



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

NATIONAL BUDGET CIRCULAR

No. 551

Date January 2, 2014

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 2014

1.0 RATIONALE

Starting FY 2014, new structural reforms shall be implemented toward an **effective Public Financial Management (PFM)**: a) **Unified Account Code Structure (UACS)** per DBM-COA-DOF Joint Circular 2013-1; b) **Performance-Informed Budgeting (PIB)**; and c) **General Appropriations Act (GAA)-as-Budget Release Document**.

- a. Unified Account Code Structure (UACS). The UACS is a government-wide harmonized budgetary, treasury, and accounting code classification that will facilitate reporting of all financial transactions of agencies.
- b. Performance-Informed Budgeting (PIB). PIB is an integrated process whereby agency performance information, i.e., Major Final Outputs (MFOs) and their corresponding Performance Indicators (PIs) under the OPIF, is presented hand-in-hand with the agency budget to ensure that the outputs and outcomes an agency is committing to deliver in exchange for its budget are clear to the public and the legislators.
- c. GAA-as-Budget-Release-Document. The new mechanism, i.e., GAA as budget release document, means that the budgets of departments/agencies or "appropriations," except for those categorized as "For Later Release" or "negative list," are considered released as allotments when the GAA takes into effect.

To provide sufficient information on this new mechanism, a Frequently Asked Questions (FAQ) Sheet is appended to this Circular, shown as **Annex D**.

2.0 PURPOSES

- 2.1 To institutionalize the use of the annual GAA as a release document;
- 2.2 To provide policies, rules and regulations on the implementation of the FY 2014 Budget under R.A. No. 10633; and
- 2.3 To inform agencies of the use of modified release documents, consistent with the adoption of the coding structure under UACS, as well as reiterate/prescribe guidelines in the monitoring of releases and agency performance relative to the PIB.

3.0 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 2014.

4.0 GENERAL GUIDELINES

- 4.1 The effectivity of the FY 2014 GAA, R.A. No. 10633 is on **January 1, 2014** as provided under General Provision **(GP) No. 95** of said law.
- 4.2 Appropriations for maintenance and other operating expenses (MOOE) and Capital Outlays (CO) authorized under R.A. No. 10633 shall be available for release and obligation for the purpose specified, and under the same special provisions applicable thereto, for a period extending to one fiscal year (i.e., 2015) after the end of the year in which such items are appropriated (i.e., 2014), pursuant to **GP No. 59. (Conditional Implementation)**
- 4.3 In line with the FY 2014 fiscal targets, the Allotment Release Program (ARP) shall serve as the ceiling for the aggregate allotment releases during the year from all sources. The ARP of each NGA shall be an amount equal to its appropriations from the following sources:
 - 4.3.1 New appropriations under the FY 2014 GAA, such as: agency specific budget and allocations or additional releases from Special Purpose Funds (SPFs); and
 - 4.3.2 Automatic appropriations for Retirement and Life Insurance Premiums (RLIP), Special Accounts in the General Fund (SAGFs), and other items classified as such under the appropriate tables (i.e., **Tables B.2.c, B.17 and H**) of the FY 2014 Budget of Expenditures and Sources of Financing (BESF).
- 4.4 Allotment releases against continuing appropriations shall also form part of the agency **ARP**, but should **not** result to any increase in the ARP consistent with item no. 4.3 of this Circular. These shall include 2014 allotments charged against the following:
 - 4.4.1 FY 2013 unreleased appropriations (R.A. 10352) for MOOE and CO, pursuant to House of Representatives and Senate Joint Resolution No. 01 (to be covered by separate guidelines); and

