

[COA Circular No. 2015-002, March 08, 2015]

SUPPLEMENTARY GUIDELINES ON THE PREPARATION OF FINANCIAL STATEMENTS AND OTHER FINANCIAL REPORTS, THE TRANSITIONAL PROVISIONS ON THE IMPLEMENTATION OF THE PHILIPPINE PUBLIC SECTOR ACCOUNTING STANDARDS, AND THE CODING STRUCTURE

*Adopted: 09 March 2015
Date Filed: 18 March 2015*

1.0 RATIONALE/PURPOSE

The Unified Accounts Code Structure (UACS), a government-wide coding framework that provides a harmonized budgetary and accounting code classification, took effect on January 1, 2014. This was jointly developed by the Department of Budget and Management (DBM), Commission on Audit (COA), Department of Finance (DOF) and Bureau of the Treasury (BTr) and was prescribed under COA-DBM-DOF Joint Circular No. 2013-1 dated August 6, 2013.

The account codes in the Revised Chart of Accounts for National Government Agencies prescribed under COA Circular No. 2013-002 dated January 30, 2013, as amended by COA Circular No. 2014-003 dated April 15, 2014, were adopted as an integral part of the UACS or the object codes.

COA Resolution No. 2014-003 dated January 24, 2014 prescribed the adoption of 25 Philippine Public Sector Accounting Standards (PPSASs) effective January 1, 2014. These PPSASs were based on International Public Sector Accounting Standards (IPSASs) which were published in the 2012 Handbook of International Public Sector Accounting Pronouncements of the International Public Sector Accounting Standards Board. Each IPSAS provides transitional guidelines on the proper implementation of the IPSASs.

In view of these developments, there is a need to issue this Circular to prescribe the guidelines on the:

- 1.1 preparation of the financial statements and other related financial reports required for submission to COA and other oversight agencies for the reporting period ending December 31, 2014 and onwards;
- 1.2 coding structure to be used for CY 2014 financial statements in accordance with the UACS; and
- 1.3 implementation of the PPSASs in accordance with the IPSASs transitional provisions.

2.0 COVERAGE

This Circular covers public sector entities, such as, the National Government Agencies (NGAs) and Government-Owned and/or Controlled Corporations (GOCCs) maintaining Special Accounts in the General Fund (SAGF). GOCCs not maintaining SAGF and Local Government Units (LGUs) shall be covered by separate guidelines.

3.0 DEFINITIONS

For the purpose of this Circular, the following terms shall be construed to mean as follows:

- 3.1 Entities - refer to NGAs and GOCCs maintaining SAGF. These may be a group of NGAs and GOCCs combined as a single entity (e.g. central and regional offices including their operating units)
- 3.2 NGAs - refers to the various units of the Government, including a department, bureau, office and instrumentality.
- 3.3 GOCCs - refers to any agency organized as a stock or nonstock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines directly or through its instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock.
- 3.4 Fund cluster - refers to an accounting entity (similar to a bank account) for recording expenditures and revenues associated with a specific activity for which accounting records are maintained and periodic financial reports are prepared.

4.0 GENERAL GUIDELINES

- 4.1 The components of the financial statements, pursuant to PPSAS 1, are as follows:
 - a. Statement of Financial Position (Annexes A and A1)
 - b. Statement of Financial Performance (Annexes B and B1)
 - c. Statement of Cash Flows (Annexes C and C1)
 - d. Statement of Changes in Net Assets/Equity (Annex D)
 - e. Statement of Comparison of Budget and Actual Amounts (Annex E)
 - f. Notes to Financial Statements comprising a summary of significant accounting policies and other explanatory notes
- 4.2 For the purpose of preparing the Annual Financial Report (AFR) and the annual audit reports (AARs) for CY 2014, all NGAs shall submit to the COA Auditors and the Government Accountancy Sector (GAS), COA, the detailed financial statements and trial balances consolidated by fund cluster as follows:
 - a. Regular Agency Fund
 - b. Foreign Assisted Projects Fund
 - c. Special Accounts - Locally Funded/Domestic Grants Fund
 - d. Special Accounts - Foreign Assisted/Foreign Grants Fund
 - e. Internally Generated Funds
 - d. Business Related Funds
 - e. Trust Receipts/Inter-Agency Transferred Funds (IATF)
- 4.3 NGAs are required to upload the soft copies of the above required

financial statements at the COA website (www.coa.gov.ph)

- 4.4 GOCCs, such as NTA and PCA, shall submit to the COA Auditors and the Government Accountancy Sector (GAS), COA, the trial balances and financial statements stated in 4.2 of the SAGF as required by law, and upload the soft copies of the same at the COA website.
- 4.5 The Budget and Financial Accountability Reports (BFARs) prescribed under COA DBM Joint Circular No. 2014-1 dated July 2, 2014 shall also be submitted to the GAS, COA and Agency's COA Auditor, in addition to the financial statements and reports stated in 4.1 and 4.2.
- 4.6 The NGAs, including the NTA and PCA, are likewise required to upload the BFARs at the COA website following the deadlines prescribed in the COA- DBM Joint Circular No. 2014-1 dated July 2, 2014.
- 4.7 The fund clusters and fund codes as prescribed in the UACS Manual per DBM-COA-DOF Joint Circular No. 2013-1, as amended by DBM-COA-DOF Joint Circular No. 2014-1 dated November 7, 2014, shall be used.
- 4.8 Upon the effectivity of this Circular, the following revised forms and registries shall be used/maintained by the NGAs, including the NTA and PCA for their SAGF, to facilitate the monitoring of budget information and the preparation of the budget and accounting reports:
 - a. Obligation Request and Status (ORS)
 - b. Budget Utilization Request and Status (BURS)
 - c. Registry of Revenue and Other Receipts (RROR)
 - d. Registry of Appropriations and Allotments (RAPAL)
 - e. Registry of Allotments, Obligations and Disbursements (RAOD)
 - f. Registry of Budget, Utilization and Disbursements (RBUD)
- 4.9 The guidelines on the implementation of PPSAS transitional provisions under paragraphs 6.1a to 6.1m shall be implemented.

