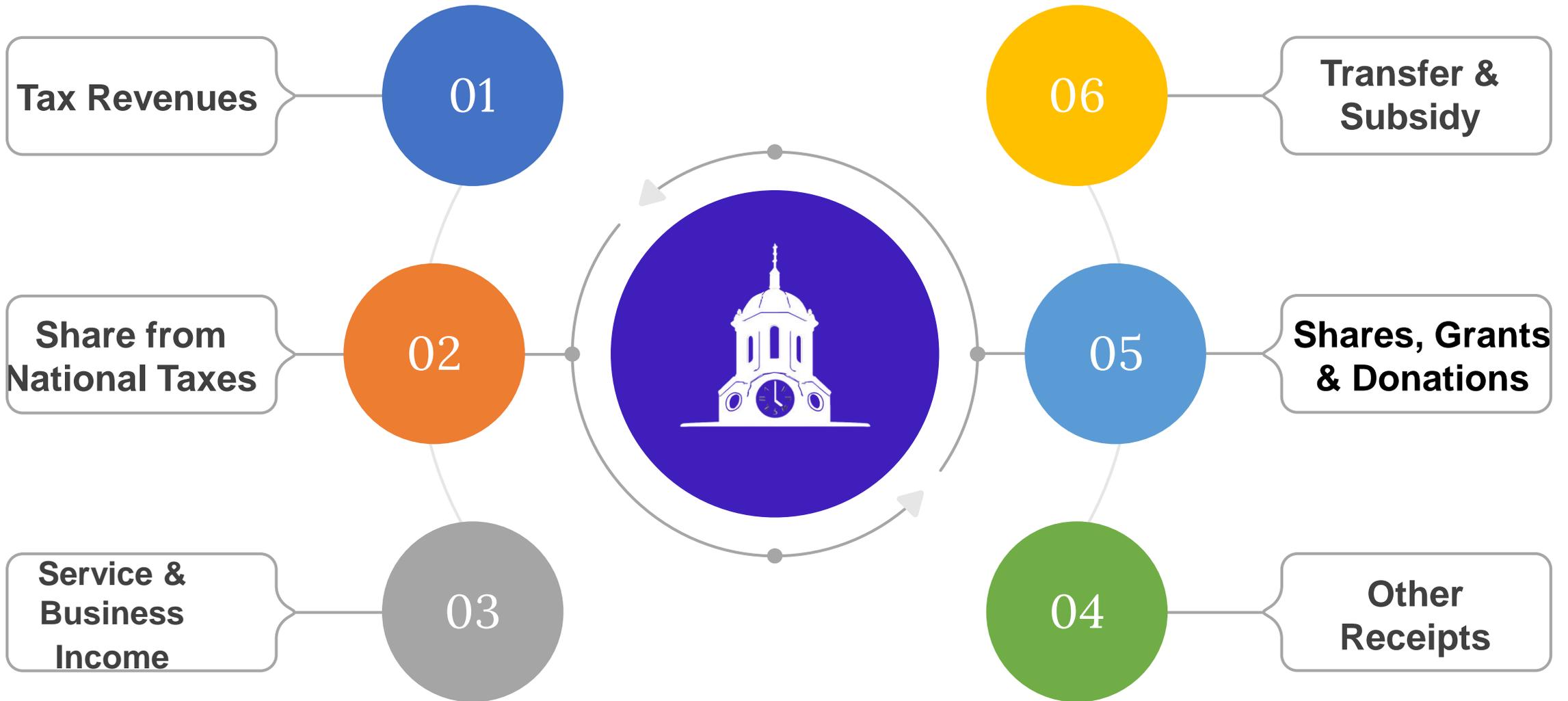
Share, Grants, and Donations



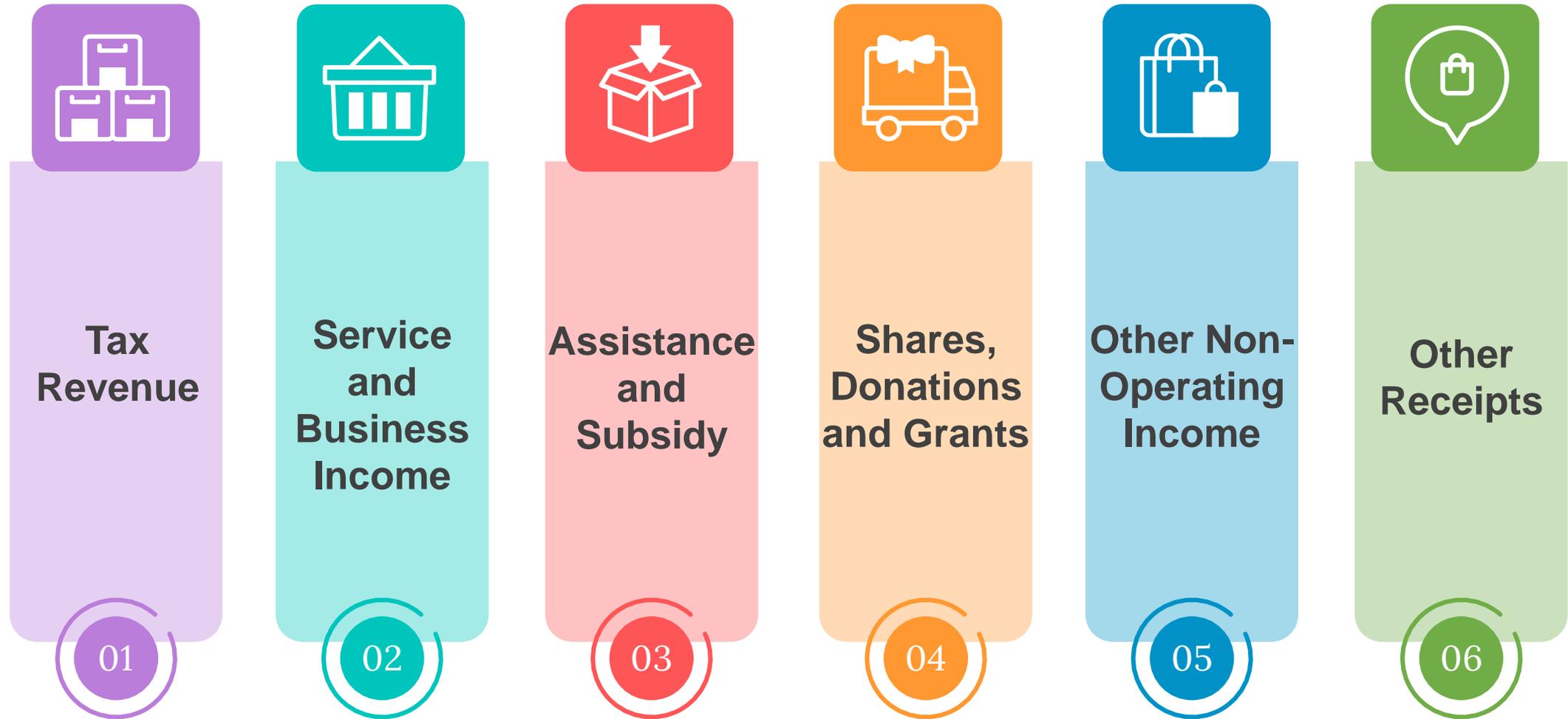
Other Receipts

Receipt of NCA, Cash Disbursement Ceiling, Receipt of Subsidy/Assistance from other NGAs, LGUs, GOCCs & Other Fund Refund of excess