

GUIDELINES ON THE PROPER DISPOSITION OF DORMANT ACCOUNTS OF NGAS, LGUS AND GOCCS

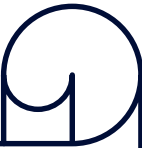


VIRGINIA A. LERO, CPA

March 26, 2025

Grand Menseng Hotel

Davao City



COA Circular No. 2023-008 dated August 17, 2023 re: *Guidelines on the Proper Disposition of Dormant Accounts of NGAs and Instrumentalities, LGUs and GCs, Amending COA Circular No. 2016-005 dated December 19, 2016 re: Guidelines and Procedures on the Write-off of Dormant Receivable Accounts, Unliquidated Cash Advances, and Fund Transfers of NGAs, LGUs and GCs*





To prescribe the guidelines and procedures on the proper disposition of all dormant accounts of NGAs, LGUs and GCs, not covered by specific laws, rules and regulations, amending COA Circular No. 2016-005, and to fast track the cleansing of dormant accounts of government agencies for the fair presentation of accounts in the financial statements.



**The 1987
Constitution of
the Philippines**

**Section 2(2)
Article IX-D**

**STATE AUDIT
CODE
OF THE
PHILIPPINES**

**P.D. 1445
Sec. 25***

*In relation to
Section 10(4),
Chapter 4,
subtitle B, Title
I, Book V of the
Administrative
Code of 1987



coverage

Accounts Receivable
Due from Officers and Employees
Other Receivables
Advances for Operating Expenses
Advances for Payroll
Advances to Special Disbursing Officer
Advances to Officers and Employees
Due from National Government Agencies
Due from Government-Owned or Controlled Corporations/Other Government Corporations
Due from Local Government Units
Due from Non-Government Organizations/Civil Society Organizations/ People's Organizations
Due from Central Office/Home/Head Office
Due from Bureaus
Due from Regional Offices/Branch Offices

Due from Operating/Field Units
Due from Other Funds
Due from Special Accounts
Due from Local Economic Enterprise
Due to NGAs
Due to GOCCs/Other Government Corporations
Due to LGUs
Due to Central Office/Home/Head Office
Due to Bureaus
Due to Regional Offices/Branch Offices
Due to Operating Units/Field Units
Due to Other Funds
Due to Special Accounts
Due to Local Economic Enterprise



coverage

- ❖ Investments
- ❖ Inventories
- ❖ Investment Property
- ❖ Intangible Assets
- ❖ Deferred Credits
- ❖ Other accounts which are not covered by specific laws, rules and regulations for their proper disposition.



EXCLUDED

- Write-off of loans and advances of Government Financial Institutions
- Receivables arising from disallowances and charges;
- Receivables arising from cash shortages;
- Claims from entities' officers and employees and other parties for transactions which are the subject of a pending case in court or before investigative authorities;
- All dormant accounts covered by specific LRRs for their disposition



EXCLUDED

Dormant accounts covered by specific LRRs for their disposition, but not limited to the following:

- Cash, unauthorized accounts, unnecessary special and trust funds and related accounts
- Accounts Payable Unliquidated obligations
- Property, Plant and Equipment
- Deferred Tax Assets/ Liabilities

