Republic of the Philippines
Department of Education
CARAGA REGION

June 23, 2023

REGIONAL MEMORANDUM
No. 0571, s. 2023

To: SCHOOLS DIVISION SUPERINTENDENTS
This Region

CLARIFICATION ON CERTAIN SUBJECT MATTERS FROM THE COMMISSION ON AUDIT (COA)

1. In reference to DepEd Memorandum OUF-2023-0316, entitled "CLARIFICATION ON CERTAIN SUBJECT MATTERS FROM THE COMMISSION ON AUDIT (COA)" dated June 20, 2023, this Regional Office informs the Finance Division/Unit of the Schools Division Offices on the discussion and clarifications of the Finance Strand with the Commission on Audit held on May 17, 2023.

2. Immediate dissemination of the Memorandum is highly desired.

MARIA INES C. ASUNCION
Director III
Officer-In-Charge
Office of the Regional Director

Encls.: DepEd Memo
Reference: DepEd Memo OUF-2023-0316
To be indicated in the Perpetual Index
under the following subjects:

CLARIFICATION INFORMATION

FD/atb
06/23/2023

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2023-06-08673

Republic of the Philippines
Department of Education
OFFICE OF THE UNDERSECRETARY FOR FINANCE

see my notes / instructions page # 3 thanks. [illegible] 6/20

MEMORANDUM
OUF-2023-0316
June 20, 2023

FROM : ~~**DIRECTOR ANA MARIE C. CALAPIT**~~
Finance Service

DIRECTOR TARA C. RAMA
Education Programs Management Office

SUBJECT : **CLARIFICATION ON CERTAIN SUBJECT MATTERS FROM THE COMMISSION ON AUDIT (COA)**

This refers to the clarification of the Finance Strand with the Commission on Audit held on May 17, 2023. The matrix below refers to the discussion and clarifications made:

	TOPIC / CLARIFICATION	RESPONSE
A.	Extraordinary Miscellaneous Expenses (EME) *Whether receipts for expenses are needed or certification of such expense may suffice in claiming for EME.*	EME is treated the same as Petty Cash, hence, receipt is needed. **Expenses charged against the EME is strictly confined in the enumeration under Sec. 51, General Appropriations Act (GAA) for Fiscal Year (FY) 2023**[1]. EME include, but not limited to, expenses incurred for: a) Meetings, seminar and conference; b) Official entertainment; c) Public relations; d) Educational, athletic and cultural activities; e) Contributions to civic or charitable institutions; f) Membership in government associations;

[1] **Annex "A"** - *Section 51 of the General Appropriations Act FY 2023.*

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		g) Membership in national professional organizations duly accredited by the Professional Regulation Commission; h) Membership in the Integrated Bar of the Philippines; i) Subscription to professional technical journals and informative magazines, library books and materials j) Office equipment and supplies; and k) Other similar expenses not supported by the regular budget allocation. EME is an expense NOT an allowance.
B.	Qualification of Special Disbursing Officer (SDO) *Are those personnel with non-regular item status to be a SDO?*	According to Sec. 14, Chapter 6, Volume I of Government Accounting Manual (GAM)[2] only regular plantilla items are eligible SDO. However, co-terminus can file for fidelity bond. Since this requires the approval of the Head of Agency.
C.	Grab and other electronic vehicle ride-hailing and delivery transportation *Is using such services allowed to be reimbursed as travel expense?*	Generally, it is not allowed because it is prone to abuse. According to Section 7 of Executive Order (EO) No. 77, s. 2019[3], only the ordinary public conveyance or customary modes of transportation shall be used. Hence, travel by government officials and personnel should be economical. The prescribed travel expense should be followed. Should Grab and other electronic vehicle ride-hailing and delivery transportation be used, justification must be supplied.
D.	Use of e-signature on claims.	**Either wet signature or digital signature under COA Circular No. 2021-006[4] may be used.** All signed documents, whether wet or digital, **need to be printed when**

[2] **Annex "B"** – *Government Accounting Manual for National Government Agencies Volume I*

[3] **Annex "C"** – *Executive Order No. 77 – Prescribing Rules and Regulations and Rates of Expenses and Allowances for Official Local and Foreign Travels of Government Personnel*

[4] **Annex "D"**- *COA Circular No. 2021-006, Guidelines on the use of Electronic Documents, Electronic Signatures and Digital Signature in Government Transactions*

		submitted to the Accounting Division per said COA Circular.
E.	Clarification on COA Circular No. 2022-004.	Maintenance and Other Operating Expenses (MOOE) funds for expenses that fall under Capital Outlay (CO) • Generally, not allowed unless there is an approved modification of funds. CO funds for expenses under MOOE • CO funds can be used for expenses that may be classified as MOOE, however, accounting records must reflect proper expense class. Kindly refer COA Circular 2022-004[5].

May we recommend this information be

APPROVED / ~~DISAPPROVED~~

6/20

ANNALYN M. SEVILLA
Undersecretary for Finance

Okay, let's please disseminate this memo to all finance officers and concerned officials/offices, for their guidance/reference
6/20

[5] **Annex "E"** – *COA Circular No. 2022-004, Guidelines on the Implementation of Section 23 of the General Provisions of Republic Act (RA) No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increased in the capitalization threshold from P15,000 to P50,000*

ANNEX A: SEC 51. of 2023 GAA EXTRAORDINARY and MISCELLANEOUS EXPENSES

Sec. 47. Repair and Retrofitting of Government Structures. The government agencies concerned shall prioritize the repair and retrofitting of government structures in areas considered highly vulnerable to seismic activity and shall ensure that the retrofitting shall result in structural strength required for the area concerned in accordance with R.A. No. 10121, R.A. No. 11285, and the National Structural Code of the Philippines.

Sec. 48. Materials Recovery Facility. All government agencies shall establish a Materials Recovery Facility (MRF) in a suitable open space within the office premises to promote environmental awareness and action. The design of the MRF shall be pursuant to the guidelines under R.A. No. 9003 (Ecological Solid Waste Management Act of 2000).

Sec. 49. Use of Alternative Dispute Resolution (ADR). Pursuant to Section 2 of R.A. No. 9285 (ADR Act of 2004), all government agencies shall continually promote and provide the means for the use of ADR as an efficient tool and alternative procedure for the resolution of appropriate cases to achieve speedy and impartial justice and declog court dockets, including the enlistment of active private sector participation.

Particularly for agencies in the executive branch including departments, administrative offices, quasi-judicial agencies and government-owned and -controlled corporations, ADR programs aligned with respective administrative/regulatory functions and external/internal services shall be developed, funded, implemented, and reported in accordance with Executive Order No. 97, s. 2012 and applicable issuances of the Department of Justice, the Office for Alternative Dispute Resolution, and other concerned agencies.

PERSONNEL BENEFITS

Sec. 50. Employment of Contractual Personnel. Contractual personnel may be hired by agencies as part of their organization in order to perform agency functions or specific vital activities or services which cannot be provided by the regular or permanent staff of the hiring agency, subject to compliance with the organizational, staffing and compensation standards set by DBM. The total annual Personnel Services requirement for contractual personnel, to cover salaries, and other personnel benefits and fixed expenditures, shall in no case exceed the lump sum appropriations for the purpose, except when there is an urgent need to hire contractual personnel in the implementation of the priority activities or projects, subject to approval of the DBM. In which case, the payment for contractual personnel shall be sourced from the Miscellaneous Personnel Benefits Fund.

Contractual personnel shall be considered as an employee of the hiring agency but only during the period when their services are reasonably required. Existing contractual employees who are qualified for any vacant position within the agency to which they wish to apply shall be considered in the hiring of permanent employees by the agency.

Sec. 51. Extraordinary and Miscellaneous Expenses. Appropriations authorized in this Act may be used for the annual extraordinary expenses of the following officials with the following ranks and their equivalent, as may be determined by the DBM or by the GCG for GOCCs/GFIs covered by R.A. No. 10149, not exceeding the amounts indicated:

(a) P264,000 for each Department Secretary;
(b) P108,000 for each Department Undersecretary;
(c) P60,000 for each Department Assistant Secretary;
(d) P45,600 for each head of bureau or organization of equivalent rank, and for each head of a Department Regional Office including General Manager of Local Water District in Categories A and B;
(e) P26,400 for each head of a Bureau Regional Office or organization of equivalent rank including General Manager of Local Water District in Categories C and D; and
(f) P19,200 for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge, and Shari'a Circuit Court Judge.

In addition, annual miscellaneous expenses not exceeding Ninety Thousand Pesos (P90,000) for each of the offices under the above named officials and their equivalent are authorized herein.

