



Republic of the Philippines
Department of Social Welfare and Development
Batasan Pambansa Complex, Constitution Hills
Quezon City
Telephone No. 931-8101 to 07

29 May 2006

MEMORANDUM CIRCULAR

Nó. 09
Series of 2006

SUBJECT : PROCEDURAL GUIDELINES ON THE RECEIPT AND UTILIZATION OF DONATIONS IN CASH AND IN KIND

1.0 RATIONALE

Section 12 of the CY 2005 General Appropriations Act authorizes the Department to accept donations, contributions, grants, bequests or gifts, in cash or in kind, from various sources, domestic or foreign, for purposes relevant to its functions. These receipts from donations shall be accounted for in the books of the recipient agency in accordance with pertinent accounting and auditing rules and regulations. However, to facilitate delivery of service to our clientele, donations received have at times been automatically disbursed or utilized without proper accounting, documentation and control processes. Although the purpose of the donations has been served, this may later on be a ground for corruption and fraud in the bureaucracy.

With the issuance of the Commission on Audit-Government Accounting and Financial Management Information System Circular Letter No. 2003-05 dated November 21, 2003, providing for an option in favor of the donor, authorizing the deposit of cash donations in an Authorized Government Depository Bank (AGDB), this guideline is being issued to supplement the accounting procedures and policies and control mechanisms on the receipt and utilization of grants and donations

2.0 REFERENCES

- 2.1 General Appropriation Act FY2005
- 2.2 Commission on Audit, Government Accounting and Financial Management Information System Circular Letter No. 2003-05 dated November 21, 2003, "Accounting Guidelines and Procedures on Collection and Deposit of Grants and Donations".
- 2.3 Administrative Order No. 11 dated March 01, 2004, "Guidelines on the Collection and Deposit of Income/Receipts from all Sources".
- 2.4 NGAS Manual issued on June 18, 2002

3.0 OBJECTIVES

To prescribe procedural guidelines on the proper accounting, documentation and control processes on the receipt and utilization of all donations received, whether in cash or in kind, from domestic or foreign sources

4.0 COVERAGE

This guideline covers the procedures on the receipt and utilization of all cash donations deposited to AGDB and donations in kind received by the Centers/Institutions, Field Offices and Central Office of DSWD.

5.0 DEFINITION OF TERMS

- 5.1 **Donation** – refers to all non-repayable transfers or assistance given freely in the form of cash or in kind from domestic or foreign sources, for particular projects or programs, general support or for any other purposes
- 5.2 **Donation in Cash** – refers to assistance or contribution from the donor entity/individual to the National Government in the form of cash or check regardless of type of currency.
- 5.3 **Donations in Kind** – refers to assistance or contribution from the donor entity/individual to the National Government in the form of goods, materials, supplies and equipment.
- 5.4 **Recipient Office** – for purposes of this guideline, shall mean to refer to Centers/Institutions, Administrative Service in Central Office and Management Division in Field Offices which are authorized to receive donations.
- 5.5 **Requesting Office** – refers to Centers/Institutions, bureaus, offices, services, divisions or units, where the donations are intended for.

6.0 GUIDELINES

6.1 Receipt of Donations

- 6.1.1 All donations received, in cash or in kind, shall be covered by a Deed of Donation and Acceptance (DDA), marked as Appendix A in this Circular. Moreover, an Official Receipt shall be issued by the Collecting Officer for cash donations. The

DDA shall be notarized to be charged on the funds for the operating costs of the Centers or Office.

- 6.1.2 The recipient Center/Institution, in addition to the Deed of Donation and Acceptance, shall prepare in three (3) copies pre-numbered Acknowledgement Receipt for Donations Received (ARDR) hereto marked as Appendix B, to be distributed as follows:

Copy 1 – Donor
Copy 2 – Field Office
Copy 3 – Receiving Center/Institution

While in Central Office and Field Offices, the ARDR shall only be prepared and issued for donations in kind as provided under Item 6.1.6 of this Circular.

