

[DBM NATIONAL BUDGET CIRCULAR NO. 469, March 21, 2000]

GUIDELINES ON THE FY 2000 RELEASE OF FUNDS

1.0 PURPOSE

- 1.1 To define the budgetary policies pertinent to the fund release system to be adopted in FY 2000;
- 1.2 To prescribe the required reports prior to the release of funds; and,
- 1.3 To provide the procedural guidelines on the release of the funds for FY 2000.

2.0 COVERAGE

The circular covers all government agencies, including government owned or controlled corporations (GOCCs) and local government units (LGUs), receiving budgetary support from the national government pursuant to the General Appropriations Act (GAA) or such other duly enacted appropriation measures.

3.0 GENERAL GUIDELINES

3.1 Appropriation items under the current year agency budgets and those under the Agriculture and fisheries modernization Program, Internal Revenue Allotment including the Local Government Empowerment Fund and the Municipal Development Fund, as reflected in the 2000 GAA, with the exception of the following shall be considered comprehensively released:

3.1.1 Hiring of new/additional personnel whether permanent contractual or casual, temporary, substitute or co-terminus, except positions in agencies with fiscal autonomy as provided by law, key positions, teaching positions in schools and educational institutions, uniformed personnel of the Philippine National Police (PNP), Bureau of Fire Protection, Bureau of Jail Management and Penology (BJMP), and positions to be filled by personnel currently employed in the Executive Branch, by transfer and promotion;

3.1.2 Confidential and Intelligence Funds which must be subject to prior approval from the Office of the President;

3.1.3 Built-in-Lump Sum within the agency for the following purposes:

- 3.1.3.1 Creation of new agencies and expansion of organizational units;
- 3.1.3.2 Creation of new positions;
- 3.1.3.3 Reclassification of positions;
- 3.1.3.4 Newly legislated schools;
- 3.1.3.5 Magna Carta for health workers;
- 3.1.3.6 Nationwide and regionwide lump sum for infrastructure projects;
- 3.1.3.7 Amount appropriated for the Equivalent Record Form and Master

Teacher;

3.1.3.8 Terminal Leave and Retirement Gratuity benefits (TL/RG); and,

3.1.3.9 Police benefits administered by the NAPOLCOM.

3.1.4 Built-in agency appropriation for Special Accounts in the General Fund (SAGF);

3.1.5 Built-in items in the agency appropriation pertaining to the following:

3.1.5.1 FOREX differential;

3.1.5.2 Purchase of office furniture as well as motor vehicles, except ambulances, fire trucks, patrol vehicles, dump trucks;

3.1.5.3 Construction of new office buildings except those that have been contracted;

3.1.5.4 Foreign travels of government personnel, except those associated with scholarships and training funded by grants and those to be made in connection with negotiation of loans;

3.1.5.5 Attendance to conferences sponsored by private sector entities where the cost shall be charged to the government;

3.1.5.6 Conduct of training/workshop-seminars, except those conducted by government training institutions, by agencies in the performance of their regular functions, those that are funded by grants, and those related to institutional strengthening and streamlining for effective governance;

3.1.5.7 Conduct of cultural and social celebrations, except milestone celebrations; and,

3.1.5.8 Publication, media advertisements and the like, except those required by law.

3.1.6 Other appropriation items which involve budgetary reallocations introduced by Congress resulted in the increase of appropriations for programs, activities and projects of certain departments, bureaus, offices and agencies.

3.2 The following built-in appropriation items under the current year budget, although included in the comprehensive release, can only be obligated by the agency subject to certain conditions hereunder described and after compliance with specific requirements:

3.2.1 Appropriation Items/Activities which require prior clearance from other agencies, to wit:

3.2.1.1 Motor vehicles and motorized equipment not covered under item 3.1.5.2 of this Circular such as ambulances, fire trucks, patrol vehicles and dump trucks which need prior approval from the Office of the President or in certain cases where delegation has been made, to the DBM;

3.2.1.2 Computers and other information technology equipment which need clearance from the National Telecommunication Commission;

3.2.1.3 Communication Equipment which require clearance from the National Telecommunication Commission;

3.2.1.4 Firearms which need the prior approval of the PNP; and,

3.2.1.5 Appropriation for research and development in the natural, agricultural, technological and engineering sciences

which was not subject to prior approval of the Department of Science and Technology and/or the Department of Agriculture.

