



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CIRCULAR

No. : 2019 - 001
Date : JAN 30 2019

- TO** : All City/Municipal Mayors and *Punong Barangays*; City/Municipal Accountants; Members of the *Sangguniang Barangay*; Barangay Treasurers; COA Directors/Assistant Directors; Supervising Auditors, Audit Team Leaders; Heads of the Authorized Government Depository Banks; and All Others Concerned
- SUBJECT** : Providing Control Mechanism to Enforce Submission of Barangay Financial Transactions and Discontinuance of the Use of the COA Auditor's Advice prescribed under COA Circular No. 2012-005 dated December 7, 2012

1.0 RATIONALE

- 1.1. It is the declared policy of the State that all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal and improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government. The responsibility to ensure that such policy is faithfully adhered to rests directly with the chief or head of the government agency concerned.
- 1.2. It is also a fundamental principle that claims against government funds shall be supported with complete documentation.
- 1.3. COA Circular No. 2012-005 dated December 7, 2012 provides that failure of the barangay to submit the original copy of the Disbursement Vouchers (DVs) signed by the payee, together with its corresponding supporting documents and duplicate copies of the checks and Punong Barangay Certification (PBC) shall cause the issuance of the COA Auditor's Advice (CAA) to the authorized government depository bank (AGDB), which shall withhold further payments of checks issued by the concerned barangay.
- 1.4. The foregoing control, however, causes the delay/stoppage in the delivery of services of the barangay.
- 1.5. In consonance with the function of the Commission to promulgate auditing and accounting rules and regulations to prevent irregular, unnecessary, excessive, extravagant and unconscionable expenditures or uses of government funds or property, this Circular is prescribed to discontinue the use of the CAA and provide control mechanism to enforce submission of the barangay transaction documents.

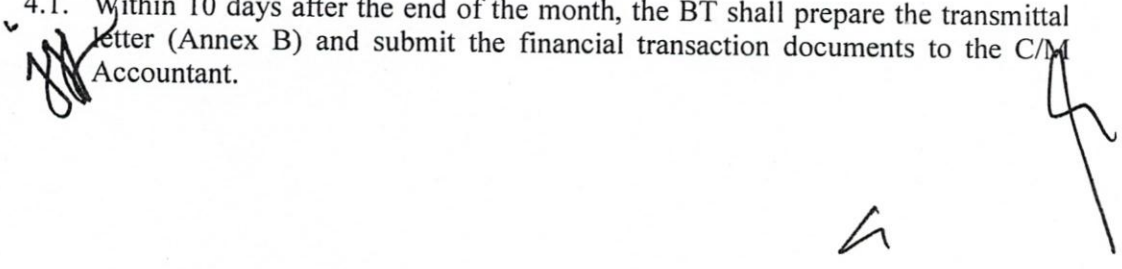
2.0 SCOPE

This Circular shall cover all financial transactions of the barangay.

3.0 GENERAL GUIDELINES

- 3.1. Fiscal responsibility shall rest with the Punong Barangay (PB). The PB shall also be responsible for the proper discharge of duties and responsibilities of the barangay officials.
- 3.2. All payments of the barangay shall be made by check.
- 3.3. No cash advance shall be given unless for a legally authorized specific purpose. A cash advance shall be reported on and liquidated as soon as the purpose for which it was given has been served. No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made.
- 3.4. The DV shall originate from the Barangay Treasurer (BT) and the BT shall forward the same to the Chairman, Committee on Appropriations, who shall certify as to the existence of appropriations, after which, the BT shall certify as to availability of cash.
- 3.5. The PB shall certify the DV as to the legality, propriety and validity of the transaction and approve the disbursement after he has duly examined and been satisfied that the DVs are duly certified by the proper barangay officials, the expenditure is proper and valid, and the supporting documents are complete.
- 3.6. The PB shall issue the PBC (Annex A) to the depository bank for checks issued by the barangay.
- 3.7. Barangay financial transaction documents consisting of the Report of Collections and Deposits (RCDs) with the duplicate copies of the official receipts (ORs) and deposit slips, bank statements, original copies of the DVs with its supporting documents (SDs), duplicate copies of the checks and PBCs shall be submitted to the City/Municipal (C/M) Accountant within 10 days after the end of the month for recording in the barangay books of accounts and financial reporting.
- 3.8. If the barangay financial transaction documents are not submitted within the deadline, the Supervising Auditor (SA)/Audit Team Leader (ATL) shall no longer issue the CAA, but shall follow the herein procedures/mechanism to enforce submission thereof.