- 4.4.2 FY 2013 appropriations under the Supplemental Budget of P14.6 Billion (to be covered by separate guidelines) that shall be used to augment the following:
- 4.4.2.1 Calamity Fund (CF) by P11.2 Billion; and
 - 4.4.2.2 Quick Response Funds (QRF) of the Department of Social Welfare and Development (DSWD) by P3.4 Billion.
- 4.5 Notwithstanding the extension of the validity of FY 2014 appropriations for MOOE and CO up to 2015, agencies/operating units (OUs) **are expected to obligate allotment releases within the year**. Timely implementation of programs and projects as a result of good planning will improve public spending and the quality of service delivery to the public. Efficient spending and program implementation of agencies shall be included as part of the performance assessment for the grant of the performance-based bonus (PBB).
- 4.6 Releases from multi-user SPFs authorized under the FY 2014 GAA, which are funding sources for expenditure items not provided in the agency budgets [e.g., Calamity Fund, Contingent Fund, E-Government Fund, Feasibility Studies Fund, International Commitments Fund, Miscellaneous Personnel Benefits Fund (MPBF), and Pension and Gratuity Fund (PGF)] shall be consistent with the Special Provisions governing the use of the same.
- 4.7 In consideration of the series of calamities that has befallen our nation, heads of agencies are encouraged to review their projects scheduled for implementation during the year for the purpose of redesigning them, to improve the resilience of infrastructure and withstand natural calamities. Funding implications, if any, shall be determined by agencies/OUs.
- 4.8 With the adoption of the UACS and PIB structures of the 2014 GAA, the DBM shall use modified fund release documents, to wit:
- 4.8.1 Obligational authorities, i.e. Special Allotment Release Order (SARO) and General Allotment Release Order (GARO), for agencies/OUs to incur obligations; and
 - 4.8.2 Disbursement authorities, i.e., Notice of Cash Allocation (NCA), Non-Cash Availment Authority (NCAA), Cash Disbursement Ceiling (CDC), for agencies/OUs to pay obligations and payables.
- As a transition measure to allow agencies/OUs sufficient time in the familiarization of the UACS codes, the DBM shall still reflect the previous codes in the release documents.
- 4.9 Funds to be released shall be based on the agency/OU submitted Budget Execution Documents (BEDs) as prescribed in NBC No. 550 dated October 29, 2013. One of the BEDs is the Financial Plan (FP), which contains the **categorization of the agency budget into "For**

Comprehensive Release" (FCR) and "For Later Release" (FLR) or the negative list.

- 4.9.1 The FY 2014 GAA, as a budget release document, shall serve as the obligational authority [replacing the Agency Budget Matrix (ABM)] for the comprehensive release of budgetary items appropriated in the GAA, categorized as **FCR**.
- 4.9.2 The SARO shall cover budgetary items under **FLR** (negative list), subject to compliance of required documents/clearances.
- 4.9.3 The GARO shall cover automatically appropriated expenditures common to most, if not all, agencies without need of special clearance or approval from a competent authority, i.e., RLIP. It is defined as a comprehensive authority issued to all national government agencies, in general, to incur obligations not exceeding an authorized amount during a specified period for the purpose indicated therein.
- 4.10 The following annexes, as approved by the DBM Secretary or his representative, present the summary of budgetary items under the FCR and FLR categories:
- 4.10.1 FY 2014 GAA, R.A. No. 10633
- FCR through the GAA
- 4.10.1.1 **Annex A** - Summary of Appropriations under **FCR**, by department/agency/OU;
- 4.10.1.2 **Annex A1** - Summary of Transferred Appropriations From One Department to Another or Within the Department under **FCR**;
- FLR through SAROs
- 4.10.1.3 **Annex B** - Summary of Appropriations under FLR, by department/agency/OU and by P/A/P;
- 4.10.1.4 **Annex B1** - Summary of Transferred Appropriations From One Department to Another under FLR;
- 4.10.2 Automatic Appropriations, to be released through GARO and SARO
- 4.10.2.1 **Annex C** - Summary of Automatic Appropriations under **FCR**, by department/agency/OU; and
- 4.10.2.2 **Annex C1** - Summary of Automatic Appropriations under FLR, by department/agency/OU.

