



**Department of Environment and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU**

Operations Manual for the Area Water Quality Management Fund (AWQMF)

2016



Republic of the Philippines
Department of Environment and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU

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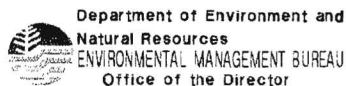
SUBJECT: Operations Manuals for the National Water Quality Management Fund (NWQMF) and Area Water Quality Management Fund (AWQMF)

Pursuant to DENR Administrative Order No. 2012-06 (September 11, 2012), the Implementing Guidelines on the Operationalization of the National Water Quality Management Fund (NWQMF), and DENR Administrative Order No. 2013-15 (May 27, 2013), the Guidelines on the Operationalization of the Area Water Quality Management Fund (AWQMF), the Operations Manuals for the NWQMF and AWQMF are hereby adopted and issued officially for the guidance of all concerned.

The NWQMF has been given Fund Code 152 by the Department of Budget and Management while the AWQMF has been assigned Fund Code 153.

The Manuals provide guidance and procedures on the assessment, collection, use, disbursement and recording of the two Funds. The Manual for the NWQMF guides the EMB Central Offices, Regional Offices and the Pollution Adjudication Board on the proper recording and use of the Fund while the Manual for the AWQMF provides similar directions for the concerned EMB Regional Offices and the Water Quality Management Area Governing Boards.


ATTY. JUAN MIGUEL T. CUNA
DENR Assistant Secretary
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Operations Manual for the
Area Water Quality Management Fund
(AWQMF)

FOREWORD

This Operations Manual on the management of the Area Water Quality Management Fund provides guidance and procedures on its collection and use to achieve the objectives of the Clean Water Act one of which is the maintenance and upkeep of the water bodies in a water quality management area (WQMA). This also highlights the role of the Fund to protect water bodies for the benefit of their stakeholder communities.

This Manual also seeks to develop the capability of the Governing Boards to manage the AWQMF and ensure that the Fund is used for worthy purposes while exercising accountability. The Manual therefore empowers local institutions such as the WQMA Governing Board and strengthens their capacity to bring about the desired water quality of our rivers, lakes and bays through the AWQMF.

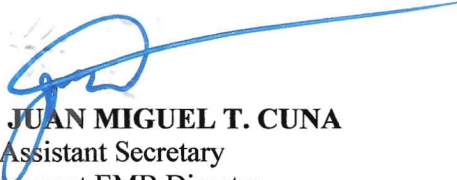
There are seven major sections of the Manual: Introduction which includes Scope, Coverage and Limitations, Legal and Institutional Framework; Sources of AWQMF, Fund Accrual or Income/ Collections; Eligible Expenditures, Criteria for Selecting Projects for Funding and Eligible Entities; Planning and Budgeting/Availment of the AWQMF; Fund Utilization/ Disbursement; Roles and Responsibilities and Monitoring.

The sections have been presented in logical sequence such that one topic leads to clearer understanding of the subsequent parts.

Written clearly, simply and in a straightforward manner, this Manual likewise aims at ensuring uniformity of understanding and implementation of all aspects and procedures pertaining to the AWQMF among the WQMA Governing Boards and the EMB Regional Offices.

The annexes of the Manual come in very handily in answering questions like what are the requirements to avail of the AWQMF and how to account for its use.

With the adoption of this Manual and the expected availability of the AWQMF to finance WQMA activities it is hoped that the Governing Boards will be more motivated in performing their roles as a frontline guardians of the water bodies.



ATTY. JUAN MIGUEL T. CUNA
DENR Assistant Secretary
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TABLE OF CONTENTS

	Page
Foreword.....	i
Table of Contents.....	ii
List of Tables.....	iv
List of Figures.....	iv
List of Annexes	iv
Acronyms and Abbreviations	v
Definition of Terms	viii

Table of Contents

A. INTRODUCTION.....	1
1.0 Scope and Coverage.....	1
2.0 Limitations.....	2
3.0 Legal and Institutional Framework.....	2
3.1 Legal Framework	2
3.2 Institutional Framework	4
B. SOURCES OF AWQMF, FUND ACCRUAL OR INCOME COLLECTIONS	6
1.0 Sources of AWQMF	6
1.1 Fines and Collections Prior to the Designation of WQMAs/Collections from Outside of a WQMA	6
1.2 Collection of Wastewater Discharge Fees.....	7
1.3 Donations, Endowments and Grants for the WQMA.....	9
2.0 Fund Accrual/Income Collection	10
2.1 Collections.....	10
2.2 Procedure In Securing Bureau of Treasury Certifications.....	10
C. ELIGIBLE EXPENDITURES, CRITERIA FOR SELECTING PROJECTS FOR FUNDING AND ELIGIBLE ENTITIES	12
1.0 Eligible Expenditures	12
1.1 Uses of AWQMF based on DAO 2013-15.....	12
1.2 Grants and Loans.....	13
1.3 Support to EMB Regional Offices	13
2.0 Criteria for Selecting Projects for Funding by the AWQMF	13
3.0 Eligible Entities	14
3.1 Eligible Entities based on DAO 2013-15	14
3.2 Others	14
4.0 Incentives	14
D. PLANNING AND BUDGETING/AVAILMENT OF THE AWQMF	16
1.0 Preparation and Approval of List of WQMA Activities and Projects for the Succeeding Year ..	16
2.0 Cost of Activities and Projects.....	16
3.0 Preparation of Work and Financial Plan.....	16
4.0 Preparation of the Consolidated Annual Special Budget Request	16
5.0 Special Allotment Release Order (SARO) & Notice of Cash Allocation (NCA).....	17
6.0 Sub Advices of Allotment (SAA).....	17
7.0 Availment of AWQMF.....	17
8.0 Consistency with the Integrated Water Quality Management Framework and 10 Year WQMA Act	17
8.1 The Integrated Water Quality Management Framework (IWQMF)	18
8.2 The Water Quality Management Action Plan	18

E.	FUND UTILIZATION/DISBURSEMENT.....	21
F.	ROLES AND RESPONSIBILITIES.....	22
1.0	The WQMA Governing Board (GB)	22
2.0	Fund Committee.....	23
3.0	EMB Regional Office.....	23
3.1	Environmental Monitoring and Enforcement Division (EMED)	23
3.2	Clearance and Permitting Division.....	23
3.3	Finance and Administrative Division.....	24
3.4	Regional Director	24
4.0	EMB-CO	24
5.0	Department of Budget and Management	25
6.0	Bureau of the Treasury	25
G.	MONITORING	26
1.0	Governing Board	26
2.0	EMB Regional Office.....	26
3.0	EMB Central Office	27
4.0	Financial Reporting.....	27
5.0	Auditing of the AWQMF.....	27
	References	28

LIST OF TABLES

	Page
Table 1. Activities and Flow on Availing the AWQMF	18

LIST OF FIGURES

Figure 1. Legal Framework for the AWQMF	4
Figure 2. Stakeholders of the AWQMF	5
Figure 3. Fund Sources for the AWQMF	6
Figure 4. AWQMF Income/Collections Process Flow	8
Figure 5. Request for BTr Process Flow	11
Figure 6. Flow chart on the preparation of AWFP and release of funds	19
Figure 7. AWQMF Planning Framework	20
Figure 8. The Integrated Water Quality Management Framework	20

LIST OF ANNEXES

Annex 1	Sample Order of Payment
Annex 2	Sample Monthly Statement of Collection
Annex 3	List of Sub Fund Codes
Annex 4	Pro-forma Annual Work and Financial Plan
Annex 5	Attachment A - Approved EMB RAT Plan
Annex 6	Financial Reporting

ACRONYMS AND ABBREVIATIONS

AAB	Authorized Agent Bank
ADA	Authority to Debit Account
ACIC	Advice of Checks Issued and Cancelled
AFMD	Administrative, Financial and Management Division
AFRS	Accounting and Financial Reporting Systems
AGDB	Authorized Government Depository Bank
AMS	Ambient Monitoring Section
AWFP	Annual Work and Financial Plan
AWQMF	Area Water Quality Management Fund
BAR	Budget Accountability Report
BTr	Bureau of Treasury
BURS	Budget Utilization Request and Status
CASBR	Consolidated Annual Special Budget Release
CAWFP	Consolidated Annual Work and Financial Plan
CDJ	Cash Disbursements Journal
CDR	Check Disbursements Register
CkADADRec	Checks and ADA Disbursement Record
CkDJ	Check Disbursements Journal
CkDR	Check Disbursement Record
COA	Commission on Audit
CPD	Clearance and Permitting Division
C/PO	Contract/Purchase Order
CRJ	Cash Receipts Journal
CRDC	Consolidated Report of Daily Collections
CRR	Cash Receipts Record
CRRReg	Cash Receipts Register
CWA	Clean Water Act
DAO	Department Administrative Order
DBM	Department of Budget and Management
DENR	Department of Environment & Natural Resources
DoF	Department of Finance
DR	Delivery Receipt
DS	Deposit Slip
DV	Disbursement Voucher
DV/P	Disbursement Voucher/Payroll
EMB	Environmental Management Bureau
EMB-CO	EMB-Central Office
EMB-RD	EMB-Regional Director
EMB-RO	EMB-Regional Office
EMED	Environmental Monitoring and Enforcement Division
EO	Executive Order
EQMD	Environmental Quality Management Division
ERABA	Estimated Revenue per Approved Budget of the Agency
ExMDPS	Expanded Modified Direct Payment Scheme
FAD	Finance and Administrative Division
FAR	Financial Accountability Reports
FRSU	Fund Raising Support Unit
FSC	Funding Source Code
GAA	General Appropriations Act
GAP	General Accounting Plan
GB	Governing Board
GJ	General Journal

GNFA	Government Non-Financial Agency
GL	General Ledger
GSB	Government Servicing Banks
IAR	Inspection and Acceptance Report
ICC	Investment Coordination Committee
ICS	Inventory Custodian Slip
IP	Index of Payments
IRR	Implementing Rules and Regulations
IWQMF	Integrated Water Quality Management Framework
JEV	Journal Entry Voucher
KRA	Key Result Area
KPI	Key Performance Indicator
LGU	Local Government Unit
MDS	Modified Disbursement System
MRD	Monthly Report of Disbursements
MOA	Memorandum of Agreement
MTPDP	Medium-Term Philippine Development Program
MTPIP	Medium-Term Public Investment Program
NBURSA	Notice of Budget Utilization Request and Status Adjustment
NCA	Notice of Cash Allocation
NDC	Notice of Dishonoured Check
NEDA	National Economic Development Authority
NGAs	National Government Agencies
NGAS	National Government Accounting System
NTA	Notice of Transfer Allocation
NWQMF	National Water Quality Management Fund
ODA	Official Development Assistance
OP	Order of Payment
OR	Official Receipt
PAB	Pollution Adjudication Board
PAR	Property Acknowledgement Receipt
PC	Property Card
PCF	Petty Cash Fund
PCV	Petty Cash Voucher
PO	Purchase Order
PPELC	Property, Plant & Equipment Ledger Card
PPDD	Policy, Planning and Program Development Division
PR	Purchase Request
PS	Procurement Service
QPRO	Quarterly Physical Report of Operations
RA	Republic Act
RADAI	Report of Authority to Debit Account Issued
RAPAL	Registry of Appropriations and Allotments
RCD	Report of Collections and Deposits
RBUD-MOOE	Registry of Budget, Utilization and Disbursements-Maintenance & Operating Expenses
RBUD-PS	Registry of Budget, Utilization and Disbursements-Personnel Services
RBUD-CO	Registry of Budget, Utilization and Disbursements-Capital Outlays
RBUD-FE	Registry of Budget, Utilization and Disbursements-Financial Expenses
RCI	Report of Checks Issued
RD	Report of Cash Disbursements
RIS	Requisition and Issue Slip
RPPCV	Report on Paid Petty Cash Vouchers
RROR	Registry of Revenue and Other Receipts
RSMI	Report of Supplies and Materials Issued

SABUD	Statement of Approved Budget, Utilizations, Disbursements
SAGF	Special Account in the General Fund
SARO	Special Allotment Release Order
SBR	Special Budget Release
SC	Stock Card
SCBAA	Statement of Comparison of Budget and Actual Amounts
SCF	Statement of Cash Flows
SCO	Special Collecting Officer
SL	Subsidiary Ledger
SLC	Supply Ledger Card
TRA	Tax Remittance Advice
UACS	Unified Accounts Code Structure
WDF	Wastewater Discharge Fee
WFP	Work and Financial Plan
WP	Work Plan
WQMA	Water Quality Management Area
WQMAAP	Water Quality Management Area Action Plan
WQMS	Water Quality Management Section

DEFINITION OF TERMS

Accrual

The act of coming into the possession of the fees and charges as an addition or increment

Accrual basis

Basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid)

Action Plan

Document containing detailed activities or tasks in a program

Allotment

It is an authorization issued by DBM to NGAs to incur utilization for specified amounts contained in a legislative appropriation in the form of budget release documents.

Annual Work and Financial Plan

Budget document detailing activities or tasks to be undertaken for the year translated into financial terms

Appropriations

It is the authorization made by a legislative body to allocate funds for purposes specified by the legislative body or similar authority

Books of Accounts

Consists of records for recording transactions in chronological order, known as the journal or books of original entry, and records for classifying and summarizing the effects of the transactions on individual accounts known as general/subsidiary ledger or books of final entry.

Budget

Itemized listing of the amount of all estimated revenue which a given entity anticipates receiving, along with the estimated costs and expenses that will be incurred in obtaining the above mentioned income during a given period of time

Cash Disbursements Journal (CDJ)

This is a special journal used by the Accounting Section/Unit to record the disbursements made by the Disbursing Officer. It shall be maintained by Fund Cluster

Cash Disbursements Record (CDR)

This record shall be used by each Disbursing/Accountable Officer to monitor the cash advance balance. All transactions for the day shall be recorded immediately. It shall be maintained by fund cluster

Cash Receipts Journal (CRJ)

This special journal shall be used to record all collections and deposits reported during the month. Sources of entries are the JEVs which are prepared based on the Report of Collections and Deposits (RCD) submitted by the Collecting Officer to the Accounting Section/Unit

Cash Receipts Record

Used by the designated Collecting Officer to record his/her daily collections and deposits and monitor his balance (undeposited collection)

Check and Advices to Debit Account Disbursement Record (CkADADRec)

This record shall be maintained by each Disbursing/Accountable Officer, to record/monitor all checks and ADA issued during the day. This is maintained by fund cluster and NCA balances are extracted

Check Disbursements Journal (CkDJ)

This special journal is used to record check payments made by the Cashier or Disbursing Officers. Sources of entries are JEVs supported with paid Disbursement Vouchers (DVs) listed in the Report of Checks Issued (RCI) submitted by the Cashier/Disbursing Officer

Disbursements

Settlement of government payables/obligations by cash, check or ADA

Eligible Entities

Any of the following entities qualified to undertake projects under Section 7 (c) to (9) of DO2013-15:

- i. Duly registered People's Organizations (POs),
- ii. Non-Government Organizations (NGUs);
- iii. Private sector; or
- iv. National government agency (NGA) or instrumentality of the State with a mandate of protecting the environment and prevention of water pollution, including but not limited to Local Government Units (L.GUs), Protected Area Management Boards (PAMBs) of proclaimed and/or legislated Protected Areas (PAs), officially established fishery management councils, river protection councils and other formal bodies established under the law with clear management authority and public accountability.

Expenses

Amount of assets or services used/utilized during a period

Fines

Forfeiture or penalty imposed by the Pollution Adjudication Board (PAB) to any person who commits prohibited acts under Section 27 of RA 9275

Fund Code

Specific account code (SAGF 152/SAGF 153) assigned to NWQMF and AWQMF respectively

General Journal (GJ)

This journal is maintained by the Accounting Section/Unit by Fund cluster. Only transactions which cannot be recorded in the other special journals shall be recorded in this journal

General Ledger (GL)

This is a book of final entry containing accounts arranged in the same sequence as in the chart of accounts. Totals of columns in the special journals and the individual entries in the GJ are directly posted in this book.

Goods

All items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the pursuit of any of the undertaking under Section 7 of this Order, project or activity, whether in the nature of equipment, furniture, stationery, materials for construction, or personal property of any kind, including non-personal or contractual services such as the repair and maintenance of equipment and furniture, as well as trucking, hauling, and related or analogous services, as well as

procurement of materials and supplies provided by the WQMA for such services. The term "related" or "analogous services" shall include, but will not be limited to lease or purchase of office space, media advertisements, health maintenance services and other services essential to the operation of the WQMA.

Infrastructure Projects

Projects undertaken by the WQMA GB in pursuit of activities Under Section 7 of this Order which shall include, but will not be limited to the construction, improvement, rehabilitation, demolition, repair, restoration, or maintenance of projects, irrigation, flood control and drainage, water supply, sanitation, wastewater treatment systems, shore protection, energy/power and electrification facilities, and other related construction projects of the WQMA.

Journal Entry

Logging/ of entity transactions and their monetary value into the accounting journal as either debits or credits

Key Performance Indicators

Set of quantifiable measures that an entity uses to gauge performance in terms of meeting their strategic and operational goals

Key Results Area

General area of outcomes or outputs for which a role is responsible

Liquidation

Settlement of accountabilities (e.g. cash advances, travel expenses)

Permit Fees

Annual permit fee based on volumetric rate of discharge imposed upon owners or operators of facilities that discharge regulated effluents as required under Section 14 of RA 9275 and Rule 14.5 of DENR AO 2005-10

Petty Cash

Refers to small amount to settle obligations/utilization which cannot be conveniently paid through checks/LDDAP-ADA

Procurement

Act of procuring or purchasing goods and services

Pro-forma

Indicating hypothetical financial figures based on previous entity operations for estimate purposes

Property Card (PC)

It is used to record the description, transfer/acquisition, disposal, and other information about the property, plant and equipment. It shall be kept for each class of property, plant and equipment

Purchase Order

It is a written authorization for a vendor to supply goods or services at a specified price over a specified period of time

Purchase Request

It is a written request for goods to be purchased. It is usually prepared by a department head or manager and sent to the Procurement Section/Unit

Registry of Budget, Utilization & Disbursements-Capital Outlays

Used to record allotments received and utilizations incurred for capital outlay

Registry of Budget, Utilization & Disbursements-Maintenance and Other Operating Expenses

Used to record allotments received and utilizations incurred for expenses classified under Maintenance and Other Operating Expenses

Registry of Budget, Utilization & Disbursements - Personnel Services

Used to record allotments received and utilizations incurred for expenses classified under Personal Services

Rural Areas

Areas outside of component and highly urbanized cities defined under the Local Government Code

Special Journals

A journal designed to record transactions which are repetitive in nature. Special columns are provided to facilitate summations and postings in the General Ledger

Stock Card (SC)

Used to record all receipts and issuances of supplies. It shall be maintained by the Supply and Property Section/Unit for each item in stock

Sub-Fund Code

The account code designated and assigned by DENR Environmental Management Bureau Central Office (*EMB-CO*) to each AWQMF.

Subsidiary Ledger (SL)

This ledger shows detail for each control account in the GL which is maintained per account and fund cluster

Virement

Regulated transfer or re-allocation of money from one account to another

Wastewater Charge (WWC)

The fee based on the net waste load and calculated based on the wastewater charge formula as required under Section 13 of RA No. 9275

Work and Financial Plan

Budget document detailing activities or tasks to be undertaken that is translated into financial terms

Operations Manual

Area Water Quality Management Fund

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A. INTRODUCTION

This Manual on the Area Water Quality Management Fund (AWQMF) has been prepared for the use of the Governing Boards (WQMA GB) of designated Water Quality Management Areas (WQMA) and the Central and Regional Offices of the Environmental Management Bureau (EMB). This will be used as guide in the collection, disbursement and accounting of the AWQMF established by the Clean Water Act (Republic Act 9275, Section 10) and clarified by its Implementing Rules and Regulations and other relevant policy issuances (DAO 2005-10 and 2013-15).

There are seven sections comprising this Manual: (A) Introduction which includes Scope, Coverage and Limitations, Legal and Institutional Framework (B) Sources of AWQMF, Fund Accrual or Income/Collections (C) Eligible Expenditures, Criteria for Selecting Projects for Funding and Eligible Entities, (D) Planning and Budgeting/Availment of the AWQMF (E) Fund Utilization/ Disbursement (F) Roles and Responsibilities and (G) Monitoring.

This Manual also identifies persons and offices that will be responsible for carrying out the activities and procedures pertaining to the AWQMF, based on the approved 2013 Rationalization Plan of the Environmental Management Bureau.

The AWQMF is established through the fund code provided by the Department of Budget and Management (DBM) in their letter dated June 13, 2014. The assigned code is a Special Account in the General Fund (SAGF) - NWQMF Fund 153/Cluster 03/Unified Accounts Code Structural (UACS) Manual 104386.

1.0 Scope and Coverage

The scope and coverage of this Manual are guided by the relevant provisions of the Clean Water Act (CWA), specifically Sec. 10 of the Implementing Rules and Regulations (IRR) of RA 9275 (DAO 2005-10) and the relevant provisions of the Implementing Guidelines (DAO 2013-15).

Applicability of this Manual. This Manual applies to the collection, use and proper accounting of the AWQMF as provided by Section 10 of DAO 2005-10 and DAO 2013-15 which are spelled out in Section B to E, below.

AWQMF only for the WQMA. This Manual focuses on the collection of Wastewater Discharge Fees (WDF) and other legally sourced fund for and within the coverage of WQMA and the disbursement of such funds.

Disbursement. Disbursements from the fund shall be allowed only for activities/ projects identified in the WQMA Action Plan, and only after a request for funding has been received and approved by the Governing Board. All disbursements must follow the prescribed government accounting and auditing rules and regulations.

Collections Outside the WQMA. While this Manual has been prepared to guide the collection and use of the AWQMF for and within a WQMA, there is a section in this Manual that addresses the management of the wastewater charge fees outside of the WQMA jurisdiction. Collections from establishments or for projects outside a WQMA are not to be used for another WQMA.

2.0 Limitations

The coverage of his Manual extends only to:

- collections and disbursements of AWQMF in a WQMA
- expenditures authorized by the CWA and its implementing rules and regulations
- expenditures proposed and endorsed by the WQMA Governing Board and covered by a Work and Financial Plan (WFP) approved by EMB and the Department of Budget and Management (DBM)

This Manual does not add any policy other what has been enunciated in the CWA and its IRR.

While RA 9275 and DAO 2005-10 provides that the AWQMF may be used to grant “loans for acquisitions and repairs of facilities to reduce quantity and improve quality of wastewater discharges” this Manual does not include procedures or mechanics on how loans will be granted, considering the complexity of the processes concerning loans granted by regular banks and the required special

institutional arrangements that granting and collecting loans entail which the Governing Boards and the EMB are not yet capable of handling.¹

In the absence of a policy and protocols for determining consistency of performance of entities whose effluent discharges are better than the water quality criteria of the target classification of the receiving body of water, the Manual therefore does not cover the mechanics of how incentives are to be given to these entities.

3.0 Legal and Institutional Framework

3.1 Legal Framework

This Manual has been formulated by considering pertinent laws and regulations, of which the major and relevant are:

- RA 9275 the Clean Water Act and DAO 2005-10 its Implementing Rules and Regulations, which establish the Area Water Quality Management Fund and prescribe the fund sources, eligible expenditures and the institutional arrangements for the use of the AWQMF. (Section 10, RA 9275 and Section 10, DAO 2005-10).
- DAO 2013-15 – the Guidelines for the Operationalization of the AWQMF
- DAO 2013-08 – the Integrated Water Quality Management Framework which guides the Governing Board in preparing its 10-year WQMA Action Plan. The WQMA activities to be funded through the AWQMF should be consistent with, and supportive of, the IWQMF.
- The General Provisions of the General Appropriations Act which provides that a fund should be used only for its legally mandated purpose; that collections should be deposited to the Bureau of the Treasury (BTr); that disbursement should be through the BTr and authorized banks; adopting the government procurement system, and regulating the transfer of government funds to civil society organizations accredited by the Department of Social Welfare and Development. (General Provisions, Sections 5, 18, 19, 71 and 85).
- RA 9184, the Government Procurement Law and Annex A of its Implementing Rules and Regulation as customized for the use of the DENR under DAO 2007-08

¹ It is important to point out the following:

- a) Executive Order (EO) 138 dated August 10, 1999 prohibits government non-financial agencies (GNFA) to engage in providing credit services directly or indirectly to various sectors.
- b) EO 558-A dated October 27, 2006 requires particular credit programs by GNFA's such as those covered by the AWQMF utilization to be specifically approved by the President of the Philippines
- c) The AWQMF, though a special account in the National Treasury, is not dedicated to loans.

- PD 1445, the Auditing Code of the Philippines, which among others, provides that “no money shall be paid out of any public treasury or depository except in pursuance of an appropriation law or other specific statutory authority and that government funds or property shall be spent or used solely for public purposes.” (Section 4). “Fund” is defined by PD 1445 as “a sum of money or other resources set aside for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constitutes an independent fiscal and accounting entity”. “Government funds” includes public moneys of every sort and other resources pertaining to any agency of the government. (PD 1445, Sec. 3)

Box 1. Laws and Regulations pertinent to the implementation of AWQMF

RA 9275 - the Clean Water Act and DAO 2005-10 its Implementing Rules and Regulations (Section 10, RA 9275 and Section 10, DAO 2005-10).

DAO 2013-15 – the Guidelines for the Operationalization of the AWQMF

DAO 2013-08 – the Integrated Water Quality Management Framework which guides the Governing Board in preparing its 10-year WQMA Action Plan.

The General Provisions of the General Appropriations Act (General Provisions, Sections 5, 18, 19, 71 and 85).

RA 9184 - the Government Procurement Law and Annex A of its Implementing Rules and Regulation as customized for the use of the DENR under DAO 207-08

PD 1445 - the Auditing Code of the Philippines (Section 4)

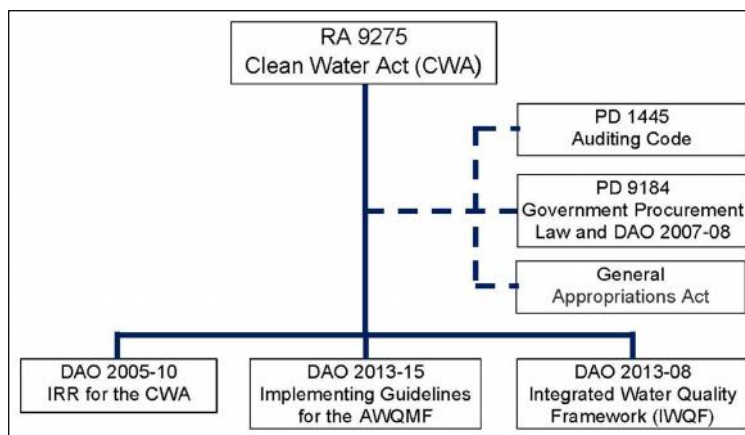


Figure 1. Legal Framework for the AWQMF

3.2 Institutional Framework

The administration of the AWQMF is lodged principally with the EMB, with the regional offices carrying out much of the responsibilities.

