

***Updates, Latest Guidelines, and details
on the COA Circular 2020-004 dated
January 31, 2020 prescribing the
Government Accounting Manual for Local
Government Units***

PRESENTED BY: HON. ROLAND CAFÉ PONDOC
COA COMMISSIONER



May 15, 2024
CAP-John Hay Trade and Cultural Center
Baguio City



Session Overview

- ✓ *COA Circular No. 2020 – 004 dated January 31, 2020*
- ✓ *COA Circular No. 2021 – 007 dated September 6, 2021*
- ✓ *Updates on the Enhancements of the GAM for LGUs*



Session Overview

Updates on the Enhancement of GAM for LGUs

1. Budgetary Accounts

2. Harmonization of Revised Chart of Accounts with NGAs and GCs

3. Adoption of Additional International Public Sector Accounting Standards (IPSAS)

4. Semi-Expendable Property



COA CIRCULAR NO. 2020 – 004 DATED JANUARY 31, 2020 GAM FOR LGUS

*Subject: Prescribing the
Government Accounting Manual for
LGUs*

CIRCULAR No: 2020-004
Date: JAN 31 2020

To : All Heads of Local Government Units and All Others Concerned

Subject: Prescribing the Government Accounting Manual for Local Government Units

1.0 Purpose
In line with COA Resolution No. 2014-003 dated January 24, 2014 prescribing the adoption of the Philippine Public Sector Accounting Standards (PPSAS), this Manual is prescribed to ensure the proper accounting of all financial transactions of the Local Governments following the PPSAS.

2.0 The Manual
The Government Accounting Manual (GAM) is composed of three volumes, namely:

Volume I – The Accounting Policies
It shows the basic features and policies, the local government accounting plan, discussion on the accounting of the major types of transactions, the illustrative accounting entries, the financial statements and other related records.

Volume II – The Accounting Books, Registries, Records, Forms and Reports
It contains the various formats of the journals and ledgers, registries, records, reports and forms including instructions on their use.


Volume III – The Chart of Accounts
It includes the list of accounts and the definitions/descriptions of each account.


3.0 Saving Clause
Cases not covered by this Circular shall be referred to this Commission for resolution.


4.0 Repealing Clause
This Manual replaces the Manual on the New Government Accounting System for use in Local Government Units, prescribed under COA Circular No. 2002-003 dated June 20, 2002.

Likewise, all other circulars, orders, memoranda and existing rules and regulations inconsistent with the provisions of this Manual are hereby amended/modified/revoked accordingly.

5.0 Effectivity Clause
This Circular shall take effect immediately.

 COMMISSION ON AUDIT
OFFICE OF THE COMMISSION SECRETARY


MICHAEL G. AGUINALDO
Chairperson


ROLAND C. PONDOC
Commissioner

PARTICIPATED
JOSE A. FABIA
Commissioner



Government Accounting Manual for LGUs

(COA Circular No. 2020 – 004 dated January 31, 2020)

Prescribes accounting policies, standards, reports and accounts to be used by LGUs.

This Circular supersedes the following:

- Manual on the New Government Accounting System (NGAS) used by Local Government Units issued per COA Circular no. 2002 – 003 dated June 20, 2002*
- COA Circular No. 2015-009 dated December 1, 2015 prescribing the Revised Chart of Accounts for LGUs*



Government Accounting Manual for LGUs

(COA Circular No. 2020 – 004 dated January 31, 2020)

The GAM for LGUs includes three (3) volumes namely:

Volume 1 – Accounting Policies

Volume 2 – Accounting Books, Registries, Records, Forms and Reports:

Volume 3 – The Chart of Accounts

Date of Effectivity was 15 days after its publication on August 28, 2020



Deferment of the GAM for LGUs

(COA Circular No. 2021 – 007 dated September 6, 2021)

CIRCULAR

No. : 2021 – 007
Date : SEP 06 2021

TO : All Heads of Local Government Units (LGUs); Commission on Audit (COA) Assistant Commissioners, Directors and Auditors; and All Others Concerned

SUBJECT : Deferment of the Implementation of COA Circular No. 2020-004 dated January 31, 2020, prescribing the use of the Government Accounting Manual (GAM) for LGUs

1.0 RATIONALE

The GAM for LGUs has been prescribed to ensure the proper accounting of all financial transactions of the local governments. It took effect 15 days after its publication on August 28, 2020. However, the outbreak of the coronavirus disease (COVID-19), declared as a worldwide pandemic by the World Health Organization on March 11, 2020, led to the imposition by the National Government, just like in other countries, of restrictions and precautionary measures to prevent the spread of the virus. These measures include community quarantine, total movement control, adoption of alternative work arrangements, suspension of face-to-face briefings and trainings, among others.

