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Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila

897. 13 DPWH  
12-17-2015

DEPARTMENT ORDER )  
NO. **185** )  
Series of 2015 *A/17.17.15*

**SUBJECT: Guidelines on the Utilization and Accounting Treatment of Trust Receipts under Inter-Agency Transfer Funds (IATF)**

Consistent with COA Circular No. 94-013 dated December 13, 1994 and other existing accounting and auditing laws, rules and regulations, this order prescribes the guidelines on the utilization and accounting treatment in recording the Trust Receipts of the Department under an Inter-Agency Transferred Fund scheme.

Under the Inter-Agency Transferred Fund scheme, the cash or money is transferred by the agency to which the allotment was originally released in favor of another agency which will implement the project.

The following procedures shall be strictly followed relative to the accounting procedures for the treatment of Inter-Agency Transferred Funds:

**I – PROJECT TO BE IMPLEMENTED BY THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY**

This instance applies when the project covered by the IATF is implemented by the Recipient Agency (DPWH CO, RO, or DEO) who is a direct party to the Memorandum of Agreement (MOA). The case does not involved further transfer (intra-agency), e.g. from Central Office to District Engineering Office.

1. Upon receipt of funds transferred (Funding Check) from the Source Agency, a corresponding Official Receipt (OR) shall be issued by the Recipient Agency or the Implementing Office (IO) to the Source Agency to acknowledge the receipt of funds/cash transferred;
2. The Cash (Funding Check) shall be deposited with the Bureau of Treasury as a trust receipt using the UACS Funding Source Code "07308601" (Inter-Agency Transferred Fund). Upon deposit, the concerned Office shall immediately request for the issuance of BTR Certification of Deposit of Funding Check/Trust Receipts. Upon receipt of BTR Certification of Deposit or as the need arises, request for the issuance of Notice of Cash Allocation (NCA) from DBM to cover Trust receipts deposited with the BTr. (May be requested as the need arises);
3. The IO shall immediately request for PMS Project ID for all these Trust Projects. As a Policy of the Department, all projects funded out of the IATF shall be provided with PMS Project ID in accordance with Department Order No. 56, series of 2012, prescribing the Procedures for Assignment of Project ID/No., which requires that "All

*Civil Works Projects, regardless of funding source and Implementing Office, are to be tracked in PMS/PMO-MS, thus, require a Project ID/No...";*

4. During the implementation/construction of the project funded through the IATF, the appropriate Construction-In-Progress (CIP) account shall be used in recording transactions in the books of accounts of the department;
5. All other expenses charges against the IATF shall be capitalized into the project for which the funds was intended for;
6. The Liquidation Reports as required under COA Circular 94-013 together with the Credit Notice from the Resident Auditor of the IO shall be submitted regularly to source agency on a quarterly basis or as stipulated in the Memorandum of Agreement (MOA) or as the source agency may require, whichever is more frequent;
7. If the project is implemented by RO or DEO, the IO shall furnish the DPWH Central Office with the copy of Liquidation Report being submitted to the Source Agency.
8. Immediately upon completion of the project, this shall be properly reclassified to its appropriate PPE account and subsequently transferred/turned-over to the source agency who shall eventually be responsible for the maintenance of such infrastructure asset/project. Depreciation shall only be recognized by the recipient/source agency;
9. Any unutilized balance of the IATF after the project is completed shall be remitted to the National Treasury, and the copy of the Remittance Advice or Deposit Slip shall be attached to the final liquidation report to be submitted to the source agency.
10. It is only upon the proper transfer supported by complete documentation requirements, that the reciprocal account "Due to National Government Agencies (20201050)" shall be debited/closed. The Concerned Office shall provide a copy of the JEV and the complete documentation to the recipient agency. This should always be accomplished one (1) month following the completion of the project;
11. The Journal Entry Voucher (JEV) regarding the transfer of completed projects/PPE to the source agency, together with the necessary supporting documents, shall then be forwarded immediately to the COA Resident Auditor;

## **II – PROJECT TO BE IMPLEMENTED BY THE OPERATING UNIT OTHER THAN THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY**

This instance applies when the project covered by the IATF is undertaken by the Implementing Office (DPWH RO, or DEO) who is a NOT direct party to the Memorandum of Agreement (MOA). The case involves further transfer (intra-agency), e.g. from Central Office to RO and/or to District Engineering Office.