For the purpose of this Section, extraordinary and miscellaneous expenses include, but not be limited to, expenses incurred for:

(a) Meetings, seminars and conferences;
(b) Official entertainment;
(c) Public relations;
(d) Educational, athletic and cultural activities;
(e) Contributions to civic or charitable institutions;
(f) Membership in government associations;
(g) Membership in national professional organizations duly accredited by the Professional Regulation Commission;
(h) Membership in the Integrated Bar of the Philippines;
(i) Subscription to professional technical journals and informative magazines, library books and materials;
(j) Office equipment and supplies; and

(k) Other similar expenses not supported by the regular budget allocation.

In case of deficiency, the requirements for the foregoing purposes shall be charged against available allotments of the agency concerned. No portion of the amounts authorized herein shall be used for the payment of salaries, allowances and other benefits, and confidential and intelligence expenses.

Sec. 52. Cultural and Athletic Activities. An amount not exceeding One Thousand Five Hundred Pesos (P1,500) in a year, may be used for the purchase of uniform or costume and other related expenses in the conduct of cultural and athletic activities per employee-participant.

Sec. 53. Funding of Personnel Benefits. Notwithstanding any provision of law to the contrary, all personnel benefits costs of government personnel shall be chargeable against the funds from which their salaries are paid. If the personnel benefits costs, in whatever form, are partly sourced from the General Fund and partly from other sources, only the portion attributed to the personnel benefits cost chargeable against the General Fund shall be sourced therefrom in the payment of retirement and terminal leave benefits and pension.

In no case shall personnel benefits costs drawn from Special Accounts, Trust Funds or other sources of funds be chargeable against the General Fund of the National Government.

The personnel benefits costs of officials and employees on detail to other offices, including the representatives and support personnel of auditing units assigned to serve other offices or agencies, shall be chargeable against the appropriations of their parent agencies, except as otherwise authorized by the DBM.

Personnel benefits costs shall include salary increases, step increments, all kinds of authorized allowances, benefits and incentives, monetized vacation and sick leave credits, government share in retirement and life insurance premiums, employees compensation insurance premiums, health insurance premiums and HDMF contributions, and other authorized benefits.

Sec. 54. Appropriations for Personnel Services. The appropriations for Personnel Services under this Act shall be used for the payment of personnel benefits authorized by law to be given to National Government personnel. Any available allotment for Personnel Services within a department or agency may be utilized by said department or agency for the payment of deficiencies in authorized personnel benefits.

Implementation of this Section shall be subject to guidelines issued by the DBM.

Sec. 55. Remittance of Compulsory Contributions. The government and employee shares in the compulsory contributions to the Employees' Compensation Commission, PhilHealth, GSIS and HDMF pursuant to P.D. No. 626, as amended, R.A. No. 6111, R.A. No. 7875, as amended, R.A. No. 8291, and R.A. No. 9679, respectively, shall be remitted directly by departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs to the respective recipient agencies unless a different arrangement is agreed upon in writing between the DBM and the recipient agency.

Any proposed increase in government and employee compulsory contributions may only be implemented after consultation by the agency concerned with the DBM in order that the budgetary implications of such proposal be duly considered. The implementation of any increase in government and employee compulsory contributions, after said consultation, shall be made effective only upon inclusion thereof in an appropriations law.

Sec. 56. Authorized Deductions. Deductions from salaries and other benefits accruing to any government employee, chargeable against the appropriations for Personnel Services, may be allowed for the payment of an individual employee's contributions or obligations due the following:

(a) The BIR, PhilHealth, GSIS, and HDMF;
(b) The National Government, as decreed in a final and executory decision of COA;
(c) Non-stock savings and loans associations and mutual benefit associations duly operating under existing laws and cooperatives which are managed by and/or for the benefit of government employees;
(d) Associations or Provident Funds organized and managed by government employees for their benefit and welfare;
(e) GFIs authorized by law and accredited by appropriate government regulating bodies to engage in lending;
(f) Licensed insurance companies; and
(g) Thrift banks or rural banks accredited by the BSP.

Obligations due to the BIR, contributions due to the PhilHealth, GSIS, and HDMF shall be satisfied ahead of all other obligations. The remaining obligations due to other entities listed above shall be satisfied in the order in which they were incurred.

In no case shall the foregoing deductions reduce the employee's monthly net take home pay to an amount lower than Five Thousand Pesos (P5,000).

Sec. 57. Personnel Economic Relief Allowance. In order to supplement the salaries of government personnel covered by R.A. No. 6758, as amended, Personnel Economic Relief Allowance (PERA), in the amount of Two Thousand Pesos (P2,000) per month, is granted to the following:

GOVERNMENT ACCOUNTING MANUAL

For National Government Agencies

Volume I

Accounting Policies, Guidelines and Procedures, and Illustrative Accounting Entries

ANNEX B

GOVERNMENT ACCOUNTING MANUAL

Sec. 14. Disbursements by Cash. Cash disbursements constitute payments out of cash advances granted to the regular and special disbursing officers for personal services, petty expenses and MOOE for field operating requirements. All cash payments shall be covered by duly approved DVs/payrolls/petty cash vouchers (PCVs). The cash advances may be granted to the cashiers/disbursing officers/officials and employees to cover the following: salaries and wages, travels, special time-bound undertakings and petty operating expenses. The granting and liquidation of cash advances shall be governed by the following existing COA rules and regulations and other pertinent issuances:

a. No cash advance shall be given unless for a legally authorized specific purpose;

b. A cash advance shall be reported on and liquidated as soon as the purpose for which it was given has been served;

c. No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him/her is first settled/liquidated or a proper accounting thereof is made;

d. Except for cash advance for official travel, no officer or employee shall be granted cash advance unless he/she is properly bonded in accordance with existing laws or regulations. The amount of cash advance which may be granted shall not exceed the maximum cash accountability covered by his/her bond;

e. Only permanently appointed officials shall be designated as disbursing officers;

f. Only duly appointed or designated disbursing officer may perform disbursing functions. Officers and employees who are given cash advances for official travel need not be designated as Disbursing Officers;

g. Transfer of cash advance from one accountable officer to another shall not be allowed; and

h. The cash advance shall be used solely for specific legal purpose for which it was granted. Under no circumstance shall it be used for encashment of checks or for liquidation of a previous cash advance.

The specific rules and regulations on the granting, utilization and liquidation of cash advances are provided for under COA Circular No. 97-002 dated February 10, 1997, as amended by COA Circular No. 2006-005 dated July 13, 2006.

Sec. 15. Cash Advance for Payroll. Advances for Payroll shall be granted to Regular Disbursing Officers for payment of salaries, wages, honoraria, allowances and other personnel benefits of officials and employees. The Advances for Payroll shall not be used for encashment of checks or for liquidation of previous or other types of cash advances. It shall be equal to the net amount of the processed payroll corresponding to the pay period. Liquidation of the advances shall be made within five (5) days after the end of the pay period. Any unclaimed salaries/allowances shall be refunded and issued official receipt to close the account.

Sec. 16. Documentary Requirements. The documentary requirements for Payroll Fund for salaries, wages, allowances, honoraria and other similar expenses are provided under COA Circular No. 2012-001 dated June 14, 2012, amended by COA Circular No. 2013-001 dated January 10, 2013.

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 77

PRESCRIBING RULES AND REGULATIONS AND RATES OF EXPENSES AND ALLOWANCES FOR OFFICIAL LOCAL AND FOREIGN TRAVELS OF GOVERNMENT PERSONNEL

WHEREAS, under Section 72, Chapter 7, Book VI of Executive Order (EO) No. 292, otherwise known as the "Administrative Code of 1987," the rates of *per diem* and other allowances for official travel in the government shall be determined by the President, and may be changed from time to time upon the recommendation of the Travel Rates Committee (TRC);

WHEREAS, existing rules and regulations and rates of expenses and allowances for local and foreign travels under the category of conferences, special missions and other non-study trips under EO No. 248 (s. 1995), as amended by EO No. 248-A (s. 1995) and EO No. 298 (s. 2004), as well as for foreign study trips under EO No. 367 (s. 1989), and other pertinent issuances must be consolidated, updated, and rationalized to make their application fair and reasonable;

WHEREAS, outdated rates of travel expenses, varying regional differences on local travel costs, and other economic and fiscal considerations warrant the review of current rates of expenses and allowances on official travels, while ensuring that they are fairly reasonable, cost effective and within the financial capability of the government; and

WHEREAS, the TRC has submitted to the President its recommendations to modify existing rules and regulations, and rates of expenses and allowances for official local and foreign travels;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Philippines, by virtue of the powers vested in me by existing laws, do hereby order the following:

Section 1. Coverage. This Order shall cover official local and foreign travels of personnel of National Government Agencies (NGAs), including State Universities and Colleges (SUCs), Government-Owned or -Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), Congress of the Philippines, Judiciary, Constitutional Commissions, Office of the Ombudsman, and Local Government Units (LGUs).

Section 2. Definition of Terms. For purposes of this Order, the following terms are defined as follows:

(a) **Permanent Official Station** – the place where the office or regular place of business/work of an official or employee is permanently located and where the official or employee is expected to stay most of the time as required by the nature and the duties and responsibilities of the position of such official or employee.

