



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

**CIRCULAR LETTER**

No. 2015 - 11  
Date: September 11, 2015

FOR: All Heads of Departments/Agencies/State Universities and Colleges, Other Executive Offices and Constitutional Offices and All Others Concerned

**SUBJECT: CONDUCT OF REVIEW FOR THE PROGRAM EXPENDITURE CLASSIFICATION (PREXC) FOR FY 2017 BUDGET**

---

- 1.0 In line with the DBM's commitment to improve transparency and public accountability and to manage for results, the Performance Informed Budgeting (PIB) is transitioning to its next phase, the Program Expenditure Classification (PREXC). PREXC is the restructuring of an agency's budget by aligning all recurring activities and projects under the Programs of the agency in accordance with its mandate.
- 2.0 PREXC briefings and hand holding sessions were conducted to capacitate the agencies on how to restructure their FY 2017 budgets under the PREXC. Technical assistance was provided to enable agencies to prepare their PREXC budget structure and program profiles (Form A)
- 3.0 To facilitate the finalization of the PREXC budget structure and program profiles of all Departments/Agencies, a series of reviews shall be conducted from September to November 2015 as a concluding activity for PREXC. This will serve as a venue for collaborative work on and evaluation of the final PREXC agency submission prior to the sign off process between DBM and the agencies concerned. The output of the review is the PREXC budget structure and program performance information of agencies that they will adopt in their FY 2017 budget.
- 4.0 The Undersecretary and/or Assistant Secretary for Finance/Administration/Planning and the Directors for Planning and Budgeting are encouraged to attend the said review. The officials concerned may send their representative provided he is in a position to respond to the issues that may be raised during the discussion of the agency's PREXC and decide in behalf of the department.
- 5.0 The DBM review team shall be composed of DBM officials, representatives from Budget and Management Bureaus (BMBs), and other DBM Bureaus concerned.
- 6.0 Agencies shall ensure that their proposed PREXC budget structure and program profiles have been submitted to DBM prior to the conduct of the review. These shall be based on the 2016 National Expenditure Program (NEP) budget of the agencies and shall show the transition/reconciliations from the current MFO based budget (see Forms 1 and 2 for the Tracing from 2016 NEP to PREXC Budget Structure).

- 6.1 All final PREXC budget structure and program profile submissions, together with the accomplished Tracing from 2016 NEP to PREXC Budget Structure Forms 1 (Activity/Project information) and 2 (Performance Information), should be duly endorsed by the Head of the Agency or his delegated officer, and submitted to the Undersigned through the concerned DBM BMB Directors, who will endorse the same to the Undersecretary for Budget Policy and Strategy, Laura B. Pascua, for final review and endorsement for adoption for the FY 2017 Budget.
- 7.0 The schedule of the PREXC review for specific agencies is hereby attached as Annex A. The departments/agencies shall be informed of the venue of the discussions by the BMB concerned and by the Reforms Division of the Fiscal Planning and Reforms Bureau (FPRB).
- 8.0 For compliance.



**FLORENCIO B. ABAD**  
Secretary *FB*

## Schedule of PREXC Reviews

Date	Participating Agencies	Time	Venue
<b>Major Departments</b>			
September 15, 2015 (Tuesday)	Department of Tourism (DOT) and Attached Agencies	1:00 PM – 5:00 PM	<i>Office of Undersecretary Laura B. Pascua</i>
September 22, 2015 (Tuesday)	Department of Agrarian Reform (DAR) and Attached Agencies	10:00 AM – 12:00 NN	<i>DBM Library Bldg 1</i>
	Department of Environment and Natural Resources (DENR) and Attached Agencies	1:00 PM – 5:00 PM	
October 01, 2015 (Thursday)	Department of Foreign Affairs (DFA) and Attached Agencies	9:00 AM – 5:00 PM	<i>To be relayed to the agencies once it has been finalized</i>
October 05, 2015 (Monday)	Department of National Defense (DND) OSEC and Civilian Bureaus	9:00 AM – 5:00 PM	
October 07, 2015 (Wednesday)	Department of Interior and Local Government (DILG) Attached Agencies	9:00 AM – 5:00 PM	
October 08, 2015 (Thursday)	Department of Energy (DOE)	9:00 AM – 12:00 NN	
	Department of Public Works and Highways (DPWH)	1:00 PM – 5:00 PM	
October 12, 2015 (Monday)	Department of Social Welfare and Development (DSWD) and Attached Agencies	9:00 AM – 5:00 PM	
October 14, 2015 (Wednesday)	Department of Transportation and Communications (DOTC)	9:00 AM – 5:00 PM	

