



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

**NATIONAL BUDGET CIRCULAR**

No. 573

January 3, 2018

**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 2018

**1.0 POLICY STATEMENT**

In line with the government's thrust for more efficient, effective, transparent, and accountable delivery of public services, key budget reforms are being adopted to ensure the timely execution of programs, projects and activities, to wit:

- 1.1 Adoption of the one-year validity of appropriations starting FY 2017;
- 1.2 Comprehensive release of budget through the General Appropriations Act as an Allotment Order (GAAAO); and
- 1.3 Comprehensive release of Notice of Cash Allocation (NCAs) covering four (4) quarters at the beginning of the year, corresponding to the operating cash requirements including RLIP.

These budget reforms shall likewise set the pace for the shift to the cash budgeting approach in FY 2019.

**2.0 PURPOSES**

- 2.1 To provide policies, procedures, rules and regulations on the release, utilization of funds, and monitoring thereof for FY 2018.
- 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 a simplified, streamlined 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. 10964** (FY 2018 GAA) and Automatic Appropriations.

### 4.0 GENERAL GUIDELINES

- 4.1 The FY 2018 GAA takes effect on **January 1, 2018** as provided under **Section 1, General Provisions (GP)** of said law.
- 4.2 All appropriations authorized under the FY 2018 GAA, including programmed Automatic Appropriations, shall be valid for release and obligation for the purpose specified until **December 31, 2018**. This validity, however, shall be subject to the pertinent Special and General Provisions of said GAA and other pertinent laws.
- 4.3 Consistent with the FY 2018 fiscal program as approved by the Development Budget Coordinating Committee (DBCC), the programmed aggregate allotment releases during the year from all appropriation sources shall not exceed the Total Obligation Program under Table H (Reconciliation of the Obligation Program and the Proposed General Appropriations) of the FY 2018 Budget of Expenditures and Sources of Financing (BESF).
- 4.4 Release of funds, i.e., Obligational Authority and Disbursement Authority shall be consistent with the **DBM-evaluated Budget Execution Documents (BEDs) for FY 2018** formulated/submitted by agencies/OU through the **Unified Reporting System (URS)** pursuant to **DBM Circular Letter (CL) Nos. 2016-9<sup>1</sup> and 2017-12<sup>2</sup>**.
  - 4.4.1 The **Financial Plan (FP) or BED No. 1** shall be the basis for determining the obligation program of the agency, classifying the agency/OUs budgetary items into a) "For Comprehensive Release (FCR); and b) "For Later Release (FLR)".
    - 4.4.1.1 Items classified as FCR per Schedule I are available for obligation through the GAAAO.
    - 4.4.1.2 All items of appropriations classified as FLR shall constitute the negative list (NL) and shall either be issued a **Special Allotment Release Order (SARO)** or **General Allotment Release Order (GARO)**, as the case may be, as listed in **Schedule II** hereof.

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

<sup>2</sup> CL 2017-12 dated October 19, 2017 (*Amended Guidelines for the Preparation of the Annual Budget Execution Plans*)



4.4.2 The **Monthly Disbursement Program (MDP) or BED No. 3** shall serve as basis for the DBM's release of disbursement authorities including the comprehensive Notice of Cash Allocation (NCA), covering the full year cash requirements of the agency for its regular operating requirements.

4.4.2.1 Additional NCAs, as may be required shall be issued for items classified under FLR, as well as Prior Year obligation.

4.4.2.2 Other disbursement authorities, i.e., Non-Cash Availment Authorities (NCAA), Cash Disbursement Ceiling (CDC), may be issued for agency specific budgets.

4.5 Release of funds in the FY 2018 GAA shall be made directly to the Regional Offices (ROs) or Operating Units (OUs) of agencies. An OU refers to an organizational entity directly receiving NCA from DBM and capable of administering its own funds.

4.5.1 Funds specifically appropriated to ROs or OUs of agencies shall be released directly to these ROs and OUs (**GP No. 65** of the FY 2018 GAA).

