




REPUBLIC OF THE PHILIPPINES
METROPOLITAN NAGA WATER DISTRICT
40 J. MIRANDA AVENUE, NAGA CITY

FINANCE DEPARTMENT

PROCEDURES AND WORK INSTRUCTIONS MANUAL (PAWIM)

(FDPW04) DISBURSEMENT

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1.1. This document describes the procedures for the disbursement process as one of the support processes of the MNWD.

1.2. The objectives of the disbursement process are:

- 1.2.1.** To ensure that funds are available for the infrastructure development, construction and for other capital and operating expenditures.
- 1.2.2.** To ensure that funds are readily available for emergency purchases.
- 1.2.3.** To ensure compliance with the applicable laws and regulations (i.e. Procurement Act)
- 1.2.4.** To account for the salaries and benefits of all employees of MNWD.
- 1.2.5.** To account for the premiums and contributions of employees to other government agencies

2. SCOPE

This procedure will apply to the MNWD- Quality Management System on one support process which is the Disbursement process which focuses on the following:

- 2.1.1.** Disbursement for the acquisition of goods/ payment for maintenance and other operating expenses
- 2.1.2.** Disbursement for capital expenditures (construction)
- 2.1.3.** Payroll for Contract of Service Workers
- 2.1.4.** Payroll for Casual and Permanent Employees
- 2.1.5.** Payroll for night differential and overtime
- 2.1.6.** Remittances and Electronic payments to BIR, GSIS, HDMF, Philhealth and Provident
- 2.1.7.** Petty Cash Disbursements
- 2.1.8.** Cash advances


3. DEFINITION OF TERMS AND ACRONYMS

Refer to "[Annex A](#)" for the GLOSSARY OF TERMS and "[Annex B](#)" for the ACRONYMS.

4. RESPONSIBILITIES

4.1. ACCOUNTING DIVISION

- 4.1.1.** Provides the systematic recording of all financial transactions of the district, in accordance with the authoritative pronouncements, such as issuances of the COA, DBM and the Philippine Government Accounting System. It also provides guidance to other units of the MNWD on the implementation of relevant accounting policies and procedures.
- 4.1.2.** Maintains adequate records of all financial transactions of the district.

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- 4.1.3. Records all the financial transactions to the books of account, verifies the appropriateness of the transaction and maintains subsidiary accounts for analysis and reconciliation.
- 4.1.4. Accounts for the acquisition, disposal and changes in the assets of the District.
- 4.1.5. Responsible for the preparation and submission of periodic financial statements.
- 4.1.6. Responsible for the processing of daily disbursement transactions of the district
- 4.1.7. Responsible for the preparation of payroll and other benefits due to the employees.
- 4.1.8. In-charge of the preparation of monthly remittances of the employees' premiums and loan amortizations due to other National Government Agencies such as the Government Service and Insurance System (GSIS), Home Development Mutual Fund, the Philippine Health Insurance Corporation and the Bureau of Internal Revenue (BIR).

5. PROCEDURES

This section describes the procedures involve Disbursement as one of the support processes of the District.

5.1.PROCEDURE DETAILS: **DISBURSEMENT FOR THE ACQUISITION OF GOODS / PAYMENT FOR MAINTENANCE AND OTHER OPERATING EXPENSES** ([Figure 1](#))

