

COA Circular 2012-003

October 29, 2012

**Updated Guidelines for the Prevention
and Disallowance of Irregular,
Unnecessary, Excessive, Extravagant
and Unconscionable Expenditures**



February 29, 2024
PHALGA- MINDANAO
The Atrium, Limkitkai
Cagayan De Oro City

DECLARATION OF POLICY

- Government funds and property shall be fully protected and conserved, and that IUUEE expenditures or uses of such funds and property should be prevented.
- The level/rank of use and mission, size, systems, structure, strategy, skills, style, and nature of operation of a government agency shall be considered in determining whether expenditures are IUUEE.



Section 33 Of PD 1145- Prevention of irregular, unnecessary, excessive, or extravagant expenditures of funds or uses of property; power to disallow such as expenditures. - The Commission shall promulgate such auditing and accounting rules and regulations as shall prevent irregular, unnecessary, excessive, or extravagant expenditures or uses of government funds or property.



Public office is a **public trust**.
Public officers and
employees must, at **all times**,
be **accountable** to the people,
serve them with utmost
responsibility, integrity,
loyalty, and **efficiency**.



Factors to be taken into consideration before issuance of **Notice of Disallowance:**

- Urgency of need
- Time and place of purchase
- Availability of needed goods and services in the market
- Place and origin of goods
- Volume or quantity
- Service warranties
- Quality
- Special features
- Generally accepted practices



IIUUEE stands for:

- I - Irregular
- I - Illegal
- U - Unnecessary
- U - Unconscionable
- E - Excessive
- E - Extravagant





AUDIT ACTION

- **Suspend- temporarily dis-approve and require justification (NS)**

90 days





AUDIT ACTION

- **Disallow- disapprove and require refund (ND)**

6 mos.



IRREGULAR EXPENDITURES

Non-adherence to:

- **established rules**
- **regulations,**
- **procedural guidelines**
- **policies**
- **Principles or practices that have gained recognition in laws**



IRREGULAR EXPENDITURES

A transaction conducted in a manner that **deviates** or **departs** from, or which does not comply with standards set is deemed irregular. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular.



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Hiring of **consultants** and **contractuals** to perform functions that **will exercise control** and **supervision** over regular employees (CSC Memorandum Circular No. 26, s. 1997).



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Media Advertisements, except those required in the issuance of agency guidelines, rules and regulations, the conduct of public bidding, and the dissemination of important public announcements.



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Including names or initials and/ or images or pictures of government officials in the billboard and signages on the government programs, projects and properties banned under Department of Interior Local Government (DILG) Memorandum Circular No. 2010 – 101 Dated September 23, 2010.



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

(DILG) Memorandum Circular No. 2010 – 101
Dated September 23, 2010.

- the practice of putting up of billboards and signages and other information materials bearing *the names, initials or pictures of government personalities on all government projects, and government properties* (firetrucks, ambulances, vehicles, etc.) *are hereby prohibited.*



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

- Use of **Government motor Vehicles** for private social functions such as:
 - 1. Reception
 - 2. Balls
 - 3. **Theaters** and other personal purposes
- (By Spouse, Children, friends and the like-
even in company of said officials
- Or on Sunday, legal Holiday



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Failure of the agency to meet the conditions for the grant of **honoraria** and **incentives** particularly DBM Circular No. 2007-2 dated October 1, 2007. Also, the **wrongful charge** of the disallowed incentives to **MOOE** instead of **PS**. (*Juan B. Ngalob, et al. vs. Commission on Audit*, G.R. No. 238882, January 5, 2021)



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Payment of Salaries/ honorarium – no
Service Rendered / Inappropriate
Documentation



Republic of the Philippines
Barangay Matapat
Municipality of Matino
Province of Mabait

DAILY TIME RECORD

Name : **Dina Thatakut**

For the month of : January 2022

Official hour for arrival and departure :

	A.M.		P.M.		Remarks
	Arrival	Departure	Arrival	Departure	
1 Sunday					
2 Holiday					
3					
4					
##					
## Saturday					
## Sunday					
##					
##					
## Saturday					
## Sunday					
##					
##					
##					

I certify on my honor that the above is **true and correct** report of the hours of work performed, record of which was made daily at the time of arrival and departure from office.

Dina Thatakut
Signature of Employee

Verified as to the prescribed office hours

Honorable Pirma Phikit-Mata
Punong Barangay



Republic of the Philippines
Barangay Matapat
 Municipality of Matino
 Province of Mabait
DAILY TIME RECORD

Name : Dina Thatakut
 For the month of : January 2023
 Official hour for arrival and departure :

	A.M.		P.M.		Remarks
	Arrival	Departure	Arrival	Departure	
1					
2					
3	8:00	12:00	1:00	5:00	
4					
5					
6					
7					
8					
9					
10					
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30					
31					

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COA Style Guide
Honorable Pirma Phikit-Mata
 Punong Barangay



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1 Sunday					
2 Holiday					
3	8:00	12:00	1:00	5:00	
4	8:00	12:00	1:00	5:00	
5	8:00	12:00	1:00	5:00	
6					
7					
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28					
29					
30					
31					

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4	8:00	12:00	1:00	5:00	
5	8:00	12:00	1:00	5:00	
6	8:00	12:00	1:00	5:00	
7 Saturday					
8 Sunday					
9	8:00	12:00	1:00	5:00	
10	8:00	12:00	1:00	5:00	
11	8:00	12:00	1:00	5:00	
12	8:00	12:00	1:00	5:00	
13	8:00	12:00	1:00	5:00	
14 Saturday					
15 Sunday					
16	8:00	12:00	1:00	5:00	
17	8:00	12:00	1:00	5:00	
18	8:00	12:00	1:00	5:00	
19	8:00	12:00	1:00	5:00	
20	8:00	12:00	1:00	5:00	
21 Saturday					
22 Sunday					
23	8:00	12:00	1:00	5:00	
24	8:00	12:00	1:00	5:00	
25	8:00	12:00	1:00	5:00	
26	8:00	12:00	1:00	5:00	
27	8:00	12:00	1:00	5:00	
28 Saturday					
29 Sunday					
30	8:00	12:00	1:00	5:00	
31	8:00	12:00	1:00	5:00	

I certify on my honor that the above is **true and correct**

report of the hours of work performed, record of which was made daily at the time of arrival and departure from office.



