FINANCIAL MANAGEMENT Manual

Office of the Vice President for Finance and Resource Generation
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THE UNIVERSITY FINANCIAL MANAGEMENT MANUAL

INTRODUCTION

As a State University, the Batangas State University (BatStateU) is mandated to ensure that all financial activities are conducted in an efficient, effective and appropriate manner. This further includes timely and accurate reporting of fund movements, security of assets and the maintenance of adequate internal controls. These mandates are all within legal, statutory and ethical obligations of the University as provided for by existing laws, rules and regulations.

Legal mandates set aside; proper management of University finances plays a vital role in the maintenance of its continued operations. This is evident considering the limited fund granted by the national government and the impact of ever changing policies and opportunities affecting both the operations and instruction. A need to have a prudent control to all funds maintained and income generated by the University is mandatory. Financial management therefore needs to adapt to these constant changes through allowing the processes to have reasonable flexibility while still adhering to applicable laws, rules and regulations.

With all these, the University takes a prudent approach to forecasting income given current uncertainties in the external environment. Savings realized during the course of the fiscal year result in a supplemental budget to support the overarching goals or improvements in academic programs and facilities consistent with the vision and mission of the University. The aim of the budgeting strategy is to ensure a solid financial position for the University, to prevent the extension of base operations beyond current revenue capacities, and to maximize the University’s ability to respond to favorable variances throughout the course of the fiscal year. Disbursements are all within allotments and obligations and all these are properly recorded by the different units of the Finance Division vital for the decision making of the management.

The succeeding fiscal years will be a great challenge to the University due to the impact of the implementation of K to 12. There is an expected huge decline on the internally generated income by 2016 and three years thereafter not to mention other factors that might restraint our allocative efficiency and absorptive capacity. This calls for the flexibility of the usual strategies in the projection of income and expenditures which are the building blocks of the BatStateU's financial sustainability.

LEGAL BASES

The main legal basis of the Batangas State University in using its income to support its goals is primarily the Republic Act No. 9045 or “An Act Creating Batangas State University”. Said statute granted the University to fix the tuition fees and other school fees and charges and to make such fees and charges, including government subsidies and other income generated by the University, to constitute Special Trust Funds. The law further provides that the aforesaid fund should be deposited in any authorized government depository bank, and all interests that shall accrue therefrom shall form part of the same fund for the use of the University.

The manner of disbursement of the said fund is also provided in the said act. It states that “Any income generated by the University from tuition fees and other charges, as well as from the operation of auxiliary services and land grants, shall be retained by the University, and may be disbursed by the Board for instruction, research, extension or other programs/projects of the University: Provided, That all fiduciary fees shall be disbursed for the specific purposes for
which they are collected”. The enactment likewise authorizes the University Board of Regents use of said funds for any reasonable purposes which, in its discretion, may be necessary and urgent for the attainment of the objectives and goals of the University should BatStateU cannot be able to pursue any projects for which funds have been appropriated and allocated under its approved program of expenditures.

Section 24 of RA No. 9045 makes Republic Act (R.A.) No. 8292, the Higher Education Modernization Act of 1997 its integral part and shall, together with the former, also serve as the governing charter of the University. One of the most salient provisions of the RA No. 8292 is the one under Section 4(d) which provides that SUCs are authorized to deposit in any AGDB and treat as Special Trust Funds (STF), income from tuition fees and other necessary school charges, such as; matriculation fees, graduation fees, and laboratory fees. The law further authorized the Board of Regents/Trustees (BOR/T) of SUCs to disburse such income and other charges, as well as those generated from the operation of auxiliary services and land grants, for instruction, research, extension or other programs/projects of the university or college. Such disbursements require a special budget duly approved only by the BOR/T which is now empowered by R.A. No. 8292 to appropriate the income of the university/college and allocate funds with flexibility.

With the enactment of RA 8292, the Commission on Higher Education (CHED) issued CMO No. 20, series of 2011 which sets the policies and guidelines for the use of income, Special Trust Fund and Programs of Receipts and Expenditures of the State Universities and Colleges (SUCs). Said issuance sets, among others, specific budgetary allocation for Instruction, Research Services, Extension Services, Production, Administrative Services and Mandatory Reserve Fund including the limitations of the budget modification on the said areas. Included also in the CMO is the implementation of the Budget.

In addition to the above, the Accounting Guidelines and Procedures on the Use of Income of SUCs issued by the Commission on Audit through COA Circular No. 2000-002 on April 4, 2000 is another basis of the university in its financial transactions. Said circular reiterates the general principles that:

- All income of SUCs from tuition fees and other necessary charges such as: matriculation fees, graduation fees, laboratory fees, medical and dental fees, library fees, athletic fees and other similar fees shall be deposited in an AGDB and constituted as STF. All interests that shall accrue therefrom shall form part of the same Fund.

- Income from university hospitals shall be earmarked and used exclusively for the operating expenses of the hospitals.

- All fiduciary fees shall be disbursed for the specific purposes for which they are collected.

- The STF shall be used to augment the maintenance and other operating expenses and capital outlays of the university and to pay authorized allowances and fringe benefits to teachers and students who render services to the school.

- A special budget for the utilization of the STF, supported by a Certification from the Chief Accountant that sufficient income had been realized, collected and deposited with an AGDB shall be approved by the (BOR/T) of the University/College.

