



Republic of the Philippines
Department of Social Welfare and Development
Batasan Pambansa Complex, Constitution Hills
Quezon City
Telephone No. 931-8101 to 07
<http://www.dswd.gov.ph>

MEMORANDUM CIRCULAR

No. 10
Series of 2007

SUBJECT: **Amendment to Memorandum Circular No. 28 Series of 2005 on the Guidelines on the Monetary Valuation of Foreign and Local Donations for Disaster Relief and Rehabilitation**

Section 5.4. of M.C. No. 28 series of 2005 on Methods/Basis for Valuation of Donations prescribed the procedures in booking/recording of donations in-kind received in the books of accounts of the Department. It provides that the monetized value of such donations be recorded in the DSWD books. In the case of inventories, the International Accounting Standards provides that Property, Plant and Equipment (PPE) should be booked at valuation cost including value added cost that are incidental in receiving, hauling and delivery of such PPE. According to COA, however, the same treatment cannot be adopted to donations in-kind received by DSWD. The COA though agrees that for purposes of reporting to management and stakeholders, it is necessary that all costs incurred in the hauling of donations in-kind be accounted from acceptance to disposal.

In view of this, a separate ledger shall be maintained for every donation received, which shall account for the cost of donations both the direct cost attributed to it and the value added cost. A management report in the form **Monetization Report of Donation Received in-Kind and Other Related Expenses Incurred (Annex B)** shall be prepared and submitted to the Secretary by the Financial Management Service (FMS) which shall disclose all costs and other information related to the donations

The report incorporating all expenses incurred in the receipt of donation is for financial information only not for booking or recording purposes. These expenses include duties and taxes, license fees, permit fees, freight/ transportation, handling and hauling and personnel and other administrative expenses, among others.

On this, Sections 7 and 8 of M.C. No. 28 series of 2005 are hereby amended to read as follows:

7. REPORTING

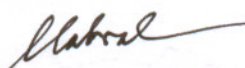
XXX

- 7.3 The **Statement of Expenses Incurred for Donations Received in-Kind (Annex A)** per donor shall be submitted by the Administrative Service/ Management Division to the Accounting Division/Unit within ten (10) days upon receipt of Monetary Valuation Report in-Kind from the Committee on Monetary Valuation.
- 7.4 The FMS-Accounting Division/Unit shall prepare and submit **Monetization Report of Donation Received in-Kind and Other Related Expenses Incurred (Annex B)** to the Office of the Secretary/ Office of the Regional Director.

8. RECORDING

Annexes C-1 and C-2 provide for the accounting journal entries for the receipt, transfer and distribution of donations received in-kind both in Central Office and Field Offices Books of Accounts.

Issued at Quezon City, this 17th day of Dec. 2007.


ESPERANZA I. CABRAL
Secretary

DSWD - OSEC



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Department of Social Welfare and Development
Statement of Expenses Incurred for Donations Received in Kind

ANNEX A

Report No. of Committee on Monetary Valuation: _____

NAME OF DONOR :
ADDRESS :
GOODS RECEIVED :
VALUE OF GOODS :
DATE RECEIVED :

PARTICULARS	PAYMENTS				Amount
	Thru Check		Thru Cash Advance (CA)		
	Check Number	Date of Check	Check No. of CA	Date of Check	
A. Bureau of Customs: Duties and Taxes <i>Sub-total</i>					
B. Port Charges: Bill of Lading Fee Terminal Fee Handling Fee Arrastre Documentation, Turn over Fee Manifest Fee <i>Sub-total</i>					
C. Shipping Lines Charges: Storage Fee Demurrage Charges Wharfage Container Deposit <i>Sub-total</i>					
D. Forwarders/Trucking Services: Transportation Expenses <i>Sub-total</i>					
E. Other Administrative Charges Cost of Personnel Services (Estimates) Gasoline and Oil Toll Fees Photocopy Expenses Notarial Fees Telephone Calls Fax Services Transportation Expenses Meals and Snacks (Staff in Charge) Others <i>Sub-total</i>					
TOTAL DSWD OVERHEAD EXPENSES					P

Prepared by:

Certified by:

Admin Officer

Director, AS

Department of Social Welfare and Development
 Monetization Report on Donation Received in Kind
 and Related Expenses Incurred
 For the Month of _____

ANNEX B

JEV NO. & REFERENCE NO.	DATE	DONOR	ITEMS/DESCRIPTION	TOTAL MONETIZED VALUE	TOTAL RELATED COST PER ANNEX A	REMARKS

Prepared by:

Accountant II

Certified by:

Chief Accountant

Noted by:

Director, FMS

DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
Receipt, Transfer and Distribution of Donation Received in-Kind
Accounting Journal Entries

Annex C-1

CENTRAL OFFICE BOOKS					
Particulars	Account Title	Account Code	Debit	Credit	
1. Receipt of Donations in kind from outside sources <i>(used clothing, medicines and Equipment, etc.)</i>	Other Supplies Inventory	165	XX		
	Appropriate PPE account	x	XX		
	Income from Grants and Donations	662		XX	
2. Transfer of donations to DSWD Field Offices	Subsidy to Field Offices	872	XX		
	Other Supplies Inventory	165		XX	
	<i>Supplies</i>				
	Subsidy to Field Offices	872	XX		
	Accumulated Depreciation <i>(if any)</i>	x	XX		
	Appropriate PPE account	x		XX	
	<i>Equipment</i>				
3. Transfer of donated equipments direct to LGUs by way of Deed of Donation	Income from Grants and Donations	662	XX		
	Appropriate PPE account	x		XX	
4. Distribution of supplies to beneficiaries	Other Supplies Expenses	765	XX		
	Other Supplies Inventory	165		XX	
5. Payment to Bureau of Customs, Port and Shipping Lines charges <i>Duties and Taxes</i> <i>Bill of Lading fee</i> <i>Handling Fee</i> <i>Arrastre</i> <i>Documentation, Turn-over fee</i> <i>Other charges to file import entry at the BOC</i> <i>Storage fee</i> <i>Wharfage</i> <i>Container Deposit</i> <i>Detention charges</i>	Storage Expenses	785	XX		
	Transportation and Delivery Expenses	784	XX		
	Taxes, duties and Licenses	891	XX		
	Cash, NT- MDS <i>or</i>	108		XX	
	Cash, LCCA	111		XX	
6. Payment of administrative and other related expenses including but not limited to the following: <i>Photocopy expenses</i> <i>Notarial fees</i> <i>Telephone calls</i> <i>Fax services</i> <i>Transportation expenses</i> <i>Gasoline expenses</i> <i>Meals and Snacks</i>	Telephone Expenses	772	XX		
	Travelling Expenses	751	XX		
	Gasoline, Oil and Lubricants Expenses	761	XX		
	Other Maintenance and Operating Expenses	969	XX		
	Cash, NT- MDS <i>or</i>	108		XX	
	Cash, LCCA	111		XX	

DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
Receipt, Transfer and Distribution of Donation Received in-Kind
Accounting Journal Entries

Annex C-2

FIELD OFFICE BOOKS					
Particulars	Account Title	Account Code	Debit	Credit	
1. Receipt of Donations in kind from outside sources <i>(used clothing, medicines and Equipment, etc.)</i>	Other Supplies Inventory	165	XX		
	Appropriate PPE account	x	XX		
	Income from Grants and Donations	662		XX	
2. Receipt of donations from Central Office	Other Supplies Inventory	165	XX		
	Subsidy from Central Office	653		XX	
	<i>Supplies</i>				
	Appropriate PPE account	x	XX		
	Subsidy from Central Office	653		XX	
	Accumulated Depreciation <i>(if any)</i>	x		XX	
	<i>Equipment</i>				
3. Distribution to beneficiaries either received from CO or outside sources	Other Supplies Expenses	765	XX		
	Other Supplies Inventory	165		XX	
4. Payment to Bureau of Customs, Port and Shipping Lines charges <i>(if applicable)</i> <i>Duties and Taxes</i> <i>Bill of Lading fee</i> <i>Handling Fee</i> <i>Arrastre</i> <i>fee</i> <i>Other charges to file import entry at the BOC</i> <i>Storage fee</i> <i>Wharfage</i> <i>Container Deposit</i> <i>Detention charges</i>	Storage Expenses	785	XX		
	Transportation and Delivery Expenses	784	XX		
	Taxes, duties and Licenses	891	XX		
	Cash, NT- MDS <i>or</i>	108		XX	
	Cash, LCCA	111		XX	
5. Payment of administrative and other related expenses including but not limited to the following <i>(if applicable)</i> : <i>Photocopy expenses</i> <i>Notarial fees</i> <i>Transportation expenses</i> <i>Meals and Snacks</i> <i>Gasoline Expenses</i>	Telephone Expenses	772	XX		
	Travelling Expenses	751	XX		
	Gasoline, Oil and Lubricants Expenses	761	XX		
	Other Maintenance and Operating Expenses	969	XX		
	Cash, NT- MDS <i>or</i>	108		XX	
	Cash, LCCA	111		XX	