



*Republic of the Philippines*

**COMMISSION ON AUDIT  
DEPARTMENT OF BUDGET AND MANAGEMENT  
DEPARTMENT OF EDUCATION**

**JOINT CIRCULAR NO. 2019 - 1**  
February 4, 2019

**FOR :** Schools Division Superintendents, Heads of DepEd Supervised Public Elementary and Secondary Schools, All Central and Regional Officials of the Department of Budget and Management, and the Department of Education, Heads of Finance Services/Divisions/Units, Heads of Accounting and Budget Divisions/Units; Commission on Audit Auditors; Treasurer of the Philippines, Bureau of the Treasury Directors, Heads of Modified Disbursement Scheme-Government Servicing Bank (MDS-GSB), and All Others Concerned

**SUBJECT: MANAGEMENT OF CASH ADVANCES TO DEPED NON-IMPLEMENTING UNITS (Non-IUs) FOR SCHOOL MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE) AND PROGRAM FUNDS**

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**1. BACKGROUND**

- 1.1. The Department of Budget and Management (DBM) in collaboration with the Bureau of the Treasury (BTr) and the Commission on Audit (COA) is implementing a Public Financial Management (PFM) Reform Program to enable the government to streamline processes, promote stronger financial accountability, and fully execute the authorized annual appropriations to promote growth and reduce poverty;
- 1.2. A key objective of the PFM Reform Program is to install better cash management in government which will allow the BTr to strengthen the monitoring and management of government funds maintained outside of the Treasury Single Account (TSA) and the MDS; and
- 1.3. Under the existing set up, cash advances to the School Heads of non-IUs for school operations and program funds constitute a sizeable amount. The DBM-DepEd Joint Circular No. 2004-1, Guidelines on the Direct Release of

Funds to DepEd Regional Offices and Implementing Units, prescribes, among others, that the cash requirements of DepEd non-IUs shall be released to the respective School Heads by the Schools Division Offices (SDOs) through cash advance.

## **2. PURPOSE**

- 2.1. To authorize School Heads of non-IUs to: (a) open a bank account (checking or savings account), under the name of the school where the cash advance for school operating budget and program funds shall be deposited; and (b) for the school heads to negotiate banking arrangements such as minimum maintaining balance, interest on funds, among others; and
- 2.2. To provide DepEd and the oversight agencies such as COA, DBM, and BTr guidelines on the monitoring of the accounts, including the submission of reports and proper recording/accounting of transactions.

## **3. COVERAGE**

- 3.1. This Circular covers all DepEd's non-IUs namely, elementary schools (ESs) and secondary schools (SSs) operating without a complete set of books of accounts.

## **4. DEFINITION OF TERMS**

For purposes of this Circular, the terms listed herein shall be construed to mean the following:

- 4.1 Government Servicing Banks (GSBs) are financial institutions that accept government deposits and perform banking services on behalf of government agencies.
- 4.2 List of Due and Demandable Account Payables-Advice to Debit Accounts (LDDAP-ADA) is an accountable form to be used by National Government Agencies (NGAs) in the implementation of the Modified Direct Payment Scheme (MDPS).
- 4.3 Modified Direct Payment Scheme (MDPS) refers to direct payment made to creditor's account with the GSBs or other Banks performed by the GSBs through MDS upon receipt from the Agency of the LDDAP-ADA.
- 4.4 Modified Disbursement Scheme (MDS) is a procedure whereby disbursements by NGAs chargeable against the account of the Treasurer of the Philippines are effected through GSBs.

- 4.5 Treasury Single Account (TSA) is a unified structure of government bank accounts giving the BTr a consolidated view of government financial resources, thus, strengthening cash management. It rationalizes agency bank accounts and provides a more economical system for (i) receipts and cash disbursements, removing revenue floats and (ii) a more efficient reconciliation of bank balances.

## **5. GENERAL GUIDELINES**

- 5.1 The School Heads of non-IUs shall be directed to open and maintain a bank account (checking or savings account) under the name of the school with the GSBs. The account opened shall be used to deposit the cash advance of the principal for the operating budget and program funds of the school.

Opening an account (checking or savings account) with non-GSBs shall also be allowed provided that, there is no existing GSBs within the 20 km radius from the school, subject to post audit by the COA auditor concerned.

- 5.2 The School Head shall be the signatory to the account and shall make arrangements with the Bank relative to the opening of account, maintaining balance and bank fees/transactions costs to be approved by DepEd authorized personnel. Maintaining balance and transaction cost/bank fees shall be charged to the school's MOOE budget.

- 5.3 The authority to open a bank account for each school shall be approved by the BTr upon submission of request by DepEd supported with the following information:

- 5.3.1 Name and Address of School;
- 5.3.2 Name and Address of Bank/Branch where to open an account;
- 5.3.3 Name of authorized signatory/signatories and designation; and
- 5.3.4 Certification of Approval by the DepEd authorities.

In non-GSBs, the bank account of the schools shall not have funds more than the required amount for the schools' operating budget or P500,000 whichever is lower. This shall safeguard government deposits with Philippine Deposit Insurance Corporation insurance.

- 5.4 The cash requirement for MOOE of the schools shall be released within the first week of every month/quarter, subject to availability of cash allocations as released by the DBM. The amounts to be released for each month/quarter should correspond to expenditures needed for the month/quarter, taking into consideration actual historical utilization to minimize the amount of funds released as cash advance.
- 5.5 The School Head shall inform the bank that interest income on the account shall be transferred automatically to the BTr by the GSBs every quarter, and

by the non-GSBs every end of the year. These shall be recognized in the BTr's books of accounts as remittances of income of the government.