- 6.1.3 The ARDR shall be properly accomplished and duly signed both by the Head of the Recipient Office and the Donor or their respective Authorized Representatives. The Designation of the Center Head and the Alternate Representative in the Center/Institution authorized to receive donations shall be covered by a Special Order to be issued by the Field Office concerned.
- 6.1.4 Cash donations in small amounts from various donors for general purpose or common use by the Center/Institution can be pooled together for the execution of a Deed of Donation and Acceptance, provided that each donor has been issued with an ARDR and has signed in the DDA. This can be done thru a pre-printed, fill-in the blanks DDA, with formatted tables for the donors' names and signatures and other required information and specifications. Upon generation of a maximum amount of **TWO THOUSAND PESOS (P2,000)**, the DDA shall be notarized and forwarded to the Field Office.
- 6.1.5 Cash donations from anonymous donor thru courier services or direct deposit to the agency/office's authorized bank account, wherein the execution of a DDA is impossible, shall be governed by the existing rules and regulations on the receipt and remittance of grants and donations to the National Treasury subject to approval of Special Budget by the Department of Budget and Management.
- 6.1.6 Receipt of donations in kind sourced out by different bureaus/offices for purposes other than for disaster relief and rehabilitation shall be coursed-through the Administrative

Service in Central Office or Management Division in Field Offices. The ARDR shall also be prepared and issued by the said office copy furnished the Accounting Division/Unit for recording in the books.

6.1.7 Donations in kind immediately consumable or perishable in nature like snacks or foods served, medicines and other items provided by the donor shall also be accounted, however, only the ARDR shall be prepared and issued. The corresponding Request and Issuance Slip (RIS) shall be attached to the ARDR for purposes of recording the receipt and outright utilization of the donation.

6.1.8 Donations in kind without monetized value shall be requested for valuation by the Valuation Committee. Detailed procedures are provided in Memorandum Circular No. 28 dated November 16, 2005, the Guidelines on Monetary Valuation of Foreign and Local Donations for Disaster Relief and Rehabilitation.

6.2 Deposit of Cash Donations

6.2.1 Cash donation regardless of amount shall be deposited to the AGDB by the Cashier/Collecting Officer within the day or first hour of the next banking day. All other procedures for the collections and deposits thru the Collecting Officer are provided in Sec. 23, Vol. I of NGAS Manual.

6.2.2 Cash donations regardless of currencies received by the Center/Institution shall be remitted to the Field Office Cashier/Collecting Officer together with the Deed of Donation and Acceptance and ARDR within the day or not later than the following day except for cash donations referred under Item No. 6.1.4.

6.2.3 In addition to the ARDR, an Official Receipt for cash donations received and remitted by the Center/Institution to Field Office Cashier shall be sent to the donor thru registered mail.

6.3 Special Budget of Cash Donations

6.3.1 A Special Budget marked as Appendix C shall be prepared in accordance with the Deed of Donation and Acceptance for approval of Head of Agency or Office. The approved Special Budget shall be entered in the Registry of Budgeted Income and Utilization (RBIU) marked as Appendix D.

6.3.2 In case of cash donations received for general purpose or for common use by the center/institution, submission of Work and Financial Plan and Project Proposal, in addition to the Special Budget is required for the utilization of the donated funds.

6.3.3 When the intent of the donation is to procure goods and services for the relief and rehabilitation of victims of natural and man-made calamities and disasters, the administrative cost of the Department in managing such donations shall be charged against said donation which estimate shall be indicated in the Work and Financial Plan. The administrative cost shall be limited to the handling and hauling and other related expenses. However, when the donor specifically indicates that the whole amount of donations be given as grant to the beneficiary either in cash or in kind, no amount of administrative cost shall be deducted from such donation.

6.4 Utilization of Donations

6.4.1 Charges or utilization of cash donations shall be made thru the issuance of commercial checks based on duly approved Disbursement Vouchers. The amount of charge/expense shall be entered in the RBIU.