- a) EMB Regional Office, specifically the Regional Director, Environmental Monitoring and Enforcement Division (EMED) - Ambient Monitoring Section (AMS), Clearance and Permitting Division (CPD) and the Finance and Administrative Division (FAD); and
- b) EMB Central Office, the Director and specifically the Administrative, Financial and Management Division (AFMD) and its Budget and Accounting Sections, Environmental Quality Management Division (EQMD) - Water Quality Management Section (WQMS), and the Policy, Planning and Program Development Division (PPPDD).

The other major stakeholders and players in the management of the AWQMF are the following:

- c) WQMA Governing Board (GB);
- d) Bureau of the Treasury (BTr) – Regional and Central Offices;
- e) Department of Budget and Management (DBM); and
- f) Commission on Audit (COA)

Box 2. Major stakeholders of the AWQMF

- EMB Regional Office, specifically the Regional Director, Environmental Monitoring and Enforcement Division-Ambient Monitoring Section, Clearance and Permitting Division and the Finance and Administrative Division; and
- EMB Central Office, specifically the Administrative , Financial and Management Division and its Budget and Accounting Sections, Environmental Quality Management Division-Water Quality Management Section and the Director, and the Policy, Planning and Program Development Division (PPPDD)
- WQMA Governing Board;
- Bureau of the Treasury – Regional and Central Offices;
- Department of Budget and Management; and
- Commission on Audit

The detailed functions and responsibilities of the various offices identified here are mentioned in Section F of this Manual.

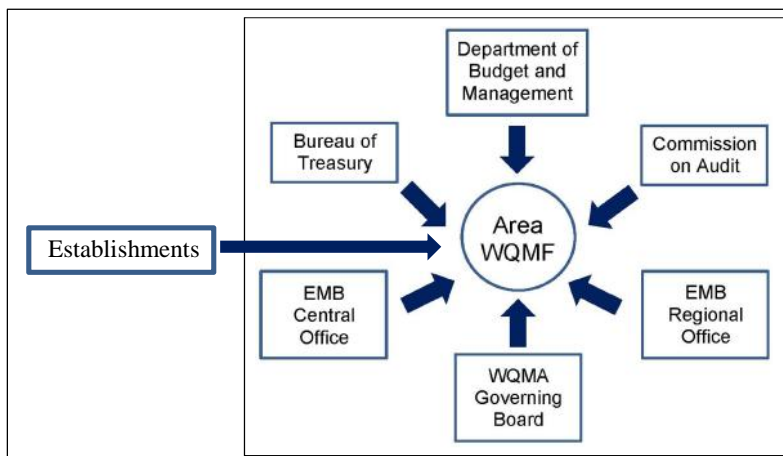


Figure 2. Stakeholders of the AWQMF

B. SOURCES OF AWQMF, FUND ACCRUAL OR INCOME COLLECTIONS

1.0 Sources of AWQMF

As provided by RA 9275 and DAO 2005-10, and reiterated in DAO 2013-15, the sources of AWQMF are the following:

- a) Fines incurred by the establishments located in rural areas before the effectivity of RA 9275 (2005). “Rural Areas” is defined as cities and municipalities outside the proclaimed ²Highly Urbanized Cities;
- b) Fees collected under the wastewater charge system established under Section 13 RA 9275;
- c) Donations, endowments and grants for the Water Quality Management Area

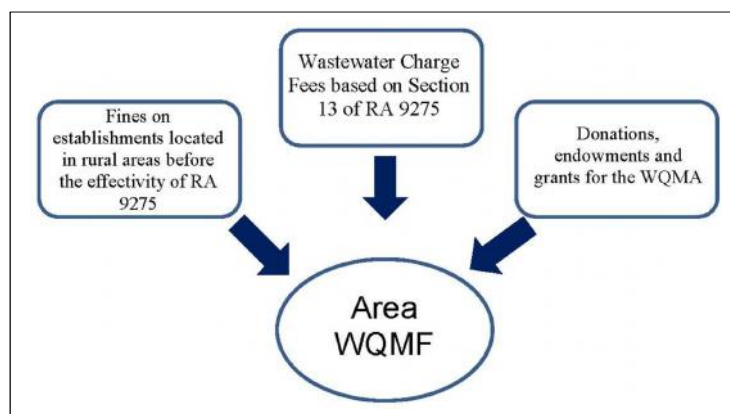


Figure 3. Fund Sources for the AWQMF

1.1 Fines and Collections Prior to the Designation of WQMAs/Collections from Outside a WQMA

Section 9 of DAO 2013-15 provides that:

Prior to the designation of WQMAs, DENR-EMB, as the implementor of the Wastewater Charge System, shall authorize each EMB-RO to collect the WWCs and other amounts including among others, fines imposed by the PAB to establishments located in rural areas before the effectivity of RA No. 9275 for the future WQMA's AWQMF.

² The highly urbanized cities are composed of Baguio, Cebu, Davao, Zamboanga, General Santos, Lapu-lapu, Cagayan de Oro, Bacolod, Mandaue, Olongapo, Lucena, Puerto Princesa, Iloilo, Tacloban, Iligan, Tarlac, Angeles

1.2 Collection of Wastewater Discharge Fees (WDF)

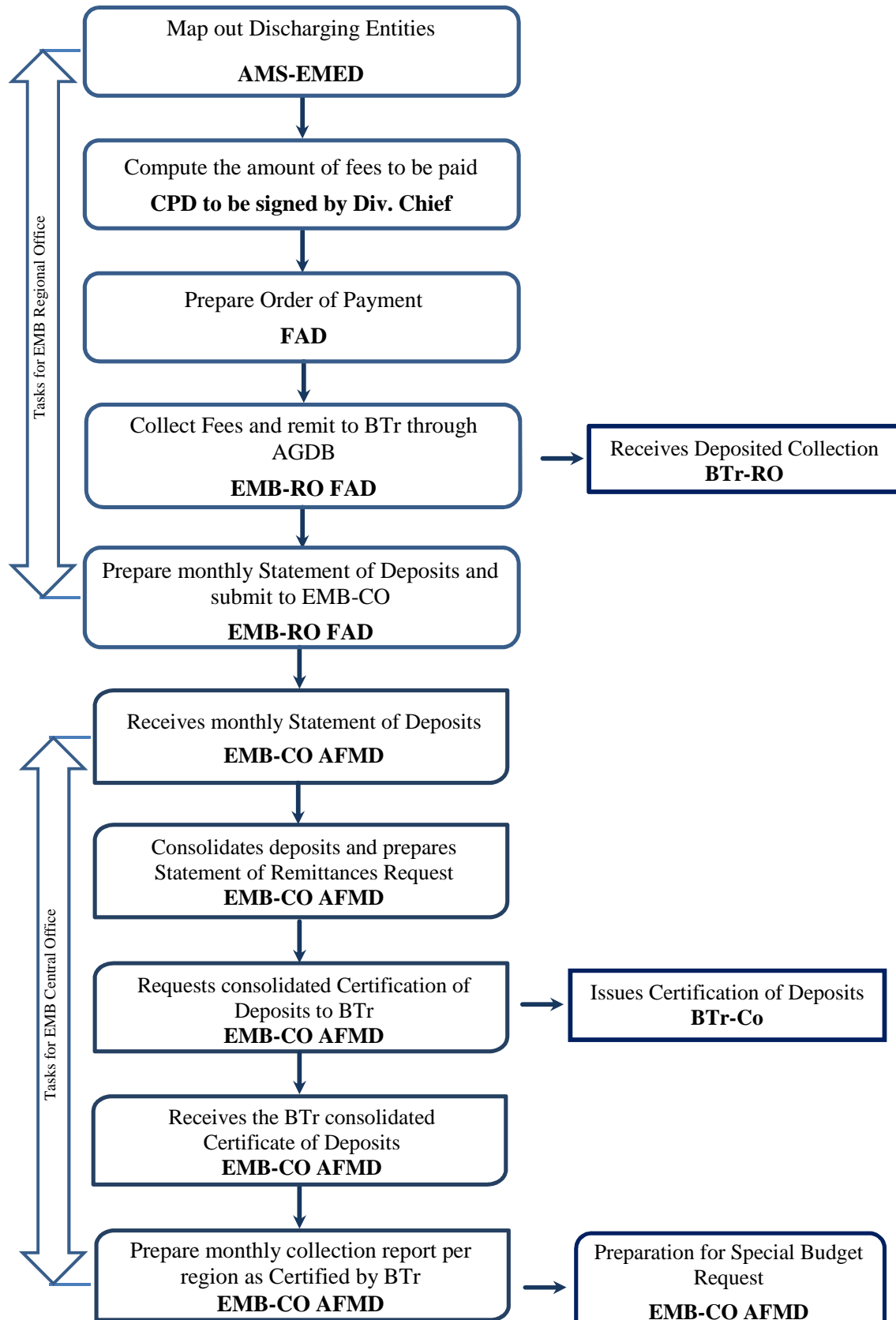
The process of collection and recording of fees under the Wastewater Charge System, i.e., the WDF is presented in **Figure 4** which includes preparation of the Order of Payment, Receipt of Payment and the Remittance of Payment to Authorized Government Depository Bank (AGDB) indicating the Fund Code in the entire process and the WQMA sub-Fund Code for the entire process except for the remittance of payment.

1.2.1. The **Clearance and Permitting Division (CPD)** shall prepare the Order of Payment/Billing statement (**See Annex 1**). The Section's assigned staff shall indicate the Fund Code, identify the location of the payee vis-a-vis its WQMA and the assigned sub Fund Code, and indicate the same in the pro-forma Order of Payment.

- The CPD Staff shall compute the amount of fee to be charged based on the formula as provided in the IRR.
- Discharge Fee Surcharge for new sources of pollution subject to the non-attainment provisions shall likewise be imposed by the Section Staff based on Rule 13.5 of the IRR. The section staff should be familiar with the exemptions and their conditionalities as provided for in the IRR such as:
 - a) discharge of effluents on land for agricultural purposes
 - b) wastewater reused for irrigation and other agricultural purposes
 - c) wastewater recycled with zero discharge
 - d) industries within an Ecozone connected to a WTP
 - e) establishments and industries discharging to a STP
 - f) fees collected from LLDA Area
- Late charges, (i.e., late payment) if there will be any, will form part of the fee.
- At the end of each month, the CPD staff shall prepare a monthly summary of Statement of Billings/Order of Payment using the attached pro forma Order of Payment (**Annex 1**) enumerating all the establishments/industries billed per WQMA with corresponding sub fund codes.

1.2.2. The CPD shall provide the FAD and EMED-AMS a copy of the Order of Payment. The AMS Staff of EMED shall furnish a copy of the summary of Order of Payment to the Governing Board.

Figure 4. AWQMF Income/Collections Process Flow



- 1.2.3. The Regional FAD shall file the report and prepare a monthly summary report of Total WDF and DPF billed and paid per WQMA and Total WDF and DPF billed and paid for the entire Region.
- 1.2.4. The Cashier shall prepare the Order of Payment (**see Annex 1**) for the paying establishment. The Cashier shall issue receipt of payment reflecting both the Fund Code and the sub Fund Code as identified in the Order of Payment signed by the EMB Accountant; and remit to AGDB reflecting the Fund Code accordingly.
- 1.2.5. The Cashier should issue **SEPARATE RECEIPTS**: one, for WDF with the assigned fund code for AWQMF (153) and the other for DPF with a different assigned fund code for NWQMF (152).
- 1.2.6. At the end of each month, the FAD Finance Section shall prepare a monthly Statement of Collections and Deposits using the attached pro forma (**Annex 2**) enumerating per WQMA and sub fund codes (**see Annex 3**) all the payee establishments/industries, the amount paid and the amount remitted/ deposited to the AGDB. This monthly statement of collection and deposit shall be uploaded in the regional data base.

1.3 Donations, Endowments and Grants for the WQMA

As provided by RA 9275 and its IRR, the other major sources of funds for the AWQMF are grants, donations and endowments from private sectors and organizations.

Donations, endowments and grants in the form of contributions to the national government under RA 9275 shall be received through a notarized Deed of Donation. As provided in DAO 2012-06 dated 11 September 2012, the EMB-Fund Manager (EMB Director) shall make the acceptance in a notarized Deed of Acceptance for the AWQMF in behalf of the Philippine Government. The acceptance may be made in the same deed of donation or in a separate public document.

For donations from foreign governments, the acceptance of donations is subject to prior clearance and approval protocol of the National Government.

Cash donations, endowments and grants for the WQMA shall be covered by official receipts and shall be deposited with an AGDB for the Special Account in the National Treasury.

Box 3. Fund Sources for AWQMF

- a) Fines incurred by the establishments located in rural areas before the effectivity of RA 9275 (2005).
- b) Fees collected under the wastewater charge system established under Section 13 RA 9275
- c) Donations, endowments and grants for the Water Quality Management Area

2.0 Fund Accrual/Income Collection

2.1 Collections

Collections shall be received by the EMB Cashier and all collections are issued with an Official Receipt which will indicate the name of the paying establishment, amount paid, date of payment, name of WQMA and Fund Sub-Code.

2.1.1. EMB-ROs shall make sure that collected WWCs and other receipts are identified in terms of the establishments paying them and their locations to facilitate the accrual to the appropriate AWQMF once the corresponding WQMAs are designated covering such locations.

2.1.2. Once a WQMA is designated and its GB is convened, the EMB-RO shall cause the transfer of funds to the WQMA's AWQMF based on the location of the pollution source for which the WWCs were collected.

- a) A Fund Sub-Code shall be assigned to a newly designated WQMA.
- b) The FAD of the Regional Office shall make a list of collections of WDF identifying the name of paying establishments, location (barangay, town or city and province), amount and date of official receipt. The list is to be prepared quarterly for submission to the Regional Director who shall ensure that the list is maintained and updated in the regional data base.

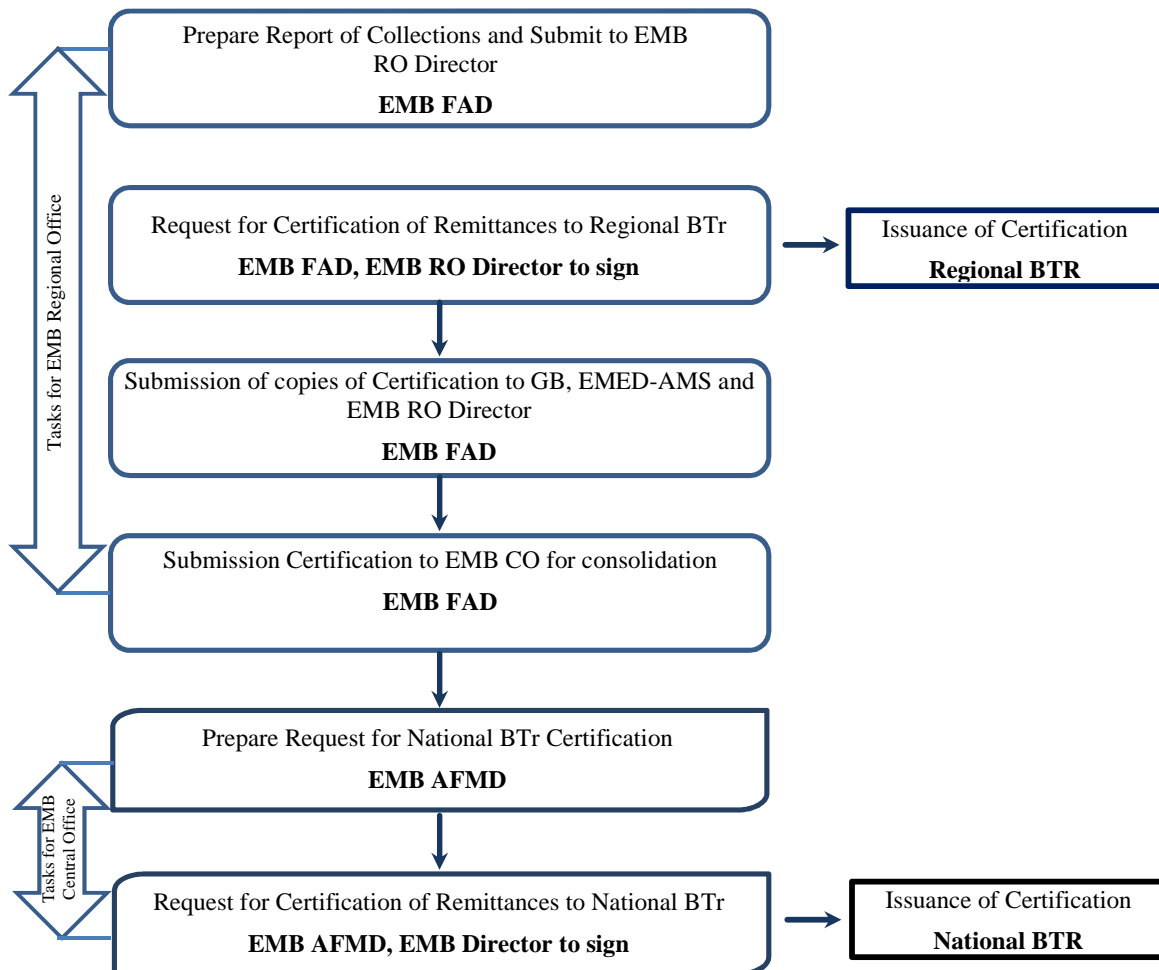
2.2 Procedure in Securing Bureau of Treasury Certifications

At the end of each quarter, the EMB RD through the Regional FAD shall prepare a request to the regional BTr for a certification on the collections made during the previous months, attaching photocopies of the receipts and AGDB/Remittance Slips.

- The request shall cover the collections of both the Wastewater Discharge Fee (Code 153) and Discharge Permit Fee (Code 152).

- If there is a donation for the WQMA, it will be included/coded as 153.
- Upon issuance of a Certification from the Bureau of Treasury Regional Office (BTr RO) covering the three (3) months of the preceding quarter, FAD shall provide copy to the Regional Director, EMED-AMS and the WQMA GB.
- At the end of the 3rd quarter, the Regional Office shall submit copies of the BTr certifications to the AFMD of EMB CO for annual consolidation and for use in preparing the Special Budget Request (SBR).
- The procedure for securing a Bureau of Treasury (BTr) which involves preparation of all the requirements, submission and follow ups, consolidation and reporting is shown in **Figure 5**.
- The requirements for securing BTr Certification are as follows:
 - a) Copies of official receipts, certified by the Cashier
 - b) Letter signed by the Regional Director

Figure 5. Request for BTr Certification Process Flow



C. ELIGIBLE EXPENDITURES, CRITERIA FOR SELECTING PROJECTS FOR FUNDING AND ELIGIBLE ENTITIES

1.0 Eligible Expenditures

1.1 Uses of AWQMF based on DAO 2013-15

Section 10 of DAO 2013-15 which repealed Rule 10 of DAO 2005-10 provides that the AWQMF can be used to support, grant, and finance or otherwise assist activities for the WQMA. These are:

- a. Rewards and incentives for entities whose effluent discharges are better than the water quality criteria of the target classification of the receiving body of water;
- b. Loans for acquisition and repair of facilities to reduce quantity and improve quality of wastewater discharge;
- c. Regular maintenance of the water bodies within the management area, consistent with the compliance plans of the LGUs as required by Section 20 of RA No. 9275;
- d. In connection with (c), purchase of equipment related to water quality monitoring, reporting, or management;
- e. In connection with (a) and (c), costs for special campaigns or public awareness raising;
- f. In connection with (c), costs for special events related to water quality monitoring, enforcement, or reporting; and
- g. Operational expense of the WQMA GB, the multi-sectoral water quality surveillance and monitoring network, and the Technical Secretariat, the amount of which shall not be more than 10 percent of each AWQMF balance as of the end of the previous calendar year, consistent with Section 10 par. 2 of RA No. 9275.

Box 4. Uses of AWQMF defined in DAO 2013-15

- a. Rewards and incentives for complying entities;
- b. Loans for acquisition and repair of wastewater treatment facilities;
- c. Regular maintenance of the water bodies within the management area;
- d. purchase of equipment related to water quality monitoring, reporting, or management;
- e. costs for special campaigns or public awareness raising;
- f. costs for special events related to water quality monitoring, enforcement, or reporting; and
- g. Operational expense of the WQMA GB, the multi-sectoral water quality surveillance and monitoring network, and the Technical Secretariat.

1.2 Grants and Loans

In addition, DAO 2013-15 also provides that a percentage of the annual collection shall be set aside by the WQMA GB, at its discretion, to be used for giving grants and loans for eligible projects and eligible beneficiaries.

1.3 Support to EMB Regional Offices

DAO 2013-15 provides that the WQMA GB shall set aside 15 percent of its annual AWQMF disbursements to support EMB-RO activities falling under this Section's (a) to (f) items, above, not otherwise funded by the general appropriations. (DAO 2013-15)

2.0 Criteria for Selecting Projects for Funding by the AWQMF

Since the AWQMF is a limited resource vis-à-vis the needs of a WQMA and guided by Section 10 of DAO 2013-15, the following criteria for selecting projects for funding using the AWQMF are adopted:

- a) IEC programs for protecting the water body that has been designated as WQMA.
- b) Surveillance and monitoring activities;
- c) Updating their WQMA Compliance Scheme by LGUs;
- d) Support to the Environmental Compliance Assistance Center and the Philippine Environmental Partnership Program;
- e) Activity or project will enable identified establishments to bring their effluent to standards;
- f) In cases where loans are to be granted, capacity of loan beneficiary to repay the loan;
- g) Support for river/coastal clean-up projects and activities; and
- h) Publication of the WQMA water quality report.

The WQMA GB, guided by its Fund Committee and the EMED-AMS, shall determine the appropriateness, responsiveness and urgency of the activities that are being considered for funding through the AWQMF.

In all cases, the consideration of projects shall be consistent with Section 10 of RA 9275 and DAO-2005-10 and DAO 2013-15.

3.0 Eligible Entities

3.1 Eligible Entities based on DAO 2013-15

DAO 2013-15 identifies the following as eligible entities to undertake projects using the AWQMF:

- a) Duly registered People's Organizations (POs)³;
- b) Non-Government Organizations (NGOs)⁴;
- c) Private sector; or
- d) National government agency (NGA) or instrumentality of the State with a mandate of protecting the environment and prevention of water pollution, including but not limited to Local Government Units (LGUs), Protected Area Management Boards (PAMBs) of proclaimed and/or legislated Protected Areas (PAs), officially established fishery management councils, river protection councils and other formal bodies established under the law with clear management authority and public accountability.

3.2 Others

“Eligible Entities” also refers to establishments whose effluent discharges are better than the water quality criteria of the target classification of the receiving body of water

Box 5. Eligible Entities defined in DAO 2013-15

- a) Duly registered People's Organizations (POs);
- b) Non-Government Organizations (NGOs);
- c) Private sector; or
- d) National government agency (NGA) or instrumentality of the State with a mandate of protecting the environment and prevention of water pollution.

4.0 Incentives

As indicated in Section 10 of DAO 2013-15, giving rewards and incentives for entities whose effluent discharges are better than the water quality criteria of the target classification of the receiving body of water is an eligible expenditure using the AWQMF.

³ In compliance with the General Provisions of the Annual Appropriations Act, POs and NGOs which are commonly classified as civil society organization, have to be accredited by the Department of Social Welfare and Development to qualify as recipient of AWQMF.

⁴ Ibid

While the policy on the grant of incentives is still to be developed and adopted, the EMB EMED and the GB shall take note of establishments that demonstrate consistent excellent performance over a period of four semesters of monitoring, and which is validated by the verified self-monitoring/compliance monitoring reports.

Box 6. Incentives and rewards (Section 10 of DAO 2013-15)

Giving rewards and incentives for entities whose effluent discharges are better than the water quality criteria of the target classification of the receiving body of water is an eligible expenditure using the AWQMF

D. PLANNING AND BUDGETING/AVAILMENT OF THE AWQMF

The collections of AWQMF are intended for use by the WQMA for purposes identified in RA 9275, DAO 2005-10 and DAO 2013-15 which are reiterated in Part C, above.

1.0 Preparation and Approval of List of WQMA Activities and Projects for the Succeeding Year

During the first month of the last quarter of the year (October), the WQMA GB, assisted by its Fund Committee and the EMB Regional Office shall prepare and approve a list of activities, projects to be undertaken and the intended expenditures/disbursement in the succeeding year. The activities shall be in accordance with the eligible expenditures identified in C.1.0, with the criteria listed in C.2.0 and with C.3.0 of this Manual, if support is to be given to eligible entities.

2.0 Cost of Activities and Projects

The cost of the activities and projects shall not exceed the amount collected for the WQMA as appearing in the records of the EMB Regional Office as of 31 October of a given prior year and certified by the Regional Bureau of the Treasury less the provision of 10% for the operational expenses of the GB and the 15% support to the EMB Regional Office.

3.0 Preparation of Work and Financial Plan

Based on the above, the GB, assisted by its Fund Committee and the EMB Regional Office (EMED-AMS) shall prepare an Annual Work and Financial Plan (AWFP) for the succeeding calendar year and adopt it through a Board Resolution for endorsement to the EMB Director through the Regional Director not later than 30 November of the current year. (A proforma AWFP is attached to this Manual as **Annex 4**.)

4.0 Preparation of the Consolidated Annual Special Budget Request

At the Central Office, the AFMD shall prepare a Consolidated Annual Special Budget Request (CASBR) based on the Consolidated Regional AWFPs (CAWFP) and submit it to the DBM together with other documents as required including the following:

- a) Cash Program;
- b) Accomplishment Report of previous CASBR, if applicable;
- c) Other relevant documents that refer to the specific activities prioritized under the IWQMF including, but not limited to, relevant management plans, relevant Board Resolutions, and the like; and
- d) Certification from the BTr of the availability of fund in the Special Account.