4.5.2 Centrally-Managed Items (CMI) or Lump-sum Appropriations in the budget of agencies, for which the recipient ROs or OUs and the specific amounts allocated for each have not been identified in the GAA, shall be released directly to the RO or OU upon agency submission to DBM of a Special Budget Request (SBR), with corresponding cost up to the lowest level, i.e., provincial, city or municipal, as the case may be (**GP No. 66** of FY 2018 GAA).

4.6 All agencies are reminded to use the Advice to Debit Account (ADA) to settle government payables pursuant to **GP no. 81** of the FY 2018 GAA.

In cases where the use of ADA is impracticable, agencies utilizing MDS checks are reminded of the shortened validity of MDS checks from six (6) months to three (3) months from date of issue starting January 2, 2018, pursuant to Treasury Circular No. 03-2017<sup>3</sup>, dated October 20, 2017.

#### 4.7 **Use of PS Appropriations**

Appropriations for PS shall be used for the payment of authorized compensation and personnel benefits of National Government personnel. Appropriations for this component can also be used to cover deficiencies thereof. Accordingly, **use of PS appropriations for any PS deficiency will follow the rules provided herein and shall not be considered as a form of modification.**

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<sup>3</sup> Treasury Circular No. 03-2017 dated October 20, 2017 (Reduction In The Expiry Period of MDS Check From Six (6) Months To Three (3) Months From Date Of Issue)

- 4.7.1 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. 46** of FY 2018 GAA).
- 4.7.2 The following limitations in the use of available released PS allotments/appropriations shall be observed:
  - 4.7.2.1 Released allotments which cannot be reallocated to other object of expenditures under PS:
    - Retirement and Life Insurance Premium (RLIP); and
    - Special Account in the General Funds (SAGFs), except if expressly authorized in the law creating them.
  - 4.7.2.2 Available released allotments for PS cannot be used to pay CNA Incentives.
- 4.7.3 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:
  - 4.7.3.1 **Reallocation Advice for Use of PS Appropriations** (RAPSA) (Attachment 1) 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
  - 4.7.3.2 **Registry of Allotments and Obligations for PS** (RAOPS) reflecting said adjustments and reported in the accountability reports to be submitted to DBM, i.e., SAAODB.

#### 4.8 **Modification of Allotments Issued**

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. 72** of FY 2018 GAA). The existence of an allotment class or object of expenditure in the recipient P/A/P is not necessary for purposes of modification.

- 4.8.1 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 2018 GAA.
- 4.8.2 Modification covering allotments for MOOE and CO 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.

The use of available PS allotment to cover a deficiency in Personnel Benefits, as cited in item 4.7 hereof, which may result to an increase in appropriation for a P/A/P, is not a form of modification of allotment and is authorized under GP No. 46.

**4.8.3 All modifications within Capital Outlays, as appropriated in the FY 2018 GAA, may only be made until June 30, 2018, except in cases where calamities occur.**

However, all modifications from MOOE to CO may be made up to the end of the year.

**4.8.4 The modification of allotments shall be:**

4.8.4.1 Supported with an accomplished **Realignment Advice Form (RAF)** (Attachment 2) duly signed by the approving authority or his designated representative cited in item 5.4.2 hereof.

4.8.4.2 Reflected in the appropriate Registry of Allotments and Obligations.

4.8.4.3 Reported in the accountability reports to be submitted to DBM, i.e., SAAOBD as adjustments to allotments, Also the corresponding adjustments in targets and accomplishments as a result of modification shall be reflected in the Physical Report of Operation.

