



**PAMBANSANG PUNONGHIMPILAN TANODBAYBAYIN NG PILIPINAS
(National Headquarters Philippine Coast Guard)
139 25th Street, Port Area,
1018 Manila**

NHQ-PCG/CG-6

23 November 2021

STANDING OPERATING PROCEDURES

NUMBER.....24-21

**Amended Comprehensive Guidelines on the Use of the
Cash Advance System**

I. REFERENCES:

- A. COA Circular No. 2013-001 dtd 10 January 2013
- B. COA Circular No. 2021-001 dtd 24 June 2021

II. PURPOSE:

This Standing Operating Procedure amends the SOP Number 08-21, Comprehensive Guidelines on the use of Cash Advance System that prescribes the consolidation and harmonization of all laws, COA, DBM and HPCG rules, regulations, policies, and directives to come up with single reference for Cash Advance System in the PCG.

III. GENERAL GUIDELINES:

A. Fiscal Responsibility shall, to the greatest extent, be shared by all those exercising authority over the financial affairs, transactions and operations of the government agency.

B. No cash advance shall be given unless for a legally authorized specific purpose. A cash advance shall be reported on and liquidated as soon as the purpose for which it was given has been served. No additional cash advances shall be allowed to any official or employee unless the previous cash advance given to him is first settled or a proper accounting thereof is made. (Section 89 of PD No. 1445)

C. Claims against government funds shall be supported with complete documentation. (Section 4 of PD No. 1445)

IV. SPECIFIC GUIDELINES:

1. Only permanently appointed officials shall be designated as Disbursing Officers. PCG personnel with minimum rank of Seaman Second Class (SN2) for non-officers and Ensign (ENS) for Officers shall be designated as the PCFC. In no case shall the designated SDO will have lower rank than of Ensign (ENS). However, Special Offices/Units headed by Civilian Employee may consider Permanent/Regular Non-Uniformed personnel to be designated as their SDO.

2. The number of Petty Cash Fund Custodian (PCFC) shall be subject to restriction. The Command discourage multiple establishments of PCF for every PCG unit/office. However, justification may be submitted by the office or unit that will request to require more numbers of PCF Custodian as long as check and balance can be observed and it will be subject for the approval of Chief Accountant/District Accountant.

3. Coast Guard District shall not designate OPCON personnel within their AOR as SDO or PCF Custodian. Personnel on Detached Service (DS) shall be designated as SDO and PCF Custodian in their Mother Unit only except those DS in Task Force/Unit.

4. Newly appointed or designated PCFC/DO/SDO shall be briefed by the COA and Chief Accountant respectively before discharging his duties and responsibilities to support the requirement of Section 6.1 on COA Circular Nr 97-002 dtd 10 February 1997. Provided, it shall be **evidenced by a certification** to be signed by the Chief Accountant.

5. Head of Agency or his duly authorized representative shall issue authority to the Accountable Officer (AO) indicating the maximum accountability, term of designation and purpose of cash advance- This shall refer to CGAO/District-level/**Command Order** issued to the AO.

6. The Commanding Officer/Chief of Office shall ascertain that he has understood the duties and responsibilities of the appointed PCFC/DO/SDO by issuing a certification for the same.

7. Duly appointed PCFC/DO/SDO shall provide a certification that he has read and understood all relevant provisions of published PCG SOPs and COA Circulars relating to Petty Cash/Cash Advances in accordance with his role and capacity to perform his duties and responsibilities.

8. Funding source of cash advance shall be taken from unit/office APB allocation or from special releases/activity.

9. The term of the SDO shall be six (6) months for the initial designation and one (1) year for the succeeding designations. SDOs shall cease disbursement functions upon expiration of approved designation.



10. PCFC/DO/SDO undergoing training or education shall remain to be designated as custodian/disbursing officer for the time being. Provided, he can sustain and ensure proper utilization and liquidation of all cash advances in accordance with this SOP.

11. CGETDC shall include subjects and topics pertaining to Logistics and Financial Management System including Cash Advances in the POI/Curriculum of CGOC and CGNOC.

B. Bonding of Disbursing Officers:

1. Every Officer whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law. Every Accountable Officer shall be properly bonded in accordance with law. (Section 101 of PD No. 1445)

2. An approved fidelity bond shall be non-transferable and personal to the Accountable Officer and shall remain valid and effective for one (1) year from the time of payment and receipt of the bond premium.

