

May 13, 1986

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MEMORANDUM NO. 62

Series of 1986

TO: All Concerned

SUBJECT: Implementation of COA Circular No. 86-257: Selective
Preaudit on Government Transactions

- 1.0 Purpose - This circular is issued to prescribe guidelines for the implementation of the provisions of COA Circular No. 86-257 which reinstitutes the preaudit activities of COA on a limited and related basis.
- 2.0 Scope - The following government transactions are subject to preaudit by the COA auditing unit:
 - 2.1 Cash advances and their liquidation
 - 2.2 Contracts entered into by the agency involving amounts of ₱1 million or more which include the following:
 - 2.2.1 purchase of supplies and capital assets such as land, buildings and structures, and equipment, thru any mode of procurement;
 - 2.2.2 prosecution of infrastructure and other construction projects thru public bidding or negotiation; and
 - 2.2.3 disposal of said capital assets.
- 3.0 General Guidelines
 - 3.1 Cash Advances
 - 3.1.1 All cash advances, except those granted for the payment of salaries of regular officers and employees, shall be preaudited by COA.
 - 3.1.2 Liquidation of the above cash advances shall be first audited before the same is taken up in the books of accounts.
 - 3.1.3 A cash advance for miscellaneous expenses shall be reported on and liquidated as soon as, but not later than thirty days (30) after, the purpose for which it was given has been served.
 - 3.1.4 No additional cash advance shall be allowed to any official or employees unless the previous cash advance is first settled. No cash advance shall be granted for the purpose of liquidating a previous cash advance.
 - 3.1.5 No officer or employee shall be granted a cash advance unless he is properly bonded in accordance with law or regulations.

- 3.1.6 Cash advances which are no longer needed or have not been used for a period of two months shall be returned to, or deposited immediately with, the proper collecting officer or Treasurer.
- 3.1.7 Transfer of funds from one officer to another shall, except as allowed by law or regulation, be made only prior direction of the Auditor.

3.2 Contracts

3.2.1 A proposed contract falling under Sec. 2.2 shall be submitted for examination and review to the COA Resident Auditor before the same is signed by the contracting government official. If the contract will be thru public bidding or public auction, the auditor shall review the prequalification requirements, plans and/or specifications, bidding procedures and the manner of award to the winning bidder. In the case of a negotiated contract, the auditor shall review its term and conditions, including the reasonableness of the price.

3.2.2 As regards progress payments on infrastructure projects, all billings representing the first 20% work accomplishments and those 50% or more work accomplishment, including the final payment, shall be subject to preaudit.

3.2.3 All payments under a change order, extra work order, supplemental agreement, or any other form of variation order, as well as price escalation adjustments related to contract subject to preaudit shall likewise be subject to preaudit. Should the aggregate of the claims for payment involving a series of change order, extra work order or any other form of variation order exceed 50% of the original contract price of the related project, the claim for payment representing such excess shall first be forwarded to the Office of the COA Chairman.

3.2.4 Inspection of deliveries or project accomplishment contemplated herein shall be conducted by the Auditor or his authorized representative as an integral part of the preaudit action.

4.0 Specific Guidelines

4.1 All cash advances regardless of amount shall be approved by the agency head or his duly authorized representative.

4.2 A cash advance of P300.00 but not more than the monthly salary of the requisitioner may be granted to non-bonded regular employee under justifiable circumstances as may be determined by the agency head and the auditor.

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4.3 The Accounting Division shall maintain complete and up-to-date subsidiary records of cash advances granted and liquidated.

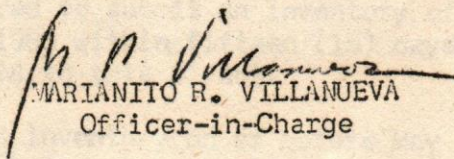
4.4 Financial transactions subject to preaudit by COA shall not be subject to preaudit by the Internal Control Unit of the college and likewise the related aspects of preaudit work (inspection and liquidation of cash advance),

5.0 Repealing Clause

The provisions of all memoranda and other issuances which are inconsistent with this memorandum are hereby rescinded, repealed and/or modified accordingly.

6.0 Effectivity

This circular shall take effect immediately. The Accounting Division, Cash Division and COA Auditing Unit are enjoined to institute control measures to see to it that the provisions of COA Circular No. 86-257 are strictly observed and properly applied.


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Officer-in-Charge