Republika ng Pilipinas
Pambansang Pangasiwaan ng Patubig
(NATIONAL IRRIGATION ADMINISTRATION)
Lungsod ng Quezon

Plus - Fil

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OUR REFERENCE:
MC # 61, series 1985

MEMORANDUM CIRCULAR

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

SUBJECT : COA Circular No. 85-55 A dated September 8, 1985

Attached is a copy of COA Circular No. 85-55 A dated September 8, 1985 for your information, guidance and immediate implementation.

At the same time, you are instructed to go over the provisions and see how they affect operations in your area in particular and the NIA in general. If there are any conflicts with our existing operating procedures or problems in implementation, please communicate immediately with the undersigned, attention: Assistant Administrator for Finance and Management, identifying the problem areas and proposed solutions so the necessary representations with the Commission on Audit can be made. All comments and suggested modifications should be received not later than January 31, 1986.

For strict compliance.

CESAR L. TECH
Administrator

OFFICE ADDRESS: NATIONAL GOVERNMENT CENTER
E. DE LOS SANTOS AVENUE
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REPUBLIC OF THE PHILIPPINES

COMMISSION ON AUDIT

CENTRAL OFFICE

Don Mariano Marcos Avenue, Quezon City, Philippines

Tel. Nos. 99-37-47, 97-36-90; 98-45-40; 98-45-53; 98-45-23; 98-45-33; 98-45-28; 98-45-38; 99-60-14; 99-93-03; 98-45-43; 97-75-86; 99-99-66; 99-54-02; 99-18-13

September 8, 1985

COMMISSION ON AUDIT CIRCULAR NO. 85-55-A

TO : All Heads of Ministries, Chiefs of Bureaus and Offices of the National Government; Managing Heads of Government-Owned and/or Controlled Corporations, Self-Governing Boards, Commissions and Agencies; Provincial Governors, City and Municipal Mayors; Provincial, City and Municipal Treasurers, Chief Accountants, Corporate Treasurers, COA Managers/ Regional Directors, Ministry, Bureau, Corporate, Provincial and City Auditors and all others concerned.

SUBJECT : Amended Rules and Regulations on the Prevention of Irregular, Unnecessary, Excessive or Extravagant Expenditures or Uses of Funds and Property.

In keeping with the Constitutional mandate for the Commission on Audit to "promulgate accounting and auditing rules and regulations including those for the prevention of irregular, unnecessary, excessive or extravagant expenditures or uses of funds and property" (Sec. 2 [1], Art. XII-D, New Constitution), the herein rules and regulations (otherwise known as "THE RULES") which amended, revised and/or amplified the existing rules contained in COA Circular No. 77-55 dated March 29, 1977, are hereby promulgated, for the guidance of all concerned.

RATIONALE:

While the power of the Commission to prevent the incurrence of irregular, unnecessary, excessive or extravagant (IUEE) expenditures or uses of funds and property has been vitalized and made more effective upon the ratification of the 1973 Constitution, excesses in government spending have remained uncontrolled. Realizing the fact that such unabated overspending and misspending will ultimately result in the dissipation of the scarce fiscal resources of government, the Commission found it imperative to put a stop thereto and to ensure that fraud, abuses and wastage of the people's money are prevented.

In pursuance, therefore, of its rule-making power, the Commission initiated various legal and special studies which provide the legal prop for "THE RULES". Thus, this Circular prescribes the adoption and implementation of "THE RULES" which aim:

(a) to amplify the existing rules and regulations governing the prevention of IUEE expenditures or uses of government funds and property;

(b) to update fiscal controls to attain higher government efficiency and productivity;

(c) to set realistic limits and parameters for government spending.

BASIC FEATURES:

This compilation of rules and regulations has the following salient features, to wit:

1. It contains the operational definition of IUEE expenditures or uses of government funds and property embodied in COA Circular No. 77-55 dated March 29, 1977 with certain modifications;

2. It prescribes standards for such expenditures or uses that set the parameters thereof;

3. It provides a list of situational cases on such expenditures or uses that shall be updated from time to time;

4. It restates with certain modifications rules and regulations on certain transactions.

"THE RULES" do not cover illegal expenditures or uses of government funds and property. Such expenditures or uses shall be disallowed in audit on the basis of applicable laws.