3. Each Accountable Officer whose total cash accountability is **P 5,001 or more** shall be bonded. The amount of bond shall depend on the total accountability of the 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.

4. It shall be the responsibility of the Petty Cash Fund Custodian to **renew yearly** the present bond coverage before its expiration while the Accountable Officer is holding such position for which he has bonded. Failure to renew shall invalidate and void the bond.

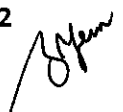
5. Cash advances granted for purposes of official travel, both local and foreign, shall not require bonding of the traveling official or employee.

V. GRANTING OF CASH ADVANCES:

1. General Guidelines:

a. The cash advance shall be used solely for the specific legal purpose for which it was granted. It shall be strictly used to expenditures which are impractical to pay by check or Advice to Debit Account (ADA). Under no circumstance shall it be used for encashment of checks or for liquidation of a previous cash advance.

b. Transfer of cash advance from one Accountable Officer (AO) to another shall not be allowed.



c. Only duly appointed or designated Disbursing Officers may perform disbursing functions. Officers and employees who are given cash advances for official travel need not be designated as Disbursing Officers.

d. Commanding Officers/Chief of Offices who approved PCF/Cash Advances are jointly accountable with their PCFC/DO/SDO.

e. Cash advances for MOOE (except Travel) shall be granted in the name of the bonded SDO.

f. Cash Advances shall not be used to pay capital expenditure or capital outlays.

2. Specific Guidelines:

Petty Cash Fund

a. The PCF to be established shall be sufficient for the recurring expenses of the agency for **one month**. The Disbursing Officers may request replenishment of the cash advance 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.

b. The PCF shall not be used for payment of regular/mandatory expenses, such as rentals, subscriptions, light and water, telephone and internet bills and the like, and purchase of supplies and materials for stock purposes. Payments out of the PCF which shall be made through PCV 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.

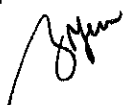
c. As stated above, PCF shall not be used for payment of regular expenses. The purchase of office/unit load shall be allowed only when no post-paid plan was availed. Similarly, expenses amounting to P300 or less purchased from/rendered by establishment not issuing receipts/invoice may attach Certification of Expenses Not Requiring Receipts (CENRR) and for expenses amounting to more than P300.00 but not exceeding P1,000.00 purchased from/rendered by establishment not issuing receipt/ invoice may attach Reimbursement Expense Receipt (RER) provided that the same is approved by Commanding Officer/Unit Commander.

d. For purchase of supplies and materials, certification of non-availability of supplies to Supply Office shall be signed and issued by Central/Unit SAO.

e. Splitting of transactions to avoid exceeding the ceiling shall not be allowed.

f. Meals incurred during Official travel/ mission order shall not be claimed against PCF but will be subject to the rules set forth under Executive Order No. 77.

Regular cash advances are those granted to DOs/SDOs for any of the following purpose:



a. Salaries and Wages, Commutable allowances, Honoraria and other similar payments to officials and employees.

b. 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.

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:

a. Current Operating Expenditures (COE) 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 Allowances and Maintenance and other operating expenses.

b. The special cash advance shall be used to pay the salaries and wages of the employees and the miscellaneous operating expenses of the activity. Payment for each transaction shall not be subject to amount limitation. However, all payments shall be approved by the Commanding Officer/Chief of Office.

c. Travel expenditures, including transportation fare, travel allowance, hotel room/lodging expenses and other expenses incurred by officials and employees in connection with official travel.

d. The amount of the cash advance for Special Cash Advance shall be limited to the requirements for two (2) months. Within 5 days after the end of each month, the Disbursing Officer shall submit a Report of Disbursements. Additional cash advances shall be granted on the basis of the activity budget or the requirements for two months, whichever is lower.

e. SDOs shall be guided by the unit's approved Annual Plan and Budget. No cash advance shall be granted for payments on account of Capital Outlay.

