



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

CIRCULAR

No. : 2022-001
Date : JAN 24 2022

- TO** : All Heads of National Government Agencies (NGAs), Local Government Units (LGUs) and Government Corporations (GCs); Heads of Finance/Comptrollership/Financial Management Services; Chief Accountants/Heads of Accounting Units; Budget Officers/Heads of Budget Units; Commission on Audit (COA) Assistant Commissioners, Directors, and Auditors; and All Others Concerned
- SUBJECT** : Supplemental Accounting Guidelines on the Recovery of Accounts Previously Written-Off as prescribed under COA Circular No. 2016-005 dated December 19, 2016, and Amendments to Item 10.0-Illustrative Accounting Entries of the same Circular

1.0 RATIONALE

Pursuant to Section 2(2), Article IX-D of the 1987 Philippine Constitution, this Commission was vested with exclusive authority to promulgate accounting and auditing rules and regulations, including those for the prevention and disallowance of irregular, unnecessary, excessive, extravagant, or unconscionable expenditures, or uses of government funds and properties.

This Commission issued COA Circular No. 2016-005 dated December 19, 2016 prescribing the guidelines and procedures on the write-off of dormant receivable accounts, unliquidated cash advances, and fund transfers of NGAs, LGUs, and GCs.

The above-mentioned Circular applies to the selected accounts that are dormant or non-moving in the books of accounts for ten (10) years or more, and where settlement/collectability could no longer be ascertained. The write-off results in the derecognition of the asset accounts and the corresponding allowances for impairment, if any, in the books of accounts, and the transfer of the same to the Registry of Accounts Written-Off (RAWO).

The write-off of dormant accounts does not mean condoning/extinguishing the obligation of the accountable officer/debtor. Therefore, there is still probability of collection/settlement of the accounts previously written-off. In the event that the accountable officer/debtor settles the amount, the accounting guidelines on the recovery of the accounts previously written-off shall be followed.

This Circular is issued to provide supplementary guidelines to COA Circular No. 2016-005 particularly in the recovery or settlement of accounts previously written-off

for fair presentation of the financial statements (FS) of the entity. Further, the illustrative accounting entries in writing-off of dormant accounts and recovery of accounts previously written-off were revised in accordance with the chart of accounts for NGAs, GCs, and LGUs prescribed in COA Circular Nos. 2020-001 dated January 8, 2020, 2020-002 dated January 28, 2020, and 2015-009 dated December 1, 2015, respectively.

2.0 COVERAGE

This Circular covers the accounting guidelines on the recovery of previously written-off dormant accounts arising from regular trade and business transactions, claims from entities' officers and employees, and other dormant receivable accounts; dormant unliquidated cash advances for operating expenses, payroll, special purpose/time-bound activities or undertakings and travel, as well as advances granted to Civil Society Organizations/Non-Government Organizations/People's Organizations; and dormant unliquidated fund transfers to/from NGAs, LGUs, and GCs recognized in the books of NGAs, LGUs, and GCs. The specific accounts enumerated under Item 4.0 of COA Circular No. 2016-005 shall be covered by this Circular.

The recovery or settlement of dormant accounts previously written-off is evident in instances including, but not limited to, the following:

- 1) voluntary settlement;
- 2) estate settlement; and/or
- 3) deduction from a claim of the accountable office/entity.

3.0 DEFINITION OF TERMS

The following terms, when used in this Circular, shall be construed to mean as follows:

- 3.1 Account – refers to Accounts Receivable, Due from Officers and Employees, Other Receivables, and other accounts enumerated under Item 4.0 of COA Circular No. 2016-005.
- 3.2 Condonation of Receivables – amnesty of debt where the creditor is blocked or estopped from attempting to collect the debt later.
- 3.3 Debtor – a person or organization, whether public or private, that owes money to the government.
- 3.4 Dormant Receivable Accounts – accounts which balances remained inactive or non-moving in the books of accounts for ten (10) years or more and where settlement/collectability could no longer be ascertained.
- 3.5 Dormant Unliquidated Cash Advances – advances granted to disbursing officers, agency officers and employees which remained non-moving for ten (10) years or more and where settlement/collectability could no longer be ascertained.

