



**REPUBLIC OF THE PHILIPPINES**  
**Department of Budget and Management**  
Malacañang, Manila



**NATIONAL BUDGET CIRCULAR**

**No. 545**

**January 2, 2013**

**TO :** All Heads of Departments/Agencies/ State Universities and Colleges and Other Offices of the National Government, Government Owned or Controlled Corporations and Local Government Units; Budget Officers; Heads of Accounting Units; and All Others Concerned

**SUBJECT :** Guidelines on the Release of Funds for FY 2013

**1.0 PURPOSES**

- 1.1 To provide the policies, rules and regulations on the implementation of the FY 2013 Budget under R.A. No. 10352 or the FY 2013 General Appropriations Act (GAA);
- 1.2 To prescribe the procedural guidelines on the release and utilization of funds for FY 2013; and,
- 1.3 To reiterate/modify policies and procedures on the required budgetary reports.

**2.0 COVERAGE**

All government agencies, including Local Government Units (LGUs) and Government Owned or Controlled Corporations (GOCCs) receiving budgetary support from the national government in FY 2013.

**3.0 GENERAL GUIDELINES**

- 3.1 The effectivity of the FY 2013 GAA is on January 1, 2013 as provided under General Provision **(GP) No. 96** of said law.
- 3.2 All appropriations authorized under the FY 2013 GAA shall be available for release and obligation for the purposes specified, and under the same special provisions applicable thereto, until the end of FY 2013: Provided, that a report on these releases and obligations shall be submitted to the Senate Committee on Finance and House Committee on Appropriations, either in printed form or by way of electronic document, pursuant to **GP No. 63**. Thus, any unreleased appropriations and unobligated allotments shall automatically lapse at the end of 2013.
- 3.3 To achieve the FY 2013 fiscal targets, allotment releases during the year from all sources shall stay within the FY 2013 Allotment Release Program (ARP). The ARP of each national government agency shall be an amount equal to the total of the following:
  - 3.3.1 The agency's specific budget under the FY 2013 GAA; and,
  - 3.3.2 Automatic appropriations for Retirement and Life Insurance Premiums (RLIP) per Table B.2.c, Special Accounts in the General Fund (SAGF) per Table B.16,

and other items classified as such under the appropriate tables of the FY 2013 Budget of Expenditures and Sources of Financing (BESF).

- 3.4 Releases from multi-user SPFs shall be consistent with the Special Provisions governing the use of the same. Multi-user Special Purpose Funds (SPFs) are the funding sources for expenditure items not provided in the agency budgets such as: Calamity Fund, Contingent Fund, E-Government Fund, International Commitments Fund, Miscellaneous Personnel Benefits Fund (MPBF), Priority Development Assistance Fund (PDAF) and Pension and Gratuity Fund (PGF). Any release from the SPFs shall be considered as an adjustment to the agency ARP.
- 3.5 The appropriations for the agency specific budgets under the FY 2013 GAA, including automatic appropriations, shall be made available to the agency through the issuance of Agency Budget Matrix (ABM) and/or Special Allotment Release Order (SARO).
- 3.6 Release of funds, i.e., allotments and disbursement authorities, shall be made directly to the agencies and their Operating Units (OUs). An OU is defined as an "agency" receiving Notice of Cash Allocation (NCA) directly from DBM.
  - 3.6.1 Funds allocated for Regional Offices (ROs) and OUs but included in the budget of their Central Offices or which are specifically allocated for the different ROs/OUs shall be directly released to said ROs/OUs in accordance with the approved distribution of expenditures, pursuant to **GP No. 67** of the FY 2013 GAA.
  - 3.6.2 Lump-sum appropriations shall only be released upon submission by the government agency concerned to DBM of the complete details or list of sub-programs/activities with a corresponding cost up to the lowest level (provincial, city, municipal level as the case may be) pursuant to **GP No. 68** of the FY 2013 GAA.
- 3.7 Fund releases shall be based on the targeted level of the agencies' programs/activities/projects' (P/A/Ps) measurable outputs, schedule of procurement and bidding processes, and corresponding financial requirements, as reflected in their Budget Execution Documents (BEDs) submitted to DBM not later than November 30, 2012 as prescribed in National Budget Circular (NBC) No. 543 dated October 10, 2012.
  - 3.7.1 ABM for the comprehensive release of allotment covering agency specific budgets that do not need prior clearance shall be issued by DBM based on the FY 2013 Financial Plan submitted by the OUs/agencies.
  - 3.7.2 NCA covering regular operating requirements to be credited to the Regular MDS Account of the agency/OU shall be comprehensively released consistent with the Development Budget Coordination Committee (DBCC)-approved Monthly Cash Program (MCP).
    - 3.7.2.1 To maximize flexibility in the use of the available NCAs, the Common Fund System policy shall be adhered to.
    - 3.7.2.2 Under said System, after satisfying the agencies' regular operating requirements as reflected/considered in their MCP, the cash allocation balances under the Regular MDS Account shall be used to cover payment of current year's accounts payable (A/Ps), i.e., goods and services which have been delivered during the year, regardless of the year when the covering obligations were incurred.

