

DRN: FMS-A-COMM-21-05-73276-S

MEMORANDUM

FOR : HEADS OF ALL OFFICES, BUREAUS, SERVICES AND UNITS
DSWD Central Office

THE REGIONAL DIRECTORS
DSWD Regional Offices I to XII, NCR, CAR and CARAGA

FROM : THE UNDERSECRETARY

SUBJECT : FINANCIAL MANAGEMENT GUIDELINES NO. 13, S. 2021: REVERSION OF ALL ACCOUNTS PAYABLE WHICH REMAIN OUTSTANDING FOR TWO YEARS OR MORE IN THE BOOKS OF THE NATIONAL GOVERNMENT AGENCIES TO THE ACCUMULATED SURPLUS OR DEFICIT OF THE GENERAL FUND OR THE CUMULATIVE RESULT OF OPERATIONS OF THE NATIONAL GOVERNMENT

DATE : 14 MAY 2021

This is relative to the **Commission on Audit – Department of Budget and Management (COA-DBM) Joint Circular (JC) No. 1, series of 2021**, “Guidelines Implementing Executive Order (E.O) No. 87 Directing All Accounts Payable which Remain Outstanding for Two Years or More in the Books of National Government Agencies be Reverted to the Accumulated Surplus or Deficit of the General Fund of the National Government.

The said JC was issued to prescribe guidelines and procedures to the reversion of Accounts Payables (A/Ps), pursuant to E.O. No. 87 dated 13 August 2019 and to provide the guidelines required in the release of funds for legitimate obligations that may arise after the reversion of A/Ps.

In view of this, please be guided by the following directives and timelines:

1. Payment Timeframe

Covered Outstanding Accounts Payables/Unpaid Obligations	Timelines	
	Payment	Reversion to Accumulated Surplus/(Deficit)
FY 2017 GAA-funded and prior years Accounts Payables	Until December 31, 2021	On or before the end of 2021
FY 2018 GAA-funded Accounts Payables		

2. Notice is given to all concerned offices that all Disbursement Vouchers (DVs) relative to the above-describe accounts payable and unpaid obligations must be submitted to

Finance and Management Service (FMS)/ Finance and Management Division (FMD) **not later than November 30, 2021**, for processing of payments.

3. All outstanding A/Ps charged against the FY 2018 GAA and prior years which have remained outstanding for two (2) years and were not paid on or before the end of 2021 shall be reverted to the Accumulated Surplus/(Deficit) within the timeline specified in Item 1.
4. FMS shall prepare an inventory of A/Ps incurred in FY 2018 and years prior thereto, as of December 31, 2020. It shall reflect the name of creditor, Obligation Request and Status (ORS) Number, allotment class, funding source, year of incurrence and obligations, etc., and shall be submitted to DBM and COA not later than June 30, 2021. Such inventory shall serve as one of the bases for reversion of the A/P and for the purpose of payment after reversion, subject to agency validation procedures.
5. To effect the reversion of A/Ps, the following guidelines shall be followed:
 - 5.1 The Accounting Division/Unit shall prepare a Journal Entry Voucher (JEV) for the reversion to the Accumulated Surplus/(Deficit) of FY 2018 GAA-funded and prior years Accounts Payables on or before December 31, 2021.
 - 5.2 A copy of the JEV certified by the Chief Accountant and supported with List of Reverted A/Ps shall be submitted to DBM and GAS-COA.
 - 5.3 The Accounting Division/Unit shall furnish the Budget Division/Unit copies of JEV for the reversion of A/Ps, to adjust the Registry of Allotments, Obligations and Disbursements (RAOD) and ORS.
 - 5.4 The Chief Accountant shall record the reverted A/Ps to the Registry of Reverted Accounts Payable (RRAP). The registry shall be maintained by the Accounting Division/Unit.
6. All A/Ps that were reverted to the Accumulated Surplus/(Deficit) may be considered for payment upon determination, thru administrative processes, of the existence, validity and legality of the claims, through the following procedural guidelines:
 - a. The claimants shall take the initiative to file their requests with the DSWD;
 - b. The claimants shall submit pertinent documents such as: approved contracts; proof that service had been rendered; proof that assets and other properties had been delivered; projects have been completed and accepted by the DSWD and other documentations to prove validity and legitimacy of their claims;
 - c. Upon establishment of the proof of validity to settle the claim, the Department through the FMS shall request for the issuance of SARO from DBM, supported by the following:
 - i. Certified copy of the specific JEV showing that the A/Ps had been reverted to the Accumulated Surplus/Deficit; and
 - ii. Justification prepared by the requesting office and approved by the concerned Cluster Head for the non-payment of the claims during the past years.



- d. The SARO and Notice of Cash Allocation chargeable against the fund/s identified for the purpose, shall be released by the DBM after which the Department shall process the payment of the claims.
- e. Upon receipt of the SARO by the Agency, the concerned Budget Division/Unit shall furnish the Accounting Division/Unit of the copy thereof, for posting/recording in the RRAP. The SARO issued for reverted and legitimate claims have the following conditions:
 - i. It shall be effective only during the year it is issued;
 - ii. It shall be treated as a "specific transaction release document" which cannot be re-issued. Thus, if for any reason the SARO for the reverted claim was not obligated during the year it was released, there can be no re-issuance of a SARO for the same purpose; and
 - iii. It cannot be modified for whatever other purpose.

For your information and guidance.

JOSE ERNESTO B. GAVIOLA