- 3.6 Dormant Unliquidated Fund Transfers – advances granted by the Source Agency (SA) to Implementing Agency (IA) for the implementation of programs/projects which remained non-moving for ten (10) years or more and where settlement/collectability could no longer be ascertained.
- 3.7 Entity – a national government agency, a government corporation, or a local government unit.
- 3.8 Government Corporations – refer to government-owned or controlled corporations (GOCCs), government financial institutions, and government instrumentalities with corporate powers/government corporate entities, including their subsidiaries, and water districts. The regional, branch and field offices are component units of the corporation. The term GOCCs in COA Circular No. 2016-005 have been replaced with GCs in this Circular pursuant to COA Circular No. 2017-004 dated December 13, 2017.
- 3.9 Recovery of Accounts Written-off – payment received or settlement through other mode from a government entity/debtor on previously written-off dormant accounts.
- 3.10 Write-off of Dormant Accounts – the process of derecognizing the asset account and the corresponding allowance for impairment from the books of accounts, and transferring the same to the RAWO. This does not mean condoning/extinguishing the obligation of the accountable officer/debtor.

4.0 ACCOUNTING GUIDELINES

The Accounting Division/Unit of the entity shall:

- 4.1 Identify and match the amount collected pertaining to the dormant accounts previously written-off, as recorded in the books of accounts based on collection and deposit reports, with the amount recorded in the RAWO, attached as Annex A.
- 4.2 Ensure that the supporting documents relative to the settlement of accounts are valid, appropriate, and complete.
- 4.3 Reflect the recovery in the RAWO by indicating the date and control number of the journal entry voucher (JEV) or other documents/references used in the 'Reference' column, and the names of the accountable officers/debtors and the description of the account or specific item written-off in the 'Particulars' column. Also, indicate the recovered/settled amount in the 'Recovered/ Settled' column under the 'Amount' portion of the RAWO, by posting a negative entry.
- 4.4 Attach to the RAWO the supporting documents of the dormant accounts previously written-off that were settled.

- 4.5 Prepare a JEV on: (a) the restoration of the identified and matched accounts previously written-off equivalent only to the amount collected/settled; and (b) the collection of the recovered amount.
- 4.5.1 Recognize the restoration of the identified and matched accounts previously written-off by debiting the appropriate receivable accounts or cash advance accounts or fund transfer accounts, and crediting “Accumulated Surplus/(Deficit)” or “Retained Earnings/(Deficit)” or “Government Equity” or the appropriate Contra-Asset accounts, as the case may be.
- 4.5.2 Recognize the collection of the written-off accounts by debiting the accounts “Cash-Collecting Officers” or “Cash-Local Treasury” or “Cash in Bank-Local Currency, Current Account” as appropriate, and crediting the appropriate receivable accounts or cash advance accounts or fund transfer accounts based on collection and deposit reports submitted by the Cash/Treasury Unit and/or bank statements received in case of direct deposits, after reconciliation with the RAWO.
- 4.6 Furnish the COA auditor and/or the IA concerned not later than five days after the end of the quarter, a copy of the JEV and/or other supporting documents pertaining to the collection of recovered dormant accounts previously written-off to aid the COA auditor and/or the IA concerned in the monitoring, checking, and validation on the accuracy of the recorded amount.
- 4.7 At year-end, determine the remaining balance of the identified and matched accounts in the RAWO, after effecting the adjustments, and restate the affected prior year balances in the FS with appropriate disclosures in the Notes to FS.

5.0 ILLUSTRATIVE ACCOUNTING ENTRIES

The illustrative accounting entries to recognize the write-off of dormant receivable accounts, unliquidated cash advances and fund transfers (in the books of the SA and IA), and the recovery of the accounts previously written-off, in accordance with COA Circular No. 2020-001 dated January 8, 2020 for NGAs, COA Circular No. 2020-002 dated January 28, 2020 for GCs, and COA Circular No. 2015-009 dated December 1, 2015 for LGUs, are shown in Annex B.