**4.9 Use of Savings to Augment Deficient Appropriations for P/A/Ps**

The following guidelines shall be observed in the use of savings to augment deficient appropriations for P/A/Ps in the FY 2018 GAA:

**4.9.1 Savings as defined under GP No. 69 refer to portions or balances of any released appropriations which have not been obligated as a result of any of the following:**

4.9.1.1 Completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized. **However, in the case of final discontinuance or abandonment, such discontinued or abandoned program, activity or project cannot be proposed for funding in the next two (2) fiscal years, i.e., 2019 and 2020; and**

4.9.1.2 Implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in this Act at a lesser cost.

- 4.9.2 Augmentation is the act of the constitutional officers authorized to use savings in their respective appropriations to cover a deficiency in any existing P/A/P within their respective offices.
- 4.9.3 Savings may be used to augment a deficiency in any existing P/A/P within **the respective appropriations of each authorized constitutional officer cited in GP No. 68**. 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:
- 4.9.3.1 Unforeseen modifications or adjustments in the P/A/P; and
  - 4.9.3.2 Re-assessment in the use, prioritization and/or distribution of resources;
- 4.9.4 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, and other personnel benefits authorized by law and in FY 2018 GAA, as well as the implementation of priority P/A/P covered in the FY 2018 GAA (**GP No. 71** of FY 2018 GAA).

#### 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. **An agency authorized by law to utilize income collections cannot be authorized to avail of excess income.**

- 4.10.1 The following agencies which are included in Table B.16 of the FY 2018 BESF 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.

- i. DOF – Insurance Commission – PS, MOOE and CO;
- ii. DOTr - Office for Transportation 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.

- 4.10.2 Agencies, which pursuant to their respective mandates, conduct trainings and/or sell official publication 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 2018 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 2018 GAA).
- 4.10.3 **Agencies with Excess income** (actual collections vis-à-vis the targets shown in Table C.4 of the FY 2018 BESF) realized, deposited and 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 established 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 and/or 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 2018 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. A separate Circular shall be issued for this purpose.
- 4.13 In connection with the government's policy of transitioning to an annual and cash-based appropriation, the complete inventory of obligations incurred in previous years must be available. Hence, agencies shall report all outstanding balances of payables in their books of accounts as of December 31, 2017 and strictly comply with the aging of accounts payable, duly classified into: a) due and demandable accounts payable; and b) not yet due and demandable obligations. These data shall be reported using FAR No. 3 as prescribed under **COA-DBM Joint Circular (JC) No. 2014-1<sup>4</sup>**.

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<sup>4</sup> COA-DBM JC No. 2014-1 dated July 2, 2014 (*Guidelines Prescribing the Use of Modified Formats of the Budget and Financial Accountability Reports*)

#### 4.14 Reporting Timelines

- 4.14.1 **January 29, 2018** - deadline for submission to DBM of agencies' revised Performance Targets corresponding to changes, i.e., increases, reductions, new budgetary items introduced in the GAA.
- 4.14.2 **On or before February 16, 2018** - deadline for submission to DBM of FAR # 3 as cited in item 4.13 hereof.
- 4.14.3 **November 15, 2018** - deadline for submission to DBM of agency request/s for any release requiring issuance of SAROs/additional NCAs.
- 4.14.4 **Within 15 days after the quarter covered** - submission of the Budget and Financial Accountability Reports (BFARs) pursuant to GP No. 96 of the FY 2018 GAA.
- 4.13.5 **Every tenth day of the following month, the Monthly Report on Appropriations, Allotments, Obligations and Disbursements** should be submitted to DBM, copy furnished the NEDA and Office of the Cabinet Secretary, in the format prescribed under **CL No. 2015-9<sup>5</sup>**.

#### 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 schedules are enumerated in the following annexes:

##### 5.1.1.1 Schedule I – FCR

- **Annex A** - Summary of Appropriations by Agency under FCR
- **Annex A-1** - Summary of Funds for Direct Release to Implementing Agencies under FCR

##### 5.1.1.2 Schedule II- FLR

- **Annex B** - Summary of Appropriations by Agency by Program, Activity and Project under FLR

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<sup>5</sup> DBM CL No. 2015-9 dated June 30, 2015 (*Prescribing the Submission of Summary Performance Monitoring Reports*)



- **Annex B-1** - Summary Funds for Direct Release to Implementing Agencies under FLR

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.