- 3.8. In general, budgetary realignments during budget execution are not allowed, to avoid distortion of the original agency performance targets (set during budget preparation) and the specific purposes (P/A/Ps) provided budgetary allocation under the FY 2013 GAA. Hence, the FY 2013 appropriations shall be used for the purposes for which these were specifically authorized.
- 3.9 However, agencies are given the following flexibilities under the general provisions of the FY 2013 GAA.
- 3.9.1 Augmentation of any item of expenditure within Personal Services (PS), except use of savings for augmentation of appropriations for Magna Carta benefits which shall require prior approval from the Department of Budget and Management, pursuant to **GP No. 41**.
- 3.9.2 Payment of honoraria in accordance with **GP No. 44**, Budget Circular Nos. 2003-5, 2007-1, 2 and 3, NBC No. 2007-510 and other guidelines that may be issued by DBM.
- 3.9.3 Augmentation of any item of expenditure within Maintenance and Other Operating Expenses (MOOE), except **Intelligence Funds** which shall require prior approval from the President of the Philippines, per **GP No. 54**.
- 3.9.4 Realignment of savings generated from amounts programmed for mandatory expenditures, particularly for petroleum, oil and lubricants, as well as for water, illumination, power services, telephone, other communication services, and rent shall be allowed only in the last quarter of the year consistent with **GP No. 57** and subject to the rules on the realignment of savings provided in **GP No. 54**.
- 3.9.5 Payment of any deficiency in the actual requirements for authorized personnel benefits including Year-End Benefits, Retirement Gratuity and Terminal Leave benefits, Pensions and other benefits shall be given **priority in the use of savings** as defined under **GP No. 56**.
- 3.9.6 Realignment of savings among objects of expenditures from one allotment class to another and among objects of expenditures within Capital Outlays shall require prior approval from DBM per **GP No. 54**.
- 3.9.7 Use of Fees and Income
- 3.9.7.1 Fees collected for seminars, trainings and conferences conducted can be used for the related expenses of said activities by agencies which do not have appropriation for these expenditure items in their budget, consistent with **GP No. 10**.
- 3.9.7.2 Proceeds from the sale of official publications shall be used to defray the cost of preparing, printing and disseminating such publications, subject to pertinent budgeting, accounting and auditing rules and regulations, consistent with **GP No. 11**.
- 3.9.7.3 Proceeds from the sale of non-serviceable, obsolete or unnecessary equipment (including motor vehicles) shall be deemed automatically appropriated for the purchase of new ones and for repair or rehabilitation of existing vital equipment, consistent with **GP No. 12**.

- Agencies concerned can use/avail said revenue only during the year when such revenue collections were deposited to the Bureau of the Treasury.
- The purchase of motor vehicles shall be subject to prior authority of the appropriate government agency and limitations specified under the existing guidelines on the acquisition of motor vehicles.

3.9.7.4 Service fees collected pursuant to **GP 37**, from BIR, GSIS, HDMF, PHIC, mutual benefits associations/cooperatives, duly licensed insurance companies accredited by the appropriate government agency, and rural banks accredited by the Bangko Sentral ng Pilipinas, shall be used exclusively for the operation of a Provident Fund established in favor of all its employees, consistent with **GP No. 38**.

