



*UNIVERSITY OF THE PHILIPPINES LOS BAÑOS*  
*College, Laguna, Philippines 4031*

*Office of the Vice-Chancellor for Administration*

*(Tel. Nos. (049) 536-3468; 536-2331; e-mail: [ovca.uplb@up.edu.ph](mailto:ovca.uplb@up.edu.ph); <https://ovca.uplb.edu.ph>)*

04 March 2020

**MEMORANDUM NO. 09**

Series of 2020

**T O: All Vice Chancellors, Deans, Directors and Heads of Units**

**SUBJECT: Revised Guidelines on the Settlement of Cash Advance**

Pursuant to CSC Memorandum Circular No. 23, s. 2019 otherwise known as the Revised Guidelines on the Settlement of Cash Advance and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate Cash Advance within the Prescribed Period, every public official and employee shall liquidate their cash advances on or before the reglementary period of liquidation.

Please take note that the revised guidelines explicitly identified the administrative sanctions to be imposed for failure to comply with the prescribed periods. Concerned officials/employees with outstanding cash advances are reminded to settle the same on time to avoid sanctions.

For your guidance and compliance, please see attached CSC MC 23, s. 2019 particularly Sections 4 and 5 on periods of liquidation and the corresponding administrative liability and penalty.

**CRISANTO A. DORADO**  
Vice-Chancellor



MC No. 23, s. 2019

## MEMORANDUM CIRCULAR

**TO :** ALL HEADS OF CONSTITUTIONAL BODIES, DEPARTMENTS, BUREAUS AND AGENCIES OF THE NATIONAL GOVERNMENT; LOCAL GOVERNMENT UNITS; GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS WITH ORIGINAL CHARTERS; STATE COLLEGES AND UNIVERSITIES

**SUBJECT :** Revised Guidelines on the Settlement of Cash Advance and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate Cash Advance Within the Prescribed Period

Pursuant to CSC Resolution No. 1900929 dated August 13, 2019, the Commission resolved to promulgate the following Revised Guidelines on the Settlement of Cash Advance and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate Cash Advance Within the Prescribed Period which provides, as follows:

### *“Section 1. Definition of Terms.*

- a. Cash Advances<sup>1</sup> – refer to advances granted to officers and employees which may be classified into: (a) regular cash advances<sup>2</sup> and (b) special cash advances<sup>3</sup>.*
- b. Liquidation<sup>4</sup> – means the recording of the liquidation documents in the books of accounts by the accountant as a credit to the cash advance account after verifying the same, although not yet audited by the auditor.*

<sup>1</sup> Commission on Audit (COA) Circular No. 90-331 dated May 3, 1990.

<sup>2</sup> Those granted to cashiers, disbursing officers, paymasters and/or property/supply officers for salaries and wages, commutable allowances, honoraria and other similar payments and petty cash operating expenses.

<sup>3</sup> Those granted on the explicit authority of the agency heads to duly designated disbursing officers or employees for other legally authorized purposes.

<sup>4</sup> COA Circular No. 96-004, April 19, 1996.

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- c. **Settlement<sup>5</sup>** – means the issuance of the Credit Notice by the Auditor after the audit of the liquidation documents.
- d. **Accountable Officer<sup>6</sup>** – refers to a public officer or employee who, in the discharge of his office, receives money from the government which he is bound to later account for. Transfer, separation or retirement from the government does not operate to discharge the said person from coverage of the definition and corresponding duty to account for the unliquidated cash advances.
- e. **Formal Demand** – refers to the notice issued by the Resident COA Auditor to the Accountable Officer demanding the liquidation/settlement of cash advances.
- f. **Delay** – refers to the failure of the Accountable Officer to make a full liquidation/settlement of cash advances within the prescribed period, as stated under COA Circular No. 2012-001 dated June 14, 2012.
- g. **Gross Neglect of Duty<sup>7</sup>** – refers to negligence characterized by the want of even slight care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with a conscious indifference to consequences, insofar as other persons may be affected. It is the omission of that care that even inattentive and thoughtless men never fail to give to their own property.
- h. **Simple Neglect of Duty<sup>8</sup>** – means the failure of an employee or official to give proper attention to a task expected of him or her, signifying a disregard of a duty resulting from carelessness or indifference.

