



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

NATIONAL BUDGET CIRCULAR

No. 567

January 3, 2017

TO : All Heads of Departments/Agencies/State Universities and Colleges (SUCs) and Other Offices of the National Government Including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG), Government Entities Receiving Budgetary Support (Government Owned or Controlled Corporations (GOCCs) and Local Government Units (LGUs); Budget Officers, Heads of Accounting; and All Others Concerned

SUBJECT : GUIDELINES ON THE RELEASE OF FUNDS FOR FY 2017

1.0 POLICY STATEMENT

The FY 2017 budget aims to facilitate the achievement of meaningful national development goals as emphasized by the Duterte Administration. The implementation of real change is anchored on the timely and appropriate execution of this budget. In particular, the policy of using the General Appropriations Act as an Allotment Order (GAAAO) shall continue to be adopted to ensure the immediate implementation of programs, projects and activities. In so doing, resource unpredictability and delays in project/program implementation are reduced. Likewise, credibility and transparency in the budget process is expected to be further enhanced.

2.0 PURPOSES

- 2.1 To provide policies, procedures, rules and regulations on the release, utilization of funds, and monitoring thereof for FY 2017.
- 2.2 To synchronize fund release with the implementation of the overall physical and financial plans, targets and schedules submitted by the departments, agencies, and/or operating units (OUs).
- 2.3 To institutionalize evidence-based decision-making, streamlined and simplified monitoring and evaluation and reporting of performance information.

3.0 COVERAGE

All departments, agencies and OUs of the National Government, including the CFAG, SUCs, GOCCs and LGUs receiving budgetary support from the national government from all sources of appropriations, such as Republic Act No. 10924 (FY 2017 GAA) and Automatic Appropriations.

4.0 GENERAL GUIDELINES

- 4.1 The FY 2017 GAA takes effect on **January 1, 2017** as provided under **Section 1, General Provisions (GP)** of said law.
- 4.2 The appropriations authorized under FY 2017 GAA shall be valid for release and obligation for the purpose specified and subject to the pertinent special and general provisions:
 - 4.2.1 For Personnel Services (PS) – until December 31, 2017.
 - 4.2.2 For Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) – until December 31, 2018.
 - 4.2.3 For Financial Expenses (FinEx) – until December 31, 2018, considering that it is similarly treated as an MOOE.

However, pursuant to Item III.A of the FY 2017 President's Veto Message, all agency heads are directed to ensure **obligation** of programs, activities and projects funded under FY 2017 GAA **not later than December 31, 2017**. Failure to do so will adversely affect future budget levels of the respective agency/department.

- 4.3 The aggregate allotment releases during the year from all appropriation sources shall not exceed the Allotment Release Program (ARP) of each agency. This agency ARP shall be consistent with the Total Obligation Program under Table H (Reconciliation of the Obligation Program and the Proposed General Appropriations) of the FY 2017 Budget of Expenditures and Sources of Financing (BESF).
- 4.4 Release of funds shall be consistent with the **DBM-evaluated Budget Execution Documents (BEDs) for FY 2017** formulated/submitted by agencies/OU through the **Unified Reporting System (URS)** pursuant to **DBM Circular Letter (CL) No. 2016-9¹**.
 - 4.4.1 The **Financial Plan (FP) or BED No. 1** shall be the basis for classifying the agency/OU budgetary items into (a) "For Comprehensive Release (FCR)" and (b) "For Later Release (FLR)." All items of appropriations classified as FLR shall constitute the negative list (NL) and shall not be covered by the GAA as an Allotment Order.

The obligational authority for items of appropriations in the budget shall be released through the following:

- 4.4.1.1 **GAA as Allotment Order** for those categorized as FCR, as enumerated in **Schedule I** hereof; and
- 4.4.1.2 **Special Allotment Release Order (SARO) or General Allotment Release Order (GARO)**, as the case may be, for those categorized as FLR, as listed in **Schedule II** hereof.