- 5.1.1. Pre-purchase is prepared by the requesting division and submitted to the Accounting Division for review and for certification of availability of funds.
- 5.1.2. Subsequent procurement process is facilitated by the Materials and Supply Management Section of Administrative Division.
- 5.1.3. Upon completion of the procurement process, the Purchase Order will be forwarded to the Budget section for the preparation of Budget Utilization Slip (BUS).
- 5.1.4. BUS is signed by the division concerned and by the Division Manager of Accounting Division.
- 5.1.5. BUS together with its attached complete set of documents are forwarded back to the Administrative and General Services Division for the delivery of the goods.
- 5.1.6. When the goods are delivered, the Inspection and Acceptance Report (IAR) will be prepared by the Admin Division. If the goods undergone bidding process, Certificate of Completion and Final Acceptance is prepared by the said division. These set of documents will be forwarded to the Budget section.
- 5.1.7. In the case of payments that do not require requisition documents and procurement process, the statement of account (SOA) or billing statement sent by the supplier will be the basis for the preparation of Budget Utilization Slip.
- 5.1.8. The duly signed BUS with attached set of complete supporting documents are forwarded to the Administrative Services Aide of accounting section for the


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preparation of disbursement voucher (DV) and certificate of taxes withheld, if any.

- 5.1.9. DV together with its attachments are forwarded to the Office of the General Manager (OGM) for the approval of payment. Once approved, it will be forwarded to the Treasury section for the preparation of check by the Cashiering Services Chief.
- 5.1.10. Cashiering Services Chief will record the transaction to the Report on Checks Issued. The report will be forwarded to the accounting section for the basis of the preparation of Journal Entry Voucher.
- 5.1.11. Check will be forwarded again to the OGM for the GM's signature and approval of release of check.
- 5.1.12. Check will be forwarded back to the Cashiering Services Chief for subsequent release of the check

5.2. PROCEDURE DETAILS: **DISBURSEMENT FOR CAPITAL EXPENDITURE (CONSTRUCTION)** ([Figure 1](#))

- 5.2.1. For disbursement for capital expenditure/ construction, EED submits approved project proposal supported with the corresponding approved program of works, pre-purchase request or request for construction services
- 5.2.2. Submitted documents are reviewed as to its mathematical computation and availability of funds and will be forwarded to the Technical Working Group of BAC for further processing
- 5.2.3. Purchase or Construction Service Request is forwarded to the BOD for approval
- 5.2.4. Upon approval of the request by the BOD, the Admin division will undertake the succeeding procurement processes in accordance with certain laws.
- 5.2.5. Upon completion of the procurement process, purchase order or a contract of agreement is prepared.
- 5.2.6. Contractor/ supplier can request for collection of partial payments of the contract amount per percentage completed. Accomplishment report is prepared by the contractor indicating the percentage completed and the cost to be billed. This document is submitted to the board of directors for approval.
- 5.2.7. Once approved, the partial billing and the board resolution is submitted to the budget section for the preparation of Budget Utilization Slip. Once the BUS is prepared and duly signed, the documents is forwarded to accounting section for the preparation and processing of disbursement voucher, to the OGM for the approval of payment and finally to the treasury section for the preparation of check and subsequent disbursement.
- 5.2.8. When the project/ construction has been completed, the Admin and General Services division will issue IAR. Attached to the IAR are the RCS, CS, procurement documents, PO, Evaluation, Certificate of Completion and Final Acceptance, request for final billing of the supplier (the remaining cost) and board resolution approving the payment.

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- 5.2.9.** Complete set of documents will be forwarded to the budget section for the preparation of BUS, next to accounting section for the preparation of disbursement voucher, to the OGM for approval of payment and finally to the treasury section for the preparation of check and subsequent release of check.
- 5.2.10.** Cashiering Services Chief will record the transaction to the Report on Checks Issued. The report will be forwarded to the accounting section for the basis of the preparation of Journal Entry Voucher.