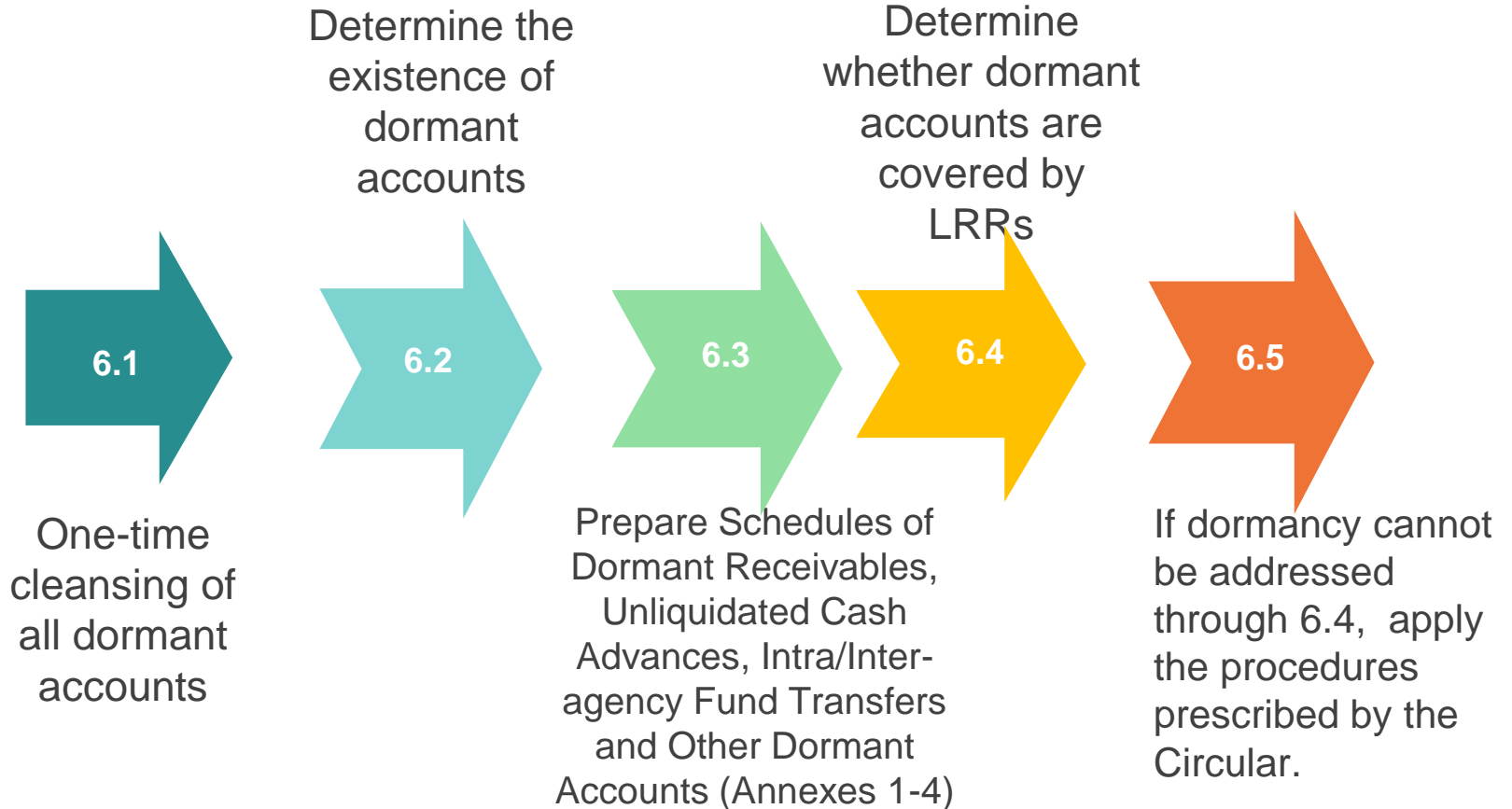




<https://forms.gle/d7rGLjB3QVmH2C1G6>



6.0 General Guidelines



7.0 Procedures for the Proper Disposition of Dormant Accounts





7.1 Head of Accounting Unit (HoAU)

a.

Conduct regular & periodic verification, analysis & validation of all dormant accounts

b.

Secure/collate all documents related to the accounts

c.

Review, analyze & determine the existence and validity of the accounts

d.

Reconcile the account with other related accounts

e.

Ensure fairness in the presentation of accounts in the financial statements

i. Correction of inadvertent errors
IPSAS – Accum. Surplus/Deficit
PFRS – RE/Deficit

ii. Recovery/settlement of previously written off accounts



f.

If review/ analysis is not possible due to the absence of records, the Head of Accounting Unit shall:

i.

Prepare a letter to AO, signed by HOA, demanding the AO to execute a certificate of justification as to why the supporting documents are not available. Include a narration/documentation of all the efforts exerted by Management to locate the documents.



LETTER HEAD OF AGENCY

CERTIFICATION

This is to certify that there are no available records/documents such as Disbursement Voucher/s, Report of Checks Issued, Report of Disbursements, Cash Disbursement Journal, Report of Collections, Cash Receipts Journal, Journal Vouchers and General Journal/Ledger to establish the details of the requested accounts for write-off/derecognition which remained dormant since *specify the date or period when the account remained non-moving/no activity based on the last transaction recorded in the books* up to this date.

Explain the reason(s)/cause(s) for the loss of the books of accounts and/or the related documents/records.

