



1.0 PURPOSE

The purpose of this procedure is to provide guidelines on the effective implementation of Accounting Division procedures on various government financial transactions in conformity with accounting policies and principles, other pertinent laws, rules and regulations

2.0 SCOPE

The scope of this procedure covers:

- preparation of financial statements and other financial reports
- preparation of bank reconciliation
- preparation of year-end alphabetical list of Permanent Employees, Job Order and Contract of Service Personnel, Consultants and Supplier
- preparation of report of Government Service Insurance System (GSIS) for remittance of contributions
- preparation of Home Development Mutual Fund (HMDF) for remittance of contributions
- preparation of Philhealth report for remittance of contributions
- preparation of BIR for Tax remittances
- preparation of statement of accounts for all tenants for billing
- processing of bonds for officials and employees
- preparation and processing of Disbursement Vouchers (DV)
- recording and monitoring of financial assistance releases to NSAs and preparation of the report of unliquidated accounts
- preparation and maintenance of supplies ledger cards and property, plant and equipment ledger cards for all supplies inventory accounts and PPE accounts
- preparation of Fund Utilization Report to PAGCOR
- assessment of liquidation and reimbursement documents of National Sports Associations (NSAs)
- checking of venue rental contracts and recording of receivables

3.0 DEFINITION OF TERMS

- 3.1 **Advice to Debit Account (ADA)** - refers to an authorization issued by the agency that serves as instruction to the Modified Disbursement System, Government Servicing Banks (MDS-GSBs) to debit a specified amount from its available NCA balance for payment of creditors/payees.
- 3.2 **Assets** - In financial accounting, an asset is an economic resource. Anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered an asset. It is a property owned by a person or company, regarded as having value and available to meet debts, commitments, or legacies.
- 3.3 **Bank Reconciliation** - settlement of differences contained in the bank statement and the cash account in the agency's/entity's books of accounts.
- 3.4 **Bank Statement** - Statement prepared by the government servicing banks showing the daily negotiated Modified Disbursement System (MDS) checks that are charged against the MDS central account and replenishments made by the Bureau of Treasury (BTr).
- 3.5 **Cash Advances** - Advances granted to officers and employees which may be classified into: (a) regular cash advance – those granted to cashiers, disbursing officers, paymasters and/or property/supply officers for salaries and wages, commutable allowances, honoraria and other similar payments and petty cash operating expenses;

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- (b) special cash advances – those granted on the explicit authority of the agency heads to duly designated disbursing officers or employees for other legally authorized purposes.
- 3.6 **Cash Disbursements Journal** - this special journal is used by the Accounting Division to record the disbursements made by the disbursing officer.
- 3.7 **Cash Receipts Journal** - this special journal is used to record the report of collections and deposits/Cash receipts register submitted by the collecting officer/s to the Accounting Division.
- 3.8 **Check Disbursements Journal** - this special journal is used to record the disbursements through checks made by the Disbursing Officer
- 3.9 **Check Floats/Outstanding Checks** - Checks issued by agencies which were not yet encashed by the payee.
- 3.10 **Disbursement Voucher** - is a form used to have a check made to pay an individual or an organization for merchandise sold or services rendered.
- 3.11 **Equity** - In accounting and finance, equity is the difference between the value of the assets/interest and the cost of the liabilities of something owned.
- 3.12 **Financial Statement (or financial report)** - collection of reports about an organization's financial results, financial condition, and cash flows. It is a formal record of the financial activities and position of the agency. Relevant financial information is presented in a structured manner and in a form easy to understand.
- 3.13 **General Fund** - Fund which is available for any purpose to which the legislative body may choose to apply, and is composed of all receipts or revenues which are not otherwise accruing to other funds.
- 3.14 **General Journal** – this journal shall used to record transactions not recorded in the special journal.
- 3.15 **General Ledgers** - this ledger summarizes all transactions recorded in the General Journal and special journal.
- 3.16 **Government Accounting** - encompasses the process of analyzing, recording, classifying, summarizing and communicating all transactions involving the receipt and disposition of government funds and property, and interpreting the results thereof. (*Sec. 109, Presidential Decree (P.D.) No. 1445*)
- 3.17 **Liabilities** - In financial accounting, a liability is defined as the future sacrifices of economic benefits that the entity is presently obliged to make to other entities as a result of past transactions or other past events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.
- 3.18 **Negotiated Checks** - MDS checks already paid/encashed by government servicing bank.
- 3.19 **Notice of Cash Allocation (NCA)** - Cash authority issued by the DBM to central, regional and provincial offices and operating units through the authorized government servicing banks of the MDS, to cover the cash requirements of the agencies.
- 3.20 **Statement of Cash Flows** - it is a report that shows the sources and uses of cash by operating activities, investing activities, financing activities, and certain supplemental information for the period specified in the heading of the statement. The statement of cash flows is also known as the cash flow statement.
- 3.21 **Statement of Financial Performance** - Shows the results of the entity's operations and financial activities for the reporting period. It includes revenues, expenses, gains, and losses.
- 3.22 **Statement of Financial Position** - is a financial report which shows the entity's assets, liabilities, and stockholders' equity as of the report date. It does not show information that covers a span of time. The new terminology use for the balance sheet is statement of financial position.