cash advances, Performance bond/security deposits, Refund of overpayment of expenses, Collections made on behalf of another entity, Intra-agency and inter-agency fund transfers

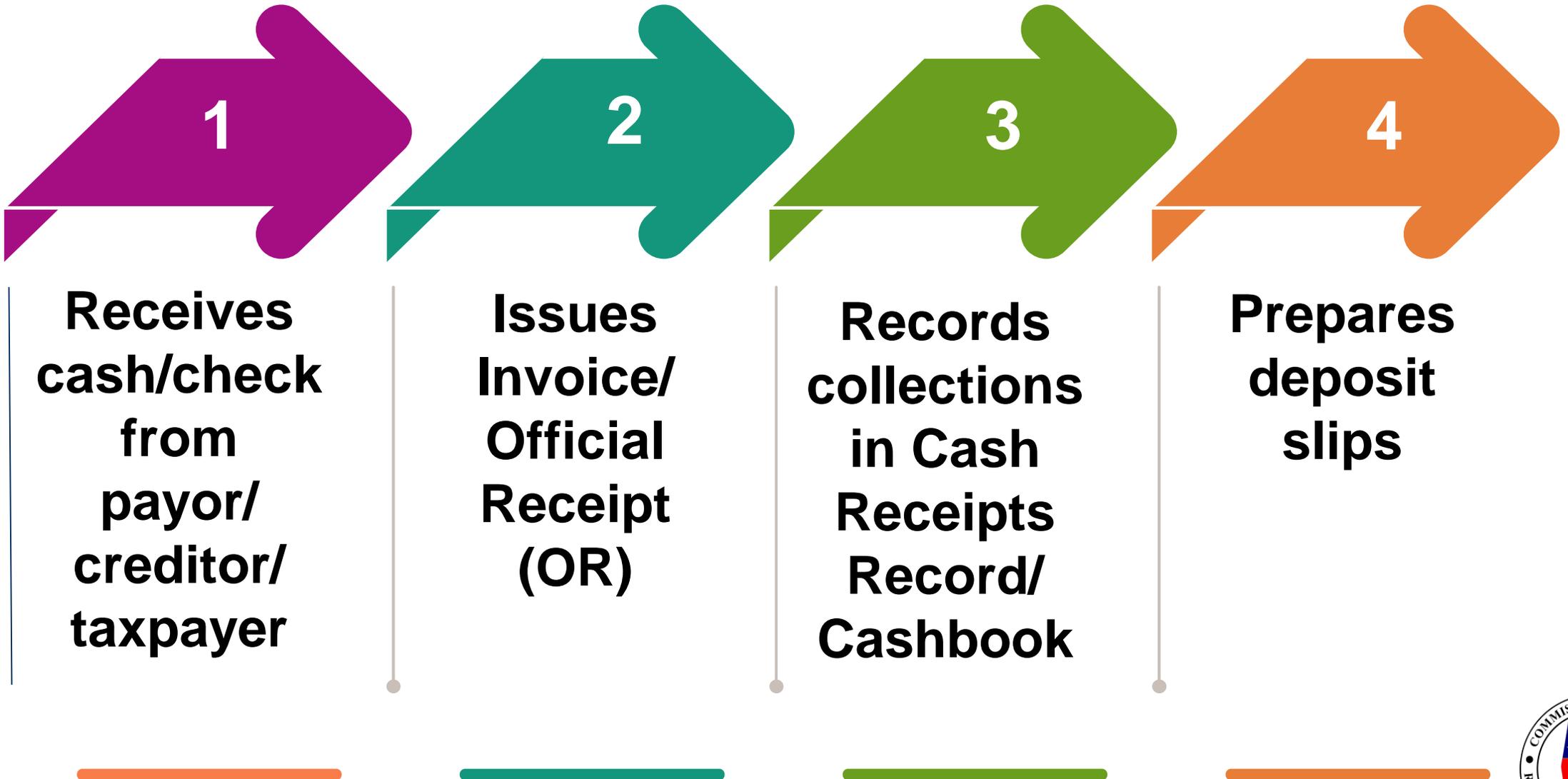
SOURCES OF COLLECTIONS AND RECEIPTS - LGUs