1. Upon receipt of funds transferred (Funding Check) from the Source Agency, a corresponding Official Receipt (OR) shall be issued by the Recipient Agency (e.g. DPWH Central Office) to the Source Agency to acknowledge the receipt of funds/cash transferred.;

2. The Cash (Funding Check) shall be deposited with the Bureau of Treasury as a trust receipt using the UACS Funding Source Code "07308601" (Inter-Agency Transferred Fund). Upon deposit, the concerned Office shall immediately request for the issuance of BTR Certification of Deposit of Funding Check/Trust Receipts. Upon receipt of BTR Certification of Deposit or as the need arises, request for the issuance of Notice of Cash Allocation (NCA) from DBM to cover Trust receipts deposited with the BTr. (May be requested as the need arises);
3. The Recipient Agency (e.g. Central Office) shall immediately request for PMS Project ID for all these Trust Projects. As a Policy of the Department, all projects funded out of the IATF shall be provided with PMS Project ID in accordance with Department Order No. 56, series of 2012, prescribing the Procedures for Assignment of Project ID/No., which requires that *"All Civil Works Projects, regardless of funding source and Implementing Office, are to be tracked in PMS/PMO-MS, thus, require a Project ID/No..."*;
4. Upon receipt of NCA from the DBM covering the trust receipts deposited with the National Treasury, issue a Funding Check to the Operating Unit/Implementing Office (IO) charged with the implementation of the IATF project, in the amount not to exceed Fifty percent (50%) of the project cost;
5. The IO shall then deposit the funding check received from the Central Office to the Current Account (Trust Account) maintained in the IO's Authorized Government Depository Bank (AGDB). Unless otherwise required by law covering the fund transferred, the IO shall maintain only one Current Bank Account for all Trust receipts.
6. For accounting purposes, the IO shall record all transactions pertaining to the IATF under the UACS Funding Source Code "07308601" regardless of the source of fund or the Funding Source Code used by the source agency;
7. During the implementation/construction of the project funded through the IATF, the appropriate Construction-In-Progress (CIP) account shall be used in recording transactions in the books of accounts of the department;
8. All other expenses charges against the IATF shall be capitalized into the project for which the funds was intended for;
9. The Liquidation Reports as required under COA Circular 94-013 together with the Credit Notice from the Resident Auditor of the IO shall be submitted regularly to source agency on a quarterly basis or as stipulated in the Memorandum of Agreement (MOA) or as the source agency may require, whichever is more frequent;
10. If the project is implemented by RO or DEO, the IO shall furnish the DPWH Central Office with the copy of Liquidation Report being submitted to the Source Agency.
11. Based on the Liquidation Report submitted by the IO, if the physical accomplishment of the project reaches One Hundred percent (100%), meaning the project is already completed, the Central Office again releases the balance of cash or the remaining 50% as the case maybe, to fully fund the project;

12. The IO shall then deposit the funding check received from the Central Office to the Current Account (Trust Account) maintained in the IO's AGDB.
13. The full payment of the Trust project shall then be settled.
14. Immediately upon completion of the project, this shall be properly reclassified to its appropriate PPE account and subsequently transferred/turned-over to the source agency who shall eventually be responsible for the maintenance of such infrastructure asset/project. Depreciation shall only be recognized by the recipient/source agency;
15. Any unutilized balance of the IATF after the project is completed shall be returned to the Central Office, to be remitted by the Central Office to the National Treasury, and the copy of the Remittance Advice or Deposit Slip shall be attached to the final liquidation report to be submitted to the source agency.
16. It is only upon the proper transfer supported by complete documentation requirements, that the reciprocal account "Due to National Government Agencies (20201050)" shall be debited/closed. The Concerned Office shall provide a copy of the JEV and the complete documentation to the recipient agency. This should always be accomplished within one (1) month following the completion of the project;
17. The Journal Entry Voucher (JEV) regarding the transfer of completed projects/PPE to the source agency, together with the necessary supporting documents, shall then be forwarded immediately to the COA Resident Auditor;