- The approved special budget shall be the basis of the Chief Accountant in recording appropriations and allotments.
A copy of the approved special budget shall be furnished the DBM and the Accountancy Office, COA within ten days after approval.

Any balance of allotments at the end of the year shall be reverted to the Cumulative Results of Operations-Unappropriated (CROU)/ Operating Surplus.

The circular further set specific guidelines on the use of STF including the proper accounting of said fund source.

Other basis of the appropriation of the University's income in line with the BatStateU’s core mandates is the Special Provisions of the General Appropriations Act (GAA). It provides, among others, that income shall be used (i) for instruction, research, extension and other programs and projects of the SUC; (ii) for the creation of additional positions, subject to the guidelines issued by the DBM; or (iii) for the payment of the Magna Carta Benefits of Public Health Workers employed in SUC, pursuant to RA No. 7305. It further provides a proviso that no amount from the University’s income shall be used for payment of allowances and other benefits not authorized by law. It further provides for the mandated contents of the Program of Receipts and Expenditures (PRE) and directs the submission of the same to the Department of Budget and Management (DBM) and Commission on Higher Education (CHED).

THE PLANNING AND FINANCIAL MANAGEMENT PROCESS LINKAGE

Generally, financial process involves the whole process including the formulation of the long-term plans necessary for the preparation of annual budget which is the source of all financial transactions of the University. Said long term plans include the Strategic Plan and the Investment Plan which shall be the basic framework and building block of the annual budget which supports the thrusts and priorities of the University.

The process starts with the formulation of the Strategic Plan. The Batangas State University formulated the said plan covering the years of 2014 to 2018. The Strategic Plan sets the priorities of the University in order to attain its mission and vision. It lays down the goals and

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**Figure 1. Planning and Budgeting Linkage**
strategic initiatives of the University for its four (4) major areas: Instruction, Research, Extension and Management of Resources.

With the approved Strategic Plan, the University has devised its Investment Plan also for the years 2014-2018. The Investment Plan contains the programs, activities and projects (PAPs), strategic initiatives and infrastructure development plan supported with estimated budget allocation for colleges and extension campuses of the University. It is a tool in the timely implementation of the PAPs of the University and shall determine the progress of actual expenditures against the budget through periodic reporting. There is, however, a further need to outline in specificity the plans of the University. Hence, the BatStateU also formulated its Operational Plan which maps out the entire operations of the University with the corresponding targets.
PART I-
COLLECTION OF FEES
COLLECTION

PurposE

Collection of necessary fees is needed to realize the mission and vision of the University. This is the major source of University fund aside from that provided for by the National Government. Actual collections/income is the basis of the projected income of the succeeding year which is then the basis of the University’s annual budget.

CoLLECTION STRATEGIES

1. During Enrollment Period

   ➢ The University develops the One Stop Enrollment Service Center Concept;

   ➢ All transactions regarding collection of payment of tuition and other fees are transacted at the said one stop enrollment center to provide more efficient and effective service to the students

2. During Examination and Regular Days

   ➢ The Cashier’s Office, presently located at the Student Services Center, is the main service provider in the collection of payment of tuition and other fees during examination and regular days.

3. A Queuing Machine is set up by the Office to avoid long queues during payment;

4. Enrollment in the Online Collection (On-Coll) Facility, which allows the students to pay their tuition and other fees via over-the-counter transactions in LandBank of the Philippines’ branches, is being implemented by the University to further provide convenience in payment;

5. The University entered into an Agreement with the LandBank of the Philippines (LBP) to enroll on the latter’s EPayment Portal. This is an internet based payment channel designed to accept payment of fees from clients of the University.
6. To secure collected money, deposit of collections is done daily through pick-up deposit arrangement with LandBank of the Philippines.

**DEPOSIT OF COLLECTIONS**

Deposit of collections is done daily through pick-up deposit arrangement with the LBP. Payment in the form of checks is directly deposited to the bank daily since pick-up deposit is for cash transactions only. Collections after the pick-up deposit are safely kept in the vault and deposited on the next banking day.

Cash balances are properly monitored and amount in excess of current operation is recommended for High Yield Savings Account (HYSA) which earns bigger interest.

**POLICIES AND PROCEDURES**

A. Procedure in Payment

1. When a student/client arrives, he/she should get a number first from the queuing machine. This will put him/her on queue;

2. He/She must have to wait until his/her number appears in the LCD Screen. Indicated also therein is the counter where he/she must have to pay the fee/s;

3. Transactions and issuance of Official Receipt (OR) shall be completed within three (3) minutes.

4. During enrollment period, the above steps are not applicable. After subjects were encoded and fees were assessed, students must have to fall in line for payment to the Cashier’s Collecting Officers considering that the One Stop Enrollment Service Center is located at the University’s Gymnasium during enrollment period.

5. In cases of On-Coll Facility, the students must have to go to LBP within the Region. He must then fill up the On-Coll deposit form of LBP. Students should provide the bank with their student SR Code;
PART II- BUDGET PREPARATION
**BUDGET PREPARATION**

**Responsible Officers:**
- Assistant Director for Budget
- Director for Finance Services

**PURPOSE**

Budget proposals are formulated in line with the University’s continuing commitment to achieve its mission and vision through fiscal prudence, strategic allocation of limited resources and operational efficiency. The budgetary requirements of each division consider the policy directions and strategic plan. It is based on the annual budgetary guidelines issued by the University President.