5.3.PROCEDURE DETAILS: PAYROLL FOR PERMANENT AND CASUAL EMPLOYEES ([Figure 1](#))

- 5.3.1.** Financial/Accounts Specialist will prepare a draft of payroll every cut-off dates (15th and 30th /31st day of the month) with the following considerations: Summary of Leave without pay, Summary of Representation and Transportation Allowances (RATA), GSIS, HDMF, PHIC, Provident Fund Premiums and contributions, Withholding Tax on Employees Compensation, and Employees' Loan Amortizations.
- 5.3.2.** Payroll draft will be checked by Financial Planning Analyst in terms of deductions for employees' premiums and loan amortizations. Then final copy of payroll is printed and submitted by the Financial/Accounts Specialist to the signatories.
- 5.3.3.** An Authority to Debit Account (ADA) is prepared, wherein the amount due to each of the employees are encoded in the payroll system of the depository bank, that is, in the case of regular and casual employees, the Land Bank of the Philippines (LBP).
- 5.3.4.** Payroll and ADA will be submitted to the Budget section for the preparation of Budget Utilization Slip and the same is submitted to the concerned signatories.
- 5.3.5.** All documents will then be forwarded to the Accounting Section for the Preparation of Disbursement Voucher.
- 5.3.6.** Approved Voucher is forwarded to the Treasury section for the preparation of checks and its subsequent release.
- 5.3.7.** Cashiering Services Chief will record the transaction to the Report on Checks Issued. The report will be forwarded to the accounting section for the basis of the preparation of Journal Entry Voucher

5.4.PROCEDURE DETAILS: PAYROLL FOR CONTRACT OF SERVICE WORKERS ([Figure 1](#))

- 5.4.1.** Financial/Accounts Specialist and the Financial Planning Analyst will review and check the summary of attendance of Contract of Service Workers from the Human Resources Division. Once reviewed, a draft of payroll will be prepared considering allowable deductions specifically HDMF premiums and loan amortizations

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- 5.4.2. Once the payroll draft has been reviewed, a final copy will be printed and will be submitted to concerned signatories.
- 5.4.3. An Authority to Debit Account (ADA) is prepared, wherein the amount due to each of the employees are encoded in the payroll system of the depository bank, that is, in the case of contract of service workers, the Development Bank of the Philippines (DBP)
- 5.4.4. Payroll and ADA will be submitted to the Budget section for the preparation of Budget Utilization Slip and the same is submitted to the concerned signatories
- 5.4.5. All documents will then be forwarded to the Accounting Section for the Preparation of Disbursement Voucher.
- 5.4.6. Approved Voucher is forwarded to the Treasury section for the preparation of checks and its subsequent release.
- 5.4.7. Cashiering Services Chief will record the transaction to the Report on Checks Issued. The report will be forwarded to the accounting section for the basis of the preparation of Journal Entry Voucher

5.5.PROCEDURE DETAILS: PAYROLL FOR OVERTIME AND NIGHT DIFFERENTIAL ([Figure 1](#))

- 5.5.1. Copy of DTR and Summary of Attendance is submitted by the division concerned to the Financial/Accounts Specialist of the payroll section.
- 5.5.2. Payroll for night differential or payroll for overtime is prepared and submitted to the signatories. The DTR and the Summary of Attendance are attached to the payroll.
- 5.5.3. The duly signed payroll with its attachments is forwarded to the budget section for the preparation of Budget Utilization Slip and the same is forwarded to the concerned signatories.
- 5.5.4. All documents will then be forwarded to the Accounting Section for the Preparation of Disbursement Voucher and subsequently to the OGM for the approval.
- 5.5.5. Approved Voucher is forwarded to the Treasury section for the preparation of checks and its subsequent release.
- 5.5.6. Cashiering Services Chief will record the transaction to the Report on Checks Issued. The report will be forwarded to the accounting section for the basis of the preparation of Journal Entry Voucher


5.6.PROCEDURE DETAILS: REMITTANCES TO GSIS, HDMF, PHILHEALTH AND BIR ([Figure 1](#))

- 5.6.1. Deducted/ withheld amount representing premiums, contributions and loan amortizations from the employees are to be remitted to the particular National Government Agency.

