

BOY SCOUTS OF THE PHILIPPINES

National Office
Ermita, Manila



22 April 2016

**NATIONAL OFFICE MEMORANDUM
No. 24 s. 2016**

**TO : REGIONAL SCOUT DIRECTORS, COUNCIL SCOUT
EXECUTIVES (CSEs), AND OFFICERS-IN-CHARGE (OIC)**

**SUBJECT : GUIDELINES ON AUTHORIZED GOVERNMENT
DEPOSITORY BANKS**

Reports reaching the National Office disclosed that there are still Regional Offices and Local Councils that do not abide by the requirement of the Department of Finance (DOF) that all National Government Agencies (NGAs), Government-Owned or Controlled Corporations (GOCCs), Government Financial Institutions (GFIs), Government Instrumentalities with Corporate Powers (GICPs), Government Corporate Entities (GCEs), and Local Government Units (LGUs) are duty-bound to deposit and maintain their respective funds with any of the authorized government depository banks stipulated under Department Order (DO) No. 27-05 dated December 9, 2005. What is more alarming is the information that some Local Councils do not have a bank account at all to deposit and maintain their respective funds.

On June 1, 2015, the DOF issued Department Circular (DC) No. 001, s. 2015 prescribing the *Revised Guidelines on Authorized Government Depository Banks*. Among the significant provisions of the said Department Circular (DC) are the conditions by which a NGA/GOCC/LGU may be allowed to open and maintain a depository bank other than those authorized by the DOF under DO No. 27-05. Even if a Regional Office or a Local Council meet all the conditions stipulated under DC No. 001, s. 2015, the said Circular still requires the prior approval of the DOF before a Regional Office or a Local Council can open and maintain a bank account in a depository bank other than any of the authorized government depository banks.

For a number of times, the Commission on Audit (COA) has reminded the Boy Scouts of the Philippines (BSP), through an Audit Observation Memorandum (AOM) and/or Letter, to comply with the existing laws, rules and regulations pertaining to the above subject. Also, in the different seminars, workshops, training, forums, conferences, and meetings conducted and/or facilitated by the National Office, we always made sure to discuss and remind all concerned regarding your compliance on the above subject. Hence, we are reminding you again that any violation of the provisions of the aforementioned Department Order and Department Circular of the DOF shall be a ground for the imposition of criminal and/or administrative liability in accordance with existing government laws, rules and regulations.

Attached herewith are Department Circular No. 001, s. 2015 and Department Order No. 27-05 for your reference and guidance.

For immediate action and strict compliance.



ATTY. WENDEL E. AVISADO

Acting Secretary General

Encl. As stated.

Cc: Office of the BSP President
Office of the National Treasurer
BSP Regional Chairperson
Office of the Acting Deputy Secretary General
and concurrent Director for Field Operations
Office of the Director for Administration
Office of the Acting Director for Finance
Office of the Acting Director for Economic Enterprise
Office of the Internal Auditor
Office of the COA Resident Auditor
Office of the Regional Scout Director
Local Council Executive Board (LCEB) through the:
Council Chairman
Council Treasurer
Council Scout Executive (CSE)/Officer-In-Charge (OIC)



Republic of the Philippines
DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

DEPARTMENT CIRCULAR NO. **001.2015**
1 JUNE 2015

TO : HEADS OF ALL NATIONAL GOVERNMENT AGENCIES,
GOVERNMENT- OWNED OR -CONTROLLED
CORPORATIONS/ GOVERNMENT FINANCIAL
INSTITUTIONS AND PROVINCIAL, CITY, MUNICIPAL AND
BARANGAY TREASURERS (LOCAL TREASURERS)

SUBJECT : REVISED GUIDELINES ON AUTHORIZED GOVERNMENT
DEPOSITORY BANKS

1. LEGAL BASIS

These guidelines are being issued in line with the mandate of the Department of Finance ("DOF") under the Administrative Code of 1987 and Executive Order No. 127, series of 1987 for the sound and efficient management of the financial resources of the Government, its subdivisions, agencies and instrumentalities.

2. COVERAGE

This Circular shall cover all National Government Agencies ("NGAs"), Government-Owned or -Controlled Corporations ("GOCCs")/Government Financial Institutions ("GFIs")/Government Instrumentalities with Corporate Powers ("GICPs")/Government Corporate Entities ("GCEs") and Local Government Units ("LGUs").