APPLICABILITY OF THE RULES:

For the proper and effective implementation of "THE RULES", the following procedural guidelines shall be observed:

a) The operational definition of IUEE expenditures or uses of government funds and property shall not be exclusively used as basis for disallowing expenditure or uses of this nature.

b) The determination of IUEE expenditures or uses of government funds or property as basis for disallowance shall be made by making reference to both the operational definitions and standards or both operational definitions and the list of situational cases as precedents of such expenditures or uses.

c) Should the case in point not fall under the standards or list of situational cases, the auditor shall elevate the matter to the Commission Proper in accordance with the procedures prescribed in "THE RULES".

d) Decisions of the Commission Proper and those promulgated by courts of law on IUEE expenditures or uses of government funds and property shall form part of the list of situational cases upon which audit action shall be based.

EFFECTIVITY:

These rules and regulations shall take effect immediately.

FRANCISCO S. TANTUICO, JR.
Chairman

HERMOGENES P. POBRE
Commissioner

RULES AND REGULATIONS

FOR THE PREVENTION OF IRREGULAR,

UNNECESSARY, EXCESSIVE, OR EXTRAVAGANT (IUEE)

EXPENDITURES OR USES OF

GOVERNMENT FUNDS AND PROPERTY

TABLE OF CONTENTS

1.0 Purpose

2.0 Declaration of Policies

3.0 Definition, Standards, and Situational Cases

4.0 Revised Rules and Regulations on Certain Transactions

5.0 Inclusion of Situational Cases Deemed IUEE in the Updated List

6.0 List of COA Circulars Issued for the Prevention of IUEE Expenditures or Uses of Funds and Property

7.0 Applicability of Government Agencies

8.0 Separability Clause

9.0 Glossary of Terms

1.0 PURPOSE

These rules and regulations serve to guide the actions of auditors and the management in a common quest for the prevention of the incurrence of irregular, unnecessary, excessive or extravagant expenditures or uses of government funds and property.

2.0 DECLARATION OF POLICIES

2.1 The COA adheres to the policy that government funds and property should be fully protected and conserved, and that irregular, unnecessary, excessive or extravagant expenditures or uses of such funds and property should be prevented.

2.2 The service mission, size, systems, structure, strategy, skills, style, spirit and financial performance of a government agency are the primary consideration in determining whether or not their expenditures are irregular, unnecessary, excessive, or extravagant.

2.3 The rules and regulations that will be applicable to government corporations exercising proprietary functions and local government, in the exercise of their proprietary functions as regards irregular, unnecessary, excessive or extravagant expenditures or uses of government funds and property shall take into consideration factors such as profitability of its operations, availability of resources - financial or otherwise to sustain their operations, their ability to operate on their own without appropriation or subsidy from the government, the industrial setting, the

nature of their business operations, and other appropriate performance standards.

2.4 In line with COA's effort to be constantly responsive to the changing needs of government, an updated list of situational cases of IUEE expenditures or uses of government funds and property in the three (3) government sectors - national, local and corporate - shall be drawn up from time to time to serve as reference for auditors and management in the performance of their official duties.

2.5 The formulation of these rules and regulations recognizes the interplay of certain factors, such as but not limited to urgency of need, capacity to pay, time of purchase, place of purchase, and availability of needed goods and services in the market.

2.6 It is recognized that the regulations for extravagant expenditures are largely determined by the level/rank of user, the nature of agency operations, agency missions, profitability of past operational performance and financial resources. As regards excessive expenditures, they shall be determined by place and origin of goods, volume or quantity of purchase, service warranties, quality, special features of units purchased and the like.

2.7 It is recognized that generally accepted industry practices may be considered in the procurement of goods and services.

2.8 The Commission on Audit as an independent constitutional body is endowed with special rule-making powers encompassing the broad spectrum of government operations. In the exercise of such rule-making powers, it can enforce

sanctions in case of violation of auditing rules and regulations which can serve as basis for administrative, civil, or criminal action as may be warranted under existing law.

3.0 DEFINITION, STANDARDS, AND SITUATIONAL CASES

The succeeding provisions are partly based on COA Circular No. 77-55 dated March 29, 1977, issued in pursuance of the Constitutional mandate for the COA to prevent the incurrence of IUEE expenditures or uses of government funds and property through the promulgation of rules and regulations. All provisions, statements and situational cases omitted from the enumeration contained in COA Circular No. 77-55, are deemed modified or revised accordingly as herein provided. However, illegal expenditures or uses of government funds and property are not covered by this Circular. Such expenditures or uses shall be disallowed on the basis of applicable laws.