- **Annex C** - Summary of Automatic Appropriations by Agency Full Year Allocation for Automatic Release through GARO or SARO at the Beginning of the Year.
- **Annex D** - Summary of Automatic Appropriations by Agency under FLR through SARO upon submission of a Special Budget Request.

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 total current year's (January to December) operating cash requirements including RLIP, but excluding provision for prior years' obligations (due and demandable accounts payable and not yet due and demandable obligations).

**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 2018 GAA.**

- 5.2.1.2 **Additional NCAs** shall be issued for items classified under FLR (including but not limited to releases from SPFs, CMLs without details, other automatically appropriated items, and availment of Working fund), as may be required.

#### 5.2.2 Crediting and Validity Periods for NCAs

- 5.2.2.1 NCAs Issued to the three (3) Modified Disbursement System - Government Servicing Banks (MDS-GSBs), Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and Philippine Veterans Bank (PVB).

MDS sub-accounts shall be maintained at any of the three MDS-GSBs and shall consist of the following:

- The **Regular MDS Sub-Accounts** of agencies/OU's for their regular operations, Retirement Gratuity/Terminal Leave (RG/TL) benefits and Accounts Payable shall be valid until the last working day of the 3rd month of that quarter pursuant to **DBM CL No. 2013-12**<sup>6</sup>.
  - for the comprehensively released NCA, covering the full year cash requirements, the total requirements for each quarter shall be credited on the first working day of such quarter.
  - for additional NCAs issued, the amount indicated shall be credited to the account of the agency on the date of issuance of such NCA.

Applying the Common Fund System to optimize the use of the available NCAs under the Regular MDS Sub-Account, NCAs released to agencies under this account can be used to cover payment of both **current year and prior years'** A/Ps of **all** creditors (external and internal) provided that PS requirements and mandatory MOOE are fully funded.

Starting 2018, the payment of RG/TL will likewise be charged against the NCAs credited to the Regular MDS Sub-Account and can therefore be funded under the Common Fund System.

- The **Trust MDS Sub-Accounts** to be credited on the issue date of the NCA, shall be valid until the last working day of the year.

5.2.2.2 The **NCAs issued to BTr for working funds** of agencies to be credited on the issue date of the NCA, shall be valid until the last working day of the year.

5.2.3 **Other Disbursement Authorities** issued during the year shall be valid from date of issuance **until the last working day of the year**.

5.2.3.1 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 2-97**<sup>7</sup> and **CL No.**

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<sup>6</sup> CL 2013-12 dated November 21, 2013 (*Validity of Notice of Cash Allocation for Regular MDS Sub-accounts Effective January 1, 2014*)

<sup>7</sup> 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*)



**2003-12<sup>8</sup>.** Agencies shall ensure that requests for the issuance of NCAA submitted to DBM are supported by the following documentary requirements:

- Photocopy of the Application for Withdrawal or equivalent document covering the amount requested;
- **Certified list of allotments and corresponding obligations incurred** for the specific foreign loan/grant 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.

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.

**5.2.3.2 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:

- Accountability reports as consolidated by the DFA or DOLE Home Office i.e., FSP Monthly Report of Income;
- BTr certification on actual income collected; and
- **Certified list of allotments and corresponding obligations incurred** for the specific funds against which the disbursements shall be applied

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.

