



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

Roxas Boulevard Corner Pablo Ocampo, Sr. Street  
Manila 1004

**DEPARTMENT CIRCULAR NO. 002.2022**

May 16, 2022

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

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

### **Section 1. Legal Basis**

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

### **Section 2. Coverage**

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

### **Section 3. Definition of terms:**

3.1 "Authorized Government Depository Bank ("AGDB")" refers to a bank where NGAs/ GOCCs/ GFIs/ GICPs/ GCEs and LGUs are allowed by law to deposit government funds and maintain depository accounts, or by way of exception, a bank allowed or designated by the DOF and the Monetary Board to hold government deposits subject to prescribed rules and regulations.

- 3.2 “Government Financial Institutions (“GFIs”)” refer to financial institutions or corporations in which the government directly or indirectly owns majority of the capital stock and which are either: (1) registered with or directly supervised by the Bangko Sentral ng Pilipinas (“BSP”); or are (2) collecting or transacting funds or contributions from the public and thereafter, placing them in financial instruments or assets such as deposits, loans, bonds and equity including, but not limited to, the Government Service Insurance System and the Social Security System.
- 3.3 “Government Funds” include public moneys of every sort and other resources pertaining to any agency of the government, including LGUs and GOCCs.
- 3.4 “Government Instrumentalities with Corporate Powers (“GICPs”) / Government Corporate Entities (“GCEs”)” refer to instrumentalities or agencies of the government which are neither corporations nor agencies integrated within the departmental framework, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy usually through a charter including, but not limited to, the following: The Manila International Airport Authority, the Philippine Ports Authority, the Philippine Deposit Insurance Corporation, the Metropolitan Waterworks and Sewerage System, the Laguna Lake Development Authority, the Philippine Fisheries Development Authority, the Bases Conversion and Development Authority, the Cebu Port Authority, the Cagayan de Oro Port Authority, the San Fernando Port Authority, the Local Water Utilities Administration and the Asian Productivity Organization.
- 3.5 “Government-Owned or -Controlled Corporations (“GOCCs”)” refer to any agency organized as a stock or non-stock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Philippines directly or through its instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock. *Provided, however,* that for purposes of this Circular, the term “GOCC” shall include GICP/GCE and GFI as defined herein.



- 3.6 Unutilized subsidies refer to unspent funds, whether obligated or unobligated, for programs and projects by the GOCCs/GFIs, including its regional offices, sourced from subsidies received directly from the National Government (NG) through the Bureau of the Treasury (BTr).
- 3.7 Transfer funds refer to funds transferred from other national government agencies (NGAs), other GOCCs/GFIs, and other government instrumentalities for programs and projects by the GOCCs/GFIs.

#### **Section 4. General Principles**

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

#### **Section 5. General Guidelines:**

- 5.1 Pursuant to Executive Order No. 55, all National Government Agencies shall adopt the TSA system for the collection of fees, charges and other revenues and remittance of the same to the National Treasury.
- 5.2 GOCCs and LGUs, specifically allowed by laws, rules, and regulations to retain income and/or for operations and/or working balances, shall deposit and maintain Government Funds with any of the following banks, without the need for prior approval from the Secretary of Finance, in the case of GOCCs, or from the Executive Director of the BLGF, in the case of LGUs:
- a. Land Bank of the Philippines;



- b. Development Bank of the Philippines;
- c. Overseas Filipino Bank (*formerly*, Philippine Postal Savings Bank Inc.); and
- d. Al Amanah Islamic Investment Bank of the Philippines.

5.2.1 In the case of NGAs, it shall secure written authority to open deposit accounts and/or deposit Government Funds from the Treasurer of the Philippines in all banks, including those listed in Section 5.2, in accordance with relevant laws, issuances, and regulations of the BSP.

5.2.2 In highly exceptional cases, where the NGAs/ GOCCs/ LGUs deemed it necessary to transact with private banks or avail its services, the NGAs/ GOCCs/ LGUs shall secure the approval of the Treasurer of the Philippines, in the case of NGAs, the Secretary of Finance, in the case of GOCCs, and the Executive Director of the BLGF, in the case of LGUs.

5.2.3 The GOCCs and NGAs shall submit a notarized waiver for all new and existing accounts within ninety (90) days from the effectivity of this Department Circular: (i) allowing the DOF/ BTr to examine, inquire, or look into all its deposits or accounts in all banks, including those listed in Section 5.2, and (ii) allowing the DOF/ BTr to require the banks, including those listed in Section 5.2, to submit reports/statements with respect to its accounts.

5.3 To remove revenue and expenditure floats:

5.3.1 The NGAs/ GOCCs/ LGUs may engage the collection services of banks other than those listed in Section 5.2, thru a transaction fee-based arrangement, subject to the prior approval of the Secretary of Finance, in the case of GOCCs, or of the Executive Director of the BLGF, in the case of LGUs: *Provided*, that in the case of NGAs the implementation of any collection system should require approval of the Treasurer of the Philippines, for consistency with the TSA framework: *Provided, further*, that the proposed bank will only serve as a collection bank for the account of the NGAs/ GOCCs/ LGUs: *Provided, finally* that, all collections of collection banks shall be transferred to any of those listed in Section 5.2, in the case of NGAs, to the TSA or to any of those listed



in Section 5.2, on the next banking day counted from the collection date.

