



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacanang Manila



NATIONAL BUDGET CIRCULAR

NO. 523
February 16, 2010

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

SUBJECT: Guidelines on the Release of Funds for FY 2010

1.0 PURPOSE

- 1.1 To provide the budgetary policies, rules and regulations on the implementation of the FY 2010 budget under R.A. No. 9970;
- 1.2 To prescribe the procedural guidelines on the release and utilization of funds for FY 2010; and,
- 1.3 To reiterate existing policies and procedures on fund release/utilization as well as, the required budgetary reports.

2.0 COVERAGE

All government agencies, including Local Government Units (LGUs) and Government Owned or Controlled Corporations (GOCCs) receiving budgetary support from the national government in FY 2010.

3.0 GENERAL GUIDELINES

- 3.1 The effectivity date of the FY 2010 General Appropriations Act (GAA), R.A. No. 9970 is on **January 1, 2010** as provided under General Provision No. 98 of said law.
- 3.2 To achieve the FY 2010 DBCC approved Fiscal Program, **allotment releases during the year from all sources** except from multi-user Special Purpose Funds or SPFs as defined under item 3.3 of this Circular, shall be within the FY 2010 Allotment Release Program (ARP). The ARP of each national government agency shall be an amount equal to the total of the following:
 - 3.2.1 Agency specific budget under the FY 2010 GAA or National Expenditure Program (NEP), whichever is lower; and,
 - 3.2.2 Automatic appropriations i.e., Retirement and Life Insurance Premiums (RLIP), Special Accounts in the General Fund (SAGF) and other items classified as such under the NEP.
- 3.3 Multi-user SPFs are the funding source for expenditure items which are not provided in the agency specific budget such as: Calamity Fund, Contingent

Fund, E-Government Fund, General Fund Adjustment, International Commitments Fund, Miscellaneous Personnel Benefits Fund, National Unification Fund, Priority Development Assistance Fund and Pension and Gratuity Fund (PGF). Releases from these SPFs shall be consistent with the Special Provisions governing the use of the same.

- 3.4 The appropriations for agency specific budget under FY 2010 GAA, R.A. 9970 shall be made available to the agency through the issuance of Agency Budget Matrix (ABM) and SAROs. Considering the retroactive effect of the FY 2010 GAA, all SARO releases and other obligational authorities issued using the FY 2009 reenacted budget as appropriation source, shall be considered in the preparation of the ABM.
- 3.5 Pending issuance of their respective ABMs, agencies are authorized to incur overdraft in obligations. Upon receipt of the approved ABM, agencies shall immediately effect the necessary adjustments in the appropriate Registries, their recorded overdrafts in obligations authorized under this Circular as well as Circular Letter (CL) Nos. 2009-1 and 2.
- 3.6 Notice of Cash Allocation (NCA) requirements of agencies authorized to be credited to their Regular MDS Accounts shall be comprehensively released based on their Monthly Cash Program (MCP) pursuant to guidelines provided under CL No. 2008-11. To maximize the available NCAs of the agency, the **Common Fund System** policy shall continue to be used. Under this System, cash allocation balances of agencies under the Regular MDS Account may be used to cover payment of current year's accounts payable (A/Ps) i.e., goods and services which have been delivered during the year, regardless of the year when the covering obligations were incurred, after satisfying their regular operating requirements as reflected/considered in their MCP.
- 3.7 Release of funds (i.e., allotment and NCA) shall be based on the level of agency performance in terms of physical outputs/targets, corresponding funds needed and the period when the agency will undertake or implement the same. Agency utilization of funds in the production/delivery of goods/services to the public vis-à-vis plans/targets for a given period shall be measured thru a periodic review by DBM of its performance.
 - 3.7.1 Under this concept, agencies are required to prepare and submit to DBM, the **Budget Execution Documents (BEDs)** and **Budget Accountability Reports (BARs)** prescribed under NBC Nos. 507 and 507-A. Performance of the agency shall be evaluated by correlating its actual accomplishments contained in the BARs vis-à-vis plans and targets contained in the BEDs.
 - 3.7.2 To further strengthen performance evaluation, the DBM shall actively undertake its Inspectorate function (consistent with CL No. 2009-11) by conducting technical visits to government agencies to review and verify the budgetary accounts recorded in their books of accounts which are the bases in the preparation of BARs. The visits will also include validation of the status of priority programs, projects and activities of agencies in relation to their targets.
 - 3.7.3 Results of the agency performance review will be used as basis for deciding the necessity of any of the following:

- 3.7.3.1 Release of the balance of the "For Later Release" under Not Needing Clearance portion of the approved ABM;
- 3.7.3.2 Additional release from SPFs;
- 3.7.3.3 Withdrawal of released allotment;
- 3.7.3.4 Approval of requests for realignment; or,
- 3.7.3.5 Revision of plans/targets as reflected in their submitted BEDs.
- 3.7.4 In the release of additional funds, the "no report, no release" policy (as it applies to the submission of BEDs and BARs) shall be strictly enforced.
- 3.8 Agencies are authorized the following flexibilities under the General Provisions (GP) of the FY 2010 GAA, R.A. No. 9970:
 - 3.8.1 Use of agency savings under the agency specific budget under the GAA, except savings from releases for RLIP, which is an automatically appropriated item.
 - 3.8.1.1 Augmentation of any item of expenditure within Maintenance and Other Operating Expenses (MOOE) without prior approval of the DBM with the exception of confidential and intelligence fund, per **GP No. 63**. Savings generated, however from amounts programmed, particularly for, petroleum, oil and lubricants as well as for water, illumination, power services, telephone, other communication services, and rent maybe realigned only in the last quarter after taking into consideration the agency's full year requirements for such items, consistent with **GP No. 18**.
 - 3.8.1.2 Payment of any deficiency in the actual requirements for authorized personnel benefits including Year-End Benefits, Retirement Gratuity and Terminal Leave benefits, pensions and other benefits shall be given priority in the use of savings as defined under **GP No. 62**.
 - 3.8.1.3 Payment of honoraria in accordance with **GP No. 49**, Budget Circular Nos. 2003-5, 2007-1, 2 and 3, National Budget Circular No. 2007-510 and other guidelines that may be issued by DBM.
 - 3.8.1.4 Payment of Collective Negotiation Agreement incentives consistent with the improved systems and efficiencies adopted, enabling the agencies to meet and deliver their required plans/targets as reflected in their BEDs and BARs.
 - 3.8.2 Use of Fees and Income
 - 3.8.2.1 Use of fees collected from seminars, trainings and conferences for the purpose of conducting said activities, consistent with **GP No. 9**.

3.8.2.2 Use of proceeds from sale of official publications for the purpose of defraying the cost of preparing, printing and disseminating such publications provided that the agency was not provided any amount or had insufficient funds programmed under their regular budget for the said purpose, consistent with **GP No. 10**.

3.8.2.3 Use of proceeds of sale of obsolete, unnecessary equipment for the purchase of new ones and the rehabilitation of existing vital equipment, consistent with **GP No. 11**.

3.8.2.4 Use of proceeds from sale of bid documents to fund the grant of honoraria to the Bids and Awards Committee members and its support units, consistent with **GP No. 12** and BC No. 2007-3.

3.8.2.5 Use of service fee collections from BIR, GSIS, HDMF, PHIC and mutual benefits associations/cooperatives for the operation of a Provident Fund established in favor of all its employees, consistent with **GP No. 44**.

3.8.3 Use of excess income realized and deposited with the Bureau of the Treasury pursuant to Special Provision No. 9 of the Unprogrammed Fund under R.A. No. 9970 to **augment agencies' operating requirements for the current year except PS**. Agencies, however, which are already authorized by law to retain all or portion of their income collections for their operating requirements are no longer qualified to avail of use of excess income.

