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

MC # 34 s. 1984

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS, HEADS OF DEPARTMENTS AND STAFFS, HEADS OF FOREIGN-ASSISTED PROJECTS, REGIONAL IRRIGATION DIRECTORS, UPRIIS MANAGER, PROVINCIAL AND PROJECT IRRIGATION ENGINEERS, IRRIGATION SUPERINTENDENTS, CORPORATE AUDITOR, REGIONAL/PROJECT AUDITORS, ALL OTHERS CONCERNED
National Irrigation Administration

SUBJECT: Accounting Instructions/Guidelines on the Year-End Closing of the Books of Accounts

In consonance with the recommendations contained in the CY 1983 Audit Report which calls for a timely, accurate and a more reliable year-end financial statement, the following instructions and guidelines are hereby prescribed.

A. CUT-OFF DATE

In order to ensure the timely submission of the year-end financial statements, the cut-off date for the yearly closing of the books of accounts shall be on the 15th of December. The Accounting Division Manager shall see to it that all financial reports and documents such as, Report of Disbursements, Report of Collections, journal vouchers, etc. covering transactions up to the cut-off date are promptly submitted and booked up.

B. SUBMISSION OF DETAILED STATEMENT OF UNPAID OBLIGATIONS

The Accounting Division Manager shall require all disbursing officers under the administrative supervision of their respective offices to submit to him a detailed statement of duly processed and unpaid disbursement vouchers in their custody as of the cut-off date which are chargeable against the current year operating budget. This statement shall contain the name of creditor, nature of transactions and amount. Upon receipt by the Accounting Division Manager of this statement a journal voucher shall be drawn to take up the total amount of the unpaid vouchers in the books as expenses of the current year and correspondingly setting up the payable account. The unpaid vouchers shall be forwarded by the disbursing officer to the accounting unit concerned for partial revision of journal entry reflected therein after which the same shall be returned to him. A sample journal entry for this transaction is as follows:

1. In the General Journal

	Debit	Credit
3-01-000 Personal Services	x x	
3-02-000 Traveling expenses	x x	
3-04-000 Repairs	x x	
8-81-400 Payables- Unpaid Vouchers		x x

To record unpaid obligations as of the end of the year.

2. In the Disbursement Voucher

		Debit	Credit
8-81-400	Payables-Unpaid Voucher	x x	
8-70-300 or 70-500	Cash		x x

C. REVERSION OF ADVICE OF SUB-ALLOTMENTS BALANCES FOR CURRENT OPERATIONS

At the end of the cut-off date, all outstanding balances of Advice of Sub-Allotment issued to cover payments of current operating expenses shall be reverted to the Central Office thru a journal voucher to be drawn by the Accounting Division Manager. This is to prevent the use of prior year balance of ASA in paying expenses of current year which could result in the understatement of net income and of expenses exceeding the current year operating budget.

D. SUBMISSION OF PRELIMINARY TRIAL BALANCE

The preliminary trial balance should reach the Central Office not later than January 15 of the year following that under review. This shall supersede prior issuances regarding the submission date of this financial statement.

E. ALLOWANCE FOR DOUBTFUL ACCOUNTS ON OUTSTANDING ACCOUNTS RECEIVABLES AND ACCUMULATED DEPRECIATION OF FIXED ASSETS

Meantime that the current aging of accounts receivable and appraisal report of existing NIA property have not yet been submitted, an estimated allowance for doubtful accounts and for depreciation for prior and current years shall be provided for receivables and fixed asset accounts. This shall be computed based on the balances of these accounts in the books as of CYs 1983 and 1984, to be multiplied by a fixed percentage as follows:

Account	Code	Allowance for doubtful accounts and depreciation for prior years up to CY 1983	Allowance for doubtful accounts and depreciation for CY 1984
Receivables (all receivable accounts except reciprocal account, 8-71-399)	8-71-000	20%	2%
Fixed Assets (completed projects and property on hand)	8-77-800	15%	2%
	8-78-800	15%	3%
	8-79-800	15%	10%

The estimated valuation reserves and accumulated depreciation established under this computation shall, however, be adjusted as soon as the current aging of accounts receivable and appraisal reports of fixed assets have finally been submitted to the respective Accounting Division Manager.

ILLUSTRATION

The following are balances of the receivables and fixed asset accounts in the books of Region I as of the end of calendar year 1983 and 1984.

