

**[DBM NATIONAL BUDGET CIRCULAR NO. 534
DECEMBER 8, 2011, December 08, 2011]**

TO : HEADS OF DEPARTMENTS/ AGENCIES/STATE UNIVERSITIES AND COLLEGES AND OTHER OFFICES OF THE NATIONAL GOVERNMENT; HEADS OF BUDGET AND ACCOUNTING UNITS; AND ALL OTHERS CONCERNED

SUBJECT: GUIDELINES IN THE PREPARATION AND SUBMISSION OF BUDGET EXECUTION DOCUMENTS (BEDS) CONTAINING THE CY 2012 FINANCIAL AND PHYSICAL PLANS/ TARGETS

1.0 Rationale

Presently, operating units (OUs) of national government agencies are required to submit to DBM their annual financial and physical plans/targets reflected in the BEDs at the onset of the budget execution phase, based on the approved budget level per General Appropriations Act (GAA).

For CY 2012, all OUs/agencies are directed to start early the preparation of their plans and targets, based on the budget level per CY 2012 National Expenditure Program (NEP). This will enable DBM to facilitate the release of funds given the OUs/agencies' schedule/plan and consequently, allow the timely implementation of priority programs and projects including procurement activities during the first quarter of the year.

2.0 Purposes

- 2.1 To determine the reasonable level of funding to be provided to OUs/agencies supportive of their plans/targets during the year;
- 2.2 To ensure timely release of funds for critical programs/projects, consistent with the work and financial plans/targets submitted by the OU/agency;
- 2.3 To Provide and/or clarify policies and procedures in preparation/ submission of BEDs and modify the forms to further improve formulation of plans/targets, budget monitoring and disbursements tracking; and
- 2.4 To set the benchmarks in agency performance that shall be used in determining the achievement of objectives and targets in the delivery of services.

3.0 Coverage

All departments, bureaus, offices and agencies of the national

government including State Universities and Colleges (SUCs).

4.0 Guidelines

4.1 Release of funds (i.e., allotment and disbursement authorities) shall be based on the targeted level of the agency's measurable outputs, the corresponding funds required, and period when the agency will undertake or implement the same.

4.2 Under this concept, agencies are required to accomplish and submit to DBM, the BEDs prescribed under NBC No. 507, containing their annual plans/ targets broken down by quarter or month, to wit:

BEDs	Dita Elements	Purpose
Physical and Financial Plan	Physical targets and financial plan (estimated budgetary allocation/obligations) broken down by quarter.	Serves as the overall plan of the OU/agency.
Monthly Cash Program	Projected monthly disbursements by type of disbursement authority.	Basis of the issuance of NCA and other disbursement authorities.
List of Not Yet Due and Demandable Obligations	Obligations charged against prior years' budget, for which, goods, services, and projects are not yet delivered, rendered and completed as of December 31 of the preceding year.	Basis (or determining NCA requirements for prior years' obligations that shall become accounts payables and due for payment in the current year.
Estimate of Monthly Income	Estimated monthly income for the current year, consistent with the BESF for said year	Basis in assessing excess or shortfall in monthly revenue collections.

4.3 For CY 2012, all OUs/agencies are directed to prepare early their

BEDs containing plans/targets for the current year and submit the same to DBM on or before **December 22, 2011**.

- 4.4 The Central Office (CO) of each department/agency shall also prepare consolidated BEDs, for submission to DBM CO. Thus, for departments/agencies with a decentralized set-up, the OUs shall submit directly to the concerned DBM office, the BEDs but furnish their Regional Office (RO) or CO, a copy of said submitted reports for consolidation purposes, illustration as follows:

DPWH District Engineering Offices (DEOs) shall directly submit their BEDs to the concerned DBM RO, copy furnished the DPWH RO. Subsequently, DPWH RO shall consolidate the RO and DEO reports and submit the consolidated report to DPWH CO, copy furnished the DBM RO concerned.

- 4.5 Pending approval of the CY 2012 GAA. The basis of the BEDs shall be the **budget level of the OU/ agency per 2012 NEP**.

- 4.6 The "no-report, no release" policy shall be strictly enforced. It is emphasized that the release of funds by DBM to OUs/agencies shall depend on their compliance/ submission of the prescribed BEDs.

4.6.1 Release of the comprehensive allotment thru the Agency Budget Matrix shall be based on the submitted Financial and Physical Plan of the OU/agency. This shall be made available to them at the start of the year.

4.6.2 Issuance of the initial comprehensive NCA covering the first semester requirements i.e., January to June, 2012 chargeable against the current year budget shall be based on the submitted Monthly Cash Program of the OU/agency. Subsequently NCAs shall be based on the submission of Budget Accountability Reports (BARs).

4.7 Physical and Financial Plan (PFP)

4.7.1 To further improve the planning and monitoring of accomplishments and expenditures, the PFP format is modified in consideration of the recent information needs and directions in performance monitoring. Instead of an integrated PFP, separate documents are prescribed to be prepared and submitted by the OU/ agency for each, the financial and physical plan.

4.7.2 **Financial Plan**, modified format shown as **BED No. 1**

4.7.2.1 The Financial Plan (FP) shall reflect the level of obligations of the OU/agency in the immediately preceding year and estimated commitments/obligations out of its annual budget per

2012 NEP, as well as the intended schedule of the incurrence of commitments/obligations in the current year, on quarterly basis.

4.7.2.2 The FP shall be presented by:

- Funding source i.e., Agency Specific Budget per 2012 NEP, Continuing Appropriation and Automatic Appropriation (i.e., RLIP, Special Account in the General Fund (SAGF) and other items classified as such);
- Program, Activity, Project (P/A/P) consistent with the presentation under the 2012 NEP and by Major Final Output (MFO) where the specific P/A/Ps are attributed; and
- Allotment class i.e., PS, MOOE and CO.

4.7.2.3 The current year's total estimated commitments/obligations under Agency Specific Budget should be more or less equal to the expected allotments. The FP covering the OU/ agency specific budget per CY 2012 NEP shall also be segregated into Needing Clearance (NC) and Not Needing Clearance (NNC).

- The **NC portion** shall consists of budgetary items in the agency specific budgets that shall be released only upon compliance of certain documentary requirements:
 - Confidential and Intelligence Fund which is subject to prior approval of the President of the Philippines;
 - Procurement of certain motor vehicles and motorized equipment which are subject to prior recommendation by DBM and approval by the President of the Philippines, pursuant to Administrative Order No. 15 dated May 25, 2011;
 - Lump-sums appropriations or centrally-managed items (CMIs) under the agency's approved budget, for which, the specific details (i.e., list of implementing units and corresponding allocation) is not yet available as of December 22, 2011;
 - Special Purpose Funds of the Regional Governor and Vice Regional Governor, as well as the share in internal revenue collections

under the budget of the Autonomous Region in Muslim Mindanao; and

- Annually appropriated SAGF built-in under the agency budget.

◦ The **NNC portion** refers to all items in the agency budget under the CY 2012 NEP not included under the items cited above. This shall also include the following:

- Lump-sums under PS i.e., for Equivalent Record Forms (ERFs), Conversion to Master Teacher Positions, Reclassification of Positions and Hardship Pay, as well as Lump sum under MOOE for Repair and Maintenance of school Buildings under the budget of the Department of Education.
- CMIs of agencies concerned which have been disaggregated as of December 22, 2011 i.e, the list of specific Oils to implement the project and corresponding allocation for each OU is already available as basis of direct release of funds.
- Provision for Quick Response Fund under the budgets of DSWD, DND, DA, DepEd, DOH, and DPWH.

4.7.2.4 The OU/agency shall also highlight in its FP, the funding requirement (out of its aggregate budget) of identified key or major programs and projects.

◦ The corresponding work targets of these identified key or major programs and projects per FP shall be reflected in the Physical Plan. This is to ensure that estimated funding and work implementation schedule for key or major programs and projects are synchronized and complementary with each other.

◦ The identified key or major programs and projects shall be aligned to the five (5) priority areas of spending of the government, known as Key Result Areas (KRAs) pursuant to Executive Order No. 43 dated May 13, 2011, as follows:

- Anti-Corruption, Transparent, Accountable and Participatory Governance;
- Poverty Reduction and Empowerment of the