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- 5.6.2. Remittance to GSIS, the Senior Financial/ Accounts Specialist accomplish online the remittance advice. Indicated in the advice are the name of employees, the premiums and contributions, and the loan amortizations.
- 5.6.3. Once accomplished, the remittance advise is printed together with the generated e-billing and Collection System (eBCS) and forward the same to the signatories and to the budget section for the preparation of BUS, next to the accounting section for the preparation of DV and finally to the treasury section for the preparation of check and subsequent release
- 5.6.4. Remittance to HDMF, the Financial Planning Analyst accomplish the online form for remittance. Contract of Service loan amortizations and permanent & casual premiums and loan amortizations other than housing loan are paid electronically through the district's landbank savings account.
- 5.6.5. Remittance for Contract of Service premiums and permanent and casual housing loans are paid over the counter. The online remittance form which contains the name of the employee and the amount of premiums and amortization are accomplished and printed.
- 5.6.6. Printed forms are forwarded to the budget section for the preparation of BUS, next to the accounting section for the preparation of DV, to the OGM for the approval of payment and finally to the treasury section for the preparation of check and subsequent release.
- 5.6.7. For the remittance to Philhealth, the Financial Planning Analyst accomplish online the Preliminary Employees Premium Remittance List (PEPRL). This contains the name of employees and the amount of premiums.
- 5.6.8. Once accomplished, she will print the form and forward the same to the budget section for the preparation of BUS, next to the accounting section for the preparation of DV, to the OGM for the approval of payment and finally to the treasury section for the preparation of check and subsequent release
- 5.6.9. For the remittances to BIR (withholding taxes, franchise tax, Value-Added Tax), the Electronic Filing and Payment System (EFPS) facility is being used. The Senior Corporate Budget Analyst facilitates the online filing at the BIR website.
- 5.6.10. Tax return for a particular payment of tax is accomplished and filed online. Once, successfully made, the Filing reference number is printed and filed for future reference.
- 5.6.11. After online tax return filing, the BIR website is direct the filer to the website of Landbank (the enrolled authorized agent bank of the district) to process the electronic payment.
- 5.6.12. Once the payment has been successfully made, a confirmation receipt is generated.
- 5.6.13. Online tax return filed and the confirmation receipt from Landbank is printed and be forwarded to the Financial/ Accounts Specialist for the preparation of Journal Entry.

5.7.PROCEDURE DETAILS: **PETTY CASH DISBURSEMENTS** ([Figure 1](#))

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- 5.7.1. For emergency purposes, petty cash fund is established in the amount of P75,000. The single emergency purchase for petty cash disbursement will not exceed P1,400.
- 5.7.2. Requisition Slip is secured at the administrative and general services division. This is signed by the requisitioner, Division Manager of the concerned division and the Division Manager of admin and general services division.
- 5.7.3. Duly signed requisition slip is presented to the petty cash custodian. And the release cash to defray the expense.
- 5.7.4. Once the purchase took place, the requisitioner will liquidate his petty cash advance to the petty cash custodian.
- 5.7.5. Petty cash custodian will inspect the official receipt as evidence of the purchase and will prepare petty cash voucher.
- 5.7.6. Petty cash voucher is signed by the requisitioner, the division manager concerned, and the petty cash custodian.
- 5.7.7. Liquidation is recorded to the Petty Cash Fund Record. This is the basis for replenishment once the fund is utilized.

5.8.PROCEDURE DETAILS: CASH ADVANCES ([Figure 1](#))

- 5.8.1. Expenditures which are to be disbursed in the form of cash is in the name of the cash disbursing officer, the Cashiering Services Chief.
- 5.8.2. Cashiering Services Chief will receive the Check under her name.
- 5.8.3. Check is en-cashed and subsequently, distributed to the concerned employees
- 5.8.4. Cashiering Services Chief will record the disbursement to the cash disbursement record.

