



Republic of the Philippines  
Department of Agriculture  
**BUREAU OF ANIMAL INDUSTRY**  
5 Visayas Avenue, Barangay Vasra, Quezon City 1128

(+632)8528-2240 director@bai.gov.ph www.bai.gov.ph @bai.gov.ph

## MEMORANDUM ORDER

No. 13  
Series of 2024

**SUBJECT: GUIDELINES IN THE REQUEST, UTILIZATION AND LIQUIDATION OF CASH ADVANCES**

As per **Commission on Audit (COA) Circular No.97-002 s.1997**, "Restatement with amendments of the rules and regulations on the granting, utilization, and liquidation of cash advances provided for under COA Circular No. 90-331 dated May 3, 1990", **Cash Advance** is beneficial in the operations of the government and may be granted to the accountable officer for legally authorized practices.

Thus, the pertinent provisions of **COA Circular No.97-002 s.1997**, **COA Circular No.2006-005 s.2006**, **CSC Memorandum Circular No. 23 s.2019**, and **COA Circular NO. 96-004 s.1996**, and other relevant policies are adopted hereunder as the guidelines in the request, grant, utilization, and liquidation of Cash Advance in the Bureau of Animal Industry:

### SECTION 1. DEFINITION OF TERMS:

- a. **ACCOUNTABLE OFFICER (AO)** - refers to a public officer or employee who, in the discharge of his office, receives money from the government which he is bound to later account for. Transfer, separation or retirement from the government does not operate to discharge the said person from coverage of the definition and corresponding duty to account for the unliquidated cash advances.
- b. **CASH ADVANCES (CA)** – refer to advances granted to officers and employees which are classified as:
  - a.1 **Regular cash advances** are those granted to cashiers, disbursing officers, paymasters, and/or property/supply officers for any of the following purposes: Salaries and Wages, Commutable allowances, Honoraria, and other similar payments to officials and employees, and Petty operating expenses consisting of small payments for maintenance and operating expenses which cannot be paid conveniently by check or are required to be paid immediately.
  - a.2 **Special cash advances** are those granted on the explicit authority of the Head of the Agency only to duly designated disbursing officers or employees for other legally authorized purposes, as follows: Current operating expenditures of the agency field office or of the activity of the agency undertaken in the field when it is impractical to pay the same by check, such as: Salaries, Wages and Allowance, Maintenance and other operating expenses, Travel expenditures, including transportation fare, travel allowance, hotel room/lodging expenses and other expenses incurred by officials and employees in connection with official travel.



- c. **LIQUIDATION**- means the recording of the liquidation documents in the books of accounts by the accountant as a credit to the cash advance account after verifying the same, although not yet audited by the auditor.

## SECTION 2. GENERAL GUIDELINES

1. No Cash Advance (CA) shall be given unless for a legally specific purpose.
2. No additional CA shall be allowed unless the previous CA is first settled or a proper accounting thereof is made.
3. A CA shall be reported on as soon as the purpose for which it was given has been served.
4. Only permanently appointed officials shall be designated as disbursing officers. Elected officials may be granted a CA only for their official traveling expenses.
5. Only duly appointed or designated disbursing officers may perform disbursing functions.
6. CA granted for official travel, both local and foreign, shall not require bonding of the traveling official or employee.
7. Transfer of CA from one Accountable Officer (AO) to another shall not be allowed.
8. CA shall be used solely for the specific legal purpose it was granted. Under no circumstance shall it be used for encashment of checks or liquidation of a previous CA.
9. The **CA SHALL not be used for payment or regular expenses, such as rentals, subscriptions, light and water and the like.** Payments out of the CA shall be allowed only for amounts not exceeding P15,000.00 for each transaction, except when a higher amount is allowed by law and/or specific authority by the Commission on Audit. Splitting of transactions to avoid exceeding the ceiling shall not be allowed.
10. The Accountant shall obligate all CA granted and see to it that CA for a particular year is not used to pay expenses of other years.

## SECTION 3. REQUEST PROCEDURE

1. Eligible BAI personnel may request CA to cover the Petty Operating Expenses, Field/Activity Current Operating Expenses (COE) or Official Travel.
2. Only permanent BAI employees with a tenure of not less than ONE YEAR from appointment are eligible to be designated as Disbursing Officers and granted authority to hold CA.
3. For official travel, CA may be granted to employees without the need for a designation.
4. The amount of CA request shall be based on the intended purpose as follows:
  - 4.1 **For Petty Operating Expenses**, CA shall be sufficient for the agency's recurring expenses for one month. Replenishment of the CA may be allowed when the disbursements reach at least 75%, or as the need requires, by submitting a replenishment voucher with all supporting documents duly summarized in a report of disbursements.
  - 4.2 **For Field/Activity Current Operating Expenses (COE)**, CA shall be used to pay the employee 'salaries and wages and the miscellaneous operating expenses of the activity. Payment for each transaction approved by the Director shall not be subject to amount limitation. **The amount of the CA shall be limited to the requirements for two months.** Within five days after the end of each month, the AO shall submit a





Report of Disbursements. Additional CA shall be granted on the basis of the activity budget or the requirements for two months, whichever is lower.

