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**DENR MEMORANDUM CIRCULAR**  
**NO. 2002 - 16**

**NOV 29 2002**

**SUBJECT : GUIDELINES GOVERNING THE FUND SUPPORT  
SYSTEM TO SUBPROJECT SITE MANAGEMENT  
OFFICE OF FORESTRY SECTOR PROJECT**

In consonance with DAO 2000 - 65, entitled "Guidelines Governing the Creation of Subproject Site Management Office (SUSIMO) and its Institutionalization in the Forestry Sector Project (FSP) Implementation", the following guidelines establishing the Fund Support System to SUSIMOs of FSP subprojects funded under the Japan Bank for International Cooperation (JBIC) loan are hereby adopted.

**SECTION 1. BASIC POLICY**

It is the policy of the State to ensure the sustainable management of forestland and coastal areas by providing technical and financial support to communities dependent on these lands and resources. In pursuance of this policy, the DENR by virtue of DAO 2000 - 65, created SUSIMOs in all JBIC-FSP subprojects. To sustain the operation of these SUSIMOs, it is necessary to provide adequate financial support systems.

**SEC. 2. OBJECTIVES**

The objectives of the fund support system are:

- 2.1 To provide adequate and timely financing for the operation of the SUSIMOs; and
- 2.2 To ensure efficiency in the utilization of funds by providing the appropriate financial systems and procedures.

**SEC. 3. SUSIMO PETTY CASH FUND**

In order to provide a channel for continuing financial support, a Petty Cash Fund Account shall be opened and maintained at the nearest on-line Land Bank of the Philippines (LBP) branch for each SUSIMO. The Petty Cash Fund shall be used to finance the operation of each SUSIMO. The initial amount of deposit (cash advance) to the Petty Cash Fund shall be FIFTY THOUSAND PESOS (P 50,000.00) subject to replenishment upon submission of liquidation report to the Regional Office/PENRO.

**SEC. 4. DEFINITION OF TERMS**

For the purpose of this circular, the following terms and phrases are defined:

- 4.1 Requisition & Issue Voucher (RIV) – a prescribed form indicating items and quantity of supplies and/or services needed by the SUSIMO duly accomplished by a SUSIMO unit and must be approved by the Subproject Management Officer (SMO) before any procurement of supplies and/or services is undertaken.

- 4.2 Canvass of Quotations - prices quoted by at least three (3) suppliers / contractors to support procurement of supplies and/or services.
- 4.3 Official Receipts - documents (cash invoices/sales invoices registered with BIR) to support payment of supplies and/or services procured by SUSIMO.
- 4.4 Reimbursement & Expenses Receipt (RER) - COA prescribed form to support miscellaneous expenditures (usually less than P 100.00) not covered by official receipt.
- 4.5 Communication Services (200-03) - object of expenditure against which the SUSIMO can charge postal fee, courier's fee, telephone bills (wireless and cables) and telegraph / fax messenger services, cellphone bills.
- 4.6 Repair & Maintenance of Government Vehicle (200-05) – this object of expenditures covers the cost of repairing and maintaining the official SUSIMO vehicle in running condition. Not included herein are spare parts, gasoline and oil which are chargeable against objects 200-07 or 200-23.
- 4.7 Supplies & Materials (200-07) – this object of expenditures covers office supplies and other materials of SUSIMO including minor office equipment costing less than P 10,000.00.
- 4.8 Gas, Oil and Lubricants (200-23) - operating cost and maintenance of vehicle assigned for the use of SUSIMO can be charged against this expense object.
- 4.9 Other Services (200-29) - this object of expenditure includes the cost of services which are not classified under other accounts defined under this circular but are necessary in the pursuance of the SUSIMO mandate, and eligible as official expenditure under government accounting and auditing rules and regulations.
- 4.10 SUSIMO Petty Cash Fund Account - a special joint savings account maintained by SUSIMO, SMO and a staff designated as Special Disbursing Officer at any online Land Bank of the Philippines branch nearest to the subproject; Provided, that the SMO and SDO are properly bonded.
- 4.11 Subproject Management Officer (SMO) – the designated head of the SUSIMO.
- 4.12 Special Disbursing Officer (SDO) – a SUSIMO staff preferably the head of the Administrative Support Unit (ASU) designated as custodian of the Petty Cash Fund; Provided, that the SDO shall be properly bonded.
- 4.13 Liquidation - preparation and submission of report of disbursement to the Regional Office/PENRO together with all the supporting documents for purposes of replenishment.
- 4.14 Replenishment - succeeding cash advances to replace the amount disbursed and liquidated by the SUSIMO out of its Petty Cash Fund.
- 4.15 Work and Financial Plan - the approved plan of activities with the corresponding budgetary requirement approved for each SUSIMO which shall be the guide for disbursing the fund intended for SUSIMO operation.