The LGUs are at the forefront in the various government response and recovery measures during this pandemic. With the issuance of COA Circular No. 2020-004 dated January 31, 2020, they are required to implement the GAM for LGUs. To ensure proper implementation, the LGU officials and personnel have to undergo capacity building and introduce changes in their processes to conform to the GAM. Thus, the implementation of the GAM for LGUs at this most challenging time may not bring the results so desired.

Further, the policy changes introduced in the GAM for LGUs would necessitate a calibration and enhancement of the electronic New Government Accounting System (eNGAS) and electronic Budget System (eBudget) currently installed in several LGUs nationwide. System enhancements would entail adequate time and effort to accomplish.

Deferment of the Implementation of COA Circular No. 2020-004 dated January 31, 2020, prescribing the use of the GAM for LGUs



Deferment of the GAM for LGUs

(COA Circular No. 2021 – 007 dated September 6, 2021)

Reasons for Deferment:

- *Restrictions in the conduct of Capacity building due to lockdown and precautionary measures preventing the spread of corona virus disease (COVID-19).*
- *Necessity for recalibration and enhancement of the electronic New Government Accounting System (eNGAS) and electronic Budget System (eBudget)*



Deferment of the GAM for LGUs

(COA Circular No. 2021 – 007 dated September 6, 2021)

The following issuances shall continue to be enforced:

- *COA Circular No. 2015 – 009 dated December 1, 2015 prescribing the Revised Chart of Accounts for Local Government Units;*
- *COA Circular No. 2016 – 004 dated September 30, 2016 providing the guidelines on the conversion of the chart of accounts from the Philippine Chart of Accounts to the Revised Chart of Accounts for LGUs; and*
- *Other COA Circulars, memoranda and issuances prior to the issuance of COA Circular No. 2020-004 dated January 31, 2020.*

Deferment of the GAM for LGUs

(COA Circular No. 2021 – 007 dated September 6, 2021)

Guidelines for the deferment:

- ✓ *For LGUs that have already implemented the GAM for LGUs prescribed under COA Circular no. 2020 – 004 dated January 31, 2020, shall revert to the use of Manual on the New Government Accounting System, prescribed under COA Circular No. 2002 – 003 dated June 20, 2002; and*
- ✓ *Existing eNGAS and eBudget System for LGUs shall continue to be implemented.*