4.0 SPECIFIC GUIDELINES

- 4.1. Within 10 days after the end of the month, the BT shall prepare the transmittal letter (Annex B) and submit the financial transaction documents to the C/M Accountant.
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- 4.2. Within three working days from submission of the transmittal letter and financial transaction documents to the C/M Accountant, the BT shall submit a duly receipted copy of the transmittal letter, together with copies of the PBCs, to the SA/ATL.
- 4.3. The C/M Accountant shall submit to the SA/ATL, the barangay financial transaction documents, within 10 working days from receipt of the transmittal letter.
- 4.4. If the BT fails to submit the financial transaction documents after five days from the deadline, the C/M Accountant shall inform the PB, in a letter, of the barangay's failure to submit the documents, and shall require the PB to enforce the immediate submission thereof, within three working days from receipt of the letter, copy furnished the SA/ATL of the duly received letter.
- 4.5. The C/M Accountant shall inform in writing the SA/ATL of the barangay's failure to submit the financial transaction documents if after five days from receipt of the C/M Accountant's letter by the PB there is still no submission made.
- 4.6. Upon receipt of the C/M Accountant's letter, the SA/ATL shall issue within two working days a demand letter (Annex C) to the PB requiring the BT to submit the financial transaction documents for the specific period within three days from receipt thereof.
- 4.7. Upon submission, the SA/ATL shall verify check issuances in the BT cashbook, validate bank statements for negotiated checks and review the submitted financial transaction documents, issue the appropriate audit action/decision, if warranted, and furnish the C/M Accountant with photocopies of the submitted financial transaction documents for recording in the barangay books of accounts.
- 4.8. If the barangay still fail to submit the accounts, three working days after the demand, the SA/ATL shall issue a Notice of Disallowance (ND) for the unsubmitted transactions on the ground that the disbursements were made without valid and legal purpose. Likewise, the SA/ATL shall execute an affidavit (Annex D) on the non-submission of the accounts after due demand and submit the same together with the supporting documents to the COA Regional Director for evaluation and filing of appropriate case with the Office of the Ombudsman, if warranted.
- 4.9. For transactions with outstanding CAAs, the SA/ATL shall:
 - 4.9.1 Issue to the PB a demand letter (Annex C) to submit within five days the barangay financial transaction documents, in two copies, for the period covered by the CAA.
 - 4.9.2 Verify check issuances in the cashbook, validate the bank statements for negotiated checks and review the submitted financial transaction documents, if any, issue the appropriate audit decision, and furnish the C/M Accountant with photocopies of the submitted financial

transaction documents for recording in the barangay books of accounts.

- 4.9.3 In case of failure to submit the required documents after the lapse of the prescribed period, issue ND to disallow the transactions covered by the CAA and execute an affidavit on the non-submission of the accounts and submit the same together with the supporting documents to the Office of the Regional Director for evaluation and filing of appropriate case with the Office of the Ombudsman, if warranted.
- 4.9.4 Thereafter, issue the Notice to Lift the COA Auditor's Advice (Annex E) to the depository bank of the barangay.

5.0 REPORTING

The SA/ATL shall prepare a Semestral Report on all disbursements of the barangays within his/her audit jurisdiction indicating the actions taken thereon, and submit the Report on/before January 15 and July 15 of each year to the concerned Regional Director. (Annex F)

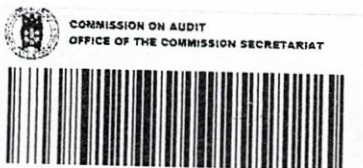
The concerned Regional Director shall review the Semestral Reports, and prepare a Consolidated Semestral Report for submission to the Sector Head, Local Government Sector, this Commission on/before January 31 and July 31 of each year for monitoring purposes. (Annex G)

6.0 PENALTY CLAUSE

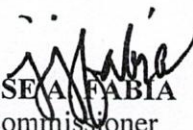
Failure or neglect of the officials and employees concerned to discharge their respective duties and responsibilities provided herein shall be a basis for appropriate administrative/criminal sanction/s under Presidential Decree No. 1445, the Civil Service rules and regulations, the Revised Penal Code, and such other pertinent penal statutes.

7.0 EFFECTIVITY

This Circular shall take effect after 15 days following its publication in the Official Gazette, or in a newspaper of general circulation.




MICHAEL G. AGUINALDO
Chairperson


JOSE A. FABIA
Commissioner


ROLAND C. PONDUC
Commissioner

Barangay _____
 City/Municipality of _____
 Province of _____

PUNONG BARANGAY'S CERTIFICATION (PBC)

PBC No. : _____

Date: _____

To: **The Bank Manager**

(Name of Bank) _____

(Address) _____

Sir/Madam:

This is to certify that the following checks were duly issued by Barangay _____,
 (Ito ay pagpapatunay na ang mga cheke na nakalista sa ibaba ay na-isyu ng Barangay _____)

complete with respective Disbursement Vouchers and supporting documents.
 (na kompleto ng kanya-kanyang Disbursement Vouchers at kalakip na mga dokumento.)