(b) **Daily Travel Expenses** – the amounts authorized to cover expenses for local travel, which consist of (i) costs for hotel accommodation or lodging, including the prescribed taxes and service charges, (ii) meals, and (iii) incidental expenses, including cost for local or inland transportation and reasonable miscellaneous expenses at the place of assignment.

(c) **Transportation Expenses** – the actual fares of the authorized modes of transportation (e.g., land, sea and air) for local and foreign travels from the permanent official station to the destination or place of assignment and back.

(d) **Daily Subsistence Allowance** – the cost to cover expenses for foreign travel which includes costs for hotel accommodation or lodging, meals and incidental expenses.

Section 3. Authorized Official Travel.

(a) Official local or foreign travels and assignments under this Order shall cover only those which meet the following criteria: (i) it is essential to the effective performance of an official or employee's mandates or functions; (ii) it is required to meet the needs of the department, agency, bureau or office, or there is substantial benefit to be derived by the State; (iii) the presence of the official or employee is critical to the outcome of the meeting, conference, seminar, consultation or any official activity to be attended; and (iv) the projected expenses are not excessive or involve minimum expenditure.

(b) All officials authorized to approve local or overseas travels are required, as far as practicable, to minimize travel cost. Hence, all forms of communications, such as, but not limited to teleconferencing and videoconferencing or submission of briefs and position papers, as alternatives to travel, must be explored, provided, these do not compromise national security and confidentiality of official communications.

(c) The following individuals shall not be issued foreign travel authorities and shall not be entitled to government funding for such trips:

(i) Private individuals;

(ii) Consultants of, and/or those engaged by way of contract of service by, government agencies, except in highly meritorious circumstances (e.g., unavailability of qualified employees in highly technical or specialized fields), and upon written justification submitted to the authorized approving officials; and

(iii) Spouses or children of government officials, except when diplomatic protocol or established international practices provide otherwise.

TITLE I: OFFICIAL LOCAL TRAVEL OF GOVERNMENT PERSONNEL

Section 4. Approval of Local Travels.

(a) The official local travels of the following officials, in pursuance of the functions of their respective offices, irrespective of the number of days, need not be approved by higher authorities:

(i) Heads of NGAs;

(ii) Chairs of Governing Boards, Commissions, and Committees, collectively referred herein as "Governing Boards," and heads of SUCs, GOCCs, and GFIs; and

(iii) Regional Governors of Autonomous Regions, Provincial Governors and Mayors of Special, Highly Urbanized, and Independent Component Cities.

(b) The official local travels of government personnel for less than thirty (30) days and payment of their corresponding travel expenses shall be approved by the following officials:

(i) In NGAs, by heads of agencies;

(ii) In NGAs composed of Governing Boards, including SUCs, GOCCs, and GFIs -

(ii.a) By Chairs of Governing Boards – for Board Members and Chief Executive Officers; and

(ii.b) By Chief Executive Officers – for other personnel;

(iii) In LGUs -

(iii.a) By Municipal Mayors or City Mayors – for their respective LGU officials and employees, and the officials and employees of barangays within their territorial jurisdiction; and

(iii.b) By Provincial Governors – for their respective LGU officials and employees and the Mayors of Component Cities and Municipalities.

(c) The official local travels of government personnel for thirty (30) days or more and payment of their corresponding travel expenses shall be approved by the following officials:

(i) In NGAs -

(i.a) By Department Secretaries, those of equivalent rank, or their authorized representatives – for personnel in their respective agencies;

(i.b.) By the Chair, Commission on Higher Education (CHED), or his/her authorized representatives – for personnel in SUCs; and

(i.c.) By the Director General, Technical Education and Skills Development Authority (TESDA), or his/her authorized representatives – for personnel in technical and vocational schools;

(ii) In GOCCs and GFIs attached to Departments or Organizational Equivalents – By the corresponding Department Secretaries, those of equivalent rank, or their authorized representatives; and

(iii) In all Levels of LGUs – By the Secretary of the Department of the Interior and Local Government (DILG), or his/her authorized representatives.

(d) Notwithstanding the foregoing, the Office of the President (OP) is not precluded from requiring any official or employee to secure authority for local travel from said Office or from another approving authority to be designated by it.

(e) The approval of official local travels of personnel in the Congress of the Philippines, the Judiciary, Constitutional Commissions, and the Office of the Ombudsman shall be governed by rules and regulations prescribed by the respective heads of those offices and bodies.

Section 5. Travel Beyond 50-Kilometer Radius from the Permanent Official Station. Official local travel to destinations beyond the 50-kilometer radius from the permanent official station shall be allowed the following expenses:

(a) **Transportation Expenses and Miscellaneous Expenses.** The allowable transportation expenses and reasonable miscellaneous expenses (e.g., terminal fees, parking fees, road tolls, etc.) from the permanent official station to the destination or place of assignment shall cover the following areas:

(i) From the office or residence to the point of embarkation, and vice versa;

(ii) From the point of embarkation to the point of disembarkation in the place of destination, and vice versa; and

(iii) From the point of disembarkation to the office of destination or place of assignment in the field, and vice versa.

The transportation expenses and reasonable miscellaneous expenses under this provision shall be in addition to the daily travel expenses under Section 5(b) of this Order.

Personnel concerned shall not be entitled to transportation expenses for the entire trip or portion of such trip where government vehicle was used.

If a private vehicle is used, no reimbursement of the cost of gasoline and fuel shall be allowed. The official or employee concerned, however, is entitled to the equivalent cost of the customary mode of transportation.

(b) **Daily Travel Expenses (DTE).**

(i) The maximum allowable DTE of government personnel, regardless of rank and position, shall be at the following rates:

Destination		**Maximum DTE**
Cluster I	Region I Region II Region III Region V Region VIII Region IX Region XII Region XIII ARMM	₱1,500
Cluster II	Cordillera Administrative Region Region VI Region VII Region X Region XI	₱1,800

Cluster III	National Capital Region Region IV-A Region IV-B	₱2,200

(ii) Claims for payment of DTE as provided under Section 5(b)(i) hereof shall not require presentation of bills and receipts.

(c) **Apportioned Travel Expenses.** The allowable DTE for travel beyond the 50-kilometer radius from the permanent official station shall be based on the following apportionment:

Particulars	Percentage	To Cover
Day of arrival at point of destination (regardless of time) and succeeding day/s thereof on official business	100%	Hotel/lodging (50%), meals (30%), and incidental expenses (20%)
Particulars	**Percentage**	**To Cover**
Day of departure for permanent official station (regardless of time) if other than date of arrival	50%	Meals (30%), and incidental expenses (20%)

(d) **Travel Expenses in Excess of Authorized Travel Rates.** Claims for reimbursement of actual accommodation expenses (excluding expenses for valets, room attendants, laundry, pressing, haircuts, and similar services furnished by hotels) in excess of the accommodation component of the DTE may be allowed, but in no case shall the difference exceed one hundred per cent (100%) of such component of the prescribed DTE rate, and only upon:

(i) Submission of certification by the agency head or authorized representative as absolutely necessary in the performance of an assignment; and

(ii) Presentation of bills and receipts. A certification or affidavit of loss shall not be considered as appropriate replacement for lost bills and receipts.

(e) **Precluding Double Payment of Travel Expenses**. To preclude double payment, the corresponding portion of the DTE shall not be allowed when the fare paid for transportation includes meals and/or

ANNEX C

EXECUTIVE ORDER No. 77

quarters en route, or where meals and/or lodging are paid for or furnished by the government or other parties.

Section 6. Travel Within the 50-Kilometer Radius from the Permanent Official Station.

(a) For official travel to destinations within the 50-kilometer radius from the permanent official station, the actual transportation expenses under Section 5(a), as well as the DTE under Section 5(b) not exceeding the rates provided therein, may be authorized. Provided, that the personnel concerned shall stay in the place of assignment and does not commute daily from the place of assignment to the place of residence or permanent official station and back. The claim for hotel/lodging expense shall be substantiated by a hotel bill or invoice to prove that the official or employee stayed in the place of assignment for the whole duration of the official travel.

(b) Personnel on official travel who commute daily from the place of assignment to the place of residence or permanent official station shall be allowed the following expenses:

(i) Actual fare at the prevailing rates of authorized modes of transportation from the permanent official station to the place of assignment and back;

(ii) Meals in an amount not exceeding the thirty per cent (30%) of the authorized meal component of the DTE as indicated in Section 5 hereof.

Presentation of transportation ticket or any equivalent document shall be required as proof of actual travel undertaken.

Section 7. Mode of Transportation and Type of Accommodation.

(a) The agency head concerned or the designated officials shall determine the mode of transportation and type of hotel/lodging to be availed, which in all cases shall be the most economical and efficient.