6.0 SAVING CLAUSE

Cases not covered in this Circular shall be referred to this Commission, through the Government Accountancy Sector, for resolution.

7.0 REPEALING CLAUSE

All issuances inconsistent herewith are hereby amended/modified/revoked accordingly.

8.0 EFFECTIVITY

This Circular shall take effect 15 days after its publication.




MICHAEL G. AGUINALDO
Chairperson


ROLAND C. PONDOC
Commissioner

**REGISTRY OF ACCOUNTS WRITTEN-OFF
(RAWO)**

INSTRUCTIONS

- A. This Registry is used to record and monitor accounts that were written-off by the agency/entity maintained per account and by fund cluster/fund.
- B. This form shall be accomplished as follows:
1. **Entity Name** – name of the agency/entity
 2. **Account Title** – title of account based on the chart of accounts
 3. **Account Code** – for national government agencies, 10 digits object code in accordance with the unified accounts code structure; for government corporations and local government units, account codes based on the chart of accounts
 4. **Fund Cluster/Fund** – the fund cluster/fund name and code
 5. **Sheet No.** – sheet/page number
 6. **Reference Date** – date of the journal entry voucher (JEV) or other documents used as basis of entry in the Registry
 7. **Reference No.** – control number of JEV or other documents used as basis of entry in the Registry
 8. **Particulars** – the name of the accountable officer/debtor, and the corresponding payables and description of the account or specific item written-off
 9. **Reason for Write-off** – reason for write-off as stated in the JEV
 10. **Authority** – the number and date of issuance/decision containing the authority to write-off the account/s
 11. **No. of Years Uncollected** – number of years due for collection/settlement
 12. **Amount – Written-Off** – amount of the account/s written-off based on JEV and other references
 13. **Amount – Recovered/Settled** – amount of the recovered/settled account/s previously written-off based on JEV and other references
 14. **Amount – Balance** – the difference between the columns ‘Amount – Written-Off’ and ‘Amount – Recovered/Settled’
- C. It shall be maintained by the Accounting Division/Unit and kept in a perpetual manner. No new sheet shall be prepared unless the preceding one is used up.
- D. At the end of each year, it shall be footed and appropriate disclosures shall be made in the Notes to Financial Statements.

Illustrative Accounting Entries**Write-off of Dormant Accounts and Recovery of Accounts Previously Written-off****5.1 Write-off of Accounts****A. Receivable Accounts**

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) ¹ or Government Equity ²	xxx	
Allowance for Impairment-Accounts Receivable	xxx	
Allowance for Impairment-Due from Officers and Employees	xxx	
Allowance for Impairment-Due from Non- Government Organizations/Civil Society Organizations		
or	xxx	
Allowance for Impairment-Due from Non- Government Organizations/People's Organizations ³		
Allowance for Impairment-Other Receivables	xxx	
Accounts Receivable		xxx
Due from Officers and Employees		xxx
Due from Non-Government Organizations/ Civil Society Organizations		
or		xxx
Due from Non-Government Organizations/ People's Organizations ⁴		
Other Receivables		xxx
<i>To recognize the write-off of dormant receivable accounts.</i>		

B. Unliquidated Cash Advances

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity	xxx	
Advances for Operating Expenses		xxx
Advances for Payroll		xxx
Advances to Special Disbursing Officer		xxx
Advances to Officers and Employees		xxx
<i>To recognize the write-off of dormant unliquidated cash advances.</i>		

¹ Updated Revised Chart of Accounts (RCA) of Government Corporations (2019) prescribed under Commission on Audit (COA) Circular No. 2020-002 dated January 28, 2020.

² RCA for Local Government Units prescribed under COA Circular No. 2015-009 dated December 1, 2015.