SOURCES OF COLLECTIONS AND RECEIPTS - GCs



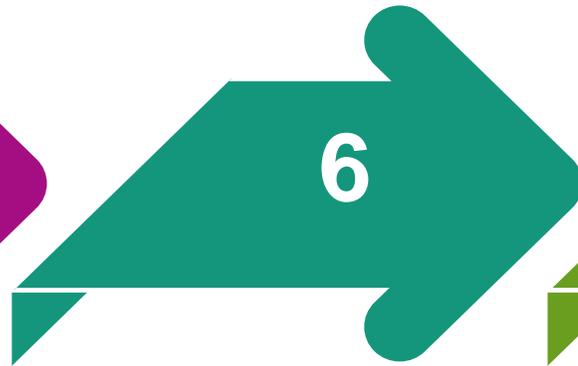
PROCEDURES: COLLECTIONS & DEPOSITS IN NGAs



PROCEDURES: COLLECTIONS & DEPOSITS IN NGAs



**Deposits
collections**



**Records
deposits
in CRR/
Cashbook**



**Prepares
Report of
Collections
& Deposits
(RCD)**



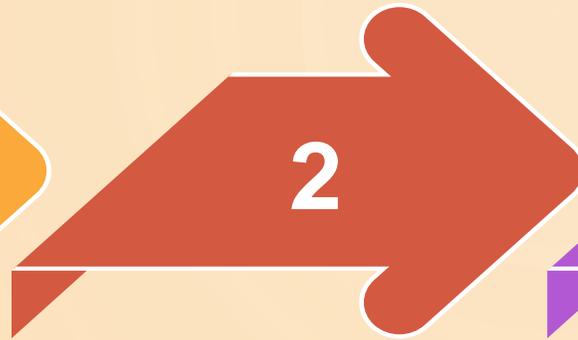
**Forwards RCD
to Accounting
Unit with
copies of
Invoice/ ORs
and validated
deposit slips**