3.1 "IRREGULAR" EXPENDITURES

Definition: The term "irregular expenditure" signifies an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in law. Irregular expenditures are incurred without conforming with prescribed usages and rules of discipline. There is no observance of an established pattern, course, mode of action, behavior, or conduct in the incurrence of an irregular expenditure. A transaction conducted in a manner that deviates or departs from, or which does not comply

with standards set is deemed irregular. An anomalous transaction which fails to follow or violates appropriate rules of procedure, is likewise irregular. Irregular expenditures are different from illegal expenditures since the latter would pertain to expense incurred in violation of the law whereas, the former is incurred in violation of applicable rules and regulations other than the law.

Situational Cases of "Irregular" Expenditures or Uses of Government Funds and Property

A. Funds - (applicable to all national, local, and corporate sectors)

1. Payment of claims under a contract awarded not strictly in accordance with the prescribed modes of procurement of supplies, materials and equipment.
2. Purchase of items from jobbers or meddlemen in violation of a government policy to acquire the same directly from reputable manufaturers or their duly licensed distributors.
3. Payment of allowances and other forms of additional compensation without proper authority.
4. Payment for repair of government property or equipment undertaken by shops, mechanics or contractors not duly accredited in accordance with an existing government policy except in places where there is no accredited shop in the locality or where the accredited shop does not have sufficient facilities or where the cost of services of the accredited shop is relatively high or completion of repairs will suffer delay as certified

to by the Agency Head or his duly authorized representative.

5. Payment for emergency purchase where there is no emergency as herein defined.

6. Reimbursement of expenses incurred by persons other than authorized representatives of a government agency for attending conferences, meetings and other official functions.

7. Payment of salaries or wages of laborers under a labor payroll to persons other than the payees unless properly authorized by the payees.

8. Payments made on the basis of split requisitions, purchase orders, vouchers or checks, unless approved by proper authority of the agency.

B. Property - (applicable to all national, local and corporate sectors)

1. The use of government motor vehicle with an improperly accomplished trip ticket, or without the marking "For Official Use Only" and the name of the office except when appropriate exemption is secured in accordance with existing regulations.

2. Bringing home government motor vehicles after office hours by officials to whom these are assigned, except when the agency does not have a garage that could ensure the safety of the vehicle or when in terms of mileage/ time it is more economical for the official to park the vehicle(s) at his residence.

3. Office equipment and property without proper identification or inventory markings.

3.2 "UNNECESSARY" EXPENDITURES

Definition: The term pertains to expenditures which could not pass the test of prudence or the diligence of a good father of a family, thereby denoting non-responsiveness to the exigencies of the service. Unnecessary expenditures are those not supportive of the implementation of the objectives and mission of the agency relative to the nature of its operation. This would also include incurrence of expenditure not dictated by the demands of good government, and those the utility of which can not be ascertained at a specific time. An expenditure that is not essential or those which can be dispensed with without loss or damage to property is considered unnecessary. The mission and thrusts of the agency incurring the expenditures must be considered in ,determining whether or not an expenditure is necessary.

Standards for "Unnecessary"Expenditures

A. Time of Need

1. The volume of purchases must be enough to fill the three (3) months' requirements of the agency except when circumstances or the exigencies of the service would demand otherwise. Purchases made in excess of three the current year's needs, except as herein provided.

2. November/December purchases shall be limited to three (3) months' supply only.

3. Three (3) months' supply is determined by computing the average monthly consumption of the agency for the last six (6) months plus 10% allowance for contingencies multiplied by three. However, the 10% allowance for increase may be exceeded when the circumstances call for additional procurement, such as but not limited to seminars, conferences and the like or in case where the activities cannot be delayed without causing detriment to the public service.