(b) As a general rule, only the ordinary public conveyance or customary modes of transportation shall be used. The use of chartered trips, special hires of public utilities, garage cars, water vessels, and other extraordinary means of transportation shall not be allowed unless justified by the prevailing circumstances, such as but not limited to, carrying large amounts of cash, bulky equipment and important documents, inclement weather, accompanying dignitaries or high level government officials, or when time is of the essence.

Section 8. Availment of Department of Tourism (DOT)-Accredited Accommodations. If a government agency lacks residential facilities for its personnel on official local travel, the approving authority and personnel concerned are encouraged to patronize DOT-accredited accommodations to ensure availment of adequate but reasonably-priced services and amenities.

TITLE II: OFFICIAL FOREIGN TRAVEL OF GOVERNMENT PERSONNEL

Section 9. Types of Foreign Travels. Foreign travels authorized under Section 3 of this Order shall refer only to those under the following categories:

(a) International conferences or meetings to which the Philippine Government has commitments, or to undertake official missions/assignments which cannot be assigned to government officials posted abroad;

(b) Scholarships, fellowships, trainings, and studies abroad which are grant-funded or undertaken at minimal cost to NGAs, including SUCs, GOCCs, GFIs and LGUs; and

(c) Invitations for speaking engagements or receiving of awards from foreign governments/institutions or international agencies/organizations as defined under international law, whether fully or partially funded by the government, upon the endorsement of the DFA.

In case of trips involving delegations, the authorized approving authority shall ensure that the number of participants is kept to the barest minimum and the role of each member in the delegation is clearly specified and justified in the travel application or proposal.

Section 10. Approval of Foreign Travels.

(a) Regardless of the length of travels abroad and the number of delegates, official foreign travels and payment of travel expenses shall be approved by the following officials:

(i) By the OP – for the following:

(i.a) Department Secretaries or those of equivalent rank;

(i.b) Chairs and Members of Governing Boards and Chief Executive Officers of GOCCs and GFIs under or attached to the OP;

(i.c) Heads of NGAs under or attached to the OP.

(ii) By Department Secretaries or those of equivalent rank - for personnel in NGAs, GOCCs, and GFIs under or attached to departments or their organizational equivalents;

(iii) By the heads of agencies under or attached to the OP -- for personnel in such entities;

(iv) By the Chief Executive Officers of GOCCs and GFIs attached to the OP, subject to the policies approved by the respective governing boards – for personnel in such entities;

(v) By the Secretary of the Department of Public Works and Highways, through the Local Water Utilities Administration – for Local Water District Directors;

(vi) By the Chair, CHED – for heads of SUCs; and by the latter – for personnel of SUCs;

(vii) By the Chair, TESDA – for heads of technical and vocational schools; and by the latter – for personnel of technical and vocational schools; and

(viii) By the Secretary of the DILG, or his/her authorized representative – for personnel in all levels of LGUs.

b) Notwithstanding the foregoing approving authorities, the OP is not precluded from requiring any official or employee to secure authority to travel abroad from said Office or from another approving authority to be designated by it.

c) The approval of official foreign travels of personnel in the Congress of the Philippines, the Judiciary, Constitutional Commissions, and the Office of the Ombudsman shall be as prescribed by the respective heads of those agencies.

Section 11. Pre-Departure Expenses and Return Trip Fees.

(a) Pre-departure expenses not exceeding ₱3,500.00 shall be allowed to cover miscellaneous expenses for taxicab fare, passport processing, immunization and medical laboratory fees, photographs, porterage, airport terminal fees, if any, and other related expenses.

(b) Likewise, reimbursement of airport terminal fees imposed at the point/s of embarkation on the return trip to the Philippines, if any, shall be allowed upon completion of the official trip.

Section 12. Transportation Expenses. In case the officials and employees authorized to travel abroad shall not be provided with transportation by the host country or sponsoring organization, they shall be allowed transportation expenses for the economy class, which for purposes of this Order does not include premium economy class. For long-haul trips, described as flights exceeding four (4) hours without counting lay-overs, of Department Secretaries, Undersecretaries, Assistant Secretaries and those of equivalent ranks, business class airfares may be authorized, subject to approval of the OP.

Section 13. Clothing Allowance.

(a) Clothing allowance shall be granted to personnel on foreign travel in tropical countries or temperate countries for the period coinciding with the summer and spring seasons, regardless of the nature of travel, if the travel will last for more than one (1) month. The clothing allowance shall be granted on pro-rated basis, as follows:

More than one (1) month but less than three (3) months	US$200.00
Three (3) months and more but less than six (6) months	US$300.00
Six (6) months and more	US$400.00

Provided, however, that the clothing allowance in connection with study trips to tropical countries shall not exceed US$300.00.

(b) When the travel to temperate countries, regardless of the nature of travel, coincides with the autumn or winter seasons, the clothing allowance shall be granted as follows:

Two (2) weeks or less	US$200.00
More than two (2) weeks but less than one (1) month	US$300.00
One (1) month and more	US$400.00

(c) Grantees provided by donor institutions with clothing allowance at rates equal to or higher than those indicated above shall no longer be granted said allowance by the government agency concerned.

(d) When the clothing allowance granted by the donor is less than the rates indicated above, the personnel concerned may be given the difference.

(e) The clothing allowance may be granted more than once in every twenty four (24) months. In no instance, however, shall the total clothing allowance exceed US$400.00 within a twenty four (24)-month period.

(f) Applicable rate of clothing allowance shall be based on the season officially declared by the authorized agency in the country of destination. In case the travel dates span two seasons or coincide with the change of seasons, the prescribed rates of clothing allowance shall be based on the season corresponding to the most number of days of authorized stay.

Section 14. Daily Subsistence Allowance (DSA).

(a) Those who travel abroad shall be granted the DSA based on the daily rates established by the International Civil Service Commission (ICSC) of the United Nations which may be accessed at www.undp.org.ph or at www.dfa.gov.ph of the Department of Foreign Affairs (DFA).

When the country of destination is not listed therein, the DSA for the nearest country shall be adopted. When the city of destination is not listed therein, the "elsewhere" rate established for the country shall be adopted.

(b) The DSA shall only start upon arrival at the country of destination and shall cease upon departure therefrom, at the following percentages:

Particulars	Percentage	To Cover
Day of arrival at point of destination (regardless of time) and succeeding day/s thereof on official business	100%	Hotel/lodging (50%), meals (30%) and incidental expenses (20%)
Day of departure for permanent official station (regardless of time) if other than date of arrival	50%	Meals (30%) and incidental expenses (20%)

(c) If hotel/lodging, meals and incidental expenses are provided by the host country or donor institution, the DSA shall not be allowed.

(d) Claims for payment of DSA as provided under Section 14(a) and (b) hereof shall not require presentation of bills and receipts.

(e) Subject to the approval of the authorities listed under Section 10(a) of this Order, claims for reimbursement of actual accommodation expenses in excess of the accommodation component of the DSA may be allowed, but in no case shall the difference exceed thirty per cent (30%) of such component of the prescribed DSA rate, and only upon certification by the head of agency as absolutely necessary in the performance of an assignment and presentation of bills and receipts. An affidavit of loss shall not be considered as appropriate replacement for the required bills and receipts.

Section 15. Payment of DSA Differential.

(a) Where personnel on travel abroad, to attend international conferences or meetings or to undertake official missions or assignments, are provided by the host government with DSA and allowances lower than those prescribed in this Order, such personnel shall only be entitled to the difference.

(b) Personnel on scholarships, fellowships, trainings, workshops, and study grants abroad shall not be allowed payment of DSA differentials.

Section 16. Reimbursement of Representation Expenses.

(a) The following officials, who are authorized to attend international conferences or meetings or undertake official missions or assignments in the exigency of the service, may be entitled to reimbursement of actual reasonable representation expenses not exceeding the following rates, subject to the approval of the authorities listed under Section 10(a) of this Order, based on justifications presented and upon presentation of bills and receipts:

(i) Cabinet Members and those of equivalent rank – US$1,000.00;

(ii) Department Undersecretaries and those of equivalent rank, if they are designated as head of the delegation – US$700.00;

(iii) Department Assistant Secretaries and those of equivalent rank, if they are designated as head of the delegation – US$500.00; and

(iv) Those holding positions lower than an Assistant Secretary level who are designated as head of the delegation – US$300.00.

Such expenses may cover necessary entertainment, contributions, flowers, wreaths, and the like, when justified by circumstances and in conformity with generally accepted customs, usages, and practices.

(b) Officials on travel abroad for speaking engagements, and for scholarships, fellowships, trainings, workshops and studies, and those whose travels are fully funded by donors or sponsoring organizations, shall not be allowed reimbursement of representation expenses.

Section 17. Scholarships, Fellowships, Trainings, and Studies Abroad.