**POLICIES**

1. All colleges/campuses/divisions shall ensure that their respective budget proposals shall be formulated in line with the University’s continuing commitment to its mission and vision through fiscal discipline, strategic allocation of limited resources and operational efficiency;

2. The budgetary requirements of a college/campus/division should consider the policy directions and strategic plans;

3. The budget proposals shall include estimates for Currents Operating Expenditures for Personnel Services (PS), Maintenance and Other Operating Expenditures (MOOE) and Capital Outlay (CO) both under the Special Trust Fund and Fiduciary Fund;

4. Under the Special Trust Fund (STF) each campus/college/division shall prepare their budget proposal using the subsequent year’s Projected Income as computed and prepared by the Accounting Office based on actual income of the University, the same as what was submitted to the Department of Budget and Management (DBM). Out of the total projected income, 40% is shared equally (10% ea.) by the Administration, Research, Extension and Reserve Fund, subject to change however, during budget deliberation in the EXECOM. The remaining 60% is for Instruction and will be budgeted by their own department/campus/division and shall be accompanied by corresponding Project Procurement Management Plan (PPMP) for much needed supplies and equipment;

5. The PPMP is to be prepared by the different departments and submitted to the Budget Office for evaluation and approval of the University President. The approved PPMP will be consolidated by the Procurement Office for the Bids and Awards Committee (BAC) Office to determine the method of procurement to be used. The total amount of supplies
& equipment in the PPMP must tally with the amount indicated in the different offices’ respective budget proposal;

6. No PPMP No Procurement Policy shall be strictly implemented so that priority expenditures shall come first in PPMP before items of lesser importance;

7. Specific guidelines for allocation for PS, MOOE and CO shall be issued by the University President to guide different units in proper allocation;

8. All budget proposals for the subsequent year and PPMP including soft copy, shall be submitted simultaneously to the Budget Office within the prescribed period per Budget Guidelines issued by the University President;

9. Any proposed budget over and above the budget ceiling (Proposed Unfunded Budget) may likewise be submitted separately provided that a justification supports the same;

10. Other polices consistent with the laws, rules and regulation of monitoring and regulatory agencies most specifically the Department of Budget and Management (DBM) may be issued by the University.

**OPERATION STRATEGIES**

The budget proposals include estimates for Current Operating Expenditures for Personnel Services, Maintenance and Other Operating Expenses (MOOE) and Capital outlay both under the Special Trust Fund (STF) and Fiduciary Fund.

**Figure 2. Allocation of Special Trust Fund**
Special Trust Fund (STF) consists of income derived from tuition fees, comprehensive exam, exam fee, reservation fee and other charges.

To reiterate under policy number 4 herein, under the STF, each campus/college/division shall prepare their budget proposal using the succeeding year’s Projected Income as computed and prepared by the Accounting Office based on actual income of the University, the same as what is submitted to the Department of Budget and Management. Out of the total projected income, 40% is shared equally (10% each) by the Administration, Research, Extension and Reserve Fund, subject to change however, during budget deliberation in the EXECOM. The remaining 60% is for Instruction and will be budgeted by their own department/campus/division and prepared budget must be accompanied by the corresponding Project Procurement Management Plan (PPMP) for much needed supplies and equipment.
Another component of the budget from internally generated income, aside from STF, is the Fiduciary Fund. This fund is derived from collection other than those enumerated under the STF.

![Diagram of Fiduciary Fund Components and Allocation](image-url)

**Figure 3. Allocation of Fiduciary Fund**
All fiduciary fees shall be disbursed for the specific purposes for which they are collected. Hence, budget proposal from the income derived from Medical and Dental Fee is prepared by the Medical and Dental Office. Income from registration fee, TOR, diploma, certification, registration form and honorable dismissal shall be for the sole purpose of the reason for which they are collected and the budget for the same is prepared by the Registrar’s Office. For budget proposal for the income derived from the library fee, the same is prepared by the Office of the Librarian; budget proposal for the income derived from the athletic and SCUAA fees is prepared by the Office of Sports; Cultural fee’s budget is prepared by the Office of the Cultural Affairs. Others are as follows: Integrated School (Laboratory School Development Fee), Office of Student Services (Guidance and Counseling Fee), ICT Office (Internet Fee), Colleges having OJT and whose students are paying RLEF (RLEF).

The Higher Education Modernization Fee is intended for infrastructure development. Security fee and other fiduciary income are centrally managed except laboratory fee which eventually needs prioritization of the Vice President for Academic Affairs.

![Figure 4. Allocation of IGP Fund](image)

Fig. 4. Allocation of IGP Fund

Fund 163 or IGP Fund is another fund source of the University. This fund is used primarily for the operation of its Income Generating Projects and to augment limited University funds. Further, IGP Fund is the sole fund used to defray all expenses of the Resource Generation Office including investments.
**HOW BUDGET PREPARATION IS DONE?**

Budget preparation covers the estimation of University’s projected income, the determination of budget priorities and activities and the translation of these priorities and activities into budgetary estimates.

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**Figure 5. PHASE I- BUDGET PREPARATION**

A.1. Projection of Income

As stated above, the projected income shall be the basis of the budget proposals of the each unit. Said projection is computed and prepared by the Accounting Office based on actual income of the University during the current year, the same as what is submitted to the Department of Budget and Management. The Accounting Office makes the projection by increasing the previous year's actual income by 5% which it considers as a conservative accounting assumption. Said income is primarily based on the record of enrollees since STF is derived from the fees collected from the students. However, this method of projection shall be different for the succeeding years due to the impact of the implementation of the K to 12. It is expected that the number of enrollees shall decline from year 2016 to 2019, hence, a decline also of the University's income.

