

Republic of the Philippines  
**NATIONAL IRRIGATION ADMINISTRATION**  
EDSA, Diliman, Quezon City

MC # 65, s. 2003

**MEMORANDUM CIRCULAR**

**TO :** THE DEPUTY ADMINISTRATOR, ASSISTANT ADMINISTRATORS, DEPARTMENT MANAGERS, STAFF HEADS, REGIONAL IRRIGATION MANAGERS, OPERATIONS MANAGERS, PROJECT MANAGERS, PROVINCIAL IRRIGATION OFFICERS, IRRIGATION SUPERINTENDENTS AND ALL OTHERS CONCERNED  
National Irrigation Administration

**SUBJECT: Guidelines on the Remittance, Allocation and Utilization of the Proceeds from the Settlement of ISF Back Account under the Compromise Agreement Program**

The herein guidelines prescribe the procedures on the remittance, allocation, utilization and cash release of the proceeds from the collections of ISF back accounts under the Compromise Agreement Program (CAP) of the Agency as follows:

**Background**

A Compromise Agreement Program (CAP) of the NIA for the settlement of ISF back account was approved by the NIA Board of Directors under Board Resolution # 7183-03 on July 7, 2003. It is being implemented under MC # 30, s. 2003. Under this program, the ISF back account shall be released in accordance with the State Audit Code of the Philippines (PD 1445). The amount to be released shall not exceed P100,000.00 per payor/account.

This Program is intended to encourage farmer-beneficiaries to simultaneously settle their current and back accounts by offering as an incentive the payment of their back account at a much-reduced amount. This is expected to increase greatly ISF collections thus generating more income for the agency and at the same time clear its accounting books of long outstanding ISF receivables.

**General Concept**

Collection from ISF back account under CAP provides an additional source of buffer funds to meet NIA field offices' seasonal cash shortages particularly during lean months. In order to ensure that this buffer fund is made available to all NIA offices which may require it, a centralized system of safekeeping, allocation and prioritization must be established. For this purpose, the field offices shall be required to remit proceeds from collection of ISF back account under the CAP and deposited in a separate bank account maintained and controlled at the Central office.

**Purpose**

The collection of ISF back account under CAP is intended to serve as buffer cash for different purposes. It shall be made available to field offices during time of need and urgency.

**Guidelines**

These guidelines set the procedure on the remittance, allocation, utilization and cash release of the proceeds from the collections of ISF back account under CAP (flow chart attached).

In order to regulate and control the use thereof, CAP proceeds shall be deposited in a separate bank account under the Corporate Fund (Fund 501). Allocation and release of cash from this buffer shall be in accordance with the herein procedure.

**1. Remittance of the CAP Proceeds**

All Regional Irrigation Offices (RIOs)/Irrigation Systems Offices (ISOs) shall deposit their collection of ISF back account under CAP in a separate bank account specially opened for this purpose and maintained at the NIA Central Office following the herein remittance procedure.

- 1.1 The Treasury Department, NIA Central office shall open a separate bank account under the Corporate Fund (Fund 501) for this purpose and inform all the RIOs and ISOs of the bank and the account number.
- 1.2 The ISOs shall deposit only the proceeds from collection of ISF back account under CAP in the above-mentioned bank account.

- 1.3 The ISOs shall submit to Treasury Department, NIA Central office immediately upon deposit, Remittance Advice indicating the date, name of ISO, Regional Office, and amount of the deposit made correspondingly supported by the bank validated Deposit Slip. The RIO shall be furnished copy of the Advice.
- 1.4 These particular collections shall not be covered by the provision of MC # 52, s. 1992 which prescribes that collections in the field offices shall be deposited in a one-way deposit account maintained in their respective offices.

## **2. Allocation and Utilization**

CAP proceeds shall be allocated and utilized according to the following:

- 2.1 The CAP proceeds made during the current calendar year shall be utilized for the following purposes:
  - 2.1.1 60% as year round cash buffer to be made available to Regions having cash shortages during lean periods within the current calendar year for payment of all their regular expenditures in accordance with the following priorities:
    - 2.1.1.1 Personal Services
    - 2.1.1.2 Retirement Gratuity & Terminal Leave
    - 2.1.1.3 Utilities
  - 2.1.2 25% to be reserved as additional source of cash for remitting regions up to the limit of their allocation in this buffer. This will ensure funding in times when their cash is not sufficient to meet their needs and that cash buffer in 2.1.1 is not available.
  - 2.1.3 15% as nationwide emergency fund to be used for the payment of the COLA/AMEL to eligible claimants under MC # 39, s. 2003.
- 2.2 The remaining total amount of CAP proceeds at the end of the current year shall be allocated and utilized as determined and approved by top management for the following:
  - 2.2.1 For whatever purposes to be determined by top management.
  - 2.2.2 Nationwide buffer for the succeeding year.

## **3. Cash Release from the Allocations**

The cash to be released to the regional offices is subject to the available funds in the allocations made from remittances of ISF back account under CAP and priority of usage as set in this guidelines. Only regions with cash deficit to meet their regular operating expenditures may request for cash release in accordance with the following procedure:

- 3.1 The RIO shall submit a formal request with detailed justifications addressed to the Chairman of the CAP Advisory Committee who shall determine the merit of the request.
- 3.2 The request shall be forwarded to the Treasury Department for certification of availability of cash.
- 3.3 The Committee Chairman shall forward the request to the Administrator for approval.

## **4. Monitoring and Control**

- 4.1 The Treasury Department shall closely monitor and properly account for the deposits made in the separate bank account under the Corporate Fund (Fund 501) for ISF back account collections under CAP.
- 4.2 Cash book/record for the remittance and corresponding allocations for each RIO/ISO shall be maintained and kept updated for proper accounting and control.
- 4.3 Deposits and cash releases shall be properly recorded in the cash book/record of the RIO/ISO concerned.
- 4.4 The Treasury Department shall monitor and follow-up the regular and timely submission of the Report of Cash Balances under COB by all the Regional Offices.

## **5. Effectivity**

This memorandum takes effect at the start of calendar year 2004.

For strict compliance.

  
JESUS EMMANUEL M. PARAS  
Administrator

November 24, 2003

## FLOW CHART

Guideline on the Remittance, Allocation & Utilization of CAP Proceeds

