

VI. Barangay fund management

131. When does accountability start and end for all barangay officials?

Accountability starts upon their assumption to office and ends only after their term expires.

132. What are the official procedures that must be followed by barangay officials in executing local financial transactions?

- The Barangay Treasurer shall collect all taxes, fees, and other charges due and contributions due or accruing to the barangay, and record them in the books of accounts under the general fund;
- An official receipt shall be issued for all taxes, fees, charges, and contributions collected;
- All collections shall be deposited with the City/Municipal Treasury or in the depository account maintained in the name of the barangay within five (5) days after receipt;
- The Barangay Treasurer may collect real property taxes and such other taxes as may be imposed by a province/city/municipality that are due in the barangay only after being deputized for the purpose by the local treasurer concerned;
- The Sangguniang Barangay may authorize the Barangay Treasurer to make direct purchases amounting to not more than P1,000;
- No disbursement shall be made directly from the collections;
- The petty cash that the Barangay Treasurer may be authorized to hold shall not exceed 20% of funds available to the credit of the barangay treasury; and,
- The financial records of the barangays shall be kept in the custody of the Barangay Treasurer, and the City/Municipal Accountant.

133. Is there a time frame for COA to audit barangay books of accounts?

None. COA is mandated to conduct an audit annually or as often as necessary and make a report thereon to the Sangguniang Bayan/Panlungsod as the case maybe.

134. Can prior years expenditure be charged against the current fiscal year's budget?

No. Expenditures are supposed to be obligated and liquidated in the same year they are incurred.

135. Can the barangay utilize cash balances at the end of the year for expenditures to be incurred during the first few months of the succeeding year pending receipt of income for the year?

Yes. Cash balances at the end of the year is automatically recorded as beginning cash balance of the succeeding year and under the "common fund" concept, the same can be utilized for current year's expenditures provided that disbursement is covered by appropriation in the approved barangay budget.

136. Can the barangay use its funds for the acquisition of a lot for a barangay hall?

Yes. if there are enough funds for the purpose. However, since barangay funds, particularly in the 4th class LGUs and below is scarce and limited, alternative sources of funds may be availed of.

137. Are barangays allowed to incur accounts payable?

Yes. Accounts payable may be incurred as a result of on-going projects or bidded projects or on some items purchased but not yet paid (e.g. supplies) when the allotment has already been obligated or when a ROA has been issued and recorded in the books as accounts payable. The accounts payable as an item in the budget may reflect the aggregate amount or the total accounts payable including those incurred in previous years.

138. How are unavoidable loss of funds and properties accounted for?

A relief of accountability must be requested from COA immediately upon the occurrence of the loss, or within thirty (30) days from the date the loss of money or property occurred due to unavoidable circumstances like hold-up, fire, etc. .

139. [What are the responsibilities of a Barangay Treasurer?](#)

The Barangay Treasurer is basically responsible for the collection of revenues in the barangay. His responsibilities for fund management include:

- Collection of all taxes, fees, contributions, and all other monies due the barangay;
- Depositing these collections with the City/Municipal Treasurer or with the nearest depository bank in the name of the barangay;
- Safeguarding and accounting for his revenue collections and all accountable forms in his custody;
- Disbursement of barangay funds in accordance with the barangay budget and through resolutions of the Sangguniang Barangay;
- Issuance of certification as to the availability of funds;
- Keeping and maintaining a petty cash fund to pay for barangay expenses;
- Accounting of all barangay funds and property in his custody at the close of the calendar year;
- Ensuring that reports shall be available to members of the barangay assembly and others concerned; and,
- Publication of the itemized monthly collections and disbursements of the barangay.

140. [What are the requirements before a Barangay Treasurer can collect revenue?](#)

Before the Barangay Treasurer can collect revenues, he must have met the following requirements:

- He must have been duly appointed by the Punong Barangay and confirmed by majority of the members of the Sangguniang Barangay;
- He must be bonded in accordance with existing laws but not exceeding P10,000.00, the premium of which shall be paid by the barangay;

141. [What are the procedures to acknowledge barangay collections?](#)

The Barangay Treasurer shall immediately issue an official receipt to acknowledge collections of whatever nature received by him in accordance with the following guidelines:

- The official receipt may be in the form of cash tickets or in officially numbered receipts subject to proper custody, accountability and audit. The name of the payor and the date of issue shall be written at the back of cash tickets issued to prevent their re-use;
- Officially-numbered receipts shall be issued in strict

- numerical sequence;
- All particulars required on the receipt form shall be written in ink or with any indelible writing implement; and,
- All copies of the official receipt shall be exact carbon copies of the original, distributed as follows:
 - Original, to payor;
 - Duplicate, to support the daily Statement of Collection and Accountable Forms; and,
 - Triplicate, to be retained for file.