Account No.	Check No.	Date	Payee	Amount	Purpose

This Certification is issued, pursuant to COA Circular 2018-____, dated _____,
 (Itong Patunay ay ginawa alinsunod sa COA Circular 2018-____, na may petsang _____)

as a condition for the encashment of said checks.
 (bilang kondisyon para sa pagpapalit ng mga nasabing cheke.)

The undersigned attests to the truthfulness of the foregoing facts, under pain of
 (Pinapatotohanan ng may lagda ang mga nakasaad sa itaas, batid ang ...)

liability for falsification, pursuant to Article 171(4) of the Revised Penal Code.
 (pananagutan sa kasong "Falsification," sang-ayon sa Article 171(4) ng Revised Penal Code.)

Very truly yours,

Punong Barangay

Delivered by:

Received by:

Barangay Treasurer

Date: _____

Bank Representative

Date: _____

Barangay _____
 City/Municipal of _____
 Province of _____

TRANSMITTAL LETTER

Date : _____

To : The City/Municipal Accountant
 City/ Municipality of _____

Sir/Madam:

We submit herewith the following financial transaction documents and reports covering the period of _____ to _____, to wit:

A. DV/Payroll		Check		Payee	Amount	PB Certification	
Date	No.	Date	No.			Date	No.
B. RCDs and RCRs and the duplicate copies of the ORs issued							
RCD/RCR Number		Period Covered		Date	Amount		
C. Other Reports							
Type of Report				Period Covered			

Please acknowledge receipt hereof.

Very truly yours,

 Barangay Treasurer

Noted by:

Received by:

 Punong Barangay

 Signature Over Name and Designation

**TRANSMITTAL LETTER
(TL)**

INSTRUCTIONS

A. This form, in letter format, shall be accomplished by the Barangay Treasurer to submit the financial transaction documents pertaining to the Barangay, as follows:

1. **Barangay** – name of the barangay
2. **City/Municipality** – city/municipality where the barangay is located
3. **Province** – the province where the municipality where the barangay is situated
4. **Date** – the date of preparation of the TL
5. **To:** – the addressee of the TL who is the City/Municipal Accountant
6. **A. DV/Payroll** – the dates and numbers of the PAID DVs/Payrolls and the following columns to be filled up:
 - a. Check Date and No.
 - b. Payee
 - c. Amount of the Check paid
 - d. PB Certification – Date and No.
- B. RCDs/RCRs** – number, period covered, dates, and amounts of the RCDs and Report of Collection and Remittance (RCRs)
- C. Other Reports** –type of other report/s to be transmitted and the period covered
7. **Noted by:** – to be signed by the Punong Barangay
8. **Very truly yours,** – to be signed by the Barangay Treasurer
9. **Received by:** – to be signed by the receiving staff of the City/Municipal Accountant

B. It shall be prepared in three copies distributed as follows:

- Original* – to the C/M Accountant
2nd copy – to the Auditor
3rd copy – BT file

DEMAND LETTER

Date: _____

To: **Punong Barangay** _____
Barangay Treasurer _____
 Barangay _____
 City/Municipality of _____

Sir/Madam:

Per information from the City/Municipal Accountant, your barangay has yet
(Ayon sa impormasyon galing sa City/Municipal Accountant, ang inyong barangay ay hindi pa ...
 to submit its financial transaction documents for the period of _____,
(nakakapag-sumite ng mga dokumento kaugnay sa transaksyong pananalapi para sa buwan ng _____.)

In view thereof, demand is hereby made upon you to submit the same, in two sets
(Dahil dito, kayo ay binibigyan ng Huling Palugit para mag-sumite ng mga dokumentong nabanggit...
 (the original and a photocopy), within three days from receipt hereof.
sa dalawang (2) kopya (ang orihinal at isang kopya nito) sa loob ng tatlong (3) araw mula sa petsa ng pagkakatanggap ng sulat na ito.)

Please be reminded that failure to render account and making untruthful statements in
(Bilang paalala, ang hindi pagbibigay ng ulat pananalapi ng inyong barangay at ang pagsisinungaling
 the Punong Barangay Certification are punishable under Articles 218 and 171(4) of the
sa Punong Barangay Certification ay may karampatang pananagutang kriminal sa ilalim ng Artikulo 218 at 171(a)
 Revised Penal Code, respectively; in addition to possible administrative liability
ng ating Kodigo Penal. Bukod pa dito, ay ang posibleng pagkakaharap sa mga kasong administratibo
 for gross neglect of duty, refusal to perform official duty, or conduct prejudicial to the best
para sa kapabayaan o pagtangi sa pag-ganap ng opisyal na tungkulin, o asal na makasama...
 interest of the service, among others, pursuant to Republic Act No. 3019 and prevailing
sa paglilingkod, alinsunod sa Republic Act No. 3019 at iba pang uniiral na mga batas at regulasyon...
 Civil Service rules and regulations.
ng Civil Service Commission.

