



BUREAU OF CUSTOMS

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28 April 2020

CUSTOMS MEMORANDUM CIRCULAR
NO. 124-2020

To: The Assistant Commissioner
All Deputy Commissioners
All Directors and Division Chiefs
All District/Port Collectors
And Others Concerned

SUBJECT: COA Guidelines / In-Kind Donations

Attached is the copy of Circular No. 2020-009 dated 21 April 2020 Mr. Michael G. Aguinaldo, Chairperson and Mr. Roland C. Pondoc, Commissioner, Commission on Audit (COA), entitled:

"Temporary relaxation in the application of certain provisions of COA Circular No. 2014-002 dated April 15, 2014 and COA Memorandum No. 2014-009 dated August 28, 2014 in areas subject to quarantine during the period of the State of Calamity declared under Proclamation No. 929, dated March 16, 2020"

For your information and guidance.

For record purposes, please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.


REY LEONARDO B. GUERRERO

Commissioner

APR 30 2020



BOC-09-12626

South Harbor, Gate 3, Port Area, Manila 1099

Tel. Nos 8527-4537, 8527-1935

Website: www.customs.gov.ph Email: Boc.cares@customs.gov.ph

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

CIRCULAR

No. : 2020 - 009
Date : April 21, 2020

TO : All Heads of Departments, Bureaus/Offices and Local Government Units; Chiefs of Financial and Management Services, Chief Accountants, Cashiers, Disbursing Officers, and Budget Officers; Assistant Commissioners, Directors and State Auditors of the Commission on Audit (COA); and All Others Concerned

SUBJECT : Temporary relaxation in the application of certain provisions of COA Circular No. 2014-002 dated April 15, 2014 and COA Memorandum No. 2014-009 dated August 28, 2014 in areas subject to quarantine during the period of the State of Calamity declared under Proclamation No. 929, dated March 16, 2020

I. RATIONALE

As the nation faces difficult times due to the outbreak of the Coronavirus Disease 2019 (COVID-19), there is a need for the Commission to support the efforts of the government in providing the needs of the citizens and health workers during the period of the State of Calamity declared in Proclamation No. 929 last March 16, 2020. Distribution of various donations in-kind and relief goods received by government agencies from private organizations or individuals should not be unnecessarily delayed on account of the rules contained in the above-mentioned COA issuances. Thus, there is a need to temporarily relax the application of certain provisions thereon in areas subject to a quarantine in so far as receipt, recording, distribution, reporting and direct release of donations in-kind and relief goods to the beneficiaries are concerned during this period, without necessarily disregarding basic controls to ensure that the donations are properly accounted for.

For purposes of this Circular, a "quarantine" may refer to the Enhanced Community Quarantine (ECQ), or a general community quarantine, and any form of quarantine directly due to the COVID-19 outbreak as recognized in Proclamation No. 929, dated March 16, 2020, declaring a State of Calamity throughout the Philippines. Except as otherwise provided, reference to a quarantine in this Circular shall mean the particular quarantine in the area where the government agency is located.

II. GUIDELINES

1. COA Circular No. 2014-002

The implementation of the provisions under Item IV - C, Accounting Guidelines: In-kind Donations from Local and Foreign Sources; and Item V - A and B, Reporting Guidelines: DRRMF sourced from GAA and Cash Donations, and In-kind Donations is relaxed as follows:

a) Donations in-kind from local and foreign sources

1. The recording of donations in kind before repacking and distribution is put on hold during the quarantine. The acknowledgement of the donations in-kind and accounting of distribution and balances by the recipient agencies will suffice during this period.
2. To ensure that the aids and donations received by the recipient agencies during the quarantine are properly accounted for, the recipient agencies shall be required to submit a Summary/List of Donations Received, Distributed and Balances. The Summary/List should be categorized (i.e. food, medical supplies, medicines, etc...) and can be submitted within ten (10) working days after the end of the quarantine, or if the quarantine exceeds three (3) months, within ten (10) working days after the end of each quarter, supported with:
 - (1) acknowledgement receipts of the donations in-kind;
 - (2) proof of receipt by and distribution to the beneficiaries, not necessarily in the required form; and
 - (3) inventory of remaining undistributed items, if any.
3. The costing and recording of the donations will be done after the quarantine and only the remaining balances shall be costed and recorded in the books or in the registries.

b) Reporting Guidelines

1. In lieu of the monthly report, the concerned agencies shall submit a one-time report, separately for cash donations and in-kind donations, within ten (10) working days after the end of the quarantine to the National Disaster Risk Reduction and Management Council (NDRRMC), through the Office of the Civil Defense (OCD), copy furnished the respective COA Auditors. However, if the quarantine exceeds three (3) months, the report shall be submitted within ten (10) working days after the end of each quarter.
2. The OCD shall consolidate the report and submit the consolidated report to the NDRRMC within fifteen (15) working days after the end of the quarantine or after the end of each quarter, if the quarantine exceeds three (3) months, copy furnished the Auditor of the OCD. The consolidated report shall be included in the annual report being prepared by the OCD.