Formula for A.3: For arriving at one (1) month's supply

Let T = total consumption for the last 6 months

A = T/6 average consumption for the last 6 months

P = estimated one (1) month supply

$$P = A + (10\%)A - (1,10) \times A$$

Examples: Month	Consumption
January	₱23,377.33
February	28,353.04
March	43,411.68
April	50,623.84
May	43,664.34
June	41,646.82
	₱231,077.05

Average Consumption for the month will be

$$P \text{ (one month supply)} = \frac{231,077.05}{6} + (.10)\left(\frac{231,077.05}{6}\right)$$

$$= 38,512.84 + (.10)\ (38,512.84)$$

$$= 38,512.84 + 3,851.28$$

$$= 42,364.12$$

Note: To compute for the 3 months' consumption multiply the P (estimated one month supply) by 3.

4. Supplies bought or services rendered should be used or availed of before the utility of said items or services expires.

B. Frequency/Nature of Use

An expenditure is unnecessary if the item/object is not used according to normal usage/practice.

Ex. - A warehouse is used as pelota court.

C. Location

Item bought or service rendered is unnecessary when it is not needed or useful in the place where it is intended to be used.

Ex. - When an air-conditioner is bought in Baguio City or in a municipality where there is no electricity.

Situational Cases of "Unnecessary" Expenditures or Uses of Funds and Property

A. Funds - (applicable to NLC sectors)

1. Grant of overtime pay for work that is not of urgent nature as to require completion within a specified time or that can be undertaken during regular office hours.

2. Expenses for advertisements of anniversaries, etc. In newspapers, TV, or radio merely for publicity or propaganda purposes except when the nature of the agency's mission would require such expenses as in the case of promotion of trade and business.

B. Property - (applicable to NLC sectors)

1. Use of air-conditioneers when not needed, or even during the absence of the official in whose room the airconditioner is installed.

2. Use of table lamps while working in the office where the room is adequately illuminated from the ceiling lights.

3.3 "EXCESSIVE" EXPENDITURES

Definition: The term "excessive expenditures" signifies unreasonable expense or expenses incurred at an immoderate quantity and exorbitant price. It also includes expenses which exceed what is usual or proper as well as expenses which are unreasonably high, and beyond just measure or amount. They also include expenses in excess of reasonable limits.

Standards for "Excessive" Expenditures

The term "excessive expenditures" pertains to the variables of Price and Quantity.

1. Price - The price is excessive if it is more than the 10% allowable price variance between the price paid for the item bought and the price of the same item per canvass of the auditor.

2. Volume Discounts - The price is deemed excessive if the discounts allowed in bulk purchases are not reflected in the price offered or in the award or in the purchase/payment document.

3. Factors to be Considered - In determining whether or not the price is excessive, the following factors may be considered.

A - Supply and demand forces in the market.

Ex. - Where there is a supply shortage of a particular product, such as cement or GI sheets, prices of these products may vary within a day.

B.- Government Price Quotations

C - Warranty of Products or Special Features

The price is not necessarily excessive when the service/item is offered with warranty or special features which are relevant to the needs of the agency and are reflected in the offer or award.

D. Brand of Products

Products of recognized brand coming from countries known for producing such quality products are relatively expensive.

Ex. - Solingen scissors and the like which are made in Germany are more expensive than scissors which do not carry such brand and are not made in Germany.

Situational Cases of "Excessive" Expenditures - (applicable to NLC sectors)

1. Overpricing of purchases, characterized by grossly exaggerated or inflated quotations, in excess of the current and prevailing market price by a 10% variance

from the purchased item are considered excessive expenditures.

2. Payment for repair of government equipment at a cost exceeding 30% of the current market price of the same or similar equipment is also an excessive expenditure.

3. Expenditures for supplies and materials in quantities beyond that required herein and that needed by the agency for a determinable period resulting in overstocking is excessive.

3.4. "EXTRAVAGANT" EXPENDITURES

Definition: The term "extravagant expenditure" signifies those incurred without restraint, judiciousness and economy. Extravagant expenditures exceed the bounds of propriety. These expenditures are immoderate, prodigal, lavish, luxurious, wasteful, grossly excessive, and injudicious.

Standards for "Extravagant" Expenditures

Factors such as the nature of the agencies' operations, agency missions, profitability of their past operational performance, and availability of financial resources derived from income or retained earnings must be taken into account in the matter of determining whether or not an expenditure is extravagant. The term "extravagant expenditure" pertains to the variables of quality relative to level or rank of the user and the purpose for such expenditure.