¹ CL 2016-9 dated October 27, 2016 (*Submission of the Annual Budget Execution Plans*)

- 4.4.2 The **Monthly Disbursement Program (MDP) or BED No. 3** shall guide the determination of the monthly allocation to be initially released comprehensively (i.e., covering the first semester requirements, in the case of cash allocations) as well as through later tranches as may later be required including those to be covered by other disbursement authorities (i.e., tax remittance advice, non-cash availment authorities, cash disbursement authorities).
- 4.5 Release of funds shall be made directly to the OUs of agencies. An OU refers to an organizational entity directly receiving, and capable of administering, its own funds.
- 4.5.1 Funds appropriated in the FY 2017 GAA shall be released directly to the Regional Offices (ROs) and Operating Units (OUs) of agencies where funds are specifically appropriated to ROs and OUs (**GP No. 63** of the FY 2017 GAA).
- 4.5.2 Centrally-Managed Items (CMI) or those items in the budget of agencies, for which the OUs and the specific amounts allocated for each have not been identified in the GAA, shall be released directly to the OU upon receipt by the DBM of a Special Budget Request (SBR), with corresponding cost up to the lowest level - provincial, city, municipal level, as the case may be (**GP No. 64** of FY 2017 GAA).
- 4.6 As a general rule, departments, bureaus and offices of the national government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend what is programmed in their respective appropriations. In exceptional circumstances, agencies may modify the allotment issued within a program, activity or project (**GP No. 70** of FY 2017 GAA). The existence of an allotment class or object of expenditure in the recipient P/A/P is not necessary for purposes of modification.
- 4.6.1 Modification refers to any change within a program, activity, project (P/A/P) in operating unit, allotment class, object of expenditure, within a special purpose fund (SPF) and within the purpose authorized under the Unprogrammed Appropriation, as reflected in the FY 2017 GAA.
- 4.6.2 All modification in allotment shall not entail any increase in the total amount appropriated for a P/A/P. In the case of programs with several activities, modification may be done only within each activity (GP No. 70 of the FY 2017 GAA).
- 4.6.3 **All modifications within Capital Outlays, as appropriated in the FY 2017 GAA, may only be made until June 30, 2017, except in cases where calamities occur.**
- 4.7 The following guidelines shall be observed in the use of savings to augment deficient appropriations for P/A/Ps in the FY 2017 GAA:
- 4.7.1 Savings refer to portions or balances of any released appropriations which have not been obligated as a result of any of the following:
- 4.7.1.1 Final discontinuance or abandonment of an ongoing program, activity or project (P/A/P);

- 4.7.1.2 Non-commencement of the P/A/P for which the appropriations is released;
 - 4.7.1.3 Decreased cost resulting from improved efficiency during the implementation or until the completion by agencies of their P/A/Ps;
 - 4.7.1.4 Difference between the approved budget for the contract and the contract award price including any variations required for the project.
- 4.8 Savings may be used to augment a deficiency in any existing P/A/P within their respective offices. The existence of an allotment class/object of expenditure in the recipient P/A/P is not necessary for the purpose of augmentation. A deficiency in a P/A/P may result from:
 - 4.8.1 Unforeseen modifications or adjustments in the P/A/P;
 - 4.8.2 Re-assessment in the use, prioritization and/or distribution of resources; and
 - 4.8.3 In the use of savings, priority shall be given to the payment of compensation, year-end bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans, CNA incentives and other personnel benefits authorized by law and in FY 2017 GAA, as well as the implementation of priority P/A/P covered in the FY 2017 GAA (**GP No. 69** of FY 2017 GAA).
- 4.9 Appropriations for PS shall be used for the payment of personnel benefits authorized by law to be given to National Government personnel, computed based on the Government Manpower Information System (GMIS), as well as any deficiency in authorized personnel benefits that may be determined during the year.
 - 4.9.1 Any available allotment for PS within a department or agency may be utilized by said department or agency for the payment of deficiencies in authorized personnel benefits (**GP No. 45** of FY 2017 GAA).
 - 4.9.2 In case there is insufficiency in PS allotment, the department or agency may frontload requirement corresponding to said insufficiency against the unobligated PS allotments comprehensively released.
 - 4.9.3 In the use of available released PS allotments/appropriations, the following limitations shall be observed:
 - 4.9.3.1 Released allotments which cannot be reallocated to other object of expenditures under PS:
 - a. Retirement and Life Insurance Premium (RLIP); and
 - b. Special Account in the General Funds (SAGFs), except if expressly authorized in the law creating them.
 - 4.9.3.2 Available released allotments for PS cannot be used to pay CNA Incentives.
- 4.10 Use of Fees and Income

Agencies authorized by specific laws may use fees or regular income or excess income, to cover any deficiency in available appropriations/allotments for P/A/Ps.