4.11 Transferred Appropriations

For certain departments/agencies which are authorized under Special Provisions in the GAA to transfer to other departments/agencies or within the department, specific appropriations for implementation of program/projects/activities, the following shall be observed in the release of transferred appropriations:

- 4.11.1 Comprehensive release through the GAA for the following programs/projects already disaggregated by OU, shown in Annex A1:

PARTICULARS	FROM	TO
- Health Facilities Enhancement Program	DOH	DPWH
- Basic Education Services	DepEd	ARMM
- Basic Education Services	DepEd - ROs	DepEd - CO
- Basic Education Madrasah	DepEd - ROs	DepEd - CO
- Government Assistance to Students and Teachers in Private Education (GASTPE)	DepEd - ROs	DepEd - CO

- 4.11.2 Release through SARO, of the following programs, as shown in Annex B1:

PARTICULARS	FROM	TO
- National Health Insurance Program for the Indigents	DOH	Philippine Health Insurance Corporation (PHIC)
- PAyapa at MASaganang PamayaNan Program (PAMANA) and Bangsamoro Programs	DOH	PHIC
- Basic Education Facilities Fund	DepEd	DPWH

4.12 Automatically Appropriated Budgets

Based on the FY 2014 BEDs submitted by the OUs/agencies, funds shall be released in the following manner:

- 4.12.1 Comprehensive release of automatic appropriations under **FCR** per **Annex C**:

4.12.1.1 Annual requirement for **RLIP** through **GARO**, by department/agency/OUs and by P/A/P. However, for agencies with recently approved Rationalization Plans, initial release shall cover only 50% of their annual RLIP requirements.

4.12.1.2 Annual requirements for the following items through SARO:

- Interest Payments;
- Internal Revenue Allotment (IRA); and
- Operating requirements included in Table B.17 of the 2014 BESF, of the following agencies which are fully dependent on income collections accruing to their SAGFs (those with no specific budget provision in the GAA):
 - DOTC, Office of Transport Security (OTS) - PS, MOOE and CO;
 - DOF, Insurance Commission (IC)- PS, MOOE and CO;
 - DOJ, Land Registration Authority (LRA) – MOOE; and
 - DepEd, Early Childhood Care and Development Council (ECCDC) – PS, MOOE and CO.

4.12.2 Release of the following automatic appropriations under FLR per **Annex C1**, through SARO:

4.12.2.1 RLIP representing 50% balance of rationalized agencies, once a Notice of Organization, Staffing and Compensation Action (NOSCA) has been issued effecting adjustments in PS;

4.12.2.2 SAGFs of agencies other than those cited in item no. 4.12.1.2 of this Circular, based on special budget request (SBR) and Bureau of Treasury (BTr) certification on fund availability;

4.12.2.3 Adjustments on IRA (decrease or increase) to be issued in the 4th quarter; and

4.12.2.4 Other automatic appropriations, i.e., Tax Expenditure Fund (TEF), Grant Proceeds and Pension for the Presidents' wives.

4.13 It is understood that the **comprehensive release** of funds encompasses the following:

4.13.1 Release through the GAA of the **annual** requirements of agency specific budgets under FCR;

4.13.2 Release through SARO of **one quarter** requirements of highly subsidized GOCCs as well as pension requirements chargeable against Budgetary Support to GOCCs and PGF, respectively;

- 4.13.3 Release through SARO of the **annual** requirements of automatically appropriated items, i.e., IRA to LGUs, Interest Payments and SAGFs of OTS, LRA and IC; and
- 4.13.4 Release through GARO of RLIP, net of the 50% requirements for newly rationalized agencies.
- 4.14 Release of funds shall be made directly to the NGAs and their OUs. An OU is defined as an "agency" receiving NCA directly from DBM.
- 4.14.1 Funds allocated for Regional Offices (ROs) and OUs, but included in the budget of their Central Offices or which are specifically allocated for the different ROs/OUs, shall be **directly** released to said ROs/OUs in accordance with the approved distribution of expenditures, pursuant to **GP No. 62** of the FY 2014 GAA.
- 4.14.2 Lump-sum appropriations shall only be released, upon submission by the government agency concerned to DBM, of the complete details or list of sub-programs/activities with a corresponding cost up to the lowest level (provincial, city, municipal level as the case may be) pursuant to **GP No. 63** of the FY 2014 GAA.
- 4.15 Utilization of the FY 2014 appropriations shall specifically be for the purposes for which these were authorized. However, agencies are given the following **flexibilities** under the general provisions of the FY 2014 GAA.
- 4.15.1 Augmentation of amounts set aside for payment of compensation, Year-End Benefits, Retirement Gratuity (RG) and Terminal Leave (TL) benefits, Pensions and other personnel benefits authorized by law and those expenditure items authorized in agency special provisions, which shall be given **priority in the use of savings** as defined under **GP No. 69**.
- 4.15.2 Use of savings for augmentation of appropriations for Magna Carta benefits which shall require **prior approval from the DBM** pursuant to **GP No. 50**.
- 4.15.3 Payment of honoraria in accordance with **GP No. 53**, Budget Circular Nos. 2003-5, 2007-1, 2 and 3, NBC No. 2007-510, DBM-DOST Joint Circular No. 1, series of 2013 and such guidelines as may be issued by the DBM.
- 4.15.4 Augmentation of any item of expenditure within MOOE except **Intelligence Funds** which pursuant to **GP No. 74** shall require prior approval from the President of the Philippines.
- 4.15.5 Payment of Collective Negotiation Agreement (CNA) Incentives at authorized rates from savings from allowable MOOE allotments generated out of cost-cutting measures of the

