



**Procedure 01**  
**FINANCE PROCEDURE**

Date prepared : January 6, 2017  
Date approved : January 10, 2017  
Effectivity Date : January 11, 2017  
Revision No. : 00  
Revision Date :  
Control No. : **PM01-01**

*Carlos N. Santos Jr.*  
Reviewed by: Engr. Carlos N. Santos Jr.-GM

*Miguela G. Pleyto*  
Approved by: Dir. Miguela G. Pleyto-BOD Chairperson

**1.0 OBJECTIVES**

- 1.1 Establish guidelines in the Finance Section particularly on budget preparation monitoring, disbursement, payroll, taxes filing, reports preparation and other financial matters involve in SMWD.

**2.0 SCOPE**

This procedure defines the responsibilities and authorities for all payables and financial obligations of SMWD including the process of recording and classifying its financial transactions.

**3.0 REFERENCES**

- 3.1 ISO 9001:2015 Section 7.4, 7.4.1, 7.4.2, 7.4.3
- 3.2 Procedure for Communication
- 3.3 Procedure for Resource Management
- 3.4 Procedure for Purchasing
- 3.5 Procedure for Documented Information

**4.0 RESPONSIBILITIES AND AUTHORITIES**

Division Manager (Finance Division), Senior Corporate Accountant, Financial Planning Analyst, Corporate Budget Examiner, Internal Control Officer, and Cashier

**5.0 PROCESS**



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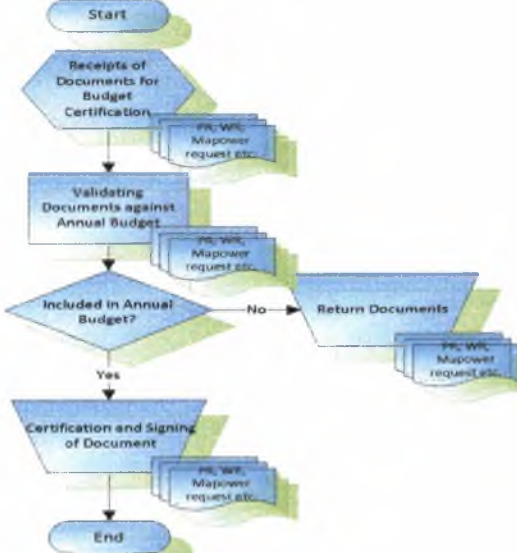
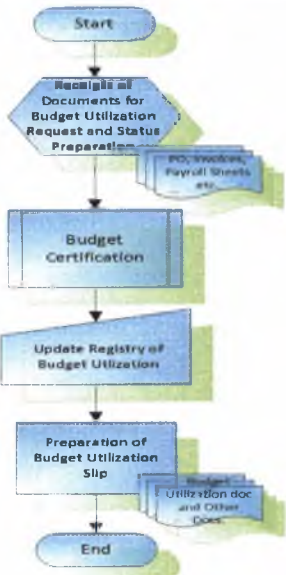
**Budget Preparation and Monitoring**

| Process Flow | Description of Activity   | Responsible Person  |
|--------------|---|---|
|              | <ol style="list-style-type: none"> <li>1. Prepares of nine (9) months financial performance data of the District.</li> <li>2. Receives of Estimated Expenses, based on expenditures of the last nine (9) months, proposed projects with cost and Project Procurement Management Plan from all Division/Section Heads.</li> <li>3. Prepares all Budget Assumptions, Budgeted Financial Statements.</li> <li>4. Review Annual Budget<br/>           4.1 If Annual Budget is Approved, sign Budget Documents.<br/>           4.2 If Annual Budget is not approved, revise computations and prepare Annual Budget Reports.</li> </ol> | <p>Division Manager - Finance</p> <p>Division Manager - Finance</p> <p>Division Manager - Finance</p> <p>Division/Section Heads<br/>General Manager</p> |
|              | <ol style="list-style-type: none"> <li>5. Prepare and Print Budget Documents for Board of Directors' Approval</li> <li>6. Review of Annual Budget<br/>           6.1 If Annual Budget is approve, sign Budget Documents and Board Resolution<br/>           6.1 If Annual Budget is not approved, revise computations and prepare Annual Budget Reports.</li> </ol>   | <p>Corporate Budget Examiner</p> <p>Board of Directors<br/>Board of Directors<br/>Division/Section Heads</p>  |

