



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

NHQ-PCG/CGIA

13 September 2019

STANDING OPERATING PROCEDURE
NUMBER 15-19)

GUIDELINES ON THE CONDUCT OF CGIA CASH EXAMINATION TO ALL
PHILIPPINE COAST GUARD UNITS

I. REFERENCES

- A. COA Memorandum No. 2013-004 dated 09 July 2013
- B. COA Circular No. 97-002 dated 10 February 1997
- C. COA Circular No. 2015-007 dated 22 October 2015
- D. COA Circular No. 2012-001 dated 13 June 2012
- E. SOP No.01-18 dated 01 February 2018

II. PURPOSE

This SOP prescribes the guidelines on the Office of Coast Guard Internal Audit (CGIA) to conduct Cash Examination to all Philippine Coast Guard Units as part of its compliance audit only.

III. SCOPE

This SOP shall apply to PCG Units with designated personnel accountable to cash management and cash internal control.

IV. DEFINITION OF TERMS

- A. Accountable Officer (AO) – refers to an officer of any government agency whose duties permits or requires the possession or custody of government funds that shall be accountable therefor and for the safekeeping thereof in

conformity with law [Sec 101 (1) PD 1445]. It can be a Special Disbursing Officer, Logistic Officer, Petty Cash Custodian and other specific personnel given the authority to perform such functions.

- B. Cash Management and Internal Control- is the process of collecting and managing cash to ensure the organization's financial stability and solvency in accordance with prescribe laws, rules and regulations.
- C. Cash Shortage/Overage – state which the physical amount of cash on hand differs from the book recorded amount of cash.
- D. Petty Cash Custodian – ensuring that petty cash funds are physically secured or attended by an authorized person at all times.
- E. Special Disbursing Officer (SDO) – any Coast Guard Personnel duly designated to disburse funds intended to specific type of expense, purpose or nature of transaction for a limited period of time.

V. GUIDELINES

A. Authority

1. The authority to conduct regular cash examination shall be inherent to the audit team having jurisdiction over the audited agencies. The audit team supervisor shall appoint an audit team leader that shall be responsible in identifying the audit team member/s who will conduct or assist the team leader in conducting the cash examination.
2. Whenever the circumstances warrant, the Commandant Philippine Coast Guard may constitute special audit teams to conduct the cash examination.

B. Planning

1. Develop an over-all audit plan, taking into consideration the objectives to be accomplished, the scope, manpower requirement and time frame of audit.
2. Schedule the examination properly to avoid inconvenience to the AOs and disruption of operation.
3. Brief the audit team of the work to be done, how it will be done, distribution of tasks and timetable for the examination, proper conduct and behavior among others.

C. Preparation

1. Understand the procedures and techniques on conducting cash examination.
2. Know the unit's functions, organizational units, funds and names of all cash AOs, including the location of their offices, vaults, safes, ATMs and other receptacles.
3. Refer to the latest cash examination and other audit reports including those of the internal audit to be acquainted with significant findings, if any, and to follow up the unit's compliance with the corresponding recommendations.
4. Bring copies of the authority to conduct the cash examination, whenever applicable.

D. Auditor's Conduct and Behavior

1. The auditor shall conduct himself in such manner as to earn the respect of the AO and other unit official.
2. Although a friendly relationship shall be maintained, a relationship bordering on too much familiarity and intimacy shall be avoided.
3. Limit to the minimum his presence in the AO's office.
4. As much as possible, avoid any gratuitous gifts from the unit to be audited that can defy the purpose of the audit.

E. Timing the examination

1. Maintain the element of surprise in every examination.
2. Schedule the cash examination to enable the completion of at least the count of cash and cash equivalents at the close of office hours. As far as practicable, start the examination in the morning.

F. Frequency of Cash Examination

1. Conduct the examination of the cash and accounts of all AOs at least once a year.
2. Perform mandatory cash examination under the following circumstances:

- a. Before the AO is transferred to another office or unit;
- b. When the AO goes on extended leave of absence and another AO is designated in his place; and
- c. When loss of government fund by an AO is reported.

G. Accountable Officer's Presence During the Count

1. Ensure the presence of AO at all times during the cash count. If, at any time during the cash count, the AO has to leave the premises, stop the count immediately, segregate the cash counted and cause the return of all cash to the safe, have it properly secured and resume the count only upon his return.

H. Accountable Officer's Cashbook or its equivalent

1. Require the AO to enter in his Cashbook/Cash Receipt Record or its equivalent all valid transactions and adjustments up to the time of the count. He shall then foot, balance and rule it.
2. Cause the AO to certify immediately below the last entry in his Cashbook or its equivalent, as follows:

I hereby certify on my official oath that all cash and depository transactions had by me in my capacity as (Designation) of (Name of Unit) at the time of examination, showing a balance of _____ (P _____) have been correctly and completely recorded in the Cashbook or its equivalent.

