MEMORANDUM CIRCULAR

TOPIC
GRANTING, UTILIZATION AND LIQUIDATION OF PRISONERS SUBSISTENCE ALLOWANCE (PSA)

SUB-TOPIC
ADOPTING A UNIFORM SYSTEM ON THE GRANTING, UTILIZATION AND LIQUIDATION OF PRISONERS SUBSISTENCE ALLOWANCE (PSA)

1.0 REFERENCES

a. Republic Act No. 9184 otherwise known as the "Government Procurement Reform Act" dated January 10, 2003;
b. Commission on Audit Circular No. 97-002 dated February 10, 1997;
c. Commission on Audit Circular No. 2012-001 dated June 14, 2012;
d. BIR Revenue Regulation No. 18-2012 dated October 22, 2012;
e. DILG Circular No. 2013-06 dated May 30, 2013;
f. Special Provision No. 1 of RA 10352 (GAA FY 2013);
g. Agency Audit Observation Memorandum for FY 2015;
h. BJMP-MC-FSO-021 dated August 09, 2016;
i. Volume I-A of RA 11465 (GAA FY 2020);
j. BJMP-DPRM-LO-2020-525 dated June 29, 2020;
k. BJMP-DWD-MC-106 dated October 28, 2020;
l. PD 1445, otherwise known as the State Audit Code of the Philippines; and

2.0 RATIONALE

The continuous rise in audit observations on granting, utilization, and liquidation of Cash Advances (CA) for Prisoners Subsistence Allowance (PSA) in the past years prompted the Jail Bureau to revisit its processes and procedures. This resulted to the issuance of Department of the Interior and Local Government Circular No. 2013-06, prescribing the guidelines and procedures on the fund release system of PSA. The system was pilot tested in BJMPRO-NCR jails.

The adoption of the Circular, which is anchored in the latest issuances in accounting and auditing procedures, resulted in the drastic reduction of audit findings on PSA transactions in BJMPRO-NCR.

3.0 OBJECTIVES

This policy aims to institutionalize, modify, and clarify certain provisions of DILG Circular No. 2013-06 in compliance with the inherent responsibility of the Jail Bureau

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to strengthen and improve its fiscal systems and procedures. This is also in support of the campaign of the government for efficiency, transparency, and accountability.

4.0 SCOPE

This Circular covers the granting, utilization and liquidation of cash advances for PSA to all BJMP-manned jail units nationwide.

5.0 DEFINITION OF TERMS

a. Accountable Officer (AO)- A public officer who, by reason of his/her office, is accountable for public funds or property. This also pertains to an officer/employee whose duties permit or require the possession or custody of government funds or property and who shall be accountable therefor and for the safekeeping thereof in conformity with the law.

b. Advice of Checks Issued and Cancelled (ACIC)- A report on the checks issued (cancelled/spoiled/damaged) in sequential order indicating the payee and the corresponding amount of the claim/transaction which is submitted to the GSB and serves as the basis of the GSB for honoring the encashment of negotiable checks.

c. Allotment Advice (AA)- BJMP-issued form to its regional offices authorizing the latter to incur obligation for specified amounts.

d. Advice to Debit Account (ADA)- It refers to an authorization issued by the National Government Agency/Operating Unit appearing in the lower portion of the LDDAP-ADA. It serves as an instruction to the MDS-GSB to debit a specified amount from its available Notice of Cash Allocation (NCA) balance under the regular MDS sub-account for payment of creditors/payees through the MDPS.

e. Cash Book- Book for recording receipts and cash payments.

f. Disbursements- Settlement of government obligations and/or accounts. It constitutes all cash paid out during a given period either in currency (cash) or by check and covered by Disbursement Voucher.

g. Disbursing Officer (DO)- An accountable officer in charge of the disbursement/payment to the end user of all cash obligations of the Jail Bureau.

h. Disbursement Voucher (DV)- Form used by government agencies for all money claims.

i. Government Servicing Banks (GSBs)- A Financial institutions authorized, upon accreditation by the Monetary Board, to accept government deposits and perform banking services on behalf of government agencies.