- 4.10.1 Agencies listed in Schedule II (*item 1.2.2.d*) are authorized by specific laws to utilize income collections accruing to their SAGFs to cover their operating requirements. With this funding source, these specific agencies are provided minimal budget support in the GAA since their requirements may be charged against their income collection in case of deficiencies, subject to the usual budgeting rules and regulations.
- 4.10.2 Authorized agencies with insufficient budget appropriations may use the following sources of fees or income to cover related expenses, with any excess proceeds to be deposited with the National Treasury as income of the General Fund:
- 4.10.2.1 Fees collected from the conduct of seminar, conference, training and oath taking from government and private agency participants (**GP No. 12** of FY 2017 GAA).
 - 4.10.2.2 Proceeds from the sale of official publications, to defray the cost of preparing, printing and disseminating such official publications (**GP No. 13** of FY 2017 GAA).
- 4.10.3 **Agencies with Excess income** (actual collections vis-à-vis the targets shown in Table C.4 of the FY 2017 BESF) realized, deposited and as certified by the Bureau of the Treasury may be authorized to use such excess income chargeable against the **Unprogrammed Appropriations** (UA) of the GAA, pursuant to **Special Provision (SP) No. 2** of the UA, subject to the following conditions:
- 4.10.3.1 If, upon evaluation, it has been proven that the agency shall incur a deficiency or can still utilize the excess income over and above their existing specific budget;
 - 4.10.3.2 To augment current appropriations except PS appropriations as well as discretionary and representation expenses;
 - 4.10.3.3 To utilize such excess income during the current year; and
 - 4.10.3.4 To ensure that the proposed utilization shall result to better delivery of services.
- 4.11 Departments/agencies are required to implement the transparency provisions in the FY 2017 GAA and Executive Order (EO) No. 2, s. 2016 on Freedom of Information (FOI).
- 4.12 The DBM shall conduct 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 based on the DBM-evaluated BEDs and quarterly BFARs submitted by agencies through URS.

Relative to this, agencies are reminded to submit the Monthly **Report on Appropriations, Allotments, Obligations and Disbursements** to DBM, every tenth day of the following month, copy furnished the NEDA and Office of the Cabinet Secretary, in the format prescribed under **CL No. 2015-9**².

² DBM CL No. 2015-9 dated June 30, 2015 (*Prescribing the Submission of Summary Performance Monitoring Reports*)

4.13 Reporting timelines

- 4.13.1 **January 29, 2017** - deadline for submission to DBM of agencies' revised Performance Targets corresponding to changes, i.e., increases, reductions, new budgetary items introduced in the GAA.
- 4.13.2 **May 31, 2017** - deadline for submission to DBM of agencies' Emerging Monthly Disbursement Program (EMDP).
- 4.13.3 **November 15, 2017** - deadline for submission to DBM of agency request/s for any release requiring issuance of SAROs/additional NCAs.
- 4.13.4 **Dates prescribed under COA-DBM Joint Circular (JC) No. 2014 - 1³ and DBM CL No. 2016 - 11⁴** - submission of the Budget and Financial Accountability Reports (BFARs).

4.14 Other Timelines

- 4.14.1 The appropriations under the following shall be available for release and obligation of SARO for the specified purposes:
 - 4.14.1.1 FY 2016 Continuing Appropriations for MOOE and CO until **December 31, 2017**; and
 - 4.14.1.2 All FY 2017 programmed amounts under Automatic Appropriations for PS, MOOE, and CO until **December 31, 2017**.