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

## 5.3 Other Procedural Guidelines

### 5.3.1 Use of PS Appropriations

#### 5.3.1.1 Department or Agency Specific Appropriations for PS

Consistent with **GP No. 46** of the FY 2018 GAA, the appropriations for PS shall be used for the payment of Authorized Personnel Benefits to be given to National Government employees, computed based on information provided in the Government Manpower Information System (GMIS) of DBM, to wit:

- Basic Salaries, including Step Increments;
- Standard Allowances and Benefits, which shall be limited to the following:
  - Personnel Economic Relief Allowance;
  - Uniform or Clothing Allowance; and
  - Mid-year Bonus, Year-End Bonus and Cash Gift
- Specific-Purpose Allowances and Benefits, limited to the following:
  - Representation and Transportation Allowances;
  - Per Diem;
  - Honoraria;
  - Night-Shift Differential;
  - Overtime Pay;
  - Subsistence Allowance;
  - Hazard Pay;
  - Special Counsel Allowance Overseas and Other Allowances for Government Personnel Stationed Abroad; and
  - Other allowances and benefits as may be authorized by law or the President of the Philippines.
- Incentives, which refer to the following:
  - Loyalty Incentive
  - Anniversary Bonus
  - Productivity Enhancement Incentive
  - Performance-Based Bonus
  - Other existing benefits as may be categorized by the DBM as incentives.
- Magna Carta Benefits as authorized by law and its Implementing Rules and Regulations



- Personnel benefits for military and uniformed personnel as authorized by law or the President of the Philippines.

5.3.1.2 Available PS allotments released to the department or agency at the start of the year shall be used for the (i) original purpose of appropriations; and (ii) to cover PS deficiencies in Authorized Personnel Benefits such as:

- Deficiency in Magna Carta Benefits, subject to approval by the DBM Secretary for: (i) additional recipients arising from newly issued certifications or hiring of new employees; (ii) valid adjustments due to inadvertent omission or erroneous encoding in the System;
- Award of Back Pay for cases with final and executory decision of a competent authority such as courts, CSC, and COA;
- 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; and
- Any deficiency in Authorized Compensation and Personnel Benefits of civilian employees and Military/Uniformed Personnel that may be determined during the year. Since PS benefits are mandatory in nature, actual services rendered or benefits allowed in prior years shall not be categorized as unbooked obligations.
- Deficiency in the provision for upgrading faculty positions up to the 6<sup>th</sup> cycle pursuant to NBC No. 461 dated June 1, 1998.

5.3.1.3 The available PS allotments referred to above may be realized from unspent compensation of employees due to the following:

- Incurrence of leaves of absence without pay;
- Vacant positions on account of termination, resignation, transfer, retirement or separation;
- Delay in the actual assumption of duty from the date of appointment;
- Suspension and other disciplinary sanctions;
- Erroneous computations of PS benefits; or
- Other similar instances

## 5.4 Modification in the Allotments Issued

5.4.1 Agency requests to be submitted to DBM shall be supported with the following documents:

5.4.1.1 Justification for the proposed modification

5.4.1.2 Certification of actual Deficiency and Sources of Funds signed by the Budget Officer, identifying the affected P/A/Ps and objects of Expenditure ("From" and "To") - (Attachment 3)

5.4.1.3 Latest SAAOBD

5.4.1.4 Financial Plan (Bed No. 1) and Physical Plan (BED no. 2)

5.4.2 The approving authority for the modifications shall be as follows:

5.4.2.1 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).

5.4.2.2 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.

5.4.2.3 The **President of the Philippines** for the payment of **intelligence funds within the Executive Branch.**

## 5.5 Use of Savings for Augmentation of Deficient P/A/Ps

The use of savings to augment deficient P/A/Ps shall be subject to approval by the authorized constitutional officers cited in GP No. 68, as follows

5.5.1 The President of the Philippines for the Departments/Agencies under the Executive Branch;

5.5.2 The Senate President and Speaker of the House for the Congress of the Philippines;



5.5.3 The Chief Justice for the Judiciary; and

5.5.4 Other Heads of the Constitutional Fiscal Autonomy Group (CFAG) - Ombudsman, Chairs of the Civil Service Commission (CSC), Commission on Audit (COA), and Commission on Elections (COMELEC).

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

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

5.6.2 APR report; and

5.6.3 Summary of findings and overall agency recommendation.

## 5.0 **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.

## 6.0 **REPEALING CLAUSE**

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

## 7.0 **EFFECTIVITY**

This Circular shall take effect immediately.