agencies, pursuant to **GP No. 71** and BC No. 2013-4 and other issuances that may be issued by DBM.

4.15.6 Savings generated from amounts programmed for mandatory expenditures, particularly for petroleum, oil and lubricants as well as for water, illumination, power services, telephone, other communication services, and rent which shall be realigned only in the last quarter of the year consistent with **GP No. 72** and subject to the rules on the realignment of savings provided in **GP No. 70**.

4.15.7 Use of Fees and Income

4.15.7.1 Fees collected for seminars, trainings and conferences conducted can be used for the related expenses of said activities by agencies which do not have appropriation for these expenditure items in their budget, consistent with **GP No. 12**.

4.15.7.2 Proceeds from the sale of official publications may be used by those agencies which do not have appropriations in their budgets to defray the cost of preparing, printing and disseminating such publications, subject to pertinent budgeting, accounting and auditing rules and regulations, consistent with **GP No. 13**.

4.15.7.3 Service fees collected from GSIS, HDMF, PHIC, mutual benefits associations/cooperatives, duly licensed insurance companies accredited by the appropriate government agency, and rural banks accredited by the Bangko Sentral ng Pilipinas, shall be used exclusively for the operation of a Provident Fund established in favor of all its employees, pursuant to **GP No. 47**.

4.15.7.4 Excess income (actual collections vis-à-vis the targets shown in the FY 2014 BESF) realized and deposited with the Bureau of the Treasury pursuant to **Special Provision No. 5 of the Unprogrammed Fund** can be used to augment agencies' operating requirements for the current year **except PS** as well as **discretionary and representation expenses under MOOE**.

4.16 Only savings from appropriated items under the GAAs can be realigned. However, agency savings generated or arising from the following circumstances **are not** allowed to be realigned for augmentation of other expenditure items or used for any other purpose:

4.16.1 Confidential and Intelligence Funds; and

4.16.2 RLIP.

4.17 Observance of the following transparency provisions in the 2014 GAA:

4.17.1 Per **GP No. 90**, department/agencies implementing infrastructure projects shall post in their respective websites, within thirty (30) days from entering into contract with the winning contractor the following information per project:

- Project title, detailed description for each project which shall include the nature and location thereof;
- Detailed estimates in arriving at the Approved Budget for the Contract; and
- Winning contractor and the detailed estimates of the bid as awarded.

4.17.2 Per **GP No. 91**, all agencies shall maintain an official website where its transparency seal shall be posted which shall contain the following information:

- Agency's mandate and functions, names of its officials with their position and designation and contact information;
- Physical and financial accountability reports, as required under NBC No. 507/507A, COA-DBM Joint Circular No. 2013-1 and such guidelines as may be issued by the DBM and COA.
- Respective approved budgets and corresponding targets immediately upon approval/passage of the 2014 GAA;
- Major programs and projects categorized in accordance with the five (5) key results areas under EO No. 43, s. of 2011;
- Programs/projects/beneficiaries as identified in the applicable Special Provisions;
- Status of implementation of said program/projects and project evaluation and/or assessment reports; and
- Annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.