Describe all the actions taken by Management to locate such documents. Submit documents as proof for all the efforts exerted by Management.

This certification is issued to support our request for authority to write-off/derecognize the following accounts:

<u>Account Title</u>	<u>Amount</u>	<u>Date or period when the account remained non-moving/no activity based on the last transaction per available records</u>
1.		
2.		
3.		

Issued this day of Month 20 at |

Signature over Printed Name

Designation

(Accountable officer/s concerned, i.e., the officer/s or employee/s responsible or handling the particular account/s)

Approved by:

Signature over Printed Name

Designation

(Head of Agency or the Head of the Department Concerned, Undersecretaries, Assistant Commissioners, etc., based on their level of authority as provided in the Manual of Approval of the agency)





ii.

AO clearance not to be issued unless documentation on transfer of accountability to new AO or request for relief from accountability have been filed with COA

iii.

Prepare a list of available and lost records relative to the dormant accounts. All documents must be attached.

iv.

Prepare and submit a detailed report to the HoA with All documents in 7.1.f.i and 7.1.f.iii recommending the conduct of Investigation for the loss of documents



7.2

HoA – cause the conduct of investigation and create in Investigation Committee (IC)

Annex 6 The Investigation Committee

Composition: At least 3 but not more than 5 members, holding permanent positions in the Agency

Chairperson: At least a third (3rd) ranking permanent official of the Agency

Members: At least a 5th ranking permanent official, or if not available, an officer of the next lower rank

Key factors to consider in creating the IC:

- ✓ Independence
- ✓ Integrity
- ✓ Resources
- ✓ Timeliness



7.2

HoA – cause the conduct of investigation and create in Investigation Committee (IC)

7.3

W/n 5WDs from receipt of Order, IC shall commence investigation to be completed w/n 30 WDs

7.4

W/n 5WDs from completion of investigation, IC shall submit to the HoA the Investigation Report(IR) w/ the complete records of the case for approval

7.5

W/n 5WDs from receipt of the IR, HoA shall render a decision. Copy of approved IR with the decision shall be furnished to the Accountant.



Investigation Report

Annex 7

- I. Authority
- II. Purpose/Scope
- III. Facts of the case
- IV. Details of the Investigation
- V. Conclusion
- VI. Recommendation

Signed by all the IC members

Approved by the HoA



(Letterhead of the Agency)

MEMORANDUM

FOR : Head of the Agency

SUBJECT = INVESTIGATION REPORT RE: Specify what has been investigated

DATE : _____

1. Authority

Details of the Office Order or its equivalent document creating the Investigation Committee.

2. Purpose/Scope

A statement that describes the objectives and coverage of the investigation.

Must include the determination of the following:

- a. Cause/s of loss of the documents or records;
- b. Person/s responsible therefor; and
- c. Absence or presence of negligence of the Accountable Officer/s (AO).

3. Facts of the Case

A detailed narration of what the case being investigated is all about.

4. Details of the Investigation

This section shall contain a full account of the investigative steps from beginning to end.

List and describe all the evidence obtained. This could include video footage, email records, computer login records, documents or papers, physical objects, etc.

5. Conclusion

Set out the Committee's findings and conclusion. Keep the points in logical order, addressing the issues being examined.

Ensure to include in the conclusion as to whether the AO under investigation was determined to be negligent or not in the performance of his duties and responsibilities that contributed to the loss of documents.

6. Recommendations

After reviewing all of the investigation materials, at a minimum, recommendations must include the following:

- 1. What type of action should be taken by Management including the sanctions to be instituted on erring officers and employees, if any, in accordance with agency policies and applicable laws, rules and regulations.
- 2. Include a plan of action, identifying the steps to be undertaken by Management to prevent the occurrence of similar losses.

Committee Chairperson
Date: _____

Committee Member
Date: _____

Committee Member
Date: _____

Committee Member
Date: _____

The report shall be signed by all the members of the Investigation Committee.

Approved by: Head of the Agency

Date: _____

8.0 Procedures for the Derecognition of Dormant Accounts



8.0 PROCEDURES FOR THE DERECOGNITION OF DORMANT ACCOUNTS



8.1 Dormant accounts shall be derecognized from the books only upon grant of specific authority by COA

8.2 W/in 1 yr from the effectivity of Circular, HoAU thru HoA shall file w/thru the ATL/RSA/SA, depending on jurisdictional amount, request for the Approval of COA to write-off/ derecognize DA, supported with documents (Annex 8) provided with index tabs.