PROPOSED ENHANCEMENTS ON GAM FOR LGUs

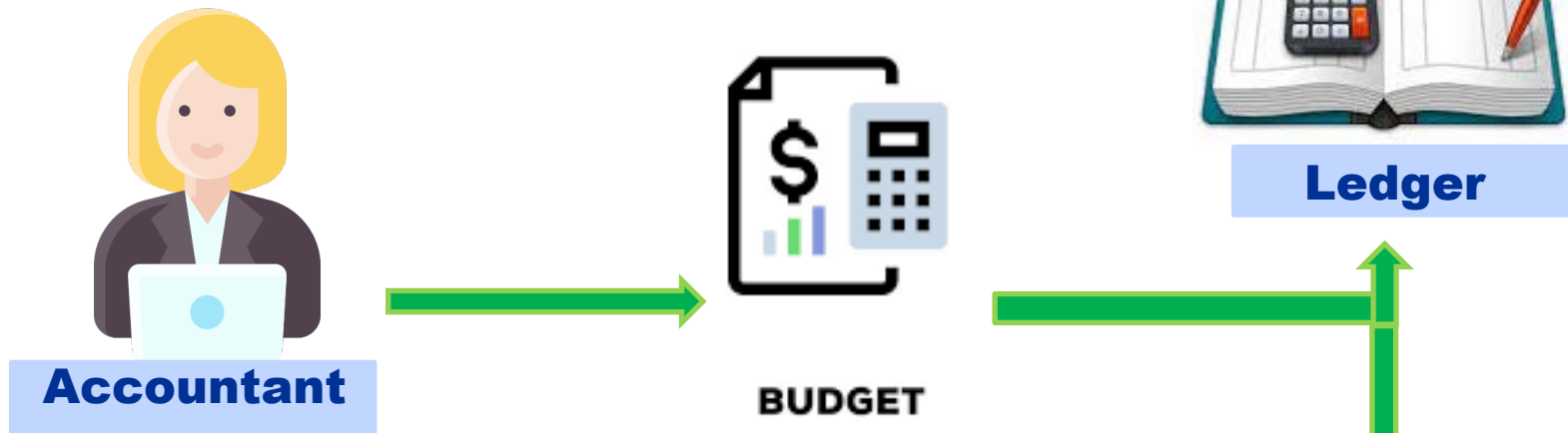


UPDATES ON THE ENHANCEMENTS

(BUDGETARY ACCOUNTS)

Background

GAM for LGUs requires the recording of budgetary transactions in the books.



In the GAM for LGUs, the Accountant shall journalize the budgetary transactions which are the appropriation, allotment, obligations and at the same time record and monitor it through the RAOs.



UPDATES ON THE ENHANCEMENTS ON GAM FOR LGUs

(BUDGETARY ACCOUNTS)

Retain the previous policies on recording of budget transaction through Registries by the Budget Unit

Discontinues the recording of budgetary transactions in the books

Replace the use of Certification of Appropriations, Funds and Obligation of Allotment (CAFOA) by Obligation Request Status (ORS)



UPDATES ON THE REVISION

(BUDGETARY ACCOUNTS)

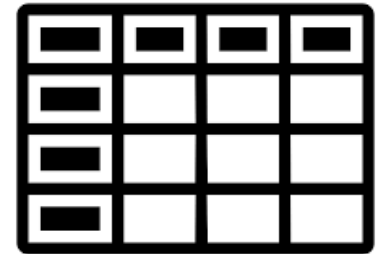
Currently policy in place: Manual on the NGAS and COA Circular 2006-002 dated January 31, 2006



Budget Officer



BUDGET



RAOs

Head of the Budget or its equivalent shall maintain the RAOs and shall certify the availability of budget.



FEATURES OF THE ENHANCED GAM FOR LGUS



FEATURES OF THE ENHANCED GAM FOR LGUs

- ❑ ADOPTION OF IPSAS AND
OTHER GAM CHAPTERS



UPDATES ON GAM for LGUs

(ADOPTION OF IPSAS)

The following are the Chapters to be incorporated in the GAM for LGUs:

- 1. Financial Instruments (IPSAS 28 – 30)*
- 2. Leases (IPSAS 13)*
- 3. Service Concession Arrangements: Grantor (IPSAS 32)*
- 4. Joint Arrangement (IPSAS 37)*
- 5. The Effects of Changes in Foreign Exchange Rates (IPSAS 4)*
- 6. Borrowing Costs (IPSAS 5)*
- 7. Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)*



UPDATES ON GAM for LGUs

(ADOPTION OF IPSAS)

Financial Instruments (IPSAS 28 – 30)

Is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. (Par. 9, IPSAS 28)

This chapter covers the following:

- a) Presentation of financial Instruments as liabilities or net assets and for offsetting financial assets and liabilities;*
- b) Recognition and measurement principles for financial assets and liabilities; and*
- c) Disclosures in the entity's FS*

UPDATES ON GAM for LGUs

(ADOPTION OF IPSAS)

Leases (IPSAS 13)

Lease

is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. (Par. 8, IPSAS 13)

Classifications of Lease

Finance lease - *if it transfers substantially all the risks and rewards incidental to ownership.*

Operating lease - *if it does not transfer substantially all the risks and rewards incidental to ownership. (Par. 13, IPSAS 13)*

UPDATES ON GAM for LGUs

(ADOPTION OF IPSAS)

