



DEPARTMENT OF BUDGET AND MANAGEMENT

Legal Basis

- **Executive Order No. 25** (April 25, 1936) created a Budget Commission under the Office of the President.
- **Presidential Decree No. 1405** (June 11, 1978) converted the Budget Commission into the Ministry of the Budget (renamed in 1981 to Office of Budget and Management) and gave its head the rank and status of a member of the Cabinet.
- **Executive Order No. 292** (July 25, 1987), the Revised Administrative Code of 1987, elevated the Office of Budget and Management into the Department of Budget and Management (DBM).
- **Executive Order No. 95** (April 28, 1999) modified the DBM's organizational structure, functions, nomenclature, and operational processes.

Mandate

The Department of Budget and Management (DBM) formulates and implements the National Budget to support national socio-economic plans and objectives and ensures the efficient and sound utilization of government funds and revenues. It establishes and administers a unified government compensation and position classification system.

LOGICAL FRAMEWORK (DBM)

Societal Goal

Economic Growth Towards Poverty Reduction

Sectoral Goals

Fiscal Strength

Good Governance

Organizational Outcomes

Fiscal Discipline

Effective Resource Allocation

Efficient Government Operation

MFOs

Budget and Management Policy Services

Agency Budget and Management Services

Budget Release Services

Performance Monitoring and Evaluation Services

P/A/Ps

- Conduct fiscal policy research, budget planning and programming and provide technical secretariat services to the DBCC
- Formulate policies, standards, guidelines on systems and procedures improvements, internal control systems, cost reduction measures, asset management, financial and management accountability framework and other productivity-related measures
- Formulate policies, standards, guidelines on budget operations, and on organization, staffing and compensation; maintain a unified compensation and position classification system for NGAs/GOCCs/LGUs

- Implement annual and medium-term expenditure program at agency level
- Prepare the annual national budget
- Provide technical advice to NGAs/GOCCs/LGUs on public expenditure and organizational management reforms and productivity improvement measures
- Evaluate organization, staffing, compensation and position classification proposals

- Manage/administer the expenditure program at agency level
- Issue fund release documents

- Monitor and analyze the financial and physical performance of agencies
- Prepare government budget performance reports for the President, DBCC, and other stakeholders
- Assess the implementation of policies, standards, guidelines on public expenditure and organizational management reforms
- Assess the implementation of policies, standards, guidelines on productivity improvement and compensation, staffing and position classification
- Assess the implementation of GOCC governance and performance requirements

PERFORMANCE MEASURES AND TARGETS

(Amounts in Thousand Pesos)

Particulars	FY 2007	FY 2008	FY 2009
	Actual/Amount	Target/Amount	Target/Amount
MFO 1			
Budget and Management Policy Services	96,572	124,353	117,603
Forward Estimates (FEs)			
FEs regularly updated	FEs reformulated once ¹	Semi-annual ¹	Annual ¹
New project proposals considered in FE updates		Initial Project Appraisal Guidelines used in FE updating	Project Appraisal Guidelines finalized and used in FE updating
Forward estimation computerized		Diagnostic study for FE computerized System completed	FE computerization started
Paper on Budget Strategy			
Recommendations on strategic priority expenditures and policies under the Paper on Budget Strategy (PBS) accepted by the Executive Technical Board (ETB) of the Development Budget Coordination Committee (DBCC)	100% Acceptance Rate ²	90% Acceptance Rate ²	90% Acceptance Rate ²
Systems and productivity improvement policies, standards and guidelines			
National Guidelines on Internal Control Systems (NGICS)		100% Adoption Rate ³	NGICS rolled out in 2 areas each in 4 pilot departments
Government Quality Management Systems Standards (GQMSS)	100% completed and accepted by resource persons ³		
Organization, staffing, position classification and compensation policies, standards and guidelines	12 issuances	5 issuances	20 issuances ⁴
Proposed Salary Standardization Part 3 (SSL3) Bill	Moved to FY 2008 ⁵	Submitted to Congress by 3 rd Quarter	IRR drafted
Standards and guidelines on the grant of staffing flexibility to agencies		Issued by 2 nd Semester (Moved to FY 2010) ⁶	

¹ FEs reformulated instead of updated. Semi-annual target for FY 2008 awaiting operational automated FE system which is being developed.