3.9 The following budgetary policies are hereby reiterated:

3.9.1 Validity of Funds

3.9.1.1 Continuing Appropriations for MOOE and Capital Outlay (CO) under the FY 2009 GAA, R.A. 9524 shall be available for release and obligation **up to December 31, 2010**.

3.9.1.2 Appropriations for PS, MOOE and CO under FY 2010 GAA, R.A. 9970 shall be available for release and obligation **up to December 31, 2010**.

3.9.2 Timelines to be observed by agencies:

3.9.2.1 Requests for realignment of allotment under the **FY 2009** Budget shall be submitted to DBM **until June 30, 2010**.

3.9.2.2 Deadline for submission of requests to DBM for any release requiring issuance of SARO and NCA in FY 2010 shall be on **November 15, 2010**.

3.9.2.3 Deadline for submission of BEDs shall be on **April 15, 2010** and BARs on the dates prescribed under NBC 507/507A.

4.0 SPECIFIC GUIDELINES

4.1 Preparation of the ABM

4.1.1 The ABM, which shall be prepared by DBM, in coordination and consultation with agencies (format shown in **Annex A**), shall be presented by:

4.1.1.1 Funding source i.e.,

- Agency specific budget under the FY 2010 GAA; and,
- Automatic Appropriations under the FY 2010 NEP i.e., RLIP, SAGF and other items classified as such.

4.1.1.2 Operating unit (OU) i.e., agency receiving NCA directly from DBM;

For certain department/agencies that would require the detailed list of OUs and their corresponding budgetary allocations (e.g., PENROs of DENR and PAROs of DAR), said information shall be submitted to DBM on or before **February 28, 2010**. This will give ample time for DBM to prepare the ABM.

4.1.1.3 Programs/Activities/Projects (P/A/Ps) consistent with the presentation under the FY 2010 GAA; and,

For Foreign Assisted Projects (FAPs) allocation, the ABM should be further broken down into Peso Counterpart (PC)/Loan Proceeds (LP) and project/category/component per allotment class basis.

4.1.1.4 Allotment class i.e., PS, MOOE and CO.

4.1.2 The ABM for the agency specific budget under the FY 2010 GAA, R.A. 9970 shall be segregated into Needing Clearance (NC) and Not Needing Clearance (NNC). The **NC portion** of the ABM shall consist of the following budgetary provisions in the agency specific budgets:

4.1.2.1 Items covered by SAROs issued prior to the approval of the 2010 GAA to accelerate implementation of priority projects (i.e., frontloading of requirements); and,

4.1.2.2 Items that shall be released upon compliance of certain documentary requirements:

- Confidential and Intelligence Fund which is subject to prior approval of the President of the Philippines;
- Procurement of motor vehicles and motorized equipment which are subject to prior approval either by the DBM or the President of the Philippines, as

the case maybe, pursuant to existing and other guidelines that may be issued for the purpose;

- o Lump-sum appropriations or centrally-managed items (CMIs) under the agency's approved budget corresponding to items or activities which do not have specific details thereby necessitating the submission of certain documentary requirements prior to its release, such as:

- Creation of new positions;
- Reclassification of positions;
- Newly legislated/established high schools;
- Amount appropriated for the Equivalent Record Form and Master Teacher;
- Nationwide, region-wide and district-wide lump-sum for infrastructure and non-infrastructure projects;
- Special Purpose Funds of the Regional Governor and Vice Regional Governor as well as the share in internal revenue collections under the budget of the Autonomous Region of Muslim Mindanao; and,
- All other lump-sum amounts under the agency specific budgets.