5.0 Special Allotment Release Order & Notice of Cash Allocation

Once the Special Budget Request (SBR) for the use of the AWQMF is approved by DBM, the Special Allotment Release Order (SARO) and the corresponding Notice of Cash Allocation (NCA) is also issued.

Upon approval and release of the SARO & NCA, the AFMD shall prepare sub-advice of allotment (SAA) and Notice of Transfer of Allocation (NTA) to be approved by the EMB Director for release of funds to the respective WQMA through the concerned regional offices.

6.0 Sub Advice of Allotment (SAA)

Upon receipt of the SAA, the Regional Office-FAD shall inform the EMED AMS and the WQMA GB on the availability of the AWQMF.

7.0 Availment of AWQMF

The activities leading to the availment of the AWQMF and the responsible offices/officer are presented in **Table 1**. A flow chart on the preparation of AWFP and release of funds is in **Figure 6**.

8.0 Consistency with the Integrated Water Quality Management Framework and 10 Year WQMA Act

The WQMA activities and the WFP should be consistent with the Integrated Water Quality Management Framework (IWQMF) as adopted through DAO 2013-08 dated February 13, 2013 and with the 10-Year WQMA Action Plan and the LGU Compliance Scheme (**Figure 7**).

Table 1. Activities and Flow on Availing the AWQMF.

Activities	Responsible Office/Officer
Identify activities and projects for funding	GB, assisted by its Fund Committee and EMED-AMS
Discuss and decide projects for funding	GB
Prepare AWWP	GB, assisted by its Fund Committee and EMED-AMS
Pass Resolution Adopting AWWP and for endorsement to the EMB Director thru Reg. Director	GB
Review of AWWP	Regional FAD
Secure from Regional BTr certification of collection of AWQMF	Regional FAD
Endorse the WQMA AWWP to EMB Director through FAD	Regional Director
Review WQMA AWWP	AFMD, EQMD-WQMS
Secure from National BTr certification of collections for AWQMF	AFMD
Prepare consolidated AWWPs for all WQMA's, with certification from BTr and indicating Fund Codes	AFMD
Prepare Special Budget Request (SBR)	AFMD
Approve Consolidated AWWP and SBR	Director, EMB
Submit SBR with Consolidate AWWP to DBM	AFMD/Director, EMB
Review of SBR	DBM
Approval of SBR, release of the SARO and corresponding NCA to the WQMA GB through the EMB RO.	DBM

8.1 The Integrated Water Quality Management Framework (IWQMF)

The framework can be summarized given the figure below. Shown in the framework is the relationship of the four IWQMF Goals, Strategies/ Activities Plan, Implementation and Monitoring and Review with Institutional Coordination and Financing across the board.

Box 7. IWQMF Objectives

The IWQMF illustrates a systematic process with the end-goal of protecting, preserving, and reviving the quality of our fresh, brackish, and marine waters. The arrows within the IWQMF show the interfaces of the management processes and emphasize the need for feedback and evaluation. A unique feature of the IWQMF is the inclusion of institutional coordination – stressing the need for communication, collaboration, and accountability within and among water quality management entities at every step of the process.

8.2 The Water Quality Management Action Plan

The WQMA GB is tasked to adopt a Ten (10) Year WQMA Action Plan aligned with the IWQMF and responsive to specific spatial issues and concerns relative to the management area and its water bodies. The 1st WQMA Action Plan, prepared by the EMB Regional Office, shall be reviewed by the GB every 5 years or as need arises. Thereafter the succeeding 10-Yr WQMA Action Plan shall be prepared by the GB.

Figure 6. Flow chart on the preparation of AWP and release of funds

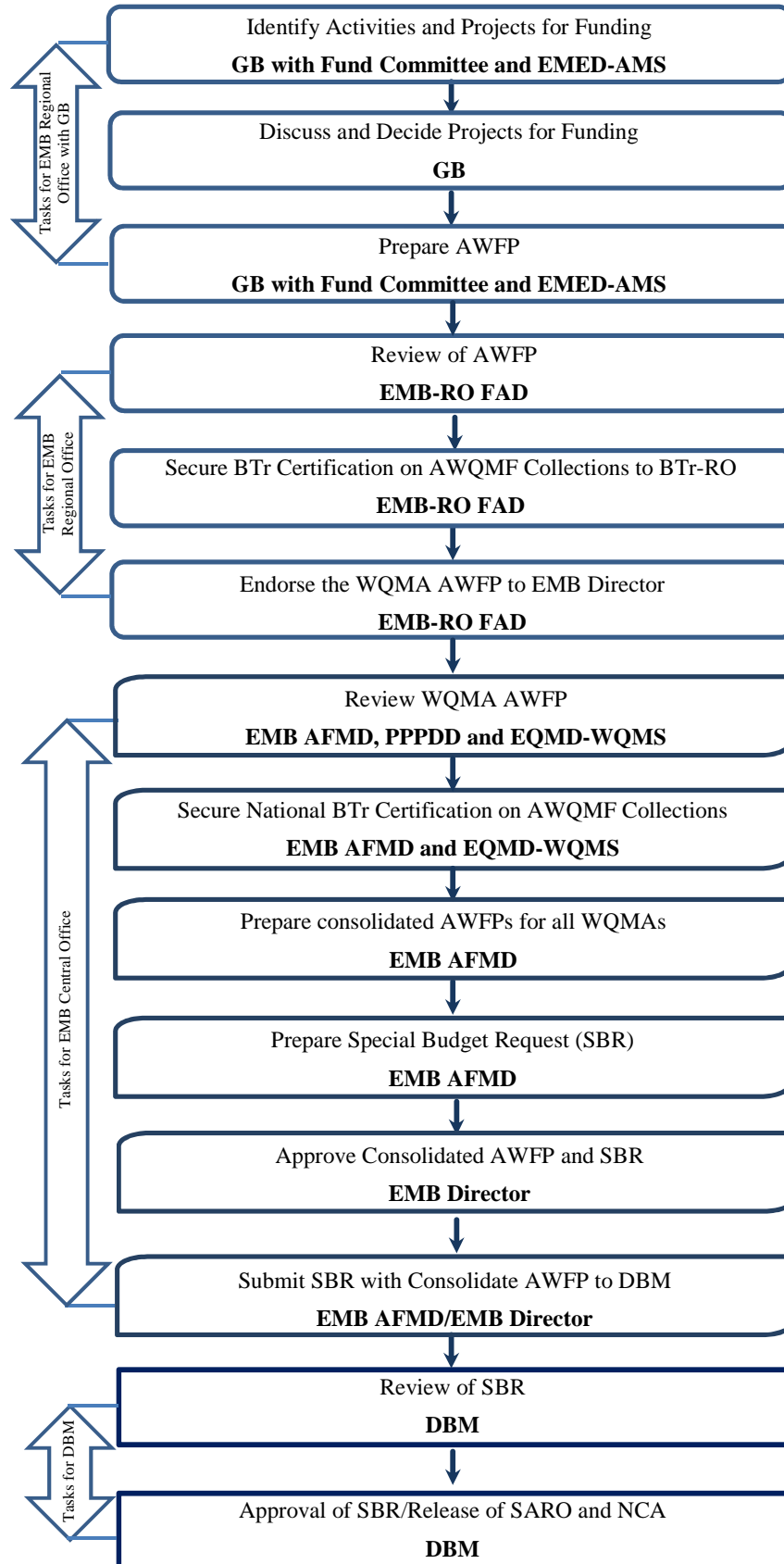


Figure 7. AWQMF Planning Framework

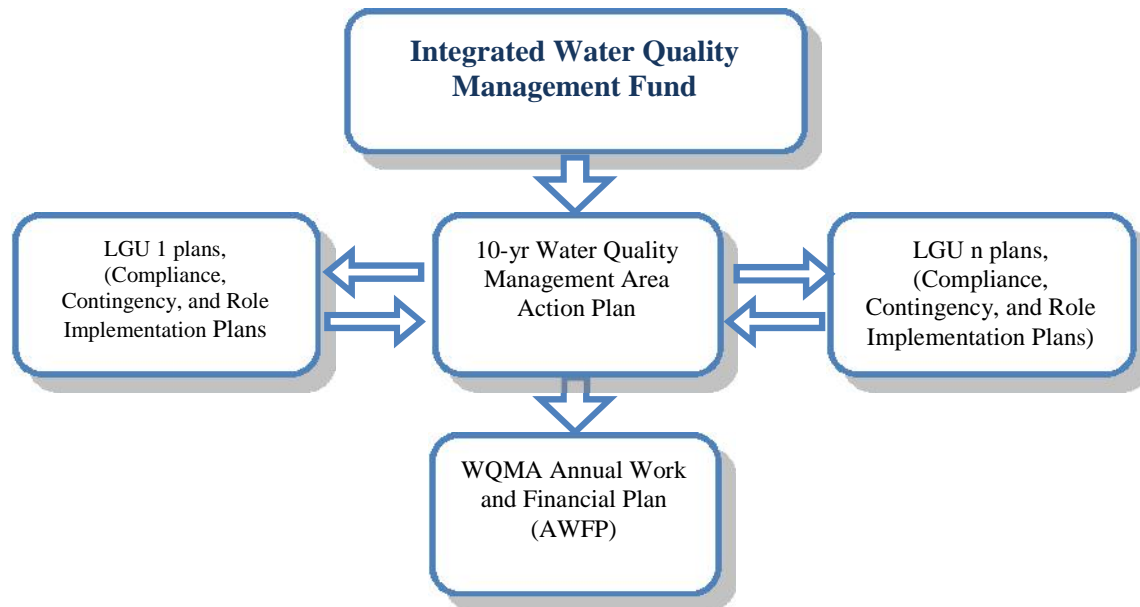
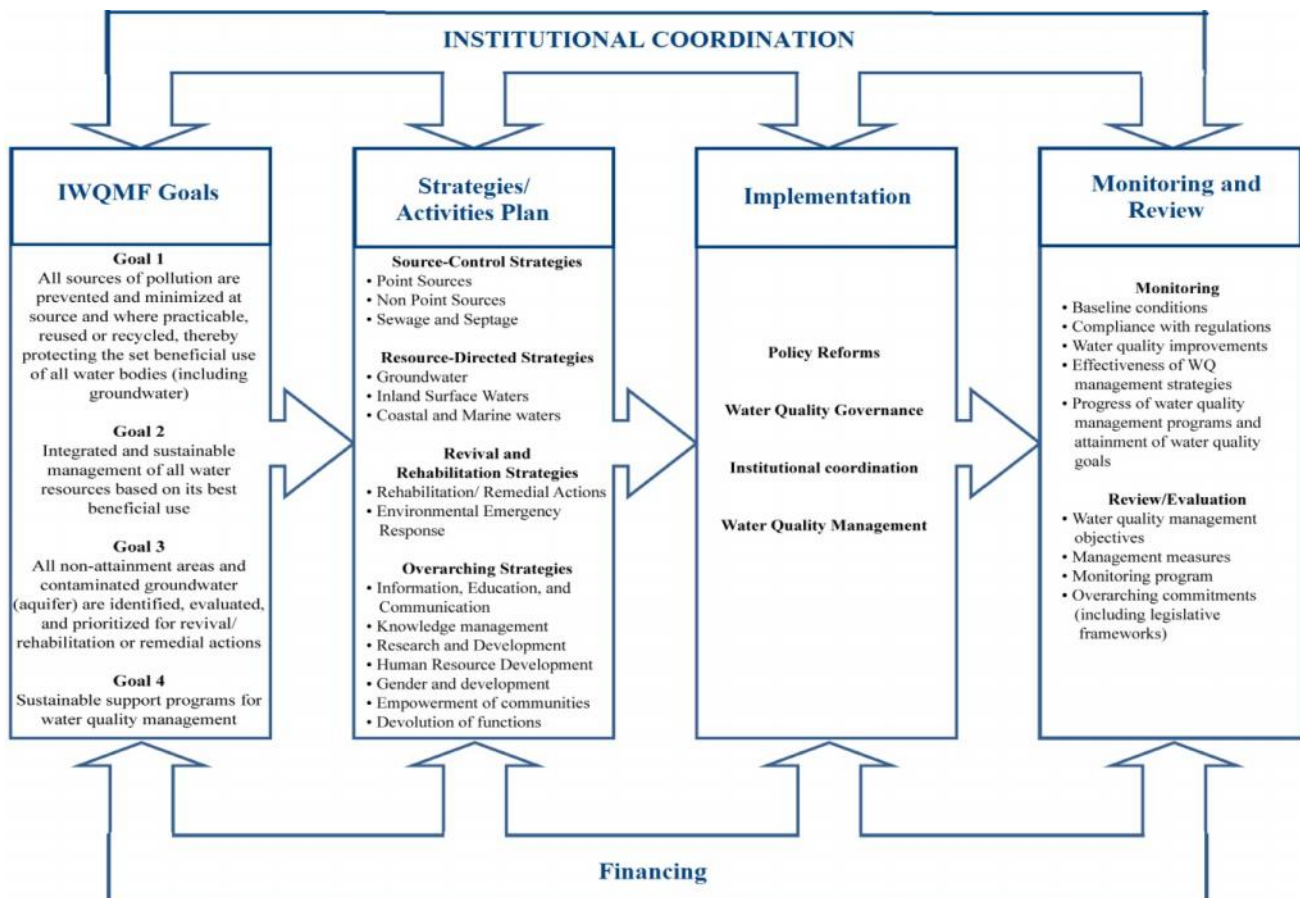


Figure 8. The Integrated Water Quality Management Framework



E. FUND UTILIZATION/DISBURSEMENT

Use of Funds. The use and disbursement from the AWQMF shall be based on the respective WQMA's AWFP prepared (DAO 2013-15) and following the prescribed government accounting and auditing regulations.

Regional Office to Manage Disbursement in the Interim. While the GB Fund Committee has not organized and operationalized its Administrative and Finance Group (as mandated by DAO 2013-15) and in the absence of an accounting and disbursement system in the GB, the EMB Regional Office (through its various concerned units) shall handle financial management of the AWQMF.

Disbursements of AWQMF shall be supported by vouchers approved by the GB Chairman, on recommendation of the Treasurer.

All disbursements must be subject to availability of funds.

Disbursements shall be in checks issued by the authorized government depository bank. They are to be signed by the authorized signatories of the FAD.

The Regional FAD and the GB and shall keep records of all disbursements.

Report on utilization of the AWQMF shall be one of the agenda items in every GB meeting.

F. ROLES AND RESPONSIBILITIES

1.0 The WQMA Governing Board (GB)

The AWQMF shall be managed by the GB of the corresponding WQMA. This function is in addition to those provided in Section 5.4 of DAO 2005-10 which are as follows:

- a) Prepare and publish on a regular basis a Water Quality Status Report for the WQMA and submit a copy to the Department for consolidation into the National Water Quality Status Report,
- b) Formulate Strategies to coordinate policies/regulations/local legislation necessary for the effective implementation of this Act in accordance with those established in the Framework,
- c) Reviews the initial WQMA Action Plan prepared by the Department and draft a common and integrated compliance plan. Thereafter, prepare a draft Action Plan for succeeding periods for submission to the Department,
- d) Monitor and facilitate the compliance of local governments with the WQMA Action Plan,
- e) Coordinate relevant activities among its members and member agencies and facilitate resolution of conflicts, and
- f) Undertake complementary interventions for non-point sources, considering their greater contribution to pollution.

Section 15 DAO 2013-15 further defines the functions of the Governing Board vis-à-vis the AWQMF which provides that the WQMA GB shall:

- a) Recommend approval of the AWFP to EMB-CO,
- b) Supervise and monitor the performance of the Fund Committee,
- c) Adopt prioritization criteria for the use of the funds, including evaluation of the requests, allocation of portions to specific uses and realignment when necessary,
- d) Administer the AWQMF,
- e) Set up an account with an authorized government depository bank for its share of the AWQMF, with signatories authorized by the Governing Rules of the Governing Board;
- f) Set up and maintain an AWQMF books of accounts, and
- g) Submit to EMB Central Office through the EMB Regional Office annual physical and financial performance progress reports and how the activities contributed to the improvement of WQMA.

2.0 Fund Committee

A fund committee created by Section 6 of DAO 2013-15 will be the GB's main mechanism in the management of the AWQMF. The Fund Committee shall comprise five (5) members of the WQMA Governing Board, including the Chair, and shall include one representative each from the LGUs, NGOs, other NGAs, and industries within the jurisdiction of the WQMA

The Fund Committee shall establish an Administrative and Finance Group (AFG), which shall be responsible for the day to day management of the AWQMF subject to requirements under RA No. 9275 and this Order. The use of and disbursement from the AWQMF shall be based on the respective WQMA's AWFP prepared pursuant hereto.

3.0 EMB Regional Office

The functions of the EMB Regional Office relative to the AWQMF are:

3.1 Environmental Monitoring and Enforcement Division (EMED)

- a) Maintains a list of establishments located within a WQMA through the EMED-AMS and which are covered by the Wastewater Charge System. This list will be updated quarterly and submitted to the FAD and the EQMD-WQMS during the first 10 days of the succeeding quarter.
- b) Provides the GB the list of establishments within the WQMA and informs the Board the accrued collections of the AWQMF, including the estimated amount that will be transferred eventually to the WQMA Sub-Fund.
- c) Assists the GB in identifying projects and activities for funding by the AWQMF and in preparing the WFP for the use of the AWQMF. The WFP will be transmitted to the FAD for review and completion of documentation before submission to EMB Central Office.

3.2 Clearance and Permitting Division (CPD)

- a) Air and Water Permitting Section (AWPS) processes applications for discharge permit under the Waste Water Charge System as provided in Sections 13 and 14 of DAO 2005-10.
- b) Prepares the OP for the assessed charges issued to an establishment and transmits the OP to the Cashier.

- c) Indicates in the OP the information that the collection is for a WQMA or for a non-WQMA. (Fund 153).
- d) Indicates the amount to be paid as Wastewater Discharge Fee (Fund 152).

3.3 Finance and Administrative Division (FAD)

- a) Collects WDFs and other receipts accruing to the AWQMF, to be done by the Cashier as Special Collecting Officer. The receipt shall indicate the Fund Sub-Code for the WQMA and if collected from establishments outside a WQMA, the Cashier shall indicate the Sub fund code for Non-WQMA area.
- b) Secures certification from the regional office of the BTr on the collections for the AWQMF, to be done by the Accountant.
- c) Together with the EMED-AMS, assists GB in preparing the WFP for the use of the AWQMF and submits the WFP to the EMB Central Office (AFMD).
- d) Assist the Governing Board in managing and accounting the AWQMF and ensures that fund utilization follows the prescribed accounting and auditing rules and regulations. In WQMA's where the GBs do not have a fund and accounting system, the EMB Regional Office shall provide the necessary financial management services through the EMED - AMS and FAD.
- e) Coordinates with the Fund Committee on the use of the AWQMF.

3.4 Regional Director

- a) Signs requests to the Regional BTr for certification of collections of AWQMF.
- b) Reviews and endorses WQMA WFP to the Director of EMB through the FAD.
- c) Ensures that the AWQMF is used in accordance with the objectives of RA 9275 and disbursements follow the prescribed accounting and auditing rules and regulations.
- d) Ensures maintenance of data base that will list establishments within and outside a WQMA, WDF and DPFs due, amounts paid as well as record of BTr certification of collections.

4.0 EMB-CO

The EMB-CO shall have the following functions relative to the AWQMF:

- a) Attributes a Sub-Fund Code for each WQMA,

- b) Secures from the national BTr, certification on the collected AWQMF based on the certifications issued by its various regional offices,
- c) PPPDP reviews the WFP to ensure consistency with the related activities, projects and programs of the Department,
- d) AFMD reviews correctness and completeness of documentation for the WFP,
- e) AFMD consolidates the regional WFP and prepares a SBR for submission to the DBM,
- f) Through the Director, AFMD submits the Consolidated WFPs from the Regional Offices and SBR to DBM,
- g) AFMD informs the EQMD-WQMS on the submitted Consolidated WFP, and
- h) Upon approval of the SBR and issuance by DBM of appropriate SARO and NCA, AFMD and EQMD-WQMS monitor the use of AWQMF through a reporting system prescribed by the DBM and COA.

The organization and functions of the EMB Central Office and the Regional Offices and the corresponding divisions, sections and units as approved by the DBM in October 2013 are presented in **Annex 5**.

While there is no department order that officially identifies the sections and defines their functions, the Notice of Organization Staffing and Compensation Action (NOSCA) that was issued by the DBM to EMB in October 16, 2013 indicates the Grade 22 positions that will head the sections in the technical divisions at Central and the Regional Offices.

5.0 Department of Budget and Management

The functions of the DBM relative to the AWQMF are:

- a) Designate a Fund Code for the AWQMF, and
- b) Issue appropriate SARO and the corresponding NCA to the WQMA GB through the EMB Regional Office.

6.0 Bureau of the Treasury

The function of the BTr is to issue certification of collections of WDF and DPF.

G. MONITORING

Monitoring is a management action that seeks to ensure implementation of a project or activity is in accordance with the plan and target objectives. It is also a mechanism to determine proper use of funds.

1.0 Governing Board

- a) The GB shall set up and maintain AWQMF books of accounts; and submit to EMB-CO through the Regional Office annual physical and financial performance/progress reports and how the activities contributed to the improvement of WQMA.
- b) The report on utilization and balance of the AWQMF shall be an agenda item in all GB meetings to ensure transparency and accountability in the management of funds
- c) Governing Board shall be informed monthly by the EMB Regional Office on the amounts collected within the WQMA during the month/s prior to the Board meeting.

2.0 EMB Regional Office

- a) The EMB Regional Office shall prepare a monthly report on collection of WDF within a WQMA as well as collections of DPF and WDF outside a WQMA.
- b) The MIS Unit in the Regional Office shall maintain a data base that will reflect the names and locations of establishments within a WQMA, payments made by establishments (including official receipt number, date and amount collections of WDF and the DPF collected. Also to be maintained in the data base are other establishments outside the WQMA and the certifications of the regional BTr.
- c) The EMB Regional Office shall continuously update its list of establishments within and outside WQMA areas that are subject to payment of WDF and DPF.

3.0 EMB Central Office

- a) The EMB Central Office AFMD shall maintain a national list of collections of WDF by WQMA and by areas outside a WQMA and collections of DPF by region.
- b) The AFMD shall furnish the Director and the EQMD-WQMS the national list every end of a quarter.

4.0 Financial Reporting

- a) The Accounting and Financial Reporting System of the AWQMF follows the basic features and policies prescribed by the NGAS in recording, classifying, summarizing, and reporting the financial transactions of regular government agencies/offices.
- b) The financial management procedures pertaining to the AWQMF are presented in detail in **Annex 7**.

5.0 Auditing of the AWQMF

- a) All transactions involving AWQMF are subject to audit.
- b) Any deviation from the approved WFP and from standard regulations must be corrected immediately by the EMB Regional Director.