² 100%/80% target. All recommendations accepted by the ETB-DBCC under an iterative consultative process. FY 2008 target raised from 80% to 90% due to high FY 2007 performance.

³ Completed and accepted by resource persons from agencies which have implemented/are implementing ISO-QMS. Propagation of GQMSS assumed by DAP as lead agency for capacity building.

⁴ Higher numerical target due to anticipated impact of SSL3 subject to Congressional enactment by FY 2008. Target issuances include (1) EO Implementing SSL3; (2) 3 IRRs on SSL3; (3) 4 Revised Indices of Occupational Services, Occupational Groups, Classes and Salary Grades for NGAs, GOCCs, Local Water Districts, and LGUs; (4) Issuance on Salary Grade Definitions; (5) Issuance on Class Summaries; and (6) 10 Issuances on Allowances, Benefits and Incentives.

⁵ Deferred to FY 2008 to allow ample time for deliberation and approval by the 14th Congress. Draft bill completed.

⁶ Conditional to full institutionalization of OPIF and upgrading of the Government Manpower Information System (GMIS)

Budget operations standards and guidelines	88 issuances ⁷	31 issuances ⁸	11 issuances at least ⁹
NGAs/GOCCs standards and guidelines	83 issuances ¹⁰	22 issuances ¹⁰	5 issuances at least ¹⁰
LGU standards and guidelines	5 issuances	9 issuances	6 issuances ¹¹
IRR and guidelines required under the GAA			10 IRR/guidelines drafted/issued ¹²
MFO 2	189,030	235,180	227,120
Agency Budget and Management Services			
Budget documents: (1) National Expenditure Program (NEP)/President's Budget; (2) Budget of Expenditure and Sources of Financing (BESF); (3) Organizational Performance Indicator Framework (OPIF) Book; (4) Staffing Summary; (5) President's Budget Message (PBM); and (6) Details of Programs and Projects of Selected Agencies	5 documents submitted within 30 days from opening of Congress 1 OPIF Book submitted within the year	6 documents submitted within 30 days from opening of Congress	5 documents submitted within 30 days from opening of Congress 1 OPIF Book submitted within 1 week after budget submission
Training on public expenditure and organizational management reforms	3 training conducted	19 training conducted	14 trainings conducted
NGAs including GOCCs	3 training conducted	8 training conducted	8 trainings conducted
LGUs		11 training conducted ¹³	6 trainings conducted ¹³
Technical assistance to agencies to implement reforms			
OPIF-based budget of departments and agencies to support budget proposal	Implementation in OPIF-ready agencies: 20 departments and 30 OEOs	Implementation in all departments, attached agencies and OEOs	Implementation in all departments, attached agencies, OEOs, FAAs and SUCs
Procurement Reforms training			
RA 9184 and its IRR	83% of LGUs;	122 training for provinces, cities and municipalities	
Phil. Bidding Documents	89% of LGUs;		
RA 9184 and PBDs	30% of NGAs;		
Generic Procurement Manuals	48% of LGUs 3% of NGAs		
Rationalization Plan (RPs) ¹⁴		10 department RPs approved ¹⁴	Remaining 8 department RPs approved ¹⁴
	9 or 32% of agency RPs approved ¹⁵	12 agency RPs approved ¹⁵	Remaining 2 agency RPs approved ¹⁵
	3 submitted GOCC RPs approved ¹⁶	3 GOCC RPs approved ¹⁶	20 remaining submitted GOCC RPs approved ¹⁶

⁷ 88/29 target issuances, including 83/22 CLs, NBCs, BCs, JMCs, JCs, CCLs, CBMs, and BEGs for NGAs and GOCCs and 5/7 for LGUs.

⁸ 54/31 target issuances including 49/20 for NGAs and 2 for GOCCs and 5/9 for LGUs.

⁹ Target covers at least 4 NGAs, 1 GOCC and 6 for LGUs, including (1) Budget Call for NGAs; (2) FY 2010 Budget Call for GOCCs; (3) NCL on the Submission of New Spending Proposals; (4) BEGs; and (5) OPIF Manual, 1st Ed.

¹⁰ 83/22 target for FY 2007 and 42/22 target for FY 2008 for NGAs and GOCCs. FY 2009 target confined to at least 4 major annual issuances: (1) Budget Call for NGAs; (2) NCL on the Submission of New Spending Proposals; (3) Budget Call for GOCCs; (4) One major BEGs; and (5) OPIF Manual.

