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

MC No. 48 s. 2002

MEMORANDUM CIRCULAR

T O: The Deputy Administrator, Asst. Administrators, Department Managers, Regional Irrigation Manager, Project Managers, Operation Managers and all others concerned.

SUBJECT: **Guidelines on the Billing and Collection of Allowable and Legitimate Expenditures Chargeable Against Project Funds on Account of the Detail of COB-Based and Project Personnel to other Projects.**

The National Irrigation Administration, being a corporate entity, has to be financially self-sufficient in the pursuit of its powers and objectives. Thus, P.D. 552 authorizes the agency "to do such other things, and to transact such business as are directly or indirectly necessary, incidental or conducive to the attainment of the above powers and objectives......"

Accordingly, since 1999, the national government has ceased to provide direct financial assistance to the NIA for the maintenance and administration of its irrigation systems, as a consequence of which our field offices are constrained to charge COB expenses directly to projects. While this measure mitigated the financial problems in the field, it has brought about a new set of problems, like audit disallowances due to bloated/unrealistic project costing and overstatement of the actual cost of COB operations.

Henceforth, consistent with the government's policy of economy, efficiency and transparency, the NIA shall pursue a Full Disclosure Policy in its operation as it continues to institute mechanisms that would maximize its potential to generate revenue from its economic activities. It shall implement a system of Billing and Transfer Pricing by:

. Charging COB expenses to projects and fully accounting for the same both in project and COB books;

. Detail of COB and other project personnel to one or more projects, without the need of reappointing them in the other project/s, under a "Carry-Item" scheme;

- Optimizing the utilization of resources especially manpower;

- Fostering unit by shifting towards a "NIA-oriented paradigm; and

- Rationalizing the grant of honoraria to COB personnel with multi-project assignment as contemplated under existing circular.

In the observance of these guidelines, the Accounting Unit shall coordinate with the particular office performing accounting functions while the Cashiering Unit does the same with the office performing collection and disbursement functions

a) Legitimate/Billable Costs

NIA-COB may bill projects with legitimate or billable expenses only. Legitimate or billable expenses are those items of expenditures that are expressly allowed to be charged to a particular project by any of its project documents i.e. Loan Documents, Financial and Work Plan, Contract/Agreements, etc.

b) Personal Services

COB and project personnel either regular or monthly contractual whose services are needed by projects may be assigned to such projects under a full-time or part-time detail arrangement. Project Managers may request such number of personnel whose services are needed for their projects by filing a request with the Personnel and Records Management Department (PRMD). The PRMD shall inform all central office and field offices of such requirement which in turn submit to the said department list of interested personnel in their respective offices. From the lists submitted, PRMD determines those who may be detailed and prepare the necessary Detail Orders and authorizations. The Administrative Division of the concerned region/project shall be furnished copy of the detail orders for personnel monitoring and inventory purposes. After acknowledgement and acceptance of the Detail Order, the Regional/Project Administrative Division shall issue a copy of the same to the Accounting Unit concerned for billing purposes.

Personnel detailed to projects shall continue to be included in the payroll for their home-base (or the office where they are regularly assigned).The Accounting Unit shall continue to charge their full salary to their home-base.

c) Billing

The concerned project shall submit monthly Certification of Services Rendered to the Head of Office of origin, Attention: The Accounting Unit. The concerned accounting unit, upon receipt of this certification, shall issue the corresponding bill to the concerned project.

Billing shall be based on the kind of detail (part-time or full-time) and on the herein prescribed Billing Rates taking into consideration the following:

1. Billing of personal services shall be on the cost of the personal services rendered to the project where the personnel is detailed. If a COB supervising engineer is detailed in the project as principal engineer, the project shall be billed for the cost of the services rendered as principal engineer and vice versa.

2. Additional benefits that the personnel concerned are entitled to on account of the detail shall be paid by the project where the personnel is detailed. If a COB principal engineer is detailed to the project, as Division Manager, the project shall pay the RATA, Honoraria and the like directly to the personnel concerned and shall also be billed by NIA COB for the cost of personal services rendered by the personnel at the rate of Division Manager.

d) Billing Rates

1. On MOOE:

Actual Costs of MOOE Expenses incurred based on proper authorizations from project officials.

For equipment rental, the billing rates under existing circular shall be adopted.

2. On Personal Services

Actual Salary and Benefits (ASB) (including leave credits earned) computed as follows:

a). Full-time = Actual Monthly Rate

b). Part-time = $\dfrac{\text{Actual Monthly Rate x No. of days worked}}{22 \text{ man-days}}$

e. Collection

The cashiering unit shall initiate the collection of outstanding bills and shall issue the corresponding NIA Official Receipt upon receipt of payment. If fund of concerned project is retained in the central office, the Controllership Department shall effect the fund transfer to the NIA COB for the payment of the bill.

f. Honoraria

Only those employees who are on part-time detail to projects to work on project related tasks in addition to or over and above his/her regular tasks shall be entitled to receive honoraria under MC # 25, s. 2002.

g. Forms

The official bill form shown in Annex A shall be used for this purpose.

h. Accounting Entries

The accounting entries for the billing and collection of the cost of personal services rendered by detailed personnel to project are as follows:

1. Billing of Cost of personal services rendered (based on bill issued)

Books of the Billing Office (NIA-COB/Proj.B)	DEBIT	CREDIT	Books of the Billed (Paying) Office (Proj. A)	DEBIT	CREDIT
A. If detailed is COB based Personnel					
Due from Project A	XXX		Salaries	XXX	
Other Income–PS Reimbursement		XXX	Due to NIA COB		XXX
B. If detailed is project personnel (Proj. B)					
Due from Proj. A	XXX		Salaries	XXX	
Salaries		XXX	Due to Proj. B		XXX

2. Collection of the bill (Based on the Report of Collections)

A. Cash	XXX		Due to NIA COB	XXX	
Due from Proj. A		XXX	Cash		XXX
B. Cash	XXX		Due to Project B	XXX	
Due from Proj. A		XXX	Cash		XXX

3. Reverting entry at the end of the year

A. Other Income PS
    Reimbursement
        Salaries
B. No entry
	XXX	XXX	No entry
			
			No Entry		

Effectivity

       . This circular shall take effect immediately and shall remain in force unless superseded or subsequently revoked.

JESUS EMMANUEL M. PARAS
Administrator

   July 30,   , 2002

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

_____(Office)_____

_____(Office Addresss)_____

_____
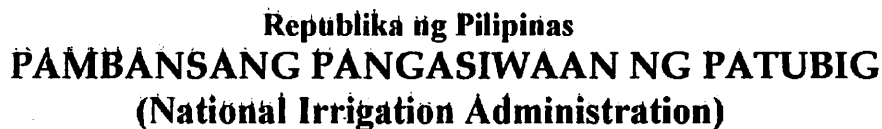
Bill No._____

Date:_____

BILL & STATEMENT OF ACCOUNT

Payor..

Address..

PARTICULARS	AMOUNT

Certified Correct: Approved:

_____   _____
(Head, Accounting Unit)   (Head of Office)

Note:
1. Specify bill number when making payment.
2. Ask for NIA's Official Receipt for every payment.
3. Any inquiries regarding this bill may be addressed to above NIA office.

Annex A