4.17.3 Other special provisions under the respective budget of selected agencies under the 2014 GAA, R.A. No. 10633.

4.18 Validity of Appropriations and Other Timelines:

4.18.1 The appropriations authorized therein shall be available for release and obligation for the specified purposes as follows:

- FY 2014 GAA, R.A. 10633

- PS appropriations until December 31, 2014.
- MOOE and CO appropriations until December 31, 2015 per GP No. 59., subject to Conditional Implementation/Issuance of Guidelines by DBM.
- FY 2013 GAA under R.A. No. 10352 and 2013 Supplemental Budget (to be covered by separate guidelines)
 - MOOE and CO appropriations until December 31, 2014.
 - Unobligated balances of 2013 released allotments for MOOE and CO until December 31, 2014.
- Automatic Appropriations
 - All programmed automatic appropriations for PS, MOOE, and CO shall be available for release and obligation up to December 31, 2014, only.

4.18.2 Validity of NCAs issued

- NCA issued and credited to the Regular MDS Sub-Accounts of agencies/OU's for their regular operations, shall be valid **until the last working day of the 3rd month of that quarter** pursuant to DBM Circular Letter (CL) No. 2013-12.
- NCA issued and credited to the Special MDS Accounts of agencies specifically for payment of RG/TL benefits as shall be valid **until the last working day of the following month** when the NCA was issued pursuant to DBM Budget Circular No. 2013-1.
- NCA issued for trust receipts and credited to the Trust MDS Account of agencies shall be valid **until the last working day of the year.**
- NCAs issued to the BTr for working funds of agencies shall be valid **until the last working day of the year.**

4.18.3 Other timelines:

- **November 30, 2013** - deadline for agency submission of the CY 2014 BEDs to DBM prescribed per NBC 550;
- **December 15, 2013** - deadline for agency submission of the FY 2014 Annual Procurement Plan for Common-Use Supplies and Equipment to DBM-PS;
- **June 30, 2014** - deadline for submission to DBM of agency request/s for modifications/realignments of funds under the CY 2013 Budget;
- **November 15, 2014** - deadline for submission to DBM of agency request/s for any release requiring issuance of SAROs/additional NCAs;

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- **Dates prescribed under NBC 507/507A; DBM-COA Joint Circular No. 2013 - submission of the Budget Accountability Reports (BARs)/Financial Accountability Reports (FARs).**

4.19 Periodic monitoring and review of 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 undertaken by DBM, through desk review of the submitted BEDs and quarterly BARs/FARs, as well as, consultations through the Account Management Teams for selected departments. Performance shall be assessed in terms of financial utilization, physical accomplishment of targeted outputs, as well as revenue generation.

4.19.1 Considering the changes (increases, reductions and new budgetary items) introduced in the 2014 GAA, it is imperative that the concerned agencies shall correspondingly adjust their committed performance targets in the submitted Physical Plans.

4.19.2 In case of delays in program/project implementation, the OUs/agencies shall develop a detailed remedial action plan to reflect the specific measures to be implemented that will lessen the impact, if not resolve, the identified budget execution problems/issues and to ensure attainment of their physical and financial targets. The action program can also include the identification of risks and bottlenecks, the timetable of the measures, and reflect the indicators that will show if the agency is succeeding. The action programs shall be discussed with and monitored by DBM.

4.19.3 Results of the performance review will:

4.19.3.1 Provide information as to how much and at what cost the government provides for goods and services to the public, if outputs are accomplished as planned;

4.19.3.2 Track resource leakages and implementation delays, determine factors influencing the level of performance and identify necessary measures/improvement plans to be undertaken for the remaining period of the year;

4.19.3.3 Serve as guide in deciding whether reallocation of funds or additional release is necessary during the year and basis in reporting the status of the budget to the President; and

4.19.3.4 Serve as inputs in the preparation of the budget for the succeeding year.

5.0 SPECIFIC GUIDELINES

5.1 Comprehensive Release of Appropriations through the GAA

5.1.1 Upon effectivity of the FY 2014 GAA, departments/agencies/OUs can immediately obligate their budget allocations, i.e., enter into

contracts (subject to procurement rules), taking into consideration their quarterly plans per submitted FP but not to exceed the amounts indicated in Annexes A and A1 of this Circular.

