



Republic of the Philippines
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
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10 FEB 2022

MEMORANDUM

**TO : ALL CONCERNED OFFICES/COMMITTEES
DENR-CENTRAL OFFICE**

**FROM : THE UNDERSECRETARY FOR LEGAL, ADMINISTRATION,
HUMAN RESOURCES AND LEGISLATIVE AFFAIRS**

**SUBJECT : SUBMISSION OF PURCHASE REQUEST FOR THE
PROCUREMENT PROJECTS BASED ON APPROVED
SUPPLEMENTAL/PROJECT PROCUREMENT MANAGEMENT
PLAN (S/PPMP)**

Pursuant to the approval and effectivity of Government Appropriations Act (GAA) for CY 2022, extension of availability of GAA 2021 and in line with the issuance of **National Budget Circular (NBC) No. 587** dated 3 January 2021: **Guidelines on the Release of Funds for FY 2022** issued by the Department of Budget and Management, the following **cut-off dates for numbering of Purchase Requests (PR)** and **deadlines for submission of PRs must be strictly observed** in order to facilitate timely processing of your procurement projects as programmed in your approved PPMP for CY 2021, 2022, and 2023:

Funding Source	Particulars	Cut-off Date of PR Numbering	Deadline for Submission
Continuing GAA 2021 & GAA 2022	Procurement Projects amounting to above PhP1M	15 June 2022	30 June 2022
	Procurement Projects amounting to PhP1M and below	15 September 2022	30 September 2022
	Catering Services amounting to above PhP50K	15 November 2022	30 November 2022
	Vehicle Repair amounting to below PhP50K	25 November 2022	09 December 2022
	Catering Services amounting to below PhP50K		
NEP 2023	Eligible Procurement Projects to be undertaken thru Early Procurement Activity (EPA)	01 September 2022	15 September 2022

In this regard, you are hereby directed to process and submit your PR for your procurement requirements attached with complete documents specified in the Memorandum No. 2020-677, *attached as Annex "A"*, to the Bids and Awards Committee (BAC) through the Property and Supply Management Division-Procurement Management Section (PSMD-PrMS) within the above specified timelines.

The above cut-off dates and deadlines are being set and must be strictly observed to ensure compliance of the Department with the submission of procurement reports to the GPPB-TSO and PhilGEPS posting requirements.

The following end-period validity of appropriations shall be observed:

Particulars		Validity	Legal Basis
All appropriations authorized in RA No.11640 (continuing GAA 2021)	for release, obligation and disbursement	December 31, 2022	RA No. 11640 & Section 3.5 of NBC No. 587 dated 3 January 2022
All appropriations authorized under FY 2022 GAA	for release, obligation and disbursement	December 31, 2023	Section 68.0 of General Provisions of FY 2022 GAA & Section 3.3 of NBC No. 587 dated 3 January 2022

Further, please be reminded that the procurement process follows a standard timeline as prescribed by the Republic Act No. 9184 and its revised Implementing Rules and Regulations.

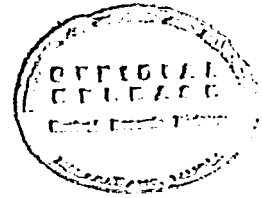
Late submission of PRs under FY 2022 GAA shall be referred back to the end-user units and shall be considered for processing on CY 2023.

For information and STRICT compliance.

ATTY. ERNESTO D. ADOBO, JR., CESO I



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA



NATIONAL BUDGET CIRCULAR

No. **587**
January 3, 2022

For : All Heads of Departments/ Agencies/ State Universities and Colleges (SUCs) and Other Offices of the National Government, including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG); Government-owned or -Controlled Corporations (GOCCs) and Local Government Units (LGUs) receiving budgetary support from the national government; Budget Officers; Heads of Accounting Units; and All Others Concerned

Subject : **GUIDELINES ON THE RELEASE OF FUNDS FOR FY 2022**

1.0 PURPOSES

- 1.1 To prescribe policies, procedures, rules and regulations on the release of funds authorized under Republic Act (R.A.) No. 11639, the FY 2022 General Appropriations Act (GAA), Continuing Appropriations under R.A. No. 11518 (FY 2021 GAA) as extended under R.A. No. 11640, as well as programmed automatic appropriations.
- 1.2 To synchronize fund release with the implementation of the overall physical and financial plans, targets and schedules submitted by the departments, agencies, and/or operating units (OUs).
- 1.3 To remind agencies of the budgetary and accountability reports required for agency performance review.