- 3.23 **Tax Remittance Advice (TRA)** - Document which agencies issue/file with the BIR to report and record remittances (constructive payment) of all taxes withheld from transactions. This serves as basis for BIR and BTr to record as income, the tax collection and deposit in their books of accounts.
- 3.24 **Trial Balance** - is a list of all the General ledger accounts (both revenue and capital) contained in the ledger of a business. This list will contain the name of the nominal ledger account and the value of that nominal ledger balances on a particular place. The value of the nominal ledger will hold either a debit balance value or a credit balance value. The debit balance values will be listed in the debit column of the trial balance and the credit value balance will be listed in the credit column.

4.0 REFERENCE DOCUMENTS

- 4.1 Accounting Division Operations Manual
- 4.2 Government Accounting Manual
- 4.3 COA/BIR/DBM/BTR and other gov't agency issuances, guidelines, rules and policies

5.0 PROCESS FLOW

5.1 PREPARATION OF FINANCIAL STATEMENTS AND OTHER FINANCIAL REPORTS

RESPONSIBLE	FLOW CHART	REFERENCE
Bookkeeper	<pre> graph TD Start([START]) --> Step1[Prepares Special Journals like Check Disbursements Journal, Cash Receipts Journal, Cash Disbursement Journal and General Journal] Step1 --> Step2[Posts Special Journals to the General Ledger] Step2 --> Step3[Prepares Trial Balance] Step3 --> Step4[Prepares Financial Statements (Detailed Statement of Financial Position, Detailed Statement of Financial Performance, Statement of Cash Flows, Statement of Government Equity)] Step4 --> Step5[Consolidates Financial Statements during year end] Step5 --> End([END]) </pre>	<p>GAM/COA/ Accounting Guidelines/ DBM Guidelines</p> <p>Report of Checks Issued, Report of Collections and Deposits, Liquidation Reports</p>



5.2 PREPARATION OF BANK RECONCILIATION

RESPONSIBLE	FLOW CHART	REFERENCE
Accounting Staff	<pre> graph TD Start([START]) --> Step1[Determines the ending book balance in GL and ending bank balance in the bank statement] Step1 --> Step2[Determines outstanding checks] Step2 --> Step3[Prepares Journal Entry Voucher for adjustment of reconciling items including NCA reversal every quarter] Step3 --> Step4[Prepares Bank Reconciliation Statement (BRS) to be signed by the Chief Accountant] Step4 --> Step5[Submits the BRS to COA] Step5 --> End([END]) </pre>	<p>Bank Statements from different banks, Report of Cancelled Checks, passbook and Check Disbursement Journal, Government Accounting Manual</p>



5.3 PREPARATION OF YEAR-END ALPHABETICAL LIST OF PERMANENT EMPLOYEES, JOB ORDER AND CONTRACT OF SERVICE PERSONNEL, CONSULTANTS AND SUPPLIERS

RESPONSIBLE	FLOW CHART	REFERENCE
Accounting Staff	<pre> graph TD Start([START]) --> Step1[Prepares Summary of Remittances for Taxes Withheld on Compensation and Expanded Withholding tax for the year] Step1 --> Step2[Consolidates income and other benefits, absences, overtime pays, first and last salaries, taxes withheld of organic personnel, consultants, Job Order personnel, coaches, Contract of Service personnel and suppliers for the year] Step2 --> Step3[Data entry of the alphabetical list of employees on compensation, expanded withholding tax for suppliers, contract of service, coaches and job order personnel for submission to BIR online] Step3 --> Step4[Prints BIR Form No. 2316 (3) copies per employees and BIR Form No. 2307 as per request to be signed by the Chief Accountant] Step4 --> Step5[Submits to BIR for stamping (retaining 2 file copies one each for employee and employer)] Step5 --> End([END]) </pre>	Accounting Division Operations Manual and BIR Circulars and Guidelines


