



Bureau of Local Government Finance (BLGF)
Philippines Development Forum (PDF)

Guidelines on Reconciliation of Statement of Receipts and Expenditures to COA's Financial Statements prepared under the New Government Accounting System (NGAS)

February 2012

**GUIDELINES ON RECONCILIATION OF
STATEMENT OF RECEIPTS AND EXPENDITURES
WITH COA's FINANCIAL STATEMENTS
PREPARED UNDER THE NEW GOVERNMENT
ACCOUNTING SYSTEM (NGAS)**

**Guidelines on Reconciliation of Statement of Receipts
and Expenditures with COA's Financial Statements
prepared under the New Government Accounting System (NGAS)**

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First Printing, 2012.

Printed in the Philippines.

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ISBN 978-917-94098-5-4

Cover Design and Layout by Hanzel F. Gapayao



REPUBLIC OF THE PHILIPPINES
BUREAU OF LOCAL GOVERNMENT FINANCE
DEPARTMENT OF FINANCE



MESSAGE

The Department of Finance–Bureau of Local Government Finance (DOF-BLGF) has long been advocating for a transparent and accountable local government units (LGUs) as envisioned in the Local Government Code. Hence in 2009, the Statement of Receipts and Expenditures (SRE) Reporting System to monitor the financial performance of all local government units (LGUs) as well as to facilitate the LGUs’ timely and accurate submission of revenue data. During the course of its implementation, however, discrepancies were identified between the SRE report of the DOF-BLGF and Statement of Income and Expenses (SIE) report of the New Government Accounting System (NGAS) of the Commission on Audit (COA). These discrepancies has impeded the goal of maintaining an efficient monitoring system of LGUs’ financial transactions, and likewise raised issues on credibility of LGU financial statements.

In order to bridge the data gap between these two systems, a series of technical assistance (TA) was provided by the Asian Development Bank (ADB) to enhance the SRE reporting system of the BLGF to differentiate and to avoid confusion with the NGAS report. One of the product of the TAs and BLGF’s efforts to develop a more efficient system of financial reporting that is facilitative, not only to the data needs of this Bureau, but to other government financial agencies as well is the “Guidelines on Reconciliation of Statement of Receipts and Expenditures with COA’s Financial Statements Prepared under the New Government Accounting System (NGAS)”. These Guidelines also address the compliance issues of SRE reports with COA requirements. This initiative hopes to result to a coordinated effort among LGU financial offices which will ensure efficiency and accuracy in government financial transactions.

Hand in hand with the development of the Guidelines, the Philippines Development Forum (PDF) thru the Philippine Decentralization and Local Government (DIALOG) Trust Fund has mobilized a capacity building program entitled “Preparation of the SRE through Reconciliation with NGAS”. This program support improvements to the accuracy, consistency, and timeliness of LGU fiscal data reporting by strengthening: a) the capacities of local treasurers to adopt the requirements of the new SRE system; b) the institutional environment for LGU accountability through an improved monitoring system for LGU revenues and expenditures; and c) the capacity for LGUs to more effectively manage public finances.

Further, these Guidelines aim to reinstitute transparency in revenue collections and expenditures for a more robust financial climate in local government.


SALVADOR M. DEL CASTILLO
Officer-in-Charge, Executive Director



REPUBLIC OF THE PHILIPPINES
BUREAU OF LOCAL GOVERNMENT FINANCE
DEPARTMENT OF FINANCE

BLGF MEMORANDUM CIRCULAR NO. 09 - 2012

DATE : February 21, 2012

TO : All Bureau Officials and Personnel; Regional Directors for Local Government Finance; Provincial, City and Municipal Treasurers and Others Concerned.

SUBJECT : Guidelines on Reconciliation of Statement of Receipts and Expenditures (SRE) with COA's Financial Statements Prepared under the New Government Accounting System (NGAS)

To ensure an accurate and efficient submission by all local treasurers of the Statement of Receipts and Expenditures (SRE) and its Accompanying Annexes, these Guidelines on Reconciliation of Statement of Receipts and Expenditures (SRE) with COA's Financial Statements Prepared under the New Government Accounting System (NGAS) is hereby prescribed.

These Guidelines address the compliance issues of SRE reports with COA requirements, and the uniformity of the figures being reported by the different financial offices within the local government unit. These Guidelines also aim to initiate a sound coordination among financial offices within the local government unit to ensure efficiency and accuracy in government financial transactions.

These Guidelines shall take effect immediately.

SALVADOR M. DEL CASTILLO
Officer-in-Charge, Executive Director

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The use of this Guidelines assumes familiarity with the Manual on the Statement of Receipts and Expenditures for Local Government Units (SRE Manual) published in CY 2008. In addition, the Guidelines should be used in tandem with the SRE Manual. Finally, the Guidelines incorporates the revisions of accounts up to COA Circular 2003-001 dated June 17, 2003.

ACRONYMS

ADB – Asian Development Bank
BLGF – Bureau of Local Government Finance
BS – Balance Sheet
CO – Capital Outlay
COA – Commission on Audit
DOF – Department of Finance
GL – General Ledger
FE – Financial Expenses
IPSAS – International Public Sector Accounting Standards
LGA – Local Government Academy
LGU – Local Government Unit
LOGOFIND – Local Government Finance and Development Project
MDFO – Municipal Development Fund Office
MOOE – Maintenance and Other Operating Expenses
NGAS – New Government Accounting System
PFRS – Philippine Financial Reporting Standards
PS – Personal Services
PYP – Prior Year Payables
RPT – Real Property Tax
SAAO – Statement of Appropriation, Allotment and Obligation
SCF – Statement of Cash Flow
SIE – Statement of Income and Expenses
SL – Subsidiary Ledger
SRE – Statement of Receipts and Expenditures
RAAO – Registry of Appropriation, Allotment and Obligation
SEF – Special Educational Fund
WB – World Bank

Chapter 1

INTRODUCTION

Background

The Department of Finance – Bureau of Local Government Finance (DOF-BLGF) has the mandate to render administrative and technical supervision to Local Government Units (LGUs) under the provision of the 1991 Local Government Code and Executive Order No. 127 Series of 1987. In compliance with this mandate, the DOF-BLGF devised the Statement of Income and Expenditures (SIE) Report which was primarily designed to monitor the financial performance of all LGUs. Thus, the SIE was implemented by all LGUs since 2003 under Cash and Accrual basis of accounting.

On the other hand, the Commission on Audit (COA) has also the constitutional mandate under Article IX-D, Section 2 par. (2) of the 1987 Constitution and Presidential Decree No.1445 (Government Auditing Code) to examine, audit all government entities, and promulgate accounting and auditing rules and regulations on LGUs. In addition, COA is required to keep the general accounts of the government including LGUs; thus, COA likewise devised the format of the traditional financial statements in accordance with the New Government Accounting System (NGAS).

The format of the financial reports prepared by the DOF-BLGF and COA was designed to cater to their own respective needs and objectives. For instance, the DOF-BLGF prepares a Statement of Income and Expenses (SIE) while the COA prepares the traditional financial statements like the Balance Sheet (BS), Statement of Income and Expenses (SIE), and Statement of Cash Flow (SCF) under NGAS.

In the process of reporting, however, it was noted that the SIE Report prepared by DOF-BLGF and the SIE Report prepared by COA have discrepancies in terms of grouping, classification, and treatment of certain accounts, timing of recording transactions, and the use of some terminologies. The discrepancies of the two SIE Reports prompted the two government agencies to commission a Technical Working Group (TWG) in late 2005 in order to iron out the noted differences. The task of the TWG, however, was temporarily suspended in early 2006 because the harmonization process between the two SIE Reports was made one of the components of the grant under the Asian Development Bank – Technical Assistance 4556 (ADB-TA 4556).

Among the observed discrepancies between the two SIE reports were as follows:

1. The reported income and expenditures of the LGUs in the two reports have material difference in amount. The disparity of the figures between the two reports is attributed primarily to the non-uniformity in the classification of accounts, difference in the treatment of some accounts, different sources of recorded data, and timing in reporting the amounts as a result of delayed submission of raw documents by the LGUs.