A.2. Unit-Level Budgeting

Once the succeeding year’s income is projected, budget ceiling/allocation for different units is determined. Budgeting at the unit level is a decentralized process with each unit responsible for building its own budget subject however to the budget ceiling/allocation approved by the University. Inputs to the process are the central administration’s information given to each unit about their budget ceiling. Said budget proposal shall be accompanied by the corresponding Project Procurement Management Plan (PPMP) for much needed supplies and equipment. The individual unit budgets as well as the PPMP are aggregated later by the
University’s Budget Office in order to produce the overall University budget that is taken to Authorization which final phase is the approval of the Board of Regents.

A.3. Review and Analysis of Budget Proposals

Budget proposals are subject to the initial scrutiny of the University’s Finance Division more particularly the Budget Office to where said proposals are to be submitted. Scrutiny of the proposals is made through reference with the twenty (20) forms issued by the Budget Office (Annex A), which show in detail the unit level’s proposed budget allocation. Whether budget proposals are within or above the ceiling, the same shall be consolidated by the Budget Office and shall be presented to the Executive Committee (EXECOM).

The second phase of the review and analysis part shall be the scrutiny of the EXECOM. Each department shall present their proposal before the Committee. Necessary adjustments, if any, shall be made during deliberations. The Committee shall determine whether or not the proposal of each unit is consistent with the priorities of the University. If a certain unit exceeds its ceiling, items which are not that of priority shall be eliminated. However, there are instances when the proposal is indeed a priority that elimination of such is not possible. The University, thus, through the EXECOM, redirects budgetary allocation of a unit with higher allocation and with excess budget towards a unit with lesser budgetary allocation and needs budget to answer its expenses. This, however, only affects the proportionate allocation and not the total budget based on the projected income. When adjustments are decided by the EXECOM, it is now possible for the Budget Office to prepare the Programs of Receipts and Expenditures (PRE) of the succeeding year.

**What is PRE?**

The Program of Receipts and Expenditures presents the projected income from tuition fees and other charges, fiduciary funds and from the income generating project as well as the projected expenditures of the university Proper and the two extension campuses.

The final step in the review and analysis process and also the last step of Phase I-Budget Preparation is the presentation of the Program of Receipts and Expenditures to the Executive Committee for finalization. If revisions are necessary, the same should be adjusted before submission of the Budget Phase II- Budget Authorization.
PART III.
BUDGET AUTHORIZATION
BUDGET AUTHORIZATION

<table>
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<th>Responsible Officers:</th>
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<tr>
<td>Assistant Director for Budget</td>
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<tr>
<td>Director for Finance Services</td>
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<tr>
<td>VP for Finance &amp; Resource Generation</td>
</tr>
<tr>
<td>Members of the Administrative and Academic Council (for Approval)</td>
</tr>
<tr>
<td>Board of Regents (for Approval)</td>
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</tbody>
</table>

PURPOSE

To have the proposed budget be a duly approved budget of the University in order to support its thrusts and priorities.

STEPS IN BUDGET AUTHORIZATION

This phase involves approval by different bodies of the budget as prepared during the first phase. The ultimate goal in this particular phase is to have the University Board of Regents approve the Program of Receipts and Expenditures (PRE).

After budget preparation, the second phase of the process commences by presenting the PRE to the Administrative and Academic Council. Said council is composed, among others, of the Deans of different colleges for the academics and of the management for the administration. The rationale of the presentation is to seek for the approval of the body whether they conform with the allocation provided for under the PRE. During the meeting, the Director for Financial Services shall present the budget to the Council for deliberation and recommendation to the Board of Regents (BOR) for approval. Any agreed revision and
modification in the proposed PRE shall be effected by the Budget Office before presenting it to the BOR for approval.
PART IV.
IMPLEMENTATION
IMPLEMENTATION

Responsible Officers:

<table>
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<th>All units of the Finance Services Division</th>
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<tr>
<td>Approving Authority</td>
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<td>Requesting Office</td>
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</table>

PURPOSE

For the different colleges/divisions/units of the University use their allocated budget per the approved PRE.

GENERAL POLICY

- Before requests are approved, it is assured that (1) the request has an allotment as indicated in the PRE; (2) in case of procurement, the request is included in the approved PPMP; (3) there is enough cash/fund to support the project/request; and (4) the request is allowed by existing policies and laws and is in consonance with the terms and conditions of the contract if there is. Should any of these restrictions are violated; the request will not be allowed.

Figure 7. Limitations of Implementation
1. Every request prior approval must conform with the limitations set forth above. Once the budget is approved by the University Board of Regents, the Budget Office shall then notify all units of the University of their respective approved budget allocation/ceiling;

2. Every request must be in accordance with the approved allotment, hence requests beyond the allotment are not allowed;

3. The University also adopts the “No PPMP, No Procurement Policy” so that priority expenditures come first before items of lesser importance. This is only possible through constant monitoring by the Budget Office during their day to day transaction whether the request is included in the PRE. Monitoring of procurements does not stop in the Budget Office. The Procurement Office also monitors whether every single request is within the approved PPMP. This promotes stricter monitoring and filtering of requests, thus highlighting University's priorities.
SPECIFIC POLICIES/STEPS