  
**BENJAMIN E. DIOKNO**  
Secretary



Department of \_\_\_\_\_  
 Agency/Operating Unit \_\_\_\_\_  
 Address \_\_\_\_\_

**Reallocation Advice for use of PS Appropriations (RAPSA) NO. 2018-XX-XXXX**

Dated : \_\_\_\_\_

**Funding Source :** Regular Agency Fund - General Fund - New General Appropriations - Specific Budgets of National Government Agencies

**Legal Basis :** RA 10964 Regular 2018 CURRENT

**DEFICIENT ITEMS (TO) :**

PROGRAMS / PROJECTS / ACTIVITIES	RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT
1000100001	060010100000-01-02. Administrative Service	PS	(50101010) Basic Salary - Civilian	725,000.00
<b>Total :</b>				<b>725,000.00</b>

**SOURCE ITEMS (FROM) :**

PROGRAMS / PROJECTS / ACTIVITIES	RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT
1000100001	060010100000-01-05. Corporate Planning & Research Service	PS	(50102040) Clothing/Uniform Allowance-Civilian	(725,000.00)
<b>Total :</b>				<b>(725,000.00)</b>

Prepared by:

Recommended by:

\_\_\_\_\_  
Analyst/Specialist

\_\_\_\_\_  
Budget Officer/ Director, FS

Approved by:

\_\_\_\_\_  
Agency Head or Representative



Department of \_\_\_\_\_  
 Agency/Operating Unit \_\_\_\_\_  
 Address \_\_\_\_\_

REALIGNMENT ADVICE FORM (RAF) NO. 2018-XX-XXXX

Dated : \_\_\_\_\_

**Funding Source :** Regular Agency Fund - General Fund - New General Appropriations - Specific Budgets of National Government Agencies

**Legal Basis :** RA 10964 Regular 2018 CURRENT

## DEFICIENT ITEMS (TO) :

PROGRAMS / PROJECTS / ACTIVITIES	RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT
1000100001	060010100000-01-02. Administrative Service	MOOE	(50201010) Travelling Expenses	50,000,000.00
Total :				50,000,000.00

## SOURCE ITEMS (FROM) :

PROGRAMS / PROJECTS / ACTIVITIES	RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT
1000100001	060010100000-01-05. Corporate Planning & Research Service	CO	(502050000) Communication Expenses	(50,000,000.00)
Total :				(50,000,000.00)

Prepared by:

Recommended by:

\_\_\_\_\_  
 Position

\_\_\_\_\_  
 Budget Officer/ Director, FS

Approved by:

\_\_\_\_\_  
 Agency Head or Representative

Department/Agency \_\_\_\_\_  
 Funding Source \_\_\_\_\_

## CERTIFICATION OF ACTUAL DEFICIENCY AND SOURCES OF FUNDS

This is to certify that the amount of PhP \_\_\_\_\_ is available and not yet obligated as of \_\_\_\_\_, considering that the original purposes (as enumerated below) have already been undertaken in the early part of FY 2018.

FROM - <i>(Allotment Class, e.g., MOOE)</i>			
P/A/P		OBJECT OF EXPENDITURE	AMOUNT (in pesos)
CODE	DESCRIPTION		
Total			(            )

This is to certify further that the said available allotments shall be used to cover the following purposes of realignment:

TO - <i>(Allotment Class, e.g., CO)</i>			
P/A/P		OBJECT OF EXPENDITURE	AMOUNT (in pesos)
CODE	DESCRIPTION		
Total			+

Prepared by:

Approved by:

\_\_\_\_\_  
 Budget Officer

\_\_\_\_\_  
 Agency Head





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

**Schedule I of NBC No. 573 dated January 3, 2018**

**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:

1.2.1.1 For CFAG agencies – 100%;

1.2.1.2 For the rest of NGAs – the deficiency to cover the full year requirements corresponding to the FY 2017 unfilled positions filled up only in FY 2018 but have **not** been **provided for in the appropriations for salaries under the FY 2018 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 :