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2. The format, account titles, account codes together with its classifications, and terminologies used in the SIE report prepared by BLGF do not conform to the report designed by COA under NGAS.
 3. The SIE prepared by BLGF reports income and expenses using Cash and Accrual methods, while COA uses the cash, accrual and modified accrual basis. This basic difference in the application of accounting principles would certainly result in the disagreement of the figures of the two reports.
 4. The SIE prepared by BLGF uses income and revenue accounts not prescribed by COA under NGAS. Some of these accounts are considered sub-group accounts, which the NGAS does not prescribe.
 5. As to expenditures, the SIE report of BLGF classifies expenses by Function and by Sector (responsibility centre in NGAS), while COA reports expenses by Allotment class. This means that the classification of expenses by BLGF includes capital outlay, while the NGAS classifies expenses according to Personal Services (PS), Maintenance and Other Operating Expenses (MOOE) and Financial Expenses (FE) only. Also, the SIE of BLGF uses the Statement of Appropriation, Allotments and Obligations (SAAO) as basis of recording expenditures equivalent to the total obligations (amount committed to be paid). COA is no longer doing obligation accounting. In lieu of this, separate registries are maintained by the Budget Office to control appropriation, allotments and obligation for each four classes of expenditures called Registry of Appropriation, Allotment and Obligation (RAAO) for Personal Services, Maintenance and Other Operating Expenses, and Financial Expenses and Capital Outlay.

The ultimate objective of ADB TA 4556 was to assist LGUs improve their financial resource mobilization – increased local revenues and expanded access to the credit and bond market – via effective assistance and support from the Bureau of Local Government Finance (BLGF), the Municipal Development Fund Office (MDFO), and the Local Government Academy (LGA). The components of the TA include studies and expert assistance that will help the BLGF, the MDFO, and the LGA to design and implement reforms of LGU finance and budget processes in the areas of fiscal and administrative management and financial information systems development. Included in the task to improve the BLGF reporting system and other LGU-related financial statements are the following:

- Review of LGU accounting standards as embodied in the New Government Accounting System (NGAS) vis-à-vis the International Public Sector Accounting Standards (IPSAS) and the Philippine Financial Reporting Standards (PFRS);
 - Redesigned the Statement of Income and Expenditures (SIE), to meet the data requirements of the monitoring, regulatory, and technical assistance functions of the BLGF especially those related to local financial resource mobilization, and to effect harmonization with NGAS; and
 - Developed corresponding data capture, computational routines, consolidation procedures, and linkages to other systems developed under ADB TA 4556, and translating them to a user-friendly computer program.
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After almost a year of extensive and comprehensive study, the consultants of ADB TA 4556 recommended a new SIE format for the DOF-BLGF. The new SIE format was designed not only to harmonize the report with the SIE Report of COA under NGAS but also to include additional information to cater to the needs of the various users and stakeholders of the report. In addition, in order to make it more appropriate and to distinguish the SIE Report of DOF-BLGF from that of COA, it was agreed to rename the former report as Statement of Receipts and Expenditures (SRE). The new SRE Report was implemented by the Local Government Units (LGUs) in 2007.

Although the ADB TA 4556 developed the SRE reporting system, it was not in the deliverables of the project to conduct the training. Thus, the World Bank – Local Government Finance and Development (WB – LOGOFIND) Project absorbed the cost of training of the SRE MS Excel format initially developed under the ADB TA 4556. The Training of Trainer's (TOT) also highlighted the financial (i.e., accounting, auditing) concepts behind the formulation of the SRE as a tool for formulating LGU financial reports.

However, due to time constraint and limited funds under the ADB TA 4556, testing of the SRE web-based system on-line was not fully implemented. Testing was done locally using the small server provided by the TA which seemed to be working well. By the time BLGF started to conduct a roll-out training on the use of Web-based SRE System at the provincial and city levels, technical problems on the system started to crop up which required a revisit and reprogramming of the modules.

ADB TA 4778 re-scoped its components/deliverables of the technical assistance to provide assistance to the BLGF to make the necessary modifications on the SRE web-based system. The Asiagate Networks Inc. was commissioned to develop the e-SRE systems (LGU and Web system) that were implemented by the Bureau in 2009.

ADB TA 7451, which supported to Local Government Financing, followed through from activities which were started in previous ADB TAs such as the enhancement of the SRE (ADB TA 4556, ADB TA 4778). This included the development of the LGU's Financial Management Tools which serves as the monitoring and capacity building instruments, and systems of the BLGF, as described below:

1. LGU Fiscal Capacity Model. The LGU Fiscal Capacity Model is a computer-based forecasting model for LGU fiscal capacity that will be used to generate LGU-level forecasts to serve as the basis for the BLGF debt-carrying capacity certification process. It shall also serve as the basis for the setting of revenue targets for local treasurers.
2. LGU Debt Monitoring and Debt Capacity Certification System. The system helps BLGF ensure that debts of LGUs are within reasonable limits and within the capacity of the LGUs to pay on time through an improved debt-capacity certification process. By making the monitoring system part of the loan approval process, the debt data becomes a key and useful part of the debt-capacity certification process of BLGF.

3. LGU Creditworthiness Rating System. The system makes use of the data in the credit information database including any proposed project cash flow and the Statement of Receipts and Expenditures (SRE) to LGU creditworthiness (based on historical and forecast cash flows). The creditworthiness system is intended to be used by government and private financing institutions including MDFO as a tool/instrument in assessing the LGU's creditworthiness as to their capacity and willingness to pay its debt obligations.

The implementation of the SRE Report at the LGU level, however, posed some problems in the reconciliation of certain accounts due to changes in the format as well as current changes in the accounts of the COA-NGAS. It has been observed that there is inconsistency in the accuracy and quality of the SRE reports. The problem is partly due to the difficulty of many local treasurers to reconcile accurately the quarterly SRE format with the trial balance provided by the local accountant. The local treasurer has to rely also on other documents provided by the local accountant and the local budget officer in completing the SRE. These documents include the trial balance, income statement, cash flow statement, balance sheet, statement of income and expenditures, allotment obligations and balances, and subsidiary ledgers for accounts payable from the accounting office and the 20% development plan, and annual and supplemental budgets from the budget office.

In addition, the Local Treasurer maintains a set of records which contain information not available at the Office of the Local Accountant and Budget Officer. The Local Treasurer also uses such supplementary data also to complete the SRE. As a result, the absence of a systematic process for completing the SRE, as well as maintaining a comprehensive SRE document database, has led local treasurers to rely on their own cognizance and whatever information available at hand to fully accomplish the SRE report. As a consequence, significant variability in the quality of the SRE reports was noted. This problem was also noted even in LGUs in the National Capital Region (i.e., Metro Manila).

With this problem at hand, there is a need to capacitate local treasurers on how to utilize correctly the reports of the local accounting and budgeting office as well as to maintain a systematic and supplementary database in the local Treasury Office for accurate and timely submission of SRE reports.

The Guidelines therefore was prepared to address the foregoing problems encountered by the local treasurers in reconciling the SRE accounts with the accounts in the financial reports prepared by COA, and other accounting records maintained by the local accounting and budget offices..

Objectives

The Guidelines include tutorial instructions, easy procedures, and simple directions in reconciling SRE accounts with the financial statements prepared by COA under NGAS. It was designed to meet the following objectives:

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1. To assist the local treasurers identify the SRE accounts that should be reconciled with the accounts used in the financial statements, particularly the Statement of Income and Expenses (SIE) and Statement of Cash Flow (SCF), prepared by COA and other financial records maintained by the local accounting and budget offices under NGAS;
 2. To promote uniformity in accomplishing the SRE Reports among LGUs, especially in reconciling SRE accounts with the accounts in the financial statements prepared by COA and with other financial records kept and maintained by the local accounting and budget offices under NGAS; and
 3. To improve the quality of the SRE report and to facilitate report preparation for timely submission by the local treasurers for consolidation at the BLGF Regional and National Offices.

Chapter 2

CHANGES MADE TO THE STATEMENT OF RECEIPTS AND EXPENDITURES (SRE)

Improvement in the SRE

Although the new SRE format was designed to conform with the financial statements prepared under the New Government Accounting System (NGAS), the new SRE format includes new account titles which have no equivalent accounts in NGAS. The inclusion of these new account titles was necessary in order to provide additional information and to establish financial indicators for economic forecasts, to evaluate the LGUs' operating performance, and other needs and demands of the various users and stakeholders of the SRE report.

Some SRE account titles were also modified to allow accurate description of the transactions. Likewise, the preparation and presentation of SRE reports were designed to conform to the principles of the International Financial Reporting Standards (IFRS) and the Philippine Financial Reporting Standards (PFRS).

The following are new items included in the SRE format:

1. *Collection for advance payment of Real Property Tax.*

This account shall be presented as a separate caption in the SRE report, and it should not to be included under the Tax Revenue account. The reason is that the collection of this account could not be appropriated under the current budget.

Accordingly, this particular account shall be reconciled directly with the credits to the "Deferred Credit to Income" account in the General Ledger maintained by the Accounting Office of the LGU.

2. *Supplemental Budgets approved by the Sanggunian during the year.*

This account shall be shown separately in the SRE, under the Income Target/Budget Appropriation column only. The Supplemental Budget for Current Operating Expenditures (COE) shall be distinguished from Supplemental Budgets for Capital Outlays (CO).

