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MEMORANDUM CIRCULAR NO. 45
Series of 2021

T O: All Concerned

R E: Reiteration of Rules and Regulations on Liquidation and Settlement of Cash Advances

The Commission on Audit has called the attention of this office on the grant, liquidation and settlement of cash advances in view that the unliquidated cash advances of the university have reached a huge amount contrary to Section 89 of PD No. 1445 and COA Circular No. 97-002 dated February 10, 1997 thereby exposing cash to risk of misapplication.

Hence, this Office hereby reiterates the dissemination of the following COA rules and regulations on the liquidation of cash advances:

- Section 89 and 111 of Presidential Decree No. 1445 provide:

Section 89. Limitations on cash advance. 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.

Section 111. Keeping of accounts. (1) The accounts of an agency shall be kept in such detail as is necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government. (2) The highest standard of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate or misleading information.

- Along the same lines, COA Circular No. 97-002 dated February 10, 1997 provides:

5.1 The Accountable Officer (AO) shall liquidate his cash advance as follows:

5.1.1 Salaries, Wages, etc – within five (5) days after each fifteen (15) day/end of the month pay period.

5.1.2 Petty Operating Expenses and Field Operating Expenses – within twenty (20) days after the end of the year; subject to replenishment as frequently as necessary during the year.

5.1.3 Official Travel – within sixty (60) days after return to the Philippines in the case of foreign travel or within thirty (30) days after return to his permanent official station in the case of local travel, as provided for in EO 248 and COA Circular No. 96-004.

Failure of the AO to liquidate his cash advance within the prescribed period shall constitute a valid cause for the withholding of his salary and the institution of other sanctions as provided for under paragraph 9.2 and 9.3 hereof.

- 5.7 When a cash advance is no longer needed or has not been used for a period of two (2) months, it must be returned to or refunded immediately to the collection officer.
- 5.8 All cash advances shall be fully liquidated at the end of each year. Except for petty cash fund, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt.
- 5.9 At the start of an ensuing year, a new cash advance may be granted, provided that a list of expenses against the previous cash advance is received on or before January 20, the Accountant shall cause the withholding of the AO's salary.

Relative to this, everybody is directed to comply and strictly adhere the aforementioned regulations and settle any outstanding cash advances.


EDGARDO E. TULIN
President