



REPUBLIKA NG PILIPINAS  
REPUBLIC OF THE PHILIPPINES  
KAGAWARAN NG EDUKASYON, KULTURA AT ISPORTS  
DEPARTMENT OF EDUCATION, CULTURE AND SPORTS  
1005, Complex, Manila 4000  
1500, C.A. Building, Manila



Sama-Sama  
sa DECS

Tanggapan ng Kalihim  
Office of the Secretary

March 30, 1998

DECS ORDER  
No. 33, s. 1998

**ACCOUNTING GUIDELINES ON THE ACQUISITION, MAINTENANCE,  
AND DISPOSITION OF INFORMATION TECHNOLOGY RESOURCES**

To: Regional Directors  
Schools Superintendents  
Regional/Division Accountants  
School Bookkeepers  
Others Concerned

1. For the information and guidance of all concerned, attached is a copy of accounting guidelines on the acquisition, maintenance and disposition of Information Technology (IT) resources, including computer equipment, as per Commission on Audit Circular No. 97-003 effective May 22, 1997.
2. Wide dissemination of this Order is desired.

  
ERLINDA C. PEFIANCO  
Secretary

Incl.: As stated  
Reference: None  
Allotment: 1--(D.O. 50-97)  
To be indicated in the Perpetual Index  
under the following subjects:

**COMPUTER EDUCATION  
RULES & REGULATIONS**



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

COA Circular 97-003  
1997

MAY 22 1997

**COMMISSION ON AUDIT CIRCULAR No. 97-003**

**TO :** All Heads of Departments, Bureaus, Agencies and Offices of the National Government; Provincial Governors, City and Municipal Mayors; Managing Heads of Government-Owned and/or Controlled Corporations; Provincial, City and Municipal Treasurers; Chief Accountants/Heads of Accounting Units; COA Assistant Commissioners and Directors, Head of COA Auditing Units and Others Concerned

**SUBJECT :** ACCOUNTING GUIDELINES ON THE ACQUISITION, MAINTENANCE AND DISPOSITION OF INFORMATION TECHNOLOGY RESOURCES

**1.0 PURPOSE**

Information technology (IT) resources have become indispensable tools in government. This may be attributed to the increasing volume of transactions and the perennial demand for efficient, effective and fast public service.

Utilization of IT resources by government agencies requires substantial amount of government money in their acquisition, maintenance and enhancement. Considering the magnitude of funds being spent on IT resources, accounting for this expenditure should be adequately addressed.

This circular prescribes the accounting guidelines and the accounts to be used to book up IT resources classified as semi-expendable items and fixed assets.

**2.0 DEFINITION OF TERMS**

The terms used in this Circular are construed to mean as follows:

**2.1 Information Technology (IT)** - refers to the totality of the means employed to systematically collect, process, store, present and share information in support of human intellectual activities. IT encompasses the use of computer technology and telecommunications as well as any technology that deals with modern applications of computers or of telecommunications or both.

2.2 **Information Technology (IT) Resources** - consist of:

2.2.1 **Computer Systems** which include hardware/software inclusive of data communications equipment and such other peripherals and auxiliary equipment necessary to put the system into operational mode;

- a. Hardware components consist of one or more processors and peripheral devices connected to the processors.
- b. Peripheral devices include input devices, output devices, terminals, secondary storage devices, communication equipment and the operator's console.
- c. Auxiliary equipment includes modems, multiplexers, automatic voltage regulators, uninterruptible power supply and other off-line devices such as data entry systems, microfilm units, decollators, bursters, binders, etc.
- d. Software component consists of the operating system(s), systems utilities, systems development tools and application software.

2.2.2 **Databases** which are computer-based collection of files maintained and which can be accessed by users within or outside the organization; and

2.2.3 **IT Manpower Resources** which include all IT personnel as well as consultancy/technical services related to the planning, development, implementation and maintenance of information systems, and training.

2.3 **Information Technology Supplies and Materials** - refer to all expendable IT resources for use in connection with government IT operations and with life expectancy of less than one year.

2.4 **Semi-Expendable Information Technology Supplies, Accessories, Peripherals and Property** - refer to all semi-expendable IT resources for use in connection with government IT operations having a value of less than P10,000 but with life expectancy of more than one year.

2.5 **Information Technology Equipment** - refer to IT resources for use in connection with government IT operations having a value of P10,000 and above with life expectancy of more than one year.

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### 3.0. GENERAL GUIDELINES

- 3.1. All costs incurred in the acquisition of IT resources consisting of the cost of hardware, software components, auxiliary equipment including incidental cost such as delivery, handling, installation, taxes, testing and IT manpower resources shall be capitalized and charged to the appropriate fixed asset accounts.
- 3.2. All subsequent acquisitions of IT equipment to update/enhance the efficiency or increase the utility of the existing computer system and shall prolong its life shall be charged to the appropriate fixed assets account. Otherwise, said enhancements shall be treated as period cost and recorded in the appropriate expense account.
- 3.3. Pre-loaded softwares, such as, but not limited to operating systems which are included in the cost of computer hardware shall be treated as part of the cost of hardware. Software separately purchased shall be recorded as Maintenance and Other Operating Expenses (MOOE) under expense object Supplies and Materials, IT Software (3-07-300).
- 3.4. Donated IT resources shall be recorded based on fair market value, if the value/amount of the donation is not specified.
- 3.5. Repairs incurred to restore assets to good operating condition or to restore and replace broken parts are considered ordinary and recurring expenditures, thus, these are charged to MOOE.
- 3.6. Major repairs which are needed to correct any extensive deficiency and would lead to the lengthening of the life of the asset shall be accounted for as IT Equipment under Fixed Assets category.
- 3.7. All IT resources which are classified as either Semi-Expendable Property or IT Equipment shall be covered by Memorandum Receipts (MRs) and included in the Inventory Report on Semi-expendable Supplies and Property and Fixed Assets.
- 3.8. Disposition, transfer and/or retirement of IT resources shall be in accordance with existing laws, regulations and procedures governing disposal of fixed assets.