3. DEFINITION OF TERMS

- 3.1 **"Authorized Government Depository Bank"** refers to a bank where Government Agencies are allowed by law to deposit Government Funds and maintain depository accounts, or by way of exception, a bank allowed or designated by the DOF and the Monetary Board to hold government deposits subject to prescribed rules and regulations.
- 3.2 **"Government Financial Institutions ("GFIs")"** refer to financial institutions or corporations in which the government directly or indirectly owns majority of the capital stock and which are either: (1) registered with or directly supervised by the Bangko Sentral ng Pilipinas ("BSP"); or are (2) collecting or transacting funds or contributions from the public and thereafter, placing them in financial instruments or assets such as deposits, loans, bonds and equity

including, but not limited to, the Government Service Insurance System and the Social Security System.

- 3.3 **“Government Funds”** include public moneys of every sort and other resources pertaining to any agency of the government.
- 3.4 **“Government Instrumentalities with Corporate Powers (“GICPs”) / Government Corporate Entities (“GCEs”)** refer to instrumentalities or agencies of the government which are neither corporations nor agencies integrated within the departmental framework, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy usually through a charter including, but not limited to, the following: The Manila International Airport Authority, the Philippine Ports Authority, the Philippine Deposit Insurance Corporation, the Metropolitan Waterworks and Sewerage System, the Laguna Lake Development Authority, the Philippine Fisheries Development Authority, the Bases Conversion and Development Authority, the Cebu Port Authority, the Cagayan de Oro Port Authority, the San Fernando Port Authority, the Local Water Utilities Administration and the Asian Productivity Organization.
- 3.5 **“Government-Owned or -Controlled Corporations (“GOCCs”)** refer to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Philippines directly or through its instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock. *Provided, however,* That for purposes of this Circular, the term “GOCC” shall include GICP/GCE and GFI as defined herein.

4. GENERAL PRINCIPLES

- 4.1 As the Government’s steward of sound fiscal policy, the Department of Finance formulates, institutionalizes and administers policies to ensure that the government resources are managed and mobilized judiciously in a manner supportive of the development objectives of the government in promoting the welfare of the people and accelerating economic growth and stability.
- 4.2 The Bureau of Local Government Finance (“*BLGF*”), as the focal agency and authority in local finance, shall assist the Department of Finance in the formulation and implementation of policies on fund management.
- 4.3 Pursuant to Executive Order No. 55 (s. 2011), the government through the DOF and the Bureau of the Treasury (“*BTr*”) implemented the Treasury Single Account (“*TSA*”) system for better cash management and greater transparency in public financial management.

5. GENERAL GUIDELINES

- 5.1 Pursuant to Executive Order No. 55, all National Government Agencies shall adopt the TSA system for the collection of fees, charges and other revenues and remittance of the same to the National Treasury.
- 5.2 As part of the Government's effort to strengthen its overall fiscal position, all NGAs, GOCCs, and LGUs specifically allowed by law, rules and regulations to retain income and/or for operations and/or working balances shall deposit and maintain accounts with GFIs with a universal bank license and a CAMELS rating of at least "3".
- 5.3 In view of Executive Order No. 55, series 2011 removing revenue and expenditure floats, the NGA/ GOCC/ LGU may engage the payment and collection services of a bank other than as referred under Section 5.2, thru a transaction fee-based arrangement, without the need for prior approval from the DOF, in the case of GOCCs, or, from the BLGF, in the case of LGUs: provided, that in the case of NGAs the implementation of any payment and collection system should require concurrence of BTr for consistency to the TSA framework; provided, further, that the (proposed) bank will only serve as a collection bank for the account of the NGA/ GOCC/ LGU: provided, finally that, in the case of collection banks, all collections shall be transferred to any of the GFIs referred in Section 5.2 on the next banking day counted from the collection date.
- 5.4 Bank accounts with banks other than GFIs referred in Section 5.2 may be allowed for the NGA/ GOCC/ LGU under the following circumstances:
 - 5.4.1 Where the GFIs referred under Section 5.2 cannot provide the necessary banking products and services;
 - 5.4.2 Where there are no accessible (within the twenty (20) kilometer radius) GFIs, as referred under Section 5.2, or its collection facility. The Requesting Agency shall furnish the DOF/ BTr/ BLGF a copy of the vicinity map showing the location and distance between the Requesting Agency, the GFIs referred in 5.2 hereof, and the (proposed) bank; and,
 - 5.4.3 Where security and safety are the reasons for opening and maintaining an account in a (proposed) bank. The Requesting Agency shall furnish the DOF/ BTr/ BLGF an Independent Report or Certification from the Philippine National Police Provincial Office confirming the existence of the security risks.