**“Section 2. Legal Presumption Against Non-Liquidation of Cash Advance.**

Article 217 of the Revised Penal Code states in unequivocal terms that:

*“The failure of a public officer to have duly forthcoming any public funds or property with which he is chargeable, upon demand by any duly authorized officer, shall be prima facie evidence that he has put such missing funds or property to personal use.”*

<sup>5</sup> COA Circular No. 96-004 dated April 19, 1996.

<sup>6</sup> COA Circular No. 2012-004 dated November 28, 2012.

<sup>7</sup> Civil Service Commission vs. Jessie V. Rabang (G.R. No. 167763, March 14, 2008).

<sup>8</sup> Office of the Ombudsman vs. Samson de Leon (G.R. No. 154083, February 27, 2013).

***“Section 3. Settlement and Liquidation of Cash Advance<sup>9</sup>.***

*A cash advance is settled and liquidated either by returning the money advanced if unspent, or by the presentation of regularly accomplished vouchers, giving satisfactory detail of the items thereon paid which must be in accordance with the purpose for which the cash advance was granted, and further supported by proper receipts and other evidence of payment, subject to the result of the post-audit thereof by the auditor concerned.*

***“Section 4. Liquidation of Cash Advances<sup>10</sup>.***

*The Accountable Officer shall liquidate cash advances within the following period:*

*4.1. Salaries, Wages, Honoraria and Other Similar Payments. - within five (5) calendar days after the end of the day period.*

*4.2 Field Operating Expenses - within twenty (20) calendar days after the end of the year subject to replenishment as frequently as necessary during the year.*

*4.3 Petty Cash Fund (PCF) – as soon as the disbursements reach seventy-five percent (75%) or as needed, the PCF shall be replenished which shall be equal to the total amount of expenditures made therefrom. In case of termination, resignation, retirement or dismissal of the PCF custodian, immediately thereafter.*

*4.4 Traveling expenses – within thirty (30) calendar days after the return of the official/employee concerned to his official station for local travel and within sixty (60) calendar days after the return of the official/employee concerned to the Philippines in the case of foreign travel.*

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

***“Section 5. Administrative Liability and the Corresponding Penalty for Failure of the Accountable Officer to Liquidate Cash Advances Within the Prescribed Period.***

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<sup>9</sup> COA Circular No. 2012-004 dated November 28, 2012.

<sup>10</sup> Commission on Audit Circular No. 2012-001 dated June 14, 2012.

*5.1 An Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes a full liquidation/settlement/payment of the subject cash advance within the prescribed period stated in the formal demand letter, with a valid justification and no aggravating circumstances present as enumerated under Section 53, Rule 10, 2017 Rules on Administrative Cases in the Civil Service (2017 RACCS), shall be absolved of any administrative liability. Absent such valid justification, the Accountable Officer shall be liable for Simple Neglect of Duty and imposed the penalty of suspension from the government service for a period of one (1) month and one (1) day. On the other hand, the penalty of suspension for a period of three (3) months shall be imposed if, aside from the absence of such valid justification, there are aggravating circumstances present and no mitigating circumstances from which said aggravating circumstances may be offset.*

*5.2 An Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes a partial liquidation of the cash advance shall be held liable for Simple Neglect of Duty and imposed the penalty of suspension from the government service for a period of one (1) month and one (1) day, provided that all of the following conditions are complied with:*

- a. the partial liquidation of not less than fifty percent (50%) of the total unliquidated cash advance was made within the prescribed period stated in the formal demand letter;*
- b. the Accountable Officer is able to present justifying circumstance explaining why only partial liquidation was made;*
- c. the Accountable Officer has the intention of fully liquidating the cash advances such as by resorting to a salary deduction scheme, or executing a promissory note to pay the unliquidated portion of the cash advance; and*
- d. no aggravating circumstances are present as enumerated under Section 53, Rule 10, 2017 RACCS, or in case there are aggravating circumstances, the same shall be offset by the number of mitigating circumstances present. However, in the event that there are aggravating circumstances present and no mitigating circumstances from which said aggravating circumstances may be offset, the penalty of suspension for a period of three (3) months shall be imposed.*

*5.3 An Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes a partial liquidation of the cash advance shall be held liable for Simple Neglect of Duty and imposed the penalty of suspension from the government service for a period of three (3) months, provided that all of the following conditions are complied with:*