3. *Other Non-Income Receipts*

This account includes collection of trust liabilities and refund of cash advance made during the previous year but liquidated on the current year the SRE was prepared.

4. *Other Non-Operating Expenditures*

This account shall be shown separately in the SRE, under the INCOME Target/Budget Appropriation column only.

5. *Payments for expenditures arising from continuing appropriations*

This account shall also be presented separately in the SRE under actual expenditure column (GF) or (SEF), similar to the account title “Payment of prior years’ accounts payables.”

Chapter 3

REQUIRED FINANCIAL REPORTS UNDER NGAS

To reconcile the SRE with NGAS financial report, it is necessary for the Treasury Department to get a copy of the following financial statements prepared by the Accounting Department under the COA-New Government Accounting System, using the accrual and modified cash accounting:

1. *Statement of Income and Expenses*

The Statement of Income and Expenses (Annex 1) shows the income and expenses of the LGU at the end of a particular period. It reflects the detailed information of the income and expenses incurred during the period covered.

All income receipts in the SRE will be reconciled in this financial report. Likewise, total expenses classified as PS, MOOE and FE were reconciled with this report.

2. *Statement of Cash Flows*

The Statement of Cash Flows (Annex 2) shows the agency’s cash activities. It reports cash receipts and cash payments and net change in cash resulting from operating, investing and financing activities of the LGU during a period, in a format that reconciles the beginning and ending cash balances.

Beginning and ending cash balance, capital and investment receipts and expenditures and receipts, and payment of loans and borrowings is reconciled with this report.

3. *Balance Sheet*

The Balance Sheet (Annex 3) shows the assets, liabilities, and government equity as of the given fiscal year.

Aside from the SCF, the ending cash balance can be reconciled with this report.

4. *General Ledger/Subsidiary Ledger*

Some accounts in the Statement of Receipts and Expenditures need to be reconciled with the entries in the following General Ledger (Annex 4) accounts:

- a. **Deferred Credit to Income** – Credit total of this documents represents the amounts of advance collection from RPT/SEF.
- b. **Accounts Payable** – debit to this account represents payment of Prior Year Payable (PYP).
- c. **Notes Payable** – debit to this account represent payment of PYP.
- d. **Due to Officers and Employees** – debit to this account represent payment of PYP.
- e. **Interest Payable** – debit to this account represent payment of PYP.
- f. **Inter-Agency Payables (BIR, GSIS, PAGIBIG, PHILHEALTH, etc.)** – debit to these accounts represent payment of PYP.
- g. **Intra-Agency Payables (Due to Other Funds)** – debit to this account represent payment of PYP.
- h. **Other Liability Accounts (Bidders’ Bonds, Tax Refunds, Guaranty Deposits, etc.)** – debit to these accounts represent payment of PYP.

Chapter 4
STEPS IN THE RECONCILIATION PROCESS

Types of SRE Accounts for Reconciliation

The following are the types of accounts or group of accounts under the Statement of Receipts and Expenditures (SRE) that require reconciliation with the financial statements prepared by the Commission on Audit (COA) and the accounting records kept and maintained by the LGUs under the New Government Accounting System (NGAS):

- 1. SRE accounts with corresponding similar account titles used in the Statement of Income and Expenses (SIE) prepared under NGAS. For example:

SRE Account	SIE Account
Accounts under Tax Revenue: Amusement tax Franchise tax	Accounts under Tax Revenue: Amusement tax Franchise tax

Accounts under Non-tax Revenue: Garbage fees Interest income	Accounts under Non-tax Revenue: Garbage fees Interest income
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The reconciliation of these types of accounts poses no problem as the account titles used both in the SRE and SIE reports are similar.

2. SRE accounts with no corresponding account titles in the SIE prepared under NGAS but should be classified under different account titles in the SIE. For example:

SRE Account	SIE Account
Accounts under Tax Revenue: Special Levy on Land Benefited by Public Works Projects Professional tax	Accounts under Tax Revenue: Other taxes Occupation tax
Accounts under Non-tax Revenue: Inspection fees Wharfage fees	Accounts under Non-tax Revenue: Service Income Other service income

The reconciliation of these types of accounts requires the preparer's familiarity with the account titles used in the SRE report and their corresponding account titles used in the SIE report.

3. SRE accounts whose corresponding or equivalent accounts in the SIE under NGAS have slight variations in account titles. For example:

SRE Account	SIE Account
Accounts under Tax Revenue: Tax on sand, gravel and other quarry resources Real property transfer tax	Accounts under Tax Revenue: Tax on sand, gravel and other quarry products Property transfer tax
Accounts under Non-tax Revenue: Fishery rental fees and privilege fees Toll fees	Accounts under Non-tax Revenue: Fishery rental fees Toll and terminal fees

The reconciliation of these types of accounts may pose little problem as the account titles used both under SRE and SIE are quite similar. Subsequent reconciliations may allow the preparer to familiarize the variations (???) of account titles.

4. SRE accounts that should be reconciled with the accounts under the Statement of Cash Flow. For example:

SRE Account	Statement of Cash Flow
External Sources Accounts: Proceeds from sale of assets	Cash Inflow from Investing Activities: Sale of Property, Plant and Equipment
Non-operating Accounts: Purchase /Construction of Property, Plant & Equipment	Cash Outflow from Investing Activities: Purchase of Property, Plant and Equipment & Public Infrastructure
Debt-service Accounts: Payment of Loan Amortization	Cash Outflow from Financing Activities: Payment of Loan Amortization

5. SRE accounts that should be reconciled directly with the accounts in the General or Subsidiary Ledgers or with some other accounting records kept and maintained by LGUs under NGAS. For example:

SRE Account	Ledgers kept and maintained at the LGUs' Accounting Office
Prior Year/s Accounts Payable Payment of prior year/s accounts payable	General Ledgers under appropriate current liability accounts.

Steps in Reconciliation

The following guidelines and procedures are necessary when reconciling SRE accounts with the financial statements prepared by the LGU Accountant and other accounting records maintained by LGUs under NGAS:

1. The preparer should be familiar with the account titles used in the SRE and how these accounts are grouped or classified as the SRE includes either new account titles or modified account titles compared to the accounts used in the financial statements or accounting records maintained under NGAS. SRE Reconciliation Template (Annex 5) is attached for reference.
2. Determine whether the SRE accounts are to be reconciled with the accounts under SIE, or with the accounts under Statement of Cash Flow (SCF), or directly with the accounts in the General Ledger (GL) or Subsidiary Ledgers (SL) kept by the LGUs' accounting office. The SRE accounts are to be reconciled only with these financial reports and accounting records prepared and maintained under NGAS;
3. Determine whether the SRE accounts have similar account titles as the financial reports or accounting records prepared under NGAS;

- a. If the SRE and NGAS accounts have similar account titles, match the two accounts with identical account titles
 - b. If the SRE account titles slightly differ from the account titles in the NGAS reports, determine whether or not the variation of account titles indicate similarity (some of the SRE account titles were modified to be more specific and appropriate). If the two account titles are similar in nature, match the two accounts; if not, consider other account titles for reconciliation.
4. The reconciliation of some SRE accounts with the financial reports of NGAS requires only reclassification or sub-grouping of accounts. The reconciliation can be accomplished with the preparer's familiarity with account titles and their classification.
 5. The reconciliation process can be made simpler if done by group of accounts according to classifications.

As a general guideline to the preparer of the reconciliation, the matching of SRE accounts to the accounts used in the SIE, Statement of Cash Flow, and other accounting records kept under NGAS are presented in detail in Exhibits 1 to 7. The reconciliation format classifies the accounts according to major account classifications, as follows:

Exhibit No.	Title
1	Reconciliation of SRE's Tax Revenue Accounts with the Statement of income and expenses (SIE) accounts under NGAS
2	Reconciliation of SRE's Non-Tax Revenue Accounts with the Statement of Income and Expenses (SIE) accounts under NGAS
3	Reconciliation of SRE's External Sources Accounts with the Statement of Income and Expenses (SIE accounts under NGAS)
4	Reconciliation of SRE's Current Operating Expenditures accounts with the Statement of Income and Expenses (SIE) accounts under NGAS
5	Reconciliation of SRE's Non-operating Accounts with the Statement of Cash Flow accounts under NGAS
6	Reconciliation of SRE's Debt Service Accounts with the Statement of Cash Flow accounts under NGAS
7	Reconciliation of SRE's Advance Payment for RPT and Prior Year/s Accounts Payable with the General Ledger accounts kept by the LGUs' Accounting Office

As presented in the Exhibits, the SRE accounts are specifically reconciled to either with the Statement of Income and Expenses (SIE), or with the Statement of Cash Flow (SCF), or with the accounts of the General Ledgers or Subsidiary Ledgers maintained by the Accounting Office of the LGU.

