



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GEN. SOLANO ST., SAN MIGUEL, MANILA

BUDGET CIRCULAR

No: 2017 - 5

Date: December 11, 2017

TO : All Heads of Departments, Bureaus, Offices and Agencies of the National Government, Including State Universities and Colleges, Government-Owned or -Controlled Corporations/Government Financial Institutions, and All Others Concerned

SUBJECT : Reiterating the Existing Laws, Rules, Regulations and Other Issuances Relative to the Judicious and Prudent Use of Government Funds in Line with the Issuance of Administrative Order (AO) No. 6¹, s. 2017

1.0 This Circular is being issued in line with AO No. 6 dated September 19, 2017, which repealed AO No. 103 (*Directing the Continued Adoption of Austerity Measures in the Government*) dated August 31, 2004, in view of the following:

- The country's fiscal condition from the time AO No. 103, s. 2004, took effect has already significantly improved due to public expenditure management reforms, tax administration reforms, and sound and prudent debt management efforts that have been initiated by the government; and
- Most of the provisions of said AO are already covered or superseded by pertinent provisions of the **General Appropriations Act (GAA)**, various laws and recent issuances of the Office of the President, Department of Budget and Management (DBM), Civil Service Commission (CSC), and other relevant agencies which direct the judicious and prudent use of government funds.

2.0 As specifically indicated under **Section 1 of AO No. 6, s. 2017**, notwithstanding the repeal of AO No. 103, s. 2004, existing laws, rules and regulations mandating the judicious and prudent use of government funds **shall remain in full force and effect**, and all agencies and instrumentalities **shall continue to ensure** that no irregular, unnecessary, extravagant, excessive and unconscionable expenses shall be incurred by the government.

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¹ Repealing Administrative Order No. 103 (s. 2004) and for Other Purposes

- 3.0 In this regard, all national government agencies and instrumentalities are reminded to ensure strict compliance with the existing laws, rules, regulations and other issuances, ***such as but not limited to the following***, to ensure the expedient use of government funds:

Particulars	Relevant Issuances
3.1 <i>On foreign and local travels</i>	<p>➤ Section 17 (Use of Government Funds), General Provisions (GP) of the FY 2017 GAA, which allows agencies to use government funds, specifically those pertaining to payment for foreign travels, purchase of motor vehicles, goods, infrastructure projects and consulting services, including common-use supplies, subject to applicable laws, rules and regulations</p> <p>➤ Memorandum Circular No. 35 (Clarifying and Reinforcing Existing Rules and Regulations on Foreign Travel Authorities, Travel Entitlements, and Travel Tax Exemptions, Which Require the Approval of the Office of the President) dated November 22, 2017, which provides, among others, that no official travel abroad shall be allowed unless it satisfies all of the following minimum criteria: (a) the purpose of the trip is strictly within the mandate of the requesting government official or personnel; (b) the projected expenses for the trip are not excessive; and (c) the trip is expected to bring substantial benefit to the country</p> <p>➤ Executive Order (EO) No. 298 (Amending Further Executive Order No. 248 dated May 29, 1995 as Amended by Executive Order No. 248-A Dated August 14, 1995, Which Prescribes Rules and Regulations and New Rates of Allowances for Official Local and Foreign Travels of Government Personnel) dated March 23, 2004, which provides for the allowable travel allowances of government personnel to cover hotel/lodging, meals and incidental expenses</p>
3.2 <i>On the purchase of motor vehicles</i>	<p>➤ Section 17 (Use of Government Funds), GP of the FY 2017 GAA, which allows agencies to use government funds, specifically those pertaining to, among others, purchase of motor vehicles, subject to applicable laws, rules and regulations</p> <p>➤ National Budget Circular (NBC) No. 446 (Guidelines on the Acquisition and Rental of Motor Vehicles) dated November 24, 1995, as amended by NBC No. 446-A (Amending National Budget Circular No. 446 dated November 24, 1995, on the Subject, "Guidelines on the Acquisition and Rental of Motor Vehicles) dated January 30, 1998, which provides the guidelines on the acquisition and rental of motor vehicles</p> <p>➤ AO No. 233 (Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Motor Vehicles Acquisition) dated August 1, 2008, as amended by AO No. 15 (Amending Administrative Order No. 233 (s. 2008) Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles and Directing Revisions of Guidelines on Motor Vehicles Acquisition) dated May 25, 2011, which provides the guidelines on the prohibition on the acquisition and use of luxury vehicles and directed the revision of the guidelines in the acquisition of government motor vehicles</p>

