



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City



CIRCULAR

No. : 2022-002
Date: JAN 24 2022

TO : All Heads of National Government Agencies; Heads of Finance/ Comptrollership/Financial Management Services; Chief Accountants/Heads of Accounting Units; Budget Officers/Heads of Budget Units, Heads of Government Corporations maintaining Special Account in the General Fund; Assistant Commissioners, Directors, and Auditors of the Commission on Audit (COA); and All Others Concerned

SUBJECT : Conversion of Accounts from Volume III-The Revised Chart of Accounts (Updated 2015) of the Government Accounting Manual for National Government Agencies under COA Circular No. 2015-007 dated October 22, 2015 to Volume III- Revised Chart of Accounts (Updated 2019) prescribed under COA Circular No. 2020-001 dated January 8, 2020, Revised Description of Accounts, Additional Account, Modified Account Titles, and Guidelines in the implementation thereof

1.0 PURPOSES

Under COA Circular No. 2020-001 dated January 8, 2020, this Commission recognized the need to update the 2015 Revised Chart of Accounts (RCA) for National Government Agencies (NGAs) in view of the: (i) adoption of new International Public Sector Accounting Standards (IPSASs);¹ (ii) issuance by the International Federation of Accountants (IFAC) of the 2017 Edition of the Handbook of International Public Sector Accounting Pronouncements (HIPSAP); (iii) requests and recommendations of some NGAs and COA auditors; and (iv) needed alignment with the Unified Accounts Code Structure (UACS) to facilitate the recognition of pertinent financial transactions in the books of accounts of the NGAs.

This Circular is issued to:

- a. provide guidelines and procedures on the conversion of Volume III-The RCA (Updated 2015) of the Government Accounting Manual (GAM) for NGAs under COA Circular No. 2015-007 dated October 22, 2015 to Volume III-RCA (Updated 2019) prescribed in COA Circular No. 2020-001 dated January 8, 2020; and

¹ Formerly known as Philippine Public Sector Accounting Standards renamed as International Public Sector Accounting Standards under COA Circular No. 2021-004 dated July 21, 2021.

- b. provide additional account, and modified account titles and description of some accounts, to facilitate proper recognition of financial transactions in the books of accounts and preclude misuse of accounts.

2.0 COVERAGE

This Circular covers all funds of NGAs including State Universities and Colleges, and Government Corporations (GCs) maintaining Special Account in the General Fund (SAGF).

3.0 GENERAL GUIDELINES AND PROCEDURES ON THE CONVERSION OF ACCOUNTS

- 3.1 All NGAs and GCs maintaining SAGF, shall make the conversion of accounts based on the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Statement of Changes in Net Assets/Equity as at and for the year ended December 31, 2019 using the accounts prescribed under COA Circular No. 2020-001, Volume III-RCA (Updated 2019) starting January 1, 2020. The date of conversion shall be included in the Notes to Financial Statements (FS).
- 3.2 The Chief Accountants/Heads of Accounting Units shall be guided by the Matrix on the Conversion of Accounts, attached herein as *Annex A*.
- 3.3 The Chief Accountants/Heads of Accounting Units shall ensure that careful analysis of the General Ledger (GL) and Subsidiary Ledger (SL) accounts is properly made to ensure that the accounts are converted to the appropriate GL/SL accounts.
- 3.4 All NGAs, and GCs maintaining SAGF, with existing computerized accounting system other than the electronic New Government Accounting System (*e*NGAS) shall convert/map their account codes to the equivalent accounts in the RCA for NGAs (Updated 2019), and in the revised accounts prescribed herein.
- 3.5 The Government Accountancy Sector (GAS), COA, shall update the *e*NGAS and electronic Budget System incorporating the revisions prescribed in Volume III-RCA (Updated 2019) of the GAM for NGAs, and in the revised accounts prescribed herein. The conversion of accounts shall be done in coordination with the Accounting Systems Development and Other Services Office (ASDOSO), GAS, COA.
- 3.6 For FS presentation, the classification of accounts prescribed under COA Circular No. 2020-001 and in this Circular may be modified according to agency's intention or nature of accounts, as the case may be, in accordance with relevant IPSASs. Those agencies using *e*NGAS shall coordinate with ASDOSO, GAS, COA for any modification on the classification of accounts.