For instance, some SRE accounts need to be reconciled with the accounts under SIE only, while other SRE accounts must be reconciled with the accounts under SCF. Still other SRE accounts should be reconciled directly with the General Ledgers or Subsidiary Ledgers kept by the Accounting Office of the LGU.

To illustrate its application, let us take the reconciliation of SRE’s Tax Revenue Accounts as presented in Exhibit 1. This is a case wherein the SRE’s accounts are to be reconciled only with the accounts under SIE. And to enhance our visual illustration, let us reproduce part of Exhibit 1, which is the reconciliation of the Real Property Tax – Basic, as presented on the next page.

EXHIBIT 1

RECONCILIATION OF SRE’s TAX REVENUE ACCOUNTS
WITH THE STATEMENT OF INCOME AND EXPENSES (SIE)
ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditure (SRE) Accounts (Detailed shown in the Statement of Receipt Sources (SRS))	Statement of Income and Expenses (SIE) Accounts	Comments
Real Property Tax – Basic Current year Fines and penalties – Current year Prior Year/s	Real Property Tax	
Fines and penalties – Prior year/s	Fines and penalties – Local Taxes	
Special Levy on Idle Lands: Current year Fines and penalties – Current year Prior Year/s	Real Property Tax on Idle Lands	
Fines and penalties – PriorYear/s	Fines and Penalties – Local Taxes	
Special Levy on Land Benefited by Public Works Projects: Current year Fines and penalties – Current Year Prior Year/s Fines and penalties – Prior Year/s	Other Taxes	The SRE accounts have no specific account in NGAS

Under the Real Property Tax – Basic, the account titles *Current year, Fines and penalties – current year, and Prior year/s* should be reconciled with SIE’s account title Real Property Tax. This means that the three SRE account titles need to be reconciled with one account title only in the SIE – that is, *Real Property Tax*.

In the case of Special Levy on Idle Lands, the account titles *Current year, Fines and penalties – Current year, and Prior year/s*, the reconciling account title under SIE would be *Real Property Tax on Idle Lands*. For *Fines and penalties – Prior year/s*, however, the reconciling account title under SIE is *Fines and Penalties – Local Taxes*.

On the other hand, SRE’s *Special Levy on Land Benefited by Public Works Projects* is a new account title and it has no specific account under NGAS. All its sub-accounts, therefore, should be reconciled with SIE’s Other Taxes account.

EXHIBIT 1

RECONCILIATION OF SRE’s TAX REVENUE ACCOUNTS
WITH THE STATEMENT OF INCOME AND EXPENSES (SIE)
ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditure (SRE) Accounts (Detailed shown in the Statement of Receipt Sources (SRS))	Statement of Income and Expenses (SIE) Accounts	Comments
Real Property Tax – Basic Current year Fines and penalties – Current year Prior Year/s	Real Property Tax	
Fines and penalties – Prior year/s	Fines and penalties – Local Taxes	
Special Levy on Idle Lands: Current year Fines and penalties – Current year Prior Year/s	Real Property Tax on Idle Lands	
Fines and penalties – PriorYear/s	Fines and Penalties – Local Taxes	

Statement of Revenue and Expenditure (SRE) Accounts (Detailed shown in the Statement of Receipt Sources (SRS))	Statement of Income and Expenses (SIE) Accounts	Comments
Special Levy on Land Benefited by Public Works Projects: Current year Fines and penalties – Current Year Prior Year/s Fines and penalties – Prior Year/s	Other Taxes	The SRE accounts have no specific account in NGAS
Tax on Business	Local Taxes	
Amusement Tax	Amusement Tax	
Business Tax: Manufacturers, Assemblers, etc. Wholesalers, Distributors, etc. Exporters, Manufacturers, Dealers, etc. . Retailers Contractors & Other Independent Contractors Banks & Other Financial Institutions Peddlers Printing & Publication tax Tax on Amusement Places	General Ledger or Subsidiary Ledger of Accounts under Business Tax	
Other Business Taxes		
Franchise Tax	Franchise Tax	
Tax on Delivery Trucks and Vans	Tax on Delivery Trucks and Vans	
Tax on sand, gravel and other Quarry resources	Tax on sand, gravel and other quarry products	
Fines and Penalties – Business Taxes	Fines and Penalties – Local Taxes	
Other Taxes	Local Taxes	
Community Tax – Corporation Community Tax – Individual	Community Tax	
Professional Tax	Professional Tax	
Real Property Transfer Tax	Property Transfer Tax	
Other Taxes	Special Assessment Tax Special Education Tax	
Fines and Penalties – Other Taxes	Fines and Penalties – Local Taxes	

EXHIBIT 2

RECONCILIATION OF SRE's NON-TAX REVENUE ACCOUNTS WITH THE STATEMENT OF INCOME AND EXPENSES (SIE) ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditure (SRE) Accounts (Detailed shown in the SRS)	Statement of Income and Expenses (SIE) Accounts	Comments
Non-tax revenue accounts	General income Accounts	
Regulatory Fees (Permit and Licenses)		
Permit and Licenses:	Permit and Licenses	
Fees on weights and measures	Permit Fees	No Fees on Weight and Measures under NGAS account
Fishery rental fees and privilege Fees	Fishery rental fees	
Franchising and Licensing fees	Franchising and Licensing fees	This account is used by National Government
Business permit fees Building permit fees Zonal/Location Permit fees Tricycle Operators Permit fees	Permit Fees	
Occupational Fees	Occupational Tax	
Other permits and licenses	Permits and licenses	
Registration Fees: Cattle/Animal Registration Fees Civil Registration Fees	Registration Fees	
Inspection Fees	Inspection Fees	
Fines and Penalties – Permits and Licenses	Fines and Penalties – Permits and Licenses	
Service/User Charges (Service Income)	Service Income	
Clearance and Certification Fees: Police Clearance Secretary's Fees Health Certificate	Clearance and Certification Fees	

Statement of Revenue and Expenditure (SRE) Accounts (Detailed shown in the SRS)	Statement of Income and Expenses (SIE) Accounts	Comments
Other clearance and Certification fees	Affiliation fees Athletic and cultural fees Comprehensive examination fees Diploma and Graduation Fees	
Other Fees	Service Income	
Garbage fees	Garbage fees	
Wharfage fees	Other service income	SRE's Wharfage fee has no NGAS account
Toll fees	Toll and Terminal fees	
Other Service Income	Library fees Processing fees Seminar fees Transcript of Records fees	
Fines and Penalties – Service Income	Fines and Penalties – Service Income	
Landing and aeronautical fees	Landing and Parking Fees	Under NGAS account name is Landing & Parking Fees
Parking and Terminal fees	Toll and Terminal fees	
Hospital Fees	Other Services Income	SRE's Hospital fees has no NGAS account
Medical, Dental and Laboratory Fees	Medical, Dental and Laboratory fees	
Market & Slaughterhouse fees	Other Services Income	SRE's Market & Slaughterhouse fees has no NGAS account
Printing and Publication fees	Other Services Income	SRE's Printing and Publication fees has no NGAS account
Income from Economic Enterprises (Business Income)	Business Income	
School Operations	Tuition Fees	
Power generation distribution	Other Business Income	SRE's Power generation distribution has no NGAS account
Hospital Operations	Hospital Fees	
Canteen/Restaurant Operations	Income from Canteen Operations	
Cemetery Operations	Income from Cemetery Operations	

Statement of Revenue and Expenditure (SRE) Accounts (Detailed shown in the SRS)	Statement of Income and Expenses (SIE) Accounts	Comments
Communication Facilities and Equipment Operations	Income from Communication Facilities	
Dormitory Operations	Income from Dormitory Operations	
Market Operations	Income from Markets	
Slaughterhouse Operations	Income from Slaughterhouse	
Transportation System Operation	Income from Transportation System	
Waterworks System Operations	Income from Waterworks System	
Printing and Publication Operations	Printing and Publication Income	
Income from lease/rental of Facilities	Rent Income	
Income from Trading Business	Sales Revenue (less cost of goods sold)	
Other economic enterprises	Other Service Income	
Fines & Penalties – Economic Enterprises	Fines & Penalties – Business Income	
Other Income/Receipts	Other Income	
Interest income	Interest Income	
Dividend Income	Dividend Income	
Other general income (misc.)	Miscellaneous Income	
Rebates of MMDA Contribution	Miscellaneous Income	SRE's Rebates of MMDA contribution has no NGAS account
Sales of Confiscated/abandoned/seized Goods and property	Sales of confiscated/abandoned/seized goods and properties	
Miscellaneous – Others	Insurance Income Other Fines and Penalties	