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**Budget Preparation and Monitoring**

| Process Flow  | Description of Activity  | Responsible Person  |
|---|--|---|
|   | <ol style="list-style-type: none"> <li>1. Receives documents for Budget Certification (Purchase Request, Work Request, Manpower Request etc.).</li> <li>2. Validate if Annual Budget Includes requested transactions.<br/>2.1 If request is Included in Annual Budget, certify by signing on the document.<br/>2.2 If request is not Included in Annual Budget, return to endorser.</li> </ol>     | <p>Corporate Budget Examiner</p> <p>Corporate Budget Examiner</p>   |
|  | <ol style="list-style-type: none"> <li>1. Receives documents for Budget Utilization Request and Status Preparation (Purchase Order, Work Order, Billings, Invoices, Payroll Documents etc.).</li> <li>2. Certify transaction's Inclusion in Annual Budget.</li> <li>3. Record transaction in Register of Budget Utilization.</li> <li>4. Prepare Budget Utilization Request and Status.</li> </ol> | <p>Corporate Budget Examiner</p> <p>Corporate Budget Examiner</p> <p>Corporate Budget Examiner</p> <p>Corporate Budget Examiner</p> |



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**Disbursement**

| Process Flow | Description of Activity   | Responsible Person   |
|--------------|---|--|
|              |   |  |
|              | <ol style="list-style-type: none"> <li>1. Receive source documents for payment processing (IAR, PO, PR, WC, Invoices, Billings etc.)</li> <li>2. Transmit documents to concerned finance personnel</li> <li>2.1 <i>If transaction has not been certified and registered in the budget utilization register, documents will be indorsed to Internal Control Officer.</i></li> <li>3. Check if all required documents for processing are complete and all mathematical computations are accurate</li> </ol> | <p>Financial Planning Assistant B</p> <p>Financial Planning Assistant B</p> <p>Financial Planning Assistant B</p>  |
|              | <ol style="list-style-type: none"> <li>4. Prepare Disbursement Voucher and Certificate/s of Withholding Taxes</li> <li>4.1 <i>If transaction requires SMWD to withheld tax, Certificate/s of Withholding Taxes will be prepared</i></li> <li>5. Enter Disbursement Vouchers' data Voucher Register in spreadsheet</li> <li>6. Approve and Sign Disbursement Voucher and Certificates of Withholding Taxes</li> <li>7. Sign Disbursement Voucher and authorize check preparation</li> </ol>                | <p>Financial Planning Assistant B</p> <p>Financial Planning Assistant B</p> <p>Division Manager B – Finance and General Manager</p> <p>General Manager</p> |
|              | <ol style="list-style-type: none"> <li>8. Prepare check and enter transaction details in Report of Check Issued. Provide copy of report to Financial Planning Assistant. Safeguard checks and attached documents until issuance of checks</li> <li>9. Update Voucher Register with data from Report of Check Issued and enter Journal Entry to Accounting System. Safeguard Disbursement Vouchers Certificate of Withholding Taxes and other attached documents until check issuance</li> </ol>           | <p>Cashier</p> <p>Financial Planning Assistant B</p>   |



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**Disbursement**

| Process Flow | Description of Activity   | Responsible Person   |
|--------------|---|--|
|              |   |  |
|              | 10. Prepare Authority to Transfer in three (3) copies.  | Financial Planning Analyst                                 |
|              | 11. Approve and sign Authority to Transfer for auto-debit in company's bank account   | Financial Planning Analyst                                 |
|              | 12. Transmit payroll register (soft and hard copies) and authority to transfer to bank.   | Liaison Officer  |
|              |   |  |
|              | 13. Access BIR EFPS Website and input all necessary information.<br>13.1 After all details are filled-up, taxpayer is redirected to transacting bank's internet site.<br><br>14. Authorize transacting bank to debit tax payment, thru bank's internet site.<br>14.1 Successful payments generate confirmation numbers. | Division Manager -Finance<br><br>Division Manager -Finance |



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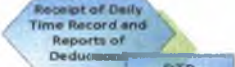











