



Republika ng Pilipinas  
KAGAWARAN NG PAGAWAIN AT LANSANGANG PAMBAYAN  
**TANGGAPAN NG KALIHIM**

Maynila

JAN 02 2003

DEPARTMENT ORDER

SUBJECT: PROCESSING OF  
DISBURSEMENTSNO. 1

Series of 2003/1/2/03

-----

In line with the Department's current reform efforts in streamlining and strengthening of policies and procedures, the following policies and procedures are to be strictly enforced for processing and making disbursements for all claims, including Accounts Payable, Current Obligations, and Foreign Lending Institutions Withdrawals.

**Procedures for Processing of Creditor Claims**

1. All disbursement claims are to be reviewed and approved by the Implementing Office within ten (10) working days upon receipt of the claim from the creditor (Contractor, Supplier, Vendor, Consultant, etc.). The Implementing Office shall also prepare the appropriate Disbursement Voucher or Withdrawal Application (and other necessary supporting documents). If the Implementing Office finds any deficiency with the claim, it is to be immediately returned to the creditor for correction and re-submittal, stating the reason for the return.
2. The Implementing Office, upon their approval, shall immediately submit the disbursement voucher and/or withdrawal application (and supporting documents) to Claims Processing and Documentation Section (CPDS) of CFMS. All disbursement vouchers and withdrawal applications (and supporting documents) are to be reviewed by the CPDS no later than five (5) working days upon receipt. CPDS shall not hold the processing of any disbursement voucher or withdrawal application for any reason. All claims shall be processed in the order that they are received. If CPDS review finds any deficiency with the disbursement voucher or withdrawal application, they shall immediately return the documents to the implementing office for correction and re-submittal, stating the reason for the return.
3. After review of the Disbursement Voucher and/or Withdrawal Application (and supporting documents) by CPDS, the documents are to be immediately forwarded to Budget Division for review and verification that the necessary allotment and obligation authority exists. Budget Division shall prepare and sign the Allotment and Obligation Slip (ALOBS) within three (3) working days of receipt. If the Budget Division finds any deficiency with the allotment or obligational authority, they shall immediately return the documents to the Implementing Office for correction and re-submittal, stating the reason for the return.

SUBJECT: PROCESSING OF DISBURSEMENTS

4. Upon signature of the ALOBS by the Budget Division Chief, the following shall occur depending on the type of claim and if funds are available:
  - If the claim is for a current account in which funds are currently available (a NCA has already been received), or it is a withdrawal application payable by proceeds from a lending institution (either a Special Account, or direct payment), then the claim is to be forwarded to the Bookkeeping Section for journalization and preparation of the Journal Entry Voucher (JEV). The Bookkeeping Section shall complete the journalization and JEV within three (3) working days of receipt.
  - If the claim is for accounts payable from a continuing appropriation, or for a current account in which funds are not available (a NCA has not been received) then the claim is to be forwarded to the Subsidiary and Revenue Section (SRS) for verifying the obligation and for journalization and preparation of the JEV. The SRS shall complete the journalization and JEV within three (3) working days of receipt.
5. The Chief Accountant shall then review and certify that the supporting documents are complete and proper, and that either cash is available, or that it is subject to availability of ADA / NCA, within three (3) working days of receipt. The Chief Accountant shall always note the date of the certification on the appropriate document. All claims shall be processed in the order that they were received. If the Chief Accountant's review finds any deficiency with the disbursement voucher or withdrawal application, it is to be immediately returned to the implementing office for correction and re-submittal, stating the reason for the return. The Chief Accountant shall also notify CPDS of the deficiency.
6. Upon certification of the Chief Accountant, then the disbursement voucher or withdrawal application is then to be processed through the appropriate approvals (e.g. Director of CFMS, Bureau or Service Director, Assistant Secretary, Undersecretary, and/or Secretary) depending on the type and value of the claim following the existing accounting rules and regulations, and Department Orders for approval authority. Each of these reviews and approvals should be completed within three (3) working days of receipt. If the Approving Authority review finds any deficiency with the disbursement voucher or withdrawal application, it is to be immediately returned to the implementing office for correction and re-submittal, stating the reason for the return. The Approving Authority shall also notify CPDS of the deficiency.
7. Upon approval of the final Approving Authority, the approved disbursement voucher and/or withdrawal application is to be immediately forwarded to the following depending on the classification of the claim and the availability of funds:

SUBJECT: PROCESSING OF DISBURSEMENTS

- If the disbursement voucher is for a current account in which funds are available, then the disbursement voucher (and supporting documents) shall be forwarded to the Cash Division for preparation and processing of the check. The corresponding check shall be prepared within two (2) working days and processed following the required accounting and auditing procedures
  - If the disbursement voucher is for accounts payable, or for a current account in which funds are not available, then the approved disbursement voucher (and supporting documents) shall be forwarded to the Subsidiary and Revenue Section (SRS) for inclusion in the List of Due and Demandable Claims (either Current or Accounts Payable, depending on the classification of funding). The SRS shall complete their inclusion in the List of Due and Demandable within two (2) working days of receipt and then hold the approved disbursement voucher until the NCA becomes available. When the NCA is issued the SRS shall forward the approved disbursement voucher (and supporting documents) to the Cash Division for preparation and processing of the check or ADA within three (3) working days of receipt of the.
8. For Withdrawal Applications, the approved Withdrawal Application shall be returned to the Implementing Office. If the approved Withdrawal Application is paid from a Special Account, the Implementing Office shall submit it to the appropriate bank within two (2) working days of receipt. In the event that funds are not available in the Special Account, then a List of Due and Demandable Claims for the loan is to be created. If the approved withdrawal application is to be paid as a direct payment from the lending institution, the Implementing Office shall submit it to the lending institution within two (2) working days of receipt.
  9. The above procedures shall be strictly followed in the Central Office, and all Regional and District Offices. In Regional and District Offices the equivalent Division, Section, or Unit shall perform the procedure.

**Preparation of the List of Due and Demandable Claims – Accounts Payable**

1. The Subsidiary and Revenue Section shall be responsible for preparing and maintaining the List of Due and Demandable Claims for Accounts Payable. The list shall follow the prescribed format and requirements of DBM Circular Letter No. 99-2.
2. All claims that are classified as Accounts Payable shall be included in this List of Due and Demandable Claims for Accounts Payable. The claim shall be added to the list when the approved disbursement voucher is received by SRS. The priority order of the claims in this list shall be on a first in and first out basis for all claims, based upon the date the approved disbursement voucher

SUBJECT: PROCESSING OF DISBURSEMENTS

(and supporting documents) is received by SRS following the above procedures. The amount of the claim in the List of Due and Demandable Claims shall always be the exact amount due as indicated on the approved disbursement voucher.

3. The List of Due and Demandable Claims for Accounts Payable shall be segregated between internal and external creditors. Attached to this Department Order, as Annex A for internal creditors and Annex B for external creditors is an example of the List of Due and Demandable Claims for Accounts Payable that shall be utilized.
4. In addition to the required information from DBM Circular Letter No. 99-2 that is to be included in the List of Due and Demandable Claims, the SRS shall also include the date they received the approved disbursement voucher in the list, and the date that original request for the Accounts Payable NCA was sent to DBM. The list shall be a perpetual list and the claim shall stay on this list until the NCA for the claim has been fully received from DBM.
5. The List of Due and Demandable Claims for Accounts Payable shall be certified correct by the respective Chief Accountant and approval of the Head of the Office concerned.
6. The letter request to DBM for payment of Accounts Payable shall be prepared by the SRS and signed by the Head of the Office concerned. This letter request shall be addressed to the DBM Systems and Procedures Bureau or the appropriate DBM office handling Accounts Payable. The letter request should contain the following information:
  - Department
  - Agency
  - Fund Code
  - Amount of Request
    - i. Internal Creditors
    - ii. External Creditors
7. The request shall be supported with the documentary requirements prescribed under the DBM Circular Letter No. 99-2.
8. The SRS shall also prepare the Master List of Accounts Payable (DBM Form BAF-304) at the end of each fiscal year, and it shall be arranged by year of obligation and classified into;
  - a. Due and Demandable A/P's
  - b. A/P's covered with Advances
  - c. A/P's covered with Direct Payments
  - d. A/P's covered with Prepayments and Deposits.(A diskette containing the Masterlist shall be submitted to DBM together with the hardcopy)

SUBJECT: PROCESSING OF DISBURSEMENTS

9. The SRS shall also prepare the Monthly Statement of Charges to Accounts Payable (DBM Form BF-305) of the immediately preceding month when the current month's List of Due and Demandable Claims for Accounts Payable is prepared. This shall be included with the monthly Accounts Payable NCA request to DBM. This shall indicate only Accounts Payable for which payments/reversions/adjustments have been made.
10. Each Regional and District Offices shall prepare their respective List of Due and Demandable Claims for Accounts Payable (for Fund 101) and it shall be submitted directly to the DBM Regional Offices concerned
11. For Centrally Managed Projects, Regional and District Offices shall submit monthly any Accounts Payable claims for these projects, to the Accounting Division in CFMS (Central Office) along with copies of the approved disbursement vouchers. The Accounting Division of CFMS shall consolidate the List of Due and Demandable Claims for Accounts Payable from Central Office, Regional Offices and District Offices for submission to DBM. The CFMS Accounting Division shall post the said consolidated list in the DPWH website.
12. The above procedures shall be strictly followed in the Central Office, and all Regional and District Offices. In Regional and District Offices the equivalent Division, Section, or Unit shall perform the procedure.