³ *Ibid*

⁴ *Ibid*

C. Fund Transfers (Intra/Inter-Agency Receivables/Payables)

Source Agency's Books

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity	xxx	
Allowance for Impairment-Due from National Government Agencies	xxx	
Allowance for Impairment-Due from Government-Owned or Controlled Corporations ⁵ or	xxx	
Allowance for Impairment-Due from Other Government Corporations ⁶ or	xxx	
Allowance for Impairment-Due from GOCCs ⁷		
Allowance for Impairment-Due from Local Government Units	xxx	
Due from National Government Agencies		xxx
Due from Government-Owned or Controlled Corporations ⁸ or		
Due from Other Government Corporations ⁹ or		xxx
Due from Government-Owned and/or Controlled Corporations ¹⁰		
Due from Local Government Units		xxx
Due from Central Office ¹¹		xxx
Due from Bureaus ¹²		xxx
Due from Regional Offices ¹³		xxx
Due from Operating/Field Units		xxx
Due from Other Funds		xxx
Due from Central Office/Home/Head Office ¹⁴		xxx
Due from Regional/Branch Offices ¹⁵		xxx
Due from Special Accounts ¹⁶		xxx

⁵ Volume III-RCA (Updated 2019) of National Government Agencies prescribed under COA Circular No. 2020-001 dated January 8, 2020.

⁶ *Supra*, note 1.

⁷ *Supra*, note 2.

⁸ *Supra*, note 5.

⁹ *Supra*, note 1.

¹⁰ *Supra*, note 2.

¹¹ *Supra*, note 5.

¹² *Supra*, note 5.

¹³ *Supra*, note 5.

¹⁴ *Supra*, note 1.

¹⁵ *Supra*, note 1.

¹⁶ *Supra*, note 2.

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Due from Local Economic Enterprise ¹⁷ <i>To recognize the write-off of dormant intra/inter-agency receivables.</i>		xxx

Implementing Agency's Books

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Due to NGAs	xxx	
Due to GOCCs		
or	xxx	
Due to Other Government Corporations ¹⁸		
Due to LGUs	xxx	
Due to Central Office ¹⁹	xxx	
Due to Bureaus ²⁰	xxx	
Due to Regional Offices ²¹	xxx	
Due to Operating Units ²²		
or	xxx	
Due to Operating Units/Field Units ²³		
Due to Other Funds	xxx	
Due to Central/Home/Head Office ²⁴	xxx	
Due to Regional/Branch Offices ²⁵	xxx	
Due to Special Accounts ²⁶	xxx	
Due to Local Economic Enterprise ²⁷	xxx	
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity		xxx
<i>To recognize the write-off of dormant intra/inter-agency payables.</i>		

5. 2 Recovery of Accounts Previously Written-Off

A. Receivable Accounts

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Accounts Receivable	xxx	
Due from Officers and Employees	xxx	
Due from Non-Government Organizations/ People's Organizations	xxx	

¹⁷ *Supra*, note 2.

¹⁸ *Supra*, note 1.

¹⁹ *Supra*, note 5.

²⁰ *Supra*, note 5.

²¹ *Supra*, note 5.

²² *Supra*, note 5.

²³ *Supra*, note 1.

²⁴ *Supra*, note 1.

²⁵ *Supra*, note 1.

²⁶ *Supra*, note 2.

²⁷ *Supra*, note 2.

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
or		
Due from Non-Government Organizations/Civil Society Organizations		
Other Receivables	xxx	
Allowance for Impairment-Accounts Receivable		xxx
Allowance for Impairment-Due from Officers and Employees		xxx
Allowance for Impairment-Due from Non-Government Organizations/Civil Society Organizations		
or		xxx
Allowance for Impairment-Due from Non-Government Organizations/People's Organizations		
Allowance for Impairment-Other Receivables		xxx
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity		xxx
<i>To recognize the restoration of receivable accounts previously written-off.</i>		