General University Protocol

1. The request shall be prepared by the end-user, most of the time, these are the faculty, deans and heads of each unit;

2. After such, the request is subject to recommending approval of the Vice Presidents. The first VP to recommend the request is the one having the primary jurisdiction over the end-user (e.g. Deans are subject to the jurisdiction of the Vice President for Academic Affairs);

3. When said VP recommended the same, the request shall be sent to the Budget Office to determine from what fund source the request should be taken (e.g. STF, Fiduciary);

4. When fund source has been determined, the request shall be sent again to another Vice President (in case of procurement, it shall first be signed by the VP for Finance and Resource Generation; all other requests shall be signed first by the VP for Administration and External Affairs);

5. Once signed by the aforesaid VP, it shall be sent to the last VP to recommend the request (in case of procurement, it shall then be signed by the VP for Administration and External Affairs; all other requests shall be signed by the VP for Finance and Resource Generation);

6. Once all required VPs have signed the request, the final phase of step 1 shall be the approval of the University President;

7. Be it noted that the process explained above is only limited to requests that are within the set bounds (Figure 7);
8. Once requests are duly approved by the University, the next step is the payment of the transaction or the actual disbursement of funds in response to the duly approved requests.

The process on the payment of different transactions, however, varies. The process for payment for procurement, salaries and wages, cash advances, honoraria and infrastructure are different from one another. Specific steps on the aforesaid transactions are shown below:

A. Payment of Transactions (MOOE-Procurement)

The above figure shows the process to be undertaken before payment is made for procurement.

1. A duly approved request shall be sent to the Budget Office to obligate the fund to what has been requested; this is in the form of Obligation Request popularly called as “ALLOBS” (Allotment and Obligation Slip);

2. Once needed signatures for the obligation request are completed, the canvass papers/request for quotations shall then be prepared by the Procurement Office. However, it must be noted that if items to be purchased is P 500,000.00 and above, the mode of procurement to be used is public bidding. If the threshold amount is P50,000.00 and above, it should be posted in PhilGEPS from one (1) week. If the amount is less than P50,000.00, the procuring entity simply requests for submission of at least three (3) price quotations from bona fide suppliers;

3. After all canvass papers/request for quotations have been received, opened, examined, evaluated and ranked, the Procurement Office shall prepare the corresponding Abstract of Canvass. This Abstract shall then undergo approval as shown in Figure 10;
4. Once approved, purchase order shall then be prepared. There is, however, a different process for Cash on Delivery (COD) mode and for regular procurement:

4.1. COD

4.1.1. For COD, the purchase order and the voucher shall be simultaneously prepared by the Procurement Office;

4.1.2. It must be certified as to the availability of funds by the Accountant and must be approved by the Vice President for Finance and Resource Generation.

4.1.3. It shall then undergo the scrutiny of the Internal Audit;

4.1.4. After passing in audit, preparation of check, including the completion of the necessary signatures, shall follow;

4.1.5. Release for payment shall be simultaneous with delivery under COD.

4.2. Regular procurement (i.e. payment is made after delivery)

4.2.1. Preparation of Purchase Order (PO) shall be prepared first;

4.2.2. The same with the PO for COD, it must also be certified by the Accountant and must undergo usual approving process;

4.2.3. For approval of the PO, the VP for Administration and External Affairs (VPAEA) shall approve PO for all transactions except PO concerning the Resource Generation Office; which the same shall be approved by the VP for Finance and Resource Generation;

4.2.4. Once the PO is approved, it shall be returned to the Procurement Office for the conforme of the supplier;

4.2.3. Delivery shall then be made by the supplier within 15 days from the date of his conforme;

4.2.4. Upon delivery, necessary inspection shall be made in the form of Acceptance and Inspection Report (AIR);

4.2.5. The Property and Supply Office shall prepare the AIR and shall sign the acceptance portion, while the end-user shall sign the inspection portion;

4.2.6. Acceptance and deliveries shall only be made if supplies and materials delivered conform with the standards and specifications stated in the PO;

4.2.7. After the same, necessary vouchers shall then be prepared which shall also undergo the same process with the voucher for COD, the only difference is payment is made after delivery.
B. Payment of Transactions (MOOE- Cash Advance and Reimbursement)

Specific Guidelines for Payment of Reimbursement

Before going through the procedure, take note of valid and non-valid expenses for reimbursement:

Examples of valid expenses for reimbursement:

- Training/Seminar/Conference Fees supported with Official Receipt;
- Actual transportation cost supported by the approved Itinerary of Travel, Authority to Travel and Trip Ticket in case University Vehicle was used, 3 canvases of airfare in case it is a foreign travel, official receipts, toll fees ticket, bus tickets and the like proof of payments;
- Actual hotel accommodation fee supported with Official Receipt;
- Expenses relating to University activities supported with 3 canvases, summary of expenses, official receipts/sales invoices;
- Actual tuition fees paid by a faculty scholar supported with existing University scholarship contract and official receipt of the tuition fees paid.

Examples of non-valid expenses for reimbursement:

- Membership Fees;
- Expenses relating to unauthorized trips and activities;
- Decorations for the offices during holidays;
- Rewards or incentives given to an individual which are on top of the University wide sponsored awards;
- Reimbursement of meals exceeding the per diem rates;
- Expenses personal in nature

Figure 11. Step 2.2-Payment of Transactions (MOOE- Cash Advance and Reimbursement)
**Specific Guidelines for the Granting and Liquidation of Cash Advances**

Only those requests approved by the President and for immediate use shall be granted with cash advance. Any individual with pre-existing unliquidated cash advance will have to liquidate first before another one can be processes. Cash advances will be granted individually thus he/she must be accountable for its timely liquidation.

