

1/14/81
RCV
OMC
EBB
EMB - 1m2
SBB - 1BB

Republika ng Pilipinas
PAMBANSANG PANGASIWAAN NG PATUBIG
(National Irrigation Administration)
Lungsod ng Quezon

MC # 110, s. 1980

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS; OFFICER-IN-CHARGE, CONTROLLERSHIP AND TREASURY DEPARTMENTS; REGIONAL IRRIGATION DIRECTORS; PROJECT MANAGERS; PROVINCIAL IRRIGATION ENGINEERS; IRRIGATION SUPERINTENDENTS; REGIONAL/PROJECT ACCOUNTANTS; REGIONAL/PROJECT AUDITORS; AND ALL OTHERS CONCERNED.
National Irrigation Administration

SUBJECT : Modification and Supplemental Instruction to MC# 50, s. 1979
Re: Transfer from the General Fund to the Corporate Fund of Retention Money and Bonds Deposited by Private Person or Entities with the NIA

Item B-1 of sample accounting entries in Annex "A", MC# 50, s. 1979, insofar as the transfer of 10% retentions on contracts from the General Fund to the Corporate Fund is concerned, thru inter-office account 8-71-100-199, in effect, transfers to the Central Office in the inter-fund transactions. These entries shall be modified/adjusted such that the transfer shall be effected thru inter-fund account which shall be set-up and settled immediately to avoid lapsing of CDC in the Regional Office.

Sample Accounting Entries

B-1. To take up transfer of 10% retentions (new account code 81-900; sub-code 81-910) from the General Fund to the Corporate Fund.

<u>General Fund</u>		<u>Corporate Fund</u>	
<u>Dr.</u>	<u>Cr.</u>	<u>Dr.</u>	<u>Cr.</u>
8-81-910	(300.00	8-71-1-501	300.00
8-81-1-501	300.00	8-81-910	300.00

B-2. To settle inter-fund account

8-81-1-501	300.00	8-70-400	300.00
8-70-703	300.00	8-71-1-501	300.00

The setting up and settlement of inter-fund accounts in the Regional Office shall not be confined only to the above 10% retentions, but shall also include any and all kinds of inter-fund transactions such as liquidation of equipments rentals due from the General Funds to the Corporate Fund, adjustments of charges/payments improperly made under one Fund which should be properly made under a different Fund, adjustment of accountable officers' account balances which involves payment by one Fund to another, etc. This procedure is being adopted in order not to unnecessarily deplete the cash disbursement ceiling (CDC) allotted to the Central Office, as the proper CDC for which to settle these inter-fund accounts are usually released in full, together with the corresponding Sub-Allotment Advice, to the Regional Office.

In the case of the Special Projects which do not maintain sets of books of accounts, the transfer of 10% retentions from the General Fund to the Corporate Fund shall be effected in the Central Office in accordance with MC # 50, s. 1979, on the basis of the "Summary of 10% Retained on Contract Under the General Fund (Annex "A")", to be submitted at month end to the Controllershship Department, Central Office by the Project Accountant. The summary shall be supported by legible copies of General Vouchers (mother

vouchers) drawn showing, among others, the accounting entry reflecting the 10% retention, name of contractor, Central Office and Special Project obligation numbers, check number and date of issue and the Fund against which the contract voucher is charged.

The amount of CDC used under the General Fund to liquidate the inter-fund payable account resulting from such transfer shall be correspondingly deducted/cancelled from the CDC allotted for the particular ASA being charged for the contract, previously released to the Special Project. The Special Project concerned shall be advised of this reduction/cancellation by means of an Advice of Cash Disbursement Ceiling.

As usual, pursuant to MC# 50, s. 1979, all cash receipts representing bidder's bond, performance bond and other bonds deposited by private persons or entities with the NIA shall be recorded under the Corporate Fund, and refunds thereof, including the 10% retentions, shall also be made under the said Corporate Fund.

Henceforth, the following account codes shall be used for the accounts treated in said MC, in accordance with National Budget Circular No. 304-A, dated January 2, 1980 and COA General Circular No. 78-92 dated November 14, 1978 (Standard Government Chart of Accounts):

<u>Account Code</u>	<u>Sub-Account Code</u>	<u>Name of Account</u>	<u>Description of Account</u>
81-900	81-910	Payable-Miscellaneous	10% Retention on contract
84-900	84-905	Trust Liabilities	Bidder's Bond
84-900	84-915	Trust Liabilities	Performance Bond

The old account codes shall be immediately adjusted to the equivalent new codes as shown above.

Strict compliance by all concerned is enjoined.

(SGD.) FIORELLO R. ESTUAR, Ph. D.
Acting Administrator

Concurred:

(SGD.) EMMANUEL F. CAPINPIN
Corporate Auditor

December 8, 1980