REFERENCES

- 1966 – RA4850 Creation of LLDA
- 2000 – DAO 2000-82 Air Quality: Integrated Air Quality Improvement Framework-Air Quality Control Action Plan
- 2004 – RA 9275 Clean Water Act
- 2004 – DENR - DBM Joint Memorandum Circular No. 01 Series of 2004: Implementing Guidelines on the Operationalization of the Air Quality Management Fund under Republic Act 8749
- 2005 – DAO 2005-10-CWA-IRR: Implementing Rules and Regulations of the Philippine Clean Water Act of 2004 (Republic Act No. 9275)
- 2005 – DMC-2005-010 Air Quality: Criteria in the Selection and Implementation of Qualified ,or Eligible Projects and Activities to be Supported by the Air Quality Management Fund Criteria in the Selection and Implementation of Qualified ,or Eligible Projects and Activities to be Supported by the Air Quality Management Fund
- 2006 – 014: WAQMA designations
- 2009 – Final Report Operationalization of the Water Quality Management Funds
- 2012 – DAO 2012 – 06 Implementing Guidelines on the Operationalization of the National Water Quality Management Fund under Republic Act No. 9275
- 2013 – DAO 2013 – 08 Adoption of the Integrated Water Quality Management framework
- 2013 – DAO 2013 – 15 Implementing Guidelines on the Operationalization of the Area Water Quality Management Fund (AWQMF) under Republic Act No. 9275
- 2013 – DBM Circular 2013-16Expanded Modified Direct Payment Scheme for Accounts Payable Due Creditors/Payees of NGAs
- 2013 – DBM Circular 2013 16-A
- 2013 – DBM Circular 2013 16-B
- 2014 – DBM Issuance of Funding Code for SAGF (NWQMF and AWQMF)
- 2014 – RA 10651: General Appropriations Act
- 2013 – COA-DBM-DoF UACS Manual
- 2013 – COA-Adoption of the Revised Chart of Accounts
- 2015 – The Government Accounting Manual (GAM) for National Government Agencies (NGAs)

ANNEXES

Republic of the Philippines
ENVIRONMENTAL MANAGEMENT BUREAU
Regional Office No. _____

Serial No.: _____

Date: _____

Fund Cluster: National Water Quality Management Fund 152☐Fund Cluster: Area Water Quality Management Fund 153☐**ORDER OF PAYMENT**

The Collecting Officer
Cash/Treasury Unit

Please issue Official Receipt in favor of:

Payee: _____

Address/Office: _____

Amount: _____ (P _____)

For payment of: _____

Receiving water body: _____ WQMA Sub Fund Code: _____

Fee Computations:

Prepared by: _____ Attachment: _____

Clearance and Permitting Division

SAGF- NWQMF Fund 152 / Cluster 03 / UACS 104385

P _____

SAGF- AWQMF Fund 153 / Cluster 03 / UACS 104386

P _____

Please deposit the collections under Bank Account/s:

Bank Account No.	Name of Bank	Amount
_____	BTr/Land Bank of the Philippines	P _____
_____	_____	P _____
_____	_____	P _____
TOTAL P		_____

Prepared by:

Approved by:

Accounting Staff_____
Accounting Head/Authorized Official

Annex 2

Republic of the Philippines
ENVIRONMENTAL MANAGEMENT BUREAU
 Regional Office No. _____

AREA WATER QUALITY MANAGEMENT FUND
STATEMENT OF DEPOSITS
 Agency Code D1609 ; Fund Code SAGF-153/ CLUSTER 03
 For the Month ended _____

Date	Establishment	Official Receipt No.	Date	Bank/Branch	Amount
WQMA Sub Fund Code:					
					P _____
					P _____
					P _____
					P _____
					TOTAL P _____
Prepared by:		Certified Correct:		Noted by:	
 Bookkeeper		 Chief Accountant		 Regional Director	
Attachments: xerox copies of /LBP ONCOL SLIPS/ BTR remittances xeroc copies of Official Receipts					

Annex 3. Proposed WQMA Sub Fund Codes

Region	EMB Sub Fund Code Regional Assignment	DAO	WQMA Name
Region 1	001-00		No WQMA
Region 1	001-01	DAO-2011-14	Sinocalan Dagupan WQMA
CAR	CAR-00		No WQMA
CAR	CAR-01	DAO 2013-05	Balili River WQMA
CAR	CAR-02	DAO 2016-03	Bued River WQMA
Region 2	002-00		No WQMA
Region 2	002-01	DAO 2013-06	Pinacanauan de Tuguegarao WQMA
Region 2	002-02	DAO 2015-13	Calao-Delinquente-Diadi River WQMA
Region 3	003-00		No WQMA
Region 3	003-01	DAO 2008-07	MMO WQMA
NCR	NCR-00		No WQMA
NCR	NCR-01	DAO 2012-04	San Juan River System WQMA
Region 4A	04A-00		No WQMA
Region 4A	04A-01	DAO 2013-02	Imus-Ylang Ylang-Rio Grande Rivers WQMA
Region 4B	04B-00		No WQMA
Region 4B	04B-01	DAO 2013-03	Calapan River WQMA
Region 4B	04B-02	DAO 2016-05	Coron Bay WQMA
Region 4B	04B-03	DAO 2016-06	Sabang Bay WQMA
Region 5	005-00		No WQMA
Region 5	005-01	DAO 2013-16	Lake Buhi WQMA
Region 5	005-02	DAO 2016-04	Naga River WQMA
Region 6	006-00		No WQMA
Region 6	006-01	DAO 2006-18	Tigum-Aganan WQMA
Region 6	006-02	DAO 2009-11	Iloilo-Batiano WQMA
Region 6	006-03	DAO 2014-08	Jalaur River System WQMA
Region 7	007-00		No WQMA
Region 7	007-01	DAO 2014- 05	Butuanon River WQMA

Region	EMB Sub Fund Code Regional Assignment	DAO	WQMA Name
Region 8	008-00		No WQMA
Region 8	008-01	DAO 2013-21	Ormoc Bay WQMA
Region 9	009-00		No WQMA
Region 9	009-01	DAO 2013-01	Tumaga River WQMA
Region 10	010-00		No WQMA
Region 10	010-01	DAO 2013-18	Cagayan de Oro WQMA
Region 11	011-00		No WQMA
Region 11	011-01	DAO 2013-04	Davao River WQMA
Region 12	012-00		No WQMA
Region 12	012-01	DAO 2009-12	Sarangani Bay WQMA
Region 12	012-02	DAO 2010-10	Silway WQMA
Region 13	013-00		No WQMA
Region 13	013-01	DAO 2012-11	Taguibo River WQMA
ARMM	ARMM-00		No WQMA
Region			
Region			

Annex 4

Annual Work and Financial Plan
Department: Department of Environment and Natural Resources
Bureau: Environmental Management Bureau
Fund: Area Water Quality Management Fund

Program/ Project/ Activity	Performance Indicators	Agency Monthly Targets					Expense	Program of Release (P' 000)				
		1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total	Class	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
TOTAL PROPOSED FOR WQMA							SUB-TOTAL MOOE CO					

Prepared by:

GB

Noted by:

Chief, EMED

Noted by:

Director, EMB Regional Office

Approved by:

Director, Environmental Management Bureau

**Environmental Management Bureau (EMB)
Rationalization Plan (RP)**

I. EMB Mandate/Functions

- 1.0 The EMB is **mandated** to formulate policies, plans, programs, and appropriate environmental quality standards for the prevention and control of pollution and the protection of the environment, ensure their implementation, and implement environmental laws.
- 2.0 The EMB's **mission** is "to restore, protect and enhance environmental quality towards good public health, environmental integrity and economic viability." It will continue to pursue a strong agenda of environmental reform to improve air and water quality, manage wastes and contribute to the enhancement of the development process thru strong new laws and policy frameworks.
- 3.0 It is guided by the **vision** of a nation empowered to protect our natural resources, attuned to the pursuit of sustainable development, for a clean and healthy environment that enhances the Filipino quality of life of the present and future generations.
- 4.0 **Functions**
 - 4.1 Under EO No. 192 (*Providing For the Reorganization of the Department of Environment, Energy and Natural Resources, Renaming It as the Department of Environment and Natural Resources, and For Other Purposes*), s. 1987, as reiterated under EO No. 292 (*Administrative Code of 1987*), the EMB shall advise the Secretary on matters relating to environmental management, conservation, and pollution control, and shall have the following functions:
 - a) Recommend possible legislations, policies and programs for environmental management and pollution control;
 - b) Advise the Regional Office in the efficient and effective implementation of policies, programs, and projects for effective and efficient environmental management and pollution control;
 - c) Formulate environmental quality standards such as on water, air, land, noise and radiations;
 - d) Formulate rules and regulations for environmental impact assessment and provide technical assistance for their implementation and monitoring;
 - e) Formulate rules and regulations for the proper disposition of solid wastes, toxic and hazardous substances;
 - f) Advise the Secretary on the legal aspects of environmental management and pollution control and assist in the conduct of public hearings in pollution cases;

- g) Provide secretariat assistance to the **Pollution Adjudication Board**¹;
- h) Coordinate the inter-agency committees that may be created for the preparation of the State of the Philippine Environment Report and the National Conservation Strategy;
- i) Provide assistance to the Regional Offices in the formulation and dissemination of information on environmental and pollution matters to the general public;
- j) Assist the Secretary and the Regional Officers by providing technical assistance in the implementation of environmental and pollution laws; and
- k) Provide scientific assistance to the Regional Offices in the conduct of environmental research programs.

4.2 The EMB also assumed the following functions of the defunct **National Environmental Protection Council (NEPC)** under **Section 3 of PD No. 1121², s. 1977**:

- a) Rationalize the functions of government agencies in-charge with environmental protection and enforcement of environment-related laws to the end that effective, coordinated and integrated systems of environmental protection, research and implementation and enforcement of such laws shall be achieved;
- b) Formulate policies and issue guidelines for the establishment of environmental quality standards and environmental impact assessments;
- c) Recommend new legislation or amendments to existing ones to cope with the changes in the environment status of the country;
- d) Undertake a comprehensive and a continuing research program for environmental protection;
- e) Review environmental impact assessments of projects submitted by government agencies concerned;
- f) Monitor development projects initiated by government and private agencies and see to it that they are in line with priorities of the government on environmental protection;
- g) Conduct as it deems appropriate, public hearings or conferences on issues of environmental significance; and
- h) Conduct continuing educational and training programs on the enhancement of the quality of life through environmental improvement.

¹ The Pollution Adjudication Board (PAB) is a quasi-judicial body created under Section 19 of Executive Order (E.O.) 192 to be responsible for the adjudication of pollution cases.

² "Creating the National Environmental Protection Council" dated 18 April 1977

4.3 Likewise absorbed by the EMB are the following powers and functions of the abolished **National Pollution Control Commission (NPCC)** as prescribed under PDs No. 984³ and No. 1067⁴:

- a) Determine the location, magnitude, extent, severity, causes, effects and other pertinent information regarding the pollution of the water, air and land resources of the country; take such measures, using available methods and technologies, as it shall deem best to prevent or abate such pollution; and conduct continuing researches and studies on the effective means for the control and abatement of pollution;
- b) Develop comprehensive multi-year and annual plans for the abatement of existing pollution and the prevention of new or imminent pollution, the implementation of which shall be consistent with the national development plan of the country, with such plans indicating the priorities and programs during the year;
- c) Issue standards, rules and regulations to govern the approval of plans and specifications for sewage⁵ works and industrial waste disposal systems and the issuance of permits in accordance with the provisions of said PD; and inspect the construction and maintenance of sewage works and industrial waste disposal system for compliance to plans;
- d) Adopt, prescribe, and promulgate rules and regulations governing the procedures with respect to hearings, plans, specifications, designs, and other data for sewage works and industrial waste disposal system, the filing of reports, the issuance of permits, and other rules and regulations for the proper implementation and enforcement of said PD;
- e) Issue orders or decisions to compel compliance with the law and its implementing rules and regulations (IRR) only after proper notice and hearing; and
- f) Make, alter or modify orders requiring the discontinuance of pollution specifying the conditions and the time within such discontinuance must be accomplished;
- g) Issue, renew, or deny permits, under such conditions as it may determine to be reasonable, for the prevention and abatement of pollution, for the discharge of sewage, industrial waste, or for the installation of operation of sewage works and industrial disposal system or parts thereof; and

³ PD No. 984 (*Providing for the Revision of Republic Act No. 3931, Commonly Known as the Pollution Control Law, and for Other Purposes*) dated 18 August 1976 created the NPCC

⁴ PD No. 984 (*A Decree Instituting a Water Code, Thereby Revising and Consolidating the Laws Governing the Ownership, Appropriation, Utilization, Exploitation, Development, Conservation and Protection of Water Resources*) dated 31 December 1976 tasked the NPCC to perform functions related to the Water Code

⁵ "Sewage" means the water-borne human or animal wastes, excluding oil or oil wastes, removed from residences, buildings, institutions, industrial and commercial establishments, together with such groundwater, surface water and storm water as maybe present, including such waste from vessels, offshore structures, other receptacles intended to receive or retain wastes, or other places or the combinations thereof (RA No. 9275, s. 2004)

- h) Grant permit to any person who shall build any work that may produce dangerous or noxious substances or perform any act which may result in the introduction of sewage, industrial waste, or any pollutant into any source of water supply.

5.0 The EMB is headed by a **Director IV/SG 28** and assisted by **two (2) Director III/SG 27** items. Per the Government Manpower Information System (GMIS), its **existing organizational structure** is composed of the following:

- Office of the Director
- Legal Division
- Research and Development Division
- Environmental Quality Division
- Environmental Education Division

As to the Regional Offices' (ROs) organizational structure, the GMIS indicates only an 'Environmental Quality Division' as the unit representing each RO, except for ROs I, II and CAR, which indicates 'Region I', 'Region II' and 'CAR' units, respectively.

6.0 The EMB has **1,030 authorized positions**, 732 of which are filled at the start of its rationalization effort in 2005, with a total Personnel Services (PS) budget of **P177,968,818⁶**. It has a **P9,784,000** lump-sum appropriation for the salaries/wages of contractual, casual and emergency personnel.

Included in the 1,030 authorized positions are 251 positions transferred from the DENR-Office of the Secretary (OSEC) Proper in 2005, which are unfilled to date, and six (6) coterminus with the incumbent positions.

II. Highlights of the Proposed Rationalization Plan

7.0 **Proposed Functional Shifts**

Under the EMB RP, the proposed functional shifts pertain to the strengthening of the following activities:

- 7.1 Environmental Impact Statement System implementation;
- 7.2 Environmental law enforcement by providing a check and balance mechanism for the purpose;
- 7.3 Research, quality assurance and laboratory services in support of the policy formulation and regulatory functions of the Agency;

⁶ Includes salaries and other compensation of filled and funded vacant positions

8.0 ***Proposed Organizational Modifications***

Central Office

8.1 Creation of the following:

- a) *Planning, Policy and Program Development Division;*
- b) *Environmental Impact Assessment and Management Division;*
- c) *Administrative and Finance Division;*

8.2 Renaming of the following:

- a) Research and Development Division into an *Environmental Standards and Laboratory Services Division;*
- b) Environmental Quality Division into an *Environmental Quality Management Division;*
- c) Environmental Education Division into an *Environmental Education and Information Division;*

Regional Offices

8.3 Institutionalization of the *Regional Offices*, including *Regional Offices IV-A* and *IV-B*;

8.4 Institutionalization of the Office of the Regional Director, with a Legal Unit under it;

8.5 Creation of a *Management and Technical Services Division*; and

8.6 Splitting of the Environmental Quality Division into:

- *Clearance and Permitting Division*; and
- *Environmental Monitoring and Enforcement Division.*

9.0 As represented, the EMB is taking advantage of the Rationalization Program to correct its functional, organizational, and staffing “imbalances” to deliver its mandate effectively.

As such, it proposes an ***increase of 1088 positions (148.63%)*** over the number of its filled positions at the start of the effort (***from 732 to 1820***). It includes the creation of ***11 Director III (Regional Director)/SG 27 positions*** to head each RO.

III. Findings and Evaluation

10.0 On the Proposed Functional Shifts

- a) Under DENR Administrative Order (AO) No. 42, the endorsing officials, approving authority and processing timeframe for Environmental Compliance Certificate (ECC)/Certificate of Non-Coverage (CNC) applications are as follows:

Types of Project	Endorsing Official	Approving Official	Processing Timeframe (not to exceed)
Environmentally critical project (Single Project)	EMB Central Office Director	DENR Secretary/EMB Director	120 working days
Non-environmentally critical project located in critical areas	Environmental and Impact Assessment (EIA) Division Chief, Regional Office	EMB Director/Regional Director	60 working days
Projects not covered by the Environmental Impact Statement (EIS) System	EIA Division Chief EMB Central/Regional Office	EMB Director/Regional Director	15 days

Under the Revised Procedural Manual dated 21 August 2007 of the DENR AO No. 2003-30 (*Implementing Rules and Regulations of Presidential Decree No. 1586, Establishing the Philippine Environmental Impact Statement System*) dated 30 June 2003, the endorsing official and deciding/approving authority based on the status and type of projects are as follows:

Types of Project	Status	Applied To	Decision Document	Processing Responsibility/ Endorsing Official	Deciding/ Approving Authority
Environmentally Critical Projects (ECPs) in either Environmentally Critical Area (ECA) or Non-Environmentally Critical Area (NECA)	New	Single Projects	ECC	Environmental Impact Assessment and Management Division (EIAMD) CO Division Chief/ EMB Director	EMB Director/DENR Secretary*
	Existing Projects for Modification or Re-start up				
	Operating without ECC				
Non-Environmentally Critical Projects (NECPs) in ECA	New	Single Projects	ECC	EIAMD RO Division Chief	EMB RO Director
	Existing Projects for Modification or Re-start up				
	Operating without ECC				
NECPs in NECA	New	Single Projects	CNC	EIAMD RO Division Chief/EIAMD CO Division Chief	EMB RO Director/EMB Director**

Types of Project	Status	Applied To	Decision Document	Processing Responsibility/ Endorsing Official	Deciding/ Approving Authority
Co-located Projects ⁷	New	Projects composed of Group I (ECPs in either ECAs or NECAs) Projects	ECC	EIAMD CO Division Chief/EMB Director	EMB Director/DENR Secretary*
		Projects composed of Group II (NECPs in ECAs) Projects	ECC	EIAMD RO Division Chief	EMB RO Director
	Existing Projects for Modification or Re-start up/ Operating without ECC	Projects composed of Group I Projects	ECC (new)/ ECC Amendment	EIAMD CO Division Chief	EMB Director/DENR Secretary*
		Projects composed of Group II Projects	ECC (new)/ ECC Amendment	EIAMD RO Division Chief	EMB RO Director
Unclassified Projects ⁸	New	CNC or Recommendation on Final Grouping & EIA Report Type	EIAMD CO Division Chief	EMB Director/DENR Secretary*	
			EIAMD RO Division Chief	EMB RO Director	

** The DENR Secretary has delegated to the EMB Director the signing and approval of the ECC, but the latter seeks approval from the former prior to signing the ECC.*

*** The EMB informed that while the CO could accept a CNC application request, the same is endorsed to the RO where the project is located.*

AO 42 also provided the institutionalization of the current adhoc EIA Division at the EMB Central Office (CO) and the EMB ROs.

While said AO indicated the role of the EIA Division in the Central and Regional Offices in the processing of ECC applications, the same has not yet been institutionalized to date. In its present set-up, the evaluation of ECC applications is done by a pool of staff from the Environmental Quality Division⁹ (EQD) both at the CO and ROs.

⁷ Projects, or series of similar projects or a project subdivided to several phases and/or stages by the same proponent, located in contiguous areas

⁸ Projects not listed in any of the groups, e.g., projects using new processes/technologies with uncertain impacts. This interim category – unclassified projects will eventually be classified into their appropriate groups after EMB evaluation.

⁹ The EQD at CO formulates, reviews and updates environmental quality policies, guidelines and technical support in standards setting for air, water, land, toxic chemicals and hazardous wastes, including industry-specific standards for sustainable use of natural resources consistent with national environmental goals as outlined under various environmental laws. On the other hand, the EQD at the ROs implements environmental laws.

Thus, the provision of dedicated personnel in the proposed Environmental Impact Assessment and Management Division in the CO and the Clearance and Permitting Division in the RO would greatly facilitate the processing of ECC applications. Moreover, this move could further shorten the processing time.

- b) The enforcement of environmental laws is proposed to be strengthened by providing a check and balance mechanism for the purpose. At present, the EQD in the ROs performs both the evaluation of clearances/permits at the regional level and enforcement/monitoring of environmental laws, a set-up that could compromise the integrity of said regulatory mandate of the ROs. The segregation of the two (2) functions will be effected through the proposed splitting of the EQD into an ***Environmental Monitoring and Enforcement Division*** (EMED) and a ***Clearance and Permitting Division*** (CPD).

The enforcement functions would be performed by the proposed EMED, while the processing of ECC/Certificate of Non-Coverage (CNC) applications would be handled by the proposed CPD.

- c) The provision of research, quality assurance and laboratory services is supportive of the strengthening of the performance of the policy setting and regulatory functions of the Agency.

The conduct of continuing research studies/programs on various environmental issues would be provided by the proposed Environmental Standards and Laboratory Services Division (ESLSD) in the CO in order to generate scientific data and information in support of setting and updating quality standards and criteria.

Laboratory services would be performed in both the CO and ROs. The ESLSD in the CO would develop analytical methods which would be used by the EMED in the ROs to analyze environmental/effluent samples for environmental quality monitoring. The ESLSD would also perform laboratory services which the ROs are not equipped with such as analyzing cations and anions¹⁰ in rainwater, and provide analytical support to international, national and special projects in support of criteria and standards formulation.

¹⁰ Cations are positively-charged ions (with fewer electrons than protons), while anions are negatively-charged ions (more electrons than protons) (Wikipedia). The prime indicator of overall data quality in rainwater composition studies is the ion balance, where for each sample, the concentration sum of all cation species is compared with the concentration sum of all anion species. (<http://www.ehp.qld.gov.au/air/pdf/reports/mim-emissions-environment-sec3.pdf>)

11.0 On the Proposed Organizational Modifications

Agency Proposal	Action
Central Office	
❖ Creation of a Planning, Policy and Program Development Division	<p>Considered. The Division would serve as the focal unit that would lead in the preparation of short/medium/long-term plans and programs of action. It would likewise handle the formulation and implementation of linkage-based programs pursuant to the thrust of improving stakeholders' participation in the implementation and enforcement of environmental laws, policies, rules and regulations, including the attainment of specific deliverables per international commitments and agreements.</p> <p>However, we propose a slight modification and rename it into a Policy, Planning and Program Development Division as plans should follow the enunciated policy direction. It will also coordinate the installation and design of the Bureau's national and regional management information system.</p>
❖ Creation of an Administrative and Finance Division (AFD)	<p>Considered. Per the FY 2012 Personal Services Itemization and Plantilla of Personnel (PSIPOP), the financial and administrative positions are subsumed under the Office of the Director.</p> <p>However, the creation of an Administrative, Financial and Management Division is instead considered, to include functions relating to management improvement efforts, in addition to personnel administration, property and supply management, records management, general support, and financial services.</p>
❖ Creation of an Environmental Impact Assessment and Management Division (EIAMD)	<p>Considered. The EIAMD would serve as the focal unit that would conduct EIS System activities as mandated under PD Nos. 1586¹¹ and 1151¹²; EO No. 291; and AO No. 42. Said AO institutionalized the conversion of the current adhoc EIA Division into a full-pledged division in the CO.</p>
❖ Renaming of the Research and Development Division (RDD) into an Environmental Standards and Laboratory Services Division (ESLSD)	<p>Considered. However it would be renamed into an Environmental Research and Laboratory Services Division (ERLSD) as the term "environmental standards" could imply that the unit would perform standards setting, which is a function of the Environmental Quality Division. The ERLSD would reflect the dual role of the unit concerned with respect to research activities in support of the standards-setting functions of the Agency, as well as the conduct of laboratory services.</p>
❖ Renaming of the Environmental Quality Division into an Environmental Quality Management Division (EQMD) ;	<p>Considered. The EQMD would spearhead the standards-setting functions of the Agency relative to the implementation of the various environmental laws, as well as local inter-agency commitments and international agreements.</p>
❖ Renaming of the Environmental Education Division into an Environmental Education and Information Division (EIID)	<p>Considered. The revised nomenclature would encompass the range of functions of the EIID which include formulation and implementation of information, education and communications (IEC) plans, programs and projects intended to increase public awareness on environmental concerns and enhance compliance with existing laws, rules and regulations on the matter.</p>

¹¹ Establishing an Environment Impact Statement System, Including Other Environmental Management Related Measures and For Other Purposes dated 11 June 1878

¹² Philippine Environment Policy dated 6 June 1979

Agency Proposal	Action
❖ Institutionalization of the <i>ROs</i> , including <i>ROs IV-A and IV-B</i>	<p>Considered. Said effort is pursuant to DENR AO No. 200-81 or the Implementing Rules and Regulations of the Philippine Clean Air Act of 1999¹³, which authorizes the establishment of EMB ROs. It is noted that said EMB ROs have been operational since 2002. It is further noted that the EMB ROs have budget allocations under RA No. 10352 (General Appropriations Act for FY 2013).</p> <p>The institutionalization of ROs IV-A and -B is likewise consistent with EO No. 103 dated 17 May 2002 which split RO IV into two (2) sub-regions known as CALABARZON (Cavite, Laguna, Batangas, Rizal and Quezon) and MIMAROPA (Mindoro Occidental and Oriental, Marinduque, Romblon and Palawan). Splitting of ROs IV-A and -B is deemed necessary as Region IV-A has the most number of establishments being regulated by the EMB in terms of environmental protection.</p>
❖ Institutionalization of the Office of the Regional Director , with a Legal Unit under the ORD	<p>Considered. AO No. 42 authorized the Regional Directors to deny/approve ECC/CNC applications for non-Environmentally Critical Area (ECA) projects but located under critical areas and those not covered under the EIS System.</p> <p>The proposed creation of a Legal Unit in the Office of the Regional Director (ORD) will not be pursued as a unit lower than a Division is no longer recognized. However, one (1) Attorney III position will be created under the ORD to assist said official in handling the legal requirements therein.</p>
❖ Creation of a Management and Technical Services Division (MTSD)	<p>Not Considered. As proposed, the MTSD would implement environmental laws and policies, perform planning, financial, and administrative functions at the regional level, conduct environmental education and information, as well as operate a laboratory.</p> <p>However, the creation of an MTSD is deemed not necessary as its intended functions could already be performed by the other units in the RO, as follows:</p> <ul style="list-style-type: none"> ➤ The implementation of environmental laws and policies could be performed by the Environmental Monitoring and Enforcement Division (EMED). Similarly, the operation of the laboratory could be done by the same as laboratory services in the ROs are in support of the monitoring functions to determine whether or not environmental standards are met. <p>While laboratory services are also necessary in the evaluation of permits, Assistant Secretary Corazon C. Davis of the DENR Change Management Team (CMT) agreed that said services could be lodged under the EMED as the laboratory is deemed more utilized for environmental monitoring purposes.</p>

¹³ Converted the EMB from a staff to a line bureau

Agency Proposal	Action
	<p>➤ The conduct of environmental education and information campaigns could also be performed by the EMED as the implementation of environmental laws should promote good environmental practices among stakeholders.</p> <p>➤ The coordination of planning, programming, monitoring and evaluation efforts in the region could be performed by a Planning Officer II position in the ORD.</p> <p>The intended function of the MTSD of handling the financial and administrative matters of the ROs would be undertaken by a Finance and Administrative Division, which would be created for the purpose.</p>
<p>❖ Splitting of the Environmental Quality Division (EQD) into a Clearance and Permitting Division and an Environmental Monitoring and Enforcement Division</p>	<p>Considered. This move would provide check and balance in the issuance of ECC/CNC and other permits on the one hand, and the monitoring of the conditions for the grant of permits, on the other.</p>

In a meeting on 5 April 2013 between the Rationalization Program Team concerned and the EMB OIC-Director and the Chairperson of the EMB Sub-CMT, and as formalized through a letter to this Department dated 10 April 2013, the following organizational modifications are proposed, which we are hereby considering, to further enhance the efficiency of its operations:

- The **creation** of a **Climate Change Division (CCD)** in the CO to serve as the Clean Development Mechanism (CDM) Secretariat¹⁴ in support of the country's commitments to the United Nations Framework Convention on Climate Change (UNFCCC)¹⁵ and Kyoto Protocol.

Per EO No. 320 dated 25 June 2004, the DENR was the Designated National Authority (DNA) for CDM to facilitate and promote the development of CDM project activities that contribute to the UNFCCC objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

A CDM project is proposed by any Philippine project proponent, who is any natural or judicial person intending to develop and implement the same within the Philippines. Once the proponent submits a duly accomplished Project Application Document to the CDM Secretariat, subject proposed CDM project will undergo a national approval process. The national approval process¹⁶ involves: (1) evaluation of the assigned

¹⁴ An office in the EMB would act as the CDM Secretariat per Department AO (DAO) No. 2005-17 (*Rules and Regulations Governing the Implementation of Executive Order No. 320, Series of 2004, Designating the DENR as the National Authority for the Clean Development Mechanism*) dated 7 September 2005

¹⁵ An international treaty that sets an overall framework for intergovernmental efforts to address climate change

¹⁶ Indicated in DAO No. 2005-17

Technical Evaluation Committee (TEC)¹⁷, (2) review and endorsement by the CDM Steering Committee¹⁸, and (3) approval/disapproval by the DNA or DENR Secretary.

In the approval of a CDM project, the following serve as criteria:

Economic dimension	<ul style="list-style-type: none"> • Provides livelihood and other economic opportunities in the community • Provides proper safety nets and compensatory measures for affected stakeholders • Promotes the use of cleaner, more efficient and environment-friendly technology in the sector (e.g., renewable energy, waste management, reforestation, etc.) • Provides new financial resources
Environmental dimension	<ul style="list-style-type: none"> • Complies with environmental policies and standards • Improves local environmental quality • Promotes sustainable use of natural resources
Social Dimension	<ul style="list-style-type: none"> • Provides education and training which build the capacities of local stakeholders • Provides vulnerable groups access to local resources and services • Promotes local participation in the project

Considering that a CDM project should comply with environmental policies and standards, it shall also be subject to ECC¹⁹ application before it must be approved.