Leases (IPSAS 13)

Finance Lease - Lessor	Finance Lease - Lessee
<ul style="list-style-type: none">• Lessor recognizes a receivable in the statement of financial position at an amount equal to the net investment in the lease; and• recognize finance revenue based on a pattern reflecting a constant periodic rate of return on the lessor's net investment	<ul style="list-style-type: none">• Lessee recognizes asset and liability at the lower of the present value of minimum lease payments and the fair value of the asset;• Depreciation policy – as for owned assets

UPDATES ON GAM for LGUs

(ADOPTION OF IPSAS)

Leases (IPSAS 13)

Operating Lease - Lessor

- Assets held for operating leases should be presented in the lessor's statement of financial position according to the nature of the asset;
- Lease revenue should be recognized on a straight-line basis over the lease term, unless another systematic basis is more representative of the pattern of benefit

Operating Lease - Lessee

- Recognize lease payments as an expense in the statement of financial performance on a straight-line basis over the lease term, unless another systematic basis is representative of the pattern of benefit

UPDATES ON REVISION

(ADOPTION OF IPSAS)

Leases

This chapter covers the following discussion involving standards on recognition, initial and subsequent measurement and disclosure requirements



UPDATES ON REVISION

(ADOPTION OF IPSAS)

Service Concession Arrangement: Grantor (IPSAS 32)

Service Concession is a binding arrangement between a grantor and an operator in which:

- 1. The operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and*
- 2. The operator is compensated for its services over the period of the service concession arrangement. (Par. 8, IPSAS 32)*



UPDATES ON REVISION

(ADOPTION OF IPSAS)

Service Concession Arrangements: Grantor

This chapter covers

- *Standards/Policies/Guidelines*
- *Procedures of accounting for service concession arrangements by the grantor*
- *Presentation and disclosures in the financial statements.*



UPDATES ON REVISION

(ADOPTION OF IPSAS)

Joint Arrangements IPSAS 37

A joint arrangement is either a joint operation or a joint venture. It has the following characteristics:

- a. The parties are bound by a binding arrangement.*
- b. The binding arrangement gives two or more parties joint control of the arrangement. (Par. 10 & 11, IPSAS 37)*



UPDATES ON REVISION

(ADOPTION OF IPSAS AND NON-IPSAS CHAPTERS)

Joint Arrangements (IPSAS 37)

Joint operation – is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligation for the liabilities, relating to the arrangement. (Par. 7, IPSAS 37)

Joint venture – is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. (Par. 7, IPSAS 37)



UPDATES ON REVISION

(ADOPTION OF IPSAS AND NON-IPSAS CHAPTERS)

Joint Arrangements

This Chapter covers the determination of the type of joint arrangement in which an entity is involved by assessing its rights and obligations, and the accounting for those rights and obligations in accordance with that type of joint arrangement.



UPDATES ON REVISION

(ADOPTION OF IPSAS)

Effect of Changes in Foreign Exchange Rates (IPSAS 4)

Foreign Currency Transactions – are transactions that are denominated and require settlement in foreign currency, including transactions arising when an entity:

- 1. Buys or sells goods or services whose price is denominated in a foreign currency;*
- 2. Borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency; or*
- 3. Otherwise acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. (Par. 23, IPSAS 4)*

UPDATES ON REVISION

(ADOPTION OF IPSAS AND NON-IPSAS CHAPTERS)

Borrowing Costs

These are interest and other expenses incurred by an entity in connection with the borrowing of funds. (Par. 5, IPSAS 5)

This Chapter covers the definition, recognition and measurement, presentation and the adequate disclosures required in accordance with International Public Sector Accounting Standards (IPSAS) 5, Borrowing Costs. It also includes the policies and guidelines in accounting for borrowing costs.



UPDATES ON REVISION

(ADOPTION OF IPSAS AND NON-IPSAS CHAPTERS)

Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)

Provision – is a liability of uncertain timing or amount. (Par. 18, IPSAS 19)

Contingent Asset – is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. (Par. 18, IPSAS 19)



UPDATES ON REVISION

(ADOPTION OF IPSAS)

Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)

Contingent Liability is:

- 1. A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
or*
- 2. A present obligation that arises from past events, but is not recognized because:*
 - i. It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or*
 - ii. The amount of the obligation cannot be measured with sufficient reliability. (Par. 18, IPSAS 19)*

UPDATES ON REVISION

(ADOPTION OF IPSAS)

Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)

Provisions are recognized when the LGU has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets are also not recognized but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LGU in the notes to the financial statements.