3.2.2 Appropriation items which are subject to certain limitations/documentation requirements:

3.2.2.1 Prohibition on the procurement of more than five (5) copies per title of books with the exception of schools and the National Library;

3.2.2.2 New foreign assisted projects (FAPs), which, for its first year of implementation, must be covered by a signed loan/grant document and must have been declared effective by the lending/donor institution;

3.2.2.3 On-going FAPs which specify the attainment of certain conditionalities prior to any release of funds;

3.2.2.4 Appropriation for new programs and locally funded projects which did not result from budgetary reallocations introduced by Congress (as specified under 3.1.6 of this Circular), the implementation of which should be covered by a profile; and,

3.2.2.5 Grants, subsidies and contributions which must be supported by details indicating among others, the purpose, amount intended for each beneficiary and the list of recipients.

3.3 Agencies are required to prepare their overall budget plan using the Agency Budget Matrix (ABM). The said form, which must be signed by the Department Secretary, shall be prepared by appropriations/financing sources to support expenditures during the year, to wit:

3.3.1 Current year agency appropriations under the FY 2000 GAA;

3.3.2 Automatic appropriations such as SAGF, Retirement and Life Insurance Premiums (RLIP) and other items classified as such; and,

3.3.3 Continuing appropriation:

3.3.3.1 Released allotment in FY 1999 for Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) but which have remained unobligated as of December 31, 1999:

- Chargeable against the 1998 GAA, R.A. No. 8522; and,
- Chargeable against the 1999 GAA, R.A. No. 8745.

3.3.3.2 Unreleased appropriation under R.A. Nos. 8522 and 8745.

3.4 Agencies are authorized to effect the realignment/augmentation of the "Not Needing Clearance" portion of the ABM without seeking DBM approval in the following instances:

3.4.1 Augmentation of a budgetary program from other programs within the same fund, limited however to the total amounts indicated in the summary by object of expenditures;

3.4.2 Augmentation of MOOE items in an amount not exceeding one-third (1/3) of the amount to be augmented, using as basis for the computation, the overall summary of the agency's object of expenditures as appearing in the GAA;

3.4.3 Realignment/relocation of capital projects in cases of imbalanced allocation of projects, duplication and funding overlaps pursuant to Section 59, R.A. No. 8760;

3.4.4 Realignment from one FAP to another FAP pursuant to Section 60, R.A. No. 8760 provided that the Loan Proceeds (LP): GOP counterpart is not changed;

3.4.5 Allocation for electronic interconnection through the internet pursuant to Section 61, R.A. No. 8760; and,

3.4.6 Activities directly linked to the agencies' organizational targets under the Medium Term Philippine Development Plan.

3.5 Agencies are hereby reminded that realignment of unobligated allotment for MOOE and CO on its second year of validity shall only be allowed until June 30 of FY 2000.

3.6 The Common Fund System shall continue to apply to Notices of Cash Allocation (NCAs) for regular operations. However, the policy of having separate MDs accounts for retirement benefits and prior years' A/Ps as well as trust liability accounts (under E.O. No. 338) shall be maintained.

3.7 Agencies shall prepare an Annual Cash Program which shall serve as the basis of DBM in determining the cash allocation requirement of the agency vis-a-vis available obligational authority.

3.8 The deadline for the submission of Special Budget Requests for the release of funds i.e., Special Allotment Release Order (SARO) and NCA shall be on November 30, 2000.

3.9 Consistent with the thrust to monitor the agencies' performance, the midyear review of the financial and physical performance of the agencies shall continue to be conducted. The result of this review shall serve as basis for either providing the agency with additional allotment from any available funding source; withdrawal of the allotment already issued to the agency; and/or approval of realignment requests to enable the agency to meet its performance commitments.

3.10 In this connection, agencies shall provide DBM with its quarterly performance targets and the indicators used to measure said targets. These targets should be duly approved by the Department Secretary or Governing Boards, in the case of GOCCs, to signify their commitment to attain the same. As additional input to DBM evaluation of agency performance, agencies are also required to submit their Annual Estimate of Income considering the increase of fees and charges authorized under E.O. No. 197.

3.11 Agencies shall submit to DBM their ABM, Annual Cash Program Quarterly Performance Targets and Annual Estimate of Income (ANNEXES A to D of this Circular) on or before April 3, 2000.

3.12 Agencies are hereby reminded that the "no report, no release" policy shall strictly be enforced.

4.0 PROCEDURAL GUIDELINES