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## SEC. 5. ESTABLISHMENT OF PETTY CASH FUND

5.1 The SMO and the duly designated SDO of the SUSIMO shall apply for bonding as accountable officers of SUSIMO. They shall fill up and submit a Request for Bonding (General Form Nos. 57 A and 58 A) to the Bureau of Treasury together with the following:

- 5.1.1 Appointment and/or designation as accountable officer.
- 5.1.2 Written character references by at least three officials of the Agency one of whom is the Administrative and/or Legal Officer, other than the official who appointed/designated him.
- 5.1.3 Statement of assets and liabilities as of the end of the preceding year.

The foregoing documents shall be submitted, together with the application for bond, to the Fidelity Bond Division of the Bureau of Treasury.

5.2 A copy of the Request for Bonding shall be submitted to the Regional Office/PENRO which shall be the basis for processing of initial cash advance of P 50,000.00 for the SUSIMO Petty Cash Fund.

5.3 The SMO and the designated SDO shall open a joint savings account with an on-line LBP branch nearest to the subproject. The Regional Office/PENRO shall be informed of the savings account number where the region/PENRO shall deposit the initial cash advance and the succeeding replenishment.

5.4 The Regional Office/PENRO shall release the initial cash advance to the SUSIMO Petty Cash Fund only upon submission by the concerned SUSIMO staff of their Bureau of Treasury (BTr) approved Certificate of Bond.

## SEC. 6. EXPENDITURES ELIGIBLE FOR PETTY CASH FUND FINANCING AND LIQUIDATION REQUIREMENTS

The SUSIMO expenditures shall not exceed the budget allotted for each expense class per approved Work and Financial Plan.

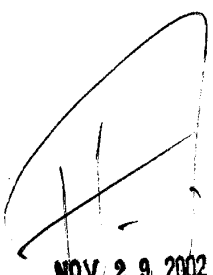
Object of Expenditures	Supporting Documents
6.1 Comm. Services (200-03)	Official Receipts and/or Cash Invoices
6.2 Repairs and Maintenance of SUSIMO Vehicles (200 - 05)	Official Receipt, Statement of Account, RIV, Inspection Report, Report of Waste Materials and Certificate of Acceptance
6.3 Supplies and Materials (200-07)	Official Receipt or Cash Invoice, RIV and Canvass of Quotations, Memo Receipt for minor equipment and Certificate of Acceptance
6.4 Gas, Oil & Lubricants (200-23)	Official Receipt or Cash Invoice, RIV and or Trip Ticket and Travel Order if outside of subproject
6.5 Other Services (200-29)	Cash Invoice and Statement of Accounts, Canvass of Quotations, Contract of Service, Certificate of Acceptance and Attendance Sheets (for meetings and/or workshops only)

## **SEC. 7. DISBURSEMENT OF SUSIMO FUND**

- 7.1 Each SUSIMO unit shall prepare monthly Work and Financial Plan (including RIV's) for submission to the ASU Head and to be approved by the SMO.
- 7.2 Procurement shall strictly conform with the planned expenses. To facilitate liquidation, withdrawal and procurement shall be made twice per month, preferably every 15<sup>th</sup> and 30<sup>th</sup> day of the month.
- 7.3 Before any procurement, the ASU Head shall conduct canvass of quotations from at least three suppliers / dealers of supplies and materials and/or contractors of services. Procurement shall be made only from the supplier/dealer who has lowest quoted canvass / most advantageous to the government.
- 7.4 Payment to supplier or contractor shall be made only upon the complete delivery of the items/services procured from them, upon presentation of official receipt / cash invoice and statement of account, and upon written acceptance of the supplies and/or services by the SMO or his/her duly authorized representative.