5.0 SPECIFIC GUIDELINES

5.1 Obligational Authorities shall be released pursuant to the following procedures:

- 5.1.1 The list of GAA Items FCR through GAAAO is summarized under Schedule I. On the other hand, the list of Expenditure Items FLR (Negative List) through SARO/GARO is summarized under Schedule II. Details of the aforecited schedule are enumerated in the following annexes:
 - 5.1.1.1 **Annex A** (Summary of Appropriations by Agency under FCR)
 - 5.1.1.2 **Annex A-1** (Summary of Funds for Direct Release to Implementing Agencies under FCR)
 - 5.1.1.3 **Annex B** (Summary of Appropriations by Agency by Program, Activity and Project under FLR)
 - 5.1.1.4 **Annex B-1** (Summary Funds for Direct Release to Implementing Agencies under FLR)

³ COA-DBM JC No. 2014-1 dated July 2, 2014 (*Guidelines Prescribing the Use of Modified Formats of the Budget and Financial Accountability Reports*)

⁴ DBM CL No. 2016-11 dated December 6, 2016 (*Guidelines Prescribing Electronic Submission of Budget and Financial Accountability Reports*)

Pursuant to the pertinent special provisions in the GAA, appropriations under an agency which are authorized to be released directly to another, as implementing agency, shall no longer require the issuance **of SARO/s for memo entries** to cover the release of said appropriations.

5.1.1.5 **Annex C** (Summary of Automatic Appropriations by Agency Full Year Allocation for Automatic Release through GARO or SARO at the Beginning of the Year)

5.1.1.6 **Annex D** (Summary of Automatic Appropriations by Agency under FLR through SARO upon submission of a Special Budget Request)

5.1.2 Modification in the Allotment

5.1.2.1 Approving authority for the modifications shall be as follows:

- a. The **Heads of Agencies for change in the object of expenditure** (e.g., Salaries and Wages, Travelling Expenses, Bank Charges, or Investment Outlays, etc.) within an allotment class (i.e., Personnel Services, MOOE, FinEx or Capital Outlays).
- b. The **DBM** in the following modifications:
 - for the payment of newly-authorized Magna Carta Benefits not otherwise appropriated;
 - from one allotment class to another;
 - from one operating unit to another;
 - within a special purpose fund; and
 - within the purpose authorized under the Unprogrammed Appropriations.
- c. The **President of the Philippines** for the payment of **intelligence funds within the Executive Branch**.

5.1.2.2 Any deficiency of the agency for the following authorized personnel benefits may be charged against their available PS allotment, to wit:

- a. Deficiency in the provision for authorized Magna Carta benefits provided in the GAA.
- b. Deficiency in specific-purpose allowances and benefits such as overtime pay, honoraria and representation and transportation allowance, among others, subject to existing conditions in the grant of such benefits.
- c. Award of backpay for cases with final and executory decisions of competent authorities such as Courts, CSC, and COA.

- d. Personnel benefits authorized in prior years but only approved for payment during the current year. These benefits shall not be considered as prior years' unbooked obligations.
- e. Deficiency in the provision for upgrading faculty positions up to the 6th cycle pursuant to NBC No. 461 dated June 1, 1998.

5.1.2.3 In instances where an insufficiency in PS occurs and frontloading shall be resorted to, **the use of unobligated PS allotments which have been comprehensively released may be utilized** subject to approval of Agency Head, based on the following:

- a. Reallocation Advice for Use of PS Appropriations (RAPSA) duly accomplished and signed by the Agency Head or his designated representative. In the case of SUCs, the approving authority shall be the President of SUC as Agency Head, unless approval of the Board is necessary as required in the respective charter of SUCs; and
- b. Registry of Allotments and Obligations for PS reflecting said adjustments and reported in the accountability reports to be submitted to DBM, i.e., Statement of Appropriation, Allotment, Obligation, Disbursement and Balances (SAAODB).