1. January-	8:00 -12:00	1:00-5:00
2. February	8:00 -12:00	1:00-5:00
3. March-	8:00 -12:00	1:00-5:00
4. April	8:00 -12:00	1:00-5:00
5. May	8:00 -12:00	1:00-5:00
6. June	8:00 -12:00	1:00-5:00
7. July	8:00 -12:00	1:00-5:00
8. August	8:00 -12:00	1:00-5:00
9. September	8:00 -12:00	1:00-5:00
10. October	8:00 -12:00	1:00-5:00
11. November	8:00 -12:00	1:00-5:00
12. December	8:00 -12:00	1:00-5:00



CERTIFICATION

This is to certify that Mr. **Whal Ang Liban** has rendered services from **March 1-31, 2023**.

This certification is issued for whatever legal purpose it may serve.

Issued on **March 15, 2023**.

Honorable Ishang Peermahan
Punong Barangay



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Non-compliance with the rules and regulations governing the grant of **Collective Negotiation Agreement** (CNA) incentives. (*Ser John Pastrana, et al. vs. Commission on Audit/Mary Jane G. Ysmael vs. Commission on Audit*, G.R. No. 242083, June 15, 2021)



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Grant of amelioration allowance or any similar benefits to **private employees** of service contractors contrary to Administrative Order (A.O.) No. 365 dated October 10, 1997.



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Loyalty service award granted to employees that have not yet rendered the minimum service of **ten years** in the government required under CSC Memorandum Circular No. 42, s. 1992 (*BCDA vs. COA*, G.R. No. 142760).



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Payment of COLA and other allowances deemed **integrated** in the salary per DBM-NCC No. 59 and DBM-CCC No. 10 (*Victoria C. Gutierrez, et al. vs. DBM*, G.R. No. 153266).



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Grant or food allowance, rice subsidy and health care allowance as -there is **no law authorizing the grant of such allowances** (*BFAR Employees Union, R.O. VII vs. COA, G.R. No. 169815* and *Benguet State University vs. COA, G.R. No. 169637*).



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Payment of CNA cash incentive/benefit to rank-and-file employees where the conditions required in determining "savings" under Public Sector Labor Management Council (PSLMC) Resolution No. 02, s. 2003 dated May 19, 2003 and DBM BC 2006-001 dated Feb. 1, 2006 **are not met.**



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Honoraria granted to members of **special committees** such as an Executive Committee, Program on Awards and Incentives for Service Excellence and Regional Selection and Promotions Board, which are **performing functions inherent** in the regular functions of the agency.



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Acceptance of a project as **100 percent** complete pursuant to **Certificate of Inspection** Report when the project was not yet completed (Manuel Leycano, Jr. vs. COA, G.R. No. 154665).



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

Acceptance of a project constructed **not** in accordance with **plans** and **specifications** and with noted deficiencies.



Cases that are considered "Irregular" Expenditures or Uses of Government Funds and Property

<u>POW</u>	<u>ACTUAL</u>
➤ 1. GI	BI
➤ 2. PVC – Series 1000	PVC- Series 800
➤ 3. Lawaan-	Coco
➤ 4. Length- Road - 1 KM	950 Meters



ILLEGAL EXPENDITURES

Expenditures that are **contrary** to law.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

1. Payment of claims under a contract awarded not strictly in accordance with the procedures prescribed under **Republic Act (R.A.) No. 9184** and its Revised Implementing Rules and Regulations (IRR):
 - Certification of payments to the service contractors as **lawful and necessary** despite the absence of a **public bidding**. (*Maura Baghari-Regis vs. Commission on Audit*, G.R. No. 210900, December 1, 2020)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

For contracts awarded under an **alternative mode** of procurement for items that should have undergone complete **public bidding process** and eventually resulted in **overpricing** (*Dir. Fredric Villanueva, et.al. vs. COA, G.R. No. 151987, and Venancio R. Nava vs. Rodolfo G. Palattao, et al., G.R. 16021*).



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Brgy Procurement:

Brgy. Resolution and DV **Public Bidding**



Cases that are considered "Illegal" Expenditures or Uses of Government Funds and Property

Brgy Procurement:

1. Documents attached RFQ (Shopping/ SVP)
2. No post qualification
3. No BAC Resolution Recommending Award
4. No notice of Award



Cases that are considered "Illegal" Expenditures or Uses of Government Funds and Property

Brgy Procurement **Shopping B:**

- 3 RFQs sent to Suppliers

- At least 3 RFQs were obtained from qualified Supplier

- Infra Projects



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Negotiated Procurement- **TWO FAILED Bidding**

- no BAC Resolution
- Minutes of meeting (There was no proof that a mandatory review of the terms, conditions and specifications, and cost estimates, as prescribed in Section 35 of the IRR)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Under GAA 2024 Fund transfer
Barangay- Big Projects Demand
Public Bidding

BAC Barangay



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Favorite Amount **49,999.00**



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

SK BAC

GPPB No. 007- 2019 Dated July 17, 2029



QUESTION?????????

PWDE BA ang Total amount sa Purchase Request same sa Total amount sa Purchase Order??

PURCHASE REQUEST

Barangay : Sipaton
 Municipality: Goodlongon
 Province: Secret

R No.: 2022-07-001
 Date: 07/01/2022

Item No.	Qty.	Unit of Measurement	Item description	Estimated Unit Cost	Estimated Amount
1	100	Piece	Folder, Standard/ A-4	7.50	750.00
2	50	Ream	Paper Bond, Standard/ A-4	102.00	5,100.00
3	5	Piece	Toner, TN 3370, 6180DW Super High Yiedl	4,900.00	24,500.00
4	1	Set	Computer DeskTop	58,500.00	58,500.00
5	500	Piece	Ballpen- Black No. x	6.00	3,000.00
6	1000	Piece	Ballpen- Red No. xx	7.12	7,120.00
7	20	Piece	Glue-Small	12.15	243.00
8	5	Piece	Tape Dispenser	25.00	125.00
9	10	Pad	Sticky Notes	52.13	521.30
10	20	Bundle (100)	Envelope-Short	211.3	4,226.00
Nothing Follows*					

Total Estimated Amount **One Hundred Four Thousand Eighty Five Pesos and thirty Cents**
 104,085.30

Purpose: For Use of Barangay Operation

PURCHASE ORDER

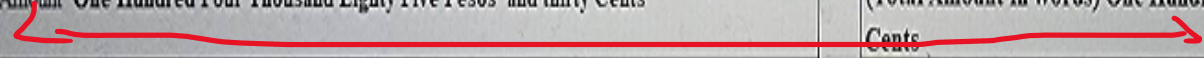
Barangay: Sipaton
 Municipality : Goodlongon
 Tel. No.:
 Province: Secret