- a. the partial liquidation of not less than fifty percent (50%) of the total unliquidated cash advance was made within the prescribed period stated in the formal demand letter;*
- b. the Accountable Officer fails to present any justifying circumstance explaining why only partial liquidation was made;*
- c. the Accountable Officer has the intention of fully liquidating the cash advances such as by resorting to a salary deduction scheme, or executing a promissory note to pay the unliquidated portion of the cash advance; and*
- d. no aggravating circumstances are present as enumerated under Section 53, Rule 10, 2017 RACCS, otherwise the penalty of suspension for a period of six (6) months shall be imposed.*

*5.4 An Accountable Officer shall be held liable for Gross Neglect of Duty and imposed the penalty of dismissal from the service for the first offense in any of the following instances:*

- a. the Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, fails to make any liquidation, whether partial or full, of the cash advances within the prescribed period stated in the formal demand letter;*
- b. the Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes partial liquidation (regardless of the amount) of the cash advance but failed to present any justifying circumstance and has no intention to fully liquidate; and*
- c. the Accountable Officer mentioned in Sections 5.2 (c) and 5.3 (c) defaulted in the payment of the unliquidated cash advance.*

***"Section 6. Repealing Clause.***

*Any previous issuances of the Commission that are in conflict with these Revised Guidelines are deemed modified, revised or repealed accordingly.*

***"Section 7. Effectivity.***

*This Memorandum Circular takes effect fifteen (15) days after the publication of CSC Resolution No. 1900929 dated August 13, 2019 in a newspaper of general circulation."*

NOTE: CSC Resolution No. 1900929 dated August 13, 2019 was published in "The Philippine Star" on September 7, 2019, and shall take effect after fifteen (15) days from its publication.

  
ALICIA dela ROSA-BALA  
Chairperson 

28 OCT 2019



Revised Guidelines on the Settlement  
of Cash Advance and the Penalty to be  
Imposed for Failure of an Accountable  
Officer to Liquidate Cash Advance  
Within the Prescribed Period

Number: 1900929  
Promulgated: 13 AUG 2019

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## RESOLUTION

**WHEREAS**, Section 27, Article II of the 1987 Constitution provides that it shall be the policy of the State to maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption;

**WHEREAS**, Section 12 (2), Chapter 3, Title I, Subtitle A, Book V of the Administrative Code of 1987 (Executive Order No. 292) empowers the Civil Service Commission (CSC) to prescribe, amend and enforce rules and regulations to carry into effect the provisions of the Civil Service Law and other pertinent rules;

**WHEREAS**, the CSC, together with the Commission on Audit (COA) and Office of the Ombudsman, forged a joint anti-corruption plan called the Solana Covenant in 2004 to help and support each other in fighting corruption. As part of their collective action, the three (3) constitutional bodies identified the need to strictly implement the rules on liquidation of cash advances as this has become a source of graft and corruption in the bureaucracy. Each constitutional body issued parallel circulars to monitor and impose necessary sanctions regarding violations of the guidelines on liquidation of cash advances;

**WHEREAS**, the CSC issued CSC Resolution No. 04-0676 dated June 17, 2004 entitled "*Policy Guidelines to Govern the Liquidation of Cash Advances and the Penalty to be Imposed for Failure of an Accountable Officer to Liquidate Within the Prescribed Period*", providing for the rules governing the liquidation of cash advances in aggregate amounts of Fifty Thousand Pesos (Php50,000.00) and above per accountable officer and the penalty to be imposed for failure to liquidate within the prescribed period;

**WHEREAS**, the CSC, in order to conform with Supreme Court jurisprudence, as well as set parameters in determining the administrative liability of the concerned accountable officer, issued CSC Resolution No. 1200103 dated January 12, 2012, amending Rule V of CSC Resolution No. 04-0676 and providing, as follows:

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**"NOW, THEREFORE,** the Commission hereby **RESOLVES** to amend Rule V of CSC Resolution No. 04-0676 dated June 17, 2004, as follows:

**"RULE V. ADMINISTRATIVE LIABILITY**

*"Section 8. The failure of an Accountable Officer to render an account in full within the periods prescribed and after formal demand shall constitute the administrative offense of Gross Neglect of Duty punishable by dismissal from the service for the first offense. Full liquidation/settlement/payment of the subject cash advance outside the given periods shall constitute the offense of Simple Neglect of Duty punishable by suspension from the service for one (1) month and one (1) day to six (6) months for the first offense, and dismissal from the service for the second offense."*