The following must be observed during the liquidation:

- All supporting documents such as official receipts/sales invoices, at least 3 canvass, approved request letter, authority of travel, itinerary of travel, summary of expenses and other pertinent documents and proof of payments. Proof of payments printed on thermal papers should have a photocopies attached.

- Liquidation period of cash advances used on official travel – within sixty (60) days after return to the Philippines in case of foreign travel of within thirty (30) days after return to his permanent official station in the case of local travel.

- Liquidation period of Cash Advance for special time-bound undertaking shall be liquidated by the accountable officer within one month from the date the purpose of the cash advance was accomplished.

**Procedures:**

As regards cash advance and reimbursement, the procedure is as shown in Figure 11.

1. Like all transactions, the approved request shall be sent to the Budget Office for Obligation Request;

2. Take note, however, that prior approval of the University President is not essential when reimbursement is a result of deficit in cash advance granted;

3. The same shall then be sent to the Director for Financial Services for certification that allotment is available and obligated for the purpose as indicated therein;

4. After the said certification of the Director for Financial Services, the Obligation Request shall be sent to the Head of the Requesting Office to certify that charges to allotment is necessary, lawful and under his/her direct supervision and supporting documents valid, proper and legal;

5. The Obligation Request shall then be sent to the Accounting Office for the preparation of voucher and for the certification of the Accountant that cash is available and the supporting documents are complete;

6. Approval for payment by the VPFRG shall immediately follow;

7. Once payment is approved, the documents shall undergo the usual scrutiny of the Internal Audit;

8. Preparation of check together with the completion of the signatories shall be the next step after the transaction has passed in audit;

9. The last step shall be the release of checks.
C. Payment of Transactions (PS- Payroll)

Figure 12. Step 2.3-Payment of Transactions (PS- Payroll)

<table>
<thead>
<tr>
<th>Duly Approved Monthly Report of Service</th>
<th>Preparation and Approval of Payroll &amp; Voucher</th>
<th>Internal Audit</th>
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<tr>
<td>End of Transaction</td>
<td>Releasing of Checks</td>
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<td>Preparation and Approval of Check for JO/Part-Timer</td>
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<tr>
<td></td>
<td>Preparation ADA (Permanent/Temporary/Contractual)</td>
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</tbody>
</table>

Figure 12 shows payment of expenses under the Personnel Services.

1. It starts with the duly approved Monthly Report of Service during a certain period prepared by the Human Resource Management Office (HRMO);

2. Said report shall be forwarded to the Accounting Office for the simultaneous preparation of payroll and voucher;

3. The payroll and voucher shall then be forwarded to the Budget Office for Obligation Request;

4. The obligation request shall be consequently forwarded to the Director for Financial Services for certification that allotment is available and obligated for the purpose as indicated therein;

5. Said obligation request shall be sent to (a) the VPAA for transactions concerning teaching positions or (b) Director for Administration for transactions involving non-teaching personnel to certify that charges to allotment is necessary, lawful and under his/her direct supervision and supporting documents valid, proper and legal;

6. After signatories to the obligation request are complete, the payroll shall now be certified (services rendered) by the (a) VPAA for transactions concerning teaching positions or (b) Assistant Director of the HRMO involving non-teaching personnel;

7. The documents shall then be sent again to the Director for Financial Services to certify both the payroll and the prepared voucher;

8. After certification, the approval of payment by the VPFRG shall follow; the same shall then undergo the usual auditing process;

9. After passing in audit, preparation of check (for Job Orders and Part-timers) and preparation of Authority to Debit/Credit Accounts (ADA) (for Permanent, Temporary and Contractual employees) shall be done, after which, needed signatures shall be completed;
10. Release of checks and/or submission of ADA to the Land Bank of the Philippines (LBP) shall be the final process.

D. Payment of Transactions (Capital Outlay-Infrastructure)

1. Prior the process for payment of transaction for infrastructure projects commences, it must be remembered that the requirements of the Philippine Government Procurement Act (RA 9184) should first be complied with;

2. Request for payment by the Contractor may be submitted provided that it is accompanied with the required document such as the Statement of Accomplishment which shall be the basis of each progress payment;

3. Said request must be addressed to the University President;

4. When received by the President, the request shall then be forwarded to the Project Management Office (PMO) for checking whether or not the accomplishment declared by the contractor is the same with the actual accomplishment;

5. The PMO shall afterwards prepare its own report; this report of the PMO shall be the basis of the progress payment;

6. Supporting documents for the request, including the accomplishment, shall be forwarded to the Accounting Office for the preparation of voucher;

7. This voucher shall then be certified by the Accountant as to the availability of cash and as to the completeness of the documents;

8. Once certified, the voucher shall be sent to the VPFRG for the approval of payment;
9. It shall then undergo audit by the Internal Audit;

10. Usual process on the preparation and release of checks shall be the final phase. It can be noticed that the Budget Office shall have no participation during the above process. This is because the allotment/Certification of Availability of Funds (CAF) is issued before the perfection of Contract.

As can be gleaned from the foregoing, the processes for PS, MOOE and Capital Outlay differ from each other. The University adopts the aforesaid process on its day to day transaction to assure that the approved budget is properly spent in line with the University’s priorities as reflected in its Strategic Plan.