5.1.1.1 For **PS – 100%** of the approved budget per GAA pertaining to filled positions of NGAs. This includes lump-sums of PS under the budget of DepEd, among others, which shall be subject to certain documentary requirements prior to obligation:

- Equivalent Record Forms (ERFs);
- Conversion to Master Teacher (MT) Positions;
- Reclassification of Positions; and
- Hardship Pay, net of budget provision for increase.

PS allotments comprehensively released can be used by the agency to cover the PS deficiency resulting from filling up of vacant positions. Agencies may submit to DBM, request/s for release of additional allotments for the PS deficiencies already paid, to be charged against the appropriate funds for the purpose.

5.1.1.2 For **MOOE and CO – 100%** of the amount categorized under comprehensive release per FP. This includes the following provisions for:

- QRF under the budgets of DSWD, DND-OSEC and OCD, DA, DepEd, DOTC, DOH and DPWH;
- Lump sum for Repair and Maintenance of School Buildings under MOOE of the budget of the DepEd;
- Centrally-Managed Items (CMIs) of agencies concerned, if already disaggregated per FP;
- Bottom-Up Budgeting (BuB) projects of agencies concerned, per Volume I of Annex A of the GAA and Table F.17 of FY 2014 BESF;
- Provisions for Supplies and Materials as well as Office Equipment, subject to submission of FY 2014 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) and conditions in incurring obligations per CL No. 2013-14 dated November 29, 2013;
- Communication equipment, subject to prior clearance from the National Telecommunications Commission;
- Firearms, subject to prior approval of the Philippine National Police;

- Research and development in the natural, agricultural, technological and engineering sciences, subject to consistency with the master plan of the Department of Science and Technology and Department of Agriculture on the priority research programs and projects to be implemented;
- Books to be procured by agencies other than schools and The National Library exceeding the authorized five (5) copies per title, subject to prior approval from DBM;
- On-going FAPs, subject to compliance with certain conditions; and
- Grants, subsidies and contributions – subject to compliance of the details indicating among others, the purpose, amount intended for each beneficiary and the list of recipients.

5.1.2 DBM shall release the funds to agencies/OUs based on the:

5.1.2.1 Submitted BEDs which contain the disaggregation of agency budget - for the comprehensive release of appropriation/allotment through the GAA and those to be released later through SAROs.

5.1.2.2 Development Budget Coordination Committee (DBCC)-approved Disbursement Program - for the comprehensive NCA covering regular operating requirements to be credited to the **Regular MDS Account** of the agency/OU.

- To maximize flexibility in the use of the available NCAs under the Regular MDS Account, the Common Fund System shall be adhered to.
- Under the system, cash allocations released to NGAs/OUs under the Regular MDS sub-account shall be used also to cover payment of **current year and prior years' A/Ps** of **all** creditors/payees (external and internal) consistent with the MDP.

5.1.3 Release of SARO/NCA for **Budgetary Support to GOCCs**, through the BTr, shall be made as follows:

5.1.3.1 For those GOCCs heavily subsidized by the national government, initial comprehensive release shall cover first quarter requirements, i.e., amount programmed for operating subsidy for three (3) months (January to March, 2014) or equivalent to one-fourth of the total subsidy appropriation per FY 2014 GAA, R.A. 10633; and