Situational Cases of Extravagant Expenditures - (applicable to NLC sectors)

(1) Purchase of luxurious and expensive office furnishings for office buildings (e.g., rugs, carpets, draperies, wall decors, utensils, desks, chairs, lamps is extravagant, except for the Offices of the President of the Philippines; Prime Minister; Justices of the supreme Court, Intermediate Appellate Court and other courts of equivalent rank; Speaker of the Batasang Pambansa and Members of Parliament; Heads and Members of the Constitutional Commissions; Ministers; Governors; Mayors; Bureau Directors and their equivalents in government corporations and other agencies, as warranted by their resources.

(2) Luxurious furnishings for government buildings are extravagant except those intended for showcase, trade and commerce, promotion of arts and culture and use of dignitaries.

(3) Purchase of expensive cars is extravagant, except for the following level of users:

a) The President of the Philippines, Prime Minister, Speaker of Batasang Pambansa, Justices of the Supreme Court, and Heads of Constitutional Commissions - Mercedes Benz or its equivalent kind.

b) The Members of Parliament, Members of the Constitutional Commissions, Ministers, Heads of Agencies, Governors of Class A provinces, Mayors

of Class A cities and municipalities, Justices and Judges of Lower Courts - Heavy and Medium cars.

(4) Installation of highly sophisticated outdoor signs, billboards and noon signs advertising the office is extravagant, except for banks, trading corporations, hotels, or buildings used for culture and arts.

(5) Purchase of wines, liquors, cigars and cigarettes is extravagant, except when served to foreign dignitaries during state functions and government-sponsored international conferences and conventions.

(6) Payment for rent of expensive hotels or rooms in luxury hotels or restaurants used for meetings and other official functions is extravagant except when such hotels or restaurants are used for government-sponsored international conventions, meetings and the like.

4.0 REVISED RULES AND REGULATIONS ON CERTAIN TRANSACTIONS

In pursuit of the objectives to update fiscal controls for higher government efficiency and productivity and to set realistic limits and parameters for government spending, this portion of the "RULES" provides revisions to existing rules and regulations on specific government transactions. Let it be stressed that in the drafting of the "Rules", the Commission has been guided by the following considerations:

1. It is the intention of the Constitution that the COA now assume a more active role in the prevention of

irregular, unnecessary, excessive, and extravagant expenditures or uses of government funds and property.

2. The rule-making power of COA pertaining to the prevention of such IUEE expenditures or uses as distinguished from the rule-making function of administrative bodies created by the Legislature with respect to Administrative or operational details, is not in the nature of "subordinate legislation". COA's rule-making power is a direct mandate of the Constitution against which the doctrine of non-delegation of legislative power will not apply.

3. The grant of rule-making power to COA does not preclude the Batasang Pambansa from enacting laws on the same subject.

4. The grant of rule-making power to COA encompasses both substantive and procedural rules.

5. The exercise of such rule-making power is subject to Constitutional provisions which limit the exercise of legislative and executive powers, such as the right to due-process, equal protection of the laws, non-impairment of obligations and contracts, etc.

4.1 PROCUREMENT

a. Public Bidding

Public bidding shall be required on purchases of supplies, materials and equipment in excess of ₱50,000.00 unless the law or the agency charter provides otherwise.

b) Emergency Purchase

1. Unless otherwise provided by law or the charter, agencies are authorized to make emergency puchase of supplies, materials and spare parts to meet an emergency which may involve the loss of or danger to life and/or property, or are to be used in connection with a project or activity which cannot be delayed without causing detriment to the public service. (applicable to NLC sectors)

2. An emergency purchase shall be allowed only upon a proper showing of the nature of the purchase. For this purpose, a certification shall be made by the agency head or his duly authorized representative particularly stating the actual conditions obtaining at the time of purchase, the quantity of items needed and the time or period when such items are to be used.

3. In an emergency purchase, canvass of prices of items from at least three (3) bonafide and reputable suppliers shall be required, except when the amount involved is less than ₱1,000.00 or in case of repeat orders where the price is the same or less than the original price.