5.0 SPECIFIC GUIDELINES

- 5.1 All NGAs shall prepare and submit for the CY 2014 one set of financial statements for all funds (combined all funds) as enumerated in paragraph 4.1 as their general purpose financial statements.
- 5.2 The NTA and PCA shall submit the financial statements of the SAGF as stated paragraph 4.4.
- 5.3 The Statement of Management Responsibility (Appendix A) shall be attached to the financial statements.
- 5.4 To serve as guide to preparers of financial statements, a basic model or pro- forma Notes to Financial Statements shall be included in the Government Accounting Manual (GAM).
- 5.5 The guidelines in the submission of the financial statements and trial balances for the preparation of the CY 2014 AFR and annual audit reports are as follows:
 - a. All the financial statements, except the Notes to Financial

Statements, and the trial balances shall be consolidated at the cluster level as follows:

1. Regular Agency Fund consisting of:

- a. General Fund - New General Appropriations
- b. General Fund - Continuing Appropriations
- c. General Fund - Supplemental Appropriations
- d. General Fund - Automatic Appropriations
- e. General Fund - Unprogrammed Funds

2. Foreign Assisted Projects Fund consisting of:

- a. General Fund - New General Appropriations
- b. General Fund - Continuing Appropriations
- c. General Fund - Unprogrammed Funds

3. Special Accounts - Locally Funded/Domestic Grants Fund

4. Special Accounts - Foreign Assisted/Foreign Grants Fund

5. Internally Generated Funds (Off-Budgetary Funds - Retained Income Funds)

6. Business Related Funds

7. Trust Receipts/Inter-Agency Transferred Fund (IATF)

- a. Receipts Deposited with the National Treasury other than IATF
- b. Receipts Deposited with Authorized Government Depository Banks (AGDB)

- b. Pursuant to Executive Order No. 292 series of 1987, instituting the 1987 Administrative Code, the financial statements and trial balances enumerated in paragraph 4.1 shall be submitted to GAS, COA and the Agency's COA Auditor on or before February 14, 2015. In addition, the printed copies of the detailed financial statements (Annexes A1, B1 and C1) shall be submitted to GAS, COA and electronic copies uploaded to the COA website.

5.6 The following are the revised budget forms and registries to be used/maintained by NGAs:

a. **Obligation Request and Status (Annex F)**

1. This form shall be used for:

- a. Regular Agency Fund,
- b. Foreign Assisted Projects Fund,
- c. Special Accounts - Locally Funded/Domestic Grants Fund, and
- d. Special Accounts - Foreign Assisted/Foreign Grants Fund.

2. The ORS shall be prepared by the Requesting/Originating Office based on their approved budget allocation per General Appropriations Act (GAA) and other budget laws/authority.
3. The Funding Source Code segmented by Fund Cluster, Fund Authorization, Major Final Output, Program/Activity/Project, and Major Programs/Projects shall be indicated on the face of the ORS using the UACS Object Code.
4. Section C of the ORS shall serve as a subsidiary record for obligation to be maintained by the Budget Unit. It shall contain the amounts of obligation, actual disbursements/payments, and balances of due and demandable obligations and not yet due and demandable obligations.

b. Budget Utilization Request and Status (Annex G)

1. This form shall be used for:
 - a. Special Accounts – Locally Funded/Domestic Grants Fund, specifically for income collections of agencies constituted as special accounts
 - b. Internally Generated Funds
 - c. Business Related Funds, and
 - d. Trust Receipts/IATF.
2. This shall be prepared by the Requesting/Originating Offices based on their approved budget allocations for off budgetary and custodial funds.
3. Section C of the BURS shall serve as a subsidiary record for budget utilization to be maintained by the Budget Unit. It shall contain the amounts of budget utilizations, actual disbursements/payments, and balances of due and demandable utilizations and not yet due and demandable utilizations.

c. Registry of Revenue and Other Receipts (Annex H, H1-H4) -

This shall be kept by the Budget Unit of the entity and shall be maintained by fund cluster as provided in paragraph 5.5.a.

d. Registry of Appropriations and Allotments (Annex I) -

This shall be maintained to monitor the balance of unreleased appropriations for the following funds:

1. Regular Agency Fund,
2. Foreign Assisted Projects Fund,
3. Special Accounts - Locally Funded/Domestic Grants Fund, and
4. Special Accounts - Foreign Assisted/Foreign Grants Fund.

e. Registry of Allotments, Obligations and Disbursements (Annex J) -

This shall be used to monitor the unobligated allotments and unpaid obligations (due and demandable obligations and not yet due and demandable obligations) for the