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*Miguel G. Pleyto*

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**Payroll**

| Process Flow  | Description of Activity   | Responsible Person   |
|---|---|--|
|    | 1. Receives weekly Daily Time Records of Job Order, Laborers and Casual Employees from Human Resources.   | Financial Planning Analyst   |
|    | 2. Receives Reports of Employee Deductions from Human Resources.  | Financial Planning Analyst   |
|    | 3. Check accuracy of source documents.  | Financial Planning Analyst   |
|    | 4. Compute Individual employees salaries.   | Financial Planning Analyst   |
|    | 5. Prepare Payroll Sheets and Payslips (soft copies)  | Financial Planning Analyst   |
|  | 6. Check accuracy of payroll computations<br>6.1 If there are errors, recompute payroll and prepare new payroll sheets and payslips<br>6.2 If there are no errors, print and sign hard copies of payroll sheets, in two (2) copies, and payslips. | Senior Corporate Accountant<br><br>Financial Planning Analyst              |
|  | 7. Sign payroll sheets for approval and authorized payment  | Senior Corporate Accountant<br>Finance Division Manager<br>General Manager |
|  | 8. Prepare Budget Utilization Slip and update Register of Budget Utilization  | Corporate Budget Examiner  |
|  | 9. Process payroll for disbursement.<br>9.1 Job Order, Laborer and Casual employees thru pay envelope system<br>9.2 Regular employees are paid thru bank transfer to individual payroll accounts.   | Division Manager -Finance  |
|  |   |  |
|  | 14. Prepare JO, Laborer and Casual Employees individual salaries thru pay envelope system.  | Cashier  |
|  | 15. Distribute JO, Laborer and Casual Employees' individual pay envelopes.  | Cashier  |
|  | 16. Have all employees affix signatures in payroll sheets to acknowledge receipts of salaries.  | Cashier  |



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**Payroll**

| Process Flow                                | Description of Activity   | Responsible Person  |
|---|---|---|
|   | <p>11. Input individual regular employees net salaries in Bank Financial Entry Data System.</p> <p>12. Generate and export payroll register from Bank Financial Entry Data System. Save soft copy of register in flash drive and print hard copies for transmittal to bank.</p> | <p>Financial Planning Analyst</p> <p>Financial Planning Analyst</p> |
| <p>Disbursement Process (Bank Transfer)</p> | <p>13. Payroll disbursement will process thru Bank Transfer</p>   |   |
|   | <p>14. Input accounting entry in Accounting System</p>  | <p>Financial Planning Analyst</p>                                   |



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**Report Preparation**

| Process Flow | Description of Activity  | Responsible Person  |
|--------------|--|---|
|              | <ol style="list-style-type: none"> <li>1. Generate and export reports from Inventory System. Check accuracy and completeness of reports.</li> <li>2. Prepare Journal Entries relating to Inventory based on reports and input entries in Accounting System.</li> </ol>   | <p>Financial Planning Analyst</p> <p>Financial Planning Analyst</p>   |
|              | <ol style="list-style-type: none"> <li>3. Generate and export reports from Billing System. Check accuracy and completeness of reports.</li> <li>4. Prepare Journal Entries relating to billing based on reports and input entries in Accounting System.</li> </ol>   | <p>Financial Planning Analyst</p> <p>Financial Planning Analyst</p>   |
|              | <ol style="list-style-type: none"> <li>5. Prepare adjusting entries (accruals, depreciation, correction of errors etc.) and input entries in Accounting System.</li> </ol>   | <p>Financial Planning Analyst</p> <p>Senior Corporate Accountant</p>  |
|              | <ol style="list-style-type: none"> <li>6. Generate and export data (registers, ledgers etc.) from Accounting System.</li> <li>7. Check completeness and correctness of entries inputted</li> <li>8. Prepare working paper and reconcile account balances.<br/><i>8.1 If there are items for adjustment prepare adjusting entry, input in Accounting System and repeat checking and account reconciling process.</i></li> <li>9. Post all entries to their ledgers in the Accounting System.</li> </ol> | <p>Senior Corporate Accountant</p> <p>Senior Corporate Accountant</p> <p>Senior Corporate Accountant</p> <p>Senior Corporate Accountant</p> |



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**Report Preparation**

| Process Flow   | Description of Activity  | Responsible Person  |
|--|--|---|
| <p>The flowchart shows the process starting with 'Accounting System Database' leading to 'Extraction of Trial Balance' (output: TB). This leads to 'Preparation of Financial Statements and Other Reports' (inputs: Receipt of Other Relevant Data/Information, Various Reports; output: FS, MDS, PI and other Reports).</p> | <p>10. Generate and export Trial Balance from Accounting System.</p> <p>11. Prepare Financial Statements (Income Statement, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity).<br/>         11.1 Prepare additional reports (Monthly Data Sheet and Performance Indicators upon receipt of various reports from other divisions).</p> | <p>Senior Corporate Accountant</p> <p>Senior Corporate Accountant</p> |
| <p>The flowchart shows 'Checking and Verifying Completeness and Accuracy of Reports' (output: FS, MDS, PI and other Reports).</p>  | <p>12. Check and verify completeness and accuracy of reports.</p>  | <p>Division Manager -Finance</p>                                      |
| <p>The flowchart shows 'Signing and Approval of Reports for Submission' (output: FS, MDS, PI and other Reports) leading to 'End'.</p>  | <p>13. Sign reports and approve submission to different governing agencies.</p>  | <p>General Manager</p>  |