- o Provision for unfilled positions under the budgets of agencies;
- o Annually appropriated SAGF built-in under the agency budget;
- o Budgetary support/assistance of the national government to the GOCCs and LGUs;
- o Budgetary provisions which provided additional amounts for existing programs or projects;
- o Budgetary provisions for new items in the budgets of some departments, bureaus, offices and agencies; and,
- o Budgetary items/provisions for Conditional Implementation under the President's Veto message, which are subject to specific guidelines to be issued by the appropriate agencies.

4.1.3 The **NNC portion** of the ABM refers to items in the agency budget under the FY 2010 GAA **not** included under item **4.1.2** of this Circular. This shall further be disaggregated into: "**This Release**" which corresponds to the total allotments comprehensively released and "**For Later Release**" which is the difference between the NNC and the "This Release" columns of the ABM.

4.1.3.1 The allotments to be comprehensively released and reflected in the "**This Release**" of the ABM shall be equivalent to the following:

- For **PS – 100%** of the NNC portion of the ABM, pertaining to filled positions only. This released allotment shall also be used to cover the funds needed to implement the first tranche compensation adjustments authorized per E.O. 811 and NBC 521 including corresponding adjustments in government premiums for PHILHEALTH, ECIP, and RLIP as well as, deficiency resulting from filling up of vacant positions. Agencies may submit to DBM, request for additional release of allotment for any deficiency after payment of the said expenditures, to be charged against the appropriate funds for the purpose.

- For **MOOE and CO - at least 75%** of the NNC portion of the OU's ABM. For appropriation items covering requirements of contracts entered into which cannot be made on a piecemeal or by phase basis, release for the same may be made in full.

4.1.3.2 The total amount of comprehensive release shall be highlighted in bold words on the last page of the ABM and broken down by allotment class i.e., PS, MOOE and CO.

4.1.4 The following built-in appropriation items under the FY 2010 GAA, although part of the comprehensive release of the NNC portion of the ABM, can only be obligated by the OU subject to compliance with the required clearance/approval/ documentation:

4.1.4.1 Computers and other information technology equipment which need clearance/approved Information Systems Strategic Plan from the National Computer Center under the Commission on Information and Communications Technology of the Office of the President;

4.1.4.2 Communication equipment which require clearance from the National Telecommunications Commission;

4.1.4.3 Firearms which need the prior approval of the Philippine National Police;

4.1.4.4 Research and development in the natural, agricultural, technological and engineering sciences which has not yet been approved by the Department of Science and Technology and/or the Department of Agriculture;

4.1.4.5 Books to be procured by agencies other than schools and The National Library exceeding the authorized five (5) copies per title, which need prior approval from DBM;

4.1.4.6 On-going FAPs which require the attainment of certain conditionalities; and,

- 4.1.4.7 Grants, subsidies and contributions which must be supported by details indicating among others, the purpose, amount intended for each beneficiary and the list of recipients.

4.2 Approval of the ABM

The ABMs shall be signed/approved by the DBM Secretary or his authorized representative on or before **March 31, 2010**. The original copy of the approved ABM shall be issued by the DBM to the concerned OU.

4.3 Release of SARO

4.3.1 SAROs shall be issued by DBM for the following items:

- 4.3.1.1 Appropriation items not included in the amount comprehensively release thru the ABM i.e., "For Later Release" portion;

- 4.3.1.2 "NC" portion of the ABM;

- 4.3.1.3 Charges against multi-user SPFs;

- 4.3.1.4 Adjustments between the NNC and NC Portions of the approved ABM; and,

- 4.3.1.5 Adjustments of SAROs issued prior to the approval of the FY 2010 GAA which were charged against the **FY 2009 GAA, as reenacted**. Considering the retroactive effect of the FY 2010 GAA, said SAROs shall be withdrawn for change in the appropriation source.

4.3.2 Procedures to be observed in the release of SAROs:

- 4.3.2.1 The "For Later Release" portion of the ABM shall be released subject to the results of the agency performance review conducted by DBM.