Particulars	Relevant Issuances
	<p>➤ DBM Budget Circular (BC) No. 2010-2 (<i>Guidelines on the Acquisition and Use of Government Motor Vehicles</i>) dated March 1, 2010, as amended by DBM BC No. 2016-5 (<i>Revised Guidelines on the Acquisition and Use of Government Motor Vehicles</i>) dated August 22, 2016, which provides the implementing guidelines for AO No. 233, s. 2008, and updated the Typology of Government Motor Vehicles and Motor Vehicle Classification and Specifications Guide</p> <p>➤ DBM BC No. 2017-1 (<i>Amending Budget Circular No. 2016-5, Entitled 'Revised Guidelines on the Acquisition and Use of Government Motor Vehicles' dated August 22, 2016</i>) dated April 26, 2017, which further updated the Typology of Government Motor Vehicles and Motor Vehicles Classification and Specifications Guide, to ensure consistency with the government's thrust to get rid of and abstain from using luxury motor vehicles, as well as adapt to recent developments/changes in the automotive industry/technology</p>
3.3 <i>On the conduct of seminars, conferences and training programs</i>	<p>➤ Section 12 (<i>Conduct of Seminar, Conference, Training, and Oath Taking Programs</i>), GP of the FY 2017 GAA, which allows government agencies to conduct training programs in relation to their mandated functions to collect seminar, conference, training, and oath taking fees from government and private agency participants</p> <p>➤ DBM NBC No. 563 (<i>Guidelines on Participation of Government Officials and Employees in Conventions, Seminars, Conferences, Symposia and Similar Non-Training Gatherings Sponsored by Non-Government Organizations or Private Institutions</i>) dated April 22, 2016, which provides the (i) updated guidelines and (ii) allowable cost of participation of government officials and employees in conventions, seminars, conferences, symposia, and other similar gatherings</p>
3.4 <i>On the creation of organizational units and/or positions</i>	<p>➤ Section 82 (<i>Organizational Structure and Staffing Pattern Changes</i>), GP of the FY 2017 GAA, which authorizes the (i) President to create new offices/positions and modify the existing organizational structure and staffing pattern of the agencies in the Executive Branch, and (ii) DBM to approve minor changes in the organizational structure and staffing pattern of agencies under the Executive Branch, and create positions up to a division chief and equivalent level</p> <p>➤ Section 83 (<i>Institutional Strengthening and Productivity Improvement in Agency Organization and Operations</i>), GP of the FY 2017 GAA, which directs heads of agencies of the Executive Branch to adopt institutional strengthening measures to enhance productivity and improve service delivery</p>
3.5 <i>On the conduct of cultural and sports activities</i>	<p>➤ Section 43 (<i>Cultural and Athletic Activities</i>), GP of the FY 2017 GAA, which provides that an amount not exceeding PhP1,500 in a year may be used for the purchase of uniform or costume and other related expenses in the conduct of cultural and athletic activities per employee-participant</p>
3.6 <i>On the reduction of at least 10% in the cost of services of consultants, technical assistants, contractual and casual employees</i>	<p>➤ Section 41 (<i>Employment of Contractual Personnel</i>), GP of the FY 2017 GAA, which authorizes agencies to hire contractual personnel as part of their organization, in order to perform agency functions or specific vital activities or services which cannot be provided by regular or permanent staff of the hiring agency</p> <p>➤ CSC-COA-DBM Joint Circular No. 01 (<i>Rules and Regulations Governing Contract of Service and Job Order Workers in the Government</i>) dated June 15, 2017, which prescribes the rules and regulations governing the hiring of contract of service and job order workers in government</p>