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**Tax Filing and Payment**

| Process Flow | Description of Activity  | Responsible Person   |
|--------------|--|--|
|              | <ol style="list-style-type: none"> <li>1. Prepare AlphaLists thru encoding in the AlphaList Data Entry System of BIR</li> <li>2. Reconcile prepared AlphaList against withheld taxes in voucher register.</li> <li>3. File BIR returns thru BIR's Electronic Filing and Payment System Website. Print copies of BIR returns.</li> <li>4. Remit taxes thru bank transfer</li> </ol> | <p>Financial Planning Analyst</p> <p>Financial Planning Analyst</p> <p>Financial Planning Analyst</p> <p>Division Manager -Finance</p> |
|              | <ol style="list-style-type: none"> <li>5. Prepare Financial Reports for Income Tax Filing</li> <li>6. File BIR returns thru BIR's Electronic Filing and Payment System Website and print copies of BIR returns.</li> </ol>   | <p>Senior Corporate Accountant C</p> <p>Financial Planning Assistant B</p>   |



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**5.1 Budget Preparation and Monitoring**

- 5.1.1 Division Manager – Finance, based on actual operations of the District, prepares nine (9) months financial performance date i.e. Actual Water Revenues, Actual Miscellaneous Service Revenues, Actual Collection, Number of Active Connections etc.
- 5.1.2 Division Manager – Finance receives estimated expenses, based on the last nine (9) months actual expenditures, proposed projects activities and programs with estimated cost and Project Procurement Management Plan from Division/Section Heads.
- 5.1.3 Division Manager – Finance prepares budget assumptions and Budgeted Financial Statements.
- 5.1.4 General Manager and Division/Section Heads review proposed Annual Budget for approval.
  - 5.1.4.1 *If proposed Annual Budget is approve, General Manager and; Division/Section Heads sign Budget Documents i.e. Budget Assumptions, Budgeted Financial Statements, Budget Appropriation Requests etc.*
  - 5.1.4.2 *If proposed Annual Budget is not approve, Division Manager – Finance and other Division/Section Heads will change computations of budget assumptions and estimated expenditures to prepare a revised proposed Annual Budget.*
- 5.1.5 Corporate Budget Examiner prepares other Annual Document Reports for Board of Directors' approval.
  - 5.1.5.1 *If Annual Budget is approved, Board of Directors signs Budget Documents and Board Resolution.*
  - 5.1.5.2 *If Annual Budget is not approved, General Manager and Division/Sections Heads revise Annual Budget.*
- 5.1.6 The District's Annual Budget is submitted the Local Water Utilities Administration.

*Certification of Request*

- 5.1.1 Corporate Budget Examiner receives documents for Budget Certification i.e. Purchase Request, Work Request, Manpower Request etc.
- 5.1.2 Corporate Budget Examiner validates if request is included in Annual Budget.
  - 5.1.2.1 *If request is included in Annual Budget, Corporate Budget Examiner certifies by signing on the document.*
  - 5.1.2.2 *If request is not included in Annual Budget, return to endorser.*

*Preparation of Budget Utilization Request and Status*



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- 5.1.1 Corporate Budget Examiner receives documents for Budget Utilization Request and Status i.e. Purchase Order, Work Order, Billings, Invoices, Payroll Documents etc.
- 5.1.2 Corporate Budget Examiner certifies availability of funds.
- 5.1.3 Corporate Budget Examiner records transaction and update Register of Budget Utilization.
- 5.1.4 Prepare Budget Utilization Request and Status.

## 5.2 Disbursement

All disbursements are through checks except those paid under the petty cash fund and bank transfer.