5.1.3 Subject to the approval of the President of the Philippines, deficient allocation of existing P/A/Ps due to (a) unforeseen modifications or adjustments in the P/A/P, or (b) re-assessment in the use, prioritization and/or distribution of resources, may be augmented using savings realized from final discontinuance or abandonment of an ongoing P/A/P, non-commencement of the P/A/P for which the appropriations is released, decreased cost resulting from improved efficiency during the implementation or until the completion by agencies of their P/A/Ps, or difference between the approved budget for the contract and the contract award price including any variations required for the project.

5.2 The procedures to be observed in the issuance of Disbursement Authorities shall be as follows:

5.2.1 Notice of Cash Allocation (NCAs)

5.2.1.1 An initial comprehensive NCA to be issued directly to the OUs covering the first semester requirements (January to June, 2017) chargeable against the current budget year. This shall be consistent with the DBM-evaluated agency Monthly Disbursement Program (MDP), which shall include, among others, current year requirements and prior years' accounts payables, RLIP, and Continuing Appropriations, i.e., unobligated allotments and unreleased appropriations as of December 31, 2016 for MOOE and CO under R.A. 10717.

In case of agency non-submission of MDP or BED No. 3, DBM shall prepare and issue initial NCAs corresponding to the estimated one (1) month operational requirement based on the FY 2017 GAA.

- 5.2.1.2 Succeeding comprehensive NCAs shall be issued to cover the second semester requirements (July to December, 2017), consistent with the **Emerging Monthly Disbursement Program (EMDP on or before May 31** of the budget year reflecting **actual disbursements as of April 30** of the budget year, not exceeding the approved full year MDP level of the department/agency to consider, among others:
- a. Releases from SPFs/transfers to other departments/agencies;
 - b. Frontloading of critical programs/projects;
 - c. Delay in procurement process; and
 - d. Availment of Working fund, etc.
- 5.2.1.3 Additional NCAs may be issued for allotments chargeable against continuing appropriations under RA No. 10717, prior years' obligations which become accounts payables in the current budget year.
- 5.2.1.4 Validity of NCAs issued and credited to:
- a. The Regular MDS Sub-Accounts of agencies/OUTs for their regular operations, shall be valid **until the last working day of the 3rd month of that quarter** pursuant to **DBM CL No. 2013-12⁵**.
 - b. The Special MDS Accounts of agencies specifically for payment of RG/TL benefits shall be valid **until the last working day of the following month** when the NCA was issued, except when issued in December, pursuant to **DBM Budget Circular (BC) No. 2013-1⁶**.
 - c. The trust receipts and credited to the Trust MDS Account of agencies shall be valid **until the last working day of the year**.
 - d. The BTr for working funds of agencies shall be valid **until the last working day of the year**.
- 5.2.1.5 Under the Common Fund System, NCAs released to agencies under the Regular MDS sub-account shall be used to cover payment of **current year and prior years'** A/Ps of **all** creditors (external and internal) consistent with the MDP. This is to optimize the use of the available NCAs under the Regular MDS Account.

⁵ CL 2013-12 dated November 21, 2013 (*Validity of Notice of Cash Allocation for Regular MDS Sub-accounts Effective January 1, 2014*)

⁶ BC No. 2013-1 dated April 12, 2013 (*Guidelines Prescribing the Documentary Requirements and Procedures in Processing/Payment of Retirement Benefits of Government Employees*)

Similarly, all agencies are reminded to use the Advice to Debit Account (ADA) to settle government payables.

5.2.2 The **Non-Cash Availment Authority (NCAA)** for the cash equivalent of grant/loan proceeds availed of through direct payment/supplier's credit/constructive cash, shall be issued by DBM subject to agency compliance with the conditions specified under DBM-COA-DOF JC 2-97⁷ and CL No. 2003-12⁸. Agencies shall ensure that requests for the issuance of NCAA submitted to DBM are supported by the following documentary requirements:

5.2.2.1 Photocopy of the application for withdrawal or equivalent document covering the amount requested;

5.2.2.2 **List of allotments and corresponding obligations incurred** for the specific foreign loan assisted project against which the disbursements shall be applied; and

5.2.2.3 Details of disbursements expressed both in peso and equivalent foreign currency as indicated in the application.

It is emphasized that non-issuance of NCAs for availments of proceeds from loans/grants thru direct payments (already taken up as constructive payments per BTr report) results to accounts payable build up in the agency books.

