



Republic of the Philippines
Department of Health

64-B
San Lazaro Compound
Rizal Avenue, San Cruz
Manila, Philippines
Tel No. 711-60-50

OFFICE OF THE SECRETARY

25 June 1999

ADMINISTRATIVE ORDER

No. 20-G, s. 1999

SUBJECT: Supplemental Guidelines to A.O. NO. 31-B, s. 1997 - Guidelines for the Release and Utilization of Fund of the Integrated Community Health Services Project (ICHSP) under the Local Government Empowerment Fund (LGEF)

The Integrated Community Health Services Project (ICHSP) in December 1997 passed a Guideline for the release and utilization of its funds that will guide the Project Management Office and the Project provinces in the financial management of its funds. The Secretary of Health approved this guideline and executed through Administrative Order No. 31-B, s. 1997. After 18 months of implementing said Guidelines, the Finance Unit of the Project Management Office proposed to issue a Supplemental Guidelines to complement and modify selected provisions in the standard operating procedures of A.O. 31-B, s. 1997 and the ICHSP Directive No. 49-B, s. 1998 - *Guidelines for Implementing Civil Works Project covered by the Force Account Procedures.*

It is in this context that the following additional provisions, standard operating procedures and special provisions relative to the financial management of ICHSP funds are proposed for implementation and compliance by all concerned parties.

SUPPLEMENTAL GUIDELINES:

1. Funds transferred to the Provincial Government shall be replenished monthly based on the approved Work and Financial Plan and the Statement of Expenditures (SOE) submitted by the concerned Provincial Government to the Project Management Office through the Provincial Project Coordinator.
2. The Statement of Expenditures (SOE) in the prescribed format (see attached form) shall be certified by the Provincial Accountant and verified by the Auditor.
3. Fund replenishment shall only be made when the SOE for the loan proceed and the GOP counterparts as well as the LGU counterpart are submitted to the PMO.
4. The Financial Report of Operations (see attached revised form) duly certified by the Provincial Accountant and the Provincial Project Coordinator and the Physical Report of Operations duly approved by the Provincial Project Coordinator and the Governor shall be submitted to the Project Management Office at the end of each quarter.
5. The loan proceeds component of the Project funds shall not be utilized to pay any tax expense. All tax expense shall be charged to GOP or peso counterpart.

6. A bank to bank mode of transferring funds from Central Office Finance Service to the Project provinces may be utilized where such mechanism is feasible and should the concerned Provincial government unit concur.

GUIDELINES IN THE PREPARATION OF SOE:

1. All the checks issued for the month shall be reported consecutively following the serial number of the checks. The checks issued charged to loan proceed (LP) and peso counterpart (GOP) shall be reported in one summary sheet. The LGU counterpart shall be summarized in a separate sheet.
2. All disbursements for the LGU counterpart funded out of the LGU regular budget i.e. travelling and per diem of LGU personnel participating training, workshops, meeting, seminars, haulage costs, drugs and medicines, etc. shall be included and reported in the SOE.
3. The Payee and the nature of transaction shall be clearly identified and entered in the column, as indicated in the SOE form. The total amount paid shall be broken down into Loan Proceed (LP), GOP counterpart (GOP) in accordance with the ADB Financing Percentage shown in schedule 3 of the Loan Agreement (copy attached).
4. The Expense Category No. for each transaction shall be indicated in the last column. Refer to schedule 3 for the Category Number.
5. Any checks issued for cash advance shall be included in the list but the amount shall not be extended to the "Amount Paid" column. It shall only be short extended within the Payee and Nature of Transaction column.
6. The vouchers to liquidate cash advance shall be included in the report, giving reference to the check no. of the cash advance being liquidated.
7. Any checks payable to BIR for remittance of withholding taxes shall be reported under GOP counterpart column.

PROCEDURES FOR BANK TO BANK TRANSFER OF PROJECT FUNDS:

1. The Provincial Government shall furnish the Project Management Office, the bank account number (ICHSP Trust Account of the Province) duly certified by the authorized depository bank – LAND BANK OF THE PHILIPPINES.
2. The DOH Central Office Finance Service issues the check payable to the Provincial Government.
3. The Project Management Office deposits the check with the Land Bank of the Philippines, its authorized depository bank, and requests for the transfer of the amount to the ICHSP Trust Account of the concerned Provincial Government.
4. The authorized depository bank of the concerned Provincial Government issues a Credit Advise to the Provincial Government. This is the basis for the issuance of a Journal Voucher to take up the receipt of the funds.
5. The Provincial Accountant shall provide the DOH Central Office a copy of the Credit Advise and the Journal Voucher. These documents will certify the receipt of the Project funds transferred to the concerned Project province. To facilitate the immediate compliance of this

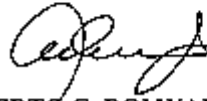
documentation, the Project Financial Analyst assigned in each Project Support Unit shall coordinate with the Provincial Accountant on this matter.

SPECIAL PROVISIONS OF THE ICSHP FUNDS FOR IMPLEMENTING CIVIL WORK PROJECTS COVERED UNDER THE FORCE ACCOUNT PROCEDURES:

1. The Report of Disbursement shall be submitted to replenish/liquidate cash advance for Civil Works under the Force Account Procedures.
2. The materials procured and labour costs paid shall be categorized as Capital Outlay, thus the Expense Code to be used is 300-35 Buildings and Structure Outlay.
3. Payments for cash advance should not be reported as part of the disbursement. Said cash advance is considered disbursed only when the liquidation reports together with its supporting documents are submitted. Only liquidated cash advance shall be included in the Report of Disbursement.
4. The concerned Auditor shall verify the Report of Disbursement. Submission of said report to the Project Management Office shall be accompanied by the Certification for Force Account (part II and I), and the Monthly Progress Status Report (Summary and per facility).
5. The funds released and utilized for Civil Works Force Account shall be included in the Financial Report of Operations to be submitted quarterly to the Project Management Office. The corresponding LGU counterpart i.e. site preparation, haulage costs, and regular maintenance when the facilities are completed and operational shall be included in the Financial Report of Operations.

EFFECTIVITY:

The above supplemental guidelines shall take effect immediately upon its approval and shall remain binding until such time that it is amended or rescinded, Project funds are no longer available and/or the Project is terminated.



ALBERTO G. ROMUALDEZ, JR., MD
Secretary of Health