2.0 COVERAGE

All departments, agencies and OUs of the National Government, including Constitutional Offices under CFAG, SUCs, as well as GOCCs and LGUs receiving budgetary support from the national government from all sources of appropriations in FY 2022.

3.0 GENERAL GUIDELINES

- 3.1 The FY 2022 GAA takes effect on January 1, 2022, as provided under **Section 1, General Provisions (GPs)** of said law.

3.2 Consistent with the FY 2022 fiscal program as approved by the Development Budget Coordination Committee (DBCC), the aggregate allotment release program (ARP) during the year from all appropriation sources shall not exceed the Total Obligation Program under Table H of the FY 2022 Budget of Expenditures and Sources of Financing (BESF).

3.2.1 The Allotment Release Program (ARP) of each National Government Agency (NGA) shall be an amount equal to the aggregate of the following:

3.2.1.1 Their Built-in Appropriation under the FY 2022 GAA; and

3.2.1.2 The programmed level of their automatic appropriations, i.e., Retirement and Life Insurance Premiums (RLIP), Special Accounts in the General Fund (SAGF), among others.

3.2.2 In accordance with prudent fiscal management, taking into account programmed available financing sources (revenues, net proceeds from borrowing, cash balance) and subject to agency absorptive capacity, **unless supported with incremental adjustments in performance targets**, the following items shall be accommodated within the agency ARP, i.e., to be offset against the items programmed/identified under item 3.2.1 hereof:

3.2.2.1 Releases from Unprogrammed Appropriations (UA) under the FY 2022 GAA;

3.2.2.2 Other automatic appropriations, such as additional RLIP, SAGFs, among others; as well as,

3.2.2.3 Other appropriation sources as extended by subsequent legislative enactment.

Hence, agencies are required to submit updated Physical Plan BED No. 2 indicating the adjustment in targets.

3.2.3 Releases pertaining to grant proceeds, which are not considered in the revenue and obligation levels for the FY 2022 budget, shall be on top of the agency ARP determined under item 3.2.1 hereof.

3.3 Consistent with **Section 68**, GPs of the FY 2022 GAA and The President's Veto Message, **all appropriations** authorized under the FY 2022 GAA, shall be available for release, obligation, and disbursement for the purpose specified, and under the same General and Special Provisions of said GAA applicable thereto, as follows:

3.3.1 Personnel Services until **December 31, 2022**;

3.3.2 Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO) until **December 31, 2023**, including construction of infrastructure projects, delivery of goods and services, inspection and payment.

3.4 Appropriations for the **statutory shares of LGUs**, shall be available for release, obligation, and disbursement until **fully disbursed**:

3.4.1 National Tax Allotment (NTA) based on the actual collections of national taxes in FY 2019 pursuant to the Local Government Code of 1991 (R.A. No. 7160) and the Supreme Court (SC) decision in the consolidated cases of Congressman Hermilando I. Mandanas, et al. vs. Executive Secretary Paquito N. Ochoa, Jr. et al. and Honorable Enrique T. Garcia, Jr. vs. Executive Secretary Paquito Ochoa, et al.,¹; and

3.4.2 Special Shares in the proceeds of National Taxes:

3.4.2.1 From the utilization and development of national wealth within their territorial jurisdiction (Sections 289 to 291, R.A. No. 7160);

3.4.2.2 From Tobacco Excise Tax (R.A. No. 7171 – Virginia Tobacco Cigarettes, R.A. No. 8240 as amended by R.A. No. 10351 – Burley and Native Tobacco Products and further amended by R.A. No. 11346);

3.4.2.3 From gross income taxes paid by businesses/enterprises within economic zones (R.A. No. 7922, as amended by R.A. No. 9400);

3.4.2.4 From Incremental Collection from Value-Added Tax (VAT) (R.A. Nos. 7643 and 8424) and VAT in lieu of Franchise Tax (R.A. Nos. 7953 and 8407); and

3.4.2.5 From share in Fire Code Fees (R.A. No. 9514).

3.5 Pursuant to R.A. No. 11640 which extended R.A. No. 11518 (FY 2021 GAA), appropriation items authorized under RA 11518 for MOOE and CO are valid for release, obligation, and disbursement until **December 31, 2022**.

3.6 For reasons of fiscal prudence, programmed Automatic Appropriations are valid for release, obligation and disbursement within the budget year, and any deficiency thereof may be proposed for inclusion in the succeeding year's budget as warranted.

Likewise, Unprogrammed Appropriations (UA) are valid for release, obligation, and disbursement during the year. UA are considered as standby appropriations and are funded from excess revenue or from new revenue sources vis-à-vis the original targets for the budget year, as reflected in the BESF, or when additional foreign loan and proceeds are realized within the budget year.

3.7 After the end of the specified applicable validity period, all unreleased appropriations or unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund, in accordance with **Section 28**,

¹ G.R. Nos. 199802 and 208488 dated April 10, 2019

Chapter 4, Book VI of E.O. No. 292² and shall not be available for expenditure except by subsequent legislative enactment.

- 3.8 All funds transferred between or among government agencies and LGUs shall not be considered disbursed until the transferred amounts have been actually utilized to pay for goods and services rendered, inspected, and accepted. Any unexpended or undisbursed funds at the end of the validity period shall be subject to reversion to the National Treasury and shall not thereafter be available for expenditure, except by subsequent legislative enactment, in accordance with Section 2 of EO No. 91.
- 3.9 **The obligational authority for items of appropriations in the budget shall be released** through the following:
 - 3.9.1 **GAA as the Allotment Order (GAAAO)** for items classified as For Comprehensive Release (FCR) per Schedule I, including P/A/Ps in the President's Budget (NEP) with increased allocation in the GAA subject to corresponding updated targets.
 - 3.9.2 **Special Allotment Release Order (SARO) or General Allotment Release Order (GARO)**, for items of appropriations classified as For Later Release (FLR). These items shall be considered the withheld portion of the budget.
- 3.10 Release of funds in the FY 2022 GAA are made directly to the Regional Offices (ROs) or Operating Units (OUs) of agencies. An OU refers to an organizational entity directly receiving NCA from DBM and capable of administering its own funds.
 - 3.10.1 Funds specifically appropriated in the GAA to ROs or OUs of agencies shall be released directly to these ROs and OUs, except as otherwise requested by the agencies from the DBM (**Section 71**, GPs of the FY 2022 GAA).
 - 3.10.2 Funds for **Centrally-Managed Items (CMI)** or Lump-sum Appropriations in the agencies' budgets are those with unidentified recipient ROs or OUs and/or unspecified allocation per recipient in the GAA, and thus classified as FLR. Such CMIs shall be released directly to the RO or OU upon agency submission to DBM of a Special Budget Request (SBR), supported by the complete details of the activities or projects and the corresponding cost up to the lowest level, i.e., provincial, city or municipal, as the case may be (**Section 72**, GPs of the FY 2022 GAA).
- 3.11 Release of funds, i.e., Obligational Authority and Disbursement Authority, shall be in accordance with the targets set forth under the **DBM-evaluated Budget Execution Documents (BEDs) consistent with the FY 2022 GAA**, prepared

² Executive Order No. 292 dated July 25, 1987 (Instituting the "Administrative Code Of 1987")

and submitted by agencies/OU through the Unified Reporting System (URS) pursuant to the provisions of DBM Circular Letter (CL) No. 2021-11³.

All concerned are reminded of the following relative to BEDs:

- 3.11.1 The **Financial Plan (FP) or BED No. 1** shall be the basis for determining the obligation program of the agency, classifying the agency/OU's budgetary items into a) "For Comprehensive Release (FCR)"; and b) "For Later Release (FLR)".
- 3.11.2 The **Physical Plan (PP) or BED No. 2** shall serve as the overall physical plan of the department/agency/operating units (OUs) and shall be updated to include increased targets for increases in the amounts of existing PAPs from President's Budget to GAA.
- 3.11.3 The **Monthly Disbursement Program (MDP) or BED No. 3** shall serve as basis for the DBM's release of disbursement authorities including the comprehensive Notice of Cash Allocation (NCA). The MDP shall likewise be prepared for later requirements of the agency for its regular operating requirements, in addition to those to be covered by other disbursement authorities (tax remittance advice [TRA], non-cash avilment authority [NCAA], cash disbursement ceiling [CDC]).
 - 3.11.3.1 Additional NCAs, as may be required, shall be issued for items classified under FLR, as well as those pertaining to Prior Year's obligations (i.e., accounts payable/due and demandable obligations/not yet due and demandable obligations).
 - 3.11.3.2 Other disbursement authorities, i.e., TRA, NCAA, CDC, may be issued for agency specific budgets.
- 3.12 Agencies are reminded that agency-specific funds for the purchase of motor vehicles for FY 2022 as reflected in the FY 2022 GAA shall no longer require the issuance of **Authority to Purchase Motor Vehicles (APMV) by the DBM**. This policy covers motor vehicles with the same number, specifications, unit costs and intended use/user indicated in the confirmation letters issued by the DBM to the agencies during budget preparation.
- 3.13 Pursuant to **Section 78**, GPs of the FY 2022 GAA, the general rule is that departments, bureaus and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy and SUCs shall spend their respective programmed appropriations under the FY 2022 GAA.

However, in exceptional circumstances, **issued allotments within an activity or project may be modified** upon timely submission of reports by all offices concerned, **and** subject to approval by the designated authority. The existence of

³ DBM CL 2021-11 dated October 28, 2021 (Guidelines for the Preparation and Reiteration of the Prescribed Submission of the Annual Budget Execution Plans Covering the Fiscal Year (FY) 2022 Budget)

an allotment class or object of expenditure in the recipient P/A/P is not necessary for purposes of modification.

- 3.13.1 **Modification** refers to any change within an activity or project, change in operating unit, allotment class, object of expenditure, within an agency or department budget. It may likewise cover Special Purpose Funds (SPFs) as reflected in the FY 2022 GAA. This also covers the use of appropriations for authorized purposes under the Unprogrammed Appropriation to cover any deficiency in a purpose.
- 3.13.2 Modification covering allotments for MOOE and CO shall not entail any increase in the total amount appropriated for an activity or project. In the case of programs with several activities, modification may be done only within each activity.
- 3.13.3 The following expenditures to cover PS requirements, are not considered as a form of modification:
 - a. Payment of deficiencies in authorized personnel benefits. A department or agency may utilize any available allotment for PS within said department or agency, subject to **Section 53** of the GPs of the FY 2022 GAA.
 - b. Payment of magna carta benefits for which the DBM guidelines relative thereto shall be observed, pursuant to **Section 58**, GPs of FY 2022 GAA.
 - c. Payment of Collective Negotiation Agreement (CNA) Incentive shall be subject to **Section 79** of GPs of the FY 2022 GAA.
- 3.14 The following guidelines shall be observed in the use of savings for purposes of **Augmentation** of deficient items of appropriations for P/A/Ps in the FY 2022 GAA:
 - 3.14.1 An item of appropriation refers to the amount appropriated for an activity or project authorized in the FY 2022 GAA. **Section 76** of GPs of the FY 2022 GAA. A **deficiency in an item of appropriation** occurs when following conditions exist:
 - a. Unforeseen modifications or adjustments in the P/A/P; or
 - b. Re-assessment in the use, prioritization and/or distribution of resources.
 - 3.14.2 **Augmentation** is subject to the approval by the constitutional officers identified under **Section 74**, GPs of the FY 2022 GAA as well as item 5.2 of this NBC.

3.14.3 **Savings** as defined under **Section 75**, GPs of the