Checklist of Documents to be Attached to the Request for Write-Off or Derecognition of Dormant Accounts

- A. The request to derecognize **ALL DORMANT ACCOUNTS** shall be supported by the following documents:
1. Schedule of Dormant Accounts, certified by the accountant and approved by the Head of Agency (HoA);
 - a. Dormant Receivables (***Annex 1***)
 - b. Dormant Unliquidated Cash Advances (***Annex 2***)
 - c. Dormant Intra/Inter-Agency Fund Transfer (***Annex 3***)
 - d. Dormant – Other Accounts (***Annex 4***)

SCHEDULE OF DORMANT RECEIVABLE ACCOUNTS

Government Entity Name: _____

As of the Quarter Ending _____

Account Title: _____

Name of Debtor	Last Transaction Date	AGING OF DORMANT RECEIVABLE ACCOUNTS					Remarks (Reason for being dormant)
		Amount	10 years	11 to 15 years	16 to 20 years	more than 20 years	
TOTAL							

Certified Correct:

Approved by:

Chief Accountant/Head of Accounting
Division/Unit

Head of Agency or Authorized Representative

Date: _____

Date: _____

SCHEDULE OF DORMANT UNLIQUIDATED CASH ADVANCES

Government Entity Name: _____

As of the Quarter Ending _____

Account Title: _____

Name of Accountable Officer	Date Granted/Last Transaction	AGING OF DORMANT UNLIQUIDATED CASH ADVANCES					Remarks (Reason for being dormant)
		Amount	10 years	11 to 15 years	16 to 20 years	more than 20 years	
TOTAL							

Certified Correct :

Approved by:

Chief Accountant/Head of
Accounting Division/Unit

Head of Agency or Authorized Representative

SCHEDULE OF DORMANT INTRA/INTER-AGENCY FUND TRANSFERS

Government Entity Name: _____

As of the Quarter Ending _____

Account Title: _____

Name of Entity	Date Granted/Last Transaction Date	AGING OF DORMANT INTRA/INTER-AGENCY FUND TRANSFERS					Remarks (Reason for being dormant)
		Amount	10 years	11 to 15 years	16 to 20 years	more than 20 years	
TOTAL							

Certified Correct:

Approved by:

Chief Accountant/Head of
Accounting Division/Unit

Head of Agency or Authorized Representative

Date:

Date:

SCHEDULE OF OTHER DORMANT ACCOUNTS

As of the Quarter ending _____

Name of Agency:

Sector/Cluster:

No.	Account Title	Revised Chart of Accounts (RCA) - Account Code*	Last Transaction Date	Account Balance	Aging of Dormant Accounts			Reason for Being Dormant	Accountable Officer	Actions Taken by Management to Address the Existence of Dormant Accounts	Status	Actions Taken By the Auditor <i>(This column to be filled-up by the Auditor)</i>
					10 years to 20 years	More than 20 years to 30 years	More than 30 years					
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												

Certified Correct :

Approved by:

Chief Accountant/Head of Accounting_____
Head of Agency or Authorized Representative

Date: _____

Date: _____

* RCA Updated (2019) for NGAs prescribed in COA Circular No. 2020-001 dated January 8, 2020

RCA for GCs (2019) prescribed in COA Circular No. 2020-002 dated January 28, 2020

RCA for LGUs prescribed in COA Circular No. 2015-009 dated December 1, 2015



Checklist of Documents to be Attached to the Request for Write-Off or Derecognition of Dormant Accounts

2. Certified copy of the available relevant documents/records enumerated in the list under Item 7.1.f.iii;
3. Certification of no pending case relative to the account, issued by the Legal Officer or the official handling the legal matters of the entity;
4. In case records and documents or when original documents are lost or destroyed, or cannot be produced:
 - a. Certified copy of the letters, signed by the HoA, addressed to each concerned AO/personnel demanding the AO to execute a certificate of justification as to why the supporting documents are not available in his/her office or in any other office;
 - b. Certification by the responsible official/s of the entity to the effect that there are no records/documents available to validate the account;
 - c. Certified copy of the notice of loss filed with the Auditor immediately after the discovery of the loss. If none, a satisfactory explanation or the reason(s) for non-submission thereof;