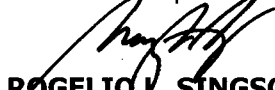
For uniformity in the preparation of accounting entries, Pro-forma Accounting entries in the recognition of transactions involving IATF is hereto attached and Annex A and shall form part of this order.

All other issuances, orders or parts thereof inconsistent with this Order are hereby repealed, amended and/or modified accordingly.

Failure to comply with this order shall subject the erring employee to applicable sanctions that shall include relief, suspension and/or dismissal in accordance with the existing Civil Service rules and regulations and other pertinent laws.

This order shall take effect immediately.

For strict compliance.

  
**ROGELIO L. SINGSON**  
Secretary

Department of Public Works and Highways

Office of the Secretary



WIN5003616

Encl: Annex A – Proforma Accounting Entries for IATF

4.4 MAP

Annex A

**PRO-FORMA ENTRIES - INTER-AGENCY TRANSFERRED FUNDS (IATF)**

<b>CASE I - PROJECT TO BE IMPLEMENTED BY THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY</b>				
<b>TRANSACTION / PARTICULARS / Account Title</b>		<b>Account Code</b>	<b>Dr</b>	<b>Cr</b>
1.	<i>Receipt of Funding Check directly from Source Agency</i>			
	Cash - Collecting Officer	1010101000	XX	
	Due to NGAs	2020105000		XX
2.	<i>Deposit of Funding Check to the National Treasury</i>			
	Cash - Treasury/Agency Deposit, Trust	1010403000	XX	
	Cash - Collecting Officer	1010101000		XX
3.	<i>Receipt of NCA from DBM for the amount deposited/requested.</i>			
	Cash - Modified Disbursement System (MDS), Trust	1010406000	XX	
	Cash - Treasury/Agency Deposit, Trust	1010403000		XX
4.	<i>Disbursements - Project implementation (same accounting entries as regular transactions except for Cash account)</i>			
	Construction in Progress - Infrastructure Assets	1061002000	XX	
	Cash - Modified Disbursement System (MDS), Trust	1010406000		XX
5.	<i>Reversion of unutilized NCA for completed Trust projects</i>			
	Due to NGAs	2020105000	XX	
	Cash - Modified Disbursement System (MDS), Trust	1010406000		XX
6.	<i>Upon Project completion, Reclassification of CIP to PPE</i>			
	Buildings	1060401000	XX	
	School Buildings	1060402000	XX	
	Hospitals and Health Centers	1060403000	XX	
	Markets	1060404000	XX	
	Slaughterhouses	1060405000	XX	
	Road Networks	1060301000	XX	
	Flood Control Systems	1060302000	XX	
	Sewer Systems	1060303000	XX	
	Water Supply Systems	1060304000	XX	
	Power Supply Systems	1060305000	XX	
	Communication Networks	1060306000	XX	
	Seaport Systems	1060307000	XX	
	Airport Systems	1060308000	XX	
	Parks, Plazas and Monuments	1060309000	XX	
	Other Infrastructure Assets	1060399000	XX	
	Construction in Progress - Infrastructure Assets	1061002000		XX
7.	<i>Turn-Over of Completed Project to the Source Agency</i>			
	Due to NGAs	2020105000	XX	
	Buildings	1060401000		XX
	School Buildings	1060402000		XX
	Hospitals and Health Centers	1060403000		XX
	Markets	1060404000		XX
	Slaughterhouses	1060405000		XX
	Road Networks	1060301000		XX