Thus, the creation of a CCD is deemed necessary to facilitate the smooth implementation of the national approval process for the proposed CDM project activities, as well as to serve as the focal point for information on the status of the application for said project activities.

Specifically, the CCD would perform the following functions:

- Verify completeness of application documents;
- Identify the appropriate TEC for a proposed CDM project activity;
- Refer a proposed CDM project activity to the appropriate TEC(s);
- Forward the Evaluation Report of the TEC to the CDM Steering Committee;
- Provide administrative and technical support to the CDM Steering Committee and facilitate the transmission of the Endorsement Report and supporting documents to the Secretary;
- Serve as the focal point for information on the status of proposed CDM project activities that have been submitted for DNA approval, including advising the Philippine project proponent(s) of the

¹⁷ Expert committees (TEC for energy-related projects, TEC for waste management projects, TEC for afforestation and reforestation project activities) responsible for evaluating whether a proposed CDM project activity meets the national approval criteria based on DAO No. 2005-17

¹⁸ An inter-agency and multi-sectoral committee being chaired by a DENR Undersecretary designated by the DENR Secretary and responsible for reviewing the assessment of the appropriate CDM TEC

¹⁹ Document issued by the DENR/EMB after a positive review of ECC application, certifying that based on the representations of the proponent, the proposed project or undertaking will not cause significant negative environmental impact.

Secretary's decision relating to their application for a Letter of Approval; and

- Facilitate the dissemination of international and national requirements relating to the CDM among stakeholders.

- The **elevation** of the Solid Waste Management Section under the Environmental Quality Management Division in the CO into a **Solid Waste Management Division (SWMD)** to serve as secretariat to the National Solid Waste Management Commission (NSWMC) as mandated under RA No. 9003.

Specifically, the SWMD would perform the following functions²⁰:

- Prepare all the documents that are to be tabled for deliberation by the Commission;
- Record and document all the proceedings of the meetings;
- Handle all the administrative requisites of the Commission;
- Index and keep all records used and referenced by the Commission;
- Serve as the clearinghouse for all projects/programs for implementation by the local government units (LGUs) and/or the public or private sector²¹; and
- Evaluate and review proposals submitted for funding support from the Solid Waste Management Fund.

All technical and administrative concerns requiring the decision of the NSWMC shall be handled and documented by the SWMD. These shall include the evaluation of 10-year solid waste management plans for endorsement to the NSWMC Technical Working Group, research and drafting of Department administrative orders, and maintenance of a comprehensive database on solid waste management.

- The **institutionalization** of **46 EMB Provincial Environmental Management Units (PEMUs)** to assist the EMB ROs in the implementation of environmental laws. Specifically, it would coordinate with the local government units and perform site verification in support of the evaluation of ECCs or environmental permits being performed by the Clearance and Permitting Division of the RO.

As clarified with the agency in a meeting on 5 April 2013, the PEMUs would not entail additional cost as they are already housed in the DENR-Provincial Environmental and Natural Resources Offices, except for the PS of technical positions to be deployed therein.

Consequently, the organizational structure for the PEMUs will not be reflected in the Agency Personnel Services Itemization and Plantilla of Personnel inasmuch as they are lower than a division-level unit.

The approved organizational structure of the EMB is indicated in *Attachment B*.

²⁰ Implementing Rules and Regulations of Republic Act 9003

²¹ Refers to the evaluation of plans and programs of the various sectors to determine their consistency with RA No. 9003, its IRR and other guidelines (e.g., NSWM Framework) issued by the DENR and the NSWMC in support of the implementation of RA No. 9003

12.0 On the Proposed Staffing Modifications

A staffing pattern (SP) will be issued by the DBM. This will be used by the EMB in mapping its existing positions to facilitate the finalization of the RP and corollarily, the Notice of Organization, Staffing and Compensation Action (NOSCA) for the purpose.

12.1 Our evaluation of the EMB's proposed staffing modifications is guided by the Rationalization Program's **Organization and Staffing Standards Guidelines (OSSG)**, with the end in view to:

- 1) Reduce functions/programs into activities/tasks to identify staffing requirements;
- 2) Match activities/tasks with positions in the Index of Occupational Services, Position Titles and Salary Grades (IOS)²² for the National Government to determine the appropriate position title, and whenever possible, to give preference to generic over specialist positions, for flexibility;
- 3) Determine the number of positions required based on workload;
- 4) Apart from the unit head, allow one-of-a-kind higher or senior level position and provide at least one entrance level position;
- 5) As much as possible, limit the provision of assistants; and
- 6) Observe an optimal ratio between technical and administrative positions.

Contracting/outsourcing was considered in both core and non-core functions when it is deemed more efficient and economical for the agency, provided that accountability mechanisms are in place.

The Guidelines on the Immediate Support Staff of an Agency's Key Officials under the OSSG is also used in this evaluation, viz:

Position	SG of Official	Maximum Allowable Number of Position	Highest Executive Assistant Position	Highest Administrative Assistant Position
Director IV or Head of an organization equivalent to a Bureau	28	2	-	Administrative Assistant III, SG 09
Director II, Head of a Bureau Regional Office or organization equivalent to a Bureau Regional Office	26	2	-	Administrative Assistant I, SG 07

The appointment of those who provide executive assistance, private secretarial and chauffeuring services shall be coterminus with the official to be served.

Further, DBM Budget Circular (BC) No. 2004-3 (Conversion of Positions Performing Staff/Non-Technical Functions) dated 06 March 2004, as amended by BC No. 2004-3A dated 14 December 2004, was considered in this evaluation.

²² Based DBM Budget Circular No. 2006-3 dated 17 May 2006 re: updated IOS

12.2 Aside from the general guidelines set by the OSSG, hereunder are the additional actions to be adopted by the EMB:

- a. Considering that a Regional Director is mandated to approve/deny ECC/CNC applications for non-ECA projects²³ under AO No. 42, the creation of a Regional Director item is in order to oversee the operations of the EMB at the regional level.

Consistent with the OSSG that prescribes that the Head of a regional field unit of a line bureau is a Director II/SG 26, the same will be adopted, instead of the proposed Director III/SG 27 items.

Consequently, the existing five (5) Director III/SG 27 items, of which one is currently under the Office of the Director, and four (4) in ROs in the CAR, Regions IX, XI and XII, would be converted to Director II/SG 26 positions once vacated by their present incumbent for consistency with said provision in the OSSG.

- b. Given that there would be three (3) Divisions in each Regional Office, two (2) additional Division Chief items would likewise be created. A Chief Environmental Management Specialist/SG 24 item would head the Clearance and Permitting Division, while a Chief Administrative Officer/SG 24 position would oversee the functions of the Finance and Administrative Division.
- c. The level of a section chief of a support division, both in the CO and ROs would be equivalent to SG 18 consistent with the IOS.

However, in view of the highly specialized areas of concern being handled by the technical divisions of the EMB which require distinct competencies and expertise, the retention of the following existing SG 22 positions as heads of sections is in order:

Division	No. of Section Heads and Position Title	Areas of Concern/Section
Central Office		
Environmental Research and Laboratory Services Division	2 Supervising Science Research Specialist	<ul style="list-style-type: none"> ❖ <i>Environmental Standards Development</i> - develop and undertake continuing research studies related to existing environmental laws, programs and international linkages (<i>Chemist</i>) ❖ <i>Environmental Laboratory</i> - develop analytical methods for environmental standards, and provide analytical services on environmental samples (<i>with knowledge on natural science</i>)
Environmental Quality Management Division	4 Supervising Environmental Management Specialist	<ul style="list-style-type: none"> ❖ <i>Air Quality Management</i> – formulate, evaluate and review air quality policies/guidelines (<i>Chemical Engineer with expertise on air pollution</i>) ❖ <i>Water Quality Management</i> –formulate technical policies, develop/review water quality criteria and effluent standards (<i>Civil Sanitary Engineer</i>) ❖ <i>Chemical Management</i> - formulate technical policies, guidelines, procedures and standards for effective management of industrial chemicals (<i>Chemical Engineer with expertise on chemical spill</i>)

²³ Located under critical areas and those not covered under the EISS

Division	No. of Section Heads and Position Title	Areas of Concern/Section
		❖ <i>Hazardous Waste Management</i> - develop policies on hazardous waste management, and review and evaluate communications regarding policies, requirements, procedures or issues on hazardous waste (<i>Chemical Engineer with expertise on disaster management</i>)
Solid Waste Management Division (New)	2 Supervising Science Research Specialist	❖ <i>Solid Waste Policy and Program</i> – formulate policies and guidelines in support of the implementation of RA 9003 (<i>with knowledge on economic and environmental planning</i>) ❖ <i>Secretariat and Technical Services</i> – serve as the clearinghouse for all projects/programs for implementation by the LGUs and/or the public or private sector (<i>with knowledge on environmental management</i>)
Climate Change Division (New)	2 Supervising Science Research Specialist	❖ <i>Carbon Market Mechanisms</i> – formulate and develop a national policy for potential carbon market mechanisms (<i>with knowledge on environmental economics</i>) ❖ <i>Climate Change Adaptation and Mitigation</i> - formulate policies and procedures in the implementation of nationally appropriate mitigation actions, and identify and recommend feasible projects on the same (<i>with knowledge on environmental management</i>)
Environmental, Impact Assessment & Management Division (New)	1 Engineer	❖ <i>EIS Review and Evaluation</i> – administer the conduct of scoping, technical review/evaluation of ECC applications for environmentally critical projects (<i>Chemical Engineer</i>)
	2 Supervising Environmental Management Specialist	❖ <i>Strategic Environmental Assessment</i> - conduct policy formulation relative to the implementation of Programmatic EIS System (<i>Environmental Impact Assessment Policy Specialist</i>) ❖ <i>Environmental Management Audit</i> – oversee the implementation of the environmental monitoring and audit function of EMB ROs and other partners (<i>with knowledge on environmental management</i>)
Environmental Education and Information Division	3 Supervising Environmental Management Specialist	As the DENR, through the EMB, is tasked to promote environmental awareness through environmental education activities pursuant to RA No. 9512 dated 12 December 2008, the agency deems to retain the existing SG 22 positions as heads of the Sections hereof. As technical positions, they should also have knowledge on environmental management. ❖ <i>Environmental Information</i> – provide the public with reliable and useful information on the status, trends, problems, programs and challenges of the environment, and undertake advocacy activities (<i>with knowledge on public communication</i>) ❖ <i>Environmental Education</i> - coordinate integration of environmental concerns in the school curricula, and conduct educational and capability building programs on environmental laws and programs (<i>with knowledge on natural science</i>)

Division	No. of Section Heads and Position Title	Areas of Concern/Section
		<p>While the environmental information intends to make the public aware of the status of our environment through the use of multi-media, an environment educator teaches and encourages stakeholders to participate in environmental quality monitoring and environmental protection efforts</p> <p>❖ <i>Environmental Documentation and Inventory</i> - collate and document information for the preparation, review and validation process of national status reports on air quality, water quality, solid waste, toxic chemical and hazardous waste (with knowledge on library science)</p>
Regional Offices		
Clearance and Permitting Division (New)	2 Supervising Environmental Management Specialist	<p>The agency deemed that the Clearance and Permitting Division would be efficient if it would be further subdivided based on the following type of permit each Section would process:</p> <p>❖ <i>ECC and CNC</i> – for environmental impact assessment</p> <p>❖ <i>Permits on Chemical and Hazardous Waste</i> – permits for hazardous waste generation, transport of hazardous wastes and permits to import and use/storage and disposal of chemicals</p>
	1 Engineer IV	❖ <i>Permits on water and air</i> – wastewater discharge permits and permits to operate air pollution control facilities
Environmental Monitoring and Enforcement Division (New)	2 Supervising Environmental Management Specialist	<p>❖ <i>Solid Waste Management</i> - provide technical support to LGUs and other sectors relative to compliance with and support to the implementation and requirements of RA No. 9003 such as those that pertain to the proper closure and rehabilitation of existing open and controlled dumpsites</p> <p>❖ <i>Ambient Monitoring</i> - the systematic, long-term assessment of pollutant levels by measuring the quantity and types of certain pollutants in the surrounding air</p>
	2 Engineer IV	<p>The following sections would specifically deal with the establishments being monitored by the EMB:</p> <p>❖ <i>Water and Air Management</i> – review reports of inspection and monitoring of industrial and commercial establishments with air and water pollution sources and treatment, storage and disposal (TSD) facilities</p> <p>❖ <i>Chemicals and Hazardous Waste Management</i> - review reports of compliance monitoring of hazardous waste generators and transporters</p>

- d. The abolition of the 251 transferred positions from the DENR-OSEC which are mostly administrative in nature (e.g., Utility Worker I, Laborer I/II, Administrative Aide I/II/III/IV), would be **effected** considering that the services of the positions could be outsourced. As agreed upon with the EMB Sub-CMT in a meeting on 15 March 2013, the funding requirements of the funded vacant positions would be used for the creation of critical positions in the agency.

12.3 The following would be the approved standard staffing complement for the Office of the Regional Director and the Finance and Administrative Division in the EMB ROs:

No. of Pos.	Position Title	SG	Remarks
Office of the Regional Director (New)			
1	Director II	26	To head the Regional Office
1	Attorney III	21	To provide legal services such as filing of cases against violators of environmental laws, rules and regulations
1	Planning Officer II	15	To prepare regional plans and programs
1	Administrative Assistant I (Secretary I)	7	Per the OSSG, a Director II/SG 26 shall have two (2) administrative assistant positions, with an Administrative Assistant I/ SG 7 item as the highest position allowed.
1	Administrative Aide IV (Driver II)	4	The incumbent to the Administrative Aide item would provide transport services to the Director II, and whose appointment shall be coterminus with the official to be served (CTO).
5	Sub-total		
Finance and Administrative Division (New)			
1	Chief Administrative Officer	24	To head the Division
1	Supervising Administrative Officer	22	To serve as Assistant Division Chief
1	Accountant III	18 ²⁴	To head the Finance Section
1	Administrative Officer V	18	To head the Administrative Section
2	Administrative Officer IV	15	One (1) Administrative Officer IV item would be assigned to the Finance Section to act as Budget Officer II, while the other Administrative Officer IV will be assigned to the Administrative Section to act as the HRMO II.
3	Administrative Officer III (ADOF3)	14	The ADOF3 positions will act as Supply Officer II, Records Officer II and Cashier II in the Administrative Section.
2	Administrative Assistant III (ADAS3)	9	One (1) ADAS3 item will act as Senior Bookkeeper in the Finance Section, while the other ADAS3 item will serve as Computer Operator II in the Administrative Section.
2	Administrative Assistant II	8	One (1) ADAS2 item will serve as Budgeting Assistant in the Finance Section, while the other Administrative Assistant II position would serve as Human Resource Management Assistant in the Administrative Section.
13	Sub-total		

²⁴ The Accounting Group Classes of Positions have been re-allocated, among others, under Annex "B" of National Budget Circular No. 521 (Implementation of the First Tranche Monthly Salary Schedule of Civilian Personnel and Base Pay Schedule of Military and Uniformed Personnel in the National Government, as well as the Modified Position Classification System) dated 01 July 2009, of which the Accountant III item is reallocated from SG 18 to 19.

While the agency proposes varying number of positions in its staffing proposal in the Regional Offices, the EMB has identified the following classification of the ROs based on the level of industrialization of the regions as determined by the number of establishments, which are subject for monitoring, and population, which is a vital indicator since human activities contribute to the condition of the environment:

Regional Classification	Level of Industrialization	No. of Establishments ²⁵	No. of Population ²⁶
1 st Class	Highly Industrialized Region	80,001- above	10,000,001- above ²⁷
2 nd Class	Industrialized Region	30,001- 80,000	1,000,000- 10,000,000
3 rd Class	Industrializing Region	13,000-30,000	

The technical divisions of the ROs would have staffing corresponding to the RO's classification as indicated hereunder:

1st Class RO (NCR, and Regions III and IV-A)			2nd Class RO (Regions I, VI, VII, X and XI)			3rd Class RO (CAR, and Regions II, IV-B, V, VIII, IX, XII, XIII)		
No. of Pos.	Position Title	SG	No. of Pos.	Position Title	SG	No. of Pos.	Position Title	SG
	Clearance and Permitting Division			Clearance and Permitting Division			Clearance and Permitting Division	
1	Chief Environmental Management Specialist (EMS)	24	1	Chief Environmental Management Specialist (EMS)	24	1	Chief Environmental Management Specialist (EMS)	24
1	Engineer IV	22	1	Engineer IV	22	1	Engineer IV	22
1	Supervising EMS	22	1	Supervising EMS	22	1	Supervising EMS	22
1	Supervising EMS	22	1	Supervising EMS	22	1	Supervising EMS	22
1	Engineer IV	19	1	Engineer IV	19	1	Engineer IV	19
1	Engineer IV	19	1	Engineer IV	19	1	Engineer IV	19
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18			
1	Senior EMS	18						
1	Senior EMS	18						
1	Senior EMS	18						
1	Senior EMS	18						
1	Senior EMS	18						
1	Engineer II	16	1	Engineer II	16	1	Engineer II	16
1	Engineer II	16	1	Engineer II	16			
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15

²⁵ Geographical Spread of Micro, Small and Medium Enterprises in 2011 (<http://www.dti.gov.ph>)

²⁶ Population in 2010 (Population By Region Census Years 1980, 1990, 1995, 2000, 2007 and 2010 of the National Statistical Coordination Board)

²⁷ NCR and Regions III and IV-A have the most considerable number of population compared to the other regions which do not reach 7.5 Million

1st Class RO (NCR, and Regions III and IV-A)			2nd Class RO (Regions I, VI, VII, X and XI)			3rd Class RO (CAR, and Regions II, IV-B, V, VIII, IX, XII, XIII)		
No. of Pos.	Position Title	SG	No. of Pos.	Position Title	SG	No. of Pos.	Position Title	SG
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15			
			1	EMS II	15			
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
28	Sub-total		24	Sub-total		20	Sub-total	
	Environmental Monitoring and Enforcement Division			Environmental Monitoring and Enforcement Division			Environmental Monitoring and Enforcement Division	
1	Chief EMS	24	1	Chief EMS	24	1	Chief EMS	24
1	Engineer IV	22	1	Engineer IV	22	1	Engineer IV	22
1	Engineer IV	22	1	Engineer IV	22	1	Engineer IV	22
1	Supervising EMS	22	1	Supervising EMS	22	1	Supervising EMS	22
1	Supervising EMS	22	1	Supervising EMS	22	1	Supervising EMS	22
1	Engineer IV	19	1	Engineer IV	19	1	Engineer IV	19
1	Engineer IV	19	1	Engineer IV	19	1	Engineer IV	19
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18	1	Senior EMS	18	1	Senior EMS	18
1	Senior EMS	18						
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1	Senior EMS	18						
1	Senior EMS	18						
1	Senior EMS	18						
1	Senior EMS	18						
1	Senior EMS	18						
1	Chemist III	18	1	Chemist III	18	1	Chemist III	18
1	Information Officer III	18						
1	Engineer II	16	1	Engineer II	16	1	Engineer II	16
1	Engineer II	16	1	Engineer II	16	1	Engineer II	16
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15

1st Class RO (NCR, and Regions III and IV-A)			2nd Class RO (Regions I, VI, VII, X and XI)			3rd Class RO (CAR, and Regions II, IV-B, V, VIII, IX, XII, XIII)		
No. of Pos.	Position Title	SG	No. of Pos.	Position Title	SG	No. of Pos.	Position Title	SG
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15	1	EMS II	15
1	EMS II	15	1	EMS II	15			
1	EMS II	15	1	EMS II	15			
1	EMS II	15	1	EMS II	15			
1	EMS II	15	1	EMS II	15			
1	EMS II	15	1	EMS II	15			
1	EMS II	15	1	EMS II	15			
1	EMS II	15	1	EMS II	15			
1	EMS II	15						
1	EMS II	15						
1	EMS II	15						
1	EMS II	15						
1	Chemist II	15	1	Chemist II	15	1	Chemist II	15
1	Information Officer II	15	1	Information Officer II	15	1	Information Officer II	15
1	Information Officer II	15	1	Information Officer II	15			
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
1	EMS I	11	1	EMS I	11	1	EMS I	11
			1	EMS I	11	1	EMS I	11
			1	EMS I	11	1	EMS I	11
			1	EMS I	11			
			1	EMS I	11			
			1	EMS I	11			
56	Sub-total		47	Sub-total		35	Sub-total	
84	Total		71	Total		55	Total	

12.4 Consistent with the institutionalization of 46 Provincial Environmental Management Units (PEMUs), one (1) PEMU would be staffed by one (1) Supervising Environmental Management Specialist/SG 22 and one (1) Environmental Management Specialist II/SG 15 positions. However, considering that no PEMU would be reflected in the EMB organizational structure, said positions would be lodged under the Clearance and Permitting Division (CPD) in each RO.

The additional manpower complement in each CPD for deployment to PEMUs are as follows:

Regional Office	No. of PEMUs	No. of positions (1 PEMU = 1 Supervising EMS and 1 EMS II)
I	3	6
CAR	5	10
II	4	8
III	4	8
IV-A	3	6
IV-B	3	6
V	3	6
VI	2	4
VII	2	4
VIII	4	8
IX	2	4
X	3	6
XI	2	4
XII	2	4
XIII	4	8
Total	46	92

12.5 As part of the additional proposal made on 10 April 2013, the proposed reclassification of the existing Director IV/SG 28 position into a Director VI/ SG 29 item **is not considered** as the OSSG prescribes that the head of a Bureau is a Director IV/SG 28.

12.6 The approved staffing pattern, which consists of **1,591** positions, will be funded from the existing PS budget of the EMB and from the **1,840** funded vacant²⁸ positions as offered by the DENR OSEC, as follows:

From	Funding (PhP)
EMB	177,968,818
DENR OSEC (CO and ROs)	241,742,119
Total	419,710,937

However, in case there would be an excess on the PS budget offered by the DENR as a result in the actual placement of the EMB of its existing positions in the approved staffing pattern, the PS savings would be returned to the DENR.

The SP for the Agency is indicated in *Attachment C*.

²⁸ At the start of the rationalization efforts

IV. Action Taken

- 13.0 The changes in the agency's organizational structure and staffing complement would result in the following:

PARTICULARS	Authorized	Filled Pos. at the Start	Proposed	Approved
No. of organizational units-CO	5	-	8	10
No. of ROs	15	-	16	16
No. of organizational units per RO	-	-	4	4
No. of positions				
CO	429	172	516	164
ROs	601	560	1,304	1,427
Total No. of Positions	1,030	732	1,820	1,591

- 14.0 The agency would no longer have a lump-sum appropriation for the salaries/wages of contractuels/casuals//emergency personnel.

ACCOUNTING AND FINANCIAL REPORTING SYSTEM

The Accounting and Financial Reporting System presents the basic policies and procedures in recording, classifying, summarizing, and reporting the financial transactions of the AWQMF. It follows the basic features and policies prescribed by the NGAS in recording, classifying, summarizing, and reporting the financial transactions of regular government agencies/offices.

Several parts of the discussions below may not apply specifically to the use of the AWQMF but they have been included to ensure completeness of the discussion.

1.0 Accounting Systems and Procedures

The Accounting system and procedures for the AWQMF are presented in the subsequent sections.

1.1 General Accounting Plan (GAP)

GAP shows the overall accounting system of the AWQMF. It includes the source documents, flow of transactions and its accumulation in the books of accounts, and their conversion into financial information/data presented in the financial reports.

1.1 Books of Accounts, Registries, and Records

Under the provisions of the NGAS, national government agencies (NGAs) shall maintain national government books of accounts to record income/receipts, which the agencies are not authorized to use and are required to be remitted to the National Treasury. These shall consist of journals, ledgers, and registries.

Following government accounting rules and regulations, these books of accounts shall be maintained at the Agency Level. For proper accounting of allotments/sub-allotments received, the Accounting Section/ Unit shall maintain separate books of accounts for the AWQMF to enable it to prepare the required financial reports. Description of these books of accounts is presented below.

Table 1. AWQMF Books of Accounts

Books of Accounts	Contents
Journal	<ul style="list-style-type: none"> • General Journal • Cash Receipts Journal • Cash Disbursements Journal • Check Disbursements Journal
Ledger	<ul style="list-style-type: none"> • General Ledgers • Subsidiary Ledgers
Registry	<ul style="list-style-type: none"> • Registries of Revenue and Other Receipts – Special Account • Registries of Appropriations and Allotments • Registries of Budget, Utilization and Disbursements • Registry of Allotments and Notice of Cash Allocation • Registry of Allotment and Notice of Transfer of Allocation • Registry of Accounts Written-Off

Journal

Journals are books of original entry and are used to record, in time sequence, the financial transactions and information presented in duly certified and approved accounting document.

Ledger

Ledgers are the books of final entry. All accounting transactions are posted in this book using the double entry system.

Registry

Registries are books maintained by an agency to monitor approved budget received, utilizations and disbursements, revenue and other receipts, NCAs received and utilized infrastructures, dormant account, accounts written-off and loans and grants.

Registry of Budget, Utilization, and Disbursements (RBUD)

The Registries of Budget, Utilization and Disbursements (RBUD) shall be maintained by the Budget Section/Unit of agencies to record the approved special budget and the corresponding utilizations and disbursements. It shall show the approved budget received for the year, utilization and disbursements against the corresponding approved budget, the actual utilization and disbursements made. The balance is extracted every time an entry is made to prevent incurrence of utilizations in excess of approved budget and overdraft in disbursements against utilizations. The RBUD shall be maintained by legal /authority, fund cluster, MFO/PAP and budget classification.

1.3 Accounting Forms and Reports

Transactions of the AWQMF shall be processed using the forms prescribed by NGAS

1.4 Chart of Accounts as Object Code in the Unified Accounts Code Structure (UACS)

- COA Circular No. 2013-002 dated January 30, 2013 prescribing the adoption of the Revised Chart of Accounts (RCA) for National Government Agencies (NGAS) effective January 1, 2014;
- COA-DBM-DOF Joint Circular No. 2013-1 dated August 6, 2013 prescribing the UACS;
- COA-DBM-DOF Joint Circular No. 2014-1 dated November 7, 2014 providing the enhancement of UACS prescribed under COA-DBM-DOF Joint Circular No 2013-1
- COA Circular No. 2015-007 dated 22 October 2015

The Chart of Accounts provides the framework within which the accounting records are constructed. It is prescribed for use by all NGAs and LGUs to achieve uniformity in recording government financial transactions.