(a) The Department of Education, CHED, and TESDA, which absorbed the functions of the abolished Special Committee on Scholarships and tasked to jointly issue the implementing rules and regulations pursuant to Section 2 of EO No. 402 (s. 2005), shall incorporate in the joint guidelines the pertinent rules and regulations relative to grant-funded scholarships, fellowships, trainings and studies abroad, consistent with this Order.

(b) Expenses of government agencies related to such travels abroad shall be limited only to pre-departure expenses since donor countries/organizations/institutions shall pay for airfares, school/training fees, accommodations, health insurance, and stipend. In cases where airfares and clothing allowance will not be shouldered by the donors, the government agency concerned may pay the same, subject to the provisions of the memoranda of agreement or any similar document that may be entered into by and between the donor and the said agency, and of this Order.

Section 18. Insurance. Personnel on foreign travel pursuant to this Order may be entitled to travel insurance at the minimum amount required by the country of destination, depending on the duration of the official travel or a travel coverage of ₱500,000.00 if there is no minimum coverage set by a country.

TITLE III: MISCELLANEOUS PROVISIONS

Section 19. Prohibition against Junkets of Government Officials and Employees. All forms of travel junkets shall be strictly prohibited. The conduct of strategic planning workshops or team building activities abroad shall not be allowed. The taking of a personal leave immediately before or after the official activity is highly discouraged. If travel circumstances, such as the nature of activity, purpose and itinerary, indicate that the trip is mainly intended for personal purposes, no part thereof shall be considered as official.

Section 20. Travel in Connection with Official Duties Paid for by a Private Source. Official foreign trips partially or fully sponsored or funded by private corporations or private individuals shall be fully disclosed. No official or personal travel of government officials and employees shall be funded directly or indirectly, fully or partially, by private individuals, including suppliers or contractors, with pending request/s or application/s or future dealings with any branch, department, bureau or office of the National Government or local government units concerned. This prohibition applies to invitations to travel purportedly to undertake study or assessment of the proponents' capabilities as such contractors or suppliers.

Section 21. Implementing Rules and Regulations on Local and Foreign Travels of Personnel in NGAs, including SUCs, GOCCs, GFIs, and LGUs.

(a) Subject to the pertinent provisions of this Order:

(i) Department Secretaries and those of equivalent rank shall cause the preparation and issuance of internal guidelines on local and foreign travels of personnel in NGAs, including SUCs, GOCCs, and GFIs under or attached to their respective departments/agencies, in order to (i.a) provide additional safeguards as are best suited to agency conditions, (i.b) address agency peculiarities, and (i.c) ensure the judicious use of public funds;

(ii) The Secretary of the DILG shall cause the preparation and issuance of the rules and regulations governing official local and foreign travels of LGU personnel.

(b) In accordance with the pertinent provisions of Republic Act No. 7157 or the Philippine Foreign Service Act of 1991, the DFA and the Department of Budget and Management shall cause the preparation of separate rules and regulations governing the travels of DFA personnel outside their assigned foreign posts, including service attaches to embassies and representatives to consulates from other departments, subject to approval by the President. Such rules and regulations and rates of expenses, however, should be consistent with the pertinent provisions of this Order.

Section 22. Rendition of Account on Cash Advances and Sanction.

(a) Within two (2) calendar months after the return of an official or employee to the Philippines, in the case of official travel abroad, or within one (1) calendar month of his/her return to permanent official station in the case of official local travel, such official or employee shall render an account of the cash advance received in accordance with existing applicable rules and regulations.

(b) Refund of excess cash advance may be made either in United States dollars if allowed by the Department Secretary or equivalent official, or in Philippine currency computed at the prevailing bank rate at the day of refund.

(c) No foreign travels with government funding shall be allowed for those who have not liquidated their expenses for previous government-funded travels abroad.

Section 23. Reportorial Requirements and Sanction.

(a) Within one (1) calendar month after returning to the permanent official station, every personnel authorized to travel under this Order shall submit to the head of the agency a report with recommendations, if any, on the conference or seminar attended, examination or investigation conducted, or mission undertaken.

(b) In case of participation in an international conference or convention in which the Philippines is represented by a delegation, a report of the delegation shall be submitted to the OP through the Department Secretary or those of equivalent rank from whose department the head of delegation belongs, copy furnished the Secretary of the DFA, not later than one (1) calendar month after the closing of the conference or convention. Any member of the delegation may also submit a supplementary report.

(c) Violation of the provisions of this Section shall subject the officials or employees concerned to disciplinary action.

Section 24. Fund Sources. In the case of government personnel in NGAs, including SUCs, funds for local and foreign travels shall be charged against the appropriation for travelling expenses in the annual agency budgets. For GOCCs, GFIs, and LGUs, funds for the purpose shall be sourced solely from their respective corporate and local funds, respectively.

Section 25. Periodic Review of Local Travel Rates Every Three (3) Years. To ensure that local travel rates remains up-to-date, the TRC shall conduct a regular review of the travel rates every three (3) years based on the survey of lodging costs to be conducted by the DOT, and other economic indicators to be provided by the Philippine Statistics Authority.

Section 26. Resolution of Cases. Cases not covered by the provisions of this Order shall be referred to the OP for final resolution.

Section 27. Separability Clause. If any part or provision of this Order shall be held unconstitutional or invalid, other parts or provisions hereof which are not affected shall continue to be in full force and effect.

Section 28. Repealing Clause. EO No. 248 (s. 1995), EO No. 248-A (s. 1995), EO No. 298 (s. 2004), and EO No. 459 (s. 2005) are hereby repealed. EO No. 367 (s. 1989), Memorandum Circular No. 35 (s. 2017) and other presidential issuances on travel rates and regulations on official foreign and local travels, administrative authorizations, rules and regulations or parts thereof inconsistent with this Order are hereby modified accordingly.

Section 29. Effectivity. This Order shall take effect immediately.

DONE in the City of Manila, this 15th day of March, in the year of Our Lord, Two Thousand Nineteen.

By the President:

SALVADOR C. MEDIALDEA
Executive Secretary

Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

ANNEX D

COA CIRCULAR No. 2021-006

CIRCULAR

No. : 2021-006
Date: SEP 06 2021

TO : All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of the National Government, Heads of the Local Government Units, Managing Heads of Government-Owned and/or Controlled Corporations, Chiefs of Financial and Management Services, Chief Accountants, Cashiers, Disbursing Officers, and Budget Officers; Assistant Commissioners, Directors and State Auditors of the Commission on Audit (COA); and All Others Concerned

SUBJECT : Guidelines on the use of Electronic Documents, Electronic Signatures, and Digital Signatures in Government Transactions

I. RATIONALE

The Philippine Constitution provides that the State recognizes the vital role of communication and information in nation-building. It shall regulate the transfer and promote the adaptation of technology for the national benefit.

Republic Act No. 8792 or the Electronic Commerce Act of 2000[1] provides for the legal recognition of electronic signatures and imposes strict requirements before an electronic signature qualifies as a handwritten signature. The same law allows electronic transactions in government and allows appropriate government entities to adopt and promulgate rules, regulations, or guidelines to specify the use of an electronic signature, the type of electronic signature required, the manner the electronic signature shall be affixed to the electronic data message or electronic document, and the control processes and procedures as appropriate to ensure adequate integrity, security and confidentiality of electronic data messages or electronic documents or records of payments.

The Supreme Court also recognizes the use of electronic signatures in its Rules on Electronic Evidences which provides that an electronic signature or digital signature authenticated in the manner prescribed is admissible in evidence as the functional equivalent of the signature of a person on a written document.

[1] An Act Providing for the Recognition and Use of Electronic Commercial and Non-Commercial Transactions and Documents, Penalties for Unlawful Use Thereof and for Other Purposes

The same rule gives disputable presumption to electronic signature in favor of its validity after its authentication.

To promote the growth and wide use of e-government services and address the authentication, integrity and non-repudiation concerns, Executive Order No. 810 was issued in 2009 to institutionalize the National Certification Scheme for Digital Signatures in the country and designate the National Computer Center (NCC) under the Commission on Information and Communications Technology, now Department of Information and Communications Technology (DICT), as the Government Certificate Authority to provide the necessary services in implementing the scheme. This paved the way for DICT's Philippine National Public Key Infrastructure (PKI) [DICT-PNPKI] service which enables the widespread use of digital signatures nationwide. The DICT-PNPKI makes use of the PKI framework – a robust system that uses paired keys to provide security and authentication for electronic information transfers. Relative thereto, COA Memorandum 2009-073 dated July 23, 2009 was issued to require state auditors to ensure that their audited agencies providing electronic services to their clients are/will be implementing the use of digital signature in their respective e-government services.

The Government Procurement Policy Board (GPPB) in its Resolution No. 16-2019 allowed and approved the use of digital signature in all GPPB issuances and in procurement related documents. Similarly, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 29-2021 which allows the use of electronic signatures on BIR Forms 2304, 2306, 2307 and 2316. The Anti-Red Tape Authority intensifies its drive to streamline the processes in all government entities and take advantage of technology, especially in the event of a disaster or any state of emergency such as the COVID-19 pandemic as it allows government officials to approve transactions and make payments without necessarily being physically present. Furthermore, COA Circular No. 2004-006 dated September 9, 2004 implies admissibility of digitally-signed documents in audit.

