



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CIRCULAR

No. : 2004-006

Date : September 9, 2004

TO : Heads of Departments, Agencies, Bureaus/Offices, Regional Offices and Operating Units of the National Government; Managing Heads of Government-Owned and/or Controlled Corporations; Local Chief Executives; COA Assistant Commissioners, COA Directors, Heads of Auditing Units, and All Others Concerned.

SUBJECT : GUIDELINES AND PRINCIPLES ON THE ACCEPTABILITY OF THE EVIDENCE OF RECEIPT OF PAYMENT FOR DISBURSEMENTS.

I. RATIONALE:

The pre-printed Official Receipt (OR) is the traditional artifact recognized by government auditors as evidence of receipt of payment for disbursements of government agencies. This traditional mode, however, is not applicable to certain situations, such as:

1. In cases where the recipient is not engaged in business and, therefore does not have pre-printed ORs to issue as proof of receipt. This situation is common in the rural/village areas (during military field operations, for example).
2. In cases of electronic transactions like credit card payments and e-payments such as those for electronic income tax return filing system of the Bureau of Internal Revenue (BIR), and those under the Government Electronic Procurement System, (GEPS).

In view of the prevalence of the first situation above and the growing adoption of the second, there is a need for a comprehensive definition of what may be considered as evidence of receipt of payment and the forms such evidence may take to be acceptable.

II. SCOPE

This Circular covers all disbursements of government funds where evidence of receipt of payment is a requirement.

III. GENERAL GUIDELINES AND PRINCIPLES:

3.1 Generally, the objective of examining the evidence of receipt of payment is

to establish that the funds disbursed have actually been received by the payee so that any liability arising from the claim has indeed been extinguished or reduced in the amount received by the payee.

3.2 Such evidence of receipt of payment may take several forms as described below, but whatever form is taken, the minimum data content are as follows:

- a. Name of Disbursing Officer making the payment
- b. Date of payment
- c. Name of Recipient
- d. Address of the Recipient
- e. Purpose of the Payment
- f. Amount of Payment Received

3.3 The evidence of receipt of payment may be a paper-based document or an electronic document.

3.3.1 A paper-based evidence of receipt of payment may take any of the following forms:

- a. Official Receipt (OR) – The OR shall be required for disbursements where the payee/recipient is a business establishment required by the Bureau of Internal Revenue to issue Official Receipts for its collections. The OR may also be in the form of cash receipt tape generated by cash register with Bureau of Internal Revenue seal.
- b. Reimbursement Expense Receipt (RER) – The RER shall be acceptable for disbursements where the payee is not a business entity required by the Bureau of Internal Revenue to issue ORs and the money is advanced by the official concerned and the expense is authorized to be reimbursed by the government agency concerned.
- c. Acknowledgment Receipt (AR) – The AR shall be acceptable for disbursements made from the cash advance of the disbursing official where the payee is not a business entity required by the Bureau of Internal Revenue to issue ORs. It may be printed, typewritten or handwritten and must bear the signature of the payee.
- d. Voucher Receipt (VR) – The VR shall be acceptable for disbursements made to individual persons. The VR is that portion of the Disbursement Voucher/Payroll that is signed by the payee to manifest his receipt of the indicated amount.
- e. Credit Card Payment Slip (CCPS) – The CCPS shall be acceptable as support for claims of reimbursement of expenses where the official concerned used his personal credit card to defray the expenses and the expenses are authorized to be reimbursed by the government agency concerned.

3.3.2 An electronic document refers to information or the representation of information, data, figures, symbols or other modes of written expression, described or however represented, by which a right is established or an obligation extinguished, or by which a fact may be proved and affirmed, which is received, recorded, transmitted, stored, processed, retrieved or produced electronically.

It includes digitally-signed documents and any print-out or output, readable by sight or other means, which accurately reflects the electronic data message or electronic document.

It is equivalent to electronic data message which refers to information generated, sent, received or stored by electronic, optical and similar means, but not limited to the following:

- a. Electronic Data Interchange (EDI)
- b. Electronic mail
- c. Telegram
- d. Telex
- e. Telecopy

3.4 The electronic document form of an evidence of receipt of payment is acceptable on the basis of the following provisions of RA 8792 otherwise known as the E-commerce Act:

"Sec. 7. Legal recognition of Electronic Documents. – Electronic documents shall have the legal effect, validity or enforceability as any other document or legal writing, and –

- (a) Where the law requires a document to be in writing, that requirement is met by an electronic document if the said electronic document maintains its integrity and reliability and can be authenticated so as to be usable for subsequent reference, in that –
 - (i) The electronic document has remained complete and unaltered, apart from the addition of any endorsement and any authorized change, or any change which arises in the normal course of communication, storage and display; and
 - (ii) The electronic document is reliable in the light of the purpose for which it was generated and in the light of all relevant circumstances.
- (b) Paragraph (a) applies whether the requirement therein is in the form of an obligation or whether the law simply provides consequences for the document not being presented or retained in its original form.
- (c) Where the law requires that a document be presented or retained in its original form, that requirement is met by an electronic document if –
 - (i) There exists a reliable assurance as to the integrity of the document from the time when it was first generated in its final form; and
 - (ii) That document is capable of being displayed to the person to whom it is to be presented: *Provided* that no provision of this Act shall apply to vary any and all requirements of

existing laws on formalities required in the execution of documents for their validity.

For evidentiary purposes, an electronic document shall be the functional equivalent of a written document under existing laws.

This Act does not modify any statutory rule relating to the admissibility of electronic data messages or electronic documents, except the rules relating to authentication and best evidence."

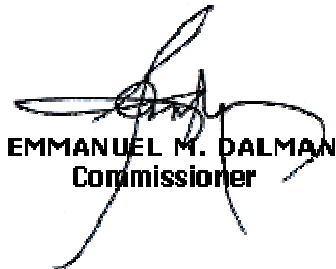
- 3.5 Since an evidence of receipt of payment is traditionally required to be in writing and capable of being presented in its original form, then the electronic record of such receipt may be acceptable as evidence of receipt of payment for audit purposes only if the following conditions are met:
- 3.5.1 The electronic document or record has remained complete and unaltered;
 - 3.5.2 The electronic document is reliable;
 - 3.5.3 There is reliable assurance as to the integrity of the document from the time when it was first generated in its final form; and
 - 3.5.4 The document is capable of being displayed to the person to whom it is to be presented.

Thus, when electronic documents are intended to be used as evidence of receipt of payment, then the government agency concerned must see to it that its information system satisfies the above integrity and reliability requirements (3.5.1. to 3.5.4).

4.0 EFFECTIVITY

This Circular takes effect immediately.


GUILLERMO N. CARAGUE
Chairman


EMMANUEL M. DALMAN
Commissioner


REYNALDO A. VILLAR
Commissioner