A supplier may be deemed a bonafide and reputable if it satisfies the following criteria:

a) It should be duly licensed and registered with appropriate bodies;

b) It is not "blacklisted" by any government agency at the time of canvass; and

c) It should be in business for at least six (6) months.

c) Negotiated Purchase

Negotiated purchase, recognized as another mode of procurement shall be allowed under any of the following grounds:

1. failure of the required public bidding
2. if purchase is made from reputable manufacturers or exclusive distributors provided they offer the lowest or most advantageous price.
3. any purchase made from the Procurement Service
4. on emergency purchase as herein defined

d) Repeat Order

A repeat order is a mode of procurement whereby an agency buys from the same suppliers the same items at the same prices as or lower prices than those covered by the original contract between the parties:

A repeat order may be allowed subject to the following conditions:

1. The price must be the same as or lower than the original price paid for the same items;
2. The repeat order, if resorted to, will not result to splitting of requisitions, purchase orders, contracts and payments which is prohibited in these "RULES";

3. The total price of items covered by the repeat order should not exceed ₱50,000.00 except when the precious purchase was done through public bidding;

4. The use of repeat orders may be availed of only within the six (6) months period from the date of original purchase order.

4.2 STOCKING

Subject to availability of funds, agencies may be allowed to enter into contracts for the purchase of supplies and materials for one year subject to the condition that deliveries shall be made on a staggered basis, and the agencies three (3) months' supply requirements are not exceeded and payments shall be made after each delivery only.

4.3 LEASE PURCHASE

The national government may enter into agreement for the lease purchase of equipment subject to public bidding, the approval of the Office of the Budget and Management, and to other pertinent accounting and auditing regulations. Details of the payments shall be indicated in the lease purchase agreement and accompanied with a certification of availability of equipment outlay authorized for the agency to cover the full contract cost. The lease purchase agreement may be entered into only for specialized equipment such as typewriters, adding machines and automobiles, the purchase price of which is at least ₱50,000.00. All lease purchase agreement of equipment the total value of which

exceeds ₱200,000.00 shall be subject to the approval of the President.

Corporations/local governments may adopt the mechanisms of these lease-purchase agreement subject to the approval of their legislative or governing boards. (applicable to NLC sectors)

4.4 LEASE DEPOSITS

A deposit made under a lease contract shall not be considered as an advance payment. The deposit, however, may be applied to the payment of rentals in anticipation of or negotiation for the termination of the contract. (applicable to NLC sectors)

4.5 TRAVEL EXPENSES/RATES

Expenses for the official travel of officials and employees of government shall be paid in accordance with the rates prescribed under RA 3847 as amended by P.D. 344 and implemented by COA General Circular No. 127 dated November 27, 1973. However, profit earning corporations exercising propriety functions may fix their own travel rates subject to approval by the President. (Sec.79, P.D. 1177)

4.6 OVERTIME

An employee who has not rendered the required minimum number of working hours for the week may be allowed to claim overtime pay provided he has sufficient leave credits and upon proper showing that his rendition of overtime service is extremely necessary and cannot be dispensed with without causing unnecessary delay in any government activity. If

the overtime service covers only three (3) hours or less. continuous work is allowed without breaktime, but if it exceeds three (3) hours, a breaktime for one hour shall be maintained.

4.7 EXTRAORDINARY AND MISCELLANEOUS EXPENSE (FORMERLY DISCRETIONARY FUND)

4.7.1 For National Government Sector

Extraordinary and miscellaneous expenses shall include, but not limited to, expenses incurred for or during meetings, seminars and conferences, official entertainment of the official or through his authorized representative, public relations, educational, athletic and cultural activities, contributions to civic or charitable institutions, membership fees in government associations, subscription to professional technical journals, and informative magazine, library books and materials, office equipment and supplies and other similar expenses that are not supported by the regular budget allocations, PROVIDED, that no portion of the amounts authorized thereon shall be used for the creation of positions, nor for salaries, wages, allowances, intelligence or confidential expenses.

4.7.2 Local Government and Corporate Sectors

The above provision contained in 4.7.1 shall also apply to the local government and corporate sectors.

5.0 INCLUSION OF SITUATIONS DEEMED IUEE IN THE UPDATED LIST

5.1 Need/Justification

As these COA rules and regulations on IUEE expenditures cannot exhaust the situations which are deemed such, there is need to set up a system by which a list of disallowed expenditures peculiar to an agency or a class category shall be made a self-propelling or time-adjusting mechanism such that a case declared IUEE in a particular situation/sector is likewise deemed IUEE in other cases/sectors similarly situated.