Date	Participating Agencies	Time	Venue
October 16, 2015 (Friday)	Department of Health (DOH) and Attached Agencies	9:00 AM – 5:00 PM	<i>To be relayed to the agencies once it has been finalized</i>
October 20, 2015 (Tuesday)	Department of Agriculture (DA) and Attached Agencies	9:00 AM – 5:00 PM	
October 21, 2015 (Wednesday)	Department of Education (DEPED) and Attached Agencies	9:00 AM – 5:00 PM	
October 23, 2015 (Friday)	National Economic and Development Authority (NEDA) and Attached Agencies	9:00 AM – 5:00 PM	
October 26, 2015 (Monday)	Department of Trade and Industry (DTI) and Attached Agencies	9:00 AM – 12:00 NN	
October 28, 2015 (Wednesday)	Department of Labor and Employment (DOLE) and Attached Agencies	1:00 PM – 5:00 PM	
October 30, 2015 (Friday)	Department of Science and Technology (DOST) and Attached Agencies	9:00 AM – 5:00 PM	
November 05, 2015 (Thursday)	Department of Justice (DOJ) and Attached Agencies	9:00 AM – 5:00 PM	
November 06, 2015 (Friday)	Presidential Communications Operations Office (PCOO) and Attached Agencies	9:00 AM – 12:00 NN	
	Department of Budget and Management (DBM) and Attached Agency	1:00 PM – 5:00 PM	
November 10, 2015 (Tuesday)	Department of Finance (DOF) and Attached Agencies	9:00 AM – 5:00 PM	<i>To be relayed to the agencies once it has been finalized</i>

Date	Participating Agencies	Time	Venue
<b>Other Agencies</b>			
November 12, 2015 (Thursday)	The Judiciary	9:00 AM – 12:00 NN	<i>To be relayed to the agencies once it has been finalized</i>
	Autonomous Region in Muslim Mindanao/Bangsamoro	1:00 PM – 5:00 PM	
November 24, 2015 (Tuesday)	The Office of the Ombudsman	9:00 AM – 12:00 NN	
	Joint Legislative-Executive Councils	1:00 PM – 5:00 PM	
November 25, 2015 (Wednesday)	Office of the President	9:00 AM – 12:00 NN	
	Office of the Vice President		
	Congress and Attached Agencies	1:00 PM – 5:00 PM	
November 26, 2015 (Thursday)	Commission on Elections (COMELEC)	9:00 AM – 12:00 NN	
	Commission on Human Rights (CHR)		
	Commission on Audit (COA)	1:00 PM – 5:00 PM	
	Civil Service Commission (CSC)		
<b>Other Executive Offices (OEOs)</b>			
November 27, 2015 (Friday)	Energy Regulatory Commission (ERC)	9:00 AM – 12:00 NN	<i>To be relayed to the agencies once it has been finalized</i>
	National Telecommunications Commission (NTC)		
	Commission on Higher Education (CHED)	1:00 PM – 5:00 PM	
	Metropolitan Manila Development Authority (MMDA)		
To be scheduled	Other OEOs	-	

**Tracing from 2016 NEP to PREXC Budget Structure  
Activity/Project Information**

Department/Agency:

**Bureau of Internal Revenue (BIR)**

2016 National Expenditure Program (NEP) Budget Structure (A)					Program Expenditure Classification (PREXC) (B)			
UACS Code (1)	GAS, STO, OPERATIONS, PROJECTS (2)	Major Final Outputs (MFOs) (3)	Program/Activity/Project (PAPs)		Activity/ Project		Existing/ Proposed (6)	Comments (7)
			(4a) PAP	(4b) Amount	(5a) PAP	(5b) Amount		
000001000000000	GAS							
103001000100000			General Management and Supervision	xxxx	General Management and Supervision	xxxx	Existing	Subsumed under GAS
103001000200000			Human Resource Development	xxxx	Human Resource Development	xxxx	Existing	Subsumed under GAS
103001000300000			Planning and Policy Formulation	xxxx	Planning and Policy Formulation	xxxx	Existing	Transferred under the "Revenue Administration Program"
103001000400000			-	xxxx	-	xxxx	-	-
103001000500000			-	xxxx	-	xxxx	-	-
103001000600000			-	xxxx	-	xxxx	-	-
000002000000000	STO		-				-	Agency has no STO

**Tracing from 2016 NEP to PREXC Budget Structure**  
**Activity/Project Information**

2016 National Expenditure Program (NEP) Budget Structure (A)					Program Expenditure Classification (PREXC) (B)			
UACS Code (1)	GAS, STO, OPERATIONS, PROJECTS (2)	Major Final Outputs (MFOs) (3)	Program/Activity/Project (PAPs)		Activity/ Project		Existing/ Proposed (6)	Comments (7)
			(4a) PAP	(4b) Amount	(5a) PAP	(5b) Amount		
000003000000000	OPERATIONS							
101003010000000		MFO 1: Tax Collection Services						
101003010100000			Formulation, coordination, monitoring and evaluation of collection and assessment services, including formulation of procedures and policies on tax fraud investigation and intelligence operations	xxxx	Formulation, coordination, monitoring and evaluation of collection and assessment services, including formulation of procedures and policies on tax fraud investigation and intelligence operations	xxxx	Existing	Subsumed under the "Revenue Administration Program"
101003010200000			Issuance of tax rulings, decisions on appealed cases and assistance in the prosecution of civil and criminal cases	xxxx	Issuance of tax rulings, decisions on appealed cases and assistance in the prosecution of civil and criminal cases	xxxx	Existing	Subsumed under the "Revenue Administration Program"
101003010300000			-	xxxx	-	xxxx	-	-
101003010400000			-	xxxx	-	xxxx	--	-
<b>TOTAL</b>				xxxx		xxxx		

**Tracing from 2016 NEP to PREXC Budget Structure  
Activity/Project Information**

**Instructions:**

- <sup>A</sup> Inputs for this portion shall follow the budget structure as appearing in the 2016 NEP
- <sup>B</sup> Inputs for this portion shall be based on the proposed PREXC budget structure submission of the agencies to DBM
- <sup>1</sup> Indicate UACS code of GAS/STO/OPERATIONS PAPs as reflected in the 2016 NEP
- <sup>2</sup> Indicate GAS, STO, OPERATIONS and PROJECTS (Locally Funded Projects and Foreign Assisted Projects) following the budget structure as appearing in the 2016 NEP
- <sup>3</sup> Indicate MFOs under OPERATIONS
- <sup>4a</sup> Indicate PAPs under GAS, STO and OPERATIONS as appearing in the 2016 NEP
- <sup>4b</sup> Indicate amounts of PAPs indicated in column (4a) as appearing in the 2016 NEP
- <sup>5a</sup> Trace the PAP in column (4a) in the proposed PREXC budget structure. Indicate the activity/project name in the PREXC budget structure submitted by the agency that it will correspond to. All PAPs in column (4a) should be accounted for in column (5a). If any of the PAPs or projects in column (4a) need to be split, these should be shown as 2 activities or 2 projects in column (5a). If 2 PAPs or 2 projects need to be merged, this shall be indicated in column (5a). However, these mergers shall be resorted to sparingly to facilitate Congress' understanding.
- <sup>5b</sup> Indicate amount of corresponding activities and projects in column (5a). The totals in column (4b) must tally with those in column (5b).
- <sup>6</sup> Indicate in this column whether the items in column (5a) are existing or proposed activities/projects. Existing activities/projects are those activities/projects adopted from the 2016 NEP. Proposed activities/projects are new activities/projects that are proposed to be created under the PREXC in FY 2017 due to the splitting of a PAP or project. Hence, the creation of new activities/projects under the PREXC does not entail additional budget for FY 2017.
- <sup>7</sup> Indicate in this column comments pertaining to the activities/projects in column (5)  
Examples: Subsumed under GAS/STO/OPERATIONS and indicate the program  
Transfer of activities/projects from GAS, STO and OPERATIONS to GAS/STO and OPERATIONS, if applicable  
Renaming of activity/project  
If activity/project is proposed to be split or merged, include a justification for the creation/deletion of this new activity/project