1.2.2.1 Equivalent Record Forms (ERFs);

1.2.2.2 Conversion to Master Teacher (MT) Positions;

1.2.2.3 Reclassification of Positions; and

1.2.2.4 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 Lump sum for Chalk Allowance and Repair and Maintenance of School Buildings under MOOE of the budget of the DepEd;

- 2.1.2 CMLs of agencies concerned, if already disaggregated per agency FP;
- 2.1.3 Farm to Market Roads of DA categorized as FCR;
- 2.1.4 Quick Response Fund (QRF) under the budgets of (i) DSWD - OSEC; (ii) DND - OCD; (iii) DND - AFP; (iv) DOH - OSEC; (v) NEA; (vi) DPWH; (vii) DepEd; (viii) DA; and (ix) NIA.
- 2.1.5 Provisions for Supplies, Materials and Office Equipment, subject to submission of FY 2018 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) and conditions in incurring obligations per DBM CL No. 2013-14<sup>9</sup>;
- 2.1.6 Communication equipment, subject to prior clearance from the National Telecommunications Commission;
- 2.1.7 Firearms, subject to prior approval of the Philippine National Police;
- 2.1.8 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 ;
- 2.1.9 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;
- 2.1.10 On-going Foreign-Assisted Projects (FAPs), subject to compliance with certain conditionalities; and
- 2.1.11 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---

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<sup>9</sup> 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**  
**DEPARTMENT OF BUDGET AND MANAGEMENT**  
BONCODIN HALL, GEN.SOLANO ST., SAN MIGUEL, MANILA

**Schedule II of NBC No. 573 dated January 3, 2018**

**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 the full year subsidy appropriation:

- 1.1.1.1 Philippine Rice Research Institute (PRRI)
- 1.1.1.2 Lung Center of the Philippines (LCP)
- 1.1.1.3 National Kidney & Transplant Institute (NKTI)
- 1.1.1.4 Philippine Children's Medical Center (PCMC)
- 1.1.1.5 Philippine Heart Center (PHC)
- 1.1.1.6 Philippine Institute of Traditional and Alternative Health Care (PITAHC)
- 1.1.1.7 Center for International Trade Expositions and Missions (CITEM)
- 1.1.1.8 Aurora Pacific Economic Zone and Freeport Authority (APECO)
- 1.1.1.9 Light Rail Transit Authority (LRTA)
- 1.1.1.10 Philippine Institute for Development Studies (PIDS)
- 1.1.1.11 People's Television Network, Inc. (PTNI)
- 1.1.1.12 Cultural Center of the Philippines (CCP)
- 1.1.1.13 National Irrigation Administration (NIA)
- 1.1.1.14 Philippine Coconut Authority (PCA)
- 1.1.1.15 Southern Philippines Development Authority (SPDA)
- 1.1.1.16 Zamboanga City Special Economic Zone Authority (ZCSEZA)

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

- 1.1.2.1 AFP retirees and war/military veterans of the DND-GHQ and PVAO;
- 1.1.2.2 Uniformed personnel of DILG (BFP, BJMP, PNP including PC-INP);
- 1.1.2.3 DENR-NAMRIA;
- 1.1.2.4 DOTC-PCG; and
- 1.1.2.5 Other retirees whose pensions are funded by the national government, i.e., ERC, DOLE-NLRC.

- 1.1.3 Allocation for LGUs such as MMDA (corresponding to the agency-specific budget).

1.2 **Automatically Appropriated Items: Full Year Allocation**

- 1.2.1 RLIP through GARO for all agencies.

