



DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CIRCULAR LETTER

No. **2020-17**
December 23, 2020

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

Subject : **RELEASE OF FUNDS FOR JANUARY OF FY 2021**

1.0 This Circular covers the following:

1.1 All agencies in the national government, including SUCs; and

1.2 The Bureau of the Treasury for the amounts of assistance to government owned or controlled corporations (GOCCs) and local government units (LGUs).

2.0 Pending the approval of the FY 2021 General Appropriations Act (GAA), 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 month of January, 2021** but not to exceed the following percentages, i.e.:

2.1 Chargeable Against Agency Specific Budget

2.1.1 Personnel Services (PS)

2.1.1.1 One twelfth (1/12) of PS level using **actual salary requirements as of December 31, 2020** (i.e., number of filled positions and salary rates) but not to exceed the level provided under the FY 2021 National Expenditure Program (NEP). This PS level shall **exclude** the following:

- Mid-Year Bonus;
- Year-End Benefits and Cash Gift;
- Clothing and Uniform Allowance;
- Productivity Enhancement Incentive; and
- Built-in funds in the agency budget for creation of new positions.

2.1.1.2 For Retirement Benefits of Compulsory Retirees

For agencies with built-in proposed levels for RG/TL in FY 2021, the evaluated actual requirements of compulsory retirees whose retirement dates shall fall due in January FY 2021.

2.1.2 Maintenance and Other Operating Expenditures (MOOE) — one twelfth (1/12) of the **regular programs and ongoing** foreign assisted/locally funded projects funded **under the FY 2020 GAA (R.A. No. 11465) and the FY 2021 NEP**, whichever has the lower amount.

2.1.3 Capital Outlays (CO) — one twelfth (1/12) of the regular programs and **ongoing** foreign assisted/locally funded projects funded **under the FY 2020 GAA (R.A. No. 11465) and the FY 2021 NEP**, whichever has the lower amount.

2.2 Chargeable Against Automatic Appropriation

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.

3.0 Obligations incurred under item 2.0 of 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 obligational authority/GAA as the Allotment Order (GAAAO) for the purpose is approved. The rules and regulations pertinent to recording of these budgetary accounts are prescribed under 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 SARO based on the agency's Special Budget Request (SBR).

4.1 Charges against Pension and Gratuity Fund (PGF):

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

4.1.2 Actual requirements for pension benefits of AFP 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 Authority, Philippine Coast Guard and other retirees whose pensions are funded by the national government, i.e., Energy Regulatory Commission, Department of Labor and Employment-

National Labor Relations Commission. The amount of release shall be based on the number of pensioners and rates as of December 31, 2020.

4.2 Centrally-managed items (CMIs) as well as charges against other Special Purpose Funds such as Budgetary Support to Government Corporations (BSGC), Miscellaneous Personnel Benefits Fund (MPBF), Contingent Fund (CF), among others.

4.3 Chargeable against Automatic Appropriations

4.3.1 **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 SAGF of the agency concerned.

4.3.2 Internal Revenue Allotment (IRA) of provinces, cities, municipalities and barangays as well as BARMM share in the annual National Internal Revenue Tax collections. Amount to be released shall correspond to January FY 2021 requirements based on the FY 2021 NEP.

5.0 All SAROs to be issued under items 4.1 and 4.2 of this Circular shall be valid for obligation while the **FY 2021 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 the SAROs issued under Item 4.1 of this Circular chargeable against the Regular Budget as of the effectivity of the FY 2021 GAA shall be reported to DBM by the agency within 30 days from the effectivity of the FY 2021 GAA. Such unobligated allotments shall be deemed withdrawn and if necessary, another SARO may be issued chargeable against the FY 2021 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. 2019-1 dated January 1, 2019** (including but not limited to *Financial Accountability Report (FAR) No. 4: Monthly Report of Disbursements*) 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.


WENDEL E. AVISADO
Secretary