Truly yours,

Audit Team Leader_____
Supervising Auditor

JOINT AFFIDAVIT

We, _____ and _____, both of legal age, Filipino citizens, and with office address at _____ hereby depose and state:

- 1. We are the Supervising Auditor (SA) and the Audit Team Leader (ATL), respectively of (Name of barangay);
2. On _____, we received communication (attached here as Annex A) from the City/Municipal Accountant that above mentioned barangay has not submitted its financial transaction documents for the period of _____, as required by law and regulations, despite written demand therefor (attached here as Annex B).
3. Notwithstanding absence of these supporting documents, the Punong Barangay issued Punong Barangay Certification No. _____ (attached here as Annex C) to encash the checks listed therein; and the checks were indeed encashed, as shown by the pertinent Bank Statement (attached here as Annex D);
4. Pursuant to Item 4.6 of COA Circular No. 2018-____ dated _____, 2018, we issued a Demand Letter (attached here as Annex E) for the submission of said financial transaction documents, within the period stated therein; addressed to and duly served upon:

Punong Barangay: _____; and
Barangay Treasurer: _____;

both of said barangay, at their office address: _____;

- 5. As of the time of the execution of this affidavit, said Punong Barangay and/or Barangay Treasurer have yet to comply;
6. We are executing this affidavit, together with the mentioned attachments, to attest to the truth of the foregoing statements, for all legal intents and purposes.

(Date, Place of Execution), Philippines.

Supervising Auditor
ID: _____

Audit Team Leader
ID: _____

SUBSCRIBED AND SWORN to before me this _____ at _____, affiants exhibiting to me their above respective competent proofs of identity.

Doc. No.: _____;
Page No.: _____;
Book No. _____;
Series of _____.



Republic of the Philippines
COMMISSION ON AUDIT

Date

NOTICE TO LIFT THE COA AUDITOR'S ADVICE (CAA)

To : The Bank Manager
(Name of the AGDB)
(Address of the AGDB)

Sir/Madam:

Please be informed that COA Auditor's Advice (CAA) No. _____ dated _____
deferring the payment of checks issued by Barangay _____ may now be lifted.

Thank you.

Very truly yours,

Audit Team Leader

Supervising Auditor

Copy furnished:

(Name of Punong Barangay)
(Name of Barangay)
(Address of Barangay)
Account No. ____ - ____ - ____

**SEMESTRAL REPORT ON STATUS OF SUBMISSION OF BARANGAY FINANCIAL
TRANSACTION DOCUMENTS**

INSTRUCTIONS

- A. This report shall be accomplished as follows:
1. Column a - indicate the name of the city or municipality under the jurisdiction of the Audit Group.
 2. Column b - indicate all barangays of the city or municipality.
 3. Columns c and d - indicate the covering month and year of the latest accounts submitted by the barangay.
 4. Columns e and f - indicate the CAA No. and date if there is already an outstanding CAA issued for the unsubmitted accounts.
 5. Column g - indicate the date of the Demand Letter issued by the Auditor for the unsubmitted accounts.
 6. Columns h, i and j - indicate the ND No., date and amount involved for the unsubmitted accounts with ND issued by the Auditor.
 7. Column k - indicate the date of the Affidavit executed by the Supervising Auditor/Audit Team Leader for the unsubmitted accounts.
 8. Column l - indicate the date of Notice to Lift the CAA issued by the Auditor.
 9. Column m - other relevant information

**CONSOLIDATED REPORT ON STATUS OF NON-SUBMISSION OF BARANGAY
FINANCIAL TRANSACTION DOCUMENTS**

INSTRUCTIONS

- A. This report shall consist of all barangays with unsubmitted accounts/financial transaction documents.
- B. This report shall be accomplished as follows:
1. Column a - indicate the name of the Audit Group.
 2. Column b - indicate the name of the city or municipality under the jurisdiction of the Audit Group.
 3. Column c - indicate the barangays with unsubmitted accounts.
 4. Columns d and e - indicate the covering month and year of the unsubmitted accounts.
 5. Column f - indicate the date of filing of the appropriate case with the Office of the Ombudsman (OMB).
 6. Column g - indicate the docket number assigned by the OMB, if available.
 7. Column h - other action/s taken by the Regional Director, aside from the filing of the appropriate case with the OMB.
 8. Column i - other relevant information