SPECIFIC GUIDELINES FOR DISBURSEMENT OF SALARIES AND WAGES

Specific Steps for ATM Payroll Account

1. Upon receipt of voucher and payroll, the Cashier’s Office prepares Authority to Debit/Credit Account (ADA) and Advice of Checks Issued & Cancelled (ACIC);

2. ADA & ACIC shall be subject for signature of the authorized signatories;

3. ADA & ACIC together with the list of payees shall then be submitted to LBP authorizing the payment.

Over-the-counter transactions

1. Upon receipt of voucher & payroll, the Cashier’s Office prepares the corresponding checks;

2. These checks shall be sent to proper signatories of the University;

3. Upon signing, checks are encashed in the bank;

4. After encashment, pay envelopes shall be prepared;

5. Payment shall be the last step.

Checks for Payment to utilities and bills, internal & external creditors

1. Upon receipt of voucher & payroll, the Cashier’s Office prepares the corresponding checks;

2. These checks shall be sent to proper signatories of the University;

3. Upon signing, payees are advised to claim their checks;

4. Releasing of checks shall be the last step.
All the foregoing steps and procedures are undertaken by the Office and all units of the Finance Division in accordance with the existing laws, rules and regulations most specifically those issued by the Department of Budget and Management and by the Commission on Audit and of the provisions of GAA approved by the President of the Republic of the Philippines. These issuances are being changed from time to time by the enforcing agencies.
PART V.
ACCOUNTABILITY
ACCOUNTABILITY

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<th>Responsible Officers:</th>
<th>All units of the Finance Services Division</th>
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<td>VP for Finance and Resource Generation</td>
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PURPOSE

To track and monitor actual expenditures, revenues, assets and liabilities of the University. This is also to evaluate the expenditures and performance of the University primarily through the preparation of all financial and budgetary reports.

STEPS IN ACCOUNTABILITY

A. FINANCIAL ACCOUNTABILITY

In the University setting, this phase is primarily done by the Finance Division and by the Supply and Property Office.

The above is only limited to the accountability of the Budget Office as regards the University budget. It is well to note that despite presentation in the Phase III of the actual
protocol in the disbursement of the requested fund, the role of the Budget Office during Phase III ends when the approved request is actually obligated.

1. On the Budget Office’s day to day transaction, the obligated requests are being recorded into the Office’s system. The Office prepares the Registry of Allotment and Obligation for PS, MOOE and Capital Outlay. With this scheme, they can easily determine the amount of obligation incurred and the balance of the total allotment. This shall now be the basis of the Office in the preparation of the Monthly Statement of Allotment, Obligations and Balances (SAOB). Said report shows the total allotment, the obligation incurred and the unobligated balances. With this, determination of savings is possible.

2. The SAOB shall then be submitted to the management at the end of each quarter. Every quarter, the unobligated balances shall be relayed to the concerned offices to inform them that they still have fund available for a specific quarter;

3. Said balance shall be carried over the next quarter and so on until the last quarter of the fiscal year. Once savings is determined through the SAOB of the last quarter, the same shall be reported to the Management. This shall now be the portion where the management shall evaluate the excess and shall decide what action should be taken; it is either to realign the budget, use the savings as a Supplemental Budget, intend it for continuing investments or other actions in line with the University’s Strategic Plan.

However, budget accountability presents a more complex sense of accountability. This phase also involves the actual reporting of the University expenditures, assets and liabilities to the monitoring and regulatory agencies of the government.

![Figure 15. Accountability on Disbursements](image)

A. 1. **Accountability on Disbursements**

1. Once Phase III (Implementation) is done, actual disbursements, which were derived from the allotment, shall be recorded by the Accounting Office based on the Disbursement Vouchers submitted by the Cashier’s Office;

2. The amounts specified in the vouchers shall be recorded by the staff of the Accounting Office which is necessary for the preparation of the Financial Reports by the same office. As a government institution, the University is required to submit these reports to the Commission on Audit (COA) of the University for its scrutiny;
3. The COA shall then determine whether or not the funds were properly and lawfully utilized by the University. This is where accountability mainly lies. Said reports shall also be submitted to the University Management.

A. 2. Accountability on Supplies and Property (Monthly)

The above figure shows the budget accountability on the issued supplies and materials by the University.

1. The Supply and Property Office prepares the needed reports by the Accounting Office in the preparation of Financial Reports;

2. Said reports emanating from the Supply and Property Office are (a) Monthly Consumption Report of Supplies and Materials which shows the supplies and materials issued per day; (b) Report of Supplies and Materials issued which reflects the summary of the issued materials and supplies on a particular month; and (c) Monthly Report of Supplies and Materials issued which shows both the beginning balance for particular month, the purchases for the said month, the actual issuance for the month and its ending balance.
A. 3. Accountability on Supplies and Property (Annually)

1. As regards the inventory of University property, plant and equipment, the Supply and Property Office prepares a yearly Inventory and Inspection Report of Unserviceable Property as well as the Report on Inventory Count of Property and Equipment;

2. These reports primarily show the assets of the University (e.g. land, improvements, systems, equipment, infrastructure and other structures);

3. These reports are directly submitted by the Supply and Property Office to the Commission on Audit for scrutiny.

B. FINANCIAL and BUDGETARY REPORTING

Reporting of the units of the Finance Services are mainly based and required by the existing laws, rules and regulations of monitoring and regulatory agencies of the government. These issuances are mainly released by DBM, and COA and by the Legislative Branch of the Government. Listed below are the said reports and their corresponding purposes:

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<td>Bureau of Internal Revenue (BIR) Remittances</td>
<td>BIR</td>
<td>Compliance to BIR Requirement on Withholding Taxes</td>
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<tr>
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<td>COA</td>
<td>Compliance with COA requirement on Cash Advances</td>
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<tr>
<td>Financial Statement</td>
<td>COA</td>
<td>Compliance with COA the submission of Annual Financial Statement</td>
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<tr>
<td>PAGIBIG Remittances</td>
<td>PAGIBIG</td>
<td>Compliance to HDMF requirement on the submission/remittance and is a must for the employees to</td>
</tr>
<tr>
<td>Action</td>
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<tr>
<td>UPCB Remittances</td>
<td>UCPB</td>
<td>Memorandum of Agreement between BatStateU and UCPB</td>
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<tr>
<td>PAGIBIG Contributions and Loans</td>
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<td>Abstract of Daily Collection and Deposit</td>
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<td>Report of Collection Deposit</td>
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<td>Budgetary Requirements</td>
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<tr>
<td>Supplemental Budget-STF</td>
<td>BOR</td>
<td>To secure authority from the Board of Regents for the use of prior years' savings</td>
</tr>
<tr>
<td>Budget Execution Documents</td>
<td>DBM</td>
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<tr>
<td>Budget and Financial Accountability Reports</td>
<td>DBM and COA</td>
<td>COA and DBM requirements</td>
</tr>
</tbody>
</table>

The Division assures that all these reports are in accordance with the prescribed standards (e.g. Philippine Public Sector Accounting Standards) and all governing circulars and laws.
PART VI.

THE BUDGET PROVIDED BY THE NATIONAL GOVERNMENT (MDS)
MDS BUDGET

Responsible Officers:

| Assistant Director for Budget |
| Director for Finance Services |
| VP for Finance and Resource Generation |

PURPOSE

To subsidize the operations of the University through the release of its share in the National Budget as approved by the President of the Republic of the Philippines.

THE PROCESS

Like the PRE, this particular budget also undergoes the four-phased process: Preparation, Authorization, Implementation and Accountability. The only difference mainly lies on the preparation and authorization.

Preparation of this budget shall be in accordance with the National Budget Call issued by the DBM unlike with the PRE where the latter is in accordance with the guidelines issued by the University President considering existing laws, rules and regulations. The budget prepared by the University is a proposal in nature which shall undergo the same process of authorization as with the PRE. However, the difference is while PRE only needs the approval of the University BOR before its effectivity, the Budget Proposal for MDS shall be further elevated to DBM and Congress. This proposal shall be the basis of the Congress (both Houses) whether to have the proposal increased or decreased. Said proposal, after series of hearings, shall be incorporated to the appropriations bill passed by the Legislative Branch. This will become a law should the same is approved by the Philippine President and shall be known thereafter as the General Appropriations Act (GAA).

Implementation and Accountability shall be the same process with PRE. Should the monitoring and regulatory agencies of the government require additional process or requirement, the University consistently complies with the same.
PART VII.
THE SUPPLEMENTAL BUDGET
SUPPLEMENTAL BUDGET

Responsible Officers:

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<thead>
<tr>
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<tbody>
<tr>
<td>Assistant Director for Budget</td>
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<td>Director for Finance Services</td>
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<tr>
<td>VP for Finance and Resource Generation</td>
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PURPOSE

Supplemental Budget is a financial plan which authorizes changes/increment in the Program of Receipts and Expenditures (PRE). It is brought about by the unutilized income of the immediately preceding year and of the prior years. This unutilized income is due to excess of the year’s actual income against the projected income; a result of increase in enrollment compared to the last school year resulting to tremendous increase in collection. This is possible since the PRE is based on the projected income at the start of the year as determined by the Accounting Office where actual collections/income may exceed projections.
THE PROCESS

Like the PRE, this particular budget also undergoes the four-phased process: Preparation, Authorization, Implementation and Accountability. The difference is that all savings shall only be accrued and be implemented through a Supplemental Budget and cannot be carried over to the next year’s PRE; the latter is an independent financial plan which is only grounded by the projected income. Another difference is that while current PRE does not depend on the previous years’ PRE, a Supplemental Budget may depend on the previous years’ Supplemental Budget since, as stated, savings may still be recorded from another Supplemental Budget. Hence, unlike PRE, Supplemental Budget is a cycle.

The first step in the process is the determination of savings. As stated earlier, savings from PRE can only be determined at year-end based on the last quarter’s SAOB. Savings may be from (a) unutilized budget; and (b) excess in actual and projected income. In the University, once the Budget Office has determined existence of savings, it shall inform the concerned offices of their unutilized budget. Said offices shall, like the PRE, submit their respective budget proposal in proportion to the savings due to them. The Supplemental Budget also includes continuing investment or those projects during the previous years but yet to be accomplished in faithful compliance of the procurement process as required under RA 9184. However, there are instances when a certain office decides not to utilize the savings due them; thus, this is one of those savings that shall be carried over to the next year’s Supplemental Budget.

The process of authorization, implementation and accountability is the same as that of the PRE. However, what makes it a cycle is that there may still be a savings from the Supplemental Budget itself, thus, as stated above, it will be carried over to the next Supplemental and so on and so forth.