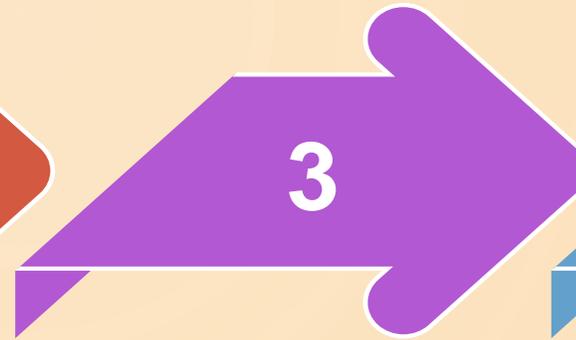
PROCEDURES: COLLECTIONS THRU AAB / AGDB



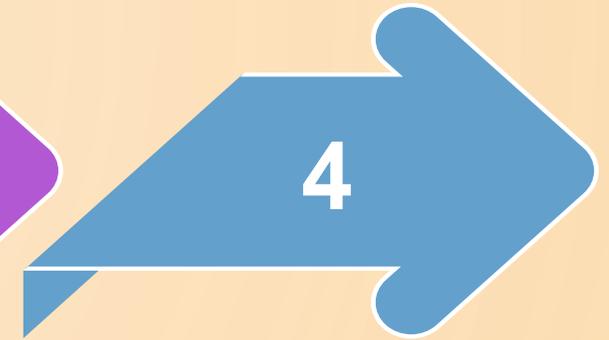
**Receives
the CRDC
from the
AAB/AGDB**



**Records
receipt in
the
logbook**



**Forwards
the same to
the
Bookkeeper
for
preparation
of the JEV**

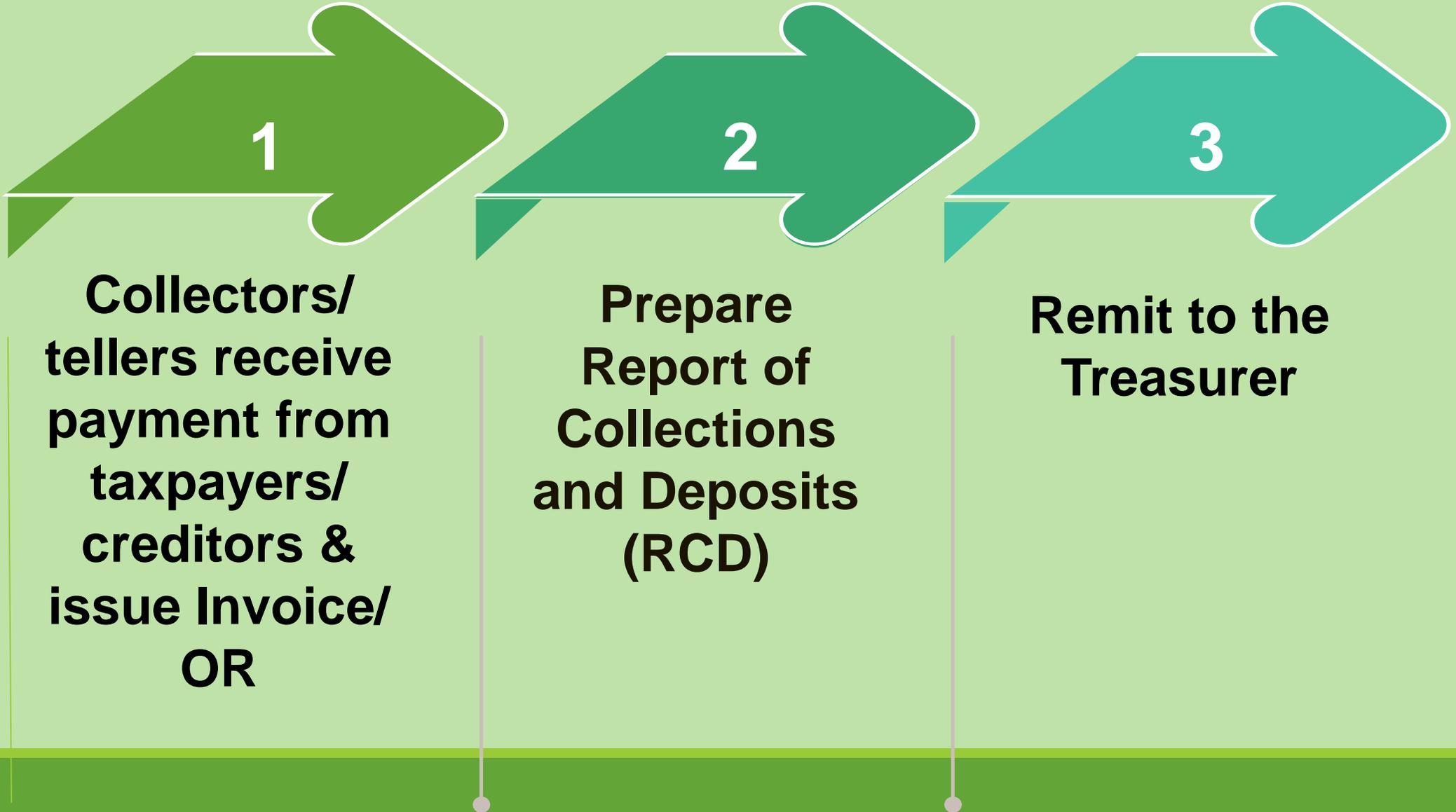


**Forwards the
JEV and
supporting
documents to
the AD for
review and
signature**

COA Circular No. 2021-014 dtd Dec. 22, 2021 *Guidelines on the use of e-collection and e-payment for government transactions*



PROCEDURES: COLLECTIONS & DEPOSITS IN LGUs



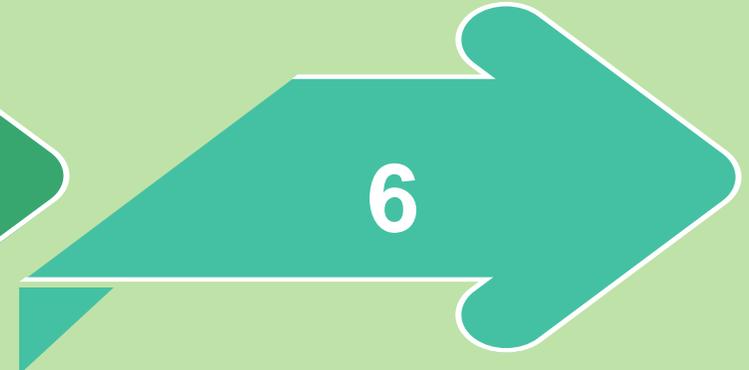
PROCEDURES: COLLECTIONS & DEPOSITS IN LGUs