In the case of GOCCs and LGUs, a maintaining balance may be allowed for operating expenses of up to three (3) months, after having performed a cost-benefit analysis, or up to the maximum deposit

insurance coverage of the Philippine Deposit Insurance Corporation (PDIC) of P500,000.00, whichever is lower. All funds deposited shall be limited to operating funds and no other deposits shall be maintained for special projects or investment purposes. Any amount in excess of the authorized cash balance in Section 5.4 shall be transferred to any of the GFIs in Section 5.2.

- 5.5 Where the Requesting Agency cannot meet all of the conditions set forth under Sections 5.2 to 5.4, it shall request for prior approval from the DOF for GOCCs/ BTr for NGAs/ BLGF for LGUs, to open and maintain an account in the (proposed) bank other than those referred under Section 5.2.

5.5.1 In requesting for prior approval, the Requesting Agency shall submit the following specific requirements to the DOF/ BTr/ BLGF, as applicable:

- a. Letter from the Head of the Requesting Agency or its duly designated officer requesting the approval from the DOF/ BTr/ BLGF citing the terms of the deposit, purpose for opening and maintaining an account with the (proposed) bank and specific reasons and circumstances for not meeting the conditions;
- b. In the case of a GOCC, it shall submit (i) a copy of the Board Resolution authorizing the GOCC to deposit funds with the (proposed) bank, (ii) its latest audited financial statements issued not more than 18 months at the time of the submission of the request, (iii) its latest Schedule of Cash and Short-term Investment Balances and (iv) a Summary of its Daily Collection Report for the last three months;
- c. In the case of an LGU, it shall submit (i) a Certification from the (proposed) bank that no elective or appointive local government official of the LGU concerned is a director, officer or stockholder of the bank, unless certified that it is the only bank operating in the territorial jurisdiction of the LGU, (ii) a copy of the Resolution of the local *Sanggunian* concerned authorizing the LGU to deposit funds with the (proposed) bank with the approval of the Local Chief Executive and (iii) a copy of the Certification from the Department of Interior and Local Government (DILG) on the Seal of Good Housekeeping or any document from DILG showing that the LGU has passed the Seal of Good Housekeeping;
- d. In cases where security and safety are the reasons for opening and maintaining an account in a (proposed) bank other than the GFIs referred under Section 5.2, the

Requesting Agency shall submit an Independent Report or Certification from the Philippine National Police Provincial Office confirming the existence of the security risk;

- e. The (proposed) bank's latest CAMELS rating issued by the BSP;
- f. Vicinity map showing the location and distance between the Requesting Agency, the GFIs mentioned in 5.2 hereof, and the (proposed) bank;
- g. Notarized Waiver in favor of the BTr and the (proposed) bank to allow BTr in the case of NGAs to have oversight authority on the bank account and for the bank to provide any required reports/statements to BTr; and
- h. Other information that the DOF/ BTr/ BLGF may require in the course of its evaluation.

5.5.2 In cases where the GFIs mentioned in Section 5.2 hereof establishes or operates a branch within the territorial jurisdiction or in the locality where the NGA/ GOCC/ LGU or any of its branches, field offices, departments, divisions or operating units holds or conducts its office or business, or where the circumstances under Section 5.4 is no longer prevailing, the NGA/ GOCC/ LGU shall transfer all funds and cash balances to GFIs mentioned in Section 5.2 within three (3) banking days from the time the exceptional circumstance is no longer prevailing, whichever comes first: provided, that in the case of an NGA, proper reporting of cash balances on the bank accounts should be made to the BTr or its field offices before and after the closure of the account with the (proposed) bank.

6. SANCTIONS

Any violation of this Circular shall be a ground for the imposition of the following sanctions:

- 6.1 For the bank, other than those referred under Section 5.2, the DOF shall recommend to BSP the cancellation of the authority to accept government deposits if one has already been granted and/or disqualification to act as a government depository for not more than one (1) year without prejudice to other sanctions as may be imposed by the BSP.
- 6.2 For NGAs/ GOCCs/ LGUs, the Heads of NGAs/ GOCCs/ LGUs shall be responsible for the compliance of this Circular without prejudice to criminal and/or administrative liability in accordance with existing laws, rules and regulations.

7. REPEALING CLAUSE

This Circular supersedes DOF Order No. 27-05 dated 09 December 2005, DOF Order No. 32-03 dated 10 November 2003, DOF Order No. 11-99 dated 24 February 1999 and all other DOF issuances and regulations which are inconsistent herewith.

8. EFFECTIVITY

This Circular shall take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation in the Philippines.