Table 2. Grouping of Account Codes

Assets	
Liabilities	
Revenue/Income (Net Assets/Equity)	
General Income Accounts	
Specific Income Accounts	
Expenses	
Personnel Services	
Maintenance and Other Operating Expenses	
Financial Expenses	
Capital Outlay	

Table 3. Fund Accounting

Code	Description
01	Regular Agency Fund
02	Foreign Assisted Projects Fund
03	Special Account - Locally Funded Domestic Grants Fund
04	Special Account - Foreign Assisted/Foreign Grants Fund
05	Internally Generated Fund
06	Business Related Funds
07	Trust Receipts

2.0 Processing and Recording of Transactions

AWQMF transactions shall be processed and recorded following the procedures prescribed by NGAS for the following transactions systems.

The Monitoring Team is responsible for the preparation of Billing indicating therein the Assessment due (description/ permit fees/computation of fees) to be paid by the concerned entity.

Table 4. Procedures for the preparation of billing

Seq No.	Area of Responsibility	Activity
1	Entity/Payor	Request for a Billing for the payment of Assessment due to be paid by the entity/payor
2	Monitoring Team/Designated Staff	Prepares the Billing for the assessment due. Signs "Prepared by" and forwards it to the Monitoring Team Section Head
3	Monitoring Team Section Head	Reviews and signs "Approved by". Forwards the billing to Monitoring Team R&R.
4	Monitoring Team R & R	Records the Billing in the logbook and released same to the Payor.
5	Entity/Payor	Receives the copies of Billing on Assessment due (permit fees/fines and penalties)

2.1 Reporting of Collections and Deposits

All collections on permit fees/fines & penalties, including grants and donations received for the AWQMF shall be deposited with the Bureau of the Treasury through the AGDB. It shall be deposited/recorded under the Special Account in the General Fund Cluster 03 Fund Code 153 for AWQMF. Deposits shall be made daily or not later than the next banking day. The agency shall ensure the prompt periodic reporting of collections and other receipts to the Chairman of the WQMA GB, who in turn shall furnish reports to the DBM, COA, Congress and other concerned agencies.

Table 5. Procedures for Collections and Deposits through the SCO

Seq No.	Area of Responsibility	Activity
1	Entity/Payor	Request for the Order of Payment from the Accounting Unit Head based on the corresponding Billing issued by the Section Head of the Monitoring Team duly approved.
2	Accounting Unit Concerned Staff	Prepares the Order of Payment, initials and forwards same to the Accounting Unit Head or authorized representative for signature.
3	Cash Unit/SCO	Receives the cash/check, Copies of Order of Payment and Copies of the Billing from the Payee and Issue Official Receipt to acknowledge receipt

		<p>of cash/check.</p> <p>Note: Payor - original OR, Copy of Billing, Order of Payment Accounting- copy of OR, Copy of Billing, copy of Order of Payment COA - Copy of OR, Copy of Billing, Copy of Order of Payment (to be attached to the Report of Collections and Deposits through the Accounting Section) Cashier Unit - file copy</p> <p>Note: A separate Official Receipt booklet to be used for each funds 152/153</p>
4	Cash Unit/SCO	<p>Prepares Deposit Slips (DS) and remit the collections to the BTr through the AGDB</p> <p>Note: AGDB - original/validated DS COA - DS validated copy (attached to RCD) Cashier Unit- DS validated copy (file)</p>
5	Cash Unit/SCO	Records collections in the Cash Receipts Record. (<i>Appendix 29</i>). This CRR shall be duly certified correct by SCO. This report shall monitor the cash accountability for undeposited collections
6	Designated Staff	Prepare the Report of Collections and Deposits (RCD) (<i>Appendix 26</i>) Initials and forwards the report to the Cash Unit Head for review and certification.
7	Cash Unit Head	Review and duly sign the 'Certification' of the RCD. Forwards the same to the Accounting Section/Unit for recording in the books of accounts
8	Cash Unit R&R	Records in the logbook and release the RCD together with copies of OR, Billing, OP, validated DS to Accounting Section/Unit
9	Accounting Unit R&R	Receives RCD, SDs and records in the logbook, forwards same to the Bookkeeper for preparation of JEV. Signs 'Prepared by' and forwards to the Accounting Unit Head for approval.
10	Accounting Unit Head	Review the JEV and sign "Certified Correct by". Forwards the JEV to the Bookkeeper for recording in the CRJ
11	Bookkeeper	Based on the RCD, prepares JEV in two copies and signs "Prepared by" portion of the JEV. Forwards the JEV and documents to the Head of the Accounting Unit for review and signature
12	Accounting Unit Head	Review and signs "Certified by" portion of the JEV. Forwards the JEV and documents to the Bookkeeper for recording in the CRJ.

At the close of the business day, the Collecting Officers shall prepare the Report of Collections and Deposits (RCD) for submission to Accounting Unit. The report lists all the Official Receipts (ORs) issued in sequence including cancelled ones.

The RCD shall be supported by documentary evidence such as duplicate copies of ORs and validated deposit slips.

The Regional Offices without complete set of books shall record their collections of income chronologically in the Cash Receipts Register (CRReg). The certified copy of the CRReg together with the required supporting documents, duplicate copies of ORs and Deposit Slips shall be submitted within five (5) days after the end of each month to the concerned Regional Office Accounting Unit for review and recording of the transactions in the CRJ by the Accounting Unit Head.

2.2 Dishonored Checks

A check paid to the agency that was dishonored by the AGDB due to "Drawn Against Insufficient Fund (DAIF)" or "Drawn Against Uncleared Deposits (DAUD).

When a check drawn in favour of the government is not accepted by the drawee for any reason, the drawer shall continue to be liable for the sum due and all penalties resulting from delayed payments, drawer shall be criminally liable therefor.

Responsibility over dishonoured checks:

- When a check is dishonoured by non-payment or non-acceptance, the Collecting Officer should issue a Notice of Dishonoured Check to the drawer and to each endorser to whom such notice is not given is discharged from liability. The NDC shall be furnished to the Agency Head, Accounting Unit Head, Auditor and a copy retained by the Collecting Officer. The Collecting Officer shall cancel the OR covering the dishonoured check. If necessary, the Head of the Agency shall promptly institute the corresponding action for the collection of the amount involved;
- The Collecting Officer neglecting or failing to give the NDC to the drawer, who, as a result thereof, is discharged from liability, shall be personally answerable for the resulting loss suffered by the government.; and
- A dishonoured check shall be settled by tendering payment in cash or by certified check to the Collecting Officer concerned. No other mode of payment shall be accepted.

Upon settlement of the dishonoured check, the SCO shall not return the check to the payor unless the latter first surrenders the previous OR thereof. If the OR is no longer available, sworn statement to the effect that it has been lost or misplaced should be submitted by the payor.

2.3 Collections through the Bank

A Memorandum of Agreement with the specified bank shall be established for the collections and deposits of AWQMF funds. The billing issued by the Agency Monitoring Team Section Head shall be used as a basis for remittance/deposits through the bank.

Table 6. Procedures for Collections through AAB/AGDB

Seq No.	Area of Responsibility	Activity
1	Accounting Unit R&R	Receives the Consolidated Report of Daily Collections (CRDC) from the AAB/AGDB. Records receipt in the logbook and forwards the same to the Bookkeeper for preparation of JEV
2	Bookkeeper	Based on the CRDC, prepares JEV to recognize the collections and deposits and signs the "Prepared by" portion of the JEV. Forwards the JEV and CRDC to the Accounting Unit Head for review and signature.
3	Accounting Unit Head	Reviews and signs "Certified Correct by" portion of the JEV and SDs for recording in the GJ

2.4 Registries of Revenue and Other Receipts

The registry applicable for AWQMF is RROR (Appendix 7B) Fund Cluster SA-Locally Funded/Domestic Grants Fund and shall be maintained by the Budget Section/Unit of NGAs to monitor the revenue and other receipts estimated/budgeted, collected and remitted/deposited.

3.0 Budgetary Accounts System

The Budgetary Accounts system encompasses the receipt, monitoring, and recording of approved budget, utilization of the AWQMF.

While the following procedures and documentation in general, it refers to all government funds released to an agency like the EMB, they also apply to the AWQMF.

Where applicable, the procedures have been adopted to the Budget and Accounting units of the EMB regional offices.

3.1 Procedures in Monitoring and Recognizing Revenue and Other Receipts

Table 7. Recognizing Estimated Revenue/Other Receipts

Seq No.	Area of Responsibility	Activity
1	Budget Unit Staff Concerned	Receives Copy of the Estimated Revenue per Approved Budget of the Agency (ERABA). Records the same in the logbook and forwards the ERABA and the supporting documents (SDs) to the Budget Staff.
2	Budget Staff	Records the estimated revenue/other receipts in the appropriate column of RROR. Files the RROR and the copy of ERABA for reference.

Table 8. Recognizing Revenue/Other Receipts Collected and Deposited

Seq No	Area of Responsibility	Activity
1	Budget Unit Staff Concerned	Receives from the Cash Unit, a copy of the Report of Collections and Deposits (RCD), TRA, Cash Receipts Register (CRReg) Credit Memo/Abstract of Deposits. Records the same in the logbook and forwards the documents to the Budget Staff Note 1 - The TRA is used by the BIR to recognize the income from taxes withheld by various NGAs. Note 2 - The CRReg is used by OUs of the NGAs without Complete set of books of accounts Note 3 - The Credit Memo/Abstract of Deposits from the bank is Used to recognize revenue deposits with the National Treasury through the AGDBs or Authorized Agent Banks (AABs)
2	Budget Staff	Records the collections of revenue/other receipts/constructive receipts of revenue under the appropriate column of the RROR. Files the RROR and the copy of RCD and SDs for reference

3.2 Registry of Appropriations and Allotments

The Registry of Appropriations and Allotments (RAPAL) shall be maintained by the EMB-RO to monitor appropriations and allotments charged thereto. It shall show the original, supplemental and final budget for the year and all allotments received charged against the corresponding appropriation. The balance is extracted every time an entry is made to prevent incurrence of overdraft in appropriations. Separate RAPAL shall be maintained by fund cluster and by Major Final Output (MFO/PAP/Appropriation Acts).

3.3 Registries of Budget, Utilization and Disbursements

The Registries of Budget, Utilization and Disbursements (RBUD) shall be used to record the approved budget and the corresponding utilizations and disbursements. It shall be maintained by legal/authority, fund cluster, MFO/PAP and budget classification. It is further classified into:

- RBUD - PS - Personnel Services (Permanent Status)
- RBUD-MOOE - Maintenance and Other Operating Expenses
- RBUD-FE - Financial charges (e.g. bank charges etc.)
- RBUD-CO - Capital outlay

3.4 Budget Utilization Request and Status

The incurrence of utilization shall be made through the issuance of BURS. It shall be prepared by the Requesting/Originating Office supported by valid claim documents like DVs, payrolls, purchase orders, itinerary of travel etc. The Head of the Requesting/Originating Office shall certify in Section A of the BURS as to the necessity and legality of charges to the budget under his supervision, and validity and propriety of SDs. The Budget Unit Head shall certify to the availability of budget and utilization in accordance with its purpose by signing in Section B of the BURS.

3.5 Subsidiary Record for Budget Utilization

The Section C of the BURS shall serve as the subsidiary record to monitor utilization to be maintained by the Budget Section/Unit. It shall contain the original amount of utilization, payable (goods delivered and services rendered) and the actual amount paid after the processing of the claim.

3.6 Adjustment of Budget Utilization

Adjustment of budget utilization after the processing of the claim by the Regional Accounting Unit be made through the use of Notice of Budget Utilization Request and Status Adjustment (NBURSA). The adjustment shall be effected thru a positive entry (if additional utilization is necessary) or a negative entry (if reduction is necessary) in the 'Utilization' column of the BURS and RBUD.

3.7 Notice of Budget Utilization Request and Status Adjustment

The NBURSA shall be prepared by the Accounting Section/Unit after the processing of the claim which shall be used in adjusting the original amount utilized to the actual utilization in the RBUD. It shall be forwarded by the Accounting Unit to Budget Unit to take up the adjustments of utilization in the RBUD. The following transactions shall also need adjustments of budget utilizations:

Table 9. Transactions needing adjustments of budget utilizations

Transactions	Supporting Documents
Refund of Cash advance granted during the year	Certified copies of official receipts and other SDs
Over/Underpayment of expenditures during the year	Certified copies of official receipts and bills and other SDs
Disallowances pertaining to expenses incurred during the validity period of the budget that became final and executory during the same period	Certified copies of official receipts and bills, notice that the disallowances are final and executory, and other SDs

3.8 Recording of Disbursement in the RBUD

The disbursement shall be posted in Section C of the BURS and recorded in the appropriate RBUD based on the RCI, RADAI, TRA and JEV furnished by the Cashier Unit/Accounting Unit to the Budget Unit.

Approved Budget is the expenditure authority derived from appropriation laws, government ordinances, and other decisions related to the anticipated revenue or receipts for the budgetary period for AWQMF.

3.9 Accounting of Utilization

Utilization refers to a commitment by a government agency arising from an act of a duly authorized official which binds the government to the immediate or eventual payment of a sum of money. The agency is authorized to incur utilization only in the performance of activities which are in pursuit of its functions and programs authorized in appropriation acts/laws within the limit of the Approved Budget.

Table 10. Procedures in Monitoring Budget, Utilization and Disbursements

Seq No	Area of Responsibility	Activity
		Posting of Approved Budget
1	Budget Unit Section R&R	Receives the approved budget (AB) from DBM Records the same in the logbook Forwards the AB to the Staff Concerned for recording in the appropriate RBUD
2	Staff Concerned	Records the AB in the 'Budgeted Column' of the RBUD Forwards an AB copy to the Accounting Section for reference
		Posting of Utilization
3	Budget Unit, Finance Section R&R	Receives the BURS duly signed by the Head of Requesting Office including copies of DV/Payroll, Contract/PO and other SDs. Verifies completeness of the documents. If complete, records the utilization in the appropriate column. If incomplete, returns the documents to the Requesting Office for completion
4	Budget Unit Staff Concerned	Receives the BURS and its SDs from R&R. Verifies availability of budget based on the appropriate RBUD If budget is available, assigns number on the BURS. Initials in Section B and forwards the documents to the Budget Section/Unit Head for signature. If not, return the documents to the office/personnel concerned.
5	Budget Unit Head	Reviews the BURS and SDs. Signs the certification in Section B of BURS. Forwards documents to R&R Staff
6	Budget Unit R&R	Records in the logbook and release the documents for processing of claims to the Accounting Unit Retains original copy of the BURS for maintenance/monitoring of utilization status
		For succeeding activities - Accounting Unit
		Posting of Disbursement
7	Budget Unit R&R	Records in the logbook the receipt of RCI, RADAI from Cash Unit, TRA, JEV and NBURSA from Accounting Section. Forwards the same to the concerned Staff
8	Staff Concerned	Posts the RCI, RADAI, TRA, JEV in Section C, Payment Column of the

		BURS and to the Disbursement Column of the RBUD Determines the balance of unpaid utilization in Section C of BURS Files the RCI, RADAI, TRA, JEV and other documents for reference
		Adjustment of Utilization
9		Posts the NBURSA in the 'Utilization Colum ' of Section C BURS. Any excess of the actual budget utilization over the original amount, a positive entry shall be recorded in the RBUD. If the recorded utilization is greater, a negative entry shall be recorded in the RBUD.

Utilization shall be taken up in the registries through the BURS prepared and processed by the Budget Unit. The Budget Unit Head or the designated Budget Officer shall certify the approved budget availability. They are also duly obligated to sign in the appropriate box of the BURS. On the other hand, the Accounting Unit Head shall certify the correctness and validity of utilization and availability of funds. Both Budget and Accounting Units shall coordinate with each other in filling-up the Status of the Utilization in their respective copies of the BURS.

3.10 Presentation of Budget Information in the Financial Statements on a Comparable Basis

An agency shall prepare a comparison of the budget and actual amounts spent as a separate statement since the budget and financial statements are not prepared on a comparable basis in accordance with PPSAS (Par 23. PPSAS 24)

3.11 Statement of Comparison of Budget and Actual Amounts

This shall be prepared on the various registries maintained by the Budget Unit such as the RRORs, RAPAL, RBUD and other SDs. The data on Actual Amounts shall be verified by the Accounting Section in the Statement of Cash Flows (SCF). The Statement shall present the following:

- The original approved appropriations, prior year's not yet due and demandable utilizations) and final budget (continuing appropriations, transfers, realignments and withdrawals) amount
- The actual amounts on a comparable basis
- By way of note disclosure, an explanation of the material differences between the budget and actual amounts, which are not included in the financial statements.

3.12 Changes from Original to Final Budget

The Regional Office shall present an explanation of whether the changes between the original and final budget are a consequence of reallocations within the budget by way of note disclosure in the FSs.

3.13 Reconciliation of Actual Amounts on a Comparable Basis (Budget) and Actual Amounts in the Financial Statements

The actual amounts presented on a comparable basis to the budget shall be reconciled with the actual amounts presented in the FSs identifying separately the differences as follows:

- Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis
- Timing differences, which occur when the budget period differs from the reporting period reflected in the FSs

- Entity differences, which occur when the budget omits program or entities that are part of the entity for which the FSs are prepared

The reconciliation shall be disclosed as part of the Notes to the FSs.

3.14 Disclosures of Budgetary Basis, Period and Scope

The agency shall explain in the Notes to FSs the budgetary basis (cash or accrual, or some modification thereof) used in the preparation and presentation of the budget and the accounting basis used in the FS. The period and the entities included in the approved budget shall also be identified in the notes to FS.

3.15 Preparation of the Budget Reports

Quarterly Physical Report of Operation (QPRO). Budget Accountability Report (BAR) No. 1 This report shall reflect the Agency's actual physical accomplishments as at a given quarter, in terms of the performance measures indicated in its Physical Plan

Table 11. Procedures for the Preparation of the Statement of Comparison of Budget and Actual Amounts

Seq No.	Area of Responsibility	Activity
1	Budget Unit Staff concerned	Based on the RRORs, RAPAL, RBUDs and SDs, obtain the data on budgeted and actual revenue, appropriations, approved budget, utilizations and disbursements and post these in the appropriate column of the SCBAA.
		Note 1- The number in the 'Notes' column shall correspond to those shown in the Notes to FS prepared by the agency
		Note 2- The Receipts portion of the statement shall contain the various revenue and other receipts of the agency showing the following: <ol style="list-style-type: none"> Budgeted Amount <p>Original - the approved estimated revenue of the Entity per major account based on the RROR maintained by the agency</p> <p>Final - the approved estimated revenue of the entity after effecting the adjustments as reflected in the RROR</p> <p>In cases where the estimated revenue was not reflected on the approved budget, the actual collections shall be considered as the estimated revenue (final). The same shall be disclosed in the notes to the FSs.</p> Actual Amounts on Comparable Basis - refer to collections received from revenue transaction based on the RCD, CRReg (for OU without complete set of books) and CM/Abstract of Deposit as posted in the RROR
		The NCA received for funding requirements of the agency shall not be considered as receipts for the purpose of this statement
		Note 3- The Payments portion of the SCBAA shall contain the expenditures of the agency classified into PS, MOOE, CO, FE and Other Disbursements showing the following: <ol style="list-style-type: none"> Budgeted Amount <p>Original - the approved appropriations of the agency as reflected in the GAA and appropriations law.</p>

		<p>Final - the approved appropriations of the Agency after effecting the adjustments (transfers, realignments and withdrawals) as reflected in the RAPAL</p> <p>b. Actual Amounts on Comparable Basis - refer to actual payments/disbursements posted in the RBUD based on the RCI, RADAI, TRA and JEV for disbursements not recorded in the RCI and RADAI. For OU without complete set of books, the source documents are the CReg, CReg and the JEV</p> <p>Note 4 - This statement shall be prepared by fund cluster based on the UACS</p> <p>Note 5 - In addition to Note 4, a consolidated/combined Statement of all fund clusters shall be prepared</p>
2	Budget Staff	<p>Prepares the SCBAA and forwards to the Accounting Section for verification of the actual amounts with the accounting records and the SCF</p> <p>Note 6 - The difference between the Final Budget and the Actual Amounts in the SCBAA shall be reconciled with the Balances of unreleased budget, unutilized budget, and unpaid utilizations reflected in the SABUDB</p>
3	Budget Unit Head	Signs the "Certified Correct" portion of the SCBAA.
4	Accounting Unit Staff concerned	<p>Receives the copies of SCBAA from the Budget Section and retrieves the copy of the SCF.</p> <p>Verifies the receipts and payments on the Actual Amount columns of the SCBAA with the inflows and outflows in the SCF.</p> <p>Coordinate with the Budget Section the discrepancy discovered, if any. Once verified, forwards the copies of the SCBAA and SCF to the Head of Accounting Section</p>
5	Accounting Unit Head	Signs the "Certified Correct" portion of the SCBAA
6	Accounting Unit Staff	<p>Signs the signed SCBAA to the Audit Team Leader, together with other FSs.</p> <p>Furnish one signed copy of the SCBAA to Budget Section for file</p>

3.16 Statement of Approved Budget, Utilizations, Disbursements and Balances (FAR) No. 2.

This report shall reflect the approved budget, the utilizations, disbursements and balance of the entity's income authorized by law to use, duly approved and shall be prepared by FSC as clustered.

3.17 Summary of Approved Budget, Utilizations, Disbursements and Balances by Object of Expenditures FAR No. 2-A.

This report shall reflect the details of the approved budget, utilizations, disbursements and balance of the entity's income authorized by law to use presented by object of expenditures consistent with COA Revised Chart of Accounts and shall be prepared by Funding Source Code as clustered.

3.18 Aging of Due and Demandable Obligations FAR No. 3.

This report shall be prepared by FSC as clustered and shall reflect the balance of unpaid utilizations as indicated in the BURS and the ADDOs as at year-end

3.19 Monthly Report of Disbursements - FAR No. 4

The report shall reflect the total disbursements made by department, office or entity and operating unit from the following disbursement authorities:

- i. Notice of Cash Allocation
- ii. NCA for Working Fund issued to BTr as an advance funding from loan/grant proceeds in favour of the entity
- iii. Tax Remittance Advice issued
- iv. CDC issued by departments with foreign-based agencies or units
- v. Non-Cash Availment Authority
- vi. Others, e.g. Customs, Duties and Taxes (CDT) BTr Documentary Stamps

The report shall track the actual disbursement of the department against their Disbursement Program. The reasons for over/under spending shall be indicated.

3.20 Quarterly Report of Revenue and Other Receipts - FAR No. 5

This report shall reflect the actual revenue and other receipts/collections from all sources remitted with the BTr and deposited in other AGDB for the current year presented by quarter, and by specific sources consistent with the COA- Revised Chart of Accounts.

3.21 Submission of Budget and Financial Accountability Reports

All departments/agencies shall observe the following timelines in submitting the required FARs to COA-GAS and DBM:

Due dates - 30 days after the end of the quarter

SABUDB - FAR No. 2	- Statement of Approved Budget, Utilization, Disbursements & Balances
SABUDBOE - FAR No. 2-A	- Statement of Approved Budget, Utilization Disbursement & Balances By Object of Expenditures Balances
QRROR - FAR No. 5	- Quarterly Report of Revenue and Other Receipts
ADDO - FAR No. 3	- Aging of Due and Demandable Obligations (<i>Jan 30th ensuing year</i>)
MRD - FAR No. 4	- Monthly Report of Disbursements (<i>Jan 30th ensuing month</i>)

The Accounting Section/Unit Head shall prepare the Quarterly Report of Revenue and Other Receipts (QRROR) and submit the report to the GAS-COA, DBM and the BTr within 30 days after the end of the quarter for Special Account (SAGF).

3.22 Notice of Cash Allocation

The NCA is the authority issued by DBM and credited to the Special MDS Accounts for SAGF to cover payments of authorized claims.

3.23 Notice of Transfer of Allocation

The NTA is a transfer of funds from the EMB Central Office, and it is an addition to their NCA directly released from DBM, and shall be the authority of the regional and operating units to pay their operating expenses.

3.24 Recording of the Receipt of NCA/NTA

The CO/ROs/OU's shall record in the RANCA/RANTA all NCAs/NTAs received and the amount disbursed to control and monitor unfunded utilizations and the balance of disbursement authorities.

Table 12. Procedures for Recording of Receipts and Utilization of NCAs/NTAs

Seq No.	Area of Responsibility	Activity
1	Accounting Unit Head	Receives copy of the SARO, and posts the allotment in the "Allotment Received" column of the RANCA/RANTA
2	R & R Staff	Receives copy of NCA/NTA from DBM and records in the logbook. Forwards NCA/NTA to the Designated Staff for recording in the RANCA/RANTA.
3	Designated Personnel	Records the receipt of NCA/NTA in the RANCA/RANTA
		Records the amount disbursed/utilized in the RANCA/RANTA based on processed DVs/Payroll
		Indicates the balance of the Unutilized NCA/NTA and Unfunded Allotment
4	Staff Concerned	Records the AB in the 'Budgeted Amount' column of the RBUD and forwards copies of the budget documents to the Accounting Section for reference.
		Posting of Utilization
5	R & R Staff	Receives the BURS, duly signed by the Head of the Requesting Office including copies of DV/Payroll, Contract/PO and other SDs from concerned office/personnel. Verifies completeness of the documents. If complete, records the same in the logbook maintained for the purpose and forwards the documents to Staff Concerned for recording of utilizations in the appropriate RBUD. If incomplete, returns the documents to Requesting Office for completion.
6	Staff Concerned	Receives the BURS and its SDs from R & R Staff. Verifies availability of budget based on the appropriate RBUD.
7		If budget is available, assigns number on the BURS based on the Control Logbook maintained for the purpose. Records the amount utilized based on the BURS in the 'Utilization' column of the RBUD. Initials in Section B of the BURS and forwards all copies of the documents to the Budget Section Head for signature. If budget is not available, returns the documents to the office/personnel concerned.
8	Budget Unit Head	Receives the BURS and SDs. Signs the certification in Section B of the BURS. Forwards to the Staff Concerned the BURS and SDs.
9	Staff Concerned	Records in the logbook the release of the BURS and SDs to the Accounting Section/Unit for processing of the claim. Retains original copy of the BURS for maintenance/monitoring of utilization status.
		Posting of Disbursement
10	R & R Staff	Records in the logbook the receipt of the RCI and RADAI from the Cashier Unit, and TRA, JEV and NBURSA from the Accounting Section. Forwards the same to the Staff Concerned.
11	Staff Concerned	Posts the RCI/RADAI/TRA/JEV in Section C, Payment Column of the BURS and to the Disbursement column of the RBUD.
12		In Section C of the BURS, determines the balance of unpaid utilizations. Files the RCI, RADAI, TRA, JEV and other documents for reference.
		Adjustment of Utilization
13	Staff Concerned	Posts the NBURSA in the 'Utilization' column of Section C of the BURS. For any excess of the actual budget utilization over the original amount, a

		positive entry corresponding to additional utilization shall be recorded in the RBUD based on the NBURSA. If the original utilization is greater, a negative entry representing the excess shall be recorded in the RBUD.
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4.0 Disbursements

The different modes of disbursements are as follows:

1. MDS checks or commercial checks
2. Cash (out of cash advance granted to authorized Disbursing Officer)
3. Advice to Debit Account (ADA)
4. Tax Remittance Advice (TRA)
5. Direct Payment Method/eMDS

4.1 Disbursement by Check

Checks shall be drawn only on duly approved Disbursement Voucher (DV). These shall be used for payment of regular expenses which cannot be conveniently nor practically paid using the ADA or not authorized to be paid using the Petty Cash Fund or advances for operating expenses. Checks issued shall be reported and recorded in the books of accounts whether released or unreleased to the respective payees.