**Treasurer
receives
remitted
collections**



**Checks
remittances
& verifies
accountable
forms of
collectors/
tellers**

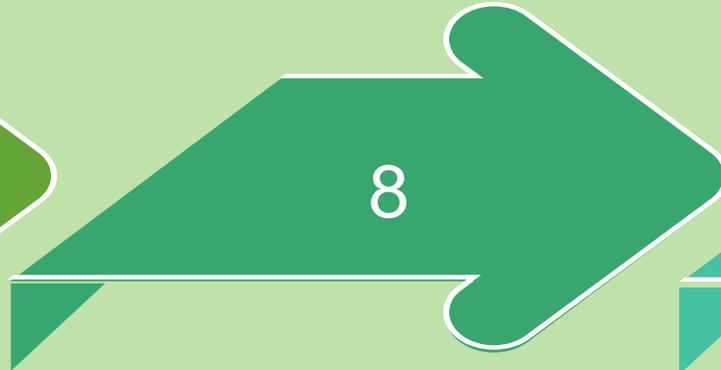


**Consolidates
collections,
prepares RCD
& records in
the Cashbook –
Cash in
Treasury**

PROCEDURES: COLLECTIONS & DEPOSITS IN LGUs



**Treasurer
deposits
collections**



**Records all
deposits
made
in the
cashbook**



**Treasurer
forwards RCD
to the
Accounting Unit
with copies of
Invoice/ORs &
validated
deposit slips**

PROCEDURES: COLLECTIONS & DEPOSITS IN GOCCs



**Receives
cash
payments
and order
from payor**

**Issues
Invoice/
Official
Receipt
(OR)**

**Records
collections in
Cash Receipts
Book/ Report
of Collection
and Receipts**

**Prepares
deposit slips**

PROCEDURES: COLLECTIONS & DEPOSITS IN GOCCs



**Deposits
collections**



**Files the
deposit
slips**



**Prepares the
Report of
Collections &
Deposits
(RCD)**



**Forwards RCD
to Accounting
and Budget
Division with
copies of ORs
and validated
deposit slips**



REPORTS TO BE PREPARED



- Report of Collections and Deposits (RCD)
- Report on Accountability for Accountable Forms (RAAF)
- Consolidated Report of Accountability for Accountable Forms (CRAAF)



REPORTS TO BE PREPARED

Government Owned and/or Controlled Corporations (Bank)



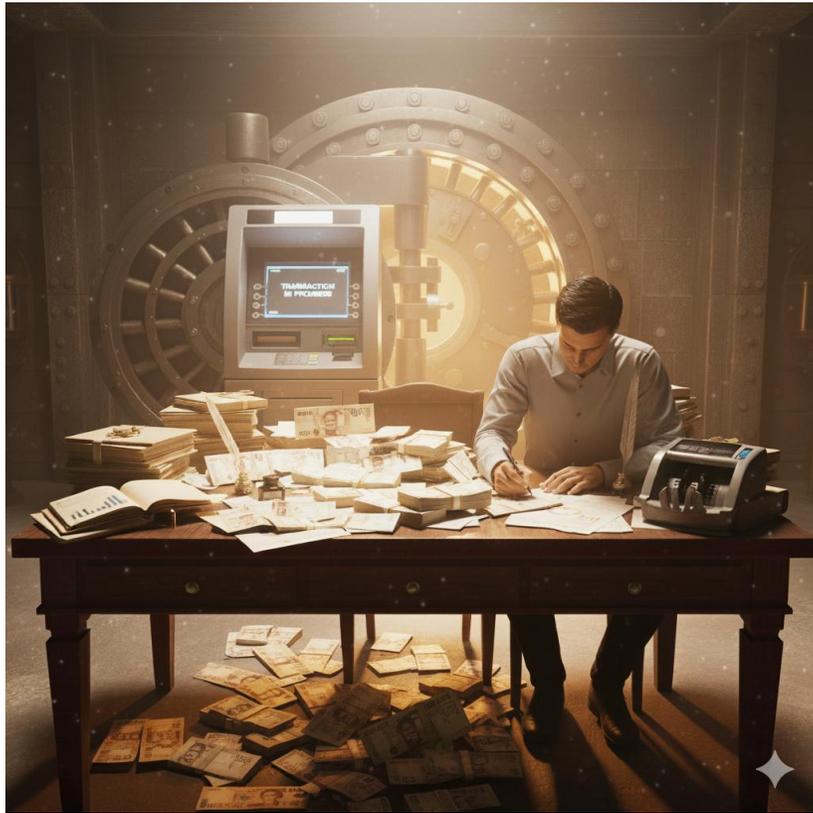
Cash in Vault

- Cash in Vault Cash Flow Report
- Daily Cash Count Sheet
- Cash Transfer Slips
- Cash in Vault Summary - Daily



REPORTS TO BE PREPARED

Government Owned and/or Controlled Corporations (Bank)



ATM

- Daily ATM Cash Count Sheet
- Cash in ATM Reconciliation Statement of Accountability
- ATM Balance Register



Sec. 4, PD 1445 FUNDAMENTAL PRINCIPLES

(1)

No money shall be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority.