3. Liquidation of Cash Advances:

Cash advance shall be liquidated as soon as the purpose of which it was granted has been accomplished.

a. Salaries, Wages, Allowances, Honoraria and Other Similar Payments shall be liquidated within five (5) days after each fifteen (15) day/end of the month pay period.

b. Cash advances for Maintenance and Other Operating Expenses (COE and FOE) shall be liquidated within 20 calendar days after end of the year subject to replenishment as frequently as necessary during the year. When cash advance is no



longer needed or has not been used for a period of two (2) months, it must be returned to Collecting Officer immediately.

c. As soon as the disbursement reaches 75 percent or as needed, the PCF shall be replenished which shall be equal to the total amount of expenditure made therefrom. In case of termination, resignation, retirement or dismissal of the PCF custodian, immediately thereafter.

d. Traveling Expenses within 30 days after the return of the official/employee concerned to his official station for local travel and within 60 days after the return of the official/employee concerned to the Philippines in the case of foreign travel. Where a trip is cancelled, cut short or terminated in advance of the approved itinerary, the amount pre-paid or excess of payment shall be refunded immediately.

e. Special Purpose – as soon as the purpose of the cash advance has been served.

f. All cash advances shall be fully liquidated at the end of each year. Except for petty cash fund, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt.

g. Failure of the Accountable Officer to liquidate his cash advance within the prescribed period shall constitute a valid cause for the withholding of his salary. The instruction of other sanctions is provided for under COA Circular No. 97-002.

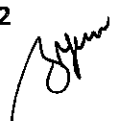
4. Handling, Custody and Disposition of Cash Book/Cash Disbursement Record:

a. Each SDO/DO shall maintain an official Cashbook/Cash Disbursement Record/ Petty Cash Fund Record where he records his transactions relative to his cash advances. Before discharging his duties, the new SDO/DO shall be briefed by the Accountant and the Internal Auditor on the proper recording of the transactions and other matters related to his work.

b. The cashbook shall be initially opened with a Certification in the opening page indicating and attaching copy of the Designation Orders, Bond and the like. The Certification shall be approved by the Chief of Office/Unit.

c. The SDO/DO shall maintain separate cashbooks for salaries, wages, allowances, etc. and for petty operating expenses. The SDO/DO shall record the transactions in the prescribed cashbook daily. He may record each invoice/receipt/voucher individually or the total disbursements for the day depending on the volume of the transactions.

d. The SDO/DO shall reconcile the book balance with the cash on hand daily. He shall foot and close the books at the end of each month. The SDO/DO and the Accountant shall reconcile their books of accounts atleast quarterly.



e. The DO/SDO shall personally maintain and secure the cashbook. It may be taken from his custody only by the Auditor or an official duly authorized by the Agency Head, who shall issue the necessary receipt.

f. The DO/SDO shall make the Closing Certification upon relief. The Certification shall be approved by his Chief of Office/Units.

g. When AO ceases to be one, the DO/SDO shall surrender the Cash Book/Cash Disbursement Record/Petty Cash Fund Record to the Chief Accountant/Head of Accounting Unit as a requirement for the issuance of clearance.

VI. DUTIES AND RESPONSIBILITIES:

A. Commanding Officer/Chief of Office – it shall be his responsibility to ensure that proper granting and utilization of all cash advances are in accordance with accounting and auditing rules and regulations and the approved APB.

1. Overall responsible to all Cash Advance transactions.
2. Approval of Cash Advance in the Disbursement Voucher
3. Approval of Liquidation Reports
4. Signs required Certification
5. Approval of all disbursements
6. Approval/Examination of the cashbook and cash accounts
7. Takes appropriate action when cash is lost thru any reason including death, accident, indefinite absence, theft, robbery
8. Responsible for holding/pending approval of unit/office clearance of the PCFC prior transfer of assignment of the latter not until liquidation was submitted to Accounting Unit/Office

B. Disbursing Officer/Special Disbursing Officer:

1. Responsible in safeguarding against loss or irregular disbursements of his cash accounts.
2. Ensures proper utilization and liquidation of cash advance.
3. The unused balance of PCF shall not be closed/refunded at the end of the year. PCFC shall submit to the Accounting Office all unreplenished Petty Cash Vouchers (PCV) for recording in the books of accounts.
4. Maintains and safeguards Cashbook/CDR/Petty Cash Fund Record.



5. Secure records of all cash advance transactions and application thereto. He shall retain photocopies or electronic copies of all documents and records pertaining to his accountability.

6. Surrenders his CDR to Chief Accountant and renders Report of his Accounts to COA Auditor upon cessation of Office.

7. The Petty Cash Fund Custodian shall act as PCFC only and shall not at the same time be the Requestor, Canvasser or Assignor nor the Approving Officer.