- 5.1.3.2 Remaining balance of the subsidy for the current year (April to December requirements) shall be categorized under Negative List.
- 5.1.4 Release of SARO/NCA for **Budgetary support/assistance to the LGUs** shall be made as follows:
- 5.1.4.1 The annual IRA of provinces, cities/municipalities and barangays chargeable against Automatic Appropriations shall be released comprehensively through SAROs through DBM CO/ROs as fund administrators of the IRA.
- 5.1.4.2 Special Shares of LGUs in the Proceeds of National Taxes and Local Government Support Fund shall be released consistent with the Special Provisions of the FY 2014 GAA and specific guidelines governing the allocation and use of the funds.
- 5.1.4.3 Any adjustments, to effect the authorized deductions from the IRA, i.e., LGU contributions to Metropolitan Manila Development Authority and loan amortization to Municipal Development Fund Office, shall be covered by separate SAROs before the end of the year.
- 5.1.5 Appropriation items categorized under the FLR/Negative List shall be released directly to the OUs subject to the submission of SBRs duly supported with separate/detailed FP, MDP, physical plan and other required documentary requirements.
- 5.1.5.1 For CMIs or lump-sum appropriations, the 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; and
 - Other documents to support the implementation of priority projects such as Farm-To-Market Roads (FMRs) and irrigation projects, among others:
 - Network plan of DA for FMRs (as coordinated with LGUs and resident-farmers and fisherfolk), including detailed scope of work, specific location;
 - Agrarian reform communities network plan for FMRs by DAR; and
 - List of priority production areas where the irrigation projects are to be constructed by NIA.
- 5.1.5.2 For charges against **multi-user SPFs**, agencies shall submit to DBM an SBR for eligible expenditures for

issuance of SARO consistent with the Special Provisions of the SPF concerned.

- **PGF** shall be used to fund the following:
 - **Pension** benefits of AFP retirees and war/military veterans of the DND (GHQ and PVAO), uniformed personnel of DILG (BFP, BJMP, PNP including PC-INP), DENR-NAMRIA, DOTC-PCG and other retirees whose pension are funded by the national government (i.e., ERC);
 - ✦ Initial SARO/NCA shall be issued to cover three (3) months requirements i.e., January to March, 2014 or equivalent to one fourth (1/4) of the pension allocation under PGF of the CY 2014 GAA.
 - ✦ Subsequent SAROs/NCAs shall be based on the latest list of actual pensioners provided by the agencies concerned, as confirmed by DBM and supported with the required BARs/FARs as of March 31, 2014.
 - RG and TL benefits of retired government personnel consistent with BC 2013-1; monetization of leave credits of NG personnel including transferred leave credits of personnel devolved to LGUs (considered as advance payment of TL Benefits).
 - Separation and incentive benefits of government personnel affected by restructuring, merger, streamlining, abolition, or privatization.
- **MPBF** shall be used to fund PS deficiencies of employees who are still in the government service such as salaries, bonuses (including performance-based bonuses and performance enhancement incentive), allowances, associated premiums and other personnel benefits, if cannot be accommodated within agency savings.

5.1.6 Any modification/realignment of previous releases made (comprehensive release or SARO) shall be effected through issuance of SARO by DBM. Issuance of a Letter Authority shall be discontinued for easy tracking/monitoring of the changes made on the previous releases. Realignment of funds which require **prior approval of DBM** shall include but is not limited to the following:

5.1.6.1 Change in implementing unit within the agency, but within the same P/A/P;

- 5.1.6.2 Change in P/A/P within the same implementing unit;
- 5.1.6.3 Realignment within Capital Outlays (CO), from one object class to another;
- 5.1.6.4 Realignment of funds to augment Magna Carta Benefits;
- 5.1.6.5 Realignment from one allotment class to another, except savings from MOOE/CO to mandatory PS;
- 5.1.6.6 Realignment from MOOE for payment of Collective Negotiation Agreement (CNA) benefits; and
- 5.1.6.7 Realignment of funds for FAPs subject to DBM guidelines implementing **General Provision No. 76** of the 2014 GAA.

5.2 Issuance of Disbursement Authorities

5.2.1 **Notice of Cash Allocation (NCA)**

5.2.1.1 An initial comprehensive NCA shall be issued directly to the OUs covering the first semester requirements, i.e., January to June, 2014, chargeable against the current year budget. This shall be based on the submitted MDP as prescribed under NBC 550, which shall include the following requirements:

- Current year requirements;
- Prior years' requirements (accounts payables as well as not yet due and demandable obligations but expected to become A/Ps during the current year); and
- Continuing Appropriations pursuant to the House of Representatives and Senate Joint Resolution No. 01 .