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## ACCOUNTING INSTRUCTIONS

- 4.1 In order to ensure proper control, all acquisition, maintenance and disposal of IT resources shall be recorded in the books of accounts in accordance with COA Circular No. 90-326 dated February 22, 1990.
- 4.2 New accounts and sub-accounts for IT Resources shall be prescribed as follows:

4.2.1 **Inventories - Information Technology (IT) Resources - Supplies and Materials (8-72-120)**

This account is used to record the value of expendable and semi-expendable IT resources acquired by the agency out of trust receipts, reimbursable funds and other authorized funds for use in government operations.

Debit this account for:

- IT supplies and materials for office use.
- IT supplies and materials for use in the repair of IT hardware and peripherals.
- Adjustments - reduction (in parenthesis).

Credit this account for:

- Issuance for use of the above items.
- Adjustments - reduction (in parenthesis).

4.2.2 **Inventories - Semi-Expendable Information Technology (IT) Supplies, Softwares, Accessories, Peripherals and Property (8-72-650)**

This account is used to record the cost of IT spare parts, semi-expendable supplies, softwares, accessories, peripherals and property purchased for use in the course of government operations and charged to appropriations. Its contra-account is 8-86-650.

Debit this account for:

- Purchases of -
  - Computer spare parts.
  - Semi-expendable IT supplies, accessories, peripherals and property charged to appropriations.
  - IT Softwares
- Adjustment - reduction (in parenthesis).

Credit this account for:

Disposition of the above items.

Adjustment - reduction (in parenthesis)

4.2.3 Inventories - Information Technology (IT) Supplies and Materials (8-72-750)

This account is used to record the cost of IT supplies and materials acquired for use or stock in the course of government operations. Its contra-account is 8-86-750.

Debit this account for:

Purchases of IT supplies and materials.

Adjustments - reduction (in parenthesis)

Credit this account for:

Issuance, consumption and other disposition of the above items.

Adjustments - reduction (in parenthesis)

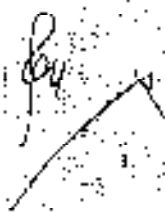
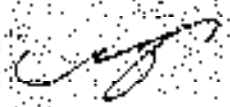
4.2.4 Deferred Credits - Semi-Expendable Information Technology (IT) Supplies, Softwares, Accessories, Peripherals and Property (8-86-650)

This account is used as contra-account of 8-72-650 representing IT spare parts, semi-expendable supplies, softwares, accessories, peripherals and property purchased for use in the course of government operations and charged to appropriations.

Debit this account for:

Use, sale and other disposition of semi-expendable IT supplies, accessories, peripherals and property.

Adjustment - reduction (in parenthesis).



Credit this account for:

Purchases of  
Computer spare parts.  
Semi-expendable IT supplies, softwares, accessories,  
peripherals and property charged to appropriations  
Adjustment - reduction (in parenthesis).

**4.2.5 Deferred Credits - Information Technology (IT) Supplies and Materials (8-86-750)**

This account is used as contra-account of 8-72-750 representing IT resources for use or stock which had already been charged to appropriations.

Debit this account for:

Issuance, consumption and other disposition of IT supplies  
and materials  
Adjustment - reduction (in parenthesis).

Credit this account for:

Purchases of IT supplies and materials  
Adjustment - reduction (in parenthesis).

4.2.6 Sub-accounts assigned to Fixed Assets - IT Equipment (8-79-726) shall be provided under the major account Fixed Assets - Furniture, Equipment and Work Animals and Books (8-79-000). In the sub-account code, the question mark provides for the space where the functional classification code of the property shall be placed. This shall be shown in the Trial Balance as short-extension.

4.2.7 Sub-accounts assigned to IT Supplies and Materials under object of expenditure Supplies and Materials (3-07-000) are as follows:

3-07-100 - IT supplies and materials  
3-07-200 - Semi-expendable IT supplies, accessories,  
peripherals and property  
3-07-300 - IT Software

**4.2.8 Information Technology (IT) Equipment Outlay (4-38-000)**

This account includes IT equipment having a value of P10,000 and above and whose life expectancy is more than one year.

resources which were previously recorded as supplies and materials and equipment shall be reclassified /converted using the new accounts provided in item 4.2.

**5.0 SAVING CLAUSE**

Cases on accounting matters not covered by the provisions of this circular shall be referred to the Accountancy Office, Commission on Audit for resolution.


**6.0 REPEALING CLAUSE**

All circulars and other issuances or parts thereof which are inconsistent with the provisions of this circular are hereby rescinded/repealed/modified accordingly.

**7.0 EFFECTIVITY**

This Circular shall take effect immediately.

  
**CELSO D. GANGAN**  
Chairman

  
**SORRONIO B. URSAL**  
Commissioner

  
**RAUL C. FLORES**  
Commissioner

Account  
GAC/CBO/IRB/sep  
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