There are two types of checks issued by agencies:

- Modified Disbursement System Check - are checks issued by government agencies chargeable against the account of the Treasurer of the Philippines, which are maintained with different MDS-GSBs.
- Commercial checks - are checks issued by NGAs chargeable against the Agency Checking Account with GSBs. These shall be covered by income/receipts authorized to be deposited with AGDBs.

All checks drawn during the day, whether released or unreleased including cancelled checks shall be recorded chronologically in the Checks and ADA Disbursements Record (CkADADRec) maintained by the Cash Unit. The date the checks were actually released shall be indicated in the appropriate column provided for in the CkADADRec. All checks/ADA drawn whether released or unreleased shall be included in the Report of Checks Issued (RCI) or Report of ADA Issued (RADAI) which shall be prepared daily by the Cashier. The RCI/RADAI together with the original copies of the supporting documents (SDs) shall be submitted to the Accounting Section for preparation of JEV. At the end of the year, a Schedule of Unreleased Commercial Checks shall be prepared by the Cashier for submission to the Accounting Section/Unit for the adjusting entries needed for unreleased commercial checks. The unreleased checks will be restored to the Cash in Bank, Local Currency Current Account and credit to the appropriate liability account.

Table 13. Procedures for Disbursement by Checks

Seq No	Area of Responsibility	Activity
		Preparation of DV
1	Requesting Office Designated Staff	Prepares the DV to initiate the payment of claims. Forwards the DVs, SDs, Payroll, Contract/Purchase Order (PO) and BURS to the Budget Section for processing.
		Processing of DV

2	Accounting Unit R&R	Receives Copy of DV, original SDs, and Copy of BURS from Budget Section/Unit. Checks completeness of SDs. If incomplete, returns to the Requesting Office for compliance. If complete, stamps "Received" and indicates date of receipt and initials on the stamped "Received" portion of the DV
3		Assigns DV number and records in the logbook the DV number and date, payee, particulars, and amount. Forwards Copy of DV, SDs, and Copies of BURS to the Designated Staff for processing.
		Preparation of DV
		Numbering structure for DV shall be as follows Fund Cluster Code 03 Year of Issue 2016 Month of Issue 01 Serial Number 0001 (One series per fund) DV number shall be indicated on every sheet of the SDs
4	Processing Staff	Receives Copy of DV, SDs, and Copy of BURS from the Accounting R&R Staff. Reviews DV for completeness and propriety of SDs
5		Retrieves Index of Payments (IP) from file and determines if claims is in order. If with prior payment on the same claim, returns the DV, SDs and BURS informing the requesting office/party that there was prior payment made. If in order, verifies BURS against the DV. If the amounts in the BURS and DV are the same, records the following in the IP: DV date and number, particulars and amount.
		For first time claimant, prepares IP and records <ul style="list-style-type: none"> • Name of creditor/claimant/employee/ • address of creditor/claimant/employee/TIN • DV date and number • Particulars • Amount
		If the amounts in the BURS and DV differ, prepares NBURSA and signs "Prepared by" portion. Forwards Copy of NBURSA, Copy of DV, Copy of BURS and SDs to the Accounting Section Head for approval of the NBURSA.
6	Head Accounting Unit	Signs the "Approved by" of the NBURSA
7	Accounting R&R	Records in the logbook the return of Copy of NBURSA, Copy of DV, Copy of BURS and SDs to Budget Section for correction of utilization.
8	Budget Unit Designated Staff	Posts the NBURSA in the Obligation Column of Section C of the BURS. If the original amount is lesser than the actual Obligation, a positive entry corresponding to additional obligation shall be recorded in the RBUD based on the NBURSA. If the original amount is greater, a negative entry representing the excess shall be recorded in the RBUD. Returns Copy of NBURSA together with the Copy of DV, Copy of BURS, and SDs to the Accounting Section/Unit for processing. File Copy of NBURSA together with the original copy of the BURS.
9	Accounting Unit Designated Staff	Accomplish Box B of DV <ul style="list-style-type: none"> • Journal Entry, indicate UACS code, amount • Initials in Box B of DV • Forwards Copy of DV, originals of SDs and Copy of BURS, to the Accounting Section Head for review and signature.

10	Accounting Unit Head	Retrieves the RANCA/RANTA from file and determines availability of NCA. If the NCA is sufficient to cover the disbursement, records in the RANCA/RANTA the DV date, number and amount under the 'Utilized column' and indicates NCA balance. Otherwise, notes that cash is not yet available and returns the DV and SDs to the Designated Staff for safekeeping.
11		Checks the 'Cash available' portion in Box B of the DV
12		Reviews DV and SDs. Signs Box B of DV. Forwards the documents to the R & R Staff
13	Accounting Unit R & R	Records in the logbook the release of DV and SDs and Copy of BURS to the Head of Agency/Authorized Representative for approval of the DV.
14	Office of the Agency Head/Authorized Representative R & R	Receives Copy of DV, SDs and Copy of BURS and records in the logbook the date of receipt. Forwards the set of documents to the Approving Officer for review and approval.
15	Approving Officer	Reviews DV and signs in Box D "Approved for Payment" portion. Forwards Copy of DV, Copy of the BURS and SDs.
16	R & R Staff	Records in the logbook the approved DV and SDs and forwards the documents to the Cashier Unit.
		Preparation and Approval of Checks
17	Cash Unit R & R	Receives Copy of approved DV, Copy of BURS, and original SDs Records in the logbook the following: <ul style="list-style-type: none"> • Date of Receipt • DV Number • Payee • Particulars • Amount
18	Designated Staff	Checks completeness of signatories on the DV
19		Prepares check Retrieves from file the CkADADRec maintained per bank account and records the following: <ul style="list-style-type: none"> • Date • Check number • Name of Payee • Nature of payment
		<ul style="list-style-type: none"> • Amount of DV • Indicate the new balance of the NCA/bank account. • Forwards Copy of check, Copy of DV, Copy of BURS and originals of SDs to the Cashier for review and signature <p>Note: For field offices without complete set of books, the CBReg shall be maintained</p>
20	Cashier	Verifies completeness of signature on the DV. Reviews the amount of the check against the DV and SDs. Signs the check
21	Cashier Unit R & R	Records in the logbook the date of submission to the approving authority of Copy of check, Copy of DV, Copy of BURS and SDs.
22	Office of the Agency Head/Authorized Representative R & R Staff	Records in the logbook the date of receipt of Copy of check, Copy of DV, Copy of BURS and SDs. Forwards the set of documents to the Authorized Countersigning Official.
23	Authorized Official	Countersigns the check. Forwards Copy of check, Copy of DV. Copy of BURS and SDs to the R&R Staff for return to the Cash Unit Head

24	Cash Unit Head	Receives Copy of check, Copy of DV, Copy of BURS and SDs and checks completeness of signatures in the check. Retrieves the CkADADRec and notes the return of the signed and countersigned check.
25	Designated Staff	Releases the original of check and Copy of DV to the payee. Attaches OR/Invoice issued by payee/claimant. If any one Copy 1 of DV and requires payee/claimant to sign on Box E of the DV and check Registry/Logbook. Files temporarily Copy of check, Copy of DV, Copy of BURS and SDs for preparation of reports. Posts in the 'Date Released' column of the CkADADRec the date of release of the check to the claimant.
		Preparation of Reports
26	Cash Unit Designated Staff	Prepares Advice of Checks Issued and Cancelled (ACIC) in accordance with existing rules and regulations and forwards to the GSB
27		Retrieves Copy of checks, Copy of DV, Copy of BURS and SDs and prepares the RCI Note: - The RCI shall include all checks drawn during the day whether released or unreleased to the payees including cancelled ones. For field offices without complete set of books of Accounts, the Disbursing Officer submits the certified True copies of the CBReg together with the SDs to the Accounting Section/Unit of their respective CO/RO/Division for recording in the books of accounts.
28		Initials in "Certification" portion of the RCI
29	Cashier Unit Head	Reviews RCI and signs in "Certification" portion
30	Designated Staff	Distributes the RCI as follows: Original - COA Auditor, through the Accounting Section together with the original copy of the paid DVs/payroll, copy of the check and SDs Copy 2 - Accounting Section Copy 3 - Budget Section Copy 4 - Cashier Unit
		Preparation of JEV
31	Accounting Unit R&R	Receives Copy of the check, Copy of DVs, Copy of BURS and other SDs from Cashier Unit. Forwards the documents to the Designated Staff for JEV preparation.
32	Designated Staff	Examines DVs and checks against RCI. Verifies if the serial number of all checks drawn whether released or unreleased, including spoiled and cancelled ones, are all accounted for.
33		Prepares JEV and signs in the "Prepared by" portion. Forwards Copy of JEV supported with Copy of RCI, Copy of the check, Copy of DVs, Copy of BURS and other SDs to the Accounting Section/Unit Head Note: For Regional Offices with field offices without complete Set of books, the Designated Staff shall prepare the JEV Based on the certified copy of CBReg submitted by the Disbursing Officer concerned. The said JEV shall be Recorded in the CkDJ.
34	Accounting Unit Head	Reviews correctness of the journal entries and signs on the "Certified Correct by" portion of the JEV. Forwards Copy of JEV supported
		with Copy of RCI, Copy of the Check, Copy of DVs, Copy of BURS and other SDs to Designated Staff for recording in the CkDJ.
		Recording in the CkDJ
35	Designated Staff	Receives Copy of JEV with Copy of RCI, Copy of the check, Copy of DVs, Copy of BURS and other SDs. Records the JEV in the CkDJ

		Note: For Field Offices without complete set of books of accounts, the JEV shall be recorded in the GJ
36	R&R Staff	Records in the logbook submission of documents to COA and Budget Section. Retains Copy of JEV and RCI and Copy of BURS for file Distribution: COA - Copy 1 of JEV, RCI, DV and NBURSA (if any) Copy of checks, Copy of BURS and SDs Budget- Copy of RCI with Copy of DV for posting of payments in Box C of BURS

4.2 Disbursement by Cash

Cash disbursements constitute payment out of Cash advances granted to the regular and special disbursing offices for personnel services, petty expenses and MOOE for field operating requirements. All cash payments shall be covered by duly approved DVs/payrolls/petty cash vouchers (PCVs). The cash advances may be granted to cashiers/disbursing officers/officials and employees to cover the following: salaries & wages, travels, special time-bound undertakings and petty operating expenses. The granting and liquidation of cash advances shall be governed by the following COA rules and regulations and other pertinent issuances:

- No cash advances shall be given unless for a legally authorized specific purpose;
- A cash advance shall be reported on and liquidated as soon as the purpose for which it was given has been served;
- No additional cash advance shall be allowed to any official or employee unless the previous cash advance given to him/her is first settled/liquidated or a proper accounting thereof is made;
- Except for cash advance for official travel no officer or employee shall be granted cash advance unless he/she is properly bonded in accordance with existing laws or regulations. The amount of cash advance which may be granted shall not exceed the maximum cash accountability covered by his/her bond;
- Only permanent appointed officials shall be designated as disbursing officers;
- Only duly appointed or designated disbursing officer may perform disbursing functions. Officers and employees who are given cash advances for official travel need not be designated as Disbursing Officers;
- Transfer of cash advance from one accountable officer to another shall not be allowed;
- The cash advance shall be used solely for specific legal purpose for which it was granted. Under no circumstance shall be used for encashment of checks or for liquidation of a previous cash advance; and
- The specific rules and regulations on the granting, utilization and liquidation of cash advances are provided for under COA Circular No. 97-002 dated February 10, 1997, as amended by COA Circular No. 2006-005 dated July 13, 2006.

Table 14. Procedures for Disbursement by Cash

SeqNo	Area of Responsibility	Activity
1	Cash Unit Disbursing Officer	Receives the approved check from the Cashier Records the following in the CDRec debit column: Date Reference Name of payee UACS Object Code Particulars Amount of Check

2		Encashes check in a GSB
3		<ul style="list-style-type: none"> • Pays officials/employees/other payees • Note: • Employees/payees shall sign on the received portion of the DV/P to acknowledge receipt of payment • If there are unclaimed payments, refund the same within a reasonable time. OR representing the refund shall be issued by the Cashier. • Records payment including the refund for unclaimed items in the CDRec credit column
		<p>Based on the paid DV and supporting documents, prepares Report of Cash Disbursements. Signs the "Certification" portion of the RCDish</p> <p>Note:</p> <ul style="list-style-type: none"> • RCDish shall serve as the liquidation report of the cash advance granted to the Disbursing Officer • RCDish shall be distributed as follows: Original - Accounting Section together with the originals of the paid DVs/Payroll and SDs for JEV preparation Copy 2 - Accountable Disbursing Officer
4	Accounting Unit R & R	Records in the logbook, indicates "Received" and signs all copies. Forwards the RCDish to the Bookkeeper for JEV preparation and returns Copy to the Disbursing Officer
5	Bookkeeper	Prepares JEV based on the RCDish and supporting documents

Cash Advance for Payroll

Advances for Payroll shall be granted to Regular Disbursing Officers for payment of salaries, wages, honoraria, allowances and other personnel benefits of officials and employees. The Advances for Payroll shall not be used for encashment of checks or for liquidation of previous or other types of cash advances. It shall be equal to the net amount of the processed payroll corresponding to the pay period. Liquidation of the advances shall be made within five (5) days after the end of the pay period. Any unclaimed salaries/allowances shall be refunded and issued official receipt to close the account.

Disbursements through Petty Cash Fund

Petty Cash Fund shall be maintained under the imprest system. The fund shall be sufficient for the non-recurring, emergency, and petty expenses of the AWQMF. Disbursements from the fund shall be through PCV which shall be approved by authorized officials and signed by the payee to acknowledge the amount received.

Table 15. Procedures for Petty Cash Fund Disbursement

Seq No	Area of Responsibility	Activity
		Receipt of Check for the Establishment and Replenishment of Petty Cash Fund
1	Petty Cash Fund Custodian	<p>Receives check from Cashier for the establishment and replenishment of Petty Cash Fund (PCF). Records in the Petty Cash Fund Record (PCFR) "Disbursements" column:</p> <ul style="list-style-type: none"> • Date • Reference/Check # / PCV No. • Payee • Nature of Payment • Cash Advance Received/Replenishments • Amount • Cash Advance Balance

2		Encashes check in GSB and keeps the cash in a safety vault
		Utilization of Petty Cash Fund
3	Requesting Personnel	Accomplishes Box I. Columns : "Particulars" and "Amount" and Box A "Requested by" portion of the PCV and forwards to Immediate supervisor
4	Immediate Supervisor	Signs Box A "Approved by" portion of the PCV and returns to Requesting Personnel
5	Requesting Personnel	Submit PCV to the Petty Cash Fund Custodian for the release of fund
6	Petty Cash Fund Custodian	Receives from the Requesting Personnel , the PCV duly approved by the Immediate Supervisor of Requestor
7		Upon granting of the petty cash advance , signs in Box B "Paid by" portion of the PCV
8	Requesting Personnel	Receives petty cash and signs in Box B "Cash Received by" portion of the PCV
9	Petty Cash Fund Custodian	Issues Copy of the PCV to the Requesting Personnel Files the original PCV awaiting liquidation
		Liquidation of cash advance from PCF
10		Receives from Requesting Personnel Copy of PCV together with SDs. Checks and reviews completeness of documents such as date, amount and nature of expenses paid as shown in SDs. If incomplete, returns to Requesting Personnel for completion of needed SDs.
12		If complete, retrieves the original of PCV from file and fills up Box II "Total Amount Granted"," Total Amount Paid per OR/Invoice No.", and "Amount Refunded/Reimbursed" portion Of the original and Copy of PCVs.
13		Checks the appropriate boxes for "Received Refund" or "Reimbursement Paid" portion and signs Box C of the PCV
14	Requesting Personnel	Checks and fills up the appropriate boxes for "Liquidation Submitted" and "Reimbursement Received upon submission of necessary SDs and receipt of reimbursement of cash, if any, and signs Box D of the PCV.
15		Returns Copy of the PCV to the Requesting Personnel
16	Petty Cash Fund Custodian	Retrieves PCFR from file and records paid PCVs. Fills up the following columns: Date, PCV No., name of Payee, nature of payment and the amount in the "Disbursements" and 'Cash Advance Balance" columns.
17		Files the original PCV together with the SDs
		Replenishment of Petty Cash Fund
18	Petty Cash Fund Custodian	Retrieves from file the original of the PCV together with the SDs. Checks the completeness of all PCVs for replenishment.
19		Based on the paid PCVs and SDs, prepares the RPPCV. Signs the "Certification" portion of the RPPCV. Note 1- The RPPCV shall serve as the basis in the preparation of the DV to replenish the PCF. Note 2- In case of retirement, separation, termination or dismissal of the PCFC, any unused balance shall be refunded to close the accountability. The incoming Custodian shall be granted a new PCF.
21		Based on the RPPCVs, prepares DV and BURS. Forwards Copy of the DV, original of the RPPCVs and PCV, and SDs to Authorized Official for review and signature.
22	Authorized Official	Signs in Box A portion of the BURS and DV
23	Petty Cash Fund	Forwards Copy of the DV, Copy of BURS, originals of RPPCV and PCVs,

	Custodian	and SDs to Budget Section for recording of utilization.
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4.3 Disbursements through List of Due and Demandable Accounts Payable-Advice to Debit Account

The use of LDDAP-ADA as a mode of settlement of accounts payable due to creditors/payees of all NGAs and their OUs was prescribed under DBM Circular Letter No. 2013-16 dated December 23, 2013 which implemented the ExMDPS, amended by DBM Circular Letter Nos. 2013-16A and 2013-16B dated February 6, 2014 and February 25, 2014 respectively. The following are exempted from the implementation of ExMDPS:

- Payment of Terminal Leave/Retirement Gratuity;
- Remittances to GSIS, Philhealth, and HDMF;
- Payment of Accounts Payable to utility companies; and
- Other payables which cannot be conveniently nor practicably paid using ADA.

Signatories in the List of Due and Demandable Accounts Payable-Advice to Debit Account. All LDDAP-ADA prepared/issued during the day shall be recorded chronologically in the CkADADRec maintained by the Cash Unit. The dates the LDDAP-ADAs were actually delivered to the MDS-GSB shall be indicated in the appropriate column provided for in the CkADADRec. The RADAI shall be prepared by the Cash Unit daily. All approved LDDAP-ADA including those not yet delivered to the MDS-GSB shall be included in the RADAI. The RADAI together with the original copies of the DVs and other SDs shall be submitted to the Accounting Section/Unit for the preparation of JEV. The JEV shall be recorded in the ADA Disbursement Journal (ADADJ)

Table 16. Procedures for Disbursements through LDDAP-ADA

Seq. No.	Area of Responsibility	Activity
1	Accounting Unit/Bookkeeper	<p>Prepare LDDAP-ADA for approved DVs pertaining to the current and prior's accounts payable</p> <p>Note: Prepare separate LDDAP-ADA for creditors/payees with Current/Savings/ATM Account maintained with other banks outside the MDS-GSB of the NGAs and OUs (receiving directly from DBM).</p> <p>Example:</p> <p>LDDAP-ADA for LBP - creditors maintaining LBP Account LDDAP-ADA for PVB- creditors maintaining PVB account LDDAP-ADA for DBP- creditor maintaining DBP account (bank charges imposed by GSB shall be borne by payees)</p> <p>Note: numbering structure for LDDAP-ADA shall be as follows:</p> <ul style="list-style-type: none"> • Funding Source Code - • Month • Serial Number • Year
2	Accounting Unit Head	Reviews and signs in Box I "Certified Correct" portion of the LDDAP-ADA and forwards the documents to the R&R Staff
3	R & R Staff	Records in the logbook the release of LDDAP-ADA, Copy of DVs and SDs to the Head of Agency/Authorized Representative for approval of LDDAP-ADA
4	Office of the Agency Head/Authorized Representative R & R	Receives Copy of LDDAP-ADA, Copy of DVs and SDs and records in the logbook the date of receipt thereof
5	Approving Officer	Reviews LDDAP-ADA and signs in Box I "Approved" portion of the

		LDDAP. Forwards Copy of LDDAP-ADA, Copy of DVs, and SDs
6	R & R	Records in logbook the release of Copy of LDDAP-ADA, Copy of DVs and all SDs and forwards the documents to the Cash Unit
7	Cash Unit R & R	Receives Copy of approved LDDAP-ADA, Copy of DVs, and SDs. Records in the logbook the date of receipt of LDDAP-ADA, covering DV numbers, payees, particulars and amounts.
8	Designated Staff	Check completeness of signatories on the LDDAP-ADA and in the DVs and amount
9	Designated Staff	Retrieves from file the CkADADRec maintained from bank account and records the date and number, name of payee, nature of payment and amount of the covering DVs, date and number of LDDAP-ADA, and indicates the new balance of the NCA/bank account. Forwards Copy of LDDAP-ADA, Copy of DVs and SDs to Cash Unit Head for review and signature
10	Cash Unit Head	Verifies completeness of signature on the LDDAP-ADA and DVs. Reviews the amount of the LDDAP-ADA against the total amount of the DVs and SDs. Signs the "ADA" portion
11	Cash Unit R & R	Records in the logbook the release of Copy of LDDAP-ADA, Copy of DVs and SDs
12	Office of Agency Head R & R Staff	Records in the logbook the receipt of Copy of LDDAP-ADA, Copy of DV and SDs
13	Head of Agency/ Approving Officer	Countersigns the "ADA" portion. Forwards Copy of LDDAP-ADA, Copy of DVs, and SDs to the R & R Staff for return to the Cashier Unit
14	R&R Staff	Records in the logbook the release of Copy of approved LDDAP-ADA, Copy of DVs and SDs
15	Cashier Unit/Designated Staff	Receives Copy of LDDAP-ADA, Copy of DV, and SDs. Retrieves the CkADADRec and checks completeness of documents. Files documents temporarily for the preparation of the Summary of LDDAP-ADAs Issued and Invalidated ADA Entries (SLIIAE)
16		Stamps "PAID" on all LDDAP-ADA, DVs and SDs
		Preparation of Summary of LDDAP-ADAs Issued and Invalidated ADA entries
17	Cashier / Unit Designated Staff	Retrieves Copy of all LDDAP-ADA for delivery to the MDS-GSB together with Copy of DV and SDs and prepares the SLIIAE. Assigns control number in the SLIIAE. Records in the logbook the SLIIAE number and date, covering LDDAP-ADA number, date and amount and total amount of the SLIIAE and forwards the document to the Cash Unit Head
18	Cashier Unit Head	Verifies completeness of signature on the LDDAP-ADA. Checks the correctness of the amounts. Signs the "Certified Correct by" portion of the SLIIAE and endorses to the Head of Agency/Authorized Official. Files temporarily the covering DVs and SDs.
19	Cashier Unit R&R	Records in the logbook the release of Copy of SLIIAE and copy of the LDDAP-ADA issued to the Head of Agency/Authorized Official
20	Cash Unit R&R	Receives Copy of SLIIAE and copies of LDDAP-ADA Issued and records in the logbook the date of receipt
21	Head of Agency/ Authorized Official	Signs the "Approved by" portion of the SLIIAE. Forwards Copy of SLIIAE and copies of LDDAP-ADA issued to the R&R Staff for return to the Cash Unit
22	Cash Unit R & R	Receives Copy of SLIIAE and copies of LDDAP-ADA issued. Records in the logbook the date of receipt and forwards to the Cash Unit Head
23	Cash Unit Head	Checks completeness of the SLIIAE and LDDAP-ADA and SDs. Forwards Copy of the SLIIAE and Copy of the LDDAP-ADA to the