(2)

Government funds or property shall be spent or used solely for public purposes.

(3)

Trust Funds shall be available and may be spent only for the specific purpose for which the trust was created or the funds received.

(4)

Fiscal responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions, and operations of the government agency.

Sec. 4 PD 1445 FUNDAMENTAL PRINCIPLES

(5)

Disbursements or disposition of government funds or property shall invariably bear the approval of the proper officials.

(6)

Claims against government funds shall be supported with complete documentation.

(7)

All laws and regulations applicable to financial transactions shall be faithfully adhered to.

(8)

Generally accepted principles and practices of accounting as well as of sound management and fiscal administration shall be observed, provided that they do not contravene existing laws and regulations.



No.: 2012-001
Date: JUN 14 2012

CIRCULAR

TO : All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of the National Government, Heads of Local Government Units, Managing Heads of Government-Owned and/or Controlled Corporations, COA Assistant Commissioners, COA Directors, COA Auditors and All Others Concerned

SUBJECT : Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions

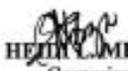
This Circular is issued to prescribe the revised guidelines and documentary requirements for common government transactions which incorporated the requirements under existing issuances of this Commission. It supersedes all other COA Circulars, Resolutions, Memoranda and issuances inconsistent herewith.

The Circular shall take effect after fifteen (15) days from publication in newspaper of general circulation.

Quezon City, Philippines.


MA. GRACIANO PULIDO TAN
Chairperson


JUANITO G. ESPINO, JR.
Commissioner


HERIBERTO L. MENDOZA
Commissioner

**Revised Documentary
Requirements for Common
Government Transactions**



**As prescribed under COA
Circular No. 2012-001
dated June 14, 2012**

COA Circular No. 2021-001 dated June 24, 2021

- OR/Invoice is required regardless of amount purchased from/rendered by establishment issuing receipts/invoice.
- Reimbursement of expenses of P300.00 or less by establishment not issuing receipt – Certification of Expenses Not Requiring Receipts
- More than P300.00 but not exceeding P1,000.00 – (RER)



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ The disbursing officer (DO) should be familiar with the laws and regulations affecting his/her work. He/she **should not have access** to or responsibility over the accounting records related to disbursements.
- ❖ The DO should **maintain adequate records** and should submit required reports regularly and on time.



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ Officers authorized to sign checks should have **no authority** over the accounting records or the custody of cash.
- ❖ Checks should be countersigned; the signing and countersigning of checks should **not be made in advance.**



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ As a general rule, disbursements should be made by check. Only transactions authorized under existing regulations may be paid out of the cash advance granted to a duly authorized disbursing officer, or by means of other modes of disbursements.



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ Documents supporting the transaction **should be reviewed** before any payment is made.
- ❖ Disbursement procedures should be designed to ensure that payment is received by the correct party.



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ Vouchers, payrolls and supporting papers should be stamped “**PAID**” upon payment.
- ❖ Safe and properly enclosed room should be provided to ensure safety of accountabilities and records.



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ The disbursing officer, as well as his/her assistants, should be **properly bonded**.
- ❖ The reconciliation of bank/treasury transactions should be done by persons other than those responsible for the issuance of the checks or the signing/countersigning thereof.



COMMON RULES ON INTERNAL CONTROL ON DISBURSEMENTS

- ❖ The sequence of check numbers should be checked when reconciling banking/treasury transactions.
- ❖ Cash examinations should be conducted as required under existing rules.



BASIC REQUIREMENTS FOR ALL TYPES OF DISBURSEMENT

Certificate of availability of funds issued by the Chief Accountant

Existence of lawful and sufficient allotment duly obligated as certified by authorized officials (except for GOCCs/CFIs)

Legality of transactions and conformity with laws, rules, and regulations.