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j. **Journal Entry Voucher (JEV)** - Accounting Form prepared by the Accounting Service that serves as the basis for recording all transactions to appropriate journals.

k. **Liquidation Report** - Report to be prepared by an accountable officer to liquidate Cash Advances granted to him/her.

l. **List of Due and Demandable Accounts Payable-Advice to Debit Accounts (LDDAP-ADA)** - Refers to an accountable form integrating the ADA with LDDAP which is a list reflecting the names of creditors/payees to be paid by the NGA/OU and the corresponding amounts of their unpaid claims, duly certified and approved by the heads of the accounting unit and the agency, or authorized officials.

m. **Notice to Transfer of Cash Allocation (NTCA)** - BJMP issued authorization for its GSB to further transfer cash from its "mother account" to the accounts of BJMPROs to cover their cash requirements.

n. **Obligation Request and Status (ORS)** – A form used by NGAs to request for obligation charged against an allotment which shall be prepared before processing a claim to ensure that funds are available for the purpose.

o. **Prisoners Subsistence Allowance (PSA)** - Amount provided for by law to cover the daily food expenses of PDL.

p. **Registry of Allotments and Obligations for Maintenance and Other Operating Expenses (RAOMOOE)** - Registry maintained by the Budget Unit of the Bureau used to record all allotments received and obligations incurred for expenses classified under the Maintenance and Other Operating Expenses (MOOE) in order to monitor allotments available for obligations.

### 6.0 PROCEDURES/DETAILS/GUIDELINES

#### 6.1 GENERAL GUIDELINES

6.1.1 All wardens with minimum cash accountability of **FIVE THOUSAND PESOS (P5,000.00)** shall be made **Accountable Officers (AO)**. Therefore, they shall be properly bonded in accordance with the provisions of PD 1445.

6.1.2 All wardens shall open a passbook account at the nearest Landbank of the Philippines (LBP) branch to their unit. The account shall be in the name of the present jail warden and exclusively used as repository of PSA funds of the jail unit. They shall present the following documents upon opening:

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6.1.2.1 Special Order designating them as warden;
6.1.2.2 Assumption of Duty; and
6.1.2.3 Approved Application for Bond.

6.1.3 Wardens shall be granted direct cash advance for food supplies expenses to support the subsistence allowance of PDL confined in their respective jails in the amount provided by law.

6.1.4 In case where a warden shall be relieved from his/her post and further designated elsewhere, he/she should first clear himself/herself of all accountabilities prior to assumption of his/her new position. If the newly designated warden is not yet bonded, he/she should be required to apply for bond immediately.

6.1.5 All wardens shall maintain a cash book to record all transactions pertaining to their cash advances. They should also have a safety vault to keep all monies and accountable forms in their possession. All transactions are subject to unannounced/random cash counts and financial audits by the respective COA auditors/audit teams and management audits by the BJMP-NHQ and the BJMPRO.

6.1.6 The warden shall assign/appoint a bookkeeper from the current personnel assigned in the unit. The bookkeeper shall perform all tasks necessary to ensure proper recording and efficient liquidation of their cash advances.

6.1.7 The “No Liquidation of Cash Advances, No Release Policy” shall be strictly implemented. No additional cash advance shall be granted to the AOs unless the previous cash advance has been properly liquidated and accounted in the books.

6.1.8 The Regional Accountant shall issue a certification that the previous cash advance has been properly liquidated, accounted, and recorded in the books of accounts before an AO can request for additional cash advance. The certification is a mandatory attachment in the said request.

6.1.9 To lessen the risk of handling large amounts of money at one time, cash advances of wardens shall not exceed FIVE MILLION PESOS (₱5,000,000.00). Wardens of jails with PSA requirement of more than ₱5,000,000.00 shall be granted cash advances in a monthly, weekly, or bi-weekly basis, whichever is most applicable.