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Allowance for Impairment-Accounts Receivable	xxx	
Allowance for Impairment-Due from Officers and Employees	xxx	
Allowance for Impairment-Due from Non-Government Organizations/Civil Society Organizations		
or	xxx	
Allowance for Impairment-Due from Non-Government Organizations/People's Organizations		
Allowance for Impairment-Other Receivables	xxx	
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity		xxx
<i>To recognize adjustment of allowance for impairment accounts to equity account.</i>		

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Cash-Collecting Officers or Cash-Local Treasury ²⁸ or Cash in Bank-Local Currency, Current Account	xxx	
Accounts Receivable		xxx
Due from Officers and Employees		xxx
Due from Non-Government Organizations/ People's Organizations		
or		xxx
Due from Non-Government Organizations/Civil Society Organizations		
Other Receivables		xxx
<i>To recognize collection of recovered dormant receivable accounts.</i>		

B. Unliquidated Cash Advances

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Advances for Operating Expenses	xxx	
Advances for Payroll	xxx	
Advances to Special Disbursing Officer	xxx	
Advances to Officers and Employees	xxx	
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity		xxx
<i>To recognize the restoration of unliquidated cash advances previously written-off.</i>		

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Cash-Collecting Officers or Cash-Local Treasury or Cash in Bank-Local Currency, Current Account	xxx	
Advances for Operating Expenses		xxx
Advances for Payroll		xxx
Advances to Special Disbursing Officer		xxx
Advances to Officers and Employees		xxx
<i>To recognize collection of recovered dormant unliquidated cash advances.</i>		

²⁸ *Supra*, note 2.

C. Fund Transfers (Intra/Inter-Agency Receivables)

Source Agency's Books

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Due from National Government Agencies	xxx	
Due from Government-Owned or Controlled Corporations		
or		
Due from Other Government Corporations	xxx	
or		
Due from Government-Owned and/or Controlled Corporations		
Due from Local Government Units	xxx	
Due from Central Office	xxx	
Due from Bureaus	xxx	
Due from Regional Offices	xxx	
Due from Operating/Field Units	xxx	
Due from Other Funds	xxx	
Due from Central Office/Home/Head Office	xxx	
Due from Regional/Branch Offices	xxx	
Due from Special Accounts	xxx	
Due from Local Economic Enterprise	xxx	
Allowance for Impairment-Due from National Government Agencies		xxx
Allowance for Impairment-Due from Government-Owned or Controlled Corporations		
or		
Allowance for Impairment-Due from Other Government Corporations		xxx
or		
Allowance for Impairment-Due from GOCCs		
Allowance for Impairment-Due from Local Government Units		xxx
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity		xxx
<i>To recognize the restoration of dormant unliquidated intra/inter-agency receivables previously written-off.</i>		

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Allowance for Impairment-Due from National Government Agencies	xxx	
Allowance for Impairment-Due from Government-Owned or Controlled Corporations		
or	xxx	
Allowance for Impairment-Due from Other Government Corporations		

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
or		
Allowance for Impairment-Due from GOCCs		
Allowance for Impairment-Due from Local Government Units	xxx	
Accumulated Surplus/(Deficit) or Retained Earnings/(Deficit) or Government Equity		xxx
<i>To recognize adjustment of allowance for impairment accounts to equity account.</i>		

<u>Account Title</u>	<u>Debit</u>	<u>Credit</u>
Cash-Collecting Officers or Cash-Local Treasury or Cash in Bank-Local Currency, Current Account	xxx	
Due from National Government Agencies		xxx
Due from Government-Owned or Controlled Corporations		
or		
Due from Other Government Corporations		xxx
or		
Due from Government-Owned and/or Controlled Corporations		
Due from Local Government Units		xxx
Due from Central Office		xxx
Due from Bureaus		xxx
Due from Regional Offices		xxx
Due from Operating/Field Units		xxx
Due from Other Funds		xxx
Due from Central Office/Home/Head Office		xxx
Due from Regional/Branch Offices		xxx
Due from Special Accounts		xxx
Due from Local Economic Enterprise		xxx
<i>To recognize collection of recovered dormant unliquidated intra/inter-agency receivables.</i>		