Supplier: Oscar Kilo
 PO No.: 2022-08-001

Date of Delivery: September 1, 2022
 Payment Term: n/30

Item No.	Unit of Measure	Item Description	Quantity	Unit Cost	Amount
1	Piece	Folder, Standard/ A-4	100	7.50	750.00
2	Ream	Paper Bond, Standard/ A-4	50	102.00	5,100.00
3	Piece	Toner, TN 3370, 6180DW Super	5	4,900.00	24,500.00
4	Set	Computer Desk	1	58,500.00	58,500.00
5	Piece	Ballpen- Black	500	6.00	3,000.00
6	Piece	Ballpen- Red No.	1000	7.12	7,120.00
7	Piece	Glue-Small	20	12.15	243.00
8	Piece	Tape Dispenser	5	25.00	125.00
9	Pad	Sticky Notes	10	52.13	521.30
10	Bundle (100)	Envelope-Short	20	211.3	4,226.00

(Total Amount in words) **One Hundred Four Thousand Eighty Five Pesos and Thirty Cents**
 104,085.30



(1st) PURCHASE REQUEST PREPARATION



(2nd) PROCUREMENT PROCESS
(Public bidding/ Shopping/ small Value)



(3rd) PURCHASE ORDER PREPARATION



(4th) Inspection and Acceptance Report
Delivery Receipt

PURCHASE REQUEST						PURCHASE ORDER					
Barangay : Sipaton			R No.: 2022-07-001			Barangay: Sipaton			Municipality : Goodlongon		
Municipality: Goodlongon			Date: 07/01/2022			Tel. No.:			Province: Secret		
Province: Secret						Supplier: Oscar Kilo			PO No.: 2022-08-001		
						Date of Delivery: September 1, 2022			Payment Term: n/30		
Item No.	Qty.	Unit of Measurement	Item description	Estimated Unit Cost	Estimated Amount	Item No.	Unit of Measure	Item Description	Quantity	Unit Cost	Amount
1	100	Piece	Folder, Standard/ A-4	7.50	750.00	1	Piece	Folder, Standard/ A-4	100	7.50	750.00
2	50	Ream	Paper Bond, Standard/ A-4	102.00	5,100.00	2	Ream	Paper Bond, Standard/ A-4	50	102.00	5,100.00
3	5	Piece	Toner, TN 3370, 6180DW Super High Yiedl	4,900.00	24,500.00	3	Piece	Toner, TN 3370, 6180DW Super	5	4,900.00	24,500.00
4	1	Set	Computer DeskTop	58,500.00	58,500.00	4	Set	Computer Desk	1	58,500.00	58,500.00
5	500	Piece	Ballpen- Black No. x	6.00	3,000.00	5	Piece	Ballpen- Black	500	6.00	3,000.00
6	1000	Piece	Ballpen- Red No. xx	7.12	7,120.00	6	Piece	Ballpen- Red No.	1000	7.12	7,120.00
7	20	Piece	Glue-Small	12.15	243.00	7	Piece	Glue-Small	20	12.15	243.00
8	5	Piece	Tape Dispenser	25.00	125.00	8	Piece	Tape Dispenser	5	25.00	125.00
9	10	Pad	Sticky Notes	52.13	521.30	9	Pad	Sticky Notes	10	52.13	521.30
10	20	Bundle (100)	Envelope-Short	211.3	4,226.00	10	Bundle (100)	Envelope-Short	20	211.3	4,226.00
Nothing Follows*											
Total Estimated Amount One Hundred Four Thousand Eighty Five Pesos and thirty Cents 104,085.30						(Total Amount in words) One Hundred Four Thousand Eighty Five Pesos and Thirty Cents 104,085.30					
Purpose: For Use of Barangay Operation											

Explore



M



(1st) PURCHASE REQUEST PREPARATION (May 6, 2023)



(2nd) PROCUREMENT PROCESS (RFQ – May 10-2023)



(3rd) PURCHASE ORDER PREPARATION (May 15, 2023)



Inspection and Acceptance Report (May 21, 2023)

Delivery Receipt (April 28, 2023)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

PO		Date of Purchase Request	Date of PhilGEPS Publication
Ref. No./ Date	Cost		
11-2-2022	300,000.00	10/11/2022	9/21/2022
11-18-2022	290,900.00	10/31/2022	9/21/2022
11-18-2022	350,000.00	10/31/2022	9/21/2022



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Contracts awarded to a bidder who failed to meet the **minimum amounts** required to be put up at the time the bids were submitted (*Demosthenes P. Agan, Jr. et al., MWU-NLU and PALEA vs. PIATCO, Inc., MIAA, DOTC and Sec. L. Mendoza*, G.R. No. 155001).

- Delivery of equipment that is **not brand new** and does **not conform to the specifications** called for in the Invitation to Bid (*Ramon T. Lim vs. COA*, G.R. No. 130325).



DBM Budget Circular No. 2022-1

OMNIBUS GUIDELINES ON THE ACQUISITION, USE, RENTAL, AND REPLACEMENT OF GOVERNMENT MOTOR VEHICLES

-



DBM Budget Circular No. 2022- 1

- Policy on the Acquisition of **Secondhand/Reconditioned** Motor Vehicles
- 9.1 For purposes of economy and efficiency and to ensure the prudent and judicious use of government resources, the acquisition of all secondhand/reconditioned motor vehicles, except for aircraft and seacraft, regardless of the source of funds and approving authority, **shall be prohibited.**



DBM Budget Circular No. 2022- 1

- Policy on the Acquisition of **Secondhand/Reconditioned** Motor Vehicles
- 9.2 The acquisition of **secondhand aircraft** and **seacraft** shall be subject to recommendation by the DBM and approval by the OP, consistent with Item 6.1 hereof.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Payment for contracts under the following conditions without the **prior approval** or **authorization of the local Sanggunian** which is required under Section 22 (c) of R.A. No. 7160 (Local Government Code of 1991) [*Hon. Gabriel Luis Quisumbing, et al. vs. Hon. Gwendolyn F. Garcia (Cebu) and Hon. Delfin P. Aguilar (COA), G.R. No. 175527*] as clarified under COA Memorandum No. 2010-014 dated April 22, 2010.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

2.1 In case of **regularly enacted budget**

- For projects described in appropriation ordinances in **generic terms** such as infrastructure projects, inter-municipal waterworks, drainage and sewerage, flood control, irrigation systems projects, reclamation projects, roads and bridges.
- For purchase of goods and services which are neither specified in the appropriation ordinance nor encompassed within the regular personal services and maintenance operating expenses.