5.2 Criteria for Appraising Whether an IUEE Situation is Ripe for Inclusion in the Updated List or not

(A situation is included in the updated list if it corresponds positively to at least one of the following citeria)

(A) Is there no established judicial precedence relative to the case/problem?

(B) Is there a high number of recurrence of a particular problem within a very limited time?

(C) Would it result to losses or non-operation of the agency?

(D) Is the case an accurate exemplication of the substantive area of the IUEE definition?

5.3 Procedure for Inclusion

In case an IUEE Situation corresponds to any, several or all of the criteria set and discussed above, the following steps should be observed in drafting the IUEE Situation into the Updated List:

(A) The Unit Auditor recommends to the Commission Proper IUEE Situations deemed ripe for Inclusion in the Updated List.

(B) The IUEE Situation, if deserving, will be taken up in the Commission Proper meeting. All the merits and demerits of the inclusion will be deliberated and decided upon taking special attention as to whether or not the situation will apply only to the agency classification involved, or to the three Sectors of government.

(C) As soon as a decision shall have been arrived at, the Commission Proper issues a Resolution effecting the inclusion of the IUEE Situation in the Updated List.

(E) Finally, for the information of all sectors concerned, the Resolution shall be published and circularized.

6.0 LIST OF COA CIRCULARS ISSUED FOR THE PREVENTION OF IRRBGULAR UNNECESSARY, EXCESSIVE AND EXTRAVAGANT EXPENDITURES AND USES OF FUNDS AND PROPERTY

Subsequent to the issuance of COA Circular No. 77-55 on March 29, 1977 which initially set the concept,, definitions and exemplifications of irregular, unnecessary, excessive and extravagant expenditures and uses of property, a series of circulars have been consequently issued all in pursuance of COA's constitutional mandate to issue rules and regulations to prevent irregular, unnecessary, excessive and extravagant expenditures and uses of property and these are considered integral portions of these "RULES".

CIRCULAR NO.	DATE	SUBJECT
75-6	Nov. 07, 1975	Regulating the Use of Government Motor Vehicles, Aircrafts and Watercrafts.
75-10	Nov. 20, 1975	Payment of Salaries and Living Allowances of Field Auditing Personnel by the Agency, Sub-division or Instrumentality of the Government where they are assigned.
75-12	Nov. 28, 1975	Accounting and Auditing Instructions for the Implementation of PD 477 (Decree on Local Fiscal Administration) and PD 557.
76-25	Mar. 31, 1976	Service and/or incentive fees, renumerations, honoraria and all other forms of extra compensation paid to government officials and employees.
76-258	June 30, 1976	Policies on the payment of additional compensation, such as allowances, honoraria, incentive fees, service fees, etc., made out of funds of government-owned or controlled corporations.

76-38	Oct. 20, 1976	Guidelines in the implementation of longevity pay grants.
77-4-A	July 20, 1977	Unliquidated cash advances of the officials and employees of the National Government, Local Government and Government-owned or controlled Corporations.
78-73	Feb. 13, 1978	Purchase of Motor Vehicles
78-77	Feb. 28, 1978	Rules and Regulations to Implement the Instructions on Overtime Payment as embodied in LOI 565
78-84	Aug. 01, 1978	Restating and Updating Audit Requirements for Purchase of Supplies, Materials and Equipment.
79-101	May 25, 1979	Prescribing policies, guidelines. rules and regulations for government infrastructure contracts under P.D. 1594.
79-111	Aug. 28, 1979	Guidelines on the implementation of LOI's pertaining to personnel effectiveness, Audit and reduction of government expenditures.
79-115	Sept. 6, 1979	Clarification on the participation of COA officials and/or personnel in the disposal either by destruction or sale of unserviable property.
80-123	Feb. 06, 1980	LOI 981 entitled "Directing the Implementation of Economy Measures in Government for Purposes of Generating Contingency Reserves.
80-126	Jan. 02, 1980	Accounting and related procedures for government agencies including government-owned or controlled corporations, entitled to and qualified for the tax and daily exemptions under subsisting laws, being required to pay taxes and duties under Section 23 of P.D. 1177.
80-128	Feb. 06, 1980	General guidelines and related procedures for the establishment of fund for medicines and drugs in hospital sanitaria