**Preparation of the List of Due and Demandable Claims – Current Obligations**

1. The SRS shall be responsible for preparing and maintaining The List of Due and Demandable Claims for Current Obligations, whenever the current obligation NCA is not sufficient to pay claims received and outstanding.
2. All claims that are classified as Current Obligations shall be included in this List of Due and Demandable Claims for Current Obligations. The claim shall be added to the list when the approved disbursement voucher is received by SRS. The priority order of the claims in this list shall be on a first in and first out basis for all claims, based upon the date the disbursement voucher (and supporting documents) is received by SRS following the above procedures.
3. Claims for Current Obligations included in the List of Due and Demandable shall be in the following categories and priority:
  - a. Claims for Salaries and Wages
  - b. Claims for Maintenance and Other Operating Expenses (MOOE)
  - c. Unpaid claims of the previous request as indicated in the List of Due and Demandable Claims for Current Obligations, which were not paid due to insufficient release of cash by the DBM.

SUBJECT: PROCESSING OF DISBURSEMENTS

- d. Funding checks for Regional Offices, Districts Offices, and Project Management Offices.
  - e. Current months list of Due and Demandable Claims using the first in first out method by the date the claim was received by SRS. Claims for NRIMP and MMURTRIP Projects shall be given the highest priority in this category to avoid payment of penalty for delayed payments.
4. The amount of the claim for the list of due and demandable shall be the exact amount indicated on the disbursement voucher following the above procedures. The only exception to this shall be for Salaries and Wages, and MOOE, which shall be estimated amounts.
  5. The SRS shall include the date they received the approved disbursement voucher in the list of Due and Demandable Claims. The list shall also indicate the date that original request for NCA was sent to DBM. The list shall be a perpetual list and the claim shall stay on this list until the NCA for the claim has been received from DBM. Attached to this Department Order, as Annex C is an example of the List of Due and Demandable Claims for Current Obligations that shall be utilized. The CFMS Accounting Division shall post the said list in the DPWH website and shall keep it up-to-date.
  6. Whenever DBM requires this List of Due and Demandable Claims for Current Obligations it shall be submitted according to the DBM requirements by the respective office.
  7. Whenever the Department receives an NCA for Current Obligations it shall be disbursed in the priority order as defined above.
  8. The above procedures shall be strictly followed in the Central Office, and all Regional and District Offices. In Regional and District Offices the equivalent Division, Section, or Unit shall perform the procedure.

**Preparation of the List of Due and Demandable – Withdrawal Applications**

1. The respective Implementing Office shall be responsible for preparing and maintaining the List of Due and Demandable Claims for Withdrawal Applications, whenever the Special Account is not sufficient to pay claims received and outstanding
2. All Withdrawal Applications claims where funds in the Special Account are not sufficient to pay the claim shall be included in this List of Due and Demandable Claims for Withdrawal Applications. The Withdrawal Application shall be added to the list when Implementing Office receives the approved Withdrawal Application. The priority order of the claims in this list shall be on a first in and first out basis for all claims, based upon the date the

SUBJECT: PROCESSING OF DISBURSEMENTS

approved Withdrawal Application (and supporting documents) is received by Implementing Office following the above procedures.

3. Whenever the Department receives the replenishment for the Special Account it shall be disbursed in the priority order as defined above. The Implementing Office shall submit the Withdrawal Application to the appropriate bank for payment to the creditor within two (2) working days of receipt of the replenishment.

### **Monitoring of Processing of Payments**

1. The Implementing Office shall attach a routing slip to all claims showing all receipt of documents, reviews and approvals needed for processing. Each office shall then sign and date the routing slip when they receive the documents, and when they complete the review and approval of the document (or return the documents because of deficiencies). Attached to this Department Order, as Annex D is an example of the routing slip that shall be utilized.
2. Each Implementing Office shall maintain a list of claims, that includes the date the claim was submitted, who the creditor is, and the amount of the claim, and the date the claim was paid. The Implementing Office shall also keep the completed routing slip, and forward a copy of this to the Chief Accountant and Internal Audit Service. The CFMS will also establish monitoring mechanisms for all claims to ensure this Department Order is strictly followed.
3. Internal Audit Service shall conduct periodic monitoring of the process to determine if all Offices are strictly adhering to this Department Order. This monitoring is to occur at least quarterly, or more frequently if Internal Audit Service determines it necessary. Internal Audit Service shall submit a report to the Secretary quarterly of the monitoring conducted.

### **Penalty Clause**

1. Any violation of these policies and procedures shall subject the erring employee or official to immediate sanctions that shall include relief, suspension and/or dismissal in accordance with the Civil Service rules and regulations and other pertinent laws and regulations.

This Order shall take effect immediately and supersede all previous Department Orders and other issuances or any provision thereof that are inconsistent herewith.

  
SIMEON A. DATUMANONG  
Secretary