142. How shall the barangay keep its fund?

- The barangay shall have the option to keep its funds as a trust fund in the custody of the City/Municipal Treasurer or to deposit them in a bank, preferably in government-owned or controlled bank;
- The barangay shall maintain only one depository account and the choice of depository bank shall be subject to the authorization of the Sangguniang Barangay; and
- The barangay may maintain time deposit accounts but only when there are idle funds in the barangay. Unremitted collections and funds set aside for the payment of obligations should not be deposited as time deposit.

143. How are barangay funds withdrawn for the payment of obligations?

- Barangay disbursements shall generally be made by drawing checks against the depository account of the barangay.
- Disbursements in cash may only be made from petty cash funds and from cash advances of authorized disbursing officer.
- In all cases, payments shall be made only on duly certified and approved vouchers and payrolls.

144. What is the barangay petty cash fund?

The barangay petty cash fund is a small amount of cash on hand available from time to time and replenished through reimbursements that is equal to the sum expended. The following guidelines shall be observed in the use of the barangay petty cash:

- `class="txttocblack"`The petty cash fund that the Barangay Treasurer may be authorized to hold for the purpose shall not exceed twenty percent (20%)

of the funds available to the credit of the Barangay Treasury.

- It is to be replenished when disbursements reach at least 75% of the petty cash fund, or as needed;
- Only a maximum amount of P1,000 can be charged against the barangay petty cash fund for direct purchases at any one time for the ordinary and essential administrative needs of the barangay; and
- Disbursements within the petty cash fund are to be documented by cash invoices, credit invoices with official receipts, or other evidences of disbursement together with the supporting papers required.

145. [What is the barangay cash advance?](#)

The barangay cash advance is a relatively bigger amount of money given to regular or special disbursing officers depending on the bond secured for specific public purposes.

Regular cash advance includes expenses for salaries, wages, commutable allowances, honoraria and other similar payments.

146. [What are the rules in the grant, use and liquidation of cash advances?](#)

- Only permanently appointed officials/employees shall be granted cash advances;
- Only duly appointed or designated disbursing officers may perform disbursing functions;
- Only one disbursing officer shall be assigned/designated for a specific purpose;
- Transfer of accountability for cash advance shall not be allowed;
- The accountable officer shall maintain an official cashbook to record the transactions of each cash advance made;
- Under no circumstances shall cash advance be used for the encashment of checks or for the liquidation of a previous cash advance;
- A cash advance for a particular year shall not be used to pay for expenses made in other years;
- A cash advance for petty operating expenses shall be sufficient for the recurring expenses for one month. It shall not be used for the payment of regular expenses such as rentals, subscriptions, light and water, etc;
- The cash advance must be returned or deposited immediately with the collecting officer when it is no longer needed or has not been used for two (2) months; and,
- All cash advances shall be fully liquidated at the end

of each year.

147. Are barangay officials allowed to handle cash advances?

Only those properly authorized and bonded; namely: the Punong Barangay and the Barangay Treasurer.

148. What are common errors committed in barangay fiscal administration?

Barangay officials should guard themselves against committing the following common errors in fiscal administration:

- Failure to fully implement livelihood projects for the year;
- Non-preparation and submission of accountability reports for accountable forms;
- Maintaining more than one depository account contrary to the Barangay Accounting Manual;
- Failure to register in the name of the barangay land areas where buildings were constructed;
- Failure to deposit collections within five days per COA Circular No. 93-396;
- Failure to conduct physical inventory of fixed assets;
- Failure to utilize fully the twenty percent (20%) development fund, thus depriving constituents of its benefits; and
- Participation of only few barangay officials during deliberation of bids submitted by participating bidders.

149. Why should a barangay install a sound internal control system?

A barangay needs to install a sound internal control system in barangay operations for the following purposes:

- To ensure that resources are used consistent with laws, rules and regulations and existing policies;
- To safeguard resources from loss, wastage and misuse;
- To provide reliable, accurate and timely financial and non-financial information; and
- To ensure economical, efficient and effective operation.

150. What are the credit facilities available for barangays?

Among the credit facilities available for barangays are:

- Loans from banks and lending institutions to finance the construction, installation, improvement, expansion, operation, or maintenance of economic enterprises and public facilities, housing projects, the acquisition of real property, and the implementation of other capital investment projects;
- Loans and advances against security or real estate or other acceptable assets for the establishment, development, or expansion of agricultural, industrial, commercial, house financing projects, livelihood projects, and other economic enterprises;
- Deferred payment, supplier's credit, or other financial schemes to acquire property, plant, machinery, equipment, and such other necessary accessories; and,
- Loans from funds secured by the national government from foreign sources to be re-lent to LGUs for the construction, improvement, and operation of public activities and facilities, infrastructure and housing projects, acquisition of real property, and implementation of other capital investment projects.

151. [What are the other barangay funds that do not accrue to the general fund?](#)

Special funds or trust funds from grants and donations which are utilized for specific purposes do not accrue to the general fund of the barangay.