Cases that are considered "Illegal" Expenditures or Uses of Government Funds and Property

Based Appropriation Ordinance

PROJECTS/ PROGRAMS	AMOUNT
Flood Control	452, 234.00
WATER SYSTEM	379, 120.00



*Can the appropriation for development projects of no less than twenty percent 20% of the IRA be appropriated in a **lumpsum amount?***



No. The said appropriation for the 20% Development Fund should **cover itemized projects**. Section 287 of RA No. 7160 provides that each LGU shall appropriate in its annual budget no less than 20% of its annual IRA for development projects. Article 384 of the IRR of RA No. 7160 further provides that it shall be mandatory for each LGU to set aside in its annual budgets amounts no less than 20% of its IRA for the next year as appropriation for local development projects that embodied or contained in local development plans.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

3. Payment of compensation or benefits to government personnel under the following circumstances, ex:
 - a) Exemplary public service **award incentive paid to three term** local officials as this is not among the compensation and benefits enumerated under Article 77 of the IRR of R.A. No. 7160 as due the elective local officials, and that such payment contravenes Article 170 (c) of the said IRR which provides **that no elective or appointive official shall** receive additional, double or indirect compensation unless specifically authorized by law.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

4. The **program coordinators** withdrew the fund for the Animal Bite Treatment Package instead of the **City Treasurer** duly countersigned by the Mayor, which is contrary to Section 345 of RA No. 7160 (COA Decision No. 2022-026 dated January 24, 2022)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

5. Public funds for the supposed renovation of the **barangay hall** were spent for a **residential building owned by the former Punong Barangay**. The renovated barangay hall is a private residential building, and as such, public funds were spent for private purpose in violation of Sections 305(b) and 335 of RA No. 7160. (COA Decision No. 2022-018 dated January 24, 2022)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

6. Entering into contracts without covering certificates of availability of funds issued by the Chief Accountant even if the contract is signed by the Accountant as witness (*DOH vs. CVCAA, et al.*, G.R. Nos. 151373-74)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

7. Purchase of science **education facilities** by the Schools Division Superintendent using funds **intended** for the **improvement** of facilities of nationalized High Schools (*Venancio R. Nava vs. Rodolfo G. Palattao, et al.*, G.R. No. 160211).



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

8. Charges to accounts payable **not founded on valid** claims in violation of Section 46 of P.D. No. 1177 (*Fe D. Laysa vs. COA*, G.R. No. 128134).
8. Use of funds intended for a **specific purpose/project**, for **other purposes** such as administrative and miscellaneous expenses of the implementing agency, and for projects **not intended** to be implemented under the program.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

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Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Chairman, Committee on Appropriations

- a. Certifies the DV/payroll as to the existence of available **appropriations** to cover the claim;

- b. **Monitors** the utilization of appropriations with the use of the appropriate **RAOs** as shown in Annex 6 (Brgy. Manual)



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Chairman, Committee on Appropriations

c. Monitors the utilization of **special trust funds** with the use of appropriate RSTF.

d. Maintains the RAOs and RSTF;



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Chairman, Committee on Appropriations

e. Ensures that commitments/charges to the approved appropriations and special trust funds do **not exceed** the available appropriations and special trust funds; and

f. Certifies the RAOs and **prepares and submits** the **SAOB** at the end of the year to the C/M Accountant for submission to the COA Auditor.



Specific Policies for Disbursements

All claims out of the Brgy/SK funds shall be made through **Disbursement Voucher (DV)**, duly certified/approved by the following:



CCA/Budget Monitoring Officer

Availability of budget/funds received for specific purpose based on RBCPB/RSPFCPB



BT/SK Treasurer

Availability of cash based on RCB, and **completeness** and **propriety** of SDs




PB/SK Chairperson

Necessity, validity, propriety and **legality** of claim







Budget Monitoring Officer

3. Checks the availability of the budget
4. If available, signs in Box A of the DV
5. Forwards to the SK Treasurer

DISBURSEMENT VOUCHER		
SK of/Barangay:		DV No.:
City/Municipality:		Date :
Province:		
Payee:		
Address: San		2020-01-
TIN: Quezon City		01/10/2020
Metro Manila Particulars		Amount
Sterling Trading		
123 Commonwealth Avenue, Quezon City		
123456789		
Payment of office supplies		P12,000.00
Less: Withholding Tax		
VAT		(536.00)
EWT		(107.00)
Total Payment, net of withholding tax		P 11,357.00
A. Certified as to availability of the budget or funds received for specific purpose  MARIA REYES (Signature Over Printed Name) Budget Monitoring Officer Date : 01/15/2020	B. Certified as to availability of cash, and completeness and propriety of supporting documents _____ (Signature Over Printed Name) SK Treasurer Date :	C. Certified as to necessity, validity, propriety, and legality of claim; and Approved for payment: _____ (Signature Over Printed Name) SK Chairperson Date :
D. Received Payment:		Check No.:
_____		Date:
Signature Over Printed Name of Payee/ Authorized Representative		Bank Name:
_____		Bank Branch:
Date		OR No.:
		Date:

Sample

 1 st Quarter	10,000.00
 2 nd Quarter	15,000.00
 3 rd Quarter	25,000.00
 4 th Quarter	<u>19,000.00</u>

Office Supplies –
P55,000

69,000.00

CCA/ BMO

Are you going to sign the DV?

