



REPUBLIKA NG PILIPINAS
KAGAWARAN NG KATARUNGAN
PANGASIWAAN SA PATALAAN NG LUPAIN
(LAND REGISTRATION AUTHORITY)

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20 March 2023

LRA Circular No. 09-2023

TO : **ALL LRA OFFICIALS AND EMPLOYEES**

FROM : **GERARDO PANGA SIRIOS** *
Administrator

SUBJECT : **GUIDELINES AND PROCEDURES ON THE GRANT,
UTILIZATION, REPLENISHMENT, AND LIQUIDATION OF
PETTY CASH FUND**

In the interest of the service and to establish and strengthen fiscal controls in granting, as well as, the utilization, replenishment, and liquidation of Petty Cash Fund (PCF), it is vitally important to lay down uniform guidelines and procedures to ensure that all accountable officials/disbursing officers and employees are properly informed and guided, and the objectives thereof, are achieved accordingly.

In this connection and in accordance with the existing rules and regulations of the Commission on Audit (COA), the following set of guidelines and procedures shall be strictly observed and adhered to by all Accountable Officers/Disbursing Officers:

A. Guidelines for Petty Cash Fund

- a. No PCF shall be given unless for a legally specific purpose.
- b. Only permanently appointed officials shall be designated as disbursing officers.
- c. Only duly designated disbursing officers may perform disbursing functions.
- d. Transfer of PCF from one Accountable Officer/Disbursing Officer to another shall not be allowed.
- e. The PCF shall be used solely for the specific legal purpose for which it was granted. Under no circumstance shall it be used for encashment of checks, liquidation of a previous cash advance, and payment of unauthorized expenses.
- f. The PCF for a particular year shall not be used to pay prior year expenses.
- g. The PCF shall be sufficient for the recurring expenses of the agency or field offices for one month.

- h. The Accountable Officer/Disbursing Officer may request replenishment of the cash advance when the disbursements reach at least 75 percent or as needed.
- i. The PCF shall not be used for payment of regular expenses, such as rentals, subscriptions, light and water, and the like.
- j. Payments out of the PCF shall be allowed only for amounts not exceeding P15,000.00 for each transaction. Splitting of transactions to avoid exceeding the ceiling shall not be allowed.
- k. Canvass from three (3) suppliers must be provided/required for purchases involving ₱1,000 and above.
- l. The unused balance of the PCF shall not be closed/refunded at the end of the year. The fund shall be closed only upon termination, separation, retirement, or dismissal of the Petty Cash Fund Custodian (PCFC).

As such, the PCFC shall submit to the Bookkeeping Section, Accounting Division, all unreplenished Petty Cash Vouchers (PCV) (**Annex A**) for recording in the books of accounts at the end of each year.

B. Procedures for Disbursement through Petty Cash Fund

ESTABLISHMENT OF PETTY CASH FUND	
Area of Responsibility	Activity
Petty Cash Fund Custodian	Receives the approved check from the cashier for the establishment of PCF.
Petty Cash Fund Custodian	Encash the check in Government Servicing Bank.

UTILIZATION OF PETTY CASH FUND	
Area of Responsibility	Activity
Requesting Personnel	Accomplishes Box I columns "Particulars" and "Amount" and Box A "Requested by" portion of the Petty Cash Voucher (PCV).
Immediate Supervisor	Signs Box A "Approved by" portion of the PCV and returns to requesting personnel.
Requesting Personnel	Submits the required documents to the PCFC for the release of fund/cash.
Petty Cash Fund Custodian	Receives from the Requesting Personnel the PCV duly approved by the Immediate Supervisor. Upon release of the cash, signs in Box B "Paid by" portion of the PCV.
Requesting Personnel	Receives cash and signs in Box B "Cash Received by" portion of the PCV.
Petty Cash Fund Custodian	Issue Copy 2 of the PCV to the Requesting Personnel. Files the original copy of the PCV awaiting liquidation.