Account	Code	(In Million ₱) Gen. Ledger 1983	(In Million ₱) Gen. Ledger 1984
Receivables-	8-71-000		
Trade/Business	-600	₱39.000	₱42.000
Installments	-800	9.000	10.000
Miscellaneous	-900	160	200
Fixed Assets-			
Land, Land Improvement & Structures	8-77-800	20.000	22.000
Buildings and Structures	8-78-800	200	300
Furniture, Fixtures & Equipment	8-79-800	700	800

Using the precentages assigned to each major account the computation shall be as follows:

1. Allowance for doubtful accounts and accumulated depreciation for prior years up to CY 1983.

Account	Code	Gen. Ledger 1983	%	Allow. for doubtful accounts & depre'tion
Receivables	8-71-000	₱48.160	20%	₱9.632
Fixed Assets-				
Land, Land Imp. & Structures	8-77-800	20.000	15%	3.000
Bldgs. & Structures	8-78-800	200	15%	30
Furniture, Fixtures & Equipment	8-79-800	700	15%	105

Journal Entry (Region I)

		Debit	Credit
8-81-399	Payable- Central Office	₱12.767	
8-80-716	Allowance for doubtful accounts		₱9.632
8-80-770	Accumulated depreciation- Land, Land Improvements		3.000
8-80-780	Accumulated depreciation- Buildings & Structures		30
8-80-790	Accumulated depreciation- Fur., fixtures & equipment		105

To set up prior years allowance for doubtful accounts and accumulated depreciation

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Lungsod ng Quezon

MC No. 021 s. 1988

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS, DEPARTMENT MANAGERS AND STAFF, REGIONAL/OPERATIONS/PROJECT MANAGERS, PROVINCIAL IRRIGATION ENGINEERS, IRRIGATION SUPERINTENDENTS, REGIONAL/PROJECT ACCOUNTANTS AND AUDITORS, CASHIERS, AND ALL OTHERS CONCERNED.
National Irrigation Administration

SUBJECT : Submission of Monthly Cost Summary Report

It has been observed that cash availments from various loans of our bank-financed projects has been relatively slow which to some extent has created shortfalls on the funding requirements of the projects. It was noted that the slow pace of reimbursements from the Bank is partially attributed to the late submission of the monthly Cost Summary Report (CSR).

In order to accelerate the cash availments from our loans to fully support the projects' cash requirements, effective May 1, 1988 the monthly CSR of the projects shall be submitted to the Central Office, Controllership Department not later than the second week of the following month. The previous practice of preparing this report every end of the 15th of each month, covering expenditures from the second half of the previous month and the first half of the succeeding month, shall be stopped.

With the new date set on the submission of this report, the preparation thereof shall be every end of the month which shall cover expenditures incurred from the first day up to the last day of the month under review. However, for the initial implementation of this circular, the CSR for the month of May, 1988 shall include expenditures from April 16 to May 31, 1988 and thereafter, this report shall cover only transactions pertaining to the particular month.

It is informed that failure to submit the monthly CSR/on time shall cause the witholding of all monthly allowances due to the accountants and other personnel who are responsible in the preparation of this report, until the same has been complied with.

Strict compliance is hereby enjoined.

(SGD.) FEDERICO E. ALDAY, JR.
Administrator

OCV/reb

signed 5/17/88

2. Provision for CY 1984 allowance for doubtful accounts and depreciation

Account	Code	Gen. Ledger 1984	%	Allow. for doubtful accounts & depre'tion
Receivables	8-71-000	₱ 52.200	2%	₱ 1.044
Fixed Assets-				
Land, Land Impr.	8-77-800	22.000	2%	440
Buildings & Struc.	8-78-800	300	3%	9
Fur., Fix. & Equipment	8-79-800	800	10%	80

Journal Entry (Region I)

		Debit	Credit
3-13-100	Losses of Current Assets (Bad Debts)	₱1.044	
3-13-700	Depreciation of fixed assets	529	
8-80-716	Allowance for doubtful account		₱1.044
8-80-770	Accumulated depreciation Land, Land Improvements		440
8-80-780	Accumulated depreciation Buildings & Structures		9
8-80-790	Accumulated depreciation Furniture, fixtures & equipment		80

To record current year's bad debts and depreciation of fixed assets.

F. PRESENTATION OF FIXED ASSETS ACCOUNTS IN THE TRIAL BALANCE

Fixed asset accounts, except those in process, should be broken down into specific items of property, to be shown as short extensions in the trial balance.

Example

			Debit Balance
FIXED ASSETS-			
Land, Land Improvements		8-77-000	₱22.000
8-77-911	Land	₱1.000	
8-77-913	Irrigation Head Controls, Canals & laterals	2.000	
8-77-915	Highways, Roads & Bridges	500	
8-77-921	Spillways & Dams	18.500	
	Total	₱22.000	

The subsidiary ledger codings for types of items applicable to the functional classification of each fixed asset account are listed on pages 92, 94 and 97 of the 1983 Revised Edition of the Standard Government Chart of Accounts (SGCA).

Strict compliance is hereby enjoined.

CESAR L. TECH
Administrator

NOTED:

FLORENTINO R. ARCEGA
Corporate Auditor

CERTIFIED XEROX COPY
[illegible] C. PEBITA
Chief Records Officer
11-21-84
DATE
NATIONAL IRRIGATION ADM.