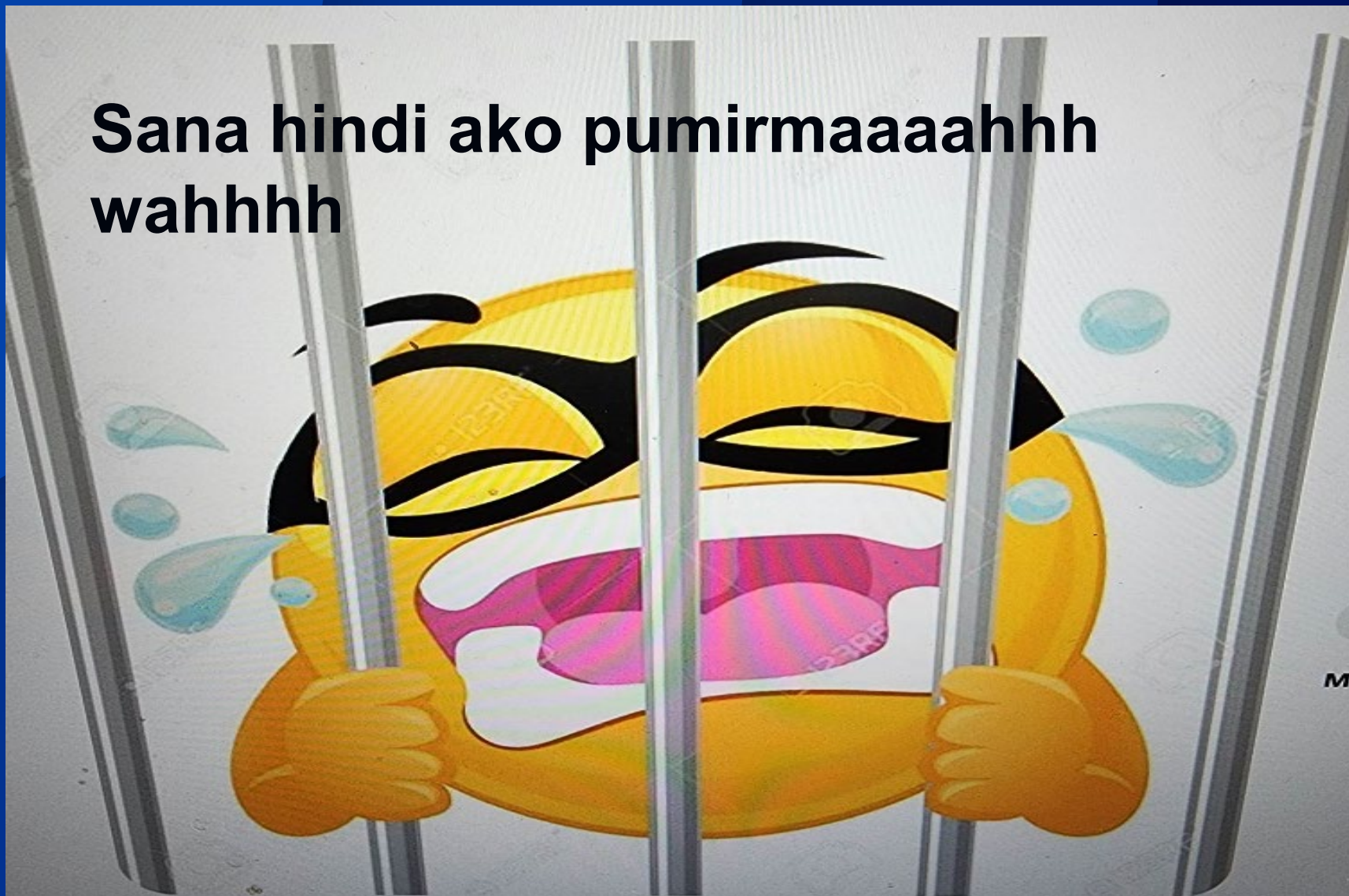
YES/ NO



Particulars*	Total Expenses	Amount Allocated	Excess from Allotted Funds
Internet Bill	20,239.70	0.00	20,239.70
Prizes for Sports Activities	126,000.00	160,000.00	(34,000.00)
Sports-Related Supplies	128,400.00	85,000.00	43,400.00
Traveling Expenses	75,620.00	55,000.10	20,619.90
Feeding Program	15,000.00	15,000.00	0.00
Purchase of Tent	30,000.00	30,000.00	0.00
Clean and Green Program	80,000.00	0.00	80,000.00
Office Equipment	50,000.00	0.00	50,000.00
Meals	90,000.00	0.00	90,000.00
Total	610,259.70	340,000.10	270,259.60



**Sana hindi ako pumirmaaaahhh
wahhhh**



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

PUNONG BARANGAY

Certifies DVs and payrolls as to validity, propriety and **legality** of the claim;



Bakit hindi mo
sinabi na wala
ng Budget?



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

The CCA shall report the charges to and balances of appropriations to **the Punong Barangay (PB) and the SB** **monthly** through the Statement of Appropriations, Obligations and Balances (SAOB) (Annex 7). It shall be certified correct by the CCA.



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

Chairman, Committee on Appropriations

Example:

- 1. LDRRMF- Trust Fund**
- 2. 20% LDF- Continuing**
- 3. Unspent SK Funds**



Cases that are considered “Illegal” Expenditures or Uses of Government Funds and Property

8. Grant of cash advance for **no specific stated public purpose** (Section 89 of PD 1445)



Key Points



SK funds shall be utilized for youth development and empowerment purposes. Such funds shall be utilized in accordance with the **approved budget** of the SK

ABYIP

~~**Approved Budget**~~

Availability of Cash

**Disbursements/
Payments**



Key Points



SK funds shall be utilized for youth development and empowerment purposes. Such funds shall be utilized in accordance with the approved budget of the SK

~~ADYIP~~

Approved Budget

Availability of Cash

Disbursements/
Payments



Key Points



SK funds shall be utilized for youth development and empowerment purposes. Such funds shall be utilized in accordance with the approved budget of the SK

ABYIP

Approved Budget

Availability of Cash

**Disbursements/
Payments**



Key Points



SK funds shall be utilized for youth development and empowerment purposes. Such funds shall be utilized in accordance with the approved budget of the SK

ABYIP (PPA not for youth development and empowerment purpose)