UPDATES ON REVISION

(ADOPTION OF IPSAS)

Provisions, Contingent Liabilities and Contingent Assets (IPSAS 19)

This Chapter covers the definition, recognition, measurement, related disclosures and presentation of provisions, contingent liabilities and contingent assets prescribed under International Public Sector Accounting Standards (IPSAS) 19, Provisions, Contingent Liabilities, and Contingent Assets.



UPDATES ON GAM for LGUs

INCLUSION OF ADDITIONAL CHAPTERS (NON-IPSAS)

The following are the additional Chapters to be incorporated in the GAM for LGUs:

- General Provisions;*
- Budget Execution, Monitoring and Reporting;*
- Bank Reconciliation*



UPDATES ON GAM for LGUs

INCLUSION OF ADDITIONAL CHAPTERS (NON-IPSAS)

General Provisions, Basic Standards and Policies

This chapter covers the general provisions from existing laws, rules and regulations; and the basic standards/fundamental accounting principles for financial reporting for the Local Government Units. It includes primarily the ff:

- i. Responsibility, Accountability and Liability over Government Funds and Property**
- ii. Fundamental Principles for Revenue;**
- iii. Fundamental Principles for Disbursement of Public Funds;**
- iv. Basic Requirements for Disbursements and the Required Certifications**
- v. Basic Government Accounting and Budget Reporting Principles**
- vi. Components of General Purpose Financial Statements**
- vii. Elements of Financial Statements**

UPDATES ON GAM for LGUs

INCLUSION OF ADDITIONAL CHAPTERS (NON-IPSAS)

Budget Execution, Monitoring and Reporting;

This Chapter prescribes the guidelines in monitoring, accounting and reporting of the budget in the financial statements, the records to be maintained by the LGUs, forms to be used and reports to monitor the budget as well as the required disclosure and presentation of budget information in the FS pursuant to IPSAS 24, Presentation of Budget Information in Financial Statements.



UPDATES ON REVISION

INCLUSION OF ADDITIONAL CHAPTERS (NON-IPSAS)

Budget Execution, Monitoring and Reporting;

This Chapter specifically includes discussion on the following topics:

- i. Accounting for Estimates of Income/Revenues and Receipts*
- ii. Accounting for Appropriations;*
- iii. Accounting for Supplemental Budget and Realignment;*
- iv. Accounting for Re-enacted Budget*
- v. Accounting for Allotments*
- vi. Accounting for Obligations*
- vii. Accounting for the Realized Income, Revenues and Receipts*



UPDATES ON REVISION

INCLUSION OF ADDITIONAL CHAPTERS (NON-IPSAS)

Bank Reconciliation

This Chapter covers the preparation of the bank reconciliation statements for “Cash in Bank” accounts including the proposed adjusting entries..



UPDATES ON REVISION

INCLUSION OF ADDITIONAL CHAPTERS (NON-IPSAS)

Bank Reconciliation

The objective of this chapter is to:

- a) Check correctness of both the bank's and LGU's/agency's/entity's records*
- b) Serve as a deterrent to fraud; and*
- c) Enable the agency/entity or bank to take up charges or credits recognized by the bank or agency/entity but not yet known to the LGU's/agency's/entity's or bank*

This shall be used in the reconciliation of bank and treasury accounts maintained with Government Servicing Bank (GSB)



UPDATES ON REVISED CHART OF ACCOUNTS

(HARMONIZATION OF ACCOUNTS WITH
NATIONAL GOVERNMENT AGENCIES AND
GOVERNMENT CORPORATIONS)



UPDATES ON REVISION

(HARMONIZATION OF RCA TO NGAs and GCs)

Harmonization of accounts are achieved upon providing:

1. Additional Accounts for newly provided IPSAS

2. Modification of the account codes, titles and description in accordance with National Government Agencies and Government Corporations