5.2.3 The **Cash Disbursement Ceiling (CDC)** is issued by DBM to the Department of the Foreign Affairs (DFA) and Department of Labor and Employment (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. The agency shall submit a request for issuance of CDC, supported with the following:

5.2.3.1 Accountability reports as consolidated by the DFA or DOLE Home Office i.e., FSP Monthly Report of Income; and

5.2.3.2 BTr certification on actual income collected.

The non-issuance of CDCs for actual utilization of retained income by FSPs (already taken up as revenue and disbursements per BTr report) shall result to unreconciled accounts between BTr and agency books.

5.3 A mid-year and year-end Agency Performance Reviews (APRs) shall be conducted by the DBM using the following documents, among others:

5.3.1 BFARs as of June 30 and as of December 31 encoded through the URS;

5.3.2 APR review report; and

5.3.3 Summary of findings and overall agency recommendation.

⁷ DBM-COA-DOF JC 2-97 dated March 21, 1997 (*Revised and Updated Budgeting and Accounting Guidelines and Procedures Applicable to FAPs Implemented by NGAs and GOCCs*)

⁸ DBM CL 2003-12 dated December 4, 2003 (*Guidelines on the Availment of Foreign Loan Proceeds in-Kind Superseding Circular Letter No. 2003-9*)

6.0 **SEPARABILITY CLAUSE**

If any part or provision of this Circular is held invalid or unconstitutional, other provisions not affected thereby shall remain in force and effect.

7.0 **REPEALING CLAUSE**

All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly.

8.0 **EFFECTIVITY**

This Circular shall take effect immediately.


BENJAMIN E. DIOKNO
Secretary





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

Schedule I of NBC No. 567 dated January 3, 2017

GAA Items For Comprehensive Release (FCR) through the GAA as Allotment Order

1.0 For Personnel Services (PS):

1.1 Release of the full amount of the approved budget per GAA pertaining to filled positions of NGAs.

1.2 Lump-sum for PS under Agency Specific Budget:

1.2.1 Provision for unfilled positions:

- a. For CFAG agencies – 100%;
- b. For the rest of NGAs – the deficiency to cover the full year requirements corresponding to the FY 2016 unfilled positions filled up only in FY 2017 but have **not** been **provided for in the appropriations for salaries under the FY 2017 GAA**.

PS allotments comprehensively released may be used by the agency to fund the filling up of vacant positions during the year. In case of insufficiency of PS allotments, agencies may later submit to DBM, request(s) for release of additional allotments, to be charged against the MPBF.

1.2.2 The following lump-sum funds under the budget of DepEd shall also be comprehensively released, the obligation of which shall be subject to compliance with certain documentary requirements :

- a. Equivalent Record Forms (ERFs);
- b. Conversion to Master Teacher (MT) Positions;
- c. Reclassification of Positions; and
- d. Special Hardship Allowance, net of budget provision for increase.

2.0 For Maintenance and Other Operating Expenses (MOOE) (including Financial Expenses [FinEx]) and Capital Outlays (CO)

2.1 Release of the **full amount** categorized under FCR consistent with the agency-formulated Financial Plan (FP). This includes provisions for the following, among others:

2.1.1 ASEAN National Organizing Council (NOC) under the budget of the Office of the President (OP);

- 2.1.2 Lump sum for Chalk Allowance and Repair and Maintenance of School Buildings under MOOE of the budget of the DepEd;
- 2.1.3 CMLs of agencies concerned, if already disaggregated per agency FP;
- 2.1.4 Farm to Market Roads of DA categorized as FCR;
- 2.1.5 Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo Project (TPKP), GOP Counterpart Funds, subject to endorsement by the Secretary of Agrarian Reform of the location or sites where the bridges will be constructed;
- 2.1.6 Provisions for Supplies, Materials and Office Equipment, subject to submission of FY 2017 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) and conditions in incurring obligations per DBM CL No. 2013-14⁹;
- 2.1.7 Communication equipment, subject to prior clearance from the National Telecommunications Commission;
- 2.1.8 Firearms, subject to prior approval of the Philippine National Police;
- 2.1.9 Research and development projects in agriculture and fisheries, natural, technological and engineering sciences, consistent with the DA's or DOST's respective master plans on the priority research programs and projects to be implemented ;
- 2.1.10 Books to be procured by agencies, other than schools and the National Library of the Philippines (NLP), exceeding the authorized five (5) copies per title, subject to prior approval from DBM;
- 2.1.11 On-going Foreign-Assisted Projects (FAPs), subject to compliance with certain conditionalities; and
- 2.1.12 Grants, subsidies and contributions – subject to submission of details indicating the purpose, amount for each beneficiary, and the complete list of recipients, among others.
- 2.2 Contributions to International Organizations under MOOE, in compliance with various Agreements with the Philippines as a signatory.

---nothing follows---

⁹ DBM CL No. 2013-14 dated November 29, 2013 (*Reiterating the Submission of Annual Procurement Plan for Common Use Supplies and Equipments (APP-CSE)*)



REPUBLIC OF THE PHILIPPINES
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Schedule II of NBC No. 567 dated January 3, 2017

Expenditure Items For Later Release (Negative List) through SARO/GARO

1.0 Issuance of SARO/GARO for the following appropriation items **Not Requiring Submission of Special Budget Request (SBR):**

1.1 GAA items through SARO

1.1.1 Budgetary support (i.e., operating subsidy) to the following heavily-subsidized GOCC equivalent to one quarter requirements of the full year subsidy appropriation:

- a. Philippine Rice Research Institute (PRRI)
- b. Lung Center of the Philippines (LCP)
- c. National Kidney & Transplant Institute (NKTi)
- d. Philippine Children's Medical Center (PCMC)
- e. Philippine Heart Center (PHC)
- f. Philippine Institute of Traditional and Alternative Health Care (PITAHC)
- g. Center for International Trade Expositions and Missions (CITEM)
- h. Aurora Pacific Economic Zone and Freeport Authority (APECO)
- i. Light Rail Transit Authority (LRTA)
- j. Philippine Institute for Development Studies (PIDS)
- k. People's Television Network, Inc. (PTNI)
- l. Cultural Center of the Philippines (CCP)
- m. National Irrigation Administration (NIA)
- n. Philippine Coconut Authority (PCA)
- o. Southern Philippines Development Authority (SPDA)
- p. Zamboanga City Special Economic Zone Authority (ZCSEZA)

1.1.2 Specific Quick Response Fund (QRF) of agencies (DSWD, DND, DOH, NEA, DPWH, and DND) under the National Disaster Risk Reduction and Management Fund (NDRRMF).

1.1.3 Initial release of one-fourth of the full year program for pension for the following, chargeable against the PGF:

- a. AFP retirees and war/military veterans of the DND-GHQ and PVAO;
- b. Uniformed personnel of DILG (BFP, BJMP, PNP including PC-INP);
- c. DENR-NAMRIA;
- d. DOTC-PCG; and

- e. Other retirees whose pensions are funded by the national government, i.e., ERC, DOLE-NLRC.
- 1.1.4 Full year requirement of Assistance to Disadvantaged Municipalities (ADM) and Conditional Matching Grant to Provinces for Road Repair, Rehabilitation and Improvement under the Allocation to Local Government Units (ALGU) listed in Volume I-B of the FY 2017 GAA to be implemented by LGUs. The release of said funds shall be subject to the compliance with the conditions as may be provided under the guidelines to be issued by the DILG and the DBM.
- 1.1.5 Allocation for LGUs such as MMDA (corresponding to the agency-specific budget), shares from national wealth and special taxes shall be released pursuant to the Special Provisions of the current year's GAA duly supported by the necessary certifications from the BTr and the collecting agency.