EXHIBIT 3

RECONCILIATION OF SRE's EXTERNAL SOURCES ACCOUNTS WITH THE STATEMENT OF INCOME AND EXPENSES (SIE) AND STATEMENT OF CASH FLOW ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditures Accounts (SRE) (Detailed shown in the SRS)	Statement of Income and Expenses (SIE) accounts	Statement of Cash Flow Accounts	Comments
EXTERNAL SOURCES ACCOUNTS	GENERAL INCOME ACCOUNTS		
Shares from National Tax Collections: Internal Revenue Allotment Current year Prior Year	Internal Revenue Allotments		
Other shares from National Tax Collections	Other Income		
Share from Economic Zone (RA 7227)	Share from Economic Zones		
Share from EVAT	Share from Expanded Value Added Tax		
Share from national wealth	Share from national wealth		
Share from PAGCOR/PCSO/ LOTTO	Miscellaneous - Other Income		Share from PAGCOR/ PCSO/ LOTTO has no corresponding NGAS account
Share from tobacco excise tax (RA 7171)	Share from tobacco excise tax		
Extraordinary Receipts/Grants/ Donations/Aids	Other Income		
Grants and Donations Foreign Domestic	Income from Grants and Donations		
Subsidy Income	Income before subsidies, donations and extraordinary items		
Subsidy from GOCCs	Subsidy from GOCCs		
Other Subsidy Income	Subsidy from Other Special Accounts		SRE's Other Subsidy Income has no NGAS account

Statement of Revenue and Expenditures Accounts (SRE) (Detailed shown in the SRS)	Statement of Income and Expenses (SIE) accounts	Statement of Cash Flow Accounts	Comments
Extraordinary Gains and Premiums	Extraordinary Items		
Gain on Foreign Exchange	Gain/Loss on Foreign Exchange		
Gain on sale of assets	Gain/Loss on Sale of Disposed Assets		
Premium on Bonds Payable	Miscellaneous Income		SRE's Premium on Bonds Payable has no NGAS account. The Miscellaneous Income account is classified under the General Income Accounts – Other Income.
Gain on sale of investments	Gain/Loss on Sale of Securities		
Inter-Local Transfers	Income before subsidies, donations and extraordinary items		
Subsidy from LGUs	Subsidy from Other LGUs		
Subsidy from Other Funds	Subsidy from Other Funds		
Capital/Investment Receipts		Cash Inflow from Investing Activities:	SRE account has no NGAS classification account.
Proceeds from sale of assets		Sale of Property, Plant & Equipment	Amount shown in the SRE should be net of any Gain on Sale of Assets, and the gain is shown separately under Extraordinary Gains and Premiums

Statement of Revenue and Expenditures Accounts (SRE) (Detailed shown in the SRS)	Statement of Income and Expenses (SIE) accounts	Statement of Cash Flow Accounts	Comments
Proceeds from sale of debt securities of other Entities		Cash Inflow from Investing Activities: Sale of debt securities of other entities	Amount shown in the SRE should be net of any Gain on Sale of Investments, and the gain is shown separately under Extraordinary Gains and Premiums
Collection of Loan Receivables (Principal)		Cash Inflow from Investing Activities: Collection of Principal on Loans to other entities	
Receipts from Loans and Borrowings (Payable) Loans – Foreign Loans – Domestic Bonds Flotation		Cash Inflow from Financing Activities: Acquisition of Loans Acquisition of Loans Issuance of Debt Securities	

EXHIBIT 4

RECONCILIATION OF SRE's CURRENT OPERATING EXPENDITURES WITH THE STATEMENT OF INCOME AND EXPENSES (SIE) ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditure (SRE) Accounts	Statement of Income and Expenses (SIE) Accounts	Comments
General Services	Expenses:	The details of the Account Code for Current Operating Expenditures under NGAS as reflected in the SIE by total are as follows:
Personal Services	Personal Services (PS)	
Maintenance and Other Operating Expenses	Maintenance and Other Operating Expenses (MOOE)	PS – 701 to 749
Department of Education	Financial Expenses (FE)	MOOE – 751 to 893
Personal Services		FE – 971 to 979
Maintenance and Other Operating Expenses		
Health, Nutrition & Population Control		Expenses in the SIE are not classified by function and by sector.
Personal Services		
Maintenance and Other Operating Expenses		
Labor and Employment		
Personal Services		
Maintenance and Other Operating Expenses		
Housing & Community Development		
Personal Services		
Maintenance and Other Operating Expenses		
Social Services		
Personal Services		
Maintenance and Other Operating Expenses		
Economic Services		
Personal Services		
Maintenance and Other Operating Expenses		
Debt Service		
Financial Expense		

EXHIBIT 5
RECONCILIATION OF SRE's NON-OPERATING ACCOUNTS
WITH TO THE STATEMENT OF CASH FLOW
ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditure (SRE) Accounts	Statement of Cash Flow Accounts	Comments
Capital/Investment Expenditures: Purchase/Construction of Property, Plant and Equipment	<i>Capital Outlay (CO)</i> Cash Outflow from Investing Activities: Purchase of Property, Plant and Equipment & Public Infrastructure	SRE's Capital/Investment Expenditures are not considered expenditures under NGAS, but are shown as Cash Outflow under Investing Activities in the Statement of Cash Flows.
Purchase of Debt Securities of other Entities	Cash Outflow from Investing Activities: Purchase of Debt Securities of other Entities	
Grant/Loan to Other Entities	Cash Outflow from Investing Activities: Grant/Loan to Other Entities	

EXHIBIT 6
RECONCILIATION OF SRE's DEBT SERVICE ACCOUNTS
WITH THE STATEMENT OF CASH FLOW
ACCOUNTS UNDER NGAS

Statement of Revenue and Expenditure (SRE) Accounts	Statement of Cash Flow Accounts	Comments
Debt Service: Payment of Loan Amortization	Cash Outflow from Financing Activities: Payment of Loan Amortization	SRE's Debt Service has no account under NGAS, and it is not considered expenditures under NGAS
Retirement/Redemption of Bonds/Debt Securities	Cash Outflow from Financing Activities: R e t i r e m e n t / Redemption of Debt Securities	

EXHIBIT 7

**RECONCILIATION OF SRE's ADVANCE PAYMENT FOR REAL
PROPERTY TAX AND PRIOR YEAR/S ACCOUNTS PAYABLE
WITH THE GENERAL LEDGER ACCOUNTS UNDER NGAS**

Statement of Revenue and Expenditure (SRE) Accounts	General Ledger Accounts Under NGAS
Advance Payment for RPT	Reconciled with General Ledger credit total of Deferred RPT/SEF Tax Income
Payment Of Prior Year(s) Accounts Payable	<p>The SRE account is reconciled to the General Ledgers for the following Current Liabilities accounts:</p> <ul style="list-style-type: none"> Debits to Accounts Payable Debits to Notes Payable Debits to Due to Officers and Employees Debits to Interest Payable Debits to Inter-Agency Payables (BIR, GSIS, PAGIBIG, PHILHEALTH, etc.) Debits to Intra-Agency Payables (Due to Other Funds) Debits to Other Liability Accounts (Bidders' Bonds, Tax Refunds, Guaranty Deposits, etc.)

Chapter 5

DEFINITION OF TERMS

Accrual Accounting. A modified accrual basis of accounting is used. Under this method, all expenses shall be recognized when incurred. Income shall be on accrual basis (e.g. Share from Internal Revenue Collections) except for transactions where accrual basis is impractical (e.g. Market Fees) or when other methods may be required by law. (COA NGAS Manual for LGU)

Personal Services (PS) – includes all current operating expenses for payment of services that includes salaries and wages, employee benefits and other compensation. (For details of Personal Services classification, refer to COA NGAS Manual)

Maintenance and Other Operating Expenses (MOOE) - all current expenses incurred for the purchase of goods and services used for maintenance and operational expenses, i.e., traveling, communication, supplies, Repair and Maintenance, etc. (For details of MOOE account classification, refer to COA NGAS Manual)

Financial Expenses (FE) – includes interest expense, commitment charges, and all other fees and charges related to loans payable.

Capital Outlay (CO) – Purchase of goods and services, the benefits of which extend beyond the fiscal year and which adds to the assets of the government, including investment in the capital of government-owned or controlled corporations and their subsidiaries as well as investment in public utilities such as public markets and slaughterhouses.

Expenditures by Function – These are expenditures grouped as to purpose for which such expenses were incurred, irrespective of the agency of the government through which they were made. The category includes: General Public Services; Department of Education; Health, Nutrition and Population Control; Labor and Employment; Housing and Community Development; Social Security/Social Services and Welfare; Economic Services; Debt Service; and Other Purposes.