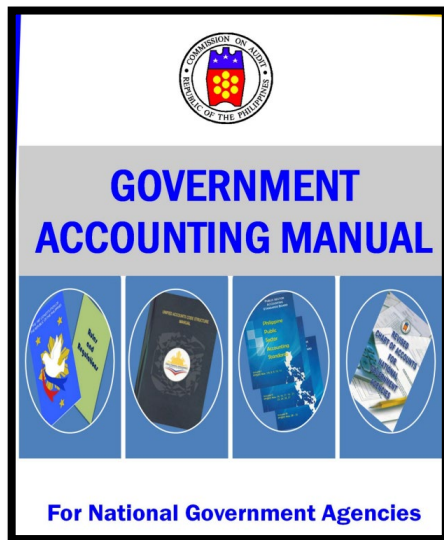


UPDATES ON REVISION

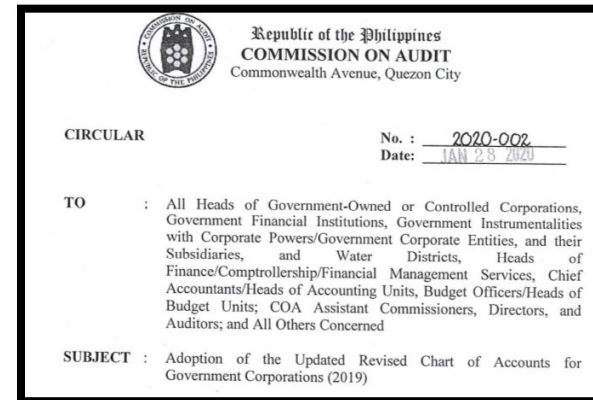
(HARMONIZATION OF RCA TO NGAs and GCs)

Additional Accounts for newly adopted IPSAS

Adopted



*COA Circular no. 2020
- 001 dated January
8, 2020*



*COA Circular no. 2020
- 002 dated January
28, 2020*



UPDATES ON REVISION

(Additional Accounts for newly adopted IPSAS)

Examples of proposed to accounts adopted under their corresponding Chapters

Joint Arrangements	
Receivables from Joint Operators	10301230
Allowance for Impairment-Receivables from Joint Operators	10301232
Payables to Joint Ventures	20101140
Payables to Joint Operators	20101150



UPDATES ON REVISION

(Additional Accounts for newly adopted IPSAS)

Examples of proposed to accounts adopted under their corresponding Chapters

Service Concession Arrangements (provided initially)	
Service Concession Assets	10711010
Accumulated Depreciation - Service Concession Assets	10711011
Accumulated Impairment Losses - Service Concession Assets	10711012

Proposed Additional accounts for Service Concession Arrangements	
Service Concession Arrangements Receivable	10301240
Allowance for Impairment-Service Concession Arrangements Receivable	10301242
Service Concession-Road Networks	10612010
Accumulated Depreciation-Service Concession-Road Networks	10612011
Accumulated Impairment Losses -Service Concession-Road Networks	10612012



UPDATES ON REVISION

(Additional Accounts for newly adopted IPSAS)

Examples of proposed to accounts adopted under their corresponding Chapters

Semi-Expendable Machinery and Equipment	
Semi-Expendable Machinery	10405010
Allowance for Impairment-Semi-Expendable Machinery	10405012
Semi-Expendable Office Equipment	10405020
Allowance for Impairment-Semi-Expendable Office Equipment	10405022
Semi-Expendable Information and Communications Technology Equipment	10405030
Allowance for Impairment-Semi-Expendable Information and Communications Technology Equipment	10405032
Semi-Expendable Agricultural and Forestry Equipment	10405040
Allowance for Impairment-Semi-Expendable Agricultural and Forestry Equipment	10405042
Semi-Expendable Marine and Fishery Equipment	10405050
Allowance for Impairment-Semi-Expendable Marine and Fishery Equipment	10405052



UPDATES ON REVISION

(Additional Accounts for newly adopted IPSAS)

