

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

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MC # 14 s. 1984

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS, HEADS OF DEPARTMENTS AND STAFFS,  
REGIONAL IRRIGATION DIRECTORS, PROJECT MANAGERS AND PROVINCIAL  
IRRIGATION ENGINEERS, IRRIGATION SUPERINTENDENTS AND OFFICERS-  
IN-CHARGE OF SYSTEMS, CHIEF CORPORATE ACCOUNTANT AND REGIONAL/  
PROJECT ACCOUNTANTS, CORPORATE AUDITOR AND REGIONAL/PROJECT  
AUDITORS AND ALL OTHERS CONCERNED  
National Irrigation Administration

SUBJECT: Guidelines and Accounting Procedures for the Closing of the  
Books of Accounts of the General/Bond Fund and the Transfer  
of its Account Balances to the Corporate Fund

In view of the authority granted to us by the Commission On Audit to close and transfer all account balances of the General/Bond Fund to the Corporate Fund as an additional improvement and simplification of our accounting system the following guidelines and accounting procedures are hereby prescribed for the compliance of all concerned.

1.0 CUT-OFF DATE

The cut-off date to effect the transfer of balances of accounts from the General/Bond Fund to the Corporate Fund shall be on April 30, 1984. However, for purposes of reconciliation, consolidation, adjustment, closing of books of accounts of the General/Bond Fund and transfer to the Corporate Fund, a maximum of two (2) months transitory period from the cut-off date to June 30, 1984 shall be allowed to effect such transfer.

2.0 GENERAL GUIDELINES

- 2.1 The Central Office/Regional Accountant shall close the books of accounts of the General/Bond fund as of the cut-off date and transfer the balances of all existing assets, liabilities, and surplus to the Corporate Fund.
- 2.2 The transferred balances as of the cut-off date of all existing assets, liabilities and surplus of the General/Bond Fund shall be recorded in the Corporate Fund books of accounts.

3.0 PROCEDURES

3.1 The Central Office/Regional Accountants shall:

- (a) Reconcile current/fixed asset accounts balances with contra current liability/invested surplus account balances as in the following examples:
  1. Debit balance of account 8-72-700 Inventories-Supplies and Materials Charged to Appropriation should equal credit balance of account 8-86-700 Miscellaneous Liabilities and Credits-Supplies and Materials Charged to Appropriation.
  2. Credit balance of account 8-72-800 Inventories-Supplies and Materials Acquired Free of Charge should equal credit balance of account 8-86-800 Miscellaneous Liabilities and Credits-Supplies and Materials Acquired Free of Charge.

3. Debit balance of account 8-74-400 Claims from Accountable Officer for Cash Shortages should equal to credit balance of account 0-96-000 Contingent Surplus.
  4. Debit balance of account 8-74-700 Claims for Disallowed Payments should equal credit balance of account 0-96-000 Contingent Surplus.
  5. Total of all debit balances of Fixed Assets Accounts (8-75-000 to 8-79-000) should equal to the total of all credit balance of Invested Surplus Accounts (8-94-000).
- (b) Reconcile the balance of interfund receivable account with interfund payable account.
- (c) Draw a journal voucher to convert the reciprocal account to the new account as follows:

	<u>Debit</u>	<u>Credit</u>
-Central Office books		
8-81-199		( xx )
8-71-399		xx
-Regional Office books		
8-71-199	( xx )	
8-81-399	xx	

- 3.2 On the basis of April 30, 1984 General/Bond Fund Trial Balance, prepare the usual adjusting and closing entries as though it were the end of the year using the applicable accounts in the Standard Government Chart of Accounts (SGCA). See Annex "A" for journal entries to be effected in the books of the General/Bond Fund prior to the transfer of its accounts to the Corporate Fund.
- 3.3 Thereafter, prepare a Final Trial Balance (FTB), certifying it and have it verified by the Auditor. The FTB shall be the basis for the final transfer of the General and Bond Fund account balances to the Corporate Fund.
- 3.4 The Central Office/Regional Accountants shall draw a journal voucher for the transfer as follows:

(a) In the General/Bond Fund Books

The journal entries to record the transfer of account balances to the Corporate Fund are as follows;

- Credit the individual asset accounts balances
- Debit the individual liability accounts balances
- Debit the individual surplus accounts balances

(b) In the Corporate Fund Books

The journal entries to record the transferred account balance of the General/Bond Fund are as follows:

- Debit the individual asset accounts balances
- Credit the individual liability accounts balances
- Credit the individual surplus accounts balances

- 3.5 The General and Bond Fund with their corresponding codes which are to be transferred and consolidated to the Corporate Fund are as follows:

<u>From</u> <u>General &amp;</u> <u>Bond Fund</u>		<u>To</u> <u>Corporate Fund</u>
101	}	501
102		
105		
106		
107		
108		
109		
110		
111		
305		
102-1414	}	501-1414
107-1414		
102-1526	}	501-1526
103-1526		
102-2	}	501-2
104-2		

- 3.6 After all the General/Bond Fund accounts have been transferred and consolidated to the Corporate Fund the following adjusting entries in the latter fund shall be effected:

	<u>Debit</u>	<u>Credit</u>
8-81-(fund code)	xx	
8-71-(fund code)		xx

To eliminate interfund transactions.

8-86-700	xx	
8-86-800	xx	
8-92-419		xx

To adjust the credit balances of the Miscellaneous Liabilities-Supplies & Materials Charged to Appropriation and Acquired Free of Charge to conform with the entry for the taking up of the inventory account under the modified commercial accounting system.

Strict compliance is hereby enjoined.

  
CESAR L. TECH  
Administrator

CONCURRED:

  
FLORENTINO R. ARCEGA  
Corporate Auditor

## ANNEX "A"

TRANSACTIONS	REGIONAL OFFICE BOOKS	CENTRAL OFFICE BOOKS
(1) Transfer of unobligated balance of allotment by Regional Office to Central Office.	8-71-199 8-90-000 8-90-100	x x { x x } { x x }
#		8-81-199 x x 8-90-000 x x 8-90-100 x x
(2) Transfer of unliquidated obligations account by Regional Office to Central Office.	8-71-199 8-81-400	x x ( x x )
#		8-81-199 x x 8-81-400 x :
(3) Cancellation of corollary entry made on unliquidated obligations	8-77-900 ( x x ) 8-94-000	( x x ) ( x x )
#		
(4) Reversion of unliquidated obligations account to Current Surplus Unappropriated account.	-no entry-	8-99-100 ( x x ) 8-81-400 ( x x )
#		
(5) Reversion of unobligated balance of allotment.	-no entry-	8-99-100 ( x x ) 8-90-100 ( x x )
#		
(6) Transfer of Invested Surplus account by the Regional Office to the Central Office.	8-71-199 8-94-000	x x ( x x )
#		8-81-199 x x 8-94-000 x x
(7) Conversion of Invested Surplus account to Retained Earnings	-no entry-	8-94-000 ( x x ) 8-92-110 x x