

Department of Transportation and Communications
PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
(HEADQUARTERS PHILIPPINE COAST GUARD)
139 25th Street, Port Area
Manila

O/CG-6/CGAO

23 July 1999

STANDING OPERATING PROCEDURES
NUMBER 03-99

**Cash Advances and Procurement of Supplies, Materials,
Equipment and Services by PCG Units**

I. REFERENCES:

- a. HPCG Circular # 02-97 dtd 29 May 97
- b. COA Circular # 97-002 dtd 10 Feb 97
- c. Final PCG Operating Program and Budget

II. PURPOSE:

This SOP prescribes the guidelines, policies and procedures in the administration of cash advances and in the procurement of supplies/materials, equipment and services by PCG units in order to support the cost effective utilization of PCG resources

III. SCOPE/COVERAGE:

This SOP shall apply to all disbursements to be undertaken by PCG Districts/Major Units.

IV. DEFINITION OF TERMS:

1. Special Disbursing Officer (SDO) - one duly designated to disburse funds intended for a specific type of expense, purpose or nature of transaction for a limited period of time.
2. Cash Advances - are those granted on the explicit authority of the Head of Agency to duly designated SDOs for legally authorized purpose. Funds obligated for cash advances shall be based on the object classifications/codes allocated to each District or Major Unit during a given period.
3. Fiscal Control - an integrated management measure intended to ensure the safety of public funds.

4 Internal Control/Audit - system used to check specific fund utilization, authenticity and completeness of documents, correctness of entry and compliance with prescribed auditorial policies and procedures prior to approval of liquidation documents.

5 Operating Program and Budget (OPB) - refers to the document that contains the objectives, control programs for resources and functions, budget proposal or program of expenditures. It is called Preliminary OPB when presented with budget estimates and proposal for justification. It is referred to as Final OPB when used as control document for execution within the budgetary constraints. Fragmented OPBs are submitted as revisions between the Preliminary and Final OPB.

6 Maximum Cash Accountability - a fixed ceiling or amount in cash that a designated SDO may be allowed to have in custody or account as a measure of liability and/or responsibility imposed by law or regulation.

7 Responsible Supply Officer (RSO) - an organic uniformed or civilian employee of PCG duly authorized to inspect and record all items procured through over-the-counter purchase (OCP) by their Units.

8. Cash Book - is a record of all transactions involving the units' allocated funds being maintained by SDOs.

V. POLICIES:

1. Cash advances shall be strictly used to purchase in cash, small and low-value items and services which are emergency in nature and could not be provided by the Command or by any supply activity afloat or ashore at the time of need.

2. Payments out of the cash advance shall be allowed only for amounts not exceeding P15,000.00 for each transaction. Splitting of transactions to avoid exceeding the ceiling shall not be allowed.

3. The cash advance shall not be used for payment of regular/mandatory expenses, such as rentals, subscriptions, light and water, communication services and the like. Allocated funds which fall under these activities will not be released to PCG units. Instead, the corresponding vouchers and billing statements shall be promptly forwarded to Headquarters (Attn: CG-4/CGWCEO) for subsequent funding and payment to deserving creditors.

4. The cash advance shall be used solely for the specific legal purpose for which it was granted. Under no circumstances shall it be used for encashment of checks or for liquidation of a previous cash advance.

5. Unit Commanders shall designate their SDOs with minimum rank of LT. Likewise, they shall designate their respective Responsible Supply Officers (RSO) who shall inspect and record all items procured thru OCP.