<b>CASE I - PROJECT TO BE IMPLEMENTED BY THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY</b>				
<b>TRANSACTION / PARTICULARS / Account Title</b>		<b>Account Code</b>	<b>Dr</b>	<b>Cr</b>
	Flood Control Systems	1060302000		XX
	Sewer Systems	1060303000		XX
	Water Supply Systems	1060304000		XX
	Power Supply Systems	1060305000		XX
	Communication Networks	1060306000		XX
	Seaport Systems	1060307000		XX
	Airport Systems	1060308000		XX
	Parks, Plazas and Monuments	1060309000		XX
	Other Infrastructure Assets	1060399000		XX

<b>CASE II - PROJECT TO BE IMPLEMENTED BY THE OPERATING UNIT OTHER THAN THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY</b>							
<b>TRANSACTION / PARTICULARS / Account Title</b>		<b>DPWH Central Office</b>			<b>DPWH Implementing Office (RO/DEO)</b>		
		<b>Account</b>	<b>Dr</b>	<b>Cr</b>	<b>Account</b>	<b>Dr</b>	<b>Cr</b>
1.	<i>Receipt of Funding Check by CO from Source Agency</i>						
	Cash - Collecting Officer	1010101000	XX				
	Due to NGAs	2020105000		XX			
2.	<i>Deposit of Funding Check to the National Treasury</i>						
	Cash - Treasury/Agency Deposit, Trust	1010403000	XX				
	Cash - Collecting Officer	1010101000		XX			
3.	<i>Receipt of NCA from DBM for the amount deposited/requested.</i>						
	Cash - Modified Disbursement System (MDS), Trust	1010406000	XX				
	Cash - Treasury/Agency Deposit, Trust	1010403000		XX			
4a.	<i>Issuance of Funding Check by DPWH-CO to Regional Office (RO) for projects to be implemented by RO (50% of total amount of transfer)</i>						
	Due from Regional Offices	1030403000	XX				
	Cash - Modified Disbursement System (MDS), Trust	1010406000		XX			
4b.	<i>Issuance of Funding Check by DPWH-CO to District Office (DEO) for projects to be implemented by DEO (50% of total amount of transfer)</i>						
	Due from Operating Units	1030404000	XX				
	Cash - Modified Disbursement System (MDS), Trust	1010406000		XX			
5.	<i>Receipt of Funding Check by IO from CO</i>						
	Cash in Bank- Local Currency, Current Account				1010202000	XX	
	Due to Central Office				2030101000		XX
6.	<i>Disbursements - Project implementation (same accounting entries as in regular transactions except the cash account)</i>						
	Construction in Progress - Infrastructure Assets				1061002000	XX	