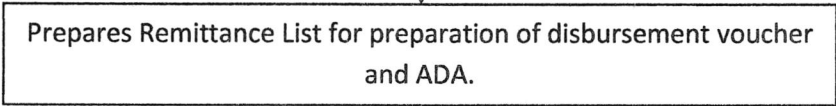
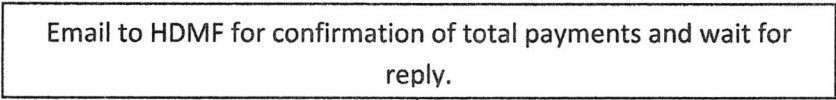
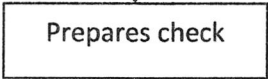
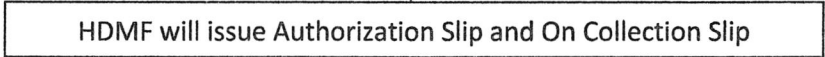
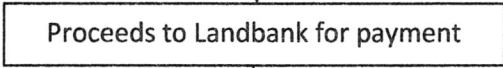
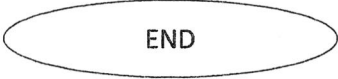


5.4 PREPARATION OF REPORT OF GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) FOR REMITTANCE OF CONTRIBUTIONS

RESPONSIBLE	FLOW CHART	REFERENCE
Accounting Staff	<pre> graph TD Start([START]) --> Step1[Prepares Remittance List for voucher preparation] Step1 --> Step2[Upload in the GSIS website. Wait for the reply "PASSED".] Step2 --> Step3[Lock, save and print the Summary of Totals (SOT) file] </pre>	Accounting Division Operations Manual and GSIS Guidelines
Cashier's Office	<pre> graph TD Step4[Prepares check] </pre>	
Accounting Staff	<pre> graph TD Step5[Remits to GSIS Remittance Unit and Landbank for payment] Step5 --> End([END]) </pre>	



5.5 PREPARATION OF REPORT OF HOME DEVELOPMENT MUTUAL FUND (HDMF) FOR REMITTANCE OF CONTRIBUTIONS

RESPONSIBLE	FLOW CHART	REFERENCE
Accounting Staff	 <p>START</p>	
Accounting Staff	 <p>Prepares Remittance List for preparation of disbursement voucher and ADA.</p>	
Accounting Staff	 <p>Email to HDMF for confirmation of total payments and wait for reply.</p>	
Cashier's Office	 <p>Prepares check</p>	
Accounting Staff	 <p>HDMF will issue Authorization Slip and On Collection Slip</p>  <p>Proceeds to Landbank for payment</p>	Accounting Division Operations Manual and HDMF Guidelines
	 <p>END</p>	



5.6 PREPARATION OF PHILHEALTH REPORT FOR REMITTANCE OF CONTRIBUTIONS

RESPONSIBLE	FLOW CHART	REFERENCE
Accounting Staff	<pre> graph TD Start([START]) --> Step1[Prepares Remittance List for preparation of disbursement voucher and check.] Step1 --> Step2[Reconciles from PhilHealth online list with PSC remittance list] Step2 --> Step3[PhilHealth will issue Payment Slip] Step3 --> Step4[Prepares check] Step4 --> Step5[Payment made over the counter to accredited bank.] Step5 --> End([END]) </pre>	Accounting Division Operations Manual and Philhealth Guidelines
Cashier's Office		
Accounting Staff		



5.7 PREPARATION OF BIR REPORT FOR TAX REMITTANCES

RESPONSIBLE	FLOW CHART	REFERENCE
Accounting Staff	<pre> graph TD Start([START]) --> Step1[Prepares summary of taxes withheld based on released checks] Step1 --> Step2[Encodes in the Data Entry (Online BIR Form)] Step2 --> Step3[Submits payment thru Tax Remittance Advice and thru bank transfer] Step3 --> End([END]) </pre>	Accounting Division Operations Manual and BIR Circulars and Guidelines