1.2 Automatically Appropriated Items

- 1.2.1 RLIP through GARO for all agencies, except the following which shall be released through SARO:
 - a. Full year requirements for RLIP for the following departments/agencies:
 - i. For charging against Special Accounts in the General Funds (SAGFs):
 - DOF-Insurance Commission
 - DPWH-Office of the Secretary (Road Board)
 - DOTr-Office of Transportation Security
 - ii. Covered by special arrangements:
 - ARMM-DepEd
 - ALGU-MMDA
 - b. RLIP for filled/created positions during the year and deficiencies in RLIP contributions, as the case may be.
- 1.2.2 Full Year Allocation for other Automatically Appropriated Items through SARO, as follows:
 - a. Interest Payments
 - b. Internal Revenue Allotment (IRA) of provinces, cities, municipalities, barangays, including adjustments for MMDA and loan amortization to MDFO
 - c. Pensions of Ex-Presidents and Spouses
 - d. Operating requirements of the following agencies included in Table B.19 of the FY 2017 BESF which are fully dependent on income collections accruing to its SAGFs or with very minimal budget provision in the GAA:
 - i. DOF – Insurance Commission – PS, MOOE and CO;
 - ii. DOTr - Office of Transport Security – PS, MOOE and CO;

- iii. DOLE – Office of the Secretary (Verification Fees) – PS and MOOE;
- iv. OEO – HLURB – MOOE and CO; and
- v. DOJ – Land Registration Authority - MOOE and CO.

2.0 Issuance of SARO for the following appropriation items **Requiring Submission of SBR** (supported with Separate/Detailed FP, MDP, physical plan and other required documentary support) to DBM.

2.1 GAA items

- 2.1.1 For **CMLs or lump-sum appropriations within the Agency Specific Budgets**, the agencies concerned shall submit the SBR supported with the list of specific OUs which shall implement the project and amount allocated to each OU.
- 2.1.2 Budgetary items in the Special Provisions of National Government Agencies, i.e., Land Owners Compensation under DAR to be released to the Land Bank of the Philippines thru the BTr.
- 2.1.3 Budgetary allocations introduced by the legislature for new items which were not considered under the President's Budget, e.g. ARCP II - FAPS under DAR.
- 2.1.4 Terminal Leave/Retirement Gratuity (TL/RG) of **compulsory retirees** of departments/agencies chargeable against lump-sums in agency specific budgets.
- 2.1.5 Eligible expenditures for charging against **multi-user SPFs** (e.g. CF, MPBF, PGF, NDRRMF) consistent with the Special Provisions of the respective SPF.
 - a. **PGF** shall be used to fund the pension requirements, RG and TL benefits of **optional** retirees including those retiring under R.A. 1616, monetization of leave credits of government employees, separation and incentives for those affected by restructuring, merger, streamlining, abolition, or privatization.

The release of subsequent SAROs to cover **pension requirements** for the second to fourth quarters of pensioners cited in item 1.1.3 of Schedule II shall be based on the latest list of actual pensioners provided by the agencies concerned, as confirmed by DBM and supported with the required BFARs.
 - b. **MPBF** shall be used to fund PS deficiencies of employees who are still in the government service, e.g., salaries, bonuses (including performance-based bonuses and performance enhancement incentive), allowances, associated premiums and other personnel benefits, except those pertaining to filling-up of existing and newly created positions already provided under the agencies' budgets.
- 2.1.6 Unreleased balance of the budgetary support for GOCCs, including equity subsidy/contributions.

- 2.1.7 Allocation for LGUs, specifically collections pertaining to Fire Code fees, shall be released pursuant to SP No. 1 of the Bureau of Fire Protection-DILG under the FY 2017 GAA and specific guidelines governing the allocation and use of the funds, duly supported by the pertinent certifications from the BTr and the collecting agency.

2.2 **Automatically Appropriated Items**

- 2.2.1 Any adjustment to effect the authorized deductions from the IRA, i.e., LGU contributions to MMDA and loan amortization to the Municipal Development Fund Office.
- 2.2.2 Tax Expenditure Fund.
- 2.2.3 The rest of the SAGFs (excluding those cited under item 1.2.2 hereof), listed in Table B.19 of the BESF, to be released supported with BTr certification on the latest available balance of the SAGF.

---nothing follows---