6.1.10 For the efficient utilization of funds and cash allocation, the Regional Office shall only grant 90% of the estimated amount of PSA of jails for the month. This is to avoid the scenario wherein excess cash

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advances shall be refunded to the National Treasury. The deficiency in the PSA requirement of every jail shall be paid through reimbursement.

6.2 PROCEDURAL GUIDELINES

Based on the flowchart on the release of disbursement of cash advance for PSA of the jail unit (Annex A), the following is the sequence of the distribution/release and disbursement of the food allowances of PDL:

6.2.1 National Headquarters (NHQ)

6.2.1.1 Directorate for Operations (DO) - Evaluate, certify and submit the total jail population of every BJMPRO to the Directorate for Comptrollership (DC).

6.2.1.2 Directorate for Comptrollership (DC)

6.2.1.2.1 Prepare and issue the appropriate AA to the regions based on the jail population report submitted by the Directorate for Operations; and

6.2.1.2.2 Furnish the Accounting Service Office (ASO) a copy of the AA.

6.2.1.3 Accounting Service Office (ASO)

6.2.1.3.1 Prepare and endorse a Notice to Transfer of Cash Allocation (NTCA) to the BJMP-GSBs to cover the released AA.

6.2.2 Regional Office

6.2.2.1 Operations Division

6.2.2.1.1 Examine the payroll/roster of PDL per jail;
6.2.2.1.2 Certify actual number of PDL; and
6.2.2.1.3 Sign Box A of the DV submitted by the Jail Warden.

6.2.2.2 Comptrollership Division

6.2.2.2.1 Prepare the ORS for the claim; and
6.2.2.2.2 Record on the RAOMOOE the obligations incurred to monitor the issuances and balances of the above-cited account/utilization of funds released.

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6.2.2.3 Regional Accounting Service Section

6.2.2.3.1 Examine the supporting documents submitted;
6.2.2.3.2 Record the claims on the Index of Payments (IP);
6.2.2.3.3 Sign Box C of DV to certify that the supporting documents are complete and cash is available; and
6.2.2.3.4 Prepare JEV to record the transaction.

6.2.2.4 Office of the Regional Director of the Jail Bureau - Evaluate the propriety of the claims and completeness of the document and sign Box D of the DV and the ORS.

6.2.2.5 Regional Finance Service Section - Once the CA for PSA is approved, the RFSS shall prepare the LDDAP-ADA and ACIC, sign the documents, and endorse the same to the Regional Director of the Jail Bureau for approval.

6.2.2.6 Office of the Regional Director of the Jail Bureau - Evaluate the submitted LDDAP-ADA and ACIC payable to the jail units and sign the documents.

6.2.2.7 Regional Finance Service Section - Endorse the approved LDDAP-ADA and ACCIC to the GSB to effect the release of cash advance to the jail wardens.

6.2.3 Jail Unit

6.2.3.1 For initial cash advance, the warden shall prepare and submit the following documents:
   a. Disbursement Voucher (DV);
   b. Copy of Special Order of his/her designation as warden;
   c. Copy of approved application for bond (per COA Circular 97-002);
   d. Roster of PDL duly certified by the jail warden; and
   e. Certification on the Actual Number of PDL/Jail Population issued by the unit records officer and duly certified by the jail warden.

6.2.3.2 For the additional request of cash advance, the warden shall prepare a request with the following documents:
   a. Disbursement Voucher (DV);
   b. Roster of PDL duly certified by the jail warden;
   c. Certification on the Actual Number of PDL/Jail Population; and

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d. Certification of the Regional Accounting Service Section that previous cash advance has been liquidated.

6.2.3.3 To procure the food supplies for the daily meals of PDL, the Food Service Supervisor shall refer to the Standard Menu for the list of items to be purchased, Supplies Availability Inquiry, Purchase Request, Request for Quotation, Abstract of Price Quotation, and Purchase Order.

6.2.3.4 Upon the procurement of the food supplies, the warden shall prepare and sign the Inspection and Acceptance Report (of supplies procured and/or delivered).