- 1.2.2 Through SARO for:

- 1.2.2.1 Internal Revenue Allotment (IRA) of provinces, cities, municipalities, barangays, including adjustments for MMDA and loan amortization to MDFO

- 1.2.2.2 Pensions of Ex-Presidents and Spouses

- 1.2.2.3 Interest Payments

- 1.2.2.4 Operating requirements of the following agencies included in Table B.16 of the FY 2018 BESF which are fully dependent on income collections accruing to its SAGFs or with very minimal budget provision in the GAA:

- DOF – Insurance Commission – PS, MOOE and CO;
- DOTr - Office for Transportation Security – PS, MOOE and CO;
- DOLE – Office of the Secretary (Verification Fees) – PS and MOOE;
- OEO – HLURB – MOOE and CO; and
- 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 (i.e., Basic Educational Facilities, Supplemental Feeding Program, Higher Education Support Program due to lack of details, etc.)

- 2.1.2 ROW Acquisitions, Engagement of Independent Consultants, Provision of Cash Subsidy through the PPP Strategic Support Fund in view of President's Conditional Veto.

- 2.1.3 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.

- 2.1.4 Congress-introduced increase in appropriations and new budgetary items.



- 2.1.5 Terminal Leave/Retirement Gratuity (TL/RG) of **compulsory retirees** of departments/agencies chargeable against lump-sums in agency specific budgets.
- 2.1.6 Eligible expenditures for charging against **multi-user SPFs** (e.g. CF, MPBF, PGF, NDRRMF) consistent with the Special Provisions of the respective SPF.
- 2.1.6.1 **CF** shall cover the funding requirements of new and/or urgent projects and activities of national government agencies and GOCCs that need to be implemented or paid during the year, e.g., legal obligation of the government arising from final and executory decisions by competent authority. including requirements of newly created offices, or deficiencies in the appropriations for local and external travels of the President of the Philippines, etc. In no case shall this Fund be used for purchase of motor vehicles, including any improvements thereon.
- 2.1.6.2 **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.
- 2.1.6.3 **MPBF** shall be used to fund PS deficiencies of employees who are still in the government service, e.g., salaries, bonuses, etc., except those pertaining to filling-up of existing and newly created positions already provided under the agencies' budgets. In addition, the MPBF includes the Legal Defense Fund which shall cover the expenses incurred during the year for the defense of government employees in administrative, civil or criminal cases filed against them in courts in connection with their performance of official functions.
- 2.1.6.4 **NDRRMF** shall be used to fund aid, relief and rehabilitation services to communities/areas affected by man-made and natural calamities and repair and reconstruction of permanent structures, including other capital expenditures for disaster operation and rehabilitation activities.
- 2.1.7 Unreleased balance of the budgetary support for GOCCs, including equity subsidy/contributions.
- 2.1.8 Allocation for LGUs - Local Government Support Fund:
- Financial Assistance to Local Government Units;
  - Assistance to Municipalities;
  - Conditional Matching Grants to Provinces for Road Repair, Rehabilitation and Improvement;
  - Assistance to Cities; and
  - Provision for Potable Water Supply (SALINTUBIG)

- 2.1.9 Allocation for LGUs - Special Shares of LGUs in the Proceeds of National Taxes, Barangay Officials Death Benefits Fund and Fire Code fees shall be released pursuant to their Special Provisions under current year's GAA, duly supported by the pertinent certification from the BTr and the collecting agency.

## 2.2 **Automatically Appropriated Items**

- 2.2.1 Full year requirements for RLIP for the following departments/agencies:

- For charging against Special Accounts in the General Funds (SAGFs):
  - DOF-Insurance Commission
  - DPWH-Office of the Secretary (Road Board)
  - DOTr-Office for Transportation Security
- Covered by special arrangements:
  - ARMM-DepEd
  - ALGU-MMDA
- RLIP for filled/created positions during the year and deficiencies in RLIP contributions, as the case may be.

- 2.2.3 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.

- 2.2.4 Tax Expenditure Fund.

- 2.2.5 The rest of the SAGFs (excluding those cited under item 1.2.2.4 hereof), listed in Table B.16 of the BESF, to be released supported with BTr certification on the latest available balance of the SAGF.

*---nothing follows---*