- 4.3.2.2 Release of the items categorized under "NC" portion of the ABM shall be subject to the submission of Special Budget Requests (SBRs) duly supported with the required documentary requirements cited under item **4.1.2** of this Circular. In the case of CMIs or lump-sum appropriations under the agency specific budget, the following procedures shall be observed:

- Agencies concerned shall submit to DBM, their SBR supported with the following:
 - Specific OUs identified to implement the project and amount allocated to each OU;
 - Financial Program i.e., Obligational Program and MCP; and,

- Physical targets to determine the specific activities to be undertaken during project implementation.

- DBM shall issue the SARO directly to the specific OUs implementing the project as reflected in the list submitted by the departments/agencies.

4.3.2.3 For charges against multi-user SPFs, agencies shall submit to DBM, an SBR for expenditures eligible to be charged against the multi-user SPFs. DBM shall, after thorough evaluation of the SBR, issue SARO consistent with the Special Provisions of the SPFs.

4.3.2.4 Adjustments between the NNC and NC Portions of the approved ABM i.e., adjustment or revision in the amounts classified under the NNC and NC columns, will necessitate the issuance of SARO by DBM. Request for realignments shall be submitted to DBM-Central Office or the concerned DBM-Regional Office, as the case may be.

4.3.2.5 For the adjustments of SAROs issued prior to the approval of the FY 2010 GAA, DBM shall:

- Issue a SARO to cover withdrawal of the amount charged against FY 2009 GAA, R.A. 9524, as reenacted;
- Issue another SARO chargeable against the FY 2010 GAA, R.A. 9970 for the same purpose and amount of the withdrawn SARO.

4.4 Issuance of Disbursement Authorities

4.4.1 OUs shall submit to DBM, their MCPs reflecting the monthly requirements for the disbursement authorities needed in the implementation of programs and projects such as:

4.4.1.1 Portion to be funded from the different types of disbursement authorities i.e., NCA, NCAA and CDC; and,

4.4.1.2 Breakdown of requirements by allotment class i.e., PS, MOOE and CO. Identification/segregation shall also be made as to Regular Programs including Locally Funded and Foreign Assisted Projects. For FAPs, the breakdown by PC and LP component portion should be reflected, with the LP portion further broken down into its cash and non-cash components.

4.4.2 Initially, OUs shall submit the MCP corresponding to the following:

4.4.2.1 Amount of allotment comprehensively released under the ABM for FY 2010. The MCP for this purpose shall reflect the monthly programmed disbursement requirements. This will serve as basis of DBM in

adjusting the tentative cash program of the OUs i.e., need for additional release of NCA.

4.4.2.2 Continuing Appropriation (CA) i.e., balances of allotments as of December 31, 2009 which are still valid for obligation in 2010. In this instance, copy of the last page of the Registries of Allotments and Obligations showing the CA for MOOE and CO, prepared by the Budget Officer, should be submitted as supporting document.

4.4.3 Separate MCPs shall be submitted by the OUs for additional SAROs issued from:

4.4.3.1 Specific agency appropriations under the FY 2010 GAA particularly the amounts under the "For Later Release" and NC portion of the approved ABM;

4.4.3.2 Claims against multi-user SPFs under the FY 2010 GAA; and,

4.4.3.3 Automatic Appropriations i.e., RLIP and SAGFs.

4.4.4 On the release of NCA

4.4.4.1 The comprehensive NCAs to OUs under the Regular MDS Account shall be based on their submitted MCP. Agencies shall prepare realistic MCP for the implementation of their programs/projects, taking into consideration the following:

- The amount for PS should fully provide for all filled positions inclusive of the government counterpart contributions and timing of the grant of year-end benefits and other similar items of expenditures, including pensions for uniformed/military personnel and veterans.
- Seasonal periods or peak and slack times in the provision of MOOE (when the agencies' activities/work program would require adjustment in operating expenses).
- CO must likewise be programmed in accordance with scheduled work targets e.g., initial construction activities will only entail fifteen percent (15%) mobilization costs and the balance shall be in accordance with the work program. Likewise, equipment will require cash only on the expected delivery date and not at the bidding and procurement stages.
- For FAPs, the release of the PC and LP components shall be synchronized. Moreover, the cash portion of the LP component shall be released only upon receipt of the BTr certification re: availability of LP from the foreign lending institution.

