



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA



**CIRCULAR LETTER**

No. 2019-7  
March 26, 2019

To : Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government; Budget Officers; Heads of Accounting Units, and All Others Concerned

Subject : **RELEASE OF FUNDS FOR THE SECOND QUARTER OF FY 2019**

1.0 This Circular covers the following:

- 1.1 All agencies in the national government, including State Universities and Colleges (SUCs); and
- 1.2 The Bureau of the Treasury for the amounts of assistance to government-owned and/or controlled corporations (GOCCs) and local government units (LGUs).

2.0 **Pending enactment of the General Appropriations Act (GAA) for FY 2019**, all operating units, i.e., agencies of the national government receiving allotment/Notice of Cash Allocation (NCA) directly from DBM, are authorized **to obligate the amount corresponding to their actual requirements** under the regular budget **for the second quarter of FY 2019** but not to exceed the following percentages:

2.1 Chargeable against Agency Specific Budget

2.1.1 Personal Services (PS) – twenty-five percent (25%) of the PS level using **actual salary requirements as of December 31, 2018** (i.e., number of filled positions and salary rates) but not to exceed the level provided under the FY 2019 National Expenditure Program (NEP). This PS level shall **include** the following:

- Mid-Year Bonus;
- Clothing and Uniform Allowance; and
- Built-in funds in the agency budget for creation of new positions, inclusive of the required government premiums in PHILHEALTH and Employees Compensation Insurance Premiums (ECIP).

- 2.1.2 Maintenance and Other Operating Expenses (MOOE), Capital Outlays (CO), and capitalized wages and salaries — twenty-five percent (25%) of regular programs and ongoing foreign-assisted/locally-funded projects which appear under the FY 2018 GAA (Republic Act [RA] No. 10964), and the FY 2019 NEP, whichever is lower in amount.

## 2.2 Chargeable against Automatic Appropriation

- 2.2.1 Retirement and Life Insurance Premiums (RLIP) - equivalent to 12% (or the applicable rate otherwise provided under special laws) of the salaries component under item 2.1.1 of this Circular, as well as the corresponding RLIP to the fourth tranche compensation adjustments pursuant to Executive Order (EO) No. 201, s. 2016, as amended by EO No. 76, s. 2019, and National Budget Circular No. 573, s. 2018.

- 3.0 Obligations incurred pursuant to this Circular Letter (CL) shall be recorded in the appropriate Registry of Appropriations and Allotments, as **overdraft in allotment**. This shall be adjusted once the allotment (obligational authority/General Appropriations Act as an Allotment Order) for the purpose is approved. The rules and regulations pertinent to the recording of these budgetary accounts are prescribed under Commission on Audit (COA) Circular No. 2013-002 dated January 30, 2013, amending COA Circular No. 2004-008 dated September 20, 2004, COA Circular No. 2014-003 dated April 15, 2014, and COA Circular No. 2015-007 dated October 22, 2015.

- 4.0 Items enumerated below are **not covered by this obligational authority** and shall be issued Special Allotment Release Order (SARO):

- 4.1 Items Not Requiring Submission of Agency's Special Budget Request (SBR):

- 4.1.1 Budgetary support to GOCCs which are fully dependent on national government assistance or are heavily subsidized, equivalent to the second quarter of FY 2019 requirements.
- 4.1.2 Internal Revenue Allotment (IRA) of provinces, cities, municipalities, and barangays. Release of SARO shall be corresponding to the second to fourth quarter requirements based on the FY 2019 NEP.
- 4.1.3 Requirements of the fourth tranche compensation adjustment authorized per EO No. 201, s. 2016, as amended by EO No. 76, s. 2019 inclusive of the required government premiums in PHILHEALTH and ECIP.





#### 4.2 Items Requiring SBR Submission

4.2.1 Centrally-managed items (CMIs) of departments/agencies chargeable against Regular Budget, FY 2018 GAA (RA No. 10964), as reenacted.

4.2.2 Charges against Pension and Gratuity Fund (PGF) FY 2018 GAA (RA No. 10964), as reenacted.

4.2.2.1 Actual requirements for retired government employees, i.e., terminal leave benefits and retirement gratuity of all optional retirees, regardless of retirement law.

4.2.2.2 Actual requirements for pension benefits of the Armed Forces of the Philippines retirees, war/military veterans of the Department of National Defense, and uniformed personnel of the Department of the Interior and Local Government, National Mapping and Resource Information, and Philippine Coast Guard, as well as other retirees whose pensions are funded by the national government, i.e., Energy Regulatory Commission, Department of Labor and Employment-National Labor Relations Commission, Professional Regulation Commission, Department of Justice-Office of the Solicitor General, and Office of the Government Corporate Counsel. The amount of release shall be based on the number of pensioners and rates as of December 31, 2018.

4.2.3 Charges against other Special Purpose Funds such as National Disaster Risk Reduction and Management Fund (NDRRMF), Miscellaneous Personnel Benefits Fund (MPBF), Contingent Fund (CF), among others.

4.2.4 Chargeable against Automatic Appropriations


Special Accounts in the General Fund (SAGF) of agencies—amount to be released shall be limited to the uncommitted cash balance with the Bureau of the Treasury under the SAGF of the agency concerned.

5.0 All SAROs to be issued chargeable against the FY 2018 Budget (RA No. 10964), as reenacted, under items 4.2.1, 4.2.2, and 4.2.3 of this Circular shall be valid for obligation while the FY 2019 GAA is not yet in effect.

6.0 NCAs shall be issued for the items covered with obligational authority authorized under this Circular, as well as items to be issued SAROs, based on the DBM-evaluated Monthly Disbursement Program (MDP).



- 7.0 **Any unobligated allotment out of this obligational authority or SAROs issued** under item 4.0 of this Circular chargeable against the Regular Budget as of the effectivity of the FY 2019 GAA shall be reported to DBM by the agency **within 30 days from the effectivity of the 2019 GAA**. Such unobligated allotments shall be deemed withdrawn and, if necessary, another may be issued chargeable against the FY 2019 GAA. **This policy is, however, not applicable to allotment releases charged against Automatic Appropriations.**
- 8.0 Agencies are likewise reminded to regularly submit to DBM the monthly documents/reports prescribed under **COA-DBM Joint Circular No. 2014-1 dated July 2, 2014** (including, but not limited to, *Financial Accountability Report [FAR] No. 4: Monthly Report of Disbursements*), as well as **DBM Circular Letter No. 2015-9 dated June 30, 2015** (*Prescribing the Submission of Summary Performance Monitoring Report*) within the prescribed submission timelines after the end of each month starting from January up to June 2019, as basis for determining the status of program/project implementation and expenditures incurred for the production/delivery of goods and services to the public. Said report shall be consolidated for submission to the President.
- 9.0 For compliance.

  
**JANET B. ABUEL**  
Officer-in-Charge, DBM