(Date)

(Signature over Printed Name)

I. Auditor's Review of Transactions

1. Verify the transactions from the date of last cash examination to the date of current examination.
2. Recheck all the figures and computations if the examination discloses a discrepancy and perform other audit procedures under the circumstances before declaring a cash shortage or overage.
3. Require in writing from the AO a written explanation of how the discrepancy occurred within seventy-two (72) hours from his receipt of the letter requiring the same.

J. Cash Examination Report

1. Issue a cash examination report and recommendations to communicate the deficiencies during the cash examination.
2. Conduct an exit conference to discuss within the unit the results of the examination.
3. Submit the report to the team supervisor and team leader to be forwarded to Coast Guard Internal Auditor within fifteen (15) days from the completion of field work.
4. Distribute copies of the report as follows:
 - a. Commandant, Philippine Coast Guard
 - b. Commanding Officer of the Unit that has been Audited
(Commanding officer will be the one to distribute a copy to the Accountable Officer/s of his/her unit)
 - c. Team Supervisor and Team Leader
 - d. Coast Guard Internal Auditor's file

VI. PROCEDURES AND TECHNIQUES

A. Common Procedures and Techniques

1. Introduce yourself properly to the Accountable Office to be examined.
2. Request for a copy of the NHPCG orders / authority officially designating him/her as an Accountable Officer for Cash (SDO, Petty Cash Custodian, Logistic Officer etc.) indicating the maximum accountability.
3. Require the AO to post all transactions in his Cashbook/CRR or its equivalent up to the time of examination, foot balance and rule it.
4. Require the AO to segregate private ad/or personal funds, if any, count them and have them placed in an envelope properly labelled as "private/personal funds".
5. Require the AO to segregate by currency and denomination, the notes and coins presented. Have the notes arranged in bundles and the loose coins in groups. Proceed in filling up the cash examination form/checklist being structured by the CGIA with the corresponding number of notes and coins.

6. Proceed with the piece-by-piece count in the presence of the Accountable Officer, starting from the highest to the lowest denomination, listing them in the appropriate space in cash examination form being structured by the audit team.
7. See to it that no note or coin presented has been demonetized. Mutilated notes must be examined for acceptability
8. After the count of cash and cash items, require the AO to accomplish and sign the examination/checklist form.
9. Check the footings of the Cashbook /CRR or its equivalent to ascertain the correctness of its total and balances. Take note of errors and require the AO to adjust/ correct the Cashbook or its equivalent.

B. Special Procedures and Techniques

In addition to the abovementioned procedures and techniques, the auditor shall perform the following:

1. Collecting Officer

- 1.1 Check all entries in the Cashbook/CRR or its equivalent from the date of last examination up to date of current examination. Use tick marks to indicate review made.
 - 1.1.1 Check individually the entries in the cashbook/CRR or its equivalent during the period under review against source documents, such as ORs, Daily Statements, Cash Transfer Slip (CTS), Deposit Slips, Remittance Advice, etc. In case entries are based on daily documents, check all statements against the source documents.
 - 1.1.2 Pay particular attention to the nature of collection/transaction made, erasures, alterations, etc., to ascertain that the amount actually collected/ transacted is the amount recorded. If deemed necessary, confirm collections/transactions with selected payors.
 - 1.1.3 Check the numerical sequence of ORs and other accountable forms received and issued. Ascertain that the original and duplicate copies of cancelled ORs or accountable forms are submitted with the corresponding Report of Collections or equivalent. Take note of frequent cancellation of ORs which may be an indication of irregularity.

1.1.4 Consider all discrepancies affecting the AO's accountability.

2. Special Disbursing Officer (SDO)

- 2.1 Check the NHQ-PCG Order/ authority officially designating him/her as Special Disbursing Officer indicating therein the maximum accountability.
- 2.2 Check for all the pertinent attachments before the granting, utilization and liquidation of Special Cash Advances (SCA).
- 2.3 Verify if the SCA follows the prescribed rules and regulations under Sec. 14, Chapter 6, Volume I, Government Accounting Manual (GAM) and other pertinent issuances.

3. Petty Cash Custodian

- 3.1 Check the NHQ-PCG Order, Office Order or authority officially designating him/her as Petty Cash Custodian indicating therein the maximum accountability.
- 3.2 Check for all pertinent attachments before granting the use of petty cash fund.

VII. EFFECTIVITY

This procedure shall take effect upon publication.

BY COMMAND OF ADMIRAL HERMOGINO PCG:

OFFICIAL:

EDUARDO D FABRICANTE
COMMO **PCG**
Chief of Coast Guard Staff


AIZEL A POLIDARIO
ENS **PCG**
Acting Coast Guard Adjutant