3.9.7.5 Excess income (actual collections vis-à-vis the targets shown in the FY 2013 BESF) realized and deposited with the Bureau of the Treasury pursuant to **Special Provision No. 4 of the Unprogrammed Fund under R.A. No. 10352** can be used to augment agencies' operating requirements for the current year **except** PS as well as discretionary and representation expenses. However, agencies which are already authorized by law to retain a portion of their income collections for their operating requirements are no longer qualified to avail of the use of excess income, consistent with item II.D of the President's Affirmation Message of the FY 2013 GAA.

3.10 Savings from released allotments for RLIP shall not be used for any other purpose.

3.11 In line with the transparency provisions in the FY 2013 GAA, the following shall be observed:

3.11.1 Per **GP No. 92**, department/agencies implementing infrastructure projects shall post on their respective websites, within thirty (30) days from entering into contract with the winning contractor the following information per project:

- Project title, detailed description for each project which shall include the nature and location thereof;
- Detailed estimates in arriving at the Approved Budget for the Contract; and the
- Winning contractor and the detailed estimates of the bid as awarded.

3.11.2 Per **GP No. 93**, all agencies shall maintain a transparency seal to be posted in their website which shall contain the following information:

- Agency's mandate and functions, names of its officials with their position and designation and contact information;
- Annual reports, as required under NBC Nos. 507 and 507-A dated January 31, 2007 and June 12, 2007, respectively, for the last three (3) years (financial and physical accomplishments);
- Respective approved budgets and corresponding targets immediately upon approval/passage of the 2013 GAA;
- Major programs and projects categorized in accordance with the five (5) key results areas under EO No. 43, s. of 2011;

- Programs/projects/beneficiaries as identified in the applicable Special Provisions; and
- Annual procurement plan, contracts awarded and the name of contractors/suppliers/consultants.

3.11.3 Other special provisions under the respective budget of selected agencies under R.A. No. 10352.

3.12 The following budgetary policies are hereby prescribed or reiterated:

3.12.1 Validity of Appropriations and Allotments

3.12.1.1 FY 2013 GAA under R.A. 10352

- All appropriations (PS, MOOE, CO) under FY 2013 GAA, R.A. 10352 shall be available for release up to December 31, 2013.
- All released allotments shall be available for obligation up to December 31, 2013 only.

3.12.1.2 FY 2012 GAA under R.A. 10155

- Continuing Appropriations for MOOE and Capital Outlay (CO) under the FY 2012 GAA, R.A. 10155 shall be available for release up to December 31, 2013.
- All unobligated balances of released allotments for MOOE and CO in 2012 (as of December 31, 2012) shall be available for obligation up to December 31, 2013.

3.12.1.3 Automatic Appropriations

All programmed automatic appropriations (PS, MOOE, CO) shall be available for release and obligation up to December 31, 2013.

3.12.2 Validity of NCAs issued

3.12.2.1 NCA issued and credited to the Regular MDS Accounts of agencies for their regular operations which are programmed for a specific month shall be valid only **until the last working day of the said month.**

3.12.2.2 NCA issued and credited to the Special MDS Accounts of agencies for payment of retirement gratuity/terminal leave benefits as well as prior years' accounts payable shall be valid **until the last working day of the following month** when the NCA was issued.

3.12.2.3 NCA issued for trust receipts and credited to the Trust MDS Account of agencies shall be valid **until the last working day of the year.**

3.12.2.4 NCAs issued to the Bureau of Treasury for working funds of agencies shall be valid **until the last working day of the year.**

### 3.12.3 Other timelines to be observed by agencies:

- 3.12.3.1 **November 30, 2012** - agency submission of the FY 2013 BEDs prescribed per NBC 543
- 3.12.3.2 **June 30, 2013** - last day for submission to DBM of agency request/s for realignment of allotment under the FY 2012 Budget
- 3.12.3.3 **November 15, 2013** - last day for submission to DBM of agency request/s for any release requiring issuance of SAROs/additional NCAs in FY 2013
- 3.12.3.4 **December 15, 2013** – deadline for submission to DBM of agency requests for use of excess income duly supported with BTR certification
- 3.12.3.5 **Dates prescribed under NBC 507/507A** and subsequent Circulars that may be issued for the purpose – submission of the Budget Accountability Reports (BARs)

3.13 To rationalize the release of funds for critical programs and projects and at the same time tighten agencies' compliance with accountability requirements, the "**no report, no release**" policy, as it applies to the submission of BEDs and BARs, shall be strictly enforced in the release of additional funds.