6. All designated SDOs must be duly bonded by the Bureau of Treasury based on their recommended Maximum Cash Accountability (MCA).
7. All SDO's shall maintain their cash books duly updated and ready for audit anytime. Likewise, RSOs shall maintain their respective log books.
8. Cash book entries (Annex M) should be written in ink at the time the transactions occur. The voucher or receipt number, name of the debtor or creditor, and the purpose of each receipt/payment should be shown clearly under the columns provided to facilitate verification and reference in the future. To distinguish each day's transactions, the date should be written in the middle of the page within the "name of debtor or creditor" column immediately above the first entry for the day.
9. The cash on hand shall be balanced with the cashbook at the close of business each day. Strict attention to this detail will minimize losses and enable the accountable officer to correct errors. Cash book for collection shall be ruled and closed at the end of each month. The ending balance shall be carried forward as the balance of cash on hand at the beginning of the succeeding month. Cash book for disbursements shall be ruled and closed at the fifteenth and end of each month. The ending balance shall be carried forward as the balance of cash on hand at the beginning of the succeeding fifteen-day period.
10. Only duly appointed or designated SDOs may perform disbursing functions. Officers and employees who are given cash advance for official travel need not be designated as Disbursing Officers.
11. No additional cash advances shall be granted to any SDO unless the previous cash advance given to him is settled or liquidated.
12. Transfer of cash advance from one SDO to another shall not be allowed.
13. Liquidation for cash advances covering MOOE allocations for stations and detachments as programmed in the OPB must likewise include list of fund support specifically given to stations and detachments.
14. The Chief Accountant, PCG shall obligate all cash advances granted to SDOs. He/She shall see that cash advances for a particular year are not used to pay expenses of other years.
15. Disbursement of cash advances shall be audited by the Coast Guard Internal Audit Office to strengthen internal control and improve management of resources in accordance with accounting and auditing rules and regulations.
16. For individual transactions exceeding P15,000.00, unit disbursements shall be through the preparation and submission of purchase orders (PO) per Annex H or work orders (WO) to HPCG for funding. Items being requisitioned shall be delivered to the units only upon approval of the POs/WOs by CPCG. After the completion of the delivery of supplies and materials or services, corresponding DVs (Annex K) of approved POs/WOs

and other supporting documents shall be submitted to HPCG for the issuance of checks/payment to creditors through the units concerned.

17. Unit Commanders shall likewise form their respective Bids and Awards Committee (see Annex I for Abstract of Bid) for the conduct of bidding of items to be procured, and Technical and Acceptance Committee (see Annex J for Technical/Acceptance Form) for the inspection and acceptance of items delivered. Members of said committees must be officers or senior enlisted personnel who are not assigned with the Logistics, Budget and Fiscal, and Procurement Office of the Districts/Major Units.

18. Unit Commanders shall exercise fiscal control to improve the management of respective resources and ensure the safety of public funds.

19. The Office of the Coast Guard Comptroller (CG-6) in coordination with other cognizant staffs shall oversee the proper granting, utilization and liquidation (Annex B) of cash advances and the procurement activities of PCG units.

VI. PROCEDURES:

1. Cash Advance

- a. The SDOs of different CG units shall file the DVs (Annex A) of their cash advances in accordance with the above stated policies and their monthly MOOE allocations, duly indorsed by the Unit Commander.
- b. All cash advances shall be processed and funded at HPCG level.
- c. Cash advances shall be recorded/processed by the CGFC, O/CG6, O/ASO and O/CGIAO.

2. Liquidation of Cash Advances

- a. The SDO shall liquidate his cash advance in accordance with COA Circular Nr. 97-002 dtd 10 Feb 97.
- b. All transactions shall be supported by invoices/receipts and recorded in the prescribed cash book. The SDO shall clear his cash advances by submitting the receipts/invoices duly inspected and signed by the RSO, abstract of Over-the-Counter Purchase (Annex F), Certificate of Emergency Purchase (Annex G) and RIV (Annex L).
- c. In the event the SDO is relieved from his present assignment, he shall clear all his remaining unliquidated cash advances. The Unit Commander shall then designate a new SDO. The newly designated SDO shall comply with the prescribed requirements before he shall be allowed to cash advance.

d. At the start of the calendar year, a new cash advance may be granted, provided that a list of expenses against the previous cash advance is submitted to CGIA to determine its utilization. However, when no liquidation of the previous cash advance is received on or before January 20 of the said year, the CG Finance Center will be constrained to withhold the SDOs receivables pending the liquidation of his cash advance.

3. Preparation of POWO

- a. All PO's/WO's shall be prepared by Districts/major units in accordance with the OPB. Any request for deviation/realignment of activities/expenditures in the OPB shall be justified and coursed to HPCG (Attn: Cognizant Program Directors) for approval.
- b. Front-loading of expenditures is discouraged unless expressly authorized by CPCG.

VII. EFFECTIVITY:

This SOP takes effect upon approval.

BY COMMAND OF REAR ADMIRAL DE LEON, AFP:

ELPIDIO B PADAMA
CAPT PN(GSC)
Acting Chief of Staff, PCG

OFFICIAL:


VIRGILIO N GARCIA JR
LTJG PN
Coast Guard Adjutant

ANNEXES:

- A - Cash Advance Flow Chart
- B - Liquidation Flow Chart
- C - Flow of Proc Docs
- D - DV Form for Cash Advance
- E - DV Form for Liquidation of Cash Advance
- F - Abstract Form
- G - Certification for OCP
- H - Procurement Order Form
- I - Abstract for Bids Form
- J - Technical/Acceptance Form
- K - DV Form for Approved PO
- L - RIV Form
- M - Cashbook entries