4.4.4.2 The cash requirements of **prior year's accounts payable (A/Ps)** i.e., for goods, services, projects delivered/rendered/completed and accepted during the previous years which remained unpaid up to the end of December 31, 2009 shall follow the guidelines prescribed under CL Nos. 2002-17, 2004-2 to 3 and 2005-2. The following procedures on payment of prior year's A/Ps are emphasized:

- The List of Due and Demandable A/Ps as of December 31, 2009 shall be submitted to DBM not later than **January 31, 2010**. Separate lists shall be submitted for external and internal creditors.
- Lists of prior year's due and demandable A/Ps not received by DBM within the January 31 cut-off date shall **not be included in the special lane for priority funding**. Instead, said prior year's A/Ps shall be queued by the agency in the normal payment procedure for current A/Ps i.e., chargeable against the NCAs under the Regular MDS account using the Common Fund Scheme.

4.4.4.3 Cash requirement for **current year A/Ps** i.e., for goods, services and projects to be delivered/rendered/completed and accepted during the year (charged against FY 2010 and prior years' budget) shall be paid pursuant to the procedures prescribed under the circulars cited under item 4.4.4.2 above.

4.4.5 On the release of NCAA, departments/agencies/OUTs availing of foreign loan proceeds through direct payment (i.e., creditors/suppliers directly paid by the lending institution upon request of the Implementing Agency) shall submit a request for the issuance of NCAA. It is understood that requests for issuance of NCAA shall be used to cover the liquidation of actual obligations incurred by the agency within their available allotments, pursuant to DBM-COA-DOF Joint Circular 2-97 and CL No. 2003-12.

4.4.6 On the release of CDC

4.4.6.1 CDC is an authority issued by DBM to DFA and DOLE to utilize their income collected/retained by their foreign service posts (FSPs) to cover its operating requirements but not to exceed the released allotment to the said post.

4.4.6.2 The agency shall submit a request for issuance of CDC, to be supported with the following:

- Accountability reports as consolidated by the DFA or DOLE Home Office; and,
 - FSP Monthly Report of Income
 - FSP Status of Working Fund
 - Projected Annual Report of Income

- BTr certification on actual income collected.

4.5 Conduct of the agency performance review

4.5.1 Consistent with the policy on performance-based budgeting, an evaluation of the agency performance shall be conducted by comparing agency plans and targets vis-à-vis actual accomplishments. The performance review shall cover the OU's physical, revenue collection and fund utilization performances.

4.5.2 Results of the performance review will be primarily used as basis for additional release or withdrawal of funds to the OU, as input in the evaluation of agency budget proposals during budget preparation, and in reporting accomplishments of departments/agencies to the President.

4.5.3 The timely submission by the agency of the following reports is hereby emphasized:

4.5.3.1 **BEDs** - to be submitted to DBM on or before **April 15, 2010**.

- FY 2010 Physical and Financial Plan (PFP) – reflects the OU's physical and financial (budgetary allocation) performance/targets in FY 2010 broken down by quarter;
- Monthly Cash Program – reflects the monthly disbursement requirements of the OU by type of disbursement authority; and,
- Estimate of Monthly Income – reflects the estimated monthly income of the OUs for the current year consistent with the FY 2010 BESF.

4.5.3.2 **BARs** - to be submitted on the dates prescribed under NBC 507 and 507-A.