3.14 Agency utilization of funds in the production/delivery of goods/services to the public vis-à-vis plans/targets for a given period shall be measured thru the periodic review of agency performance by DBM. Under this concept, the BEDs and quarterly BARs shall be used by DBM in conducting the performance review. Performance shall be assessed in terms of financial utilization, physical accomplishment of targeted outputs, as well as revenue generation. Results of the performance review will:

3.14.1 Provide information as to how much and at what cost the government provides for goods and services to the public, if outputs are accomplished as planned;

3.14.2 Track resource leakages and implementation delays, determine factors influencing the level of performance and identify necessary measures/improvement plans to be undertaken for the remaining period of the year;

3.14.3 Serve as guide in deciding whether reallocation of funds or additional release is necessary during the year and basis in reporting the status of the budget to the President; and,

3.14.4 Serve as inputs in the preparation of the budget for the succeeding year.

## 4.0 SPECIFIC GUIDELINES

### 4.1 Preparation and Approval of the ABM

4.1.1 The ABM, which shall be prepared by DBM based on the submitted Physical and Financial Plans of the agency/OU, shall be presented by:

- 4.1.1.1 Funding source:
  - o Agency specific budget under the FY 2013 GAA;
  - o Automatic Appropriations under the FY 2013 BESF i.e., RLIP, SAGF and other items classified as such.

#### 4.1.1.2 Operating unit

For certain department/agencies that would require the detailed list of OUs and their corresponding budgetary allocations (e.g., PENROs of DENR and PAROs of DAR, among others), it is understood that said information should have been submitted to DBM not later than **November 30, 2012** as prescribed under NBC 543 so that DBM can prepare the ABM on time.

- In the case of TESDA OUs, fund release shall observe the provisions of DBM-DOLE-TESDA Joint Circular No. 2011-1 dated March 11, 2011.
- In the case of DepEd-Regional Offices and OUs, the procedure prescribed in DBM-DepEd Joint Circular No. 2004-1 dated January 1, 2004, RA No. 9155 (Governance of Basic Education Act of 2001).

4.1.1.3 P/A/Ps consistent with the presentation under the FY 2013 GAA. For Foreign Assisted Projects (FAPs), the ABM should be further broken down into Peso Counterpart (GOP)/Loan Proceeds (LP) and project per allotment class basis.

4.1.1.4 Allotment class i.e., PS, MOOE and CO, further broken down **by sub-object of expenditure**. A summary of the release by sub-object of expenditure shall be supported to the ABM as an attachment.

4.1.2 The ABM for the agency specific budget under the FY 2013 GAA, R.A. 10352 shall be segregated into Needing Clearance (NC) and Not Needing Clearance (NNC), as follows:

4.1.2.1 The **NC portion** of the ABM shall consist of the following budgetary items in the agency specific budgets that shall be released upon compliance of certain documentary requirements:

- Intelligence Fund, subject to prior approval of the President of the Philippines pursuant to **GP 59** of the FY 2013 GAA;
- Police benefits of the National Police Commission, subject to submission to DBM of the list of claimants with the corresponding benefits and amounts, pursuant to Special Provision No.1, under the National Police Commission of the FY 2013 GAA;
- Lump-sum appropriations or centrally-managed items (CMIs) under the agency's approved budget, **classified as such** in the submitted Financial Plan.
- For ARMM, the Special Purpose Funds of the Regional Governor and Vice-Regional Governor, as well as the Share in Internal Revenue Collections; and
- Annually appropriated SAGF included in the agency budget.
- Budgetary support to GOCCs/assistance of the national government to the LGUs;

- Other budgetary provisions such as:
  - Budgetary provisions for **new** items, programs and projects in the budgets of some departments, bureaus, offices and agencies; and,
  - Budgetary items/provisions for Conditional Implementation under the **President's Affirmation Message**, which are subject to specific guidelines to be issued by the appropriate agencies.

4.1.2.2 The **NNC portion** of the ABM refers to items in the agency budget under the FY 2013 GAA **not** included under NC portion as enumerated above and categorized as such in the submitted FP of the agency. This shall correspond to the total allotments comprehensively released in the ABM as follows:

- For **PS – 100%** of the NNC portion of the ABM, pertaining to filled positions of NGAs. This includes lump-sums of PS under the budget of DepEd, among others, which shall be subject to certain documentary requirements prior to obligation.

PS allotments comprehensively released can be used by the agency to cover the PS deficiency resulting from filling up of vacant positions. Agencies may submit to DBM, request/s for release of additional allotments for the PS deficiencies already paid, to be charged against the appropriate funds for the purpose.

- For **MOOE and CO – 100%** of the NNC portion of the OU's ABM. This includes provision for Quick Response Fund under the budgets of DSWD, DND, DA, DepEd, DOH and DPWH as well as the items cited under item no. 4.1.2.3 of this Circular.

4.1.2.3 The following built-in appropriation although part of the comprehensive release of the **NNC** portion of the ABM, **can only be obligated** by the OU subject to compliance with the required clearance/approval/documentation:

- Lump-sums for PS under the budget of the DepEd subject to compliance of the applicable documentary requirements:
  - Equivalent Record Forms (ERFs)
  - Conversion to Master Teacher (MT) Positions
  - Reclassification of Positions
  - Hardship Pay
- Cash Allowance for chalk;
- Lump sum for Repair and Maintenance of School Buildings under MOOE of the budget of the DepEd - list of identified recipients i.e., schools that need repair or rehabilitation duly signed by the Regional Director concerned;



- CMIs of agencies concerned which were lodged as NNC per submitted 2013 FP – list of specific projects, OUs to implement the projects, corresponding allocation for each OU and documentary requirements per special provision of their budgets. The regionalized allocation for CMIs of DepEd, DPWH, DOH, TESDA, CHED, shall be released by DBM ROs to AROs of said department/agencies;
- Bottom-Up Budgeting (BuB) projects of agencies concerned - list OUs to implement the approved BuB projects submitted by eligible LGUs per Table F17 of 2013 BESF, as may be amended/attached to DBM-DILG-DSWD-NAPC JC No. 2 dated December 19, 2012;
- Provisions for Supplies and Materials as well as Office Equipment - 2013 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) per Circular Letter Nos. 2011-6/6-A;
- Computers and other Information Technology Equipment - prior clearance/approved Information Systems Strategic Plan from the Information and Technology Office of the Department of Science and Technology;
- Procurement of certain motor vehicles and motorized equipment, subject to prior recommendation by DBM and approval by the President of the Philippines, pursuant to AO No. 233, s. 2008, as amended by AO No. 15 dated May 25, 2011 and BC No. 2010-2 dated March 1, 2010;
- Communication equipment - clearance from the National Telecommunications Commission;
- Firearms - prior approval of the Philippine National Police;
- Research and development in the natural, agricultural, technological and engineering sciences shall be consistent with the master plan of the Department of Science and Technology and Department of Agriculture on the priority research programs and projects to be implemented;
- Books to be procured by agencies other than schools and The National Library exceeding the authorized five (5) copies per title - prior approval from DBM;
- On-going FAPs - compliance with certain conditionalities; and,
- Grants, subsidies and contributions - details indicating among others, the purpose, amount intended for each beneficiary and the list of recipients.

4.1.2.4 Budgetary Support to GOCCs, in general, shall be categorized as **NC** of the ABM. However, in the case of GOCCs considered as heavily subsidized by the national government, their ABM shall reflect the following disaggregation of the subsidy appropriation under the FY 2013 GAA:

- Amount programmed for operating subsidy for three (3) months i.e., January to March, 2013 (equivalent to one-fourth of the total subsidy appropriation per FY 2013 GAA shall be categorized as **NNC** and released comprehensively;
- Remaining balance of the subsidy for the current year (April to December requirements) shall be categorized under **NC** and released thru SAROs. The total of the NC and the NNC columns shall be equal to the GOCC's subsidy program under the ABM; and
- ABMs and SAROs in favor of GOCCs shall be issued through the Bureau of the Treasury, copy furnished the GOCC.

#### 4.1.3 Approval of the ABM

The ABMs shall be issued by DBM on **January 2, 2013**. The original copy of the approved ABM shall be issued by the DBM to the concerned OU.

## 4.2 Release of SARO

4.2.1 Issuance of SAROs shall be necessary for the following items:

- 4.2.1.1 Appropriation items categorized under the "NC" portion of the ABM;
- 4.2.1.2 Charges against multi-user SPFs; and,
- 4.2.1.3 Adjustment between the NNC and NC portions of the approved ABM.

4.2.2 Appropriation items categorized under the "**NC**" portion of the ABM shall be released upon submission of Special Budget Requests (SBRs) duly supported with separate/detailed financial plan including MCP, physical plan and other documentary requirements.

CMI or lump-sum appropriations shall be supported with the following:

- Specific OUs identified to implement the project and amount allocated to each OU;
- Financial Plan containing the obligational program, MCP and Physical Plan containing targets to determine the specific activities to be undertaken during project implementation; and
- Other documents to support the implementation of priority projects such as Farm-To-Market Roads (FMRs) and irrigation projects, among others:
  - Network plan of DA for FMRs (as coordinated with LGUs and resident-farmers and fisherfolks), including detailed scope of work, specific location;
  - Agrarian reform communities network plan for FMRs by DAR; and
  - List of priority production areas where the irrigation projects are to be constructed by NIA.

4.2.3 For charges against **multi-user SPFs**, agencies shall submit to DBM, an SBR for eligible expenditures for issuance of SARO consistent with the Special Provisions of the SPF concerned.

4.2.3.1 **PGF** shall be used to fund the following:

- Pension benefits of AFP retirees and war/military veterans of the DND (GHQ and PVAO), uniformed personnel of DILG (BFP, BJMP, PNP including PC-INP), DENR-NAMRIA, DOTC-PCG and other retirees whose pension are funded by the national government (i.e., ERC);
  - Initial SARO shall be issued to cover three (3) months requirements i.e., January to March, 2013 or equivalent to one fourth (1/4) of the pension allocation under PGF of the FY 2013 GAA.
  - Subsequent SAROs shall be based on the latest list of actual pensioners provided by the agencies concerned and supported with the required BARs as of March 31, 2013.
- Retirement gratuity (RG) and terminal leave (TL) benefits of retired government personnel and monetization of leave credits of NG personnel including transferred leave credits of personnel devolved to LGUs (considered as advance payment of TLB).
- Separation and incentive benefits of government personnel affected by reorganization, merger, streamlining, abolition, or privatization.

4.2.3.2 **MPBF** shall be used to fund PS deficiencies of employees who are still in the government service such as salaries, bonuses (including performance-based bonuses and performance enhancement incentive), allowances, associated premiums and other personnel benefits, if cannot be accommodated within agency savings.

- Agencies which are provided budget allocations for unfilled positions under the FY 2013 MPBF shall support their Special Budget Request (SBR) with the required documents i.e., authority to fill-up/hire, approved appointments duly attested by the Civil Service Commission, Special Orders and computation of salary and other PS benefits of newly hired personnel, among others.

4.2.3.3 For **Internal Revenue Allotment (IRA)** of provinces, cities/municipalities and barangays chargeable against Automatic Appropriations, DBM shall release the SAROs covering the January to December, 2013 or full year appropriation, thru DBM CO/ROs as fund administrator of the IRA. Any adjustments, changes or modifications of allocation by LGU (e.g., deductions representing LGU contributions to MMDA, among others) shall be accordingly effected before the end of the year.

4.2.4 Adjustments between the NNC and NC portions of the approved ABM i.e., adjustment or revision in the amounts, will necessitate the issuance of SARO

by DBM. Request for realignments shall be submitted to DBM-Central Office or the concerned DBM-Regional Office, as the case may be.

#### 4.3 Issuance of Disbursement Authorities

- 4.3.1 DBM shall release the disbursement authorities to cover requirements of OUs in the implementation of programs and projects consistent with the DBCC-approved MCP.
- 4.3.2 An initial comprehensive NCA shall be issued directly to the OUs covering the first semester requirements, i.e., January to June, 2013, chargeable against the current year budget.
- 4.3.3 The initial NCAs for the following expenditure items shall cover three (3) months requirements i.e., January to March, 2013:
- Pension benefits of retirees cited under item no. 4.2.3.1 above;
  - Subsidy for GOCCs (heavily subsidized) thru BTr; and
- 4.3.4 In the case of IRA for LGUs, the initial NCA shall cover only two (2) months requirements.
- 4.3.5 NCAs for the following shall be issued by DBM upon compliance of the required documentary requirements, to wit:
- 4.3.5.1 NCAs to cover the 2<sup>nd</sup> semester requirements for regular budget shall be subject to the submission of BARs as of May 31, 2013.
- 4.3.5.2 NCAs to cover cash requirements chargeable against prior year's budget shall be based on the agency request, List of Not Yet Due and Demandable Obligations (LNYDDO) and additional supporting documents, e.g., List of Due and Demandable A/Ps (LDDAP), as follows:
- Continuing Appropriations, Unobligated Allotments – copy of the last page of the Registry(ies) of Allotments and Obligations for MOOE and CO as of December 31, 2012, prepared by the Budget Officer;
  - Accounts Payable (A/Ps) – separate LDDAP for External and Internal Creditors and LNYDDO as of December 31, 2012 (BED No. 3-B).
- 4.3.6 The payment of **prior years' accounts payable (A/Ps)** of departments/agencies except pilot departments (DepEd, DOH, SUCS, TESDA, CHED) i.e., for goods, services, projects delivered/rendered/completed and accepted during the previous years which remained unpaid as of December 31, 2012, shall follow the guidelines prescribed under CL Nos. 2002-17, 2004-2 to 3 and 2005-2. The following procedures on payment of prior year's A/Ps are emphasized:
- 4.3.6.1 The LDDAP as of December 31, 2012 shall be submitted to DBM not later than **February 28, 2013**. Separate lists shall be submitted for external and internal creditors.
- 4.3.6.2 Lists of prior year's due and demandable A/Ps not received by DBM within the February 28 cut-off date shall **not be included in**

**the special lane for priority funding.** Instead, said prior year's A/Ps shall be queued by the agency under the normal payment procedure for current A/Ps i.e., chargeable against the NCAs under the Regular MDS account using the Common Fund Scheme.

4.3.7 **Current year A/Ps** i.e., for goods, services and projects to be delivered/rendered/completed and accepted during the year (charged against FY 2013 and prior years' budget) shall be paid pursuant to the procedures prescribed under the circulars cited under item 4.3.5 above.

4.3.8 On the release of the Non-Cash Availment Authority (NCAA):

4.3.8.1 Departments/agencies/OUs are enjoined to submit to DBM, request/s for issuance of NCAA to cover the liquidation of their actual obligations incurred against available allotments, pursuant to DBM-COA-DOF Joint Circular 2-97 and CL No. 2003-12. **It is emphasized that non-issuance of NCAs for availments of proceeds from loans/grants thru direct payments (already taken up as constructive payments BTr report) results to accounts payable build up in the agency books.**

4.3.8.2 Departments/agencies/OUs availing of foreign loan proceeds through the direct payment scheme (i.e., creditors/suppliers directly paid by the lending institution upon request of the Implementing Agency) shall ensure that requests for the issuance of NCAA be submitted to DBM, supported by the following documentary requirements:

- Photocopy of the application for withdrawal or equivalent document covering the amount requested;
- List of allotments (ABM/SAROs) and corresponding obligations incurred for the specific foreign loan 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.

4.3.9 On the release of Cash Disbursement Ceiling (CDC)

4.3.9.1 CDC is an authority issued by DBM to DFA and 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. Non-issuance of CDCs for actual utilization of retained income by FSPs (already taken up as revenue and disbursements per BTr report) results to unreconciled accounts between BTr and agency books.

4.3.9.2 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; and
- BTr certification on actual income collected.

#### 4.4. Implementation of "No-Report, No-Release" Policy

4.4.1 In the implementation of the FY 2013 budget, DBM shall regularly monitor agencies/OUs' compliance with the reporting requirements i.e., quarterly BARs.

4.4.2 In the event of failure to submit the required BARs, the "no-report, no-release" policy shall be enforced. The DBM shall defer or withhold additional releases, to wit:

<u>BARs as of</u>	<u>Budget Items</u>
March 31, 2013 (1 <sup>st</sup> Quarter)	SARO for NC portion of ABM SARO/NCA for PS deficiency for the filling-up of positions
June 30, 2013 (2nd Quarter)	SARO for NC portion of ABM SARO/NCA for PS deficiency for the filling-up of positions
Sept. 30, 2013 (3rd Quarter)	SARO for NC portion of ABM SARO/NCA for PS deficiency for the filling-up of positions

4.4.3 DBM shall post in its website, agency compliance with reportorial requirements, for the public to scrutinize.

#### 4.5 Conduct of the agency performance review

4.5.1 Consistent with performance-based budgeting, a quarterly evaluation of the agency performance shall be conducted by comparing agency plans and targets per BEDs vis-à-vis actual accomplishments reflected in its BARs.

4.5.2 In case of delays in program/project implementation, the OUs/agencies shall develop a detailed remedial action plan to reflect the specific measures to be implemented that will lessen the impact, if not resolve, the identified budget execution problems/issues and to ensure attainment of their physical and financial targets. The action program can also include the identification of risks and bottlenecks, the timetable of the measures, and reflect the indicators that will show if the agency is succeeding. The action programs shall be discussed with and monitored by DBM.

4.5.3 The restructured PAPs and enhanced MFOs and PIs as approved by DBM pursuant to NBC 532 shall be used by departments/agencies in the conduct of agency performance reviews.

#### 4.6 Use of Excess Income

4.6.1 Excess income is generated once actual income collected and deposited by the OU with the BTr **during the current year** exceeds the revenue estimates under the FY 2013 BESF.

4.6.2 As soon as agencies/OUs exceed their revenue targets for the year per FY 2013 BESF, they may immediately submit to DBM request for use of excess income. The reason(s) for generating excess revenues shall be highlighted in the request (e.g., collection of new fees and charges not considered in the original revenue estimate).

4.6.3 DBM shall consider the following in determining excess income:

4.6.3.1 If collections of the OU from existing fees and charges exceed the annual revenue estimates reflected in the FY 2013 BESF due to improved efficiency in operation or upgraded service delivery;

4.6.3.2 If collections of the OU come from new fees and charges due to implementation of new or additional activity/program started during the year, hence not considered in the original income targets per FY 2013 BESF; and,

4.6.3.3 If the estimated level of FY 2013 revenue of the OU per FY 2013 BESF is consistent with the normal trend of increases in actual collections for the past years.

4.6.4 In the event that the original revenue estimate of an OU per FY 2013 BESF was reduced as a result of their representation during the finalization of the BESF that they will be unable to maintain the normal trend of increases in their revenues **or** revenue target remains constant for the past three (3) years, the request for use of excess income shall be reevaluated, to wit:

4.6.4.1 DBM shall establish the trend of the actual revenue collections generated from regular fees and charges/recurring income by the agency during the immediately preceding years i.e., CYs 2012, 2011 and 2010.

4.6.4.2 DBM shall re-estimate the appropriate revenue level for FY 2013 by applying the established average growth rate of actual revenue collections in said preceding years.

4.6.4.3 In cases where the re-estimated revenue level of FY 2013 is lower than the actual revenue collections of the immediately preceding year (CY 2012), DBM shall use the higher level i.e., 2012 actual revenues, for purposes of computing the amount of excess income that can be availed of by the OU concerned.

## **5.0 RESPONSIBILITY OF THE HEAD OF AGENCY**

The Head of Agency/OU shall be held personally liable for any payment of expenditures not in accordance with the provisions of this Circular.

## **6.0 EFFECTIVITY**

These guidelines shall take effect immediately.

  
**FLORENCIO B. ABAD**  
Secretary