Lastly, the enactment of the Data Privacy Act of 2012[2] and the Cybercrime Prevention Act of 2012[3] requires that government agencies establish and implement controls and secure means of providing electronic services to the public. Digital signatures, by design, contribute significantly to these control requirements.

Therefore, this Circular shall prescribe guidance on the use of electronic signatures for accountability purposes to resolve doubts over the reliability of information to be used as audit evidence.

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[2] An Act Protecting Individual Personal Information in Information and Communications Systems in the Government and the Private Sector, Creating for this Purpose a National Privacy Commission, and for Other Purposes, Republic Act No. 10173, August 15, 2012.
[3] An Act Defining Cybercrime, Providing for the Prevention, Investigation, Suppression and the Imposition of Penalties Therefor and for Other Purposes, Republic Act No. 10175, September 12, 2012.

II. SCOPE AND COVERAGE

This Circular shall apply when the audited agency submits electronic documents to the auditor in lieu of paper documents, where the signature of an authorized signatory is required. Nothing in the Circular shall be construed as prohibiting an audited agency from submitting paper documents, or a combination of paper and electronic documents.

III. DEFINITION OF TERMS

a. **Asymmetric or public cryptosystem**, more commonly referred to as public key infrastructure, means a system capable of generating a secure key pair, consisting of a private key for creating a digital signature, and a public key for verifying the digital signature.[4]

b. **Certificate Authority (CA)** refers to a trusted entity that manages and issues security certificates and public keys that are used for secure communication in a public network or the internet. The DICT is the authorized Certificate Authority in the government.

c. **Digital Certificate** is a file issued by a CA or the DICT-PNPKI containing the user's personal information just like an ordinary ID, only in this case, it is digital. It is used to encrypt, authenticate or digitally sign an email and document.

d. **Digital Signature** refers to a secure type of electronic signature consisting of a transformation of an electronic document or an electronic data message using an asymmetric or public cryptosystem such that a person having the initial untransformed electronic document and the signer's public key can accurately determine:

   i. whether the transformation was created using the private key that corresponds to the signer's public key; and

   ii. whether the initial electronic document had been altered after the transformation was made.[5]

e. **Electronic Document** refers to information or the representation of information, data, figures, symbols or other modes of written expression, described or however represented, by which a right is established or an obligation extinguished, or by which a fact may be proved and affirmed, which is received, recorded, transmitted, stored, processed, retrieved or produced electronically.[6]

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[4] Rules on Electronic Evidence, A.M. No. 01-7-01-SC, July 17, 2001, Rule 2, Section 1(a).
[5] Rules on Electronic Evidence, Rule 2, Section 1(e).
[6] Rules on Electronic Evidence, Rule 2, Section 1(h).

f. **Electronic Signature** refers to any distinctive mark, characteristic and/or sound in electronic form, secured and non-secured, representing the identity of a person and attached to or logically associated with the electronic data message or electronic document or any methodology or procedures employed or adopted by a person and executed or adopted by such person with the intention of authenticating or approving an electronic data message or electronic document.[7] For purposes of this Circular, electronic signature refers not only to the handwritten signatures, but the whole process adopted in approving an electronic data message or electronic document. Examples of electronic signatures include: a scanned image of the person's ink signature, a mouse squiggle on a screen or a hand-signature created on a tablet using the person's finger or stylus, a signature at the bottom of the email, a typed name, a biometric hand-signature signed on a specialized signing hardware device, a video signature, a voice signature, etc.[8]

g. **Key Pair** refers to the two mathematically related keys, the public and private keys. Whatever is encrypted with a Public Key may only be decrypted by its corresponding Private Key and vice versa. Public and private keys are paired for secure communication, such as email.

h. **Private Key** is a bit of code that is paired with a public key to set off algorithms for text encryption and decryption. It is created as part of public key cryptography during asymmetric-key encryption and used to decrypt and transform a message to a readable format. A private key is also known as a secret key.

i. **Public Key** is also a bit of code used to encrypt data. The key is provided by the CA and is made available to everyone through a directory or email.

j. **Public Key Infrastructure (PKI)** is an infrastructure that secures communications among individuals and government entities. This way, the government's delivery of services to citizens and businesses becomes safer, faster and more efficient.

IV. GUIDELINES

A. General Principles and Guidelines

1. Submission of electronic documents with electronic signatures (including digital signatures) following the rules in this Circular, shall mean sufficient compliance to the requirement of submission of duly signed document as any other duly signed paper document used in government transactions.

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[7] Rules on Electronic Evidence, Rule 2, Section 1(j).

[8] Dave Venance, What is an e-Signature? Part I, *available at* https://www.4point.com/blog/2017/06/what_is_an_e-signatu.html (last accessed: June 20, 2020).

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2. When under existing rules a document requires a signature, the use of electronic signature (including digital signature) on the electronic document shall be an accepted alternative and shall be equivalent to the signature of a person on a written document such as, but not limited to, procurement-related documents, Disbursement Vouchers, Requisition and Issuance Slips, Purchase Orders, Contracts, and Memoranda among others.

3. Private parties involved in transactions with government, in the absence of a digital certificate, may use other types of electronic signature, subject to the controls implemented by the transacting government entity.

B. Management Responsibility in using Electronic Documents

4. All government entities that elect to use and/or implement a system using digital signature or other types of electronic signature on electronic documents under this Circular shall issue internal rules in the adoption of the same, including sanction for unauthorized and illegal use of digital certificates or electronic signatures, subject to existing laws and regulations such as the Cybercrime Prevention Act of 2012, as well as to rules of the DICT. They shall submit a Management Representation or Policy Statement on the use of signature on electronic documents in their operations to their respective Auditors, together with the approved internal rules. A sample form of the Management Representation is attached as **Annex A**.

5. To secure the electronic records with signatures, the government entity shall:

   a. Designate a focal person for all matters pertaining to electronic signing implementation of the government entity;
   b. Develop, maintain, and update accordingly the system documentation used for creating electronic records with signatures;
   c. Develop, maintain and implement standard operating procedures for the creation, utilization, storage, security, and management of electronic records that contain signatures, to ensure that the records are protected from unauthorized alteration or destruction;
   d. Implement a security awareness program such as training the employees on the acceptable use of signature on electronic documents; and
   e. Develop and implement policy and guidelines on the following:

      - Scope of the employee's authority to use signature on electronic documents
      - Security measures for the protection of digital certificate, if any
      - Sanctions for misuse or abuse of signatures.

C. Specific Guidelines on the use of Digital Signatures

6. All officials and employees designated/authorized to sign documents using digital signature shall apply for their individual certificates with the DICT as the Government Certificate Authority through its PNPKI service where they shall undergo a process of identity verification and be oriented on the proper and sound use of digital certificates as prescribed under the DICT-PNPKI Digital Certificate Subscriber Agreement. Alternatively, they may apply for their individual certificates from any other CA accredited or recognized by the Department of Trade and Industry – Philippine Accreditation Bureau (DTI-PAB) to issue digital certificates to be used in government transactions.[9]

7. At a minimum, the implementation of digital signatures shall bear the following characteristics:

   a. Authentication – linking the signatory to the information;
   b. Integrity – assuring that the document has not been altered during transmission; and
   c. Non-repudiation – ensuring that the signer of the electronic document cannot at a later time deny having signed it.

8. Government entities shall have the duty to inform COA Auditors, in case of revocation or expiration (without renewal) of the digital certificate. They shall keep updated records of Certificate Revocation List, which contains list of certificates that would have been compromised or are expired so that the government entity knows which digital certificates are no longer valid or have been revoked by the CA.

9. To ensure verifiability of digitally-signed documents, the same shall be maintained in its original form and submitted electronically. For this purpose, print-out of documents are considered duplicates or secondary copies and shall have a notation (footer) or disclosure *"The original of this document is in digital format"* or other similar language.

10. In signing an electronic document, a government official or the designated signatory shall express in unequivocal terms his/her intent or purpose for signing through a notation close to his/her signature or through a footnote. However, such notation or footnote is not required when the intent is clear as appearing in the document.

11. When using digital signature, electronic document is preferred to be in Portable Document Format (pdf), Microsoft Excel Document (xlsx), or combination of both. Any other compatible format may also be used, provided it allows secure implementation of digital signature. For digitally

[9] Executive Order No. 810, June 15, 2009, Section 3(d).

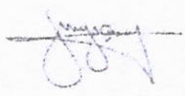
signed e-mails, it is recommended that a government domain email be used (e.g. name@agency.gov.ph)

12. When a digital certificate is to be used to sign a document, the same should be valid, unexpired, and unrevoked at the time of signing.