- Quarterly Physical Report of Operations – reflects the OUs' actual physical accomplishments for a given quarter, in terms of the performance measures indicated in their PFP.
- Quarterly Financial Report of Operations – reflects the OUs' actual obligations/expenditures incurred by **P/A/P** and allotment class for a given quarter, corresponding to the reported physical accomplishments for the same period.
- Quarterly Report of Actual Income – reflects the OUs' actual income collections from all sources for a given quarter broken down by month.
- Statement of Allotment, Obligations and Balances – reflects the OUs' summary report of allotments received and corresponding obligations/expenditures incurred during the month, from all sources by object of expenditure.
- Monthly Report of Disbursements – reflects all the disbursements of the OUs during the month, arising from NCA, NCAA, CDC issued.

- 4.5.4 Actual accomplishments of the agency per submitted Quarterly Physical Report of Operations and Financial Report of Operations (FRO) shall be compared/analyzed vis-à-vis the FY 2010 Physical and Financial Plan. In addition, the Statement of Allotments, Obligations and Balances (which reflects funds from all sources and the expenditure items) shall also be used to validate the level of obligations reflected in the FRO.
- 4.5.5 Actual disbursements of the agency per Monthly Report of Disbursements i.e., according to type of disbursement authority, shall be validated with the estimated disbursement requirements reflected in the MCP to determine variances/adjustments to be made.
- 4.5.6 The FY 2010 Quarterly Report of Income shall be compared with the same period covered under the Estimate of Monthly Income.

4.6 Use of Excess Income

- 4.6.1 Excess income is generated once actual income collected and deposited by the OU with the Bureau of the Treasury (BTr) during the year exceeds the revenue estimates under the FY 2010 BESF.
- 4.6.2 OUs may submit to DBM a request for use of excess income once its targeted revenue level for the year per FY 2010 BESF has been realized and exceeded. The reason(s) for generating excess revenues shall be highlighted in the request (e.g., collection of new fees and charges not considered in the original revenue estimate).
- 4.6.3 DBM shall consider the following in determining excess income:
 - 4.6.3.1 If collections of the OU from existing fees and charges exceed the annual revenue estimates reflected in the FY 2010 BESF due to improved efficiency in operation or upgraded service delivery;
 - 4.6.3.2 If collections of the OU come from new fees and charges due to implementation of new or additional activity/program started during the year, hence not considered in the original income targets per FY 2010 BESF; and,
 - 4.6.3.3 If the level of the 2010 revenue estimate of the OU per FY 2010 BESF is consistent with the normal trend of increases in actual collections for the past years.
- 4.6.4 In the event that the original revenue estimate of an OU per FY 2010 BESF was reduced as a result of their representation during the finalization of said budget document that they will be unable to maintain the normal trend of increases in their revenues, the request for use of excess income shall be reevaluated by DBM, to wit:
 - 4.6.4.1 DBM shall establish the trend of the actual revenue collections generated from regular fees and charges/recurring income by the agency during the immediately preceding years i.e., FYs 2009, 2008 and 2007.
 - 4.6.4.2 DBM shall re-estimate the appropriate revenue level for FY 2010 by applying the established average growth rate of actual revenue collections in said preceding years.

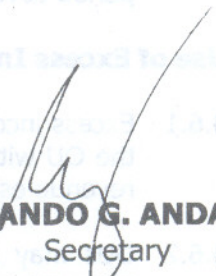
4.6.4.3 In cases where the re-estimated revenue level of FY 2010 is lower than the actual revenue collections of the immediately preceding year (FY 2009), DBM shall use the higher level i.e., 2009 actual revenues, for purposes of computing the amount of excess income that can be availed of by the OU concerned.

5.0 RESPONSIBILITY OF THE HEAD OF AGENCY

The Head of Agency/OU shall be held personally liable for any payment of expenditures not in accordance with the provisions of the Circular.

6.0 EFFECTIVITY

These guidelines shall take effect immediately.


ROLANDO G. ANDAYA, JR.
Secretary