LIQUIDATION OF PETTY CASH RECEIVED BY THE REQUESTING PERSONNEL FROM THE PETTY CASH FUND CUSTODIAN

Area of Responsibility	Activity
Petty Cash Fund Custodian	Receives from Requesting Personnel Copy 2 of the PCV together with supporting documents. Checks and reviews completeness of documents such as the date, amount, and nature of expenses paid as shown in the supporting documents.
	If incomplete, return to Requesting Personnel for completion of needed supporting documents.
	If complete, retrieves the original PCV from the file and fills up BOX II "Total Amount Granted", "Total Amount Paid per Official Receipt/Invoice No." and "Amount Refunded/Reimbursed" portion of the original copy and Copy 2 of the PCV.
	Check the appropriated boxes for the "Received Refund" or "Reimbursement Paid" portion and signs Box C of the PCV.
Requesting Personnel	Checks and fills up the appropriate boxes for "Liquidation Submitted by" and "Reimbursement Received by" upon submission of necessary supporting documents and receipt or reimbursement of cash if any, and signs Box D of the PCV.
Petty Cash Fund Custodian	Returns Copy 2 of the PCV to the Requesting Personnel.
	Fills up the date, PCV No., name of the payee, nature of payment, and the amount in the "Disbursements" and "Cash Advance Balance" columns of the Petty Cash Fund Record (PCFR) (Annex B) .
	Files the original copy of PCV and supporting documents.

REPLENISHMENT OF PETTY CASH FUND

Area of Responsibility	Activity
Petty Cash Fund Custodian	Retrieves the original copy of the PCV together with the supporting documents.
	Based on the paid PCV and supporting documents, prepares the Report on Paid Petty Cash Vouchers (RPPCV) (Annex C) in two (2) copies. Signs the "Certification" portion of the RPPCV.
	Based on the RPPCV, prepares Disbursement Vouchers (DV) in four (4) copies. Forwards Copies 1-4 of the DV, original of the RPPCV and PCV, and supporting documents to the Authorized Official for review and signature.
Authorized Official	Signs Box A of the DV
Petty Cash Fund Custodian	Forwards Copies 1-4 of the DV, original copy of the RPPCV and PCV, and supporting documents to Budget Division for the recording of obligations

	and issuance of Obligation Request and Status (ORS).
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C. Documentary Requirements

Granting of Petty Cash Fund

- a. Authority of the Accountable Officer issued by the Head of the Agency or his duly authorized representative indicating the maximum accountability and purpose of cash advance (for initial cash advance);
- b. An approved application for bond and/or Fidelity Bond for the year for cash accountability of ₱5,001 or more; and
- c. Approved estimates of petty expenses for one month.

Replenishment of Petty Cash Fund

- a. Duly signed Report on Paid Petty Cash Vouchers
- b. Petty Cash Replenishment Report
- c. Approved Purchase Request with Certificate of Emergency Purchase, if necessary
- d. Bills, Receipts, and Sales Invoices
- e. Inspection and Acceptance Report (**Annex D**)
- f. Waste Materials Report (**Annex E**), in case of replacement/repair
- g. Approved trip ticket, for gasoline expenses
- h. Canvass from three suppliers for purchases involving ₱1,000 and above, except for purchases made while on official travel
- i. Summary/Abstract of Canvass
- j. Petty Cash Vouchers duly accomplished and signed
- k. Official Receipts in case of a refund (when the PCF is closed or terminated)
- l. Toll receipts and trip tickets
- m. Such other documents may be required depending on the nature of the expenses.

D. Withholding of Taxes

Pursuant to the Bureau of Internal Revenue's rules and regulations, all government offices are constituted as withholding agents for the purposes of the creditable tax required to be withheld from government money payments to **regular supplier** of goods and services.

A **regular supplier**, for this purpose, is one with whom a taxpayer has had at least six transactions, either in the previous or current year, or constituting a single purchase amounting to at least P10,000.

As such, purchases using the Petty Cash Fund from a **regular supplier** or a single purchase amounting to ₱10,000 shall be subject to the 5% final VAT withholding and the following creditable income taxes.

- Supplier of Goods - 1%
- Supplier of Services - 2%

All Accountable Officers/Disbursing Officers are advised to coordinate with the Accounting Division, this Authority regarding matters as to the imposition and computation of withholding taxes. In case of non-compliance with their obligation to withhold taxes, the amount equivalent to the taxes

that should have been withheld shall be shouldered by the Accountable Officer/Disbursing Officer.

Other rules and regulations issued by the COA and other government agencies pertaining to cash advances are deemed incorporated in this Circular.

For strict compliance.