CESAR V. PURISIMA
Secretary of Finance
026221



DEPARTMENT OF FINANCE

Romas Boulevard Corner Paldo Ocampo, Sr. Street
Manila 1004

5 DEC 27 P1:59

5 DEC 21 M1:28

DEPARTMENT ORDER NO. 27 - 05
9 December 2005

TO : ALL THE PROVINCIAL, CITY AND MUNICIPAL
TREASURERS, THE COMMISSIONERS OF BUREAU OF
INTERNAL REVENUE (BIR) AND BUREAU OF CUSTOMS
(BOC), HEADS OF ALL ATTACHED AGENCIES OF THE
DEPARTMENT OF FINANCE, AND HEADS OF ALL
GOVERNMENT-OWNED AND/OR CONTROLLED
CORPORATIONS (GOCCs)

SUBJECT : AMENDMENT TO DEPARTMENT ORDER NO. 32-03

All Provincial, City and Municipal Treasurers, Commissioners of BIR and BOC, Heads of attached agencies of the DOF and Heads of all GOCCs shall deposit their funds and maintain depository accounts with:

- a. Land Bank of the Philippines; and
- b. Development Bank of the Philippines.

By way of exception, and subject to prior approval of DOF, Provincial, City and Municipal Treasurers, Commissioners of BIR and BOC, Heads of attached agencies of the DOF, and Heads of all GOCCs may likewise deposit their funds and maintain depository accounts with banks where government has shares of stocks or which are allowed by law to be government depository banks:

- a. **Philippine National Bank** - granted with the authority to accept government deposits from October 10, 2003 up to 03 May 2007 subject to gradual reduction of the ratio of government deposits to total deposit liabilities in accordance with the limitations prescribed by the Monetary Board;
- b. **Philippine Postal Savings Bank** - subsidiary of Philippine Postal Corporation; created under Republic Act No. 7354 ("Postal Service Act of 1992");
- c. **Thrift, Rural and Cooperative Banks** may act as official depository of government funds pursuant to Republic Act Nos. 7906 ("Thrift Banks Act of 1995"), 7353 ("Rural Banks Act of 1992") and 6938 ("Cooperative Code of the Philippines"), and in exceptional cases as

stated in DO No. 11-99 and subject to the prior approval and guidelines of the BSP;

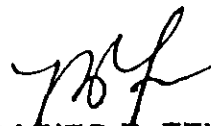
1. *Thrift Bank (authorized by Republic Act No. 7906) - a thrift bank may act as official depository of national agencies, and of municipal, city or provincial funds in the municipality, city or province where the thrift bank is located, subject to such guidelines as may be established by the Monetary Board;*
 2. *Rural Bank (authorized by Republic Act No. 7353) - a rural bank may act as official depository of municipal, city or provincial funds in the municipality, city or province where the rural bank is located, subject to such guidelines as may be established by the Monetary Board, and*
 3. *Cooperative Bank (authorized by Republic Act No. 6938) - a cooperative bank may act as a depository of government funds for all government departments, agencies and units of the national and local governments, including government-owned or controlled corporations.*
- d. **United Coconut Planters Bank** - authorized to continue accepting **National Government** funds until further notice from the BSP **subject to limitations prescribed by Monetary Board;**
- e. **Al-Amanah Islamic Investment Bank of the Philippines** - authorized by Republic Act No. 6848 (*Al-Amanah Islamic Bank Charter*) under Section 6 (B) to act as an official government depository, or its branches, subdivisions and instrumentalities and of GOCCs, particularly those doing business in the autonomous region.
- f. **Philippine Veterans Bank** - authorized by Section 6 of Republic Act No. 7169 which states that the Secretary of Finance, the National Treasurer and his authorized representatives, city and municipal treasurers, as well as custodians of public funds or those belonging to government-owned or controlled corporations, are hereby authorized **if they so desire** to make and actually maintain deposits of any government or corporate funds with the Veterans Bank, which is hereby declared to be a government depository.

In all other cases, the Provincial, City and Municipal Treasurers, Commissioners of BIR and BOC, Heads of attached agencies of the DOF, and Heads of all GOCCs shall secure the prior approval of DOF.

They are further reminded that deposits and maintenance of funds with the foregoing banks must be in accordance with the applicable provisions of DO No. 11-99, as amended, *BSP Circular No. 110 Series of 1996*, applicable Monetary Board Resolutions, and other pertinent rules and regulations.

This Order shall take effect immediately and accordingly amends DO No. 32-03 dated 10 November 2003.

Please be guided accordingly.