Sufficient and relevant documents to establish validity of claim

Approval of expenditure by head of office or his authorized representative

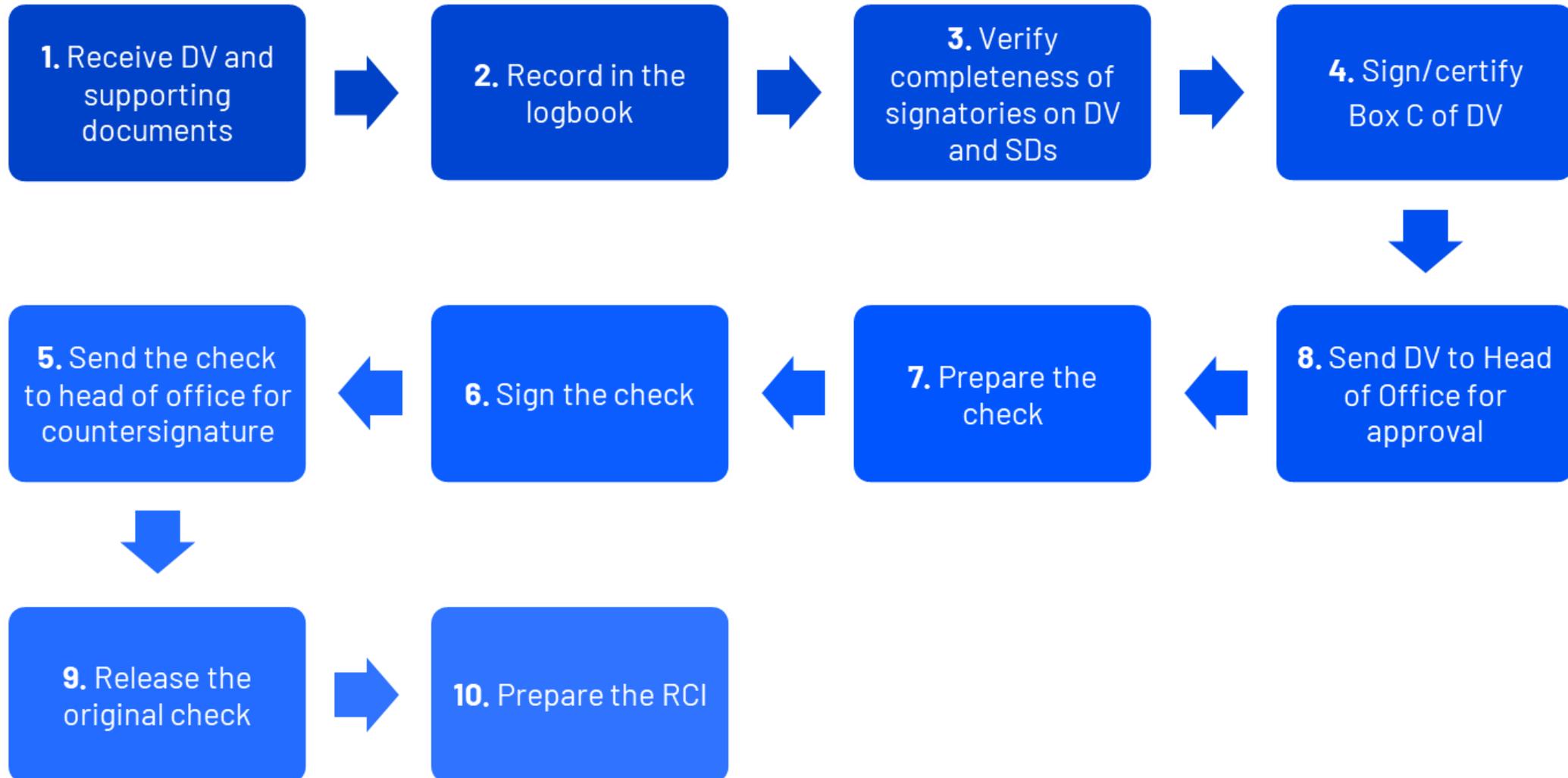
MODES OF DISBURSEMENTS

- ❑ Checks - MDS or Commercial Check
- ❑ Cash – Cash Advance Granted to Authorized SDO
- ❑ Advice to Debit Account (ADA)
- ❑ Working Fund/CDC
- ❑ Direct Payment Method
- ❑ Payment by Cash through Cash Advances granted to Special Disbursing Officers
- ❑ By Tax Remittance Advice (TRA)

Additional modes provided under COA Circular No. 2021-014:

- ❖ **Either Direct Electronic Payment or Transfer-Distribute-Liquidate**
- ❖ **Credit Card**

PROCESS FLOW



RECORDS TO BE MAINTAINED

- Cash Disbursement Record
- Cash Disbursement Register
- Cash in Bank Register
- Cashbook (Cash in Bank)
- Check Register

REPORTS TO BE RENDERED



Reports of Checks Issued



Report of Cash Disbursement

SPECIFIC LAWS, RULES AND REGULATIONS



SPECIFIC LAWS, RULES AND REGULATIONS

- ✓ Prohibition against the incurrence of overdrafts (Section 47, PD 1177)
- ✓ Reversion of unliquidated balances of accounts payable to the unappropriated surplus (Section 98, PD 1445)



SPECIFIC LAWS, RULES AND REGULATIONS

- ✓ Liability for illegal expenditures (Section 103, PD 1445)
- ✓ Liability for acts done upon direction of superior officer (Section 106, PD 1445)



SPECIFIC LAWS, RULES AND REGULATIONS



IRREGULAR – funds disbursed **w/o conforming** to established rules & regulations, procedural guidelines & policies

