



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

# FINANCE DEPARTMENT

## PROCEDURES AND WORK INSTRUCTIONS MANUAL (PAWIM)

**(FDPW01) ACCOUNTING**



|                                                                                  |                                         |  |                              |
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|  | <b>METROPOLITAN NAGA WATER DISTRICT</b> |  | Document Code: <b>FDPW01</b> |
|                                                                                  | <b>PROCEDURE</b>                        |  | Revision No.: 0              |
|                                                                                  | <b>ACCOUNTING</b>                       |  | Effectivity Date: March 2017 |
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## 1. PURPOSE

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

**1.2.** The objectives of the Accounting process are:

- 1.2.1.** To provide information concerning past operations and present condition.
- 1.2.2.** To provide a basis for guidance for future operations.
- 1.2.3.** To provide control in the receipt, disposition and utilization of funds and property.
- 1.2.4.** To ensure compliance with the applicable laws and regulations.
- 1.2.5.** To report on the financial position and results of operation for the information of all persons concerned.

## 2. SCOPE

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

- 2.1.1.** Preparation of Journal Entry Vouchers
- 2.1.2.** Recording transactions to the Journal Books
- 2.1.3.** Preparation of Financial Reports

## 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.
- 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.

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- 4.1.6. Responsible for the preparation of payroll and other benefits due to the employees.
- 4.1.7. 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 in one of the support processes of the District which is the Accounting process.

### 5.1.PROCEDURE DETAILS: **PREPARATION OF JOURNAL ENTRY VOUCHERS** ([Figure 1](#))

- 5.1.1. The MNWD daily transactions involving result of operation and financial condition, either cash or non-cash transactions, is provided with accounting journal entry. These accounting entries are reflected in the Journal Entry Voucher (JEV).
- 5.1.2. Daily documents/reports representing check disbursements, cash disbursements, cash receipts and deposits and other transactions is forwarded to Financial/ Accounts Specialist.
- 5.1.3. Documents is checked as to the mathematical computation, completeness of supporting documents and appropriateness of account charging.
- 5.1.4. Journal Entry Vouchers (JEV) is prepared on each of the above mentioned transactions.
- 5.1.5. JEV is printed and to be attached to the documents supporting the transaction.
- 5.1.6. JEVs is signed by the Financial/Accounts Specialist. The JEV representing Check Disbursements and Cash Receipts and Deposits transactions is forwarded to Senior Financial/Accounts Specialist and Financial Planning Analyst respectively for the preparation of monthly summary of Check Disbursements and Summary of Cash Receipt and Deposits.

### 5.2.PROCEDURE DETAILS: **RECORDING THE TRANSACTIONS TO THE JOURNAL BOOKS** ([Figure 1](#))

- 5.2.1. All the transactions with Journal Entry Vouchers are to be recorded to its proper accounting journal books, namely, Cash Receipts and Deposits Journal, Cash Disbursement Journal, Check Disbursement Journal and General Journal.
- 5.2.2. After recording, summary of Cash Receipts and Deposits, Check Disbursements, Cash Disbursements and General Journal is prepared.
- 5.2.3. JEV with its complete attachments is forwarded to the Division manager of Accounting Division

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- 5.2.4. Division Manager of Accounting Division will review and sign the JEV and forwards the same to the Office of the General Manager for the GM's signature.
- 5.2.5. Upon signing, OGM's staff will return the JEVs with its attachments to the accounting division
- 5.2.6. Admin Services Aide of the Accounting Division will file all the documents.

### 5.3. PROCEDURE DETAILS: PREPARATION OF FINANCIAL REPORTS ([Figure 1](#))

- 5.3.1. Summary of Cash Receipts and Deposits, Check Disbursements, Cash Disbursements and General Journal is posted to the trial balance.
- 5.3.2. Trial Balance show the summary of balances of each accounts. It contains the balances of accounts from the preceding period, the increase and decrease on each account for the current period and the ending balances of each account.
- 5.3.3. Account with its ending balances will now be carried to its proper Financial Statement, namely, The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows.
- 5.3.4. Financial Statements is signed by the Senior Corporate Budget Analyst and the Division Manager of Accounting Division and is forwarded to the Office of the General Manager for the GM's signature.
- 5.3.5. After signing, the GM's staff will return the documents to the accounting division for filing.
- 5.3.6. At the end of the month, the Subsidiary Ledgers for each accounts are updated to take effect the transactions that took place for the month.

## 6. FORMS AND TEMPLATES

### 6.1. PREPARATION OF JOURNAL ENTRY VOUCHERS

- 6.1.1. Journal Entry Vouchers – "[FDF01](#)"

### 6.2. RECORDING TRANSACTIONS TO JOURNAL BOOKS

- 6.2.1. Cash Receipt and Deposit – "[FDF02](#)"
- 6.2.2. Cash Disbursement – "[FDF03](#)"
- 6.2.3. Check Disbursement – "[FDF04](#)"
- 6.2.4. General Journal – "[FDF05](#)"

### 6.3. PREPARATION OF FINANCIAL STATEMENT

- 6.3.1. Trial Balance – "[FDF06](#)"
- 6.3.2. Statement of Financial Position (Balance Sheet) – "[FDF07](#)"
- 6.3.3. Statement of Comprehensive Income (Income Statement) – "[FDF08](#)"

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**6.3.4.** Statement of Changes in Equity – “[FDF09](#)”