5.2.1.2 NCAs to cover the 2nd semester requirements for regular budget shall be subject to the submission of FARs/Budget Accountability Reports (BARs) as of end of June 30 and consistent with the DBCC-approved MDP.

5.2.2 **Non-Cash Availment Authority (NCAA)**

5.2.2.1 Departments/agencies/OUs are enjoined to submit to DBM, request/s for issuance of NCAA to cover the liquidation of their actual obligations incurred against available allotments, pursuant to DBM-COA-DOF Joint Circular 2-97 and CL No. 2003-12. It is emphasized that non-issuance of NCAs for availments of proceeds from loans/grants through direct payments (already taken up as constructive payments BTr report) results to accounts payable build up in the agency books.

5.2.2.2 Departments/agencies/OUs availing of foreign loan proceeds through the direct payment scheme (i.e., creditors/suppliers directly paid by the lending institution upon request of the Implementing Agency) shall ensure that requests for the issuance of NCAA be submitted to DBM, supported by the following documentary requirements:

- Photocopy of the application for withdrawal or equivalent document covering the amount requested;
- List of allotments (ABM/SAROs) and corresponding obligations incurred for the specific foreign loan assisted project against which the disbursements shall be applied; and
- Details of disbursements expressed both in peso and equivalent foreign currency as indicated in the application.

5.2.3 Cash Disbursement Ceiling (CDC)

5.2.3.1 CDC is an authority issued by DBM to DFA and DOLE to utilize their income collected/retained by the Foreign Service Posts (FSPs) to cover their operating requirements, but not to exceed the released allotment to the said post. Non-issuance of CDCs for actual utilization of retained income by FSPs (already taken up as revenue and disbursements per BTr report) results to un-reconciled accounts between BTr and agency books.

5.2.3.2 The agency shall submit a request for issuance of CDC, supported by the following:

- Accountability reports as consolidated by the DFA or DOLE Home Office i.e., FSP Monthly Report of Income; and
- BTr certification on actual income collected.

5.3 Implementation of "No-Report, No-Release" Policy

5.3.1 In the implementation of the CY 2014 budget, DBM shall regularly monitor agencies/OUs' compliance with the reporting requirements i.e., quarterly BARs/FARs.

5.3.2 DBM shall post in its website, agency compliance with reportorial requirements, for the public to view and study.

5.4 Use of Excess Income

5.4.1 Agencies that are already authorized by law to retain a portion of their income collections for their operating requirements, however, are no longer qualified to avail of the use of excess income.

- 5.4.2 Excess income is generated once actual income collected and deposited by the OU with the BTr **during the current year** exceeds the revenue estimates under the FY 2014 BESF.
- 5.4.3 OUs may submit a request for use of excess income to DBM once its targeted revenue level for the year per FY 2014 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).
- 5.4.4 DBM shall consider the following in determining excess income:
- 5.4.4.1 If collections of the OU from existing fees and charges exceed the annual revenue estimates reflected in the FY 2014 BESF due to improved efficiency in operation or upgraded service delivery;
- 5.4.4.2 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 2014 BESF; and,
- 5.4.4.3 If the estimated level of FY 2014 revenue of the OU per FY 2014 BESF is consistent with the normal trend of increases in actual collections for the past years.
- 5.4.5 In the event that the original revenue estimate of an OU per FY 2014 BESF was reduced as a result of their representation during the finalization of the BESF that they will be unable to maintain the normal trend of increases in their revenues or revenue target remains constant for the past three (3) years, the request for use of excess income shall be reevaluated, to wit:
- 5.4.5.1 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 2013, 2012 and 2011.
- 5.4.5.2 DBM shall re-estimate the appropriate revenue level for FY 2014 by applying the established average growth rate of actual revenue collections in said preceding years.
- 5.4.5.3 In cases where the re-estimated revenue level of FY 2014 is lower than the actual revenue collections of the immediately preceding year (FY 2013), DBM shall use the higher level i.e., 2013 actual revenues, for purposes of computing the amount of excess income that can be availed of by the OU concerned.

6.0 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 this Circular.

7.0 EFFECTIVITY

These guidelines shall take effect immediately.

FLORENCIO B. ABAD
Secretary