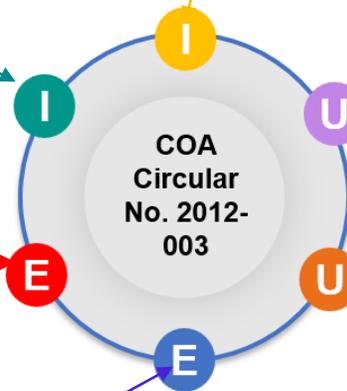
ILLEGAL- funds are disbursed **contrary to laws.**

UNNECESSARY - those which **could not pass the test of prudence** or the diligence of a good father of a family, thereby denoting non-responsiveness to the exigencies of the service

EXCESSIVE – funds incurred at an **immoderate quantity** and **exorbitant price &** which **exceed** what is usual or proper

EXTRAVAGANT – funds incurred **without** restraint, judiciousness & economy, Immoderate, prodigal, lavish, luxurious, grossly excessive.

UNCONSCIONABLE – **unreasonable** and **immoderate**, and which no man in his right sense would make, incurred in **violation** of ethical and moral standards



COA Circular No. 97-002 dated Feb 10, 1997

**Restatement w/ 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.**



TYPES OF CASH ADVANCES

3.1 Regular cash advances

- Salaries and wages
- Commutable allowances
- Honoraria and other similar payments to officials
- Petty operating expenses

3.2 Special cash advances

- Current operating expenditures of the agency field office or of the activity of the agency
- Travel expenditures office



CASH ADVANCE: REGULAR - PETTY OPERATING EXPENSES

- Splitting of transactions to avoid exceeding the ceiling shall not be allowed
- May be replenished when the disbursements reach at least 75%, or as the need requires



CASH ADVANCE: SPECIAL PURPOSE - OFFICIAL TRAVEL



The grant of cash advance for both official local and foreign travel shall be governed by the provisions of the Executive Order No. 77 dated March 15, 2019.



APPLICABLE RULES AND REGULATIONS ON CASH ADVANCES

- COA Circular No. 97-002 dated February 10, 1997 as reiterated in COA Circular No. 2009-002 dated May 18, 2009
- Section 89 of PD No. 1445 - Failure to liquidate Cash Advance can result to criminal action



LIQUIDATION OF CASH ADVANCES

Salaries, Wages, etc.

within 5 days after each 15 day/end of the month pay period



Petty & and Field Operating Expenses

within 20 days after the end of the year; subject to replenishment as frequently as necessary during the year



Official Travel

Foreign travel - within 60 days after return to the Philippines

Local travel - within 30 days after return to permanent official station



Others / Special Purpose

As soon as the purpose for which it was given has been served



HANDLING, CUSTODY AND DISPOSITION OF THE CASHBOOK

- A newly-appointed or designated AO shall start with a new cashbook.
- The AO shall maintain separate cashbooks for salaries, wages, allowances, etc. and for petty operating expenses.
- The AO shall reconcile the book balance with the cash on hand daily.
- The cashbooks shall be kept at the Office of the AO and then placed inside the safe or cabinet when not in use.
- When the AO ceases to be one, the cashbook shall be submitted to the Accountant or the Treasurer (for LGUs) and shall form part of the accounting records. No clearance shall be issued to an AO if he fails to submit the cashbook as required.



REMEMBER

At all times, upon demand by an authorized officer, the cash advance shall be subject to instant production, either in cash or paid vouchers.

Failure of the AO to produce the cash advance upon demand shall be a prima facie evidence of misappropriation or malversation of public funds.

Article 217 of the Revised Penal Code.

WATCH OUT

Section 5, CSC Memo Circular No. 23, s.2019.

Administrative Liability and the Corresponding Penalty
for Failure of the Accountable Officer to Liquidate
Cash Advances Within the Prescribed Period
AFTER FORMAL DEMAND FROM THE COA

= Simple Neglect of Duty
= Gross Neglect of Duty

SETTLEMENT WITHIN PRESCRIBED PERIOD IN DEMAND LETTER

ABSOLVED

IF
FULL LIQUIDATION
= WITH VALID
JUSTIFICATION
= NO
AGGRAVATING
CIRCUMSTANCES

Section 5, CSC Memo Circular No. 23, s.2019.

SIMPLE NEGLIGENCE OF DUTY

1 month + 1 day Suspension

FULL LIQUIDATION
WITHOUT
JUSTIFICATION

PARTIAL LIQUIDATION of
not less than 50%
WITH JUSTIFICATION for
PL WITH Intention to pay
NO Aggravating
circumstances

3 months Suspension

FULL LIQUIDATION
WITHOUT JUSTIFICATION
WITH AGGRAVATING
circumstances
NO MITIGATING
circumstances

PARTIAL LIQUIDATION of
not less than 50%
NO JUSTIFICATION for PL
WITH Intention to pay NO
Aggravating circumstances

GROSS NEGLIGENCE OF DUTY

(dismissal from the service for 1st offense)

NO LIQUIDATION AT ALL
PARTIAL Liquidation BUT NO justification for PL
NO Intention to fully liquidate
Defaulted in the partial payments



THANK YOU

Any Question