6. FORMS AND TEMPLATES

6.1.DISBURSEMENT FOR ACQUISITION OF GOODS OR PAYMENT FOR MAINTENANCE AND OTHER OPERATING EXPENSES


- 6.1.1. Disbursement Voucher – “[FDF27](#)”

6.2.PAYROLL

- 6.2.1. Payroll Template – “[FDF20](#)”
- 6.2.2. Authority to Debit Account Template – “[FDF21](#)”

6.3.REMITTANCES TO GSIS, PHILHEALTH, HDMF, BIR

- 6.3.1. GSIS remittance Advice – “[FDF22](#)”
- 6.3.2. Preliminary Employees Premium Remittance List (PEPRL) – “[FDF23](#)”
- 6.3.3. HDMF monthly remittance form – “[FDF24](#)”

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6.4.PETTY CASH DISBURSMENT

6.4.1. Requisition Slip – “[FDF25](#)”


6.4.2. Petty Cash Voucher and Petty Cash Record – “[FDF26](#)”

6.5.DISBURSEMENT FOR CASH ADVANCES

6.5.1. Cash disbursement record – “[FDF28](#)”

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TERMS	DEFINITION
PRE- PURCHASE REQUEST (PPR)	A FORM SUBMITTED TO THE ADMINISTRATIVE DIVISION BY THE REQUESTING DIVISION FOR THE REQUEST OF ACQUISITION OF GOODS. IT CONTAINS THE NAME AND THE SPECIFICATIONS OF A CERTAIN REQUESTED ITEM AND ESTIMATED AMOUNT.
PURCHASE ORDER (PO)	A COMMERCIAL DOCUMENT AND FIRST OFFICIAL OFFER ISSUED BY A BUYER TO A SELLER, INDICATING TYPES, QUANTITIES, AND AGREED PRICES FOR PRODUCTS OR SERVICES. IT IS USED TO CONTROL THE PURCHASING OF PRODUCTS AND SERVICES FROM EXTERNAL SUPPLIERS
INSPECTION AND ACCEPTANCE REPORT (IAR)	A REPORT BEING PREPARED BY THE AUTHORIZED INSPECTION OFFICER WHO CONDUCTED THE VERIFICATION AND INSPECTION OF THE ITEMS UPON DELIVERY TO DETERMINE IF THE ITEMS CONFORM TO THE GIVEN SPECIFICATIONS IN THE PO.
DISBURSEMENT VOUCHER	USED TO ISSUE PAYMENTS TO VENDORS USING CLEARING/DEPOSIT ACCOUNTS. USED TO MAKE PAYMENTS NOT RELATED TO THE PROCUREMENT OF GOODS OR SERVICES.
REPRESENTATION AND TRANSPORTATION ALLOWANCE	THESE ARE GRANTED TO GOVERNMENT OFFICIALS DOWN TO DIVISION MANAGERS AT MONTHLY STANDARD RATES IN ORDER TO DEFRAY REPRESENTATION AND TRANSPORTATION EXPENSES WHILE IN THE ACTUAL PERFORMANCE OF THE DUTIES AND RESPONSIBILITIES OF THEIR POSITION.

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ACRONYM	DEFINITION
MNWD	METROPOLITAN NAGA WATER DISTRICT
COA	COMMISSION ON AUDIT
DBM	DEPARTMENT OF BUDGET MANAGEMENT
GSIS	GOVERNMENT SERVICE AND INSURANCE SYSTEM
HDMF	HOME DEVELOPMENT MUTUAL FUND
PHIC	PHILIPPINE HEALTH INSURANCE CORPORATION
BIR	BUREAU OF INTERNAL REVENUE
EED	ENVIRONMENT AND ENGINEERING DEPARTMENT
BAC	BIDS AND AWARDS COMMITTEE
BOD	BOARD OF DIRECTORS
RATA	REPRESENTATION AND TRANSPORTATION ALLOWANCE
ADA	AUTHORITY TO DEBIT ACCOUNT
LBP	LAND BANK OF THE PHILIPPINES
DBP	DEVELOPMENT BANK OF THE PHILIPPINES