81-151	Jan. 07, 1981	Proposed investment of the National Commission on the Role of Filipino Women in the Art Patrons of Manila.
81-50-A	Jan. 14, 1981	Prescribing the Use of the Revised Auditing Manual for Research Operations.
81-153	Mar. 06, 1981	Prohibition on the Use of appropriation for maintenance and other operating expenses for lease-puchase agreement.
81-160	Apr. 21, 1981	Rules, regulations and accounting procedures for the receipt and disposition of insurance proceeds on damaged/lost government property.
81-166	July 3, 1981	Implementation of LOI 83 regarding government purchase of supplies and materials from NACIDA/CIDE manufacturers/ suppliers.
81-167	July 20, 1981	LOI 136 entitled "Adopting Standard Procedures and Requirements Governing Claims for Payment on Infrastructure Projects."
82-122-R	Jan. 18, 1982	Certificate as to Availability of Funds as Sec. 86 of P.D. 1445, P.D. 1177 (Sec. 46) and LOI 968.
82-179	Mar. 31, 1982	Implementation of Memorandum Circular No. 1237 of the Office of the President.
82-190	Aug. 02, 1982	Grant of honoraria to the school administrators and the non-teaching personnel of the Division of City Schools, Manila in relation to Sec. 73 of P.D. 1177.
82-195	Oct. 26, 1982	Lifting of Pre-Audit of Government Transactions.
83-203	Dec. 24, 1982	Guidelines, instructions and accounting for Multi-year obligational authority for contracts.

83-206	May 23, 1983	Executive Order No. 888 authorizing Ministers and Heads of Ministries/Agencies to dispose of their respective unserviceable equipment and disposable property and creating a Disposal Committee to facilitate disposal of said property.
83-207	May 24, 1983	LOI 1302 dated March 25, 1983 directing that purchases and sales of government securities by the National Treasury and government-owned or controlled corporations be done with the Central Bank or with government financial institutions.
84-223	Mar. 02, 1984	Implementation of LOI 146 re-Directing the Implementation of Economy Measures in Government and Generation of Savings for CY 1984.
84-229	Aug. 15, 1984	Guidelines on allowances of Judges.
84-232	Oct. 02, 1984	Amendment of Letter of Implementaion No. 96 re-grant of additional allowances by local government units to members and personnel of the judiciary.
84-238	Nov. 06, 1984	Safeguarding Government Motor Vehicles and reiterating the restrictions in the use thereof.
84-239	Aug. 15, 1984	Rules and regulations governing the accounting for agricultural products.
85-242	Mar. 18, 1985	Injunction to the effect that requisitioning government agencies should secure the most advantageous price and should not base the price of supplies and equipment to be purchased solely on 500 price listings.
85-25-E	Apr. 25, 1985	Re-service and/or incentive fees, remunerations, honoraria and all other extra compensation paid to government officials and employees particularly the manner of payment and accounting treatment thereof.

7.0 APPLICABILITY OF THE "RULES"

The rules and regulations for the prevention of IUEE expenditures or uses of government funds and property shall apply whenever possible to all government agencies except as herein provided.

8.0 SEPARABILITY CLAUSE

Should any provision of these RULES or any part thereof be declared invalid or inoperative, the other provisions, so far as they are separable from the invalid or inoperative one, shall remain in full force and effect.

9.0 GLOSSARY OF TERMS

Agency - shall include all the three (3) branches of government, its instrumentalities, local government, government-owned or controlled corporations including their subsidiaries.

Agency Head - shall refer to the head of ministries, commissions, bureaus, local and national government and corporations exercising governmental or proprietary functions or both.

Permanent Committee - shall refer to a Committee created by the Chairman, Commission on Audit especially tasked to undertake further study on agency classifications which focus on their mission/thrusts. It also serves as a research arm for the Commission Proper in assessing whether or not a situation is ripe for inclusion in the Updated List of Situational Cases of IUEE.

Updated List of Situational Cases Deemed IUEE - shall refer to the approved and updated listing of IUEE cases following the steps/procedures provided in the COA rules and regulations on IUEE expenditures or uses of government funds and property.

Standards - as used in this set of regulations, shall refer to the recognized factors then existing, the interplay of which largely determine the operation of IUEE expenditures.

Criteria - this term as used in the Updated List of Situational Cases of IUEE refers to the recognized circumstances existing in given situations the existence of which qualifies a situation for inclusion in the Updated List upon approval of the Commission Proper.