Checklist of Documents to be Attached to the Request for Write-Off or Derecognition of Dormant Accounts

- d. If the occurrence of the loss has also been reported to other police agencies, like the National Bureau of Investigation, etc., the progress/final investigation report thereon should be submitted;
 - e. Investigation Report approved by the HoA and the corresponding decision referred to in Item 7.5;
 - f. Management's action/s based on the results of the investigation including the sanctions instituted on erring officers and employees, if any;
 - g. The steps to be undertaken by Management to prevent the occurrence of similar losses; and
 - h. Other justifications due to loss of documents, the circumstances of the loss should be stated in the letter-request.
5. All other documents/justifications to support the necessity to derecognize from the books the dormant accounts.

Checklist of Documents to be Attached to the Request for Write-Off or Derecognition of Dormant Accounts

- B. For dormant Receivable Accounts, Unliquidated Cash Advances and Intra/Inter-Agency Fund Transfers, in addition to the required documents in Item 1 above, the following certified documents shall be submitted validating the existence of the conditions, as applicable, such as:
1. Death Certificate issued by the Philippine Statistics Authority;
 2. Proof of Insolvency;
 3. Certification from the Department of Trade and Industry that the debtor has no registered business;
 4. Certification from the Securities and Exchange Commission that the Corporation is no longer active;

Checklist of Documents to be Attached to the Request for Write-Off or Derecognition of Dormant Accounts

5. Certificate of no residence in the barangay of the municipality/city of last known address;
6. Proof of exhaustion of all remedies to collect the receivables and demand to liquidate the cash advances and fund transfers, such as but not limited to copies of served or returned demand letters; and
7. In case of fund transfer, the unliquidated amount after reconciliation shall be supported by certification by the Head of Accounting Unit and approved by the Heads of the source and implementing entities that the fund was utilized for the purpose, and certification from the recipient that the project was partially or fully implemented, supported by pictures of the implemented projects.

8.0 PROCEDURES FOR THE DERECOGNITION OF DORMANT ACCOUNTS



8.1 Dormant accounts shall be derecognized from the books only upon grant of specific authority by COA

8.2 W/in 1 yr from the effectivity of Circular, HoAU thru HoA shall file w/thru the ATL/RSA/SA, depending on jurisdictional amount, request for the Approval of COA to write-off/ derecognize DA, supported with documents in **Annex 8**, provided with index tabs.

8.3 The ATL, upon receipt of the request, shall assign a reference number, verify and validate the documents to establish the reliability and correctness of the DA

Ex. RDDA-CAAP-2022-001

Action Officer	Jurisdictional Amount	Timeline	Remarks
ATL/RSA/SA	P100,000	15 WDs from receipt of the request	<ul style="list-style-type: none"> ✓ If denied, the Requesting Party (RP) may request for reconsideration w/in 15 WDs from receipt of the decision ✓ If denied, RP may file an appeal with the CD/RD ✓ Request above P100,000, forward the entire records of the case to RD/CD with ATL/RSA/SA's comments
RD/CD		15 WDs from receipt of Answer from ATL/RSA/SA	<ul style="list-style-type: none"> ✓ RD/CD's Decision on request denied by ATL/RSA/SA and appealed by RP before the is final and non-appealable
	Above P100,000 to P1M	15 WDs from receipt of the entire records of the case	<ul style="list-style-type: none"> ✓ If denied, RP may request for reconsideration w/in 15 WDs from receipt of the decision ✓ RD/CD's Decision in his/her original jurisdiction will be final and executory ✓ Request above P1M, forward to AC the entire records of the case with RD/CD's comments
AC	Above P1M	15 WDs from receipt of the entire records of the case	<ul style="list-style-type: none"> ✓ If denied, RP may request for reconsideration w/in 15 WDs from receipt of the decision ✓ If denied, RP may request for reconsideration w/in 15 WD from receipt of the decision ✓ If denied, RP may file an appeal to the CP w/in 15 WDs from receipt of the decision
CP			<ul style="list-style-type: none"> ✓ CP decision becomes final and executory after 30 working days from notice of the decision ✓ Only 1 MR will be entertained