2. COA Memorandum No. 2014-009

The application of certain provisions of Item VI, Specific Guidelines, Nos. 19 and 34 is relaxed as follows:

a) Sorting, recording, and inventory of relief goods

The recording of donations in kind before repacking and distribution is put on hold during the quarantine and that only the remaining balance at the end of the quarantine shall be costed and recorded in the books or in the registries. The Auditors shall be guided by the above provisions on the "donations in kind from local and foreign sources" and the required reports in accounting and auditing donations received, distributed and balances during the period of the quarantine.

b) Release of the goods directly to the intended beneficiaries

Subject to the orders from the Office of the President, the agencies may transfer the responsibility to distribute the goods to the local government units (LGUs), based on the validated list of affected families. During the quarantine, the goods need not be released by the agency directly to the intended beneficiaries, but it may be done through the LGUs, particularly if the concerned agencies lack the resources or facilities to do so.

3. All other provisions of COA Circular No. 2014-002, and COA Memorandum No. 2014-009 which are necessary controls to ensure that all donations, be it in cash or in-kind, are accounted for shall remain in effect.

4. Recipient agencies may use an **electronic tracking platform** to facilitate recording, monitoring, and utilization of donations, whether in cash or in kind. For this purpose, the following guidelines shall be observed when electronic tracking platforms are used to account, record, and report during the period of quarantine:

- a) The recipient agencies must ensure that these electronic tracking platforms have the facility to record data on receipts and disbursements as well as distributions of donations in-kind in the appropriate ledgers and registries and at the very least, the minimum data needed to display the ledgers and registries are available in the electronic tracking platform.
- b) The electronic tracking platform should be able to generate an audit trail on the processing of the transactions, including the authorization or approval process.
- c) For cash donations, electronic receipts or records as proof of receipt, in lieu of traditional official receipts, will comply with the requirements of COA Circular No. 2014-002 and COA Memorandum No. 2014-009, provided that the electronic tracking platform can provide the minimum data content to reflect the transaction such as but not limited to the following:

- (i) the date of receipt of the donation;
 - (ii) the name of donor;
 - (iii) the nature of donation;
 - (iv) the amount or volume of the donation; and
 - (v) the reference number, if applicable.
- d) For donations made directly to the recipient agency's bank account, the credit memo or bank statement shall serve as proof of receipt. For other donations transferred electronically to an electronic wallet (e.g. Landbank IAccess, Gcash, Peso Net, Insta Pay), the transaction reference will be the basis of proof and recording. For donations in-kind, an electronically produced acknowledgment receipt or similar document automatically generated by the system shall also be accepted.
- e) If the utilization or distribution of the cash donation is done electronically (e.g. transfer to bank account, cash card, e-wallet, online transaction), the bank statement/transaction receipt/transaction reference shall be the basis of proof and recording. An electronically produced invoice receipt or similar document automatically generated by the system shall also be acceptable.
- f) Recipient agencies may submit electronically generated reports through e-mail provided that the agency's authorized officer shall certify as to the accuracy and correctness of the content of the report. To improve the authenticity and integrity of the report, the signatory to the report may affix his/her electronic signature using the digital certificate given by the Department of Information and Communication Technology in relation to the Public Key Infrastructure (PKI) program.
- g) A validation on the sufficiency and integrity of the implemented controls to ensure data confidentiality, integrity, and availability shall be undertaken by the information technology auditors of the Commission. Among the areas to be reviewed during the audit engagement are as follows:
- (i) **The preservation of the confidentiality, integrity, and availability of data.** Proper controls should be in place with respect to the data and information in the electronic tracking platform, especially those related to cash receipts and disbursements, to ensure the data and information is not subject to manipulation. If the data contains Personally Identifiable Information (PII) as defined in Republic Act No. 10173, or the Data Privacy Act, such as when personal information is obtained from beneficiaries, such information should only be accessible to those authorized under the law. Subject to the proper controls, the data and information processed and produced by the system should also be available for use anytime by the recipient agency.

- (ii) **The reasonable level of control over the input, processing, and output of information.** The recipient agency should have appropriate review processes such as, for example, supervisory review and random manual audit, to ensure accuracy of the data and information encoded and to compensate for the limitations of the electronic tracking platform, if any.

- (iii) **The traceability by presenting adequate information that can establish the events that transpired during the quarantine period.** The electronic tracking platform should provide at a minimum information as to where the funds came from, how much was spent, where was it spent, what was it spent for, when was it spent and who were the recipients. For beneficiary tracking systems, minimum information would refer to who received the aid, what did was received (cash or in kind), where they received the aid from (LGU, DSWD, etc.), when did they receive the aid, and how much was received. For cash and banking transactions, the minimum information refers to the check numbers and dates, the receipt numbers and dates, and names of the payor/s and payees.

III. EFFECTIVITY

This Circular is effective immediately upon publication. Unless sooner revoked or amended by the Commission, this Circular shall remain in effect for the duration of the period of the State of Calamity under Proclamation No. 929.


MICHAEL G. AGUINALDO
Chairperson


ROLAND C. PONDOC
Commissioner