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	<p>➤ DBM CL No. 2017-9 (<i>Clarification on the Guidelines on the Procurement of Consulting Services</i>) dated May 16, 2017, which provides, among others, that the procurement of consulting services, either through an individual consultant or a consultancy firm, is covered by the provisions of Republic Act (RA) No. 9184 (<i>Government Procurement Reform Act</i>), s. 2003 and its 2016 Revised Implementing Rules and Regulations (IRR)</p> <p>➤ RA No. 9184 (<i>Government Procurement Reform Act</i>) dated January 10, 2003, as well as its 2016 Revised IRR, which prescribes the necessary rules and regulations for the modernization, standardization, and regulation of the procurement activities of the government, including e-procurement</p>
<p>3.7 <i>On the reduction of at least 10% in the cost of office supplies and utilities, e.g., fuel, water and electricity</i></p>	<p>➤ Section 36 (Energy Efficiency), GP of the FY 2017 GAA, which directs all national government agencies, local government units and GOCCs to (i) embark on energy efficiency measures and adopt the use of energy efficient lighting, such as light-emitting diode lamp, and (ii) purchase service vehicles that use more energy efficient and environment-friendly alternative fuel vehicles, such as electric vehicles, auto-LPG and natural gas, as applicable</p>
<p>3.8 <i>On the rendition of overtime services</i></p>	<p>➤ CSC-DBM Joint Circular No. 02 (<i>Policies and Guidelines on Overtime Services and Overtime Pay for Government Employees</i>) dated November 25, 2015, which prescribes the policies and guidelines on the rendition of overtime services and the corresponding remuneration, either through compensatory time-off or overtime pay</p>
<p>3.9 <i>On the strict compliance with the Government Procurement Reform Act and its IRR, particularly on the use of the Government Electronic Procurement System</i></p>	<p>➤ Section 18 (Strict Adherence to Procurement Laws, Rules and Regulations), GP of the FY 2017 GAA, which mandates the strict adherence to procurement laws, rules and regulations, and use of the Philippine Government Electronic Procurement System as the primary source and repository of information on government procurement</p> <p>➤ RA No. 9184 (<i>Government Procurement Reform Act</i>) dated January 10, 2003 and its 2016 Revised IRR, which prescribes the necessary rules and regulations for the modernization, standardization, and regulation of the procurement activities of the government, including e-procurement</p>
<p>3.10 <i>On the strict prioritization of capital expenditures, and realignment or use of savings to fund capital programs of agencies</i></p>	<p>➤ Section 66 (Authority to Use Savings), GP of the FY 2017 GAA, which provides that institutions which are allowed to use savings could only use the same for items in their respective appropriations</p> <p>➤ Section 67 (Meaning of Savings), GP of the FY 2017 GAA, which provides the instances when portions or balances of any released appropriations could be considered as savings</p> <p>➤ Section 68 (Meaning of Augmentation), GP of the FY 2017 GAA, which provides the conditions which may warrant the augmentation of funds for certain programs, activities and projects using the savings of the agency concerned</p> <p>➤ Section 70 (Modification in the Allotment), GP of the FY 2017 GAA, which provides instances when agencies may modify the allotment issued within a program, activity of project, as well as the respective approving authority</p>