Expenditures by Sector – These are expenditures that take into account the government agency through which the expenses were made. The categories are reduced to five namely: *General Public Services*; *Social Services* (including the Department of Education, Health, Nutrition and Population Control, Labor and Employment, Housing and Community Development, and Social Security/Social Services and Welfare); *Economic Services*; *Debt Service*.

Annex 1

LGU

Statement of Income and Expenses For the Period Ended _____

Income:

Sales Revenue	xx	
<i>Less: Cost of Goods Sold</i>	<u>xx</u>	xx
Rent Income		xx
Dividend Income		xx
Interest Income		xx
Gain on Sale of Securities		xx
Gain on Sale of Assets		xx
Income from Grants & Donations		xx
Property Taxes	xx	
<i>Less: RPT/SET Discount</i>	<u>xx</u>	xx
Taxes on Goods & Services		xx
Other Taxes		xx
Other Specific Income		<u>xx</u>
Total Income		<u>xxx</u>

Less: Expenses

Personal Services		xx
Maintenance & Other Operating Expenses		<u>xx</u>
TOTAL EXPENSES		<u>xx</u>
Operating Income		<u>xxx</u>

Less: Finance Cost

Bank Charges	xx	
Interest Expenses	xx	
Other Financial Charges	<u>xx</u>	<u>xx</u>
Income before Subsidies and Extraordinary Items		xx

Add: Subsidies from Other LGUs

Subsidies from Other Funds	xx	
Subsidies from Other Special Accounts	<u>xx</u>	
Total	<u>xx</u>	

Less: Subsidies to Other LGUs

Subsidies to Other Funds	xx	
Subsidies to Other Special Accounts	<u>xx</u>	<u>xx</u>

Income before Extraordinary Items

Deduct Extraordinary Items: (Note)

Loss of Asset		<u>xx</u>
---------------	--	-----------

NET INCOME

xxx

Annex 2

LGU STATEMENT OF CASH FLOWS For the period _____ 20 ____

Cash Flows from Operating Activities:

Cash Inflows:

Collection from taxpayers	xx
Share from Internal Revenue Collections	xx
Receipts from sale of goods or services	xx
Interest Income	xx
Dividend Income	xx
Other Receipts	xx
Total Cash Inflow	xx

Cash Outflows:

Payments -	
To suppliers/creditors	xx
To employees	xx
Interest Expense	xx
Other Expenses	xx
Total Cash Outflow	xx

Net Cash from Operating Activities xx

Cash Flows from Investing Activities:

Cash Inflows:

From Sale of Property, Plant and Equipment	xx
From Sale of Debt Securities of Other Entities	xx
From Collection of Principal on Loans to Other Entities	xx
Total Cash Inflow	xx

Cash Outflows:

To Purchase Property, Plant and Equipment	xx
To Purchase Debt Securities of Other Entities	xx
To Grant/Make Loans to Other Entities	xx
Total Cash Outflow	xx

Net Cash from Investing Activities xx

Cash Flows from Financing Activities:

Cash Inflows:

From Issuance of Debt Securities	xx
From Acquisition of Loan	xx
Total Cash Inflow	xx

Cash Outflows:

Retirement/Redemption of Debt Securities	xx
Payment of Loan Amortization	xx
Total Cash Outflow	Xx

Net Cash from Financing Activities xx

Net Increase in Cash xx

Cash at Beginning of the Period xx

Cash at the End of the Period xx

Annex 3

LGU BALANCE SHEET

As of _____, 20 ____

ASSETS

Current Assets

Cash		xxx
Receivables	xxx	
Less: Allowance for Doubtful Accounts	xxx	xxx
Marketable Securities		xxx
Inventories		xxx
Prepaid Expenses		xxx
Other Current Assets		xxx
Total Current Assets		xxx

Investments and Property, Plant and Equipment

Investments		xxx
Property, Plant and Equipment		
Land	xxx	
Other Property, Plant and Equipment	xxx	
Less: Accumulated Depreciation	xxx	xxx

Other Assets

TOTAL ASSETS

xxx

xxx

LIABILITIES AND EQUITY

LIABILITIES

Current Liabilities

Payables	xxx	
Deferred Credits	xxx	
Deferred Real Property Tax/Special Education Tax Incom	xxx	
Other Payables	xxx	xxx

Long-Term Liabilities

Loans Payable	xxx	
Bonds Payable	xxx	
Mortgage Payable	xxx	xxx

Other Liabilities

Total Liabilities

xxx

xxx

EQUITY

Government Equity	xxx	
Project Equity	xxx	xxx

TOTAL LIABILITIES AND EQUITY

xxx

xxx

GENERAL LI

Account Code:

[illegible]

Annex 5

SRE Reconciliation Statement

As of _____

SRE Items	Amount per SRE	Refer to NGAS	Amount per NGAS	Difference	Action to be Taken
A. TAX REVENUE					
REAL PROPERTY TAX Real Property Tax – Basic Current year Fines and penalties – Current Year Prior Year/s Fines and penalties – Prior year/s Special Levy on Idle Lands Current year Fines and penalties – Current Year Prior Year/s Fines and penalties – Prior year/s Special Levy on Land Benefited by Public Works Projects Current year Fines and penalties – Current Year Prior Year/s Fines and penalties – Prior year/s		SIE			
Tax on Business Amusement Tax Business Tax: Manufacturers, Assemblers, etc. Wholesalers, Distributors, etc. Exporters, Manufacturers, Dealers, etc Retailers Contractors and Other Independent Contractors Banks and Other Financial Institutions Peddlers Printing and Publication Tax Tax on Amusement Places Other Business Taxes Franchise Tax Tax on Delivery trucks and Vans Tax on sand, gravel and other quarry Resources Fines and Penalties – Business taxes		SIE			
Other Taxes Community tax - Corporation Community Tax - Individual Professional Tax Real property transfer Tax Other Taxes Fines and Penalties – Other taxes		SIE			

SRE Items	Amount per SRE	Refer to NGAS	Amount per NGAS	Difference	Action to be Taken
B. NON-TAX REVENUE					
Regulatory Fees (Permit and Licenses) Permit and Licenses Fees on weights and measures Fishery rental fees and privilege fees Franchising and Licensing fees Business Permit fees Building Permit Fees Zonal/Location Permit fees Tricycle Operators permit fees Occupational fees Other permits and licenses Registration fees Cattle/Animal Registration fees Civil registration fees Inspection Fees Fines and penalties-Permits and Licenses		SIE			
Service/User Charges (Service Income) Clearance and certification fees Police clearance Secretary's fees Health certificate Other clearance and certification fees Other fees Garbage fees Wharfage fees Toll fees Other service Income Fines and Penalties-Service Income Landing and aeronautical fees Parking and terminal fees Hospital fees Medical, dental and Laboratory fees Market & Slaughterhouse Fees Printing and publication fees		SIE			
Income from Economic Enterprises (Business Income) School Operations Power generation distribution Hospital operations Canteen/restaurant operations Cemetery operations Communication facilities and equipment operations Dormitory operations Market operations Slaughterhouse operations Transportation system operations Waterworks system operations Printing and publication operations Income from lease/rental of facilities Income from trading business Other economic enterprises Fines and Penalties-Economic Enterprises		SIE			

SRE Items	Amount per SRE	Refer to NGAS	Amount per NGAS	Difference	Action to be Taken
Other Income/Receipts Interest income Dividend income Other general income (miscellaneous) Rebates of MMDA contribution Sales of confiscated/abandoned/ seized goods and property Miscellaneous - Others		SIE			
C. EXTERNAL SOURCES					
Shares from national tax collections Internal Revenue Allotment Current year Prior year Other shares from national tax collections Share from economic zone (RA 7227) Share from EVAT Share from national wealth Share from PAGCOR/PCSO/lotto Share from tobacco excise tax (RA 7171)		SIE			
Extraordinary Receipts/Grants/Donations/ Aids Grants and donations Foreign Domestic Subsidy income Subsidy from GOCCs Other subsidy income Extraordinary gains and premiums Gain on Foreign exchange Gain on sale of assets Premium on bonds payable Gain on sale of investments		SIE			
Inter-Local Transfers Subsidy from LGUs Subsidy from Other Funds		SIE			
Capital/Investment Receipts: Proceeds from sale of assets Proceeds from sale of debt securities of other entities Collection of loans receivables (principal)		SCF			
Receipts from loans and borrowings (payables) Loans – foreign Loans – domestic Bonds flotation		SCF			

SRE Items	Amount per SRE	Refer to NGAS	Amount per NGAS	Difference	Action to be Taken
D.CURRENT OPERATING EXPENDITURES					
Personal Services Maintenance and Other Operating Expenses Financial Expenses Economic Services Personal Services Maintenance and Other Operating Expenses Financial Expenses Social Services Personal Services Maintenance and Other Operating Expenses Financial Expenses		SIE			
E. NON-OPERATING EXPENDITURES					
Capital/Investment Expenditures: Purchase/construction of property, plant and equipment Purchase of debt securities of other entities Grant/loan to other entities		SCF			
F. DEBT SERVICE Payment of loan amortization Retirement/Redemption of bonds/debt securities		SCF			
G. ADVANCE COLLECTION OF RPT/SEF INCOME		GL			
H. PAYMENT OF PRIOR YEAR(S) ACCOUNTS PAYABLE		GL			

REFERENCES

Manual on the Statement of Receipts and Expenditures for Local Government Units, Bureau of Local Government Finance, CY 2008

Republic Act No. 7160, Local Government Code (LGC), 1991

Manual on New Government Accounting System for Local Government Units, Vol. I-The Accounting Policies, Vol. II-The Accounting Books, Records, Forms and Reports, and Vol. III-The Chart of Accounts, Commission on Audit, CY 2001

Report on the Capacity Building of Local Treasurer on the Preparation of SRE, Bureau of Local Government Finance, 2011

Electronic Statement of Receipts and Expenditures (eSRE)

Primer

The Bureau of Local Government Finance

Vision/Mission

Bureau of Local Government Finance of the Department of Finance is the focal agency and an authority in local finance that aims to be at the forefront of local economic growth leading the way towards national development.