**WHEREAS,** there is a need to issue a revised comprehensive guidelines in order to impose a more just schedule of penalties for the administrative offense committed taking into account the varying circumstances surrounding the failure to liquidate cash advances:

**WHEREFORE,** the Commission **RESOLVES** to promulgate the following revised guidelines on the settlement of cash advance and the penalty to be imposed for failure of an accountable officer to liquidate cash advance within the prescribed period:

**Section 1. Definition of Terms.**

- a. **Cash Advances**<sup>1</sup> – refer to advances granted to officers and employees which may be classified into: (a) regular cash advances<sup>2</sup> and (b) special cash advances<sup>3</sup>.
- b. **Liquidation**<sup>4</sup> – means the recording of the liquidation documents in the books of accounts by the accountant as a credit to the cash advance account after verifying the same, although not yet audited by the auditor.
- c. **Settlement**<sup>5</sup> – means the issuance of the Credit Notice by the Auditor after the audit of the liquidation documents.

<sup>1</sup> Commission on Audit (COA) Circular No. 90-331 dated May 3, 1990.

<sup>2</sup> Those granted to cashiers, disbursing officers, paymasters and/or property/supply officers for salaries and wages, commutable allowances, honoraria and other similar payments and petty cash operating expenses.

<sup>3</sup> Those granted on the explicit authority of the agency heads to duly designated disbursing officers or employees for other legally authorized purposes.

<sup>4</sup> COA Circular No. 96-004, April 19, 1996.

<sup>5</sup> COA Circular No. 96-004 dated April 19, 1996.



- d. **Accountable Officer**<sup>6</sup> – refers to a public officer or employee who, in the discharge of his/her office, receives money from the government which he/she is bound to later account for. Transfer, separation or retirement from the government does not operate to discharge the said person from coverage of the definition and corresponding duty to account for the unliquidated cash advances.
- e. **Formal Demand** – refers to the notice issued by the Resident COA Auditor to the Accountable Officer demanding the liquidation/settlement of cash advance.
- f. **Delay** – refers to the failure of the Accountable Officer to make a full liquidation/settlement of cash advances within the prescribed period, as stated under COA Circular No. 2012-001 dated June 14, 2012.
- g. **Gross Neglect of Duty**<sup>7</sup> – refers to negligence characterized by the want of even slight care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with a conscious indifference to consequences, insofar as other persons may be affected. It is the omission of that care that even inattentive and thoughtless men never fail to give to their own property.
- h. **Simple Neglect of Duty**<sup>8</sup> – means the failure of an employee or official to give proper attention to a task expected of him or her, signifying a disregard of a duty resulting from carelessness or indifference.

## Section 2. Legal Presumption Against Non-Liquidation of Cash Advance.

Article 217 of the Revised Penal Code states in unequivocal terms that:

*“The failure of a public officer to have duly forthcoming any public funds or property with which he is chargeable, upon demand by any duly authorized officer, shall be prima facie evidence that he has put such missing funds or property to personal use.”*

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<sup>6</sup> COA Circular No. 2012-004 dated November 28, 2012.

<sup>7</sup> Civil Service Commission vs. Jessie V. Rabang (G.R. No. 167763, March 14, 2008).

<sup>8</sup> Office of the Ombudsman vs. Samson de Leon (G.R. No. 154083, February 27, 2013).



### **Section 3. Settlement and Liquidation of Cash Advance<sup>9</sup>.**

A cash advance is settled and liquidated either by returning the money advanced if unspent, or by the presentation of regularly accomplished vouchers, giving satisfactory detail of the items thereon paid which must be in accordance with the purpose for which the cash advance was granted, and further supported by proper receipts and other evidence of payment, subject to the result of the post-audit thereof by the auditor concerned.

### **Section 4. Liquidation of Cash Advances<sup>10</sup>.**

The Accountable Officer shall liquidate cash advances within the following period:

**4.1. Salaries, Wages, Honoraria and Other Similar Payments.** - within five (5) calendar days after the end of the day period.

**4.2 Field Operating Expenses** - within twenty (20) calendar days after the end of the year subject to replenishment as frequently as necessary during the year.

