



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

CIRCULAR LETTER

**No. 2015 - 8
June 8, 2015**

TO : Heads of Departments, Agencies, State Universities and Colleges, Other Offices of the National Government, and Government-Owned and/or Controlled Corporations; Heads of Planning, Policy, Budget, Operation and Accounting Units and all others Concerned

SUBJECT : Guidelines to Implement Certain Measures to Facilitate Budget Execution pursuant to Administrative Order (AO) No. 46 for FY 2015 and Subsequent Years

1.0 Rationale

Pursuant to AO No. 46, all Heads of Agencies and Departments are directed to facilitate the implementation of programs and projects in order to realize the intended economic and social goals of the government for FY 2015 and subsequent years.

As a result, it is necessary that close monitoring of program and project implementation be undertaken through the creation of a **Full-time Delivery Unit (FDU)** in each agency and department.

2.0 Objectives

- 2.1 To ensure that agencies and departments function in an environment where execution of programs and projects are undertaken promptly and in accordance with the set timelines or targets;
- 2.2 To implement specific measures such as, but not limited to, the creation of an FDU to enable agencies and departments to improve their capacity to utilize their budget;
- 2.3 To emphasize specific government programs or projects which particularly need close monitoring or special reports such as projects covered under the Yolanda Comprehensive Rehabilitation and Recovery Plan (CRRP); and
- 2.4 To prescribe the budget execution documents or accountable forms which would enable agencies to track the physical progress and financial accomplishments as well as comply with the reporting requirements set forth by the OP and the other oversight agencies (Congress, COA and DBM).

3.0 Functions of the Following Units:

3.1 Agency FDU shall:

- 3.1.1 Perform diagnostic assessment which includes but not limited to the following:
 - 3.1.1.1 Review, preferably, before the start of the fiscal year all performance measurements of each program, sub-program, and project, by responsibility center at the Central Office (CO) or Regional Offices (ROs). These are efficiency and effectiveness measures (monthly, quarterly, and semestral), consistent with the annual work program targets, schedules and budgets; and
 - 3.1.1.2 Identify potential risks or constraints (absence of resources, procedures, etc.) which would affect the efficient implementation of programs, sub-programs and projects and thereafter prepare contingency plans to address the same.
- 3.1.2 Undertake, on a periodic basis, data analysis which covers identification of agency programs and projects with historical trends of low disbursement rates and those with anticipated delays. This process shall involve the following processes:
 - 3.1.2.1 Compare actual performance versus specified measures and targets; and
 - 3.1.2.2 Establish "leading indicators" for each program, sub-program and project to signal the need for catch-up plans for delays or underperformance.
- 3.1.3 Act as "problem solver" and facilitate the smooth implementation of programs and projects.
 - 3.1.3.1 Come up with an agency delivery and execution strategy to address actual implementation bottlenecks/ delays of these programs and projects;
 - 3.1.3.2 Work closely with the DBM for quarterly monitoring and evaluation of project execution to facilitate remedial measures. Include the operationalization of a "feedback loop" mechanism in the diagnostic, planning and budgeting phases by responsibility center at the CO or ROs;
 - 3.1.3.3 Ensure the timely submission of Annual Procurement Plan and closely monitor the implementation schedule of the procurement processes (e.g., all contracts with P50M and below will be awarded in January; P51M to P100M in February, etc.); and
 - 3.1.3.4 Communicate on a department-wide and agency-wide basis, the program, sub-program, and project performance measures by responsibility center and accountable persons.

3.2 **DBM-FDU shall:**

- 3.2.1 Identify the organizational (agency internal processes) and operational efficiency issues and problems contributing to the underperformance in disbursements.
- 3.2.2 Undertake performance assessment in financial and non-financial aspects together with the implementing agencies to provide clarification for the results.
- 3.2.3 Come up with measures to further improve the performance of the agencies and departments and assess how to formulate a more realistic monthly disbursement programs (MDPs). If necessary, validate the report through cross-posting of DBM technical personnel to agencies or by strengthening the inspectorate function of DBM.
- 3.2.4 Review and assist agencies and departments in improving their existing monitoring and evaluation systems and procedures for programs and sub-programs and projects to be able to generate the needed quality reports in a timely manner, from the lowest operating units to the CO.
- 3.2.5 Develop, together with the implementing agencies, measures and leading indicators for programs, sub-programs and projects and budgets (e.g., bidding schedules, project implementation plans etc.) to guide departments towards achieving monthly and quarterly disbursement targets.
- 3.2.6 Update scorecards monthly: financial, non-financial and internal processes.
- 3.2.7 In the case of programs and projects under the Yolanda-CRRP, recommend measures to address identified implementation issues including funding deficiencies.

The DBM Regional FDU shall conduct similar activities as enumerated above, for the covered departments and provide the DBM-FDU (CO), highlights of the regular meetings and/or proposed measures to improve performance, among others.