6.4.2 Issuances and utilization of donations in kind shall follow the regular procedures on Inventory as promulgated under NGAS Manual Sections 45 to 47

6.5 Recording and Reporting of Donations

6.5.1 The receipt, deposit and utilization of grants and donations, in cash or in kind, shall be recorded in the Regular Agency Books. The account Income from Grants and Donations is used to record the receipt of cash donations deposited to AGDB and donations in kind.

The accounting journal entries are as follows:

1. Receipt of cash donations		
Cash Collecting Officer	102	XXX
Income from Grants and Donations	662	XXX

2. Receipt of donations in kind			
Other Supplies Inventory	165	XXX	
Other Property, Plant and Equipment	250	XXX	
Income from Grants and Donations	662		XXX
3. Deposit to AGDB			
Cash, Local Currency Current Acct.	111	XXX	
Cash Collecting Officer	102		XXX
4. Utilization of cash donations			
Appropriate expense account		XXX	
Cash, Local Currency Current Acct	111		XXX
5. Utilization of donations in kind			
Other Supplies Expense	765	XXX	
Other Supplies Inventory	165		XXX

6.5.2 A Summary Report of Donations Received /SRDR marked as Appendix E shall be prepared on monthly basis by the Centers/Institutions for submission to the Regional Office Accountant with deadline every 5th day of the following month for recording in the books of accounts, copy furnished the Regional Office Property/Supply Officer for donations in kind.

6.5.3 The Field Office shall include the grants and donations as contained in the SRDR in the quarterly preparation of the Report of Income under RA Books to be submitted to the Central Office every 20th of the month following the quarter for consolidation.

7.0 EFFECTIVITY

This memorandum shall take effect immediately and revokes previous orders inconsistent with it.


ESPERANZA I. CABRAL
Secretary

DEED OF DONATION AND ACCEPTANCE

KNOW ALL MEN BY THESE PRESENTS:

This Deed of Donation and Acceptance, made and executed by **(Name of Donor)**, represented by **(Name of Representative, if any), (Citizenship)**, of legal age with office/residential address at **(Complete Address of Donor)**, herein referred to as the DONOR, in favor of **(Name of Beneficiary/Department and Field Office)** with office address at **(Complete Address of Beneficiary/Department and Field Office)**, herein referred to as DONEE:

WITNESSETH

That as an act of generosity and liberality, the Donor hereby voluntarily gives, transfers and conveys by way of donation, into the Donee, **(Particulars: Quantity, Amount and description of Donation)** free from all liens, encumbrances and charges of whatever form in case of IN-KIND Donations as provided by **(Name of Donor)**. That the donor affirms that this donation is made: **(State Specific Purpose of Donation, itemize if necessary)**.

That the Donee accepts and receives this donation made in its favor by the Donor, and hereby manifests its gratefulness for the latter's generosity and liberality.

The Donor and Donee agree as follows:

1. **State Specific Assumption of the Donor, Beneficiary and Location, Description of the donations, Purpose and other necessary reference.**
2. **State Specific Responsibility of the Donee.**
3. Upon acceptance, the Donee shall be responsible for **(State other responsibilities of the Donee)**
4. The Donor have the authority to: **(State limitations and/or conditions of the Donor in the use of the Donations)**.
5. The Donor likewise authorizes the deposit of the CASH DONATION with Authorized Government Depository Bank (AGDB) as provided under COA-GAFMIS Circular Letter No. 2003-005 dated November 21, 2003.

IN WITNESS WHEREOF, both parties have hereunder subscribed their names this _____ day of CY _____ at _____, Philippines.

Head of Office
(Beneficiary Office)

Name of Donor
(Position)

WITNESSES

(Name 1)
Position

(Name 2)
Position

Republic of the Philippines

City of _____

BEFORE ME, a Notary Public in and for the City of _____ this _____ day _____ 20____, personally appeared with their respective Community Tax certificates:

NAME	CTC No.	ISSUED AT/ON
_____	_____	_____
_____	_____	_____

known to me and me known to be the same persons who executed the foregoing Deed of Donation and Acceptance consisting of _____ pages including the page on which this Acknowledgement is written and they both acknowledged before me that the same are their free and voluntary act and Deed.