13. The following details in a human-readable form, shall accompany the digital signatures:

    a. Full name of the signatory; and
    b. An image of the signatory's handwritten signature;

    For guidance, an example of a properly formatted digital signature is shown below:

    Digitally signed
    by Juan DelaCruz
    Date: 2020.05.21
    19:37:33 +08'00'

    However, other formats shall be acceptable so long as they clearly display items a and b above.

14. It is the duty of every certificate subscriber to give notification to the designated focal person mentioned in Item 5 and to the concerned auditor for revocation when he/she suspects that his/her certificate has been compromised.

15. The document should be protected after all signatories had affixed their digital and other types of electronic signatures to ensure that the document will not be altered thereafter.

D. Specific Guidelines on the use of Electronic Signature (other than Digital Signature)

16. When the officer opts to use an electronic signature other than a digital signature on an electronic document, the signed electronic document may be validly accepted provided the agency is able to establish that:

    a. the electronic signature is that of the person to whom it correlates;
    b. the electronic signature was affixed by that person with the intention of authenticating or approving the electronic document to which it is related or to indicate such person's consent to the transaction embodied therein;
    c. the methods or processes utilized to affix or verify the electronic signature, if any, operated without error or fault; and

d. the person whose e-signature was affixed, takes responsibility and assumed accountability that the document remained unchanged until it was submitted to the auditor.

V. SAVING CLAUSE

Cases not covered in this Circular shall be referred to the Systems and Technical Services Sector, this Commission, for resolution.

VI. SUPPLETORY APPLICATION OF THE RULES OF COURT AND OTHER LAWS

This Circular shall primarily govern the use of digital and other types of electronic signatures in government transactions under the audit jurisdiction of COA, in accordance with the E-Commerce Act. The provisions of the Rules of Court, Rules on Electronic Evidence, and other relevant rules and regulations under the Anti Wire-tapping Act and the Bank Secrecy Law shall apply in a suppletory character to this Circular.

VII. EFFECTIVITY

This Circular shall take effect immediately upon publication.

MICHAEL G. AGUINALDO
Chairperson

ROLAND C. PONDOC
Commissioner

REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

COMMISSION ON AUDIT RECEIVED 6/1/2022 11:30 am DATE/TIME RECORDS MANAGEMENT SERVICES

ANNEX E COA CIRCULAR NO 2022-004

CIRCULAR

No. : 2022-004
Date : MAY 3 1 2022

TO : All Heads of the National Government Agencies (NGAs) and Government Corporations (GCs); Local Chief Executives; Heads of Finance/Comptrollership/Financial Management Services; Chief Accountants/Heads of Accounting Units; Budget Officers/Heads of Budget Units; Heads of Property and/or Supply Division/Unit; Commission on Audit (COA) Assistant Commissioners, Directors, Auditors; and All Others Concerned

SUBJECT : Guidelines on the Implementation of Section 23 of the General Provisions of Republic Act (RA) No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00

1.0 RATIONALE

1.1 Section 23[1] of the General Provisions of RA No. 11639 or the FY 2022 GAA provides that tangible items below P50,000.00 shall be accounted as semi-expendable property. The increase in the capitalization threshold was envisioned to lead to a more efficient utilization of funds in the procurement of goods. However, as stated in the President's Veto Message, the implementation of the provision for the increase in the capitalization threshold from below P15,000.00 to below P50,000.00 shall be subject to the issuance by COA of appropriate accounting and auditing rules and regulations.[2] Pending the issuance from COA, the agencies/entities shall still apply the existing accounting and auditing rules and regulations.

1.2 In view of the abovementioned developments and in consonance with the rule-making function of this Commission as provided under Section 2(2)[3] of Article

[1] Semi-expendable Property. Tangible items below Fifty Thousand Pesos (P50,000.00) shall be accounted as semi-expendable property. (CONDITIONAL IMPLEMENTATION - President's Veto Message, December 30, 2021, Volume I-B, page 819, Republic Act (RA) No. 11639)

[2] RA No. 11639 or the General Appropriations Act (GAA) FY 2022. President's Veto Message.

[3] The Commission shall have exclusive authority, subject to the limitations in this Article, to define the scope of its audit and examination, establish the techniques and methods required therefor, and promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular,

IX-D of the 1987 Philippine Constitution and Section 25(4),[4] Chapter 2, Title I of Presidential Decree (PD) No. 1445 or the Government Auditing Code of the Philippines, this Circular is issued to prescribe the guidelines on the implementation of Section 23 of the General Provision of FY 2022 GAA.

2.0 COVERAGE

This Circular shall be implemented by all NGAs, Local Government Units (LGUs), and GCs.

3.0 DEFINITION OF TERMS

For the purpose of this Circular, the following terms shall be construed to mean as follows:

3.1 Semi-expendable property – tangible items which meet the definition and recognition criteria of Property, Plant and Equipment (PPE), but below the capitalization threshold of P50,000.00.

3.2 Capitalization threshold – refers to the monetary value at which an entity elects to capitalize tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

3.3 Current Replacement Cost – is the cost the entity would incur to acquire the asset on the reporting date.[5]

3.4 Tangible Assets/Items – are identifiable non-monetary assets with physical substance.

4.0 IMPLEMENTING GUIDELINES

4.1. Tangible items which meet the definition and recognition criteria of PPE but cost is below Fifty Thousand Pesos (P50,000.00) shall be accounted in the books of accounts of the agencies as semi-expendable property. This shall be supported by the issuance of the Inventory Custodian Slip (ICS) to establish accountability of the end-user. ICS shall be issued to the end-user and shall be renewed every three years or every time there is a change in custodianship/user of the property. The threshold shall be applied on an individual asset or per item basis. Each item within the bulk acquisition such as library books, small equipment, computer

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unnecessary, excessive, extravagant, or unconscionable expenditures or uses of government funds and properties.

[4] To promulgate auditing and accounting rules and regulations so as to facilitate the keeping, and enhance the information value, of the accounts of the government.

[5] Par. 9, International Public Sector Accounting Standards (IPSAS) 12-*Inventories* (2019 version).

peripherals, work animals, and the like, will need to meet the amount of below P50,000.00 to be recognized as semi-expendable property.

4.2. The increase in the capitalization threshold from P15,000.00 to P50,000.00 shall be considered as a change in accounting policy and shall be applied retrospectively. It means that the new capitalization threshold of P50,000.00 shall be applied for all tangible items purchased in calendar year (CY) 2022 onwards and in the prior years.

4.3. For issued tangible items acquired prior to CY 2022 with amounts from P15,000.00 to below P50,000.00 previously classified as PPE:

a. The carrying amount shall be expensed/charged to the following accounts, as applicable:

i. Accumulated Surplus/(Deficit) for NGAs and GCs classified as Non-Commercial Public Sector Entities;

ii. Retained Earnings/(Deficit) for GCs classified as Commercial Public Sector Entities; or

iii. Prior Period Adjustment and Government Equity for LGUs.

b. The corresponding accumulated depreciation and accumulated impairment loss shall be closed in the books of accounts.

c. The existing Property Acknowledgment Receipts (PARs) for these items may be retained by the end-users and shall serve as the ICS until their accountabilities for such items are extinguished. Thus, the existing PARs need not be replaced with new ICSs.

d. For additional control and safeguard, please refer to paragraphs 4.8.b. and 4.9.b of this Circular.

4.4. For tangible items acquired prior to CY 2022 with amounts from P15,000.00 to below P50,000.00 previously classified as PPE which are still in the custody of the Supply and/or Property Division/Unit:

a. These items shall be reclassified to the appropriate semi-expendable property account.

b. The Property Cards being maintained by the Supply and/or Property Division/Unit for these items shall serve as Semi-Expendable Property Card (SPCs) until these items are issued.

c. The Property, Plant and Equipment Ledger Cards being maintained by the Accounting Division/Unit for these items shall serve as Semi-Expendable Property Ledger Cards (SPLCs) until these items are issued.

4.5. For tangible items acquired prior to CY 2022 with amounts below P15,000.00 which are already classified as semi-expendable property and are still in the custody of the Supply and/or Property Division/Unit:

a. The Stock Cards being maintained by the Supply and/or Property Division/Unit for these items shall serve as SPCs until these items are issued.

b. The Supplies Ledger Cards being maintained by the Accounting Division/Unit for these items shall serve as SPLCs until these items are issued.

4.6. A change in accounting policy requires retrospective application. The entity shall adjust the opening balance of each affected component of net assets/equity for the earliest period presented, and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.[6] It means that the entity shall restate the amounts for prior period/s in the comparative financial statements to reflect the change in accounting policy.

4.7. To strengthen controls over the semi-expendable property, the following forms, registry, and reports are prescribed as annexes:

4.7.1. Annex A.1 – Semi-Expendable Property Card (SPC)

This form shall be maintained in the Supply and/or Property Division/Unit for each class of semi-expendable property to record promptly the acquisition (based on the Inspection and Acceptance Report and other supporting documents), issue/transfer/disposal and the description/ information about the asset.