6.2.3.5 Bookkeepers shall prepare the liquidation report with complete supporting documents such as Report of Disbursement, PSA, Summary of Committed and Released PDL, Daily Menu, Summary of Food Supplies Procured and Collection Receipts to the Regional Office for the period covered by their cash advances prior to the requisition of the next cash advance.

6.2.3.6 As soon as the disbursement reaches 90% of the amount advanced or as necessary, each warden shall submit his/her liquidation report to the Regional Office. In case of termination, resignation, retirement, dismissal, relief or death of the jail warden, the liquidation report shall be submitted immediately thereafter.

6.2.3.7 In case of unutilized cash advances, the Regional Accounting Service, shall issue orders of payment to the warden and the latter shall pay to the collecting officer for remittance to the National Treasury.

6.3 DOCUMENTARY REQUIREMENTS

6.3.1 Initial Cash Advance

a. Disbursement Voucher (DV);
b. Obligation Request (OBR);
c. Copy of Special Order of his/her designation as Warden;
d. Copy of approved application for bond;
e. Roster of PDL duly certified by the jail warden; and
f. Certification on the Actual Number of PDL issued by the Regional Operations Division.

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6.3.2 Subsequent Cash Advance

a. Disbursement Voucher;
b. Obligation Request (OR)
c. Roster of PDL duly certified by the jail warden;
d. Certification on the Actual Number of PDL issued by the Regional Operations Division;
e. Certificate issued by the Regional Accountant that previous cash advance had been liquidated;
f. Liquidation Report;
g. Prisoners Subsistence Allowance Voucher (PSAV);
h. Summary of Committed and Released PDL (daily basis);
i. Certificate of Discharge, supported with release order from a competent court (daily basis);
j. Report of Disbursement supported by necessary documents:

j.1 Daily Menu;
j.2 Summary of Food Supplies Procured:
  j.2.1 Supplies Availability Inquiry;
  j.2.2 Purchase Request;
  j.2.3 Price Quotation from at least three (3) suppliers;
  j.2.4 Abstract of Price Quotation;
  j.2.5 Purchase Order;
  j.2.6 Delivery Receipt;
  j.2.7 Inspection and Acceptance Report;
  j.2.8 Sales Invoice Supported by Collection Receipt for Goods per BIR Revenue Regulation No. 18-2012;
  j.2.9 Requisition and Issue Slip;
  j.2.10 Certification of the warden for food supplies purchased without Sales Invoice and Collection Receipts supported by Acknowledgment Receipts of Payment; and

k. Approved justification, in case of deviation from Standard Menu.

7.0 MONITORING CLAUSE

The National Food Service Council (NFSC) through the Regional Food Service Council (RFSC) shall monitor the management of PSA in all jail units nationwide. The NFSC shall submit a periodic report to the Chief, BJMP and other offices which may require the same for lawful purposes.

The Director for Logistics shall monitor and include the procurement of safety deposit vaults in the Annual Procurement Plan (APP).

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8.0 SEPARABILITY CLAUSE

In the event that any provision or part of the circular be declared illegal or rendered invalid by a competent authority, those provisions not affected by such declaration shall remain valid and effective.

9.0 REPEALING CLAUSE

All issuances, directives and memoranda inconsistent with the provisions of this circular are hereby repealed, or modified accordingly.

10.0 EFFECTIVITY

This policy shall take effect immediately upon the approval of the Chief, BJMP.

11.0 ANNEX

Annex A : Flowchart on the Release and Disbursement of the Cash Advance for Prisoners Subsistence Allowance in the Jail Unit

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FLOWCHART ON THE RELEASE AND DISBURSEMENT OF THE CASH ADVANCE FOR PRISONERS SUBSISTENCE ALLOWANCE IN THE JAIL UNIT

1. Jail Unit

2. Regional Operations Division

3. Regional Comptrollership Division

6. Regional Finance Unit

5. Office of the Regional Director

4. Regional Accounting Unit

7. Office of the Regional Director

8. Regional Finance Unit

9. Government Servicing Bank

10. Jail Unit

END OF PROCESS