Examples of proposed to accounts adopted under their corresponding Chapters

Heritage Assets	
Historical Buildings	10611010
Accumulated Depreciation-Historical Buildings	10611011
Accumulated Impairment Losses-Historical Buildings	10611012
Works of Arts and Archeological Specimens	10611020
Accumulated Depreciation-Works of Arts and Archeological Specimens	10611021
Accumulated Impairment Losses-Works of Arts and Archeological Specimens	10611022
Other Heritage Assets	10611990
Accumulated Depreciation-Other Heritage Assets	10611991
Accumulated Impairment Losses-Other Heritage Assets	10611992
Depreciation-Heritage Assets	50501100



UPDATES ON REVISION

(Additional Accounts for newly adopted IPSAS)

Examples of proposed to accounts adopted under their corresponding Chapters

Bearer Trees, Plants and Crops	
Bearer Trees, Plants and Crops	10614010
Accumulated Depreciation-Bearer Trees, Plants and Crops	10614011
Accumulated Impairment Losses-Bearer Trees, Plants and Crops	10614012
Growing Bearer Trees, Plants and Crops	10614020
Depreciation-Bearer Biological Assets	50501130
Depreciation-Bearer Trees, Plants and Crops	50501140

UPDATES ON REVISION

(HARMONIZATION OF RCA with NGAs and GCs)

Modified Account Codes

Account Title	Current	Proposed
Cash Local Treasury	10101010	10101070
Cash in Bank - Local Currency, Current Account	10102010	10102020
Cash in Bank - Local Currency, Savings Account	10102020	10102030
Cash in Bank - Foreign Currency, Current Account	10103010	10103020
Cash in Bank - Foreign Currency, Savings Account	10103020	10103030

UPDATES ON REVISION

(HARMONIZATION OF RCA with NGAs and GCs)

Modified Account Titles

Account Title	Proposed Changes to Account title
Cash in Bank -Local Currency, Time Deposits	Investments in Time Deposits-Local Currency
Cash in Bank - Foreign Currency, Time Deposits	Investments in Time Deposits-Foreign Currency
Patents/Copyrights	Patents
Accumulated Amortization-Patents/Copyrights	Accumulated Amortization-Patents
Accumulated Impairment Losses-Patents/Copyrights	Accumulated Impairment Losses-Patents
Advertising Expenses	Advertising, Promotional and Marketing Expenses
Share from PAGCOR	Share from PAGCOR/PCSO
Share from PCSO	

UPDATES ON REVISION

(HARMONIZATION OF RCA with NGAs and GCs)

Deleted Accounts

Account Title	Current
Fund Balance	30501020
Unappropriated Surplus	30501030
Continuing Allotment	30501040
Continuing Appropriations	30501050
Commitments	30501050
Estimates of Income, Revenues and Receipts	30502010
Estimates-Internal Sources	30502020
Realized Income Revenues and Receipts	30502040
Appropriations-Annual Budget	30502050
Appropriations-Supplemental Budget	30502060
Legisllative Appropriations	30502070
Released Current Allotmens	30502080
Current Allotment	30502090
Released Continuing Allotment	30502100



UPDATES ON REVISION

(HARMONIZATION OF RCA with NGAs and GCs)

Deleted Accounts

Account Title	Current
Current Allotments-Obligated	30503010
Obligations-Current Allotment	30503020
Continuing Allotments-Obligated	30503030
Obligations-Continuing Allotments	30503040
Current Allotments - Obligations Consummated	30503050
Continuing Allotments-Obligations Consummated	30503060
Consummated Obligations	30503070
Reversion of Unallotted CY Appropriations	30504010
Reversion of Unallotted CY Allotments	30504020
Reversion of Unutilized Continuing Appropriations and Allotments	30504030

POLICY ON SEM-EXPENDABLE PROPERTY



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Current Policy under the GAM for LGUs

Capitalization threshold – cost of at least P15,000 and a life of more than one year shall be recognized as PPE. *(Section 4 (ee) of GAM for LGUs)*

*Items with individual values below the threshold but which **work together** in the form of group of network asset and **whose total value exceeds the threshold** shall be recognized as part of the primary PPE*



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Capitalization threshold – cost of at least P50,000 and a life of more than one year shall be recognized as PPE.