Approved Budget

Availability of Cash

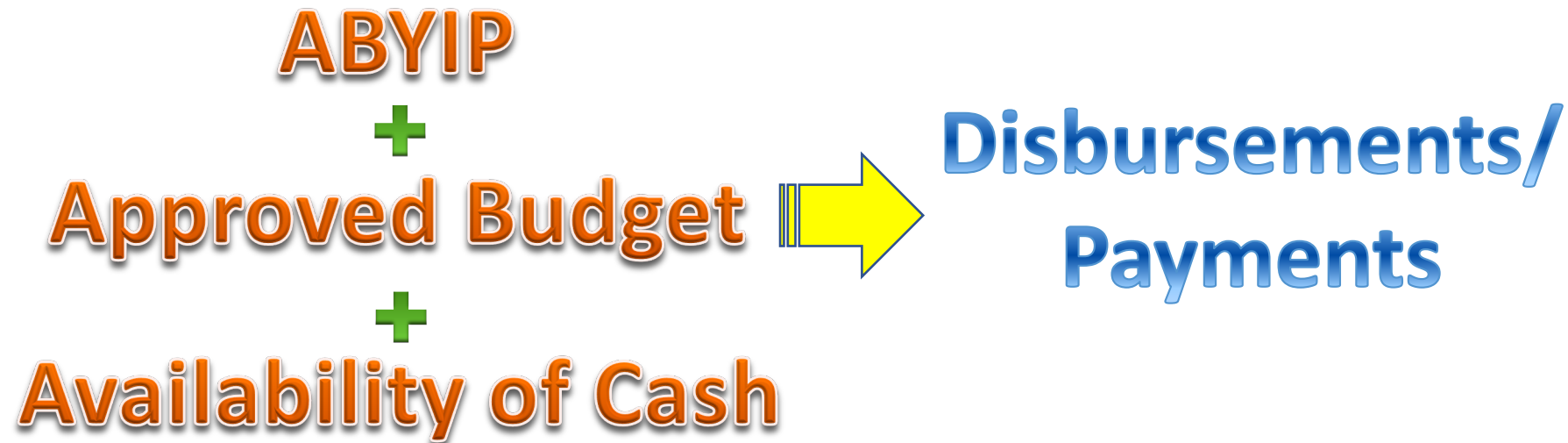
**Disbursements/
Payments**



Key Points



SK funds shall be utilized for youth development and empowerment purposes. Such funds shall be utilized in accordance with the approved budget of the SK



Key Points

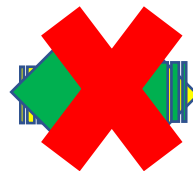


All claims out of the SK funds shall be made through Disbursement Voucher (DV), duly certified/approved by the Budget Monitoring Officer, SK Treasurer and SK Chairperson



Disbursements shall be made by issuing checks drawn against the current account in the name of the SK with the SK chairperson and SK treasurer as the official signatories”.

Approved DV
w/
Complete
Documentation



Preparation/Release
of
CHECKS

ILLEGAL VS IRREGULAR Expenditures

Irregular expenditures are different from **illegal** expenditures since the latter would pertain to expenses incurred in violation of **law** whereas, the former is incurred in violation of applicable **Rules and Regulations** other than **Laws**.



UNNECESSARY EXPENDITURES

- ❑ 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
- ❑ Not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operations
 - Incurrence of expenditure not dictated by the demands of good government
 - the utility of which cannot be ascertained at a specific time



UNNECESSARY EXPENDITURES

- ❑ Can be dispensed with without loss or damage to property
- ❑ The mission and thrusts of the agency must be considered in determining whether or not an expenditure is necessary



Cases that are considered "Unnecessary" Expenditures or Uses of Government Funds and Property

- Reimbursement of extraordinary expenses incurred by a non-salaried official (COA Decision No. 2022-180 dated January 24, 2022)

- Purchase of Skagen wristwatches as centennial anniversary tokens (COA Decision No. 2022-415 dated January 28, 2022)



Cases that are considered "Unnecessary" Expenditures or Uses of Government Funds and Property

- Payment of life and health insurance premiums for the employees to **private insurance agencies** (COA Decision No. 2022-407 dated January 24, 2022)
- Hiring of consultants whose functions are **redundant** to the respective functions of concerned officials, for example, hiring of a procurement consultant, financial consultant or **media consultant**.



Cases that are considered "Unnecessary" Expenditures or Uses of Government Funds and Property

- Purchase of high-end or expensive models/brands of electronic gadgets such as mobile phones, desktops, laptops, etc. unless justified by circumstances.
- Construction of buildings and/or procurement of equipment not actually needed or without any intended purpose, not put to use or use for purposes other than the intended purpose, not completed and could not be properly maintained or operations sustained.



Cases that are considered "Unnecessary" Expenditures or Uses of Government Funds and Property

- **SK having a Yearly Budget of P450,000.00, Procured a motor vehicle costing P400,000.00.**
- **maintenance**
- **driver**
- **fuel**
- **Other related expenses**



Cases that are considered "Unnecessary" Expenditures or Uses of Government Funds and Property

- Continuous repair of vehicles and equipment already considered beyond economic repair as evidenced by frequent breakdown and non-use after repair.
- Grant of overtime pay for work that is not of urgent nature as to require completion within a specified time or that can be undertaken during regular office hours.



EXCESSIVE EXPENDITURES

Unreasonable expenses - immoderate quantity and exorbitant price:

- Expenses **exceeding** what is usual or proper
- Unreasonably **high expenses** and beyond just measure or amount
- Expenses in excess of reasonable limits



Cases that are considered "Excessive" Expenditures of Government Funds

- Payment of RATA and Clothing Allowance in excess of what has been provided for by the General Appropriations Act and the rates prescribed by the Department of Budget and Management. (COA Decision No. 2022-453 dated May 30, 2022)



- Payment for **repair of government equipment** at a cost exceeding **30 percent of the current market price** of the same or similar equipment.

Motor Vehicle P Cost	P920,000.00
Accumulated Depreciation	<u>540,000.00</u>
Net Book Value	380,000.00
Market Value (MV)	370,000.00
30% of MV (370K X 30%)	111,000.00
Repair Cost	170,000.00



Cases that are considered "Excessive" Expenditures of Government Funds

- Expenditures for supplies and materials including fuel inventory in quantities exceeding the **normal three-month** requirements, **except** under the circumstances enumerated under the pertinent provision of the GAA
- Granting of cash advance in **excess of estimated budget.**



Cases that are considered "Excessive" Expenditures of Government Funds

- Release of funds to NGOs/POs in excess of the project requirements.
- Using expensive thermoplastic materials with longer life span on an asphalt overlay with shorter life span.



Cases that are considered "Excessive" Expenditures of Government Funds

Procurement of materials/items in **excess** of the **requirements** which eventually **expires** such as vaccines, **medicines**, seeds, fertilizer, and pesticides, among others.



Cases that are considered "Excessive" Expenditures of Government Funds

- Inclusion in the contract of a specific infrastructure project, special items such as **motor vehicles** and **computers** which unnecessarily increased project costs due to the provision of indirect costs.
- Procurement and distribution of seeds to farmer in **excess** of the required number of bags of seeds per hectare.