**6.3.5.** Statement of Cash Flows – “[FDF10](#)”

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|                                                                                  | <b>ANNEX A</b>                          | Revision No.:     | 0           |
|                                                                                  | <b>GLOSSARY OF TERMS</b>                | Effectivity Date: | March 2017  |
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| <b>TERMS</b>                                                 | <b>DEFINITION</b>                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>JOURNAL ENTRY VOUCHER</b>                                 | IT IS A FORM WHICH CONTAINS ACCOUNTING JOURNAL ENTRIES. IT SERVES AS A BASIS FOR THE RECORDING OF TRANSACTION IN THE BOOKS OF ACCOUNTS. THIS FORM IS BEING USED FOR ALL TYPES TRANSACTIONS OF THE DISTRICT WHETHER CASH RECEIPT, CASH DISBURSEMENT OR NON-CASH TRANSACTIONS. |
| <b>CASH RECPTS AND DEPOSITS JOURNAL</b>                      | THIS JOURNAL IS USED TO RECORD CASH RECEIPTS/ COLLECTIONS OF THE DISTRICT.                                                                                                                                                                                                   |
| <b>CASH DISBURSEMENT JOURNAL</b>                             | THIS JOURNAL IS USED TO RECORD DISBURSEMENTS IN THE FORM OF CASH.                                                                                                                                                                                                            |
| <b>CHECK DISBURSEMENT JOURNAL</b>                            | THIS JOURNAL IS USED TO RECORD DISBURSEMENTS IN CHECK FORM                                                                                                                                                                                                                   |
| <b>GENERAL JOURNAL</b>                                       | THIS JOURNAL IS USED TO RECORD ALL NON- CASH TRANSACTIONS                                                                                                                                                                                                                    |
| <b>LEDGER</b>                                                | THIS IS WHERE ACCOUNTING ENTRIES IN THE JOURNAL BOOKS ARE POSTED. IT CONTAINS ANY INCREASE AND DECREASE IN THE BALANCES OF EACH ACCOUNT FOR A SPECIFIED PERIOD OF TIME.                                                                                                      |
| <b>TRIAL BALANCE</b>                                         | THIS IS A LISTING OF LEDGER ACCOUNTS AND THEIR DEBIT AND CREDIT BALANCES. IT IS USED TO TEST THE EQUALITY OF THE DEBITS AND THE CREDITS                                                                                                                                      |
| <b>STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)</b>       | A FINANCIAL STATEMENT WHICH SHOWS THE RESULT OF FINANCIAL CONDITION OF AN ENTITY AS OF A PARTICULAR DATE. IT PRESENTS THE THREE ELEMENTS, THE ASSETS, LIABILITIES AND THE EQUITY. IT IS FORMERLY KNOWN AS THE BALANCE SHEET.                                                 |
| <b>STATEMENT OF COMPREHENSIVE INCOME ( INCOME STATEMENT)</b> | A FINANCIAL STATEMENT WHICH SHOWS THE RESULT OF OPERATION FOR A GIVEN PERIOD OF TIME. IT PRESENTS TWO ELEMENTS NAMELY, REVENUES AND EXPENSES.. IT IS FORMERLY KNOWN AS INCOME STATEMENT.                                                                                     |
| <b>STATEMENT OF CHANGES IN EQUITY</b>                        | A FINANCIAL STATEMENT WHICH SHOWS THE MOVEMENT IN GOVERNMENT EQUITY, RETAINED EARNINGS AND CAPITAL EQUITY RESERVE.                                                                                                                                                           |
| <b>CASH FLOWS STATEMENT</b>                                  | A FINANCIAL STATEMENT WHICH SHOWS THE INFLOWS AND OUTFLOWS OF CASH REPRESENTING OPERATING, INVESTING AND FINANCING ACTIVITIES.                                                                                                                                               |

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|                                                                                   | <b>ACRONYMS</b>                         |  | Effectivity Date: March 2017 |
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| <b>ACRONYM</b> | <b>DEFINITION</b>                           |
|----------------|---------------------------------------------|
| <b>MNWD</b>    | METROPOLITAN NAGA WATER DISTRICT            |
| <b>COA</b>     | COMMISSION ON AUDIT                         |
| <b>DBM</b>     | DEPARTMENT OF BUDGET MANAGEMENT             |
| <b>GSIS</b>    | GOVERNMENT SERVICE AND INSURANCE SYSTEM     |
| <b>HDMF</b>    | HOME DEVELOPMENT MUTUAL FUND                |
| <b>PHIC</b>    | PHILIPPINE HEALTH INSURANCE CORPORATION     |
| <b>BIR</b>     | BUREAU OF INTERNAL REVENUE                  |
| <b>EED</b>     | ENVIRONMENT AND ENGINEERING DEPARTMENT      |
| <b>BAC</b>     | BIDS AND AWARDS COMMITTEE                   |
| <b>BOD</b>     | BOARD OF DIRECTORS                          |
| <b>RATA</b>    | REPRESENTATION AND TRANSPORTATION ALLOWANCE |
| <b>ADA</b>     | AUTHORITY TO DEBIT ACCOUNT                  |
| <b>LBP</b>     | LAND BANK OF THE PHILIPPINES                |
| <b>DBP</b>     | DEVELOPMENT BANK OF THE PHILIPPINES         |

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|                                                                                  | <b>FLOWCHART</b>                        | Revision No.:     | 0           |
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