MARGARITO B. TEVES

Secretary

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DEPARTMENT OF FINANCE

Roxas Boulevard, Corner Poblacion, Sr. Street
Manila 1004

FILE COPY

DEPARTMENT ORDER NO. 32-03
10 November 2003

TO : ALL THE PROVINCIAL, CITY AND MUNICIPAL TREASURERS, THE COMMISSIONERS OF BUREAU OF INTERNAL REVENUE (BIR) AND BUREAU OF CUSTOMS (BOC), HEADS OF ALL ATTACHED AGENCIES OF THE DEPARTMENT OF FINANCE, AND HEADS OF ALL GOVERNMENT OWNED AND/OR CONTROLLED CORPORATIONS (GOCCs)

SUBJECT : AUTHORIZED GOVERNMENT DEPOSITORY BANKS

This is to advise the Provincial, City and Municipal Treasurers, Commissioners of BIR and BOC, Heads of attached agencies of the DOF and Heads of all GOCCs that pursuant to *Department Order (DO) No. 11-99 dated February 24, 1999* they may deposit their funds and maintain depository accounts preferably with:

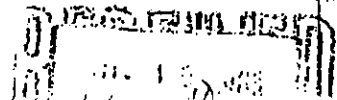
- a. Land Bank of the Philippines; and
- b. Development Bank of the Philippines.

By way of exception and update on the list of banks in *DO No. 11-99*, Provincial, City and Municipal Treasurers, Commissioners of BIR and BOC, Heads of attached agencies of the DOF, and Heads of all GOCCs may likewise deposit their funds and maintain depository accounts with the following banks where government has shares of stocks or which are allowed by law to be government depository banks:

- a. Philippine National Bank - granted with the authority to accept government deposits from October 10, 2003 up to 03 May 2007 subject to gradual reduction of the ratio of government deposits to total deposit liabilities in accordance with the limitations prescribed by the Monetary Board;
- b. Philippine Postal Savings Bank - subsidiary of Philippine Postal Corporation created under *Republic Act No. 7354 ("Postal Service Act of 1992")*;
- c. Thrift, Rural and Cooperative Banks - may act as official depository of government funds pursuant to *Republic Act Nos. 7906 ("Thrift Banks Act of 1995")*, *7353 ("Rural Banks Act of 1992")* and *6938 ("Cooperative Code of the Philippines")*, and in exceptional cases as stated in *DO No. 11-99* and subject to the prior approval and guidelines of the BSP;

1. Thrift Bank (authorized by *Republic Act No. 7906*) - a thrift bank may act as official depository of national agencies, and of

DEPARTMENT OF FINANCE



municipal, city or provincial funds in the municipality, city or province where the thrift bank is located, *subject to such guidelines as may be established by the Monetary Board*;

2. *Rural Bank (authorized by Republic Act No. 7353) – a rural bank may act as official depository of municipal, city or provincial funds in the municipality, city or province where the rural bank is located, subject to such guidelines as may be established by the Monetary Board; and*

3. *Cooperative Bank (authorized by Republic Act No. 6938) – a cooperative bank may act as a depository of government funds for all government departments, agencies and units of the national and local governments, including government-owned or controlled corporations.*

d. *United Coconut Planters Bank -- authorized to continue accepting National Government funds until further notice from the BSP subject to limitations prescribed by Monetary Board;*

e. *Al-Amanah Islamic Investment Bank of the Philippines – authorized by Republic Act No. 6848 (Al-Amanah Islamic Investment Bank Charter) under Section 6 (8) to act as an official government depository, or its branches, subdivisions and instrumentalities and of GOCCs, particularly those doing business in the autonomous region.*

f. *Philippine Veterans Bank -- authorized by Section 6 of Republic Act No. 7169 which states that the Secretary of Finance, the National Treasurer and his authorized representatives, city and municipal treasurers, as well as custodians of public funds or those belonging to government-owned or controlled corporations, are hereby authorized if they so desire to make and actually maintain deposits of any government or corporate funds with the Veterans Bank, which is hereby declared to be a government depository.*

With respect to the Securities and Exchange Commission (SEC), the SEC may likewise deposit and maintain its cash balances with the Union Bank of the Philippines but only with regard to its Integrated Collection Facility/Register System in accordance with the Department's letter to the SEC dated 13 September 2002.

Provincial, City and Municipal Treasurers, Commissioners of BIR and BOC, Heads of attached agencies of the DOF, and Heads of all GOCCs are hereby reminded that deposits and maintenance of funds with the foregoing banks must be in accordance with DO NO. 11-99 as herein amended, *BSP Circular No. 110 Series*

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of 1996, applicable Monetary Board Resolutions, and other pertinent rules and regulations.

This Order shall take effect immediately and accordingly amends DO No. 11-99 dated 24 February 1999.

Please be guided accordingly.



JOSE SIDRON N. CAMACHO
Secretary