EXTRAVAGANT EXPENDITURES

- ❑ Those incurred without **restraint, judiciousness, and economy**
- ❑ Exceed the bounds of propriety
- ❑ Are immoderate, prodigal, lavish, **luxurious, grossly excessive,** and injudicious



Cases that are considered "Extravagant" Expenditures of Government Funds

- Grant of **Performance Incentive Benefits** equivalent to five and one-half monthly basic salary to officials and employees despite the incurrence of a **net loss**. (National Power Corporation Board of Directors et al. vs. COA, G.R. No. 218051 dated January 26, 2021)
- Purchase of **wines, liquors, cigars and cigarettes**, except when served during state functions and government-sponsored international conferences and conventions.



Cases that are considered "Extravagant" Expenditures of Government Funds

- Payment for rent of **expensive halls or rooms** in luxury hotels or restaurants used for meetings/seminars and other official functions, except when such hotels or restaurants are used for government-sponsored international conventions, meetings and the like.



Cases that are considered "Extravagant" Expenditures of Government Funds

- Conduct of out-of-town **meeting** which can be made within the office premises.
- Hiring of expensive vans, cars, aircraft when there is available ordinary public conveyance, except in meritorious cases and justified by prevailing circumstances.



Cases that are considered "Extravagant" Expenditures of Government Funds

- Use of expensive decorative lamp posts and other similar items/fixture.
- Luxurious furnishings for government buildings, except those intended for showcase, trade and commerce, promotion of arts and culture and use of dignitaries.
- Installation of highly sophisticated outdoor signs, billboards and neon signs advertising the office, except for banks, trading corporations, hotels, or buildings used for culture and arts.



UNCONSCIONABLE EXPENDITURES

- ❑ unreasonable and immoderate
- ❑ no man in his right sense would make, nor a fair and honest man would accept as reasonable
- ❑ those incurred in violation of **ethical** and **moral standards**



Cases that are considered “Unconscionable” Expenditures of Government Funds

- Payment of transportation and incidental expenses to **barangay officials** who attended the orientation seminar or **Lakbay-Aral** on Community-Based Monitoring System (CBMS) and Good Governance in Baguio City, in the total amount of **P5,373,000.00**. (COA Decision No. 2018-319 dated March 15, 2018)



Cases that are considered “Unconscionable” Expenditures of Government Funds

- Grant of exorbitant and unreasonable bonuses, allowances and fringe benefits to public officials and employees and members of governing boards.
- Live-in seminars in **five-star hotels** with significant numbers of participants and **unreasonable period of time.**



Cases that are considered “Unconscionable” Expenditures of Government Funds

- Payment of excessive and unreasonable retirement benefits.
- Purchase of supplies and materials including agricultural equipment/machineries and other farm inputs in significant quantities far exceeding the requirements and were not actually needed, thus, **left idle and unused.**



Cases that are considered “Unconscionable” Expenditures of Government Funds

- **Overpricing** in significant amounts exceeding 100 percent of the current and prevailing market value.
- Payment for repairs of government equipment involving significant amount **exceeding 100 percent of the current market** value price of the same or similar equipment.



Cases that are considered “Unconscionable” Expenditures of Government Funds

- Release of significant amounts to NGOs/POs without **evaluating the necessity of the project**, the needs of the intended recipients and the reasonableness of the project requirements.



DBM LBC-148

**IMPLEMENTING GUIDELINES ON THE GRANT OF
HONORARIUM TO SK OFFICIALS PURSUANT TO
REPUBLIC ACT (RA) NO. 11768**

The [SK] **members**, including the [SK] **treasurer** and **secretary**, shall receive a monthly honorarium, chargeable against the [SK] funds, **in addition** to any other compensation provided by this Act and shall be granted at the end of every regular monthly [SK] meeting

Provided:

1. That the monthly honorarium shall not **exceed** the monthly compensation received by their [SK] **chairperson**:
2. That **not more than twenty-five percent (25%)** of the [SK] funds shall be allocated for personnel services. The **DBM shall issue the necessary guidelines** implementing this provision.

The Local Government Units [LGUs] **may** provide **additional honorarium** as well as social welfare contributions and hazard pay to the :

1. **Chairperson**
2. **Elected and appointed members**

- **Local ordinances**

- Subject to the post-audit jurisdiction of the [Commission on Audit] COA; and xxx"

-SK chairperson *ex officio* member
of the Sangguniang Barangay

-He or she enjoys the same
privileges as the regular
Sangguniang Barangay members

The amount of the monthly honorarium of the SK Officials shall be subject to their:

- Attendance at SK meetings, deliberations
- Official activities of the SK.

The monthly honorarium shall be **pro-rated** based on the actual work and/or attendance vis-a-vis the work and/or meeting schedule or performance standards as may be prescribed under the **internal rules of the SK concerned.**

In **no case** shall the monthly honorarium exceed the **actual monthly compensation** received by the **SK chairperson**.

-**Monitored** by the Budget Monitoring Officer

-**Separate** budget registry for Personal Services (PS)

-Recorded in the appropriate registers being maintained by the **SK Treasurer**.

-PS shall not be **more** than twenty-five¹²³ percent (**25%**) of the SK funds.

PS shall not be more than 25% of the **SK funds**.

For this purpose, **SK funds** shall refer to the **Ten percent (10%)** of:

1. **General fund** of the mother barangay that is set aside for the SK for the budget year

-

2. **Other funds** accruing to the **general fund** of the SK, such as the proceeds from their fund-raising activities pursuant to Section 8 (e) of RA No. 10742, as amended by Section 1 of RA No. 11768, provided that such proceeds are **not mandated** to be used for **specific** PPPs.

The total honorarium to be included in the SK Annual Budget shall cover SK Officials, whether the SK position is filled or vacant.

The grant of honorarium to SK Officials shall be included in the

1. Comprehensive
Development Plan

Barangay

Youth

2. Annual Barangay
Program of the SK

Youth

Investment

3. Shall be subject to the **SK planning and budgeting process** pursuant to DBM-DILG-National Youth Commission (NYC) No. 1, s. 2019 and DILG Memorandum Circular No. 2019-151 dated September 10, 2019.

Additional Honorarium from the LGUs

Provinces /Cities/Municipalities/ Barangays

-Additional honorarium/ social welfare
contributions hazard pay

-SK chairperson / elected /appointed
members

-local ordinances

Provided, that the grant of the additional honorarium shall be subject to the **request of SK Officials**, through a letter by the SK Chairperson, in accordance with Item **3.2.6** of this Circular, submitted to the LGUs concerned **prior** to the budget year.