**APPEAL FILED
WITH CP**

**1/10 of 1% of the
amount involved**

**shall not exceed
P20,000**

**Legal research
fee 1% of filing fee**

**but not less
than P10.00**

**8.16 NO FILING
FEE ON A
REQUEST TO
DERECOGNIZE
DORMANT
ACCOUNTS**

**8.17 If determined
that there is NO
CONTRIBUTORY
NEGLIGENCE or
MISCONDUCT
of the AO,
filing fee may be
charged to the
requesting agency,
otherwise,
REIMBURSED or
CHARGEABLE
Against the
Personal account
of the AO**



9.0 JOURNAL ENTRIES

9.1

Accountant to prepare the JEV w/n 5 WDs upon receipt of COA Decision (Annex 9)

Annex 9 Illustrative Accounting Entries

- a. Write-off of accounts*
- b. Recovery of accounts written-off*
- c. Derecognition of Dormant Assets*
- d. Derecognition of Dormant Liabilities*



9.0 JOURNAL ENTRIES

9.1

Accountant prepare the JEV w/n 5 WDs upon receipt of COA Decision (Annex 9)

9.2

Enter the details of the DA written-off in the RAWO (Annex 10)
Or in the RDDA for other dormant DA. (Annex 11)



REGISTRY OF ACCOUNTS WRITTEN-OFF

Entity Name : _____

Fund Cluster/Fund : _____

Account Title : _____

RCA Account Code : _____

Sheet No. : _____

Reference		Particulars	Reason for Write-off	Authority	No. of Years Uncollected	Amount		
Date	No.					Written-Off	Recovered/ Settled	Balance



REGISTRY OF DERECOGNIZED DORMANT ACCOUNTS

Entity Name:

Decision/Authority		Account Title	RCA Account Code	Number of Years Dormant	Amount	Remarks
Date	Reference No.					



9.0 JOURNAL ENTRIES

9.1

**Accountant
prepare the
JEV w/n 5
WDs upon
receipt of
COA
Decision
(Annex 9)**

9.2

**Enter the
details of the
DA written-off in
the RAWO
(Annex 10)
Or in the
RDDA for other
dormant DA.
(Annex 11)**

9.3

**Submit JEV
with
supporting
documents
to the ATL**

9.4

**Audit Team
review the
JEV and
check the
accuracy
of the
derecognition
pursuant to
the COA
decision**

9.5

**ATL/RSA/SA
Issue AOM, if
warranted**



10.0 Monitoring & Reporting





10.1

Prepare Schedule of Dormant Accounts quarterly to be submitted to the ATL/RSA/SA on or before the 15th day of the ensuing month

10.2

Ensure the current transactions & those below 10 years are properly documented. If AO fails to settle accountabilities ⇒ salary deduction or filing of an appropriate case.

10.3

Disclose comparative information in the Notes to Financial Statements

10.4

In the event of recovery or settlement of accounts previously written-off refer to Annex 9 for the accounting entries

ATL/RSA/SA



10.5 Verify the SDA

10.7 Issue an AOM, if warranted

10.6 Submit to the RD/CD a QRRDDA (Annex 12) on the 20th day after the end of every quarter



QUARTERLY REPORT ON REQUESTS FOR DISPOSITION OF DORMANT ACCOUNTS

Entity Name: _____
 For the Quarter Ending _____

Date	Reference Number	Account Title	RCA Account Code	Accountable Officer/Debtor/Government Entity	Amount			Actions Taken			Status of Denied Requests		Remarks
					New/ Re filed	Pending	Appealed	Amount		Pending (for action)	Date Re filed	Date Appealed	
								Granted	Denied				
					(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
A. Carry Over of Pending/Denied Requests													
B. Request for the Quarter													

Prepared by: _____
 Audit Team Member

Reviewed by: _____
 Audit Team Leader

Approved by: _____
 Supervising Auditor



11.0 Saving Clause

This Circular shall not be interpreted to condone the accounts written off nor to extinguish the obligations. The Management shall continue to exert effort to collect the accounts appearing in the RAWO or RDDA when circumstances warrant. Further, this shall not be construed as a ground to exonerate from liability the officers/employees for infidelity in the custody of documents.

Cases not covered in this Circular shall be referred to this Commission through the sectors concerned for resolution.



Any Questions?



Thank you!

Email address: **valero@coa.gov.ph**



<https://forms.gle/d7rGLjB3QVmH2C1G6>