¹¹ Target includes: (1) Updated Budget Operations Manual for Barangays; (2) Inputs to the Revision of the LGC; (3) LBM; (4) Guidelines and Procedures for the Release of LGU Special Shares from Burley Tobacco, Mini-Hydro, National Wealth and Other Prior Shares; (5) PS Expenditure Policy for LGUs; and (6) Manual for the Financial Management of Local Economic Enterprises (LEEs).

¹² 10/32 IRRs/guidelines. Target confined to those within the full control of DBM. (1) Use of Income; (2) Use of Excess Income; (3) Restrictions on the Use of Government Funds; (4) Fiscal Discipline Measure in Government Operation; (5) Year-End Bonus and Cash Gift; (6) Honoraria; (7) Quarters Allowance; (8) Hazard Pay; (9) Institutional Strengthening and Productivity Improvement in Agency Organization and Operations and Implementation of Reorganization Mandated by Law; and (10) Service Contracts. Others will be prepared in partnership with other agencies.

¹³ FYs 2008 targets include 7 training by ROCS including 4 cluster training on LMC No. 1 S2007 and 3 cluster training on the Revised Updated Budget Operations Manual (RBOM). FY 2009 targets include 2 training by ROCS. FY 2009: (1) Roll-out Training on the RBOM; and (2) Training on the Operations of LEEs. List is net training conducted by the ROs related to the advocacy of public expenditure and organizational management reforms at the LGU level.

¹⁴ Initial overall target: 20 departments net of those exempted from the Government Rationalization Program (GRP): 2 or 10% in FY 2006; 12 or 60% in FY 2007; 6 or 30% in FY 2008. Adjusted FY 2008 target will be 10 or 50% department RPs approved. FY 2009 target represents 40% based on emerging FY 2008 scenario.

¹⁵ Initial overall targets: 28 OEOs/Other Agencies net of those exempted from the GRP: 1 or 4% in 2005, 4 or 14% in 2006, 20 or 71% in 2007 and 3 or 11% in 2008. FY 2008 target will most likely be 12 or 43%.

¹⁶ Initial overall targets: 60 GOCCs net of those exempted from the GRP, 9 or 15% in FY 2006, 22 or 37% in FY 2007, 29 or 48% in FY 2008. Adjustments: 32 submitted RPs out of 62 GOCCs, 7 or 7% approved from FY 2004-2006, including 3 prior to EO No. 66; 3 or 9% in FY 2007, 3 or 9% in 2008. FY 2009 target represents the remaining 20 submitted RPs.

Technical advice on budget, organization, staffing and compensation for NGAs, GOCCs and LGUs			
Queries and requests	95% rate of disposition ¹⁷	100% rate of disposition ¹⁷	100% rate of disposition
Budget consultations/forum	100% of requirement	100% of requirement	3 major consultation fora conducted ¹⁸
Corporate Operating Budget (COB) review	80% of COBs with complete documentation reviewed within 90 days from date received	100% of COBs with complete documentation reviewed within 90 days from date received	100% of COBs with complete documentation reviewed within 90 days from date received
LGU budget review	100% of budgets submitted reviewed within 90 days from date received	100% of budgets submitted reviewed within 90 days from date received	100% of budgets submitted reviewed within 90 days from date received
MFO 3			
Budget Release Services	132,526	165,516	267,284
Fund release programs			
Cash Release Program (CRP)	100% program adherence	100% program adherence	CRP issued 10 days before start of quarter
Fund release documents			
NGAs including GOCCs	Issued within 10 days before start of period covered ¹⁹	Issued within 10 days before start of period covered ¹⁹	NCA issued within 10 days after issuance of CRP
LGUs	Issued within 10 days of the period covered ²⁰	Issued within 10 days of the period covered	Issued within 10 days of the period covered
MFO 4			
Performance Monitoring and Evaluation Services	100,448	137,434	117,922
Budget Performance Report			Monthly Budget Performance Report submitted within 30 days of reference month 0% -5% variance of releases to ARP/GAA
OPIF-based agency performance review conducted	100% of agency coverage based on APR	100% of OPIF-ready agencies ²¹	100% of agencies
Agency Performance Rating System/ Guidelines	APEX system/ guideline formulated ²²	Implementation piloted ²²	
OPIF-based budget preparation and execution forms and reporting systems			Simplified/ Developed
TOTAL	518,576	662,483	729,929

