



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila



CIRCULAR LETTER

No. 2010-1

January 4, 2010

TO : Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government; Budget Officers; Heads of Accounting Units; and All Others Concerned

SUBJECT : Release of Funds for January, FY 2010

1.0 This Circular covers the following:

1.1 All agencies in the national government including SUCs; and,

1.2 The Bureau of the Treasury for the amounts of assistance to government owned/or controlled corporations (GOCCs) and Department of Budget and Management for local government units (LGUs).

2.0 Pending the approval of the FY 2010 General Appropriations Act (GAA), all operating units i.e., agencies of the national government receiving allotment/Notice of Cash Allocation (NCA) directly from DBM, are authorized **to obligate** the amount corresponding to their actual requirements under the regular budget for the month of **January, 2010** but not to exceed the following percentages i.e.:

2.1 Chargeable Against Agency Specific Budget

2.1.1 Personal Services (PS) - one twelfth (1/12) of the PS level using **actual salary requirements as of December 31, 2009** (i.e., number of filled positions and salary rates) but not to exceed the level provided under the FY 2010 National Expenditure Program (NEP). This PS level shall **exclude** the following:

- Productivity Incentive Benefits;
- Clothing and Uniform Allowance;
- Year-End Benefits; and,
- Lump-sum funds in the agency budget for creation of new positions, among others.

2.1.2 Maintenance and Other Operating Expenditures (MOOE), as well as, Capital Outlays (CO) - one twelfth (1/12) of regular programs and **on-going** foreign assisted/locally funded projects under the FY 2009 GAA (R.A. No. 9524), **or** FY 2010 NEP whichever is lower, provided that, these on-going programs/projects are also included in the FY 2010 NEP.

2.2 Chargeable Against the Miscellaneous Personnel Benefits Fund

First tranche compensation adjustments authorized per E.O. No. 811 and NBC 521, inclusive of the required government premiums in PHILHEALTH and ECIP, computed based on the level of actual requirements (number of filled positions) as of December 31, 2009.

2.3 Chargeable Against Automatic Appropriation

Retirement and Life Insurance Premiums (RLIP) - equivalent to 12% (or the applicable rate otherwise provided under special laws) of the **salaries** component under item 2.1.1 of this Circular, as well as the corresponding RLIP to the first tranche compensation adjustments per E.O. No. 811 and NBC 521 under item 2.2 above.

3.0 Obligations incurred under item 2.0 of this Circular Letter (CL) shall be recorded in the appropriate Registry of Appropriations and Allotments, as **overdraft in allotment**. This shall be adjusted once the allotment for the purpose is approved. The rules and regulations pertinent to recording of these budgetary accounts are prescribed under COA Circular 2004-008.

4.0 Items enumerated below are **not covered by this obligational authority** and shall be issued SARO based on the agency's Special Budget Request (SBR).

4.1 Chargeable against Regular Budget, FY 2009 GAA (R.A. 9524, as reenacted).

Centrally-managed items (CMIs) of departments/agencies. CMIs are lump-sum funds in the regular budget intended to be allocated to the different OUs of the concerned agency. The recipient OUs and corresponding amount of allocation shall be indicated in the request/details submitted by the Central Office of the concerned department/agency, as basis of DBM in the release of funds. The total allocation of OUs per submitted details shall not exceed the CMI level provided per FY 2009 Budget (R.A. 9524) or FY 2010 NEP, whichever is lower.

4.2 Chargeable Against Pension and Gratuity Fund (PGF) R.A. 9524, as reenacted.

4.2.1 Actual requirements for retired government employees i.e., terminal leave benefits of compulsory and optional retirees and retirement gratuity of those not covered by GSIS retirement laws such as military/uniformed personnel and judges/justices of Courts (among others). Agency request shall be supported by the documents required under CL No.99-4.

4.2.2 Actual requirements for pension benefits of AFP retirees, war/military veterans of the Department of National Defense and uniformed personnel of the Department of Interior and Local Government, National Mapping and Resource Information Authority and the Philippine Coast Guard. The amount of release shall be based on the number of pensioners and rates as of December 31, 2009.

4.3 Chargeable Against Automatic Appropriations

4.3.1 Special Accounts in the General Fund (SAGF) of agencies. Amount to be released shall be limited to the uncommitted cash balance with the Bureau of the Treasury under the SAGF of the agency concerned.

4.3.2 Internal Revenue Allotment (IRA) of provinces, cities/municipalities and barangays. Release of SARO shall be corresponding to the January, 2010 requirements based on the FY 2010 NEP.

5.0 All SAROs to be issued chargeable against the FY 2009 Budget (R.A. 9524 as reenacted) under items 4.1 and 4.2 of this Circular shall be valid for obligation while the FY 2010 GAA is not yet in effect. (The effective date of the GAA is fifteen days after the President signs the GAA into law).

6.0 Any unobligated allotments out of the SAROs issued under item 4.1 of this Circular chargeable against the Regular Budget as of the effectivity of the FY 2010 GAA shall be reported to DBM by the agency. The submitted report shall be the basis for withdrawal of said excess obligational authority charged against the FY 2009 GAA, as reenacted. If necessary, the withdrawn allotment may be re-issued chargeable against the FY 2010 GAA. This policy is however, not applicable to allotment releases charged against Automatic Appropriations.

7.0 NCAs shall be issued for the items covered with obligational authority authorized under this Circular as well as items to be issued SAROs, based on the Monthly Cash Program.

8.0 Agencies are likewise reminded to regularly submit to DBM the documents/reports prescribed under NBC No. 507 as basis for determining the status of program/project implementation and expenditures incurred for the production/delivery of goods and services to the public. Said report shall be consolidated for submission to the President.

9.0 For compliance.


ROLANDO G. ANDAYA, JR.
Secretary