**Tracing from 2016 NEP to PREXC Budget Structure  
Performance Information**

Department/Agency:

**Bureau of Internal Revenue (BIR)**

2016 National Expenditure Program (NEP) Budget Structure (A)		Program Expenditure Classification (PREXC) (B)				
Organizational Outcome/ Major Final Outputs (MFOs) (1)	Performance Indicator (2)	Existing/ Proposed (3)	Program (4)	Performance Indicator (5)		Comments (6)
				Outcome	Output	
OO 1: Internal Revenue Collection Improved	1. Collection target attained	Existing	Revenue Administration Program		Audit effort: 8% of total collection goal	Indicator was reworded
	2. Percentage in number of new registered business tax payers increased	Existing	Revenue Administration Program		5% increase in number of registered business tax payers	Indicator was reworded
MFO 1: Tax Collection Services	1. Collection performance	Existing	Revenue Administration Program	Collection performance: Attained +/- 2% of assigned goal		Adopted as an outcome indicator
	2. Collection growth	-		-		Not adopted
		Proposed	Revenue Administration Program		Filing of rate cases: 36 per year	

**Tracing from 2016 NEP to PREXC Budget Structure  
Performance Information**

2016 National Expenditure Program (NEP) Budget Structure (A)		Program Expenditure Classification (PREXC) (B)				
Organizational Outcome/ Major Final Outputs (MFOs) (1)	Performance Indicator (2)	Existing/ Proposed (3)	Program (4)	Performance Indicator (5)		Comments (6)
				Outcome	Output	
		Proposed	Revenue Administration Program		Percentage increase in tax effort as a percent to Gross Domestic Product	

**Instructions:**

- <sup>A</sup> Performance information for this section will be based on Section 4 of the 2016 NEP
- <sup>B</sup> Performance information for this section will be based on the proposed PREXC Form A submitted by the agencies to DBM
- <sup>1</sup> Indicate the organizational outcomes and MFOs as indicated in the 2016 NEP
- <sup>2</sup> Indicate the performance indicators for the items in column (3). All organizational outcome and MFO indicators shall be listed in this column.
- <sup>3</sup> Indicate in this column whether the performance indicator indicated in column (4) are existing or proposed. Existing indicators are those indicators appearing in the 2016 NEP include minor revisions/rewording. Proposed indicators are new indicators proposed under PREXC for FY 2017.
- <sup>4</sup> Identify the program that the indicator in column (4) belongs to.
- <sup>5</sup> Indicate whether the performance indicator is an outcome or output indicator of the program indicated in column (6). The revised/reworded performance indicator statements should be stated in this portion as well as the definitions of the indicator, and how it is derived or measured and sources of data
- <sup>6</sup> Indicate in this column comments pertaining to the performance information in column (5).  
Examples: Indicator was revised/reworded or not adopted.  
Adoption of an output indicator as an outcome indicator and vice versa