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MEMORANDUM ORDER NO. 181

PRESCRIBING GUIDELINES GOVERNING THE REVERSION OF CERTAIN
ACCOUNTS PAYABLE TO THE UNAPPROPRIATED SURPLUS AND
FOR OTHER PURPOSES

WHEREAS, Republic Act No. 3526 and the Government Auditing Code mandate that the Commission on Audit may revert to the unappropriated surplus of the General Fund of the national government any unliquidated balance of accounts payable which has been outstanding for two years or more and against which no actual claim, administrative or judicial, has been filed or which is not covered by perfected contracts on record, save for the unliquidated balances of accounts payable in trust funds as long as the purposes for which the funds were created have not been accomplished;

WHEREAS, under Executive Order No. 228, s. 1970 all accounts payable and unliquidated obligations which are two years old or over and/or other undocumented accounts payable irrespective of age are required to be reverted to the Unappropriated Surplus, save for the unliquidated balances of accounts payable in trust funds as long as the purposes for which the funds were created have not been accomplished;

WHEREAS, despite the existence of the aforementioned laws and Executive Order, there still remain in the books of accounts of agencies a great number of dormant or long outstanding accounts payable;

WHEREAS, retention of prior years accounts payable covering several years has resulted in the immobilization of public funds and hindered effective resource planning and allocation;

WHEREAS, there is an urgent need to place in the mainstream of budget review and evaluation the totality of government financial resources;

WHEREFORE, it is hereby ordered, that:

SECTION 1. Reversion of Unliquidated Balances of Accounts Payable. All 1985 and prior years accounts payable, whether documented or undocumented, shall be reverted to the Unappropriated Surplus of the General Fund. All 1986 and 1987 undocumented accounts payable shall, likewise, be reverted to the Unappropriated Surplus of the General Fund.

SECTION 2. Funding source for Legitimate Obligations. Consistent with the mandate of Republic Act No. 3526, the Department of Budget and Management shall provide a lump-sum fund in the Annual General Appropriations Act in such amount as may be necessary to settle legitimate obligations or accounts payable that may arise after the reversion of accounts payable as provided in Section 1 hereof: Provided, That this shall not be construed as an authority to revive claims already barred by prescription or disallowed by a final administrative or judicial determination.

SECTION 3. Agency Responsibility. All agencies are hereby enjoined to extend the necessary cooperation and support to facilitate the implementation of this Order.

SECTION 4. Applicability. This Memorandum Order shall apply to all funds, except trust funds, as long as the purposes for which such funds have been created have not been accomplished.

SECTION 5. Rules and Regulations. The Department of Budget and Management and the Commission on Audit shall jointly prepare the implementing guidelines and procedures to carry out effectively this Memorandum Order.

SECTION 6. Effectivity. This Order shall take effect May 1, 1988.

Done in the City of Manila, this 19th day of July, in the year of Our Lord, nineteen hundred and eighty-eight.

By authority of, the President:


CATALINO MACARAIG, JR.
Executive Secretary