*Section 23 of RA No. 11639
or the FY 2022 GAA*



*Increases the capitalization
threshold from 15,000 to
50,000*



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

COA Circular No. 2022-004 dated May 31, 2022

	REPUBLIC OF THE PHILIPPINES COMMISSION ON AUDIT Commonwealth Avenue, Quezon City	
CIRCULAR		No. : <u>2022-004</u> Date : <u>MAY 31 2022</u>
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	

Accounting guidelines for the implementation of the increase in capitalization threshold



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

COA Circular No. 2022-004 dated May 31, 2022

Section 2.0 provides the coverage of the Circular which actually includes the Local Government Units

*Section 3.1 of the said Circular defines **Semi - Expendable** as tangible items which meets the definition and recognition criteria of PPE, but **below the capitalization threshold of P 50,000.***



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

COA Circular No. 2024-006 dated March 14, 2024

Supplemental Guidelines on the Implementation by LGUs of COA Circular No. 2022-004 dated May 31, 2022

*Section 3.1 of the said Circular defines **Semi - Expendable** as tangible items which meets the definition and recognition criteria of PPE, but **below the capitalization threshold of P 50,000.***



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

In lieu of Acknowledgment Receipt for Equipment (ARE), the Property Acknowledgment Receipt (PAR) shall be used to record the issuance of PPE to the end-user for all PPE acquisitions for CY 2024 onwards

Tangible items which meet the definition of PPE but with cost below P50,000.00 shall be accounted in the books of accounts of the LGUs as inventory under the appropriate semi-expendable property account upon purchase and shall be recognized as expense upon issuance to the end-user.



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Inventory custodian slip (ICS) shall be issued to the end-user of semi-expendable property to establish accountability over such item

The setting of capitalization threshold shall be considered as a change in accounting policy and shall be applied retrospectively



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Tangible items below P50,000 acquired prior to CY 2024 and previously classified as PPE, which are still in the custody of the Supply and/or Property Division/Unit

The cost of these items shall be reclassified to the appropriate semi-expendable property account under the major account group Inventories and the corresponding accumulated depreciation and accumulated impairment losses shall be closed in the books of accounts.



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Property Cards shall be replaced by Semi-Expendable Property Cards

PPE Ledger Cards shall be replaced by Semi-Expendable Property Ledger Cards.



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Tangible items below P50,000.00 acquired prior to CY 2024 and have been classified as PPE

- Carrying amount shall be expensed/charged to Prior Period Adjustment
- Corresponding accumulated depreciation and accumulated impairment losses shall be charged in the books of accounts



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Additional Forms and Registries to be used

1. Semi – Expendable Property Card;
2. Semi – Expendable Property Ledger Card;
3. Inventory Custodian Slip;
4. Registry of Semi – Expendable Property Issued;
5. Inventory Transfer Report;
6. Receipt of Returned Semi-Expendable Property;



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Additional Forms and Registry to be use

7. Report of Semi-Expendable Property Issued;
8. Report on the Physical Count of Semi-Expendable Property;
9. Report of Lost, Stolen, Damaged or Destroyed Semi-Expendable Property
10. Inventory and Inspection Report of Unserviceable Semi-Expendable Property



UPDATES ON REVISION

(SEMI-EXPENDABLE PROPERTY)

Adopt and incorporate the policy on Semi-Expendable Property



Provide the additional accounts to recognize Semi-Expendable Property

Adopt the prescribed forms and records being used in monitoring semi-expendable property



SUMMARY OF POLICIES BEING IMPLEMENTED

COA Circular No.
2022 - 004
dated May 31,
2022

COA Circular No.
2016 - 004
dated
September 30,
2016

COA Circular No.
2015 - 009
dated January
31, 2006

COA Circular No.
2002 - 003
dated June 20,
2002

COA Circular No.
2005 - 001
dated February
28, 2005

COA Circular No.
2006 - 002 dated
January 31, 2006



SUMMARY OF POLICIES BEING IMPLEMENTED

COA Circular No. 2024-06 dated March 14, 2024





“The secret of
CHANGE
is to focus all
your energy not
on fighting the
old but on
building the new.”
- Socrates



Daghang Salamat!