-Taken up as **financial subsidy to SK** in the book of accounts of the **LGU concerned.**

The release of which shall be **contingent** on the **fulfillment** of the **requirements** set forth and agreed upon by both parties in a **Memorandum of Agreement or contract.**

In **no case** shall the grant of additional honorarium to SK Officials result in a situation where the **total honoraria** to be received by the **SK Officials** will be **more than** the amount of honorarium being received by the **barangay officials** of the **mother** barangay of the SK.

In the case of the **SK chairperson**, the total honorarium to be received shall **not be more** than the amount of honorarium being received by the members of the **Sangguniang Barangay**.

The LGU officials concerned shall establish a **mechanism or system** to ensure that this policy is strictly observed and enforced.

The grant of additional honorarium to be received by the SK chairperson and the elected and appointed members shall not result in the total honorarium exceeding the rate equivalent to **SG 9, Step 1** in the salary schedule implemented by the **city** or **municipality** where the barangay belongs.

The additional honorarium, as well as social welfare contributions and hazard pay, to be given to the SK chairperson and the elected and appointed members, shall be included in the **Annual Investment Program** of LGUs concerned.

Additional ^P honorarium/ social
welfare contributions and hazard

-Transferred/downloaded to the
account of the SK.

Accounted for and recorded in the Registry of Specific Purpose Fund Commitments, Payments, and Balances of the SK concerned.

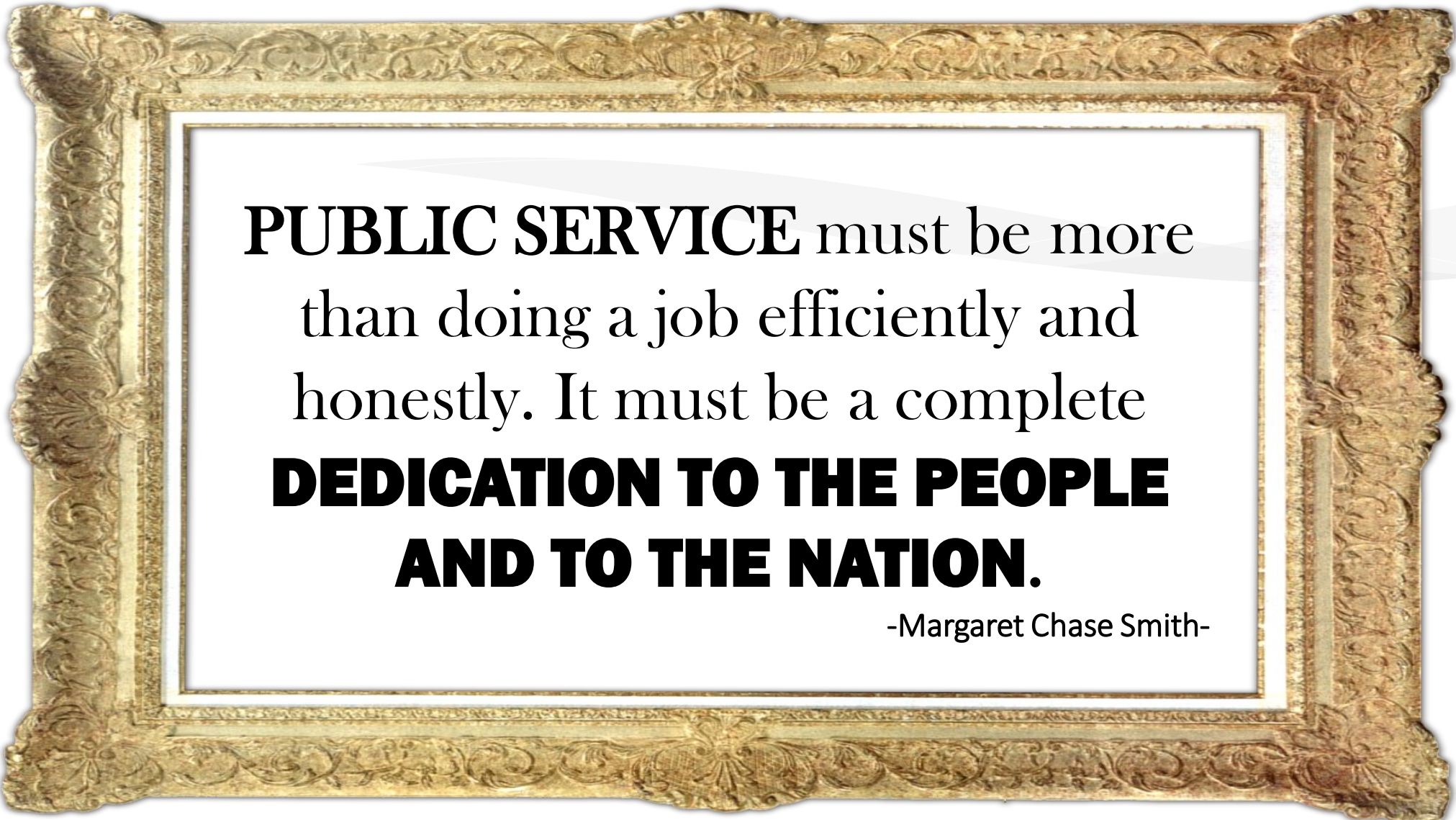
No longer be subject to the planning and budgeting process of the SK.

RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the determination and payment of honorarium to SK Officials charged against the **SK funds** shall rest upon the **SK chairperson and the elected and appointed members**

-Payment of additional honorarium, social welfare contributions, and hazard pay charged against the LGU funds shall rest upon the **local chief executives and other local officials** concerned.

Article 218 of the Revised Penal Code which states that “*Any public officer, whether in the **service** or **separated** therefrom by resignation or any other cause, who is required by law or regulations to render account to the Insular Auditor,* or to a Provincial Auditor and who fails to do so for a **period of two months** after such account shall be rendered shall be punished by prison **correccional** in its minimum period, or by a fine ranging from 40,000.00 to 1,200,000.00 or both*”. (* now ¹⁴⁰ Commission on Audit)



PUBLIC SERVICE must be more
than doing a job efficiently and
honestly. It must be a complete
**DEDICATION TO THE PEOPLE
AND TO THE NATION.**

-Margaret Chase Smith-