- 5.3.2 All interest income earned by deposits of NGAs shall be remitted by the AGDBs to the National Treasury five (5) banking days after the end of each quarter, unless expressly provided by law that interest earnings of the account shall accrue to the fund for which the account was opened or maintained. The NGAs shall furnish the bank a copy of the certification of the exemption from automatic remittance of interest income, which may be granted by the BTr upon confirmation of the legal basis submitted by the NGAs.
- 5.3.3 In the case of GOCCs, all interest income earned by deposits or investments from unutilized subsidies from National Government and from transfer funds shall be remitted by the AGDBs, unless expressly provided by law that interest earnings of the account shall accrue to the fund for which the account was opened or maintained, from where such unutilized subsidies and transfer funds are deposited, to the National Treasury five (5) banking days after the end of (i) each quarter; (ii) upon expiration of the program/project; or, (iii) maturity of the investment of the fund, whichever comes first.

Interest income earned by GOCCs from loans covered by lending programs funded by subsidies or transfer funds shall not be included in the amount to be remitted to the National Treasury. Provided, however, that the interest earned from unutilized subsidy and transfer funds for lending programs, as well as interest earned from unutilized proceeds or collections therefrom, shall be remitted to the National Treasury.

For efficient implementation of this provision and proper monitoring:

- a. GOCCs shall maintain separate bank accounts and records for the accounting of unutilized subsidies and transfer funds, as defined under Sections 3.6 and 3.7, including unutilized proceeds/collections from lending programs funded by subsidy or transfers, and their corresponding interest income. Under no



circumstances that these funds shall be co-mingled with other bank accounts.

- b. GOCCs shall properly identify in the monthly Cash and Investment Balance Report regularly submitted to the DOF, the bank account and investments which were sourced from subsidy and transfer funds. The DOF shall provide the necessary information to the AGDBs to facilitate transfer to the BTR of the interest income earned from GOCCs' deposits/ investments.
- c. GOCCs shall submit additional reports that the DOF will prescribe.

5.4 All requests as provided for under Section 5.2.2 and 5.3.1 shall be accompanied by the following:

- a. Letter from the Head of the NGAs/ GOCCs/ LGUs or its duly designated officer stating: (i) the terms of the deposit, purpose for opening and maintaining an account with the proposed bank; and, (ii) that the NGAs/ GOCCs/ LGUs shall comply with fiscal and financial reporting requirements of the BTr/ DOF/ BLGF;
- b. In the case of GOCCs, it shall submit: (i) a copy of the board resolution authorizing the GOCCs to deposit funds with the proposed bank, (ii) its latest audited financial statements issued not more than eighteen (18) months at the time of the submission of the request, and (iii) a Summary of its Daily Collection Report for the last three (3) months;
- c. In the case of LGUs, it shall submit a copy of the Resolution of the local Sanggunian authorizing the LGUs to deposit funds with the proposed bank with the approval of the Local Chief Executive, and directing the Local Chief Executive and all concerned officers to perform all such acts to ensure full compliance with fiscal and financial reporting requirements of the DOF and the BLGF;
- d. In the case of NGAs/ GOCCs/ LGUs, list of AGDBs provided under Section 5.2 within 50- kilometer radius from the NGAs/ GOCCs/ LGUs and specifying the products and services currently offered.



e. Other information that the BTr/ DOF/ BLGF may require in the course of its evaluation.

5.5 The NGAs/ GOCCs/ LGUs shall require the proposed bank to: (i) within one (1) banking day, notify the NGAs/ GOCCs/ LGUs, if the bank's authority to accept government deposits has been revoked pursuant to relevant laws, issuances, or regulations of the BSP; and, (ii) within five (5) banking days, submit to the BSP proof of receipt of such notice.

On the last business day of March of every year, the heads of NGAs/ GOCCs/ LGUs shall submit the following to the BTr/ DOF/ BLGF: (i) a report on its receipt of a notice of revocation of authority from any bank where it maintains an account, if any; and, (ii) a list of its accounts in all banks.

## **Section 6. Sanctions**

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

6.1 For the bank, other than those referred under Section 5.2, the DOF shall recommend to BSP the cancellation of the authority to accept government deposits if one has already been granted and/or disqualification to act as a government depository for not more than one (1) year without prejudice to other sanctions as may be imposed by the BSP.

6.2 For GOCCs/ NGAs/ LGUs, the Heads of GOCCs/ NGAs/ LGUs shall be responsible for the compliance of this Circular without prejudice to criminal and/or administrative liability in accordance with existing laws, rules and regulations.

## **Section 7. Transitory Provisions**

7.1 All NGAs/ GOCCs/ LGUs maintaining accounts, including term deposits and investments with banks other than those listed in Section 5.2, including those with prior BTr/ DOF/ BLGF approval, shall have one (1) year from the effectivity of this circular to transfer all funds and cash balances to any banks listed in Section 5.2.




7.2 The NGAs/ GOCCs/ LGUs with existing term deposits and investments in treasury bills, bonds and other instruments with banks other than those listed under Section 5.2 are not allowed to renew or extend the maturity periods of such deposits and investments upon the effectivity of this Act. The NGAs/ GOCCs/ LGUs shall immediately transfer the proceeds from such deposits and investments to any banks listed in Section 5.2 upon their maturity. This is without prejudice to those term deposits and investments in treasury bills, bonds, and other instruments maturing beyond the one-year transitory period.

7.3 The LGUs with existing accounts with banks other than those listed under Section 5.2 as of the effectivity of this Circular, shall, for purposes of amortization payment only, be allowed to maintain such accounts until the loan maturity.

**Section 8.** All other orders, circulars, memoranda, issuances contrary or inconsistent herewith, including Department Circular No. 01-2017 dated May 11, 2017, Department Circular No. 03-2015 dated August 24, 2015, and Department Circular No. 02-2016 dated July 8, 2016, are hereby revoked and/ or modified.

**Section 9.** This Circular shall take effect immediately, upon publication in the Official Gazette or in a newspaper of general circulation in the Philippines.



  
CARLOS G. DOMINGUEZ  
Secretary  
MAY 16 2022