

Guidelines on the use of e-Collection and e-Payment



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*(*Clarifications may be raised in between)*



Background



Business Process is changing: So must the regulations

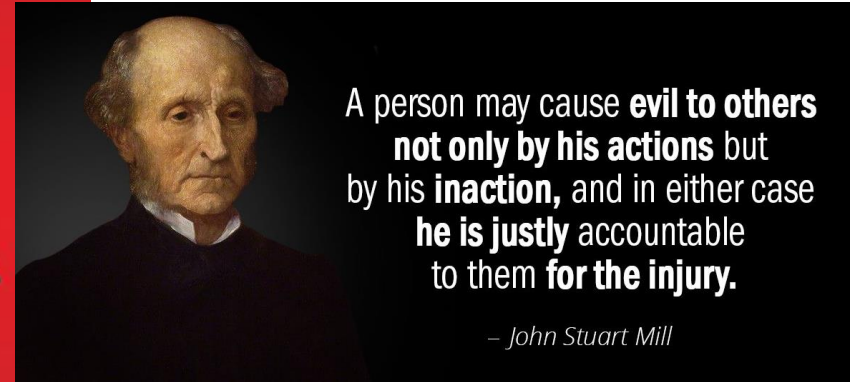


Passive Vs. Active Regulators

IMPERFECT
ACTION
IS BETTER THAN
PERFECT INACTION

ACTION

INACTION



A person may cause **evil to others not only by his actions** but by his **inaction**, and in either case **he is justly** accountable to them **for the injury.**

– John Stuart Mill

Inaction breeds doubt and
fear. Action breeds
confidence and courage.

Dale Carnegie

There are risks and costs to action. But they are far less than the long range risks of comfortable inaction.

John F. Kennedy

BrainyQuote



Innovation and Governance (vs. Lost Opportunity)



<< OLD >>



<< NEW >>



Task Force Audit Modernization

“ Study, review, propose policies and regulations that is responsive to the changing times (true enabler) ”



Supporting e-Governance and Digital Transformation

Memorandum 2021-013 dtd June 9, 2021
(Use of Electronic Documents – *for the auditors*)

Circular 2021-002 dtd July 16, 2021
(Submission in Electronic Format of *Bayanihan 2*
Reports on Receipts and Utilization)

Circular 2021-006 dtd September 6, 2021
(Use of Electronic Documents and Digital
Signatures)



COA Circular 2021-014 dtd December 22, 2021

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Rationale

- Advancement of technology brought various electronic payment and collection methods that are now being used by different government agencies to provide public convenience and ease of doing business
- Several laws and issuances from various government agencies were even published (e.g., E-Commerce Act, DTI-DOF JDAO, BSP circulars, Ease of Doing Business Act)
- COA also issued related Circulars (e.g., COA Cir. No. 2004-006 and 2013-007)



Benefits / advantages of epayments

- Ease of doing business (zero contact policy)
- Avoid long queues in government offices
- Collections and payments can be made anytime, anywhere
- Provide speed, comfort and convenience
- Increase efficiency without or less personal interactions
- Safer and sanitary which is an important factor during this time of the pandemic
- Promotes more traceability of transactions
- Since information are electronically available, decision makers may use data analysis to assist in making time-critical actions



Benefits / advantages of issuing this circular

- Be an enabler of government (Vision and Mission)
- Provide clear guidelines and procedures for government agencies and auditors
- Dismiss hesitations on use e-Payments in their operations



Coverage

- All transactions involving receipts of public funds
- All transactions involving utilization of public funds
- Transactions of entities located in the Philippines and that of Foreign-based government agencies
- Private entities performing governmental functions



Definitions of Terms

- E-Collection
- E-Payment
- Intermediary
- Collect- Aggregate -Remit (CAR)
- Self-Collect and Credit (SCC)
- Direct Electronic Payment (DEP)
- Transfer- Distribute – Liquidate (TDL)
- Intermediary's Bond
- Net Disbursing Capacity