8. Petty Cash Fund Custodian shall renew his bond before its expiration and shall replenish his PCF every month, failure thereof, the Chief Accountant/Unit Accountant will issue a letter addressed to Commanding Officer, attention PCFC to reduce the fund.

C. Chief/Unit Accountant

1. Certifies that the supporting documents are complete, amount claimed proper and is subject to Authority to Debit Account by signing BOX C of the DV.

2. Verify liquidation voucher and supporting documents and record same in the books of accounts.

3. Keep an index of cash advances and monitor liquidation.

VII. PROCEDURES:

A. Granting of Special Cash Advance (SCA):

1. Before SCA is granted, there should be an approved Disposition Form (DF) or Memorandum as official basis for the purpose and use of such SCA;
2. The SDO duly designated to file the SCA shall attach the following documents:
 - a. Copy of the HPCG Orders / authority officially designating him/her as SDO indicating therein the maximum accountability and purpose of cash advance.
 - b. Approved application for bond and/or Fidelity Bond for the year for cash accountability of P5,001 or more;
 - c. Certification from the Accountant that previous cash advances have been liquidated and accounted for in the books;
 - d. The Disbursement Voucher (DV) will go through the normal disbursement procedures pursuant to GAM. Once the DV is approved,



the cash will be debited to the separate bank account or on the payroll account of the SDO; and

- e. Such other documents that may be required.

B. Utilization of Cash Advance

1. Cash advance shall be utilized in accordance with approved budget for COE or program of expenditure;
2. For special purpose/time-bound undertakings, the Cash Disbursements Record (CDRec) (Annex B) shall be maintained by SDO to monitor the cash advance balance. All transactions for the day shall be recorded immediately.
3. For Field/Extension/Satellite Units Current Operating Expenses (COE), the Cash Disbursements Register (CDReg) * shall be maintained to record, monitor and report transactions involving the grant, utilization and liquidation of the cash advance.

C. Liquidation of Cash Advances

1. The SDO shall liquidate his/her cash advance as follows:
 - a. For special purpose/time-bound undertakings:
 - 1) As soon as the purpose of the cash advance has been served;
 - 2) The SDO shall prepare the Report of Cash Disbursements (RCDisb) (Annex D) in three (3) copies and submit the same with duly accomplished vouchers and supporting documents to the Accountant. For payments based on receipts and invoices only, he shall also prepare a liquidation voucher which shall be submitted with the report and supporting documents to the Accountant. He shall ensure that receipt of the report is properly acknowledged by the Accountant. The SDO 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; and
 - 3) Within ten (10) days after receipt of the report and supporting documents from the SDO, the Accountant shall verify the report, record it in the books and submit the same with all the vouchers/payrolls and supporting documents to the Auditor. The cash advance shall be considered liquidated upon the recording thereof by the Accountant in the books of accounts although not yet audited by the COA auditor.
 - b. For Field/Extension/Satellite Units:



- 1) within twenty (20) days after the end of the year, subject to replenishment as frequently as necessary during the year;
- 2) The SDO shall submit within five (5) days after month-end the certified copies of the CDRReg with supporting documents to the accounting units of their respective Headquarters/Districts/Major Units for recording or whenever a request for replenishment is made.

Documentary Requirements:

Payroll Fund for Salaries, Wages, Allowances, Honoraria and Other similar Expenses

- a. Report of Cash Disbursements certified correct by the Accountable Officer.
- b. Approved payroll/voucher for payment of salaries, allowances, labor and wages duly acknowledge/signed by the individual payees. – *SDO should be particular with the consistency of the signature of the payees.*

Petty Cash Fund

- c. Report of Paid Petty Cash Voucher – *duly accomplished and signed by the PCFC*
- d. Report of Disbursements – *submitted upon liquidation*
- e. Petty Cash Voucher- duly accomplished and signed by Requestor, PCFC and Commander/Commanding Officer. The PCV No. should be in sequence throughout the year.
- f. Approved Purchase Request with Certificate of Emergency Purchase- duly accomplished and signed by Requestor/Logistics Officer and Deputy Commander or 2nd ranking official and shall indicate the specific purpose of the purchase/activity. Purchase Request shall be pre-numbered.
- g. Petty Cash Fund Record - *duly accomplished and signed by the PCFC*
- h. Original and valid bills, receipts and invoices- duly signed by the Cashier/Authorized Representative with his printed name and shall no case be sold to under any name but of PCG.
- i. Reimbursement Expense Receipt (RER) for expenses amounting to more than P300.00 but not exceeding P1,000.00 purchased from/rendered by establishment not issuing receipt/ invoice or Certification of Expenses Not Requiring Receipts (CENRR) for expenses amounting to P300 or less purchased from/ rendered by establishment not issuing receipts/ invoice – approved by the Commanding Officer/Unit Commander.



