

## **[ DBM NATIONAL BUDGET CIRCULAR NO. 463, January 20, 1999 ]**

### **GUIDELINES ON THE 1999 RELEASE OF FUNDS**

#### *1.0 PURPOSE*

- 1.1 To define the budgetary policies pertinent to the fund release system to be adopted in CY 1999;
- 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 funds for CY 1999.

#### *2.0 Coverage*

This 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 The "*what you see is what you get*" (WYSIWYG) concept shall be adopted in the 1999 release of funds. With this policy, the specifically appropriated amounts under the agency's budgets and those under the Internal Revenue Allotment (IRA) including Local Government Empowerment Fund (LGEF) and Municipal Development Fund (MDF) as reflected in the 1999 GAA shall be made available without any reserve imposition.

3.2 All appropriation items under the current year agency budgets, including IRA, LGEF and MDF shall be considered comprehensively released, except the following:

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

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

- Creation of new positions;
- Reclassification of positions;
- Newly legislated schools;
- Magna Carta for health workers under DOH;
- Nationwide and regionwide lump sum for infrastructure projects;
- Amount appropriated for the Equivalent Record Form and Master Teacher;
- DECS lump sum for desks, textbooks and repair of school buildings;

Police benefits administered by NAPOLCOM; and  
Retirement Gratuity and Terminal Leave Benefits (RG/TL)

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

3.2.4 Items in the agency appropriation for FOREX differential; and,

3.2.5 Other appropriation items which involve organizational changes which DBM, had not previously acted upon.

3.3 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 their compliance with certain requirements:

3.3.1 Motor vehicles and motorized equipment which need prior approval from the Office of the President or in certain cases where delegation has been made, to the DBM;

3.3.2 Computers and other information technology equipment which need clearance from the National Computer Center;

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

3.3.4 Firearms which need the prior approval of the Philippine National Police;

3.3.5 Procurement of more than five (5) copies per title of books with the exception of schools and the National Library;

3.3.6 Appropriation for new foreign assisted projects for the first year of implementation which must be covered by a signed loan/grant document and must have been declared effective by the lending/donor institution.

3.3.7 Appropriation for new programs and locally funded projects, the implementation of which should be covered by a profile;

3.3.8 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; and,

3.3.9 Appropriation for science and technology research which was not subject to prior approval of the Department of Science and Technology (DOST).

3.4 All National Government Agencies and GOCCs shall provide DBM with their performance targets and the indicators used to measure said targets. These targets shall be duly approved by the Agency Head to signify his commitment to attain the same. The agencies may use as starting point, the 1999 Budget Preparation Form (BP FORM) 206 — Agency Program/Activity and Major Outputs.

3.4.1 A mid-year review of the financial and physical performance of National Government agencies and GOCCs shall be conducted. The result of this review shall serve as basis for either providing for additional allotment from the Special Purpose Funds (SPFs) and approval of the unreleased 1998 appropriations; or, withdrawal of the allotment already issued to the agency. It is understood, however, that as a pre-condition, the unreleased 1998 appropriations can only be made available for programming and release subject to the availability of additional sources of financing.

3.5 A total resource budget plan shall be prepared by the agency using the Agency Budget Matrix. The plan shall indicate the following appropriations/financing sources, to support expenditures during the year:

3.5.1 Released but not obligated 1998 appropriations from any source;

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

3.5.3 Current year agency appropriations; and;

3.5.4 Potential claims against SPFs under the 1999 GAA.

The ABM, which shall be signed by the Agency Head, is the official document that will serve as basis in the release of obligational authority.

3.6 Agencies are authorized to use allotment savings through augmentation without seeking DBM approval in the following instances:

3.6.1 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; and

3.6.2 Augmentation of Maintenance and Other Operating Expenses (MOOE) items in an amount not exceeding one-third (1/3) of the amount to be augmented, using as basis for computation, the overall summary of the agency's object of expenditure as appearing in the GAA.

3.7 An item of expenditure augmented from other item(s) of expenditure cannot be the source of subsequent augmentation.

3.8 Agencies are hereby reminded that realignment of unobligated allotment for MOOE and Capital Outlays (CO) on its second year of validity shall only be allowed until June 30 of said year.

3.9 The Common Fund System shall apply to regular agency operations and shall exclude retirement benefits and prior year's A/Ps. In this connection, agencies shall maintain the following MDS account (by fund).

3.9.1 Its existing MDS account which shall be used for its regular requirements for Personal Services (PS), MOOE, and CO chargeable against the 1999 GAA including continuing appropriation excluding the requirements for retirement and terminal leave benefits.

3.9.2 A separate MDS account, which will henceforth be called the Special MDS, to cover A/P as well as RG/TL benefit payments chargeable against the 1999 GAA.

3.9.3 A separate MDS account, which shall be called MDS-Trust, to cover the trust liabilities of the agency under E.O. 338.

3.10 The Notices of Cash Allocation (NCAS) for regular operations shall be issued quarterly while the NCA for prior year's accounts payable (A/Ps) and RG/TL shall be issued on a monthly basis. Guidelines covering the procedures for payment of A/Ps and RG/TL shall be issued separately.

3.11 Agencies shall prepare an Annual Cash Program broken down by month, based on the level of the agency's current appropriations. The cash program shall provide for the programs reflected in the ABM and prior year's A/Ps. The cash program shall show the following disaggregation:

3.11.1 Regular Operations by allotment class of PS, MOOE and CO;

3.11.2 Locally Funded Projects (LFPs) on a by project and allotment class basis;

3.11.3 Foreign Assisted Projects (FAPS) on a by project and allotment class basis as well as breakdown by GOP/LP component with a further identification of cash and non-cash under LP; prLL

3.11.4 RG/TL;

3.11.5 Prior Year's A/P; and,

3.11.6 Potential claims against SPFs.

3.12 Agencies are reminded that the deadline for the submission of Special Budget Requests for the release of funds shall be on November 30, 1999.

#### *4.0 Procedural Guidelines*

4.1 For the Release of Obligational Authority:

4.1.1 Agencies, in coordination and consultation with DBM, are required to prepare their respective ABMs by appropriation source and major program broken down by operating unit, as follows:

4.1.1.1 An ABM for the specific agency appropriation under the 1999 GAA which should reflect the major programs, i.e., General Administration and Support Services (GASS), Support to Operations (STO) and, Operation (O), Locally Funded Projects (LFPs), and Foreign-Assisted Projects (FAPs). A consolidated ABM per department shall be prepared and shall serve as summary top sheet.

4.1.1.2 A separate ABM for Automatic Appropriations such as