4.0 **Composition**

4.1 **Agency FDU**

- 4.1.1 At the Department Level, the FDU Chair shall be the Undersecretary (USec) as designated by the department to act as point person.
- 4.1.2 For agencies and Other Executive Offices (OEO), the FDU Chair shall be the Head of Agency/OEO and the members shall be composed of the Heads of Finance, Planning, Budget, Operations and Policy Units and Chief Accountant
- 4.1.3 For State Universities and Colleges, the FDU Chair shall be the President or Vice-President or designate.

4.1.4 For Government-Owned and/or Controlled Corporations, the FDU Chair shall be the President or General Manager or designate.

The designated point persons for the Yolanda-CRRP as listed in Annex A may also serve as concurrent point persons in the respective department FDU unless the Department Secretary designates another official.

4.2 DBM - FDU

4.2.1 Central Office

- FDU Chair - USec for Budget Preparation and Execution (BPE)
- FDU Co-Chair - USec for Budget Performance Monitoring and Evaluation (BPME)
- Vice Chairs - ASec for BPE
ASec for BPME
- Members - Director/Assistant Director and Technical Staff of BPEs and DBM Regional Offices (ROs)

Representatives from the following:
 - ✓ Performance Monitoring and Evaluation Bureau
 - ✓ Fiscal Planning Bureau
 - ✓ Budget Technical Bureau
 - ✓ Government Procurement Policy Board
 - ✓ Procurement Service

4.2.2 DBM Regional Offices

- The DBM ROs shall constitute their respective FDUs. The DBM Regional FDUs, initially covering DPWH, DOH and DepEd, shall be composed of the following:
 - Chair : Regional Director
 - Co-chair : Assistant Regional Director
 - Members : Technical Staff handling the covered Departments

4.3 FDU Secretariat

A full time Secretariat in each FDU shall be constituted to provide management and administrative support. A separate issuance for that purpose will be issued by the DBM.

5.0 Periodic Reporting

5.1 Agency FDU

- 5.1.1 Consistent with the DBM and COA Joint Circular 2014-1 (s. 2014) on the Budget and Financial Accountability Reports (BFARs), departments and agencies are required, within thirty days after the end of every quarter; to submit reports to DBM (BMB and RO

concerned), copy furnished the Office of the Cabinet Secretary (OCS).

5.1.2 In addition, the following reports/information shall be submitted on quarterly basis by the departments and agencies:

5.1.2.1 Progress of program and project implementation against targets and implementation plans per Budget Execution Documents (BEDs);

5.1.2.2 Problems/issues encountered and measures adopted to address the same; and

5.1.2.3 Catch-up plans and alternative modes of implementation, if applicable, to enable departments and agencies to meet their programmed implementation.

6.0 Coverage and Schedule of Meeting(s)

6.1 The DBM - FDU shall identify the departments/agencies/GOCCs to be closely monitored.

6.2 The Department/Agency FDU and DBM-FDU shall meet at least **once a month (preferably every 2nd Monday)** to be able to address the bottlenecks resulting to lower-than-expected- spending of the departments/agencies until disbursement levels are back on track.

6.3 The NEDA-PMO shall be responsible in convening Agency FDUs for Yolanda concerns to discuss all matters related to its implementation.

7.0 For compliance.

FLORENCIO B. ABAD
Secretary



ANNEX AList of Heads of Full-time Delivery Unit (FDU) for Yolanda-CRRP:

Department/Agency/GOCC	Position	Name
DSWD	Undersecretary	Mateo G. Montaña
DILG	Undersecretary	Austere A. Panadero
DPWH	Undersecretary	Catalina E. Cabral
DOLE	Undersecretary	Rebecca C. Chato
DTI	Undersecretary	Zenaida Cuison-Maglaya
DENR	Undersecretary	Demetrio L. Ignacio
DA	Undersecretary	Emerson U. Palad
DOH	Assistant Secretary	Gerardo V. Bayugo
DOTC	Undersecretary	Julianito G. Bucayan Jr.
DAR	Undersecretary	Felix Perry A. Villanueva
DOT	Undersecretary	Ma. Victoria V. Jasmin
TESDA	Deputy Director-General	Irene M. Isaac
HUDCC	Undersecretary	Cecilia S. Alba
DOF	Undersecretary	Gil S. Beltran
NAPC	Undersecretary	Florencia C. Dorotan
PCOO	Undersecretary	Jess Anthony Q. Yu
DOJ	Assistant Secretary	Zabedin M. Azis
DepEd	Undersecretary	Francisco M. Varela
DOST	Undersecretary	Rowena P. Guevarra
DOE	Undersecretary	Raul B. Aguilos
OPAFSAM	Undersecretary	Edel C. Guiza
DND	Undersecretary	Alexander P. Pama
CHED	Executive Director	Julito D. Vitriolo
NHA	General Manager	Chito M. Cruz
NEA	Deputy Administrator	Edgardo Piamonte
NIA	Deputy Administrator	Erdolfo P. Domingo
PCA	Deputy Administrator	Roel M. Rosales