

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

MC No. 4, s. 1992

MEMORANDUM CIRCULAR

T O : THE DEPUTY ADMINISTRATOR, ASSISTANT ADMINISTRATORS, DEPARTMENT MANAGERS, STAFF HEADS, REGIONAL IRRIGATION MANAGERS, OPERATION/PROJECT MANAGERS, IRRIGATION SUPERINTENDENTS/PROVINCIAL IRRIGATION ENGINEERS AND ALL OTHERS CONCERNED
This Agency

SUBJECT : Establishment of a Reserve Fund to Cover Terminal Leave Benefits of Project Personnel

In order to ensure availability of cash for terminal leave benefits of project personnel upon their separation from NIA, a Reserve Fund specifically for this purpose is hereby established. It shall be called Reserve Fund - Terminal Leave Benefits. Below are the guidelines for establishing and using this Fund:

1. The Treasury Department shall open a savings and current account with PNB-NIA Branch. This account shall be called the Reserve Fund for Terminal Benefits of project personnel. The Treasury and Controllership Department shall each maintain a subsidiary ledger for each project contributing to this fund. Subsidiary ledger per position shall be maintained at the project offices for national projects and at the Regional Offices for communal projects. A masterlist of positions with corresponding leave credits shall be furnished the Controllership Department at the implementation of this memorandum circular by the concerned offices.
2. Each project shall include in its proposed annual POW an amount equal to the leave credits earned that year by its personnel. When the POW is approved, Controllership Department sets aside the amount budgeted for leave credits. This amount shall be retained in Central Office earmarked for deposit in the Reserve Fund set up under this MC. When the cash support of the POW becomes available, Controllership Department shall prepare the disbursement voucher in favor of the Reserve Fund. The corresponding check shall be prepared by Treasury Department and be deposited in the Reserve Fund. Immediately thereafter, Treasury Department shall send a radio message to the project accountant informing the letter of the date and amount deposited.
3. This Reserve Fund shall be used to cover terminal leave benefits only. Ordinary leaves for the current year shall be charged to the current budget of the project.

4. To draw from the Reserve Fund:

- a) Projects that have not contributed to the Reserve Fund may not withdraw from this fund and shall pay terminal leave benefits from their own resources;
- b) Projects that have not been decentralized pursuant to MC 29, s. 1990 but have contributed to the Reserve Fund shall request ASA from Controllershship Department. Upon payment of the benefit of the separated employee, the project shall submit to Treasury Department a statement of disbursement chargeable to the ASA, duly certified by the project accountant;
- c) Projects that have decentralized pursuant to MC 29, s. 1990 and have contributed to the Reserve Fund shall request for ASA. Controllershship Department shall issue said ASA and prepare a disbursement voucher. The Treasury Department shall release the corresponding check. The project accountant shall include the above transaction in the regular monthly report of disbursement.

5. A national project employee who transfers to another organization within the NIA shall carry to his new office his leave credits, including the amount deposited thereof in the Reserve Fund by his previous project. It shall be the responsibility of the releasing office to request Controllershship Department to transfer the amount deposited in favor of the transferee to the new office. This transfer of fund shall be effected by Controllershship Department thru a memo entry, copy furnished the source project and the new or receiving office. The project can withdraw only for any employee what it has deposited for that employee. Moreover, communal project employees transferring to other CIPs within the same region need not transfer the cash equivalent of their earned leaves.

Illustrative examples are given in Annex "A".

6. For uniform recording of this transaction, accounting entries to be used is provided as Annex "B".

This circular takes effect immediately.

(SGD.) JOSE B. DEL ROSARIO, JR.
Administrator

January 16, 1992

Annex "A"

Case 1

Mr. Cruz in Project A is separated from the service in 1993 after 30 years in the government, the last 5 years of which were spent in Project A. The project started depositing in the RESERVE FUND in 1991 or two years upon Mr. Cruz retirement. The total amount deposited by the project is P1 million, but for Mr. Cruz' position only P20,000. Mr. Cruz, however, is entitled to total leave benefits of P100,000 for his 30 years service.

Project A can withdraw only P20,000 for Mr. Cruz from the RESERVE FUND. Project A shall cover the balance from other sources of project.

Case 2

Mr. Santos is separated in 1993 after 5 years in the government, the last 2 of which were in Project B. The total amount deposited by Project B in the RESERVE FUND is P1 million; for Mr. Santos' position P20,000. Mr. Santos, however, has exhausted all his leave credits and is therefore not entitled to any terminal leave benefits.

Project B should not withdraw from the RESERVE FUND as the employee is not entitled to terminal leave benefits. The P20,000 remains with the RESERVE FUND.

Case 3

Mr. Torres transferred to Project C from the Regional Office. After 2 months in the project he met an accident and died. He had served the government for 10 years and his leave credits amounted to P50,000. The project has deposited only P2,000 in the RESERVE FUND for his position. His previous office had not made any contributions to the RESERVE FUND. It so happens that Project C had a previous employee for whom the project had reserved P50,000 but who had exhausted all leave credits upon his separation.

Q: May the amount reserved for the previous employee's terminal benefits which was not withdrawn by the project be applied to Mr. Torres?

A: No, the maximum that the project may withdraw is equal to the total deposit in the RESERVE FUND specifically for the item or position of the employee.

Case 4

Mr. Juan transferred to Project X with a leave credits amounting to P50,000. For Mr. Juan's leave credit, Project X has deposited P10,000 in the Reserve Fund. This amount has been requested by Project X to be credited to Project Y, the recipient office of Mr. Juan. While employed in Project Y, Mr. Juan was promoted. Consequently, the monetary value of his leave credits increased. This increase in monetary value of Mr. Juan's leave credits shall be shouldered by Project Y.

ANNEX "B"

ACCOUNTING ENTRIES IN THE ESTABLISHMENT OF TERMINAL LEAVE
RESERVE FUND

	Central Office		Project/Field Office	
	Debit	Credit	Debit	Credit
A. To deposit cash in favor of the Reserve Fund (disbursement voucher)	84-100 DPNH 70-300	xxx xxx		
	77-960 94-084	xxx xxx		
B. To record deposit in the JCD	70-4 84-9(P) EL	xxx xxx		
	70-305 70-400	xxx xxx		
C1. To release funding check to field office (SAA & DV)	71-399 70-300	xxx xxx	70-305 81-309	xxx xxx
	71-399 84-9(P) EL	xxx (xxx)	81-399 84-9	xxx xxx
C2. To record automatic transfer from Savings Account to Current Account			70-300 70-305	xxx xxx
D. Actual payment of amount earmarked	84-9(P) EL 70-300	xxx xxx	84-9 70-3	xxx xxx