Strategic Thrusts

- **Funding** - BLGF as a government institution takes pride in being a model on its budgetary processes and the allocation of its resources.
- **Human Resource** - BLGF takes pride in its exemplary public service which is a by-product of its competent and dedicated staff.
- **Clientele** - BLGF distinguishes itself as being a client-centered government institution through coinciding its priorities and services with the needs of its clients.
- **Processes** - BLGF has been effectively and efficiently utilizing its set of procedures by highlighting measures which are coherent with the end goal of growth and development of all local governments in the country.

Electronic Statement of Receipts and Expenditures (eSRE): BLGF's Commitment to Respond to the Challenges of the Times

The Bureau of Local Government Finance (BLGF) with the mandate of assisting Local Government Units (LGUs) in formulating and implementing policies on local revenue administration, resource management systems and treasury and assessment operations launched the Electronic Statement of Receipts and Expenditures (eSRE) as its response to changing times. With technology and innovation being agents of change in our society, the BLGF realized that it has to use these to serve its clientele in a more efficient and effective manner. In response to this, the BLGF in partnership with the Asian Development Bank (ADB) developed the eSRE system which enables LGUs to be transparent as to their respective fiscal and financial status.

The eSRE is the basic financial report prescribed by the BLGF to monitor the LGU financial performance. The eSRE system enables its users to easily generate timely and accurate financial and fiscal data through the internet. Thus, accessibility and ease of use are the eSRE's main features. The system is vital as it ensures competent monitoring of the gains of decentralization. In addition reliable data generated through the eSRE system makes it easier for LGUs to decide on where to allocate their finite resources.

Recognizing the importance of accountability and transparency of LGUs in the country, BLGF has been taking initiatives to mainstream the Statement of Receipts and Expenditures (SRE) as the official reporting system on local treasury operations through a department order. The eSRE is the operational tool of the BLGF to mainstream the SRE, increasing transparency and accountability amongst the LGUs. All in all the eSRE is the most practical means for LGUs to prove that they are indeed responding to the ever changing times.

Mandate

Under Section 43 of Executive Order 127, as amended BLGF is mandated to:

- a. Assist in the formulation and implementation of policies on local government revenue administration and fund management;
- b. Exercise administrative and technical supervision and coordination over the treasury and assessment operations of local governments;
- c. Develop and promote plans and programs for the improvement of resource management systems, collection enforcement mechanisms and credit utilization schemes at the local levels;
- d. Exercise line supervision over its Regional Offices/field units within the Department Regional Administrative Coordination Office and the local and assessment services;
- e. Provide consultative services and technical assistance to the local governments and the general public on local taxation, real property assessment and other related matters; and
- f. Perform such other appropriate functions as may be assigned by the Secretary or Undersecretary for Domestic Operations.

LGU Financial Performance Monitoring

The Bureau of Local Government Finance is the oversight arm of the DOF in transforming LGUs into financially sustainable institutions. It seeks to enhance the financial viability of LGUs geared towards accelerating sound national development goals.

Rationale

LGUs play a critical role in national development. With decentralization, LGUs were given more powers, authority, and responsibilities to manage themselves. Given such powers, close monitoring of their operational, fiscal, and financial performance is essential to ensure development and services to people are properly delivered.

Objective

To monitor and track the financial health of LGUs and to render sound and technical analysis as basis for the formulation of policies that meet the increasing demands of LGUs.

How?

Monitor fiscal and financial performance of the LGUs through the use of financial performance indicators to determine financial health of the LGUs.

Statement of Receipts and Expenditures. A mode of financial performance monitoring system established and maintained to sustain an accurate and timely LGU database that could be readily accessed by stakeholders.

The SRE reporting, now electronic-based (eSRE), supports the system and serves as a tool to gather baseline data for simulation of vital information on LGUs' fiscal performance.

Revenue Generation Program. The Revenue Generation Program is a continuous undertaking to improve LGUs' performance in generating locally sourced income, mainly from real property tax which is the LGUs' major and most stable income source, business taxes, fees and charges, and receipts from the operation of economic enterprises.

Statement of Receipts and Expenditures

The Statement of Receipts and Expenditures (SRE) was formerly known as SIE (Statement of Income and Expenditure). The word 'income' had been replaced by 'receipts' to broaden its coverage and include proceeds from loans, sales of assets, and etc. Likewise, expenditure is classified into operating and non-operating to distinguish outright expense from capital and investing outlay and loan payments.

DOF Department Order on eSRE

DOF Department Order No. 8 - 2011. Adoption of the Statements of Receipts and Expenditures as the Official Reporting System on Local Government Fiscal and Financial Operations and Providing the Rules and Regulations therefore.

The eSRE shall be the official reporting system of the DOF in local government fiscal and financial matters, to be maintained by the BLGF to fully establish a reliable, accurate and timely reporting and monitoring system in the country. The order was issued on 11 February 2011.

BLGF Memorandum Circulars on SRE

- 1. **BLGF Memorandum Circular No. 18-2008.** Requires the accurate and timely submission by all local treasurers of the Statement of Receipts and Expenditures and its accompanying Annexes.
- 2. **BLGF Memorandum Circular No. 19-2008.** Requires the submission of the Statement of Receipts and Expenditures (SRE) Reports prescribed in the SRE Manual, of all provincial, city and municipal treasurers.
- 3. **BLGF Memorandum Circular No. 02-2010.** Provides additional guidelines on the implementation of the Electronic Statement of Receipts and Expenditures (eSRE) Report Submission, specifically.

Where were we before SRE?

Prior to 2001 Budget Operations Statement	2001 – 2008 Statement of Income and Expenditure	2009 – onwards Statement of Receipts and Expenditures
The Budget Operations Statement (BOS) submitted by the LGUs consolidated by the Bureau served as the primary data on the financial condition of LGUs	<p>As the need to closely monitor the fiscal performance of LGUs arose, the Bureau developed the Statement of Income and Expenditure (SIE) which supersedes the BOS.</p> <p>The SIE report includes additional accounts (i.e. other taxes, regulatory fees, service/user charges, toll fees, and inter-local transfers) that capture more information to be used in monitoring, policy making, and research.</p>	<p>SRE is the improved format of SIE, harmonized with the New Government Accounting System (NGAS) of COA, which fairly presents the operating performance of LGUs, in terms of operating income and expenditures, non-income receipts and non-operating expenditures and the Fund Balance.</p> <p>SRE also includes the financial performance indicators that serve as the basic gauge in assessing LGU fiscal and Financial status.</p>

Purposes of SRE

- **LGU Monitoring System** - LGU financial performance can be evaluated through the data inputted to the system based from the reports submitted by the LGUs

- **Policy Development** - SRE offers sound financial information to assist policymakers and legislators in drafting local and national legislations.
- **Forecasting and Planning** - Consolidated data are useful in planning, forecasting, debt certification process, creditworthiness rating system, LGU income classification system, etc.
- **Statistics** - The SRE provides key data and statistics like locally sourced income, external sources and expenditures and such other financial or fiscal statistics on LGU finance that can be used to draw economic and fiscal capacity models.

Uses of SRE for the LGUs

- The SRE serves as a basis of financial information/data that are significant in the decision-making process of LGUs.
- The SRE can be used as a tool in forecasting revenues and estimating expenditures during the budget preparation process.
- It can also be utilized to monitor the fiscal and economic state of a LGU.
- The SRE reports containing the itemized monthly collections and disbursements of the LGU concerned may be posted and published in compliance with Section 513 of the LGC.
- The SRE is used by Development Partners as a precaution before grants are given to LGUs.