**4.3 Petty Cash Fund (PCF)** – as soon as the disbursements reach seventy-five percent (75%) or as needed, the PCF shall be replenished which shall be equal to the total amount of expenditures made therefrom. In case of termination, resignation, retirement or dismissal of the PCF custodian, immediately thereafter.

**4.4 Traveling expenses** – within thirty (30) calendar days after the return of the official/employee concerned to his official station for local travel and within sixty (60) calendar days after the return of the official/employee concerned to the Philippines in the case of foreign travel.

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

### **Section 5. Administrative Liability and the Corresponding Penalty for Failure of the Accountable Officer to Liquidate Cash Advances Within the Prescribed Period.**

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<sup>9</sup> COA Circular No. 2012-004 dated November 28, 2012.

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**5.1** An Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes a full liquidation/settlement/payment of the subject cash advance within the prescribed period stated in the formal demand letter, with a valid justification and no aggravating circumstances present as enumerated under Section 53, Rule 10, 2017 Rules on Administrative Cases in the Civil Service (2017 RACCS), shall be absolved of any administrative liability. Absent such valid justification, the Accountable Officer shall be liable for Simple Neglect of Duty and imposed the penalty of suspension from the government service for a period of one (1) month and one (1) day. On the other hand, the penalty of suspension for a period of three (3) months shall be imposed if, aside from the absence of such valid justification, there are aggravating circumstances present and no mitigating circumstances from which said aggravating circumstances may be offset.

**5.2** An Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes a partial liquidation of the cash advance shall be held liable for Simple Neglect of Duty and imposed the penalty of suspension from the government service for a period of one (1) month and one (1) day, provided that all of the following conditions are complied with:

- a. the partial liquidation of not less than fifty percent (50%) of the total unliquidated cash advance was made within the prescribed period stated in the formal demand letter;
- b. the Accountable Officer is able to present justifying circumstance explaining why only partial liquidation was made;
- c. the Accountable Officer has the intention of fully liquidating the cash advances such as by resorting to a salary deduction scheme, or executing a promissory note to pay the unliquidated portion of the cash advance; and
- d. no aggravating circumstances are present as enumerated under Section 53, Rule 10, 2017 RACCS, or in case there are aggravating circumstances, the same shall be offset by the number of mitigating circumstances present. However, in the event that there are aggravating circumstances present and no mitigating circumstances from which said aggravating circumstances may be offset, the penalty of suspension for a period of three (3) months shall be imposed.



**5.3** An Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes a partial liquidation of the cash advance shall be held liable for Simple Neglect of Duty and imposed the penalty of suspension from the government service for a period of three (3) months, provided that all of the following conditions are complied with:

- a. the partial liquidation of not less than fifty percent (50%) of the total unliquidated cash advance was made within the prescribed period stated in the formal demand letter;
- b. the Accountable Officer fails to present any justifying circumstance explaining why only partial liquidation was made;
- c. the Accountable Officer has the intention of fully liquidating the cash advances such as by resorting to a salary deduction scheme, or executing a promissory note to pay the unliquidated portion of the cash advance; and
- d. no aggravating circumstances are present as enumerated under Section 53, Rule 10, 2017 RACCS, otherwise the penalty of suspension for a period of six (6) months shall be imposed.

**5.4** An Accountable Officer shall be held liable for Gross Neglect of Duty and imposed the penalty of dismissal from the service for the first offense in any of the following instances:

- a. the Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, fails to make any liquidation, whether partial or full, of the cash advances within the prescribed period stated in the formal demand letter;
- b. the Accountable Officer who, after formal demand by the State Auditor or Audit Team Leader, makes partial liquidation (regardless of the amount) of the cash advance but failed to present any justifying circumstance and has no intention to fully liquidate; and
- c. the Accountable Officer mentioned in Sections 5.2 (c) and 5.3 (c) defaulted in the payment of the unliquidated cash advance.

*C*

**Section 6. Repealing Clause.**

Any previous issuances of the Commission that are in conflict with this Guidelines are deemed modified, revised or repealed accordingly.

**Section 7. Effectivity.**

These Guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Quezon City.

  
**ALICIA dela ROSA-BALA**  
Chairperson

  
**LEOPOLDO ROBERTO W. VALDEROSA, JR.**  
Commissioner

  
**AILEEN LOURDES A. LIZADA**  
Commissioner

Attested by:

  
**DOLORES B. BONIFACIO**  
Director IV  
Commission Secretariat and Liaison Office