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<p>3.11 On the limitation on the grant of honoraria and other forms of allowances to certain personnel²</p>	<p>➤ Section 53 (Honoraria), GP of the FY 2017 GAA, which provides for the list of personnel who are entitled to be paid honoraria, as well as the issuances which provide specific guidelines for the same, such as the following:</p> <ul style="list-style-type: none"> ▪ BC No. 2003-5 (Prescribing Guidelines on the Grant of Honoraria to Government Personnel for FY 2003 and Onwards) dated September 26, 2003 ▪ BC No. 2007-1 (Guidelines on the Grant of Honoraria to Lecturers, Resource Persons, Coordinators and Facilitators) dated April 23, 2007 ▪ NBC No. 2007-510 (Guidelines on the Grant of Honoraria to the Governing Boards of Collegial Bodies) dated May 8, 2007 ▪ BC No. 2007-2 (Guidelines on the Grant of Honoraria Due to Assignment in Government Special Projects) dated October 1, 2007 ▪ BC No. 2004-5A (Guidelines on the Grant of Honoraria to Government Personnel Involved in Government Procurement) dated October 7, 2005, as amended by BC No. 2007-3 (Amendments to Certain Provisions of Budget Circular No. 2004-5A Re: Guidelines on the Grant of Honoraria and Overtime Pay to Government Personnel Involved in Government Procurement) dated November 29, 2007 ▪ DBM-Department of Science and Technology JC No. 1 (Rules and Regulations on the Grant of Compensation-Related Magna Carta Benefits to Scientists, Engineers, Researchers and Other Science and Technology (S&T) Personnel) dated June 25, 2013 <p>➤ Section 15, RA No. 9184 (Government Procurement Reform Act), s. 2003, as well as its 2016 Revised IRR, which provides that the Procuring Entity may grant payment of honoraria to the Bids and Awards Committee members in an amount not to exceed 25% of their respective basic monthly salary, subject to availability of funds</p>
<p>3.12 On the suspension in the grant of new or additional benefits to fulltime officials and employees</p>	<p>➤ EO No. 201 (Modifying the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of Additional Benefits for Both Civilian and Military Uniformed Personnel) dated February 19, 2016, which provides the modification of the existing Compensation and Position Classification System in the National Government for civilian personnel, and grants additional incentives for both civilian and uniformed personnel by (i) raising the minimum salary for Salary Grade 1, (ii) bringing the compensation of government personnel closer to their private counterparts, (iii) maximizing the net take home pay of government personnel, and (iv) strengthening the performance-based incentive system</p>

² (i) Teaching personnel in educational institutions engaged in actual classroom teaching whose teaching load is outside the regular office hours or in excess of the regular load; (ii) Lecturers, resource persons, coordinators and facilitators in seminars, training programs, and other similar activities in training institutions, including those conducted by entities for their officials and employees; (iii) Chairs and members of commissions, boards, councils, or other similar entities who are not paid salaries but compensated in the form of honoraria as provided by law, rules and regulations; and (iv) those who are involved in government procurement in accordance with RA No. 9184 and BC No. 2004-5 (*Guidelines on the Grant of Honoraria to Government Personnel Involved in Government Procurement*) dated March 23, 2004

Particulars	Relevant Issuances
	<p>➤ EO No. 3 (<i>Increasing the Rates of Combat Duty Pay and Combat Incentive Pay of the Armed Forces of the Philippines and Extending the Same Allowances to the Uniformed Personnel of the Philippine National Police, Amending Therefor Executive Order No. 38 (s. 2011)</i>) dated September 26, 2016, which provides a fix amount for the following:</p> <ul style="list-style-type: none"> ▪ PhP3,000/month as Combat Duty Pay for officers and enlisted personnel of the AFP performing combat duties/activities and uniformed personnel of the PNP engaged in actual police operations ▪ PhP300/day Combat Incentive Pay, subject to certain conditions, for the members of the AFP and uniformed personnel of the PNP who figure directly in actual combat against members of various insurgents, terrorists and lawless elements <p>➤ EO No. 36 (<i>Suspending the Compensation and Position Classification System under Executive Order No. 203 (s. 2016), Providing for Interim Compensation Adjustments, and for Other Purposes</i>) dated July 28, 2017, which suspends the implementation of the Compensation and Position Classification System (CPCS) for the GOCC Sector under EO No. 203 dated March 22, 2016, in view of the need to revisit and/or re-evaluate said CPCS, and provides an interim measure for affected GOCCs</p>
3.13 Suspension in the grant of new or additional benefits to non-fulltime officials and employees, including members of their governing boards, committees, and commissions	<p>➤ EO No. 24 (<i>Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees in Government-Owned or -Controlled Corporations Including Government Financial Institutions</i>) dated February 10, 2011, which provides for the compensation structure of the Board of Directors/Trustees of GOCCs and GFIs, including the maximum per diem during meetings, among others</p>

Any reference to the GP of the GAA shall pertain to the equivalent GP in succeeding GAAs.

4.0 Appropriate government agencies may, within the bounds of their respective mandates, issue such rules and regulations as to ensure the judicious and prudent use of public funds.

5.0 For information and guidance.

BENJAMIN E. DIOKNO
Secretary