WITNESS MY HAND AND SEAL on date and place first above written.

NOTARY PUBLIC

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DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
Field Office _____

ACKNOWLEDGEMENT RECEIPT FOR DONATIONS RECEIVED

Date: _____

Control No.: _____

Donors Name: _____ Authorized Representative: _____ Address: _____
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Cash _____ P _____
Amount in words

Check Bank Name and Branch _____
 Check No. and Date _____

In Kind, Inventory

Quantity	Unit	Articles and Descriptions	Estimated Value
Total Donations in Cash and in Kind			P

Purpose of Donation:

We certify that the above donated cash and/or articles are correctly stated for the purpose stated above.

 Head of Recipient Office/
 Authorized Alternate Representative

Conforme:

 Printed Name and Signature of the Donor/
 Authorized Representative

O.R. No. _____ dated _____

DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
Field Office /Center Institution

SPECIAL BUDGET

(Pursuant to COA-GAFMIS Circular Letter No. 2003-005 dated November 21, 2003)

SB No.: _____

Cash Requirement : _____

 Project Description : _____

 Purpose : _____

 Period Covered : _____

 Beneficiary : _____

BREAKDOWN OF EXPENDITURES

Expense Code	Expense Classification	Amount
		Total:

REFERENCES

OR No.	Date	Amount

Requested by:

Certified Funds Available:

Approved by:

 Head of Requesting Office

 Head of Accounting

 Head of Agency/Field Director

SPECIAL BUDGET

INSTRUCTIONS

A. The form shall be accomplished as follows:

1. **SB No.** – control number which shall be one series per year (**year - number series**)
2. **Cash requirement** – the amount needed and requested for a particular activity
3. **Project Description** – short description of the project or activity to be undertaken
4. **Purpose** – the reason, use or intention of the requested funds
5. **Period Covered** – the date the activity is to be undertaken
6. **Beneficiary** – the benefactor or recipient of the project

7. **Breakdown of Expenditures** - These are the authorized and programmed expenditures for the proposed project or activity, tallied with the total cash requirement, with details of expense codes, classification and amount.

8. **References** - These are Official Receipts numbers where the total cash requirement could be charged or are covered for control purposes

B. The information in this form shall be in accordance with the **Deed of Donation and Acceptance** or as indicated in the **Work and Financial Plan and Project Proposal**

DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
Field Office _____

_____ **CENTERS/INSTITUTIONS**

SUMMARY REPORT OF DONATIONS RECEIVED
For the Period from _____ to _____, 200_

ARDR No.	Date	Donor	Nature of Donation					
			Cash/Check		In Kind			
			Check No./Date	Amount	Quantity	Unit	Description	Monetized Value
Total								

Prepared by:

Noted by:

Center/Institution head

REGISTRY OF BUDGETTED INCOME AND UTILIZATION (RBIU)

INSTRUCTIONS

A. This form shall be accomplished as follows:

1. **Heading** - Name of the agency
2. **Allotment Class** - allotment classification such as Personal Services, Maintenance and Other Operating Expenses, Capital Outlay and Financial Expenses
3. **Sheet No.** - sheet number which shall be one series per year
4. **Date** - date of the Special Budget/date the amount is earmarked/utilized
5. **Reference** - Special Budget/PO/Contract/Job Order Number
6. **Account Code** - account code of the expense budgetted/earmarked/utilized in accordance with the prescribed Chart of Accounts
7. **Budget** - amount of budgetted expenses based on the approved Special Budget
8. **Earmarked** - amount set aside for expenses based on the approved Contract/PO/Job Order or DV
9. **Balance** - balance of available budget equivalent to budget less amount
10. **Utilization** - amount of expenses used on DVs ready for approval of the Head of the Accounting Unit

B. This registry shall be maintained by the Accounting Unit of agencies by allotment class

C. Separate Registry shall be maintained for each of the following:

1. Disbursements chargeable to Current Year's Budget
2. Disbursements chargeable to Prior Year's Budget