		<p>Designated Staff. Files Copy of SLIIAE and Copy of LDDAP-ADA temporarily.</p> <p>Note 3: The MDS-GSB shall retain the original SLIIAE together With a Copy of LDDAP-ADA issued as well as the Copy of the SLIIAE and LDDAP-ADA for submission to the BTr on the same day of receipt of said document from the agency. This will serve as the advisory to the BTr on the magnitude of expected disbursements through LDDAP-ADA and replenishment of the MDS Seed Fund. The remaining copies of the SLIIAE and LDDAP-ADA shall be Stamp "Received by GSB" and distributed as follows:</p> <p>Copy 3 SLIIAE - Agency Receiving Copy And LDDAP-ADA-Agency Receiving Copy</p> <p>Copy 4 SLIIAE - COA (attached to RADAI) LDDAP-ADA</p> <p>Copy 5 LDDAP-ADA - Cash Unit Designated Staff For preparation of RADAI</p>
24	Designated Staff	Releases Copy of SLIIAE and Copy of LDDAP-ADA immediately to MDS-GSB which shall pay the creditors/payees listed in the LDDAP-ADA not later than 48 hours but not earlier than 24 hours upon
24	Designated Staff	<p>receipt of the said document from the NGA and OUs (receiving NCAs directly from DBM)</p> <p>Note 4 - Copy of SLIIAE and of LDDAP-ADA shall be stamped "Received by MDS-GSB"</p>
25	Designated Staff	<p>Furnishes creditors/payees with copy of the LDDAP-ADA or informs them of the LDDAP-ADA number for the purpose of updating them on the status of their claims and for the issue of provisional receipt once they are included in the LDDAP-ADA, subject to replacement of provisional receipt with an OR/ other acceptable evidence of receipt of payment of disbursements consistent with COA Circular No. 2004-006 dated September 9, 2004, immediately after actual receipt of payment.</p> <p>Note: Copy of the DV shall be given to the payee upon issue Of OR.</p>
26	Designated Staff	Obtains validated Copy of the LDDAP-ADA and submits to the Cashier
27	Designated Staff	Receives the validated Copy of the LDDAP-ADA and reproduces copies thereof to be attached to Copy of the DVs. Retrieves Copy of DVs and SDs and attaches the validated Copy of the LDDAP-ADA to the original DV and SDs and the photocopies of the validated Copy of LDDAP-ADA to Copy of the DVs. Files the documents temporarily
28	Designated Staff	Monitors return and completeness of submission of the duly validated LDDAP-ADA from the MDS-GSB and receipt of OR/ other acceptable evidence of receipt of payment
		Preparation of Report of Advice to Debit Account Issued Daily
29	Designated Staff	Retrieves Copy of SLIIAE, copies of LDDAP-ADA and Copy of DVs and SDs and prepares the RADAI.
30	Designated Staff	Initials in "Certification" portion of the RADAI
31	Cash Unit Head	Reviews RADAI and signs in "Certification" portion
32	Designated Staff	<p>Distributes the RADAI as follows:</p> <p>Copy 1 - Auditor COA (with copy LDDAP-ADA, original of DVs, and SDs, copy of SLIIAE)</p> <p>Copy 2 - Accounting Section/Unit file</p>

		Copy 3 - Budget Section/Unit Copy 4 - Cash Unit file (SLIIAE, LLDAP-ADA, DV, SDs)
33	Designated Staff	Furnishes assigned Unit/Office with copy of RADAI for posting in the agency's website
		Preparation of JEV
34	Accounting Section /Unit R&R Staff	Receives Copy of RADAI supported with Copy of SLIIAE, copies of the validated LLDAP-ADA and copies of DVs and SDs
35	Designated Staff	Examines DVs and copies of validated LLDAP-ADA against RADAI. Verifies if the serial number of all the LLDAP-ADA Issued are all accounted for
36	Designated Staff	Prepares JEV and signs in the "Prepared" portion
37	Accounting Section Head	Reviews and signs the JEV. Forwards Copy of JEV and Copy of RADAI supported with Copy of SLIIAE, copies of LLDAP-ADA, Copy of DVs and SDs to the bookkeeper for recording in the ADADJ
		Recording in ADADJ
38	Designated Staff	Receives copy of JEV, Copy of RADAI, Copy of SLIIAE, copy of LLDAP-ADA, Copy of DVs and SDs. Records the JEV in ADADJ
39	Designated Staff	Records in the logbook submission of documents to COA and Budget unit. Retains Copy of JEV and RADAI, copy of LLDAP-ADA, Copy of DVs and SDs for file Note: COA - Copy of JEV & RADAI, Copy -SLIIAE, Copy LLDAP-ADA, Copy of DV and SDs Budget- Copy - RADAI (for posting of payment in Box C-BURS

4.4 Disbursement through Tax Remittance Advice

The Tax Remittance Advice (TRA) is a serially-numbered documents prescribed by DBM for the remittance of withheld taxes on funds coming from DBM. With the inclusion of all NGAs among the taxpayers who are mandated to use the Electronic Filing and Payment System (eFPS) under the BIR RR 1-2013 dated January 23, 2013, the TRA is accomplished on-line which is called the Electronic TRA (eTRA). The eTRA is certified correct by the Chief Accountant/Head of Accounting Section/Unit and approved by the Head of Agency/Authorized Official, and used to record the remittance of taxes withheld to the BIR. The same document shall be the basis for the BIR and the BTr to draw a JEV to record the tax collection and deposit in their respective books of accounts. The JEV shall be recorded in the GJ.

The eTRA shall be supported with the Summary of Taxes Withheld (STW) certified by the Accounting Section Head. The STW is the document which summarizes the type and amount of taxes withheld. The Accounting Section shall maintain SL to monitor remittance of taxes withheld from individual employees, suppliers and contractors.

Table 17. Procedures for Disbursement through TRA

Seq No.	Area of Responsibility	Activity
1	Accounting Section/Unit Bookkeeper	Complies with the registration requirements of the BIR as withholding agent pursuant to Sec 26 of the NIRC
2	Cash Unit	Pays employees/suppliers/contractors for services rendered/goods delivered net of withholding taxes
3	Accounting Section/Unit	Prepares STW which will serve as basis for the remittance to the BIR Forwards the STW to the Accounting Section/Unit Head for signature

	Bookkeeper	
5	Accounting Section/Unit Head	Reviews the STW and prepares the TRA and forwards to the Agency Head for approval
6	Agency Head R&R	Records in the logbook the receipt of the STW. Forwards the same to the Head of Agency/Authorized Official for approval
7	Head of Agency	Reviews the STW and approves
8	Head of Agency R&R	Upon receipt from the Head of agency/Authorized Official of the approved STW, forwards the same to the designated personnel of Accounting Section/Unit
9	Accounting Section/Unit Designated Staff	Receives from the R&R Staff the STW. Based on the STW, files tax returns and submits through the eFPS, then proceed to payment menu, selecting TRA as type of payment and fills out amount intended for TRA
10	Accounting Section/Unit Designated Staff	Prints the validated eTRA and the required returns for all taxes withheld for compensation, expanded, final and government money payments (BIR Form 1601C, 1601-E, 1601-F, and 1600, respectively) and forwards the STW to the Accounting Section/Unit Head
11	Accounting Section/Unit Head	Reviews the eTRA and signs on the "Certified by" portion. Forwards the eTRA, STW and required tax returns to the Head of Agency/Authorized Official for approval
12	Head of Agency R&R	Records in the logbook the receipt of eTRA, STW and required tax returns. Forwards the same to the Head of Agency/Authorized Official
13	Head of Agency	Reviews and approves the eTRA
14	Accounting Section/Unit R&R	Upon receipt from the Head of Agency/Authorized Official of the approved eTRA, STW and required tax returns, forwards the same to the designated personnel of Accounting Section/Unit for the preparation of JEV
15	Designated Staff	Prepares the JEV and records in the GJ the constructive receipt of NCA for TRA and remittance of all taxes withheld thru TRA
16	Designated Staff	Reproduces copies of eTRA, STW and required tax returns and submits copies to the concerned BIR Office. Files the receiving copy Note: Under DOF-DBM JC No. 1-2000A dated July 31, 2001 which prescribes the procedures for the remittance of all taxes withheld by NGAs to the BIR, an NGA shall file to the BIR a TRA supported by withholding tax returns on or before the 10th day of the following month after the said taxes has been withheld.

5.0 Property, Plant and Equipment Inventory System

The Property, Plant, and Equipment Inventory System cover the processes of monitoring, controlling, and recording of acquisition and disposal of property and inventory. The system starts with the receipt of the purchases inventory items and equipment. The requesting office in need of the inventory items and equipment, after determining that the items are not available in stock, shall prepare and cause the approval of the Purchase Request (PR). Based on the approved PR and after accomplishing all the required procedures adopting a particular mode of procurement, EMB shall issue a duly approved PO.

5.1 Perpetual Inventory Method

Supplies and Materials purchases for Inventory purpose shall be recorded using the perpetual inventory system, resulting in a more accurate inventory records and a running total for the cost of goods sold in each period. The system requires accounting records to show the amount of inventory on hand at all times through the maintenance of the SLC by the Accounting Unit and Stock Card (SC)

by the Supply and/or Property Unit for each item in stock. Regular purchases shall be coursed through the inventory account and issues thereof shall be recorded as they take place except for supplies and materials purchased out of PCF for immediate use or on emergency cases which shall be charged directly to the appropriate expense accounts.

5.2 Semi-expendable Property

Tangible items below the capitalization threshold of P15,000 shall be accounted as semi-expendable property. The following policies apply as follows:

- Semi-expendable property which were recognized as PPE shall be reclassified to the affected accounts
- These tangible items shall be recognized as expenses upon issue to the end-user

5.3 Accountability over Semi-expendable Property

Inventory Custodian Slip (ICS) shall be issued to end-user of Semi-expendable Property to establish accountability over them. Accountability shall be extinguished upon return of the item to the Property and Supply Unit, or in case of loss, upon approval of the relief from property accountability.

Table 18. Procedures in the Receipt, Inspection, Acceptance, and Recording of Deliveries of Inventory Items and Equipment

Seq. No	Area of Responsibility	Activity
		Delivery of Equipment and Inventory Items
1	Property and Supply Unit Property Supply Custodian	Signs "Received" portion of the original and Copy of the Delivery Receipt (DR). Files the original and returns Copy of the DR to the Supplier/Procurement Service.
2		Prepares Inspection and Acceptance Report (IAR). Forwards Copy of IAR, original of DR, and Copy of approved PO to the Property Inspector for inspection of deliveries
3	Inspection Committee Supply and Property Inspector	Inspect and verifies items as to quantity and conformity to specifications based on the DR and approved PO. If delivery is not in conformity to the specifications or delivery is incomplete, indicates notation on the IAR that the deliveries are not in conformity to specifications and/or terms agreed under the approved PO and returns the Copy of IAR, original of DR, and Copy of approved PO to the Property and/or Supply Unit. If delivery is in order, indicates the date of inspection, places "/" in the box for " <i>Inspected, verified and found in order as to quantity and specifications</i> " and signs the "Inspection" portion of the IAR. Retains Copy of IAR and forwards Copies of IAR, original of DR and Copy 2 of PO to the Property and/or Supply Custodian for acceptance of goods delivered.
4	Supply and/or Property Custodian	For deliveries not conforming to specification and/or terms of the PO, receives Copy of IAR, original of DR and Copy of PO. Returns the items to the supplier and requires the latter to comply with the agreed specifications and/or terms of the PO.
	Supply and/or Property Custodian	For deliveries in order, indicates the date of acceptance, places "/" in the box for " <i>Complete as to quantity and specifications</i> " or <i>Partial (specify quantity)</i> and signs the "Acceptance" portion of the IAR. Stores the items delivered for issue to the Requisitioning Office.
5		Forwards Copy of IAR and photocopy of PO and DR to the Accounting

		<p>Section for recording the received/accepted goods and posting to the SLC, and Copy of IAR and copy of PO to the Stock Card Keeper for recording in the SCs.</p> <p>Note 1-Distribution of the IAR shall be as follows: Original - Property and Supply Unit (to be attached to the DV, together with the original DR) Copy 2 - Inspector/ Inspection Committee Copy 3 - Accounting Section/Unit (attached in setting up payables) Copy 4 - Property and Supply Unit file</p>
6	Accounting Section/Unit R&R Staff	Records in the logbook the receipt of Copy of IAR and photocopy of PO and DR and forwards to the Accounting Staff concerned for the preparation of JEV
7	Accounting Staff	Based on Copy of the IAR and photocopy of PO and DR, prepares JEV to recognize the receipt of inventory items in the books of accounts (GL). Signs the "Prepared by" portion of the JEV and forwards the JEV and SDs to the Accounting Section/Unit Head for approval
8	Accounting Section/Unit Head	Reviews correctness of the journal entries and signs on "Certified Correct by" portion of the JEV. Forwards JEV and SDs to Designated Staff for recording in the GJ
9	Property and Supply Unit Custodian	Prepares DV. Attaches the original IAR, Copy of DR, Original copy of PO and photocopy of PR. Forwards documents to the Accounting Section/Unit for the processing of DV
10	Accounting Section/Unit SLC Keeper	Records receipt of delivered/accepted goods and posts necessary information to the SLC based on the Copy of IAR, copy of PO and DR

Table 19. Procedures in the Requisition and Issue of Inventory Items

Seq No.	Area of Responsibility	Activity
1	Requesting Office Personnel	<p>Prepare Requisition and Issue Slip (RIS) in three copies</p> <p>Note: Original - Accounting Section/Unit Copy 2 - Requesting Office Copy 3 - Property and Supply Unit</p>
2		Fills out the necessary information, except the 'Issue' column of the RIS. Initials in the "Requested by" portion and forwards the RIS to authorized official for review
3	Head/Authorized Official	Determines the reasonableness of the quantity and nature of items being requested and ensures that the same does not exceed the planned usage for the period. Signs the "Approved by" portion of the RIS
4	Requesting Personnel	Receives signed RIS and forwards to the Supply and Property Unit for determination of availability of stocks and/or withdrawal of inventory items requested.
5	Supply and Property Unit Custodian	Receives RIS from Requesting Office. Reviews and verifies the completeness of information. Indicates a "_/ " in the Stock Available? Yes' column, if items being requisitioned are available on stock, or "X" in the Stock Available? "No", column if not available. If items requisitioned are available, issues the items requisitioned, indicates the quantity issued in the 'Issued-Quantity' column and any remarks in the 'Issued-Remarks' Column and signs the "Issued by" portion. If items requisitioned are not available, returns the RIS to the Requisitioning Office for the preparation of PR.
7	Requesting Personnel	Receives supplies requested and signs in the "Received by" portion of the

		RIS
8	Supply and/or Property Custodian	Files permanently in numerical order Copy of RIS and temporarily the original of RIS for the preparation of Report of Supplies and Materials Issued (RSMI)
9		Retrieves the original copies of RIS from temporary file, ensures the completeness of the RIS and prepares the RSMI at the end of the day.
10	Supply and/or Property Custodian	Signs the "Certified by" portion of the RSMI
11	Stock Card keeper	Receives signed RSMI and forwards to the Accounting Section/Unit the original copy of RSMI together with original RIS. Files Copy of RSMI
12	Accounting Section/Unit Staff	Receives the original copy of RSMI and original RIS. Checks and verifies the completeness of information. Retrieves SLC from file and fills up the "To be filled up in the Accounting Section/Unit portion of the RSMI. Records the RSMI in the SLC and signs in the "Posted by/date" portion
13		Prepares JEV based on the RSMI to record the issue of stock.
14		Signs the "Prepared by" portion of the JEV and forwards JEV and SDs to the Accounting Section/Unit Head for review and approval
15	Accounting Section/Unit Head	Review correctness of the accounting entry and completeness of SDs. If in order, signs the "Certified Correct by" portion of the JEV and forwards Copy of JEV to the Bookkeeper. If not in order, returns the JEV and SDs to the Accounting Staff for correction.
16	Accounting Staff	Receives JEV and SDs for the correction of accounting entry. Returns the JEV and SDs to the Accounting Section/Unit Head for approval
17	Bookkeeper	Receives signed JEV supported with the RSMI and RIS and records JEV in the GJ. Files copy of JEV

Table 20. Procedures in the Requisition and Issuance of Equipment

Seq No.	Area of Responsibility	Activity
1	Requesting Personnel	Upon receipt of notice of availability of the equipment requested, prepares RIS. Fills up the necessary information pertaining to requisition, except "Issuance" column of the RIS
2	Authorized Official	Reviews RIS and signs "Requested by" in the Requisition column
3	Requesting Personnel	Records and signs RIS in the logbook and indicates date, particulars, particulars, and remarks. Forwards the same to Property and Supply Section/Unit for processing of the requisition
4	Property and Supply Unit Staff	Receives signed RIS from Requesting Office. Records the date, particulars, and Requesting Office in the logbook. Assigns number on RIS and issues Copy to Requesting Personnel for file.
5		Verifies RIS and checks against the PR
6		Initials RIS and forwards the original and Copy of RIS to the Property and Supply Section/Unit Chief for review and approval
7	Property and Supply Unit Chief	Reviews RIS and signs the "Approved by" portion of RIS. Forwards copy of RIS to Supply & Property Custodian
8	Property and Supply Unit Custodian	Based on the approved RIS, assigns number on the property being transferred/issued. Indicates the number in the RIS
9		Prepares Property Acknowledgement Receipt (PAR). Indicates the quantity, unit, description, and property number of the items being issued. Signs in the "Received from" and "Issued by" portions of the PAR and RIS respectively. Records the date, number, and particulars in the PAR logbook.

		Note: PAR shall be distributed as follows: Original - Property and Supply Section/Unit Copy 2 - Recipient or user of the property
10	Requesting Personnel	Retrieves Copy of RIS. Check item if it is in conformity with RIS. Signs "Received by" portion of original and Copy of PAR and RIS
11		Returns original PAR and Copy of RIS to Property and Supply Section Custodian for recording in the Property Card. Files Copy of PAR and Copy of RIS
12	Property and Supply Unit Staff	Files original of PAR per accountable officer/employee and Copy of RIS. Forwards the original RIS to the Accounting Section/Unit
13	Accounting Unit PPELC Keeper	Receives original of the RIS. Retrieves the PPELC and posts information pertaining to issuance/transfer of property

Table 21. Procedures in the Recording of Receipt, Inspection and Acceptance of PPE

Seq No.	Area of Responsibility	Activity
		Delivery/Receipt of PPE
1	Property & Supply Unit -Property & Supply Custodian	Signs "Received" portion of the original and Copy of the DR. Files the original and returns Copy of the DR to the Supplier/Procurement Service
2		Prepares IAR. Forwards IAR, original of DR, and Copy of approved PO from file to Property Inspector/Committee for inspection of deliveries Note: Distribution of the IAR shall be as follows: Original - Supplier (to be attached to the DV) Copy 2 - Property Inspection/Inspection Committee Copy 3 - Supply and/or Property Unit file
3	Property Inspector	Inspects and verifies PPE as to quantity and conformity with specifications based on the DR and approved PO. If in order, signs and indicates date of inspection in the "Inspection" column of the IAR. Retains Copy of IAR. Forwards the PPE, Copy of IAR, original of DR and Copy of PO to Supply and/or Property Custodian for acceptance
4		If specifications are not in order or delivery is not complete, indicates notation on the IAR that the deliveries are not in conformity with specifications agreed under the approved PO or deliveries are not complete
5	Supply and/or Property Custodian	Receives the items from the Property Inspector, and assigns property number on the PPE received and indicate the same on the IAR
6		Signs on the "Acceptance" column of the IAR, acknowledging receipt of the items delivered. Checks the appropriate box whether complete or partial (indicate quantity received) delivery, and indicate the date of receipt and remarks, if any
		Forwards the IAR to the Accounting Section/Unit
7		If specifications are not in order or delivery is not complete, contact the supplier for appropriate action.
8	Accounting Unit	Based on the IAR and supporting documents, prepare JEV and recognize the receipt of the PPE in the books of accounts (GJ and GL)
9	Accounting Staff	Records promptly the receipt/acquisition of PPE in the PPELC maintained for each class of PPE.
10	Supply and Property Unit Custodian	Prepared DV indicating the Supplier as Payee. Attaches the original IAR, Copy of DR, PO and photocopy of PR. Forwards documents to Budget Section/Unit for the preparation of BURS. Forwards Copy of

		IAR and copy of PO to the Property Card Keeper for recording in the Property Card (PC)
		Note 1 -Procedures in Recording Utilization and Disbursements Note 2 -For purchases made through the Procurement Service, the DV shall be prepared on the basis of the Approved Procurement Request. The payment shall be made directly to the Procurement Service.
11	Supply and Property Custodian	Records promptly the receipt/acquisition of PPE in the Property Card maintained for each item of PPE

Table 22. Procedures in the Recording of Requisition and Issue of PPE

Seq No.	Area of Responsibility	Activity
1	Requesting Office/Requesting Personnel	Prepares RIS. It shall be distributed as follows: Original - Accounting Section (to be attached to the PAR) Copy 2 - Requisitioning Office's file Copy 3 - Supply and Property Unit file
		Fills out the necessary information pertaining to requisition, except the 'Issue' column of the RIS
2	Authorized personnel	Review RIS and signs on the "Requested by" portion in the RIS
3	Requesting Personnel	Records the signed RIS in the logbook and indicate the date, particulars and remarks. Forwards the same to Supply and/or Property Unit for processing of the requisition
4	Supply and Property Unit R&R	Received signed RIS from Requesting Office. Records the date, particulars and requesting office in the logbook. Assigns number on RIS and issues Copy to Requesting Personnel for file.
5	Designated Staff	Determines the availability of the requisitioned PPE. If not available, returns the RIS to the Requesting Office for the preparation of PR for the PPE requested. If available, forwards IS to the Supply and Property Custodian
6	Supply and Property Custodian	Receives and initials RIS. Forwards the original and Copy of RIS to the Supply and Property Unit Head for review and approval.
7	Supply and Property Unit Head	Review RIS and signs the "Approved by" portion of RIS. Forwards Copy of RIS to Supply and Property Custodian
8	Supply and Property	Based on the approved RIS, indicates the number in the RIS
9	Custodian	Prepares PAR. Indicates the quantity, unit, description and property number of the items being issued. Signs in the "Issued by" portion of the RIS and PAR. Records the date, number and particulars in the PAR logbook. Note 1 - PAR shall be distributed as follows: Original - Supply and Property Unit file Copy 2 - Recipient or user of the property file Note 2 - The PAR shall be renewed every three years or every time there is a change in custodianship/user of the property
10	Requesting Personnel	Retrieves Copy of RIS. Checks item if in conformity with RIS. Signs "Received by" portion of original and Copy of PAR and RIS
11		Returns original PAR and Copy of RIS to Supply and Property Custodian for recording in the PC. Files Copy of PAR and Copy of RIS
12	Supply and Property Custodian	Files original of PAR per accountable officer/employee and Copy of RIS. Forwards the original RIS to the Accounting Section/Unit
13		Records promptly the issuance of PPE in the PC maintained for each class of PPE

14	Accounting Section Unit Designated Staff	Received original RIS from the Supply and Property Unit. Prepares JEV to record the issuance of PPE
15	PPELC Keeper	Records promptly the issuance of PPE in the PPELC maintained for each of PPE

6.0 Safekeeping of Documents

All transaction documents shall be forwarded to the COA-Auditing Unit after the Accounting Unit have recorded in the books of accounts. The FAD-Accounting Unit shall keep scanned/duplicate copies of said documents.

Basic component of an effective financial management system is a financial monitoring system. This forms part of the overall Program Monitoring and Evaluation System but one which focuses on effective and efficient fund management. It facilitates identification of problem areas, which should be addressed, as well as opportunities which may be used to the AWQMF's advantage.

7.0 Financial Reports Users

The users of financial reports can be grouped as follows:

- Communities or residents;
- Fund Manager;
- DENR-EMB management;
- DBM;
- Funding agencies; and
- Donors or grantors.

The information needs of each group of users may differ in the extent of details needed. Basically, financial monitoring reports should provide the necessary information to establish whether:

- Funds disbursed to projects are being used for the purpose intended;
- Program implementation is on track; and
- Budgeted costs are not being exceeded.

8.0 Financial Reports Required by DENR-DBM

Section 15 of DENR-DBM Joint DAO 20XX-YY requires the Fund Manager to report annually to the Secretaries of DENR and DBM on all receipts and their sources, deposits, and availments of the AWQMF. Annual reports on the physical and financial progress as well as consolidated quarterly reports of all availments and disbursements shall also be made and submitted to the Secretaries.

Unlike reports required by other entities (donors, grantors, etc.), these reports are mandated and should be accomplished as prescribed by governing agencies.

9.0 Financial Reports Required under NGAS

Financial statements and their supporting schedules are the outputs of the government accounting processes. These are the principal comprehensive means by which the information accumulated and processed in the accounting system is periodically communicated to those who use them. The financial statements generally prepared in the National Government are the follows"

- Statement of Financial Position
- Statement of Financial Performance
- Statement of Changes in Net Assets/Equity
- Statement of Cash Flows
- Statement of Comparison of Budget and Actual Amounts

These financial reports and their supporting schedules are required to be prepared at the Agency level using the procedures prescribed under the NGAS.

10.0 Financial Report to be Generated for the AWQMF

Table 23 summarizes the accounting and financial reports to be generated for the AWQMF.

Table 23. Accounting and Financial Reports

Report	Monthly	Quarterly	Annually
Statement of Receipts and Disbursements	Straightforward statement of AWQMF's cash position that shows the opening cash and bank balance, receipts or money coming in during the month, payments or money going out during the months, and closing cash and bank balance; thus providing the status of each fund source.	Not applicable	Not applicable
Statement of Expenditures by Source of Fund	Statement showing the expenditures by Fund Source per key result area (KRA/output/activity/object of expenditure for the month and cumulatively (Year to Date).	Statement is similar to the monthly Statement, except that it shows the expenditures for the quarter by Fund Source.	Statement of Expenditures by Source of Fund for the last quarter of the year showing the expenditures for the year in total in their respective "This Year to Date"
Statement of Budgeted and Actual Expenditures	Statement showing a comparison of "budget" to "actual" expenditures. The statement is prepared by the Budget Section/Unit Staff and passed on to those responsible for budget implementation not later than the 5th day of the following month. Those responsible shall explain the reasons for any difference--the variance--between each budgeted and actual income and expenditure. The Budget Section/Unit Staff will then incorporate the explanations of variances as notes to the figures	Statement is similar to the monthly Statement, except that it shows the budgeted and actual income and expenditures for the quarter being reported on.	Statement of Budgeted and Actual Expenditures for the last quarter of the year showing a comparison of the budgeted and actual expenditures for the year in the "This Year to date" columns, and the resulting variance.

11.0 Financial Reports Required by Funding Agencies and Donor Organizations

Donors normally require the submission of periodic reports for monitoring purposes. These agencies or organizations normally require reports covering fund utilization of the entire project being funded and not just of the loan proceeds or donation. Thus, the reports shall cover loan proceeds, donated funds, and funds from the AWQMF.

The currency to be used in the reports shall be Philippine pesos with the U.S. dollar equivalent shown using the actual rate of exchange at the end of the reporting period.

These reports typically fall under three categories, as follows:

Financial Reports - Includes a statement showing cash receipts by sources, expenditures by project/program component and major activities, expenditure categories, and supporting schedules comparing actual and planned expenditures.

Physical Progress Reports - Includes comparison of planned and actual extent of achievement of results using indicators agreed upon and a narrative linking financial information with physical progress. It shall highlight issues that require attention

Procurement Reports - Compares procurement performance with the plan

Note: The title, format, and contents of the individual reports may vary based on the specific requirements of the funding agency or donor organization concerned