General Principles

- The use of electronic means and technology in performing governmental functions are allowed (and encouraged)
- However, public officials cannot deny accountability over public funds
- All revenues and receipts in general should be accounted in the books
- All expenditures and uses of funds should be transparent and have proper authorization
- New schemes of collection and/or payment that prevent transparency and accountability over public funds should be disallowed



General Guidelines

- Engagement with intermediaries should be covered with contract / written agreement, outlining the duties of both parties
- Use of AGDB's facilities are encouraged
- In out-sourcing, RA 9184 needs to be followed
- Auditability Clause is mandatory provision of the contract (out-source) per COA Circular No. 2020-010 dated December 2, 2020
- Should the agency opted to implement digital transaction, there should be documented procedures consistent with control principles, and a focal person designated for its monitoring
- Management Representation is a matter of compliance



General Guidelines

- Prior conduct of IS audit on the systems is a NO
- Access (view, generate, download) on data and/or reports of state auditors is required consistent with COA Circular No. 2020-010
- The use of ECPS has legal basis under existing laws and department regulations (DTI-DOF JDAO No. 02 s.2006). Hence, agencies may implement it provided they comply with applicable regulations.
- Electronic Data/Reports maintained in active file for 1 year
- All data/reports available for access to state auditors
- Disaster Recovery Plan and backup facility are required
- FBGAs are allowed justified deviation



E-Collection

- Two major categories of electronic collection
 - Collect – Aggregate – Remit (out-sourced, someone is doing it for you)
 - Self – Collect – Credit (you are doing it yourself)
 - Intermediary is doing it for you
 - Electronic Acknowledgement Receipt(AR) is a valid substitute for OR, no need to issue separate OR
 - Government entity and the Intermediary are solidary liable for the amount collected
 - Report of Collection and Deposit may be done with the help of the Intermediary
 - Requirement for “intact deposit” remains, offsetting not allowed
 - Intermediary’s bond required to guarantee deposit of collection



E-Collection

- Self – Collect – Credit (you are doing it yourself)
 - online front-end system: eOR required
 - Legal basis: COA Circular No. 2013-007 dtd Sept 18, 2013 and DTI-DOF JDAO No. 02 s.2006
 - Face-to-face: digital payment options
 - -
 - Crediting of collection
 - Directly credited to AGDB account
 - » (e.g. iAccess fund transfer)
 - Time delay in crediting
 - » Report of e-Collections and Deposit



E-Payment

- Same process of authorization
- Two major categories of digital payment (DEP and TDL)
- Direct Electronic Payment (you are doing it yourself)
 - Advice to Debit Account (ADA)
 - The bank shall submit certified list (electronic) of successful fund transfer
 - Mobile and online banking facility of the AGDB
 - Use of Company Credit Card is allowed on certain instances
 - Implementation of this mode needs prior approval
 - May be resorted to if no other more expeditious and inexpensive options
 - Rules on accounts payable apply
 - SOA from the credit card issuer mandatory attachment



E-Payment

- Transfer – Distribute- Liquidate (out-sourced, someone is doing it for you)
 - Contract is required (RA 9184)
 - Transfer of fund based on
 - Program of distribution of the agency, or
 - Net Disbursing Capacity of the intermediary based on 30 days capacity
 - Intermediary's bond required
 - Due diligence required
 - Public officers solidary liable for the public funds
 - Liquidation report, electronic list of successful payment made
 - Liquidation after 30 days



Saving Clause

- The intention is to provide guidance and to make it clear that online transaction in government is allowed.
- For instances or situations not expressly covered or stipulated in the Circular, interpretation that would allow operational effectiveness should be favored.
- In case of doubt, the Systems and Technical Services Service may be consulted.



Transitory Clause

- Entities covered by this Circular are given 1 year to:
 - Make amendments to their existing contracts with intermediaries
 - Install controls necessary for the secured implementation of the system as prescribed
 - Formulate internal controls compliant with standards on security
 - Other activities desirable and necessary



Effectivity

- 15 days after its publication
- Published in the Philippine Star on December 29, 2021



Your Commission on Audit will continue to strive to be your enabling partner, and help improve government operations, in partnership with stakeholders, for the benefit of the Filipino people.

Thank you!