<b>CASE II - PROJECT TO BE IMPLEMENTED BY THE OPERATING UNIT OTHER THAN THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY</b>							
<b>TRANSACTION / PARTICULARS / Account Title</b>		<b>DPWH Central Office</b>			<b>DPWH Implementing Office (RO/DEO)</b>		
		<b>Account</b>	<b>Dr</b>	<b>Cr</b>	<b>Account</b>	<b>Dr</b>	<b>Cr</b>
	Cash in Bank- Local Currency, Current Account				1010202000		XX
7.	<i>Submission of Accomplishment Report to CO from OU</i>	No entry			No entry		
8a	<i>Issuance of the Final 50% of Cash by DPWH-CO to Regional Office (RO) for projects to be implemented by RO</i>						
	Due from Regional Offices	1030403000	XX				
	Cash – Modified Disbursement System (MDS), Trust	1010406000		XX			
8b	<i>Issuance of the Final 50% of Cash by DPWH-CO to District Office (DEO) for projects to be implemented by DEO</i>						
	Due from Operating Units	1030404000	XX				
	Cash – Modified Disbursement System (MDS), Trust	1010406000		XX			
9	<i>Receipt of Funding Check by IO from CO</i>						
	Cash in Bank – Local Currency, Current Account				1010202000	XX	
	Due to Central Office				2030101000		XX
10	<i>Remittance of Unused Cash/Funding Check by IO to CO</i>						
	Due to Central Office				2030101000	XX	
	Cash in Bank – Local Currency, Current Account				1010202000		XX
11	<i>Receipt by CO of Funding Check for the Unused Cash/Funding Check from IO</i>						
	Cash - Collecting Officer	1010101000	XX				
	Due from Operating Units	1030404000		XX			
12	<i>Remittance to BTR by CO of the collection from Unused Cash/Funding Check from IO</i>						
	Due to NGAs	2020105000	XX				
	Cash – Collecting Officer	1010101000		XX			
13	<i>Upon Project completion, Reclassification of CIP to PPE</i>						
	Buildings				1060401000	XX	
	School Buildings				1060402000	XX	
	Hospitals and Health Centers				1060403000	XX	
	Markets				1060404000	XX	
	Slaughterhouses				1060405000	XX	
	Road Networks				1060301000	XX	
	Flood Control Systems				1060302000	XX	
	Sewer Systems				1060303000	XX	
	Water Supply Systems				1060304000	XX	
	Power Supply Systems				1060305000	XX	
	Communication Networks				1060306000	XX	
	Seaport Systems				1060307000	XX	
	Airport Systems				1060308000	XX	
	Parks, Plazas and Monuments				1060309000	XX	
	Other Infrastructure Assets				1060399000	XX	
	Construction in Progress - Infrastructure Assets				1061002000		XX

<b>CASE II - PROJECT TO BE IMPLEMENTED BY THE OPERATING UNIT OTHER THAN THE CONTRACTING PARTY TO THE MEMORANDUM OF AGREEMENT WITH THE SOURCE AGENCY</b>							
<b>TRANSACTION / PARTICULARS / Account Title</b>		<b>DPWH Central Office</b>			<b>DPWH Implementing Office (RO/DEO)</b>		
		<b>Account</b>	<b>Dr</b>	<b>Cr</b>	<b>Account</b>	<b>Dr</b>	<b>Cr</b>
<b>14</b>	<b><i>Submission of Liquidation Report to CO from OU (Liquidation Report must be accompanied by copy of the JEV)</i></b>						
	Due to Central Office				2030101000	XX	
	Buildings	1060401000	XX		1060401000		XX
	School Buildings	1060402000	XX		1060402000		XX
	Hospitals and Health Centers	1060403000	XX		1060403000		XX
	Markets	1060404000	XX		1060404000		XX
	Slaughterhouses	1060405000	XX		1060405000		XX
	Road Networks	1060301000	XX		1060301000		XX
	Flood Control Systems	1060302000	XX		1060302000		XX
	Sewer Systems	1060303000	XX		1060303000		XX
	Water Supply Systems	1060304000	XX		1060304000		XX
	Power Supply Systems	1060305000	XX		1060305000		XX
	Communication Networks	1060306000	XX		1060306000		XX
	Seaport Systems	1060307000	XX		1060307000		XX
	Airport Systems	1060308000	XX		1060308000		XX
	Parks, Plazas and Monuments	1060309000	XX		1060309000		XX
	Other Infrastructure Assets	1060399000	XX		1060399000		XX
	Due from Operating Units	1030404000		XX			
<b>15</b>	<b><i>Turn-Over of Completed Project to the Source Agency</i></b>						
	Due to NGAs	2020105000	XX				
	Buildings	1060401000		XX			
	School Buildings	1060402000		XX			
	Hospitals and Health Centers	1060403000		XX			
	Markets	1060404000		XX			
	Slaughterhouses	1060405000		XX			
	Road Networks	1060301000		XX			
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	Parks, Plazas and Monuments	1060309000		XX			
	Other Infrastructure Assets	1060399000		XX			