4.7.2. Annex A.2 – Semi-Expendable Property Ledger Card (SPLC)

This form shall be kept in the Accounting Division/Unit to record promptly the acquisition, description, custody, impairment, issue/transfer/disposal, repair history, and other information about the property.

[6] Third paragraph of Section 38, Chapter 19-Financial Reporting, Volume I of the Government Accounting Manual for National Government Agencies.

4.7.3. Annex A.3 – Inventory Custodian Slip (ICS)

This form is used by the Property and/or Supply Division/Unit to issue tangible items amounting to less than P50,000.00 to end-user to establish accountability over them.

4.7.4. Annex A.4 – Registry of Semi-Expendable Property Issued (RegSPI)

This registry shall be maintained in the Property and/or Supply Division/Unit for each class of issued semi-expendable property. The Property and/or Supply Custodian shall record promptly the issue, return, reissue, disposal, and other information about the property if returned and the description/information about the asset. It shall be maintained by fund. ICS shall be maintained continuously and recorded in sequential manner to keep track of any missing ICS. *(Note: This functions similarly to SPC, however only a registry is recommended to be maintained since issued semi-expendable property are already derecognized in the books of accounts.)*

4.7.5. Annex A.5 – Inventory Transfer Report (ITR)

The report shall be used every time there is a transfer of inventory such as donation, reassignment, relocation, and the like, from an outgoing officer to his successor or from one accountable officer/employee to another of the same or another entity, or from one entity/agency to another entity/agency.

4.7.6. Annex A.6 – Receipt of Returned Semi-Expendable Property (RRSP)

This form shall be prepared by the Accountable Officer for returned semi-expendable property whether serviceable or unserviceable.

4.7.7. Annex A.7 – Report of Semi-Expendable Property Issued (RSPI)

This report shall be prepared by the Property and/or Supply Division/Unit to report/summarize all issued semi-expendable property (by semi-expendable property number) at least weekly. It shall be prepared by the Property and/or Supply Custodian based on the ICS and shall be used by the Accounting Division/Unit as basis in preparing the journal entry voucher to recognize the semi-expendable property issued.

In this form, the ICS No. is indicated and the agency can check anytime if there are missing ICS at hand since ICS is the only accountability form for the issuance of semi-expendable property. Proper keeping and monitoring of the ICS by the Property/Supply Officer is recommended.

The Property/Supply Officer shall conduct periodic monitoring of all ICS issued to ensure that the accountability of concerned employees is checked.

4.7.8. Annex A.8 – Report on the Physical Count of Semi-Expendable Property (RPCSP)

This form shall be used to report the physical count of semi-expendable property, which are owned by the agency/entity, by type of property still in the custody of the Property and/or Supply Division/Unit as at a given date. It shows the balance of semi-expendable items per card and per count and shortage/overage, if any. It shall be prepared annually and by fund by the Inventory Committee.

4.7.9. Annex A.9 – Report of Lost, Stolen, Damaged or Destroyed Semi-Expendable Property (RLSDDSP)

This report shall be used by the accountable officer/employee to report or notify within 30 days the officials concerned of the loss, theft, damage or destruction of the semi-expendable property whether issued or unissued. The RLSDDSP shall support the subsequent request for relief from property accountability.

4.7.10. Annex A.10 – Inventory and Inspection Report of Unserviceable Semi-Expendable Property (IIRUSP)

This report shall be used to account for all unserviceable semi-expendable property of an entity which is subject to disposal. It shall be prepared by the Property and/or Supply Division/Unit.

4.8. For additional control and to safeguard the semi-expendable property considering that more valuable items shall be covered by the new capitalization threshold, the semi-expendable property shall be classified into two categories:

a. Low-valued items – cost of each item is P5,000.00 or less; and

b. High-valued items – cost of each item is more than P5,000.00 but less than P50,000.00.

4.9. The accountability for semi-expendable property shall also be segregated based on a categorization, as follows:

a. Low-valued items – accountability shall be extinguished upon expiration of the estimated useful life, or upon return of the property before the end of its useful life, whether serviceable or non-serviceable, to the Property and/or Supply Division/Unit; and

b. High-valued items – accountability shall only be extinguished upon return of the item to the Property and/or Supply Division/Unit or in case of loss, upon approval of the request for relief from property accountability, regardless of the expiration of the estimated useful life.

4.10. Upon expiration of the estimated useful life for low-valued semi-expendable property, the issued ICS to end-user shall be automatically cancelled. The end of its useful life means the end of the accountability of the end-user. However, if the low-valued semi-expendable property is deemed unserviceable before the end of its useful life, it shall be returned to the Property and/or Supply Division/Unit for cancellation of the ICS and proper disposal. The return of low-valued items by the end-user shall be recorded in the IIRUSP. Another/New semi-expendable property of the same nature or use shall not be issued, unless justifiable, before the expiration of the estimated useful life or cancellation of the ICS previously issued to the end-user.

4.11. For issued high-valued semi-expendable property which have become unserviceable, these shall be reported by the Property/Supply Officer in the IIRUSP upon return by the end-user.

4.12. The agency shall determine/provide the estimated useful life of each semi-expendable property, subject to post-audit of the COA auditors concerned. The agency is in the best position to estimate the useful life of their semi-expendable property. The agency shall also issue an updated policy/memorandum determining/providing the estimated useful life, as necessary.

4.13. To serve as a guide, a range of estimated useful life per class is provided, as follows:

- Semi-Expendable Machinery and Equipment - 5 to 15 years
- Semi-Expendable Furniture, Fixtures and Books - 2 to 15 years

The above life span of semi-expendable property may be used unless a more appropriate estimated useful life of semi-expendable property is determined by the agency based on the nature of its operation and mission, among others.

Based on the above life spans, the entity shall prepare the specific estimated useful life for each semi-expendable property based on its experience on the life of its asset, and copy furnished the COA auditors.

4.14. For proper maintenance of ICS, the Property and/or Supply Division/Unit shall assign separate ICS control number for low-valued items and high-valued items. Segregation of ICS for semi-expendable property will ensure proper monitoring of accountability particularly for high-valued items which accountability only expires after the return of the item or in case of loss, upon approval of the request for relief from property accountability.

4.15. The acquisition of a semi-expendable property shall comply with the prevailing procurement policies and procedures prescribed in RA No. 9184[7] and its Revised Implementing Rules and Regulations.

4.16. Semi-expendable property shall be covered by the policies of International Public Sector Accounting Standard (IPSAS) 12–*Inventories*. Hence, they are not subject to depreciation but subject to impairment.

4.17. When high-valued semi-expendable property is lost by the end-user, the accountable officer shall apply the existing policies and guidelines for request for relief from property accountability of lost government property.

4.18. In case of loss of unissued semi-expendable property, the Property/Supply Officer shall notify the Accounting Department thru the RLSDDSP, which serves as the Notice of Loss, as basis for the derecognition in the books of account. The loss shall be charged to account "Loss of Assets" at its carrying amount and credited to the appropriate inventory account – semi-expendable. Should the Property/ Supply Officer fail to file pursuant to Section 73 of the PD No. 1445 and Section 5 of the 2009 Revised Rules of Procedure of the COA a request for relief from accountability within 30 days from date of submission of RLSDDSP, the Chief Accountant shall record a debit to "Due from Officers and Employees" account and a credit to "Other Deferred Credits" account the amount of the loss. Once the request for relief from property accountability is granted, the latter accounting entry shall be reversed.

4.19. When a semi-expendable property is lost before the end of its useful life in the possession of the official/employee to whom it is issued, the loss shall be recorded by the Chief Accountant upon the receipt of RLSDDSP as debit to "Due from Officers and Employees" and a credit to the account "Other Deferred Credits" at its Current Replacement Cost with the same condition and specifications of the lost semi-expendable property at the time of loss.

4.20. Annex B of this Circular enumerates the procedures to be followed in the Receipt, Inspection, Acceptance and Recording of Deliveries of Semi-Expendable Property; Procedures in the Requisition and Issue of Semi-Expendable Property; and Procedures on the Transfer, Return, Re-issue and Disposal of Semi-Expendable Property.

[7] Government Procurement Reform Act.

5.0 SAVING CLAUSE

Any clarification or request for assistance on the implementation of this Circular or cases not covered herein shall be referred to this Commission through the Government Accountancy Sector.

6.0 REPEALING CLAUSE

All circulars, memoranda, and other issuances or any parts thereof inconsistent with the provisions of this Circular are hereby amended, modified, or revoked accordingly.

7.0 EFFECTIVITY

This Circular shall take effect 15 days after its publication in a newspaper of general circulation.

RIZALINA NOVAL JUSTOL
Chairperson

ROLAND CAFÉ PONDOC
Commissioner

MARIO GONZALES LIPANA
Commissioner