- j. Inspection and Acceptance Report (IAR) (Annex I) - description must be itemized/specific. IAR shall be pre-numbered- The Inspection Officer and Supply and/or Property Custodian of the IAR shall only be allowed as signing authority upon issuance of order by the Command/Unit to appoint them.
- k. Job/Work Request (Annex J), Request for Pre-repair and Post Repair Inspection (Annex K) and Waste Materials Report (WMR) (Annex L) in case of replacement/repair;
- l. Approved Trip Ticket for toll and parking fees- duly signed by the Driver, Passenger and approved by the Admin Officer of the unit;
- m. Canvass from at least three (3) suppliers for purchases involving P1,000 and above, except for the following:
 - 1) Emergency cases,
 - 2) Unforeseen contingency requiring immediate purchase,
 - 3) Purchases made while on official travel/mission/deployment,
 - 4) Those sold by an exclusive dealer or manufacturer, and
 - 5) Purchases from another agency of the government.

Certification of purchase not requiring canvass shall be attached in case the purchase falls within the above exception; *Note: Canvass made via e-mail or telephone call shall be valid only upon presentation of supporting document/evidence*

- n. Summary/Abstract of Canvass (Annex M) or any evidence of canvass on purchases requiring canvass – *shall have the same set of signatories with the three (Canvass) made.*
- o. Inventory Custodian Slip (ICS) (Annex N) for purchase of semi-expendable item - this shall be supported by picture of item/s and duly posted by Central/Unit SAO.
- p. Official Receipt (OR) in case of refund; and
- q. Such other supporting document that may be required.
- r. Notice of Meeting/Activity and duly signed attendance sheet/Distribution List for meals and representation.
- s. Roster of Troops for Drinking Water
- t. Certificate of Non-availability at PS-DBM for common-use supplies and equipment – signed and issued by Central/Unit SAO
- u. Certificate of Non-availability of Govt. Vehicle, Mission Order, Certification from LGU on prevailing rental rates and Certificate from LGU that no public transport is plying from/to in case of Boat Rental.

VIII. SANCTIONAL/PENAL PROVISIONS:

a. Every Officer of any government agency whose duties permit or require the possession or custody of government funds or property shall be accountable therefor and for the safekeeping thereof in conformity with law.

b. No Accountable Officer (AO) shall be relieved from liability by reason of his having acted under the direction of a superior Officer in paying out, applying or disposing of the funds or property with which he is chargeable, unless prior to that act, he notified the superior Officer in writing of the illegality of the payment, application or disposition. The Officer directing any illegal payment or disposition of the funds or property shall be primarily liable for the loss, while the Accountable Officer who fails to serve the required notice shall be secondarily liable.

c. Failure of DO/SDO to liquidate his cash advance within the prescribed period shall constitute a valid cause for the withholding/retention or deduction of his salary to be applied in satisfaction of the indebtedness of the individual or for the settlement of the PCG claims against the concerned individual.

IX. RULES ON RESOLUTION OF QUERIES:

Issues not covered by this SOP shall be referred to the Office of the Deputy Chief of Coast Guard Staff for Comptrollership, O/CG-6 for resolution/amendment subject to approval of the Commandant, Philippine Coast Guard.

X. REPEALING CLAUSE:

All provisions of existing issuances that are inconsistent with the provisions of this SOP are hereby amended and modified accordingly.

XI. EFFECTIVITY:

This SOP shall take effect immediately.

BY COMMAND OF COAST GUARD ADMIRAL LAROYA:

OFFICIAL:

FERDINAN B PICAR
CG COMMO
Chief of Coast Guard Staff


JAYSIEBELL B FERRER
CG CDR
Coast Guard Adjutant