### *Check Disbursement*

- 5.2.1 Financial Planning Analyst receives source document, Purchase Orders, Work Orders Invoices and Billings etc., and checks for completeness and accuracy of computations of source documents for payment processing.
- 5.2.2 Financial Planning Analyst verifies if documents includes Budget Utilization Slip, proving availability of funds for disbursement transaction.
  - 5.2.2.1 *If payment transaction does include Budget Utilization Slip, documents are forwarded to Corporate Budget Examiner for certification of budget availability.*
- 5.2.3 Financial Planning Analyst prepares Disbursement Voucher in two (2) copies.
  - Copy 1 – for filing with supporting documents*
  - Copy 2 – cashier's copy*
  - 5.2.3.1 *If the payment requires the district to withheld taxes, Certificates of Withholding Taxes shall likewise be prepared.*
- 5.2.4 Financial Planning Analyst inputs Disbursement Vouchers' data on spreadsheet for monitoring.
- 5.2.5 Division Manager – Finance recommends and signs Disbursement Voucher and Certificates of Withholding Taxes.
- 5.2.6 General Manager approves and signs Disbursement Voucher and other supporting documents for check preparation.
- 5.2.7 Cashier prepares check and indicates check number and date in the Disbursement Voucher. In addition, cashier also records payment information in spreadsheet report of Check Issued to be provided to Financial Planning Analyst. Furthermore, cashier



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also safeguards prepared checks until issuance or payment collection of supplier/service provider.

- 5.2.8 Financial Planning Analyst receives Report of Check Issued, updates Record of Disbursement Vouchers and inputs journal entry in the Accounting System. Furthermore, Financial Planning Analyst B safeguards approved and signed Disbursement Vouchers and supporting documents until issuance or payment collection of supplier/service provider.

*Bank Transfer - Payroll*

- 5.2.1 Financial Planning Analyst prepares Authority to Transfer in four (4) copies.

*Copy 1 – District's Copy*

*Copy 2 to 4 – Bank's Copy*

- 5.2.2 General Manager approves and signs Authority to Transfer

- 5.2.3 Liaison Officer transmits Authority to Transfer and other supporting documents to bank for bank transfer for District's account to individual employees' payroll accounts.

*Bank Transfer – Tax Payment*

- 5.2.1 Division Manager – Finance access BIR's Electronic Filing and Payment Website to proceed to payment process of taxes after BIR returns were electronically filed.

- 5.2.2 Division Manager – Finance fills up all information needed for tax payment, then, redirected to transacting bank's Internet Banking Site.

- 5.2.3 Division Manager – Finance authorizes transacting bank to debit tax payment from tax payers/District's bank account.

*5.2.3.1 All successful payments generate confirmation numbers.*

**5.3 Payroll**

Regular employees are prepared twice a month and credited to payroll accounts every 10<sup>th</sup> and 25<sup>th</sup> of the month. On the other hand, Job Orders, Laborers and Casual Employees payroll are prepared and paid thru a pay envelope system, on a weekly basis following a prepared schedule.



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- 5.3.1 Financial Planning Analyst receives Daily Time Records of employees and Report on Salary Deduction from Human Resources.
- 5.3.2 Financial Planning Analyst checks completeness and accuracy of computations of source documents.
- 5.3.3 Financial Planning Analyst computes individual employees' salaries, taking to account actual hours work, overtime and deductions.
- 5.3.4 Senior Corporate Accountant checks accuracy of payroll computation.
  - 5.3.4.1 *If there are errors, Financial Planning Analyst recomputes payroll and adjust Payroll Sheets and Pay Slips.*
  - 5.3.4.2 *If there are no errors, Financial Planning Analyst prints hard copies of Payroll Sheets in two (2) copies, for approval and signing.*
    - Copy 1 – Finance Copy*
    - Copy 2 – Cashier's Copy*
  - In addition, Financial Planning Analyst also prints hard copies of Pay Slips employees on a monthly basis.*
- 5.3.5 Senior Corporate Accountant, Division Manager – Finance and General Manager signs Payroll Sheets.
- 5.3.6 Corporate Budget Examiner certifies budget availability and prepares Budget Utilization Slips.
- 5.3.7 Payroll Disbursement
  - 5.3.7.1 *For Job Orders, Laborers and Casual Employees, Financial Planning Analyst processes payroll thru check disbursement.*
  - 5.3.7.2 *Cashier prepares and distributes individual employees' pay envelopes. In addition, cashier ensures that employees properly acknowledge receipts of salaries by affixing their signatures in Payroll Sheets.*
  - 5.3.7.3 *For Regular Employees, Financial Planning Analyst processes payroll thru bank transfer.*
  - 5.3.7.4 *Financial Planning Analyst inputs individual employees net salaries in Financial Entry System provided by the bank.*
  - 5.3.7.5 *Financial Planning Analyst generates and exports data from system and prepares soft and hard copies of payroll register.*
    - Hard Copy – Finance Copy*