NOTE: The amounts are exclusive of the following: FY 2007 Payment of GSIS Retirement and Life Insurance Premiums (employer share-P294,196,062 and employees share-P265,126,288, inclusive of arrearages of P45,358,993) for the Autonomous Region in Muslim Mindanao (ARMM) remitted directly by the DBM to the GSIS per GSIS-ARMM-DBM MOA dated March 4, 2004 and for prior years deficiency of P68,669,669 (AFP-PNP GSIS deficiency, 1996-1998-P484,969,639.41, Barangay Insurance Premium, 1996-1999-P111,700,028 and AFP-PNP PHIC deficiency-P85,000,000; FY 2008) and FY2008-FY2009-Construction of DBM Building for P187M and P120M, respectively.

¹⁷ 95/100% disposition rate due to incomplete submissions. Not considered as a target in FY 2009 since demand driven

¹⁸ Major consultation fora to facilitate monitoring (1) Budget Forum for NGAs; (2) Budget Forum for GOCCs; (3) Agency Forum for MTEF/OPIF Reforms; (4) Technical Budget Hearings; and (5) Agency Performance Reviews

¹⁹ Applies to Allotment Authorities (AAs), Notice of Cash Allocation (NCA), Non-Cash Availment Authority (NCAA), Cash Disbursement

²⁰ Pursuant to the reglementary period stipulated by the Local Government Code.

²¹ Agencies without OPIF will be reviewed based on their APRs.

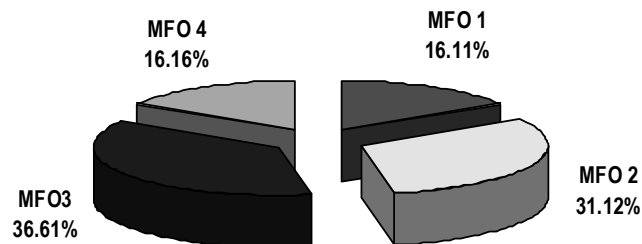
²² DAP was commissioned by DBM to undertake the review of pilot agencies using APEX.

FY 2009 MFO BUDGET

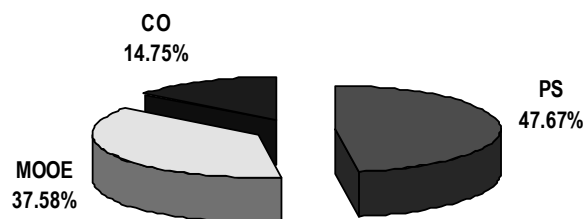
By MFO/By Expense Class

Particulars	PS	MOOE	CO	TOTAL	%SHARE
MFO 1					
Budget and Management Policy Services	68,052	34,019	15,532	117,603	16.11%
MFO 2					
Agency Budget and Management Services	127,674	75,859	23,587	227,120	31.12%
MFO 3					
Budget Release Services	83,276	130,304	53,704	267,284	36.61%
MFO 4					
Performance Monitoring and Evaluation Services	68,934	34,105	14,883	117,922	16.16%
TOTAL	347,936	274,287	107,706	729,929	100.00%
%Share	47.67%	37.58%	14.75%	100.00%	

By MFO (Total Budget = P729,929,000)



By Expense Class (Total Budget = P729,929,000)



- MFO 1: Budget and Management Policy Services include (1) the formulation of development budgeting and fiscal resource budgeting policies, (2) development of budget and organizational management policies, standards, guidelines and systems and procedures, and (3) aggregate and sectoral budget planning, including the formulation of agency budget ceilings.
- MFO 2: Agency Budget and Management Services include (1) agency budget planning and advice; (2) budget preparation and approval; and (3) implementation of budget and organizational management policies, standards, guidelines and systems and procedures.
- MFO 3: Budget Release Services include budget programming and execution.
- MFO 4: Performance Monitoring and Evaluation Services include (1) budget tracking and control, (2) monitoring and evaluation of physical and financial performance of agencies, (3) monitoring and assessment of organizational effectiveness, and (4) monitoring of macroeconomic and fiscal developments as they impact on expenditures.