Users of SRE

Stakeholders	Relevance of SRE
DOF	Revenue collections and borrowings, decision making
DILG	LGU performance evaluation
MDFO	Loan and grant applications
Senate and Congress	Financial reports in aid of legislation
NEDA/NTRC/DBM/BSP (IMF)	Statistics, forecasting and planning
Potential Donors (WB/ADB)	Grants/Aids/Donations/Loans
Financial Institutions	Credit applications
Researchers/Academe	Studies
LGUs	Financial Position of LGUs

The Electronic SRE

What does eSRE stand for?

The Electronic Statement of Receipts and Expenditures (eSRE) is the basic financial report prescribed by the BLGF to monitor the LGU financial performance. It captures the fiscal capacity, levels of borrowings and creditworthiness of the LGUs.



Republic of the Philippines
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE

eSRE

LGU Report System
ELECTRONIC STATEMENT OF RECEIPTS &
EXPENDITURES INFORMATION SYSTEM

HomeRPTGenColExpendituresAccounts PayableDebt Services

Home

Variables

Region* :
Province* :
City / Municipality* :
LGU Type :
LGU Code :
LGU Name :
LGU Classification :
Disposition :
Province :
Municipality :
Barangay :
City :
Barangay :

Tax On Business

Other Taxes

Regulatory Fees

Service / User Charges

Economic Enterprises

Other Receipts

IRA

Other Shares from Nat'l Tax Collection

Extraordinary Grants / Donations

Capital / Investment Receipts

Inter-Local Transfers

Financing Receipts

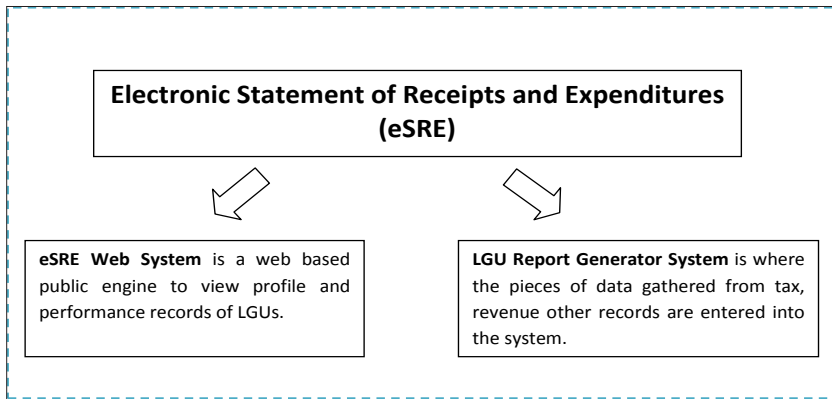
Special Education Fund

Income Target - General Fund

Income Target - Special Education Fund

91 Local Government
SEF
70.00 %
30.00 %

In 2009, the Bureau of Local Government Finance developed the Electronic Statement of Receipts and Expenditures (eSRE) which is composed of the web-based system and report system. It is a milestone innovation of the BLGF to have established an easy, timely, detailed, reliable and publicly available LGU financial data through web-based format.



The eSRE Web System was developed as an online operation with the following functions:

- Provides user-friendly interface for entering data into the SRE database;
- Generate derived values and calculate automatically from different entry forms;
- Allows users ready access to search, view and compare historical (yearly or quarterly) SRE information;
- Allows users to access and generate key information and statistics for reporting purposes;
- Enables users to export information via automation to other applications such as MS Excel and Flat File/PDF;
- Handles large transactions more efficiently;
- Provides fully-documented income and expenditures coding system that is easy to modify; and
- Provides real-time database read access on the BLGF client-server network

Easy Access

The eSRE web system is accessible to the users through the BLGF website link (www.blgf.gov.ph). However, only registered users can access the system while the consolidated reports can be generated by the BLGF for public reference.



Republic of the Philippines
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BUREAU OF LOCAL GOVERNMENT FINANCE

eSRE Web System
ELECTRONIC STATEMENT OF RECEIPTS &
EXPENDITURES INFORMATION SYSTEM

User:

Password:

☐ Don't ask for my password for two weeks

Don't have your ID yet? Create your account [here](#)

[Back to BLGF Website](#)

Benefits of using eSRE

1. Monitors the compliance of LGUs in reporting requirements of the Department of Finance;
2. Provides easy facilitation for data consolidation;
3. Identifies the general financial behaviour of LGUs through Responsibility Centers;
4. Mitigates red-tape in the process of Posting of Sections of financial data;
5. LGU Report Generator eSRE system ensures better access of information to users; and
6. Efficient and effective tool for analysis of LGU financial health

Financial Performance Indicators: Assessing the LGUs

The LGU Financial Performance Indicators derived from the SRE are essential in assessing the LGU's fiscal situation. The indicators provide good rating criteria in determining LGU's financial progress and position.

Revenue Potential	Revenue Level Revenue Growth
Revenue Stability and Reliability	<ul style="list-style-type: none"> • Locally Sourced Revenue • Revenue per Capita (RC) • Growth in Locally Sourced Revenue Per Capita • % Locally Sourced to Total LGU Revenue • % Regular Revenues to Total Revenue
Revenue Mobilization Efficiency	<ul style="list-style-type: none"> • Total Revenue Collection Cost to Total Revenues Collected (TRCC) • Real Property Tax Accomplishment Rate (RPTAR)
Expenditure Indicators	<ul style="list-style-type: none"> • Total Expenditures per Capita • Personnel Services Expenditure Rate (PSER) • Debt Service Expenditure Ratio (DSER) • Social Expenditure Ratio (SER) • Economic Expenditure Ratio (EER)
Debt and Capacity Indicators	<ul style="list-style-type: none"> • Debt Service Ratio (DSR) • Gross Operating Surplus to Debt Service Ratio (GOSDSR) • Debt to Net Asset Ratio (DAR) • Capital Investments to Total LGU Revenue Ratio (CITRR)
Financial Management Capacity Indicators	<ul style="list-style-type: none"> • Net Operating Surplus to Total LGU Revenue Ratio (NOSTRR) • Uncommitted Cash Balance to Total LGU Expenditure Ratio (UCBTER)

Importance of the Financial Indicators

Indicators can assess whether an LGU is financially weak, and can serve as an early warning system for remedial actions to be undertaken before things get worse. In line with this is the effectiveness of decision-making and an incentive to perform well in specific activities or functions.

Briefing on BLGF and COA's Financial Report

The development of SRE is the result of the harmonization of BLGF SIE and COA's financial report based on the National Government Accounting System (NGAS). It is therefore important to know the major differences in their approaches that led to a more comprehensive BLGF report, that is, the Statement of Receipts and Expenditures.

Major differences between BLGF SIE and COA Financial Report

Concern	BLGF’s Approach	COA’s Approach
Terms	SIE (Statement of Income and Expenditure)	SIE(Statement of Income of Expenses)
	Uses “expenditures” - may include all cash outlay during the period without any reference as to whether they are operating or capital in nature.	Uses “expenses” which normally include cash outlay related directly to only current operating costs during the period.
Methods/ Applications of Accounting Principles	Cash Basis Prepared Reports	Modified Accrual Basis Prepared Reports
Uniformity in the Classification of Accounts	Expenses by Function and by Sector	Expenses by allotment Class
	Loans/borrowings and other trust receipts classified as income	Loans and borrowings classified as liabilities
	Includes Capital Outlay and Payments of Loans as part of expenditures	Capital Outlay and Payments of Loans as part of expenditures were recorded under Plant, Property and Equipment and reduction to loans payable.
	Classifies Advance Collection as Income	Classifies Advance Collection as Liability
Treatment	Includes General Fund (GF) and Special Education Fund (SEF) only	Consolidates all funds including Trust Fund
	Utilizes the Prior Year’s SIE of an LGU in the case of failure or incomplete submission	Disclosures are made in case of failure to submit the report
Timing	Delayed submission of reports and timing of reporting of the two agencies	

SRE and National Government Accounting System (NGAS)

The discrepancies in the figures reported by BLGF and COA triggered the harmonization of both reports.

A Technical Working Group (TWG) conducted consultative workshops to harmonize the reports prepared by the two agencies. The New Government Accounting System (NGAS) was adopted to generate financial reports that fairly represent the operating performance of the LGUs with the expediency in their preparation for timely presentation to various users and stakeholders of the government. The harmonization also resulted in the generation of financial monitoring indicators in the SIE report that facilitated speedy analysis both by preparers and users.

Areas of Harmonization:

- Changes in the Chart of Accounts
- Uniformity in the Classification of Accounts
- Accounting Methods to be used
- Format of Presentation
- Terminologies

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