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*Soft Copy – Bank Copy*

*5.3.7.6 Financial Planning Analyst proceeds to the Bank Transfer Process of Disbursement.*

*5.3.7.7 Financial Planning Analyst inputs journal entry in Accounting System.*

**5.4 Report Preparation**

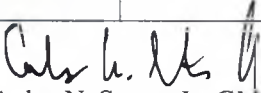
- 5.4.1 Financial Planning Analyst generates and exports data and reports i.e. Receiving Reports, Requisition and Issuance and Returned Materials Reports, from Inventory System.
- 5.4.2 Financial Planning Analyst prepares accounting entries for all inventory issuance and return transaction after checking completeness and accuracy of exported data.
- 5.4.3 Financial Planning Analyst inputs prepared journal entries in Accounting System.
- 5.4.4 Financial Planning Analyst generates and exports data and reports, i.e. Billing Reports, Collection Reports, Adjustment Memos etc. from Billing System.
- 5.4.5 Financial Planning Analyst prepares accounting entries based on exported data.
- 5.4.6 Financial Planning Analyst inputs prepared journal entries in Accounting System.
- 5.4.7 Financial Planning Analyst prepares adjusting entries i.e. accruals, depreciation, bank memos, correction of errors etc. and inputs them in Accounting System.
- 5.4.8 Senior Corporate Accountant generates and exports data and reports i.e. Accounting Registers, from Accounting System.
- 5.4.9 Senior Corporate Accountant checks completeness and accuracy of entries made.
- 5.4.10 Senior Corporate Accountant prepares working papers and reconciles account balances.
  - 5.4.10.1 *If there are items for adjustment, Senior Corporate Accountant prepares and input adjusting entries, then, repeats the checking and reconciliation process.*
- 5.4.11 Senior Corporate Accountant posts all entries in their ledgers in the Accounting System.
- 5.4.12 Senior Corporate Accountant generates and exports Trial Balance from Accounting System.
- 5.4.13 Senior Corporate Accountant, using the Trial Balance, prepares Financial Reports i.e. Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity etc.
  - 5.4.13.1 *In addition, Senior Corporate Accountant also prepares reports based on data from other divisions.*

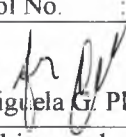




**Procedure 01**  
**FINANCE PROCEDURE**

Date prepared : January 6, 2017  
Date approved : January 10, 2017  
Effectivity Date : January 11, 2017  
Revision No. : 00  
Revision Date :  
Control No. : **PM01-01**

  
Reviewed by: Engr. Carlos N. Santos Jr.-GM

  
Approved by: Dir. Miguela G. Pleyto-BOD Chairperson

- 5.4.14 Division Manager – Finance signs reports after checking and verifying completeness and accuracy of reports.
- 5.4.15 General Manager signs reports and approves submission to different governing agencies.

### **5.5 Tax Filing and Payment**

As a Government Owned and Controlled Corporation, the District is required by law to file income taxes. In addition, the District is also mandated by law to withhold and remit taxes from suppliers i.e. VAT and EWT and Franchise Tax from concessionaires.

#### *Withheld Taxes*

- 5.5.1 Financial Planning Analyst prepares, on a monthly basis, Alphabetical List of Taxes withheld using BIR's Alphalist Data Entry System.
- 5.5.2 Financial Planning Analyst reconciles prepared Alphalist against withheld taxes in Accounting Systems' registers.
- 5.5.3 Financial Planning Analyst accomplishes and files BIR returns thru BIR's Electronic Filing and Payment System Website. In addition, Financial Planning Analyst prints copies of BIR returns for Finance Division's file.
- 5.5.4 Division Manager – Finance remits tax payment thru bank transfer.

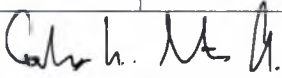
#### *Income Taxes*

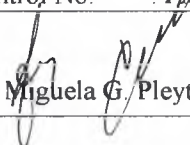
- 5.5.1 Senior Corporate Accountant prepares reports for income tax filing i.e. Quarterly and Annual Income Statements.
- 5.5.2 Financial Planning Analyst accomplishes and files BIR returns thru BIR's Electronic Filing and Payment System Website. In addition, Financial Planning Analyst prints copies of BIR returns for Finance Division's file.
  - 5.5.2.1 *The District is not required to remit income taxes.*



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**6.0 Records**

- 6.1 Budget Appropriation Request
- 6.2 Budget Utilization Request and Status
- 6.3 Disbursement Voucher
- 6.4 Payroll Sheet
- 6.5 Pay Slip