3.7 Any clarification or request for assistance shall be directed to ASDOSO, GAS, COA.

4.0 SPECIFIC GUIDELINES

- 4.1 A Journal Entry Voucher (JEV) to record the conversion of accounts and the transfer of balances shall be prepared as illustrated in *Annex B*.
- 4.2 Copies of the JEV on the conversion of accounts and other supporting documents shall be furnished to the COA auditor concerned, and GAS, COA, separately.
- 4.3 To align with the UACS, all the SL accounts embedded in the description of some accounts in the RCA (Updated 2015) are deleted. The agencies/entities concerned shall be responsible for creating the appropriate SL accounts needed for financial reporting/other purposes.
- 4.4 The updated sub-object codes for financial reporting purposes as provided/published in the UACS website based on the recommendations of the responsible oversight agencies (COA, Department of Budget and Management, Department of Finance and the Bureau of the Treasury), shall be automatically adopted by the agencies concerned.
- 4.5 The budgetary accounts for Capital Outlay added in the List of Accounts, Chapter 2 of Volume III-RCA (Updated 2019) of the GAM for NGAs are for budget purposes only, hence, not included in the matrix of conversion.

5.0 REVISED DESCRIPTION OF ACCOUNTS

5.1. To address the cases on the receipt of settlement of disallowances/charges by the agency, and in cases that the amount is fully settled but the Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) from the auditor concerned is not yet issued, the description of the account "Trust Liabilities-Disallowances/Charges" is revised as follows:

<i>Account Title</i>	Trust Liabilities-Disallowances/Charges
<i>Account Code</i>	20401080
<i>Normal Balance</i>	Credit
<i>Description</i>	This account is credited upon partial or full settlement of disallowances/charges in audit due from public/private individuals/entities. This also includes settlement of liabilities by persons liable pending finality of decision. This account is debited upon receipt of Notice of Settlement of Suspension/Disallowance/Charge (NSSDC) and Notice of Finality of Decision (NFD) from the auditor concerned.



- 5.2. To provide clear description and include the specific subsidy to the student/scholar of the government that is being catered by several NGAs, the account "Scholarship Grants/Expenses" is revised as follows:

<i>Account Title</i>	Scholarship Grants/Expenses
<i>Account Code</i>	50202020
<i>Normal Balance</i>	Debit
<i>Description</i>	This account is debited to recognize the costs of scholarships granted by the government to individuals in the pursuit of further learning, study or research. It includes tuition fees and other school fees, stipend, uniforms, books, transportation, and other allowances for related expenses directly received by the scholars/grantees, as authorized. This account is credited, at year end, to close to the Revenue and Expense Summary account, and/or adjustments.

6.0 ADDITIONAL ACCOUNT

- 6.1 The account title "Development in Progress-Copyrights" including the account code and description, was added to recognize the costs of obtaining an exclusive legal right, given to an originator or an assignee to print, publish, perform, film or record literary, artistic or musical materials, during the development period.

<i>Account Title</i>	Development in Progress-Copyrights
<i>Account Code</i>	10898040
<i>Normal Balance</i>	Debit
<i>Description</i>	This account is debited to recognize the costs incurred for copyright during the development stage. This account is credited upon completion and transfer to the copyright account, and when the asset is impaired.

7.0 MODIFIED ACCOUNT TITLES

- 7.1 The account title "Deferred Discount on Treasury Bills and Bonds" was modified to "Deferred Discount on Treasury Bills," and its description was revised accordingly. The account "Discount on Bonds Payable" is used for treasury bonds, thus modified.
- 7.2 For consistency, the acronyms of the account titles for "Due to NGAs" "Due to GOCCs" and "Due to LGUs" are spelled out.

8.0 RESPONSIBILITY

The Chief Accountants/Heads of Accounting Units, and Budget Officers/Heads of Budget Units, of NGAs, and GCs maintaining SAGF, shall be responsible for the

proper conversion of the accounts and the separate submission of the copy of the JEV, and the FSs and Reports to the COA auditor concerned and GAS, COA.

9.0 SAVING CLAUSE

Any clarification or request for assistance on the implementation of this Circular or cases not covered in this Circular shall be referred to this Commission through the GAS, for appropriate action.

10.0 REPEALING CLAUSE

All issuances or any part thereof inconsistent with this Circular are deemed repealed, amended, or modified accordingly.

11.0 TRANSITORY PROVISION

Accounts that have not been converted due to issues which are not yet settled as of conversion date shall be converted to the most appropriate account in the RCA (Updated 2019), and in the revised accounts prescribed herein until a supplemental circular or clarification is issued.

For agencies which did not convert their accounts as of the reporting period of December 31, 2020, they shall convert the GL accounts presented in the comparative FSs in accordance with the accounts prescribed under the RCA (Updated 2019). Thereafter, the agency shall analyze and convert their accounts following the guidelines stated in this Circular.

12.0 EFFECTIVITY

This Circular takes effect after 15 days from publication in a newspaper of general circulation.

Quezon City, Philippines.




MICHAEL G. AGUINALDO
Chairperson


ROLAND C. PONDOC
Commissioner

Note:

The Annexes of this Circular can be accessed in the COA Website at <https://www.coa.gov.ph>.