## **SEC. 8. PROCEDURE FOR LIQUIDATION AND REPLENISHMENT OF SUSIMO PETTY CASH FUND**

- 8.1 If SUSIMO Fund is at the Regional Office,
  - 8.1.1 The SDO, at every half-month or whenever 50% of the Petty Cash Fund has been disbursed, shall consolidate all disbursements and classify each expenditure by object (i.e. communication services, supplies and materials, etc.). He/she shall then prepare a Report of Disbursement summarizing all expenditures for the period.
  - 8.1.2 A photocopy of the updated bankbook shall be attached to the liquidation report.
  - 8.1.3 The SDO shall then prepare a memorandum to be signed by the SMO addressed to the RED, attention FSP Focal Person and Finance Officer, requesting the Regional Office to facilitate replenishment of the SUSIMO Petty Cash Fund. The memorandum including the liquidation report shall be submitted to the Regional Office, copy furnished the CENRO, together with all the supporting documents (i.e. O.R., Invoice, etc.).
  - 8.1.4 The FSP Focal Person, upon receipt of the request, shall initiate the preparation of voucher for additional cash advance to replenish the SUSIMO Petty Cash Fund and forward the same to the ARED for Operation within the day.
  - 8.1.5 The RED or in his/her absence, the designated OIC, shall approve (or disapprove) the voucher within the day and forward the same to the Finance Division for immediate processing.



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- 8.1.6 The Finance Officer, thru the Budget and Accounting units, shall facilitate the processing of SUSIMO cash advance within the day and forward the same to the Cashier for check preparation.
- 8.1.7 The Cashier shall immediately prepare the check and have it signed by the authorized signatories pursuant to DAO 2000-11 ( Manual of Approvals ) and within one day release it to the SMO/SDO.

8.2 If SUSIMO Fund is at the PENR Office,

- 8.2.1 The SDO, at every half-month or whenever 50% of the Petty Cash Fund has been disbursed, shall consolidate all disbursements and classify each expenditure by object (i.e. communication services, supplies and materials, etc.). He/she shall then prepare a Report of Disbursement summarizing all expenditures for the period.
- 8.2.2 A photocopy of the updated bankbook shall be attached to the liquidation report.
- 8.2.3 The SDO shall then prepare a memorandum to be signed by the SMO addressed to the PENR Officer, attention PENRO Accountant, requesting the PENRO to facilitate replenishment of the SUSIMO Petty Cash Fund. The memorandum including the liquidation report shall be submitted to the PENRO thru the CENRO, together with all the supporting documents (i.e. O.R., Invoice, etc.).
- 8.2.4 The CENR Officer, upon receipt of the request, shall initiate the preparation of voucher payable to the concerned SMO/SDO for additional cash advance to replenish the SUSIMO Petty Cash Fund. The same shall be forwarded to the PENRO the following day.
- 8.2.5 The PENR Officer or in his/her absence, the designated OIC, shall approve (or disapprove) the voucher within the day and forward the same to the Budget and Accounting Units for immediate processing.
- 8.2.6 The PENRO Budget and Accounting Units shall facilitate the processing of SUSIMO cash advance within the day and forward the same to the Cashier for check preparation.
- 8.2.7 The Cashier shall immediately prepare the check and have it signed by the authorized signatories and within one day release it to the SMO/SDO.

**SEC. 9. CASH AUDIT**

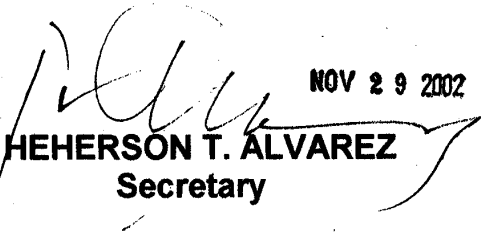
The SDO shall make available pertinent records related to the Petty Cash Fund to the visiting Regional Finance and or NFDO Finance staff for purposes of conducting a cash audit, without prejudice to the periodic audit to be conducted by the Commission on Audit.

**SEC. 10. REPEALING CLAUSE**

All provisions of previous memorandum circulars, memorandum orders, and other regional memoranda inconsistent herewith are hereby repealed, modified or amended accordingly.

**SEC. 11. EFFECTIVITY**

This Circular shall take effect immediately.

  
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**HEHERSON T. ALVAREZ**  
**Secretary**