- 4.3 **For Official Local Travel**, CA shall be derived from the amount of transportation expenses (actual rates of transportation - land, sea, and air) from the permanent official station to the destination or place of work or assignment in the field and back) plus other incidental expenses and travel expenses.
- 4.4 **For Official Foreign Travel**, the CA shall be the amount of transportation expenses (actual rates of transportation from the point of embarkation to the point of debarkation in the place of destination; From the point of debarkation to the office of destination or temporary residence in the place of assignment in the foreign country and return) and travel expenses including clothing and pre-departure expenses. The commutable pre-departure expenses shall cover miscellaneous/incidental expenses such as passport, photographs, immunization, visa fees, taxi fare, tips, portorage, and terminal fees as provided under Section 9 of EO 248, as amended.
5. The employee prepares a BAI Memorandum Order designating them as a Disbursing Officer with the authority to hold a cash advance. Indicate the Object of Expenditure, Account Code and amount of CA applied. The supporting documents to be attached are the following:
  - 5.1 Approved Line-item Budget
  - 5.2 Certification from Accounting of no unliquidated cash advance
6. The designation order is endorsed by the Division Chief, Accounting Chief, and Supervising Administrative Officer to the Office of the Assistant Director and approved by the BAI Director.

#### **SECTION 4. APPLICATION OF BOND PREMIUM**

1. Cash accountabilities of P5,001.00 up shall be bonded. The amount of bond shall depend on the officer's total accountabilities as fixed by the Head of the Agency. An official or employee who has both money and property accountability shall be bonded only once to cover both accountabilities, but the amount of bond shall be in accordance with the Schedule issued by the Bureau of Treasury (BOT).
2. The employee coordinates with the Accounting Section for the online bond application requirements.
3. Upon submission of requirements, the Accounting Section processes the bond application with BOT through their online portal, and notifies the employee once its approved.

#### **SECTION 5. SAFE-KEEPING, USE, AND DOCUMENTATION OF CASH ADVANCE**

1. CA for Petty Operating Expenses and Field/Activity Current Operating Expenses (COE) shall be withdrawn from the AO's designated bank account and kept in a safety vault/ deposit box. The vault must be located in a secure office area and accessible only to the AO.
2. The receipts and unutilized cash shall always be left in the safety deposit box.



3. CA is used to pay authorized expenses based on a duly approved Disbursement Voucher and Statement of Disbursement.
4. The disbursing/accountable officer is responsible for ensuring that all expenditures for a CA are documented appropriately. Receipts, supporting documentation is required for all expenditures regardless of the amount of the transaction.
5. Document all payments in the Cash Disbursement Record and Report of Cash Disbursement.

## SECTION 6. LIQUIDATION OF CASH ADVANCES

1. The AO shall account for their cash advance promptly within the liquidation period prescribed by the COA:
  - 1.1 **Salaries, Wages, etc.** - within five (5) days after each fifteen (15) day/end of the month pay period.
  - 1.2 **Field Operating Expenses** - within twenty (20) days after the end of the year; subject to replenishment as frequently as necessary during the year.
  - 1.3 **Petty Cash Fund (PCF)** – as soon as the disbursements reach 75% or as needed. In case of termination, resignation, retirement, or dismissal of the PCF custodian, immediately thereafter.
  - 1.4 **Official Travel** - within sixty (60) days after return to the Philippines in the case of foreign travel or within thirty (30) days after return to his permanent official station in the case of local travel, as provided for in EO 248 and COA Circular No. 96-004.
  - 1.5 **Special Purpose**- as soon as the purpose of the cash advance has been served.
2. The AO shall prepare the Report of Disbursements in three (3) copies and submit the same with duly accomplished vouchers/payrolls and supporting documents to the Accountant. For payments based on receipts and invoices only, they shall also prepare a liquidation voucher, which shall be submitted with the report and supporting documents to the Accountant. They shall ensure that the Accountant properly acknowledges receipt of the report. The disbursing/accountable officer shall be deemed to have complied with the requirement of proper accounting for the cash advance upon the receipt by the Accountant of the liquidation documents referred to above.
3. Any unutilized CA shall be refunded to the Cashier, who shall, in turn, issue an official receipt to acknowledge collection thereof.
4. The Accounting Section shall conduct regular monitoring and analysis of unliquidated cash advances to ensure its liquidation within the prescribed period. They shall prepare the Schedule of Aging of Unliquidated CA on a **monthly basis** and submit report to the SAO, OAD and OD.
5. If the prescribed liquidation period for the CA has lapsed and it remain unsettled, the Chief Accountant shall immediately issue a **"Demand Letter to Liquidate"** to the AO copy furnished the SAO, OAD and OD. Failure to comply by the AO thirty (30) days from receipt of the demand shall constitute a valid cause for withholding the AO's salary and other cash incentives, such as bonuses. The Chief Accountant shall prepare a memorandum for the



withholding of salary to be signed by the BAI Director and forwarded to the Personnel Section citing the sanctions based on Article 217 of the Revised Penal Code and CSC Memorandum Circular No. 23 s.2019.

**SECTION 7. LEGAL PRESUMPTION AND SANCTIONS AGAINST NON-LIQUIDATION OF CASH ADVANCES WITHIN THE PRESCRIBED PERIOD**

1. Article 217 of the Revised Penal Codes provides that "The failure of a public officer to have duly forthcoming any public funds or property with which he is chargeable, upon demand by any duly authorized officer, shall be prima facie evidence that he has put such missing funds or property to personal use".
2. Administrative liability for failure to liquidate as per CSC Memorandum Circular No. 23 s.2019:
  - Gross Neglect of Duty
  - Simple Neglect of Duty

**This Memorandum shall take effect immediately.**

Done this 24<sup>th</sup> of June 2024.



**HYACINTH G. NAPILOY, DVM, MPS-PA**  
Officer-in-Charge, Director