The recognition of bank charges and interest in the books of the DepEd's Operating Unit (SDOs/Regional Offices (ROs)) concerned shall be based on the bank statement or passbook entries, as the case may be.

- 5.6 The operating budgets and program funds of non-IU schools shall be deposited by the SDOs/ROs through the MDPS using the LDDAP-ADA. The issuance of MDS checks shall be allowed, in cases where MDPS is not applicable or practicable.

The LDDAP-ADA shall contain the list of bank accounts with the name of the schools and other information required in the form.

- 5.7 Only deposits from the DepEd's Operating Unit (SDOs/ROs) concerned and interest earned on such deposits shall be allowed to be credited to the school's bank account.
- 5.8 To liquidate the cash advance, the School Heads of Non-IUs shall submit to the SDOs/ROs concerned Cash in Bank Register, together with the supporting documents and a copy of bank statement or passbook. Liquidation reports for disbursements of up to 75% of the amount given as cash advance shall be submitted as basis for the release of the MOOE budget for the subsequent month/s or quarter/s. The submission of partial liquidation report even below 75% of the cash advance granted may be allowed but only for purposes of reducing the outstanding cash advance.
- 5.9 The bank account shall only have the maintaining balance by end of the year. The balance of the school bank account in excess of the required maintaining balance shall be directly remitted to the BTr by the GSB or non-GSBs, at the end of the year. To avoid unnecessary transaction fees/bank charges, the balance of the bank account should not be less than the required maintaining balance.
- 5.10 The School Heads shall make proper liquidation of his/her cash advance if he/she shall be reassigned to another school or upon his/her retirement/separation from service. This shall be one of the bases for the issuance of clearance.
- 5.11 The DepEd SDOs/ROs shall reconcile the amount withdrawn based on the bank statement or passbook with the reported disbursement and the supporting documents submitted for liquidation of the cash advance.
- 5.12 To ensure the smooth implementation of this Circular, a training shall be conducted for School Heads, accountable officers, and others concerned on

the guidelines and procedures and the required recording/reporting framework.

## **6. SPECIFIC GUIDELINES AND RESPONSIBILITIES**

### **6.1. Department of Education**

6.1.1. The School Heads of non-IUs shall be granted the authority and responsibility to:

- a. open and maintain a bank account (checking or savings account) under the name of the school for its operating and program funds;
- b. manage the school's operating budgets and program funds that will be downloaded as cash advances;
- c. submit bank statements or passbooks and other reports as may be required by the SDOs/ROs; and
- d. comply with the liquidation requirements and submit reports together with other supporting documents to the SDOs/ROs concerned observing the prescribed timeline as indicated under Item 5.8 of the General Guidelines. This shall be consistent with the frequency/timeliness of the submission of reports following the applicable COA rules and regulations on cash advances, e.g., COA Circular 97-002 dated Feb 10, 1997 as reiterated in COA Circular 2009-002 dated May 18, 2009.

6.1.2. The DepEd SDOs/ROs shall:

- a. determine the amount to be transferred as cash advance to the non-IUs for their operating and program funds;
- b. adjust the cash advance to be issued to non-IUs based on actual utilization and bank reports in order to avoid unnecessary amounts outside of the TSA;
- c. be responsible for the issuance of clearances in case of retirement, resignation, or transfer from one school to another of School Heads and other school personnel who are designated as signatories; and
- d. advise non-IUs to efficiently manage the funds transferred to their accounts (e.g., purchase of needed supplies and materials upon receipt of the funds, and the prompt settlement of accounts payable within target turn-around-time).

6.1.3. DepEd Central Office shall:

- a. monitor the status of bank accounts opened by the School Heads and submit the summary of bank accounts opened and outstanding balances to the BTr and other oversight agencies by end of the year, for monitoring purposes; and
- b. prepare and issue additional procedural guidelines, as needed.

**6.2. Department of Budget and Management**

6.2.1. DBM shall include in the comprehensive Notice of Cash Allocation the requirements of DepEd's non-IUs corresponding to the amounts indicated in the approved Monthly Disbursement Program.

6.2.2. The DBM RO concerned shall make sure that proper reports are submitted by DepEd to regularly check the utilization of cash advances granted.

**6.3. Commission on Audit**

6.3.1. COA shall include in its regular audit the bank accounts opened by DepEd's non-IUs to ensure that implementation is in accordance with the existing rules and regulations, and funds are used according for their authorized purpose/s.

6.3.2. COA shall prescribe additional accounting and auditing guidelines, if necessary.

**7. ADMINISTRATIVE PROVISIONS/PENAL SANCTIONS**

7.1 It shall be the duty of the officials and 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 action.

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


**8. REPEALING CLAUSE**

All circulars, memoranda, rules, regulations, and other issuances inconsistent with this Joint Circular are deemed repealed and superseded accordingly.

## 9. EFFECTIVITY

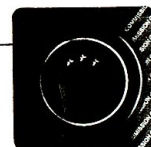
This Circular shall be effective immediately upon issuance.

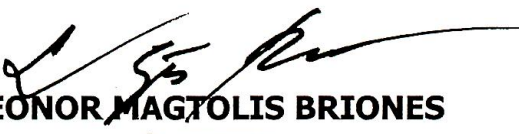
For the guidance of all concerned.

  
**BENJAMIN E. DIOKNO**  
Secretary  
Department of Budget and Management



  
**MICHAEL G. AGUINALDO**  
Chairperson  
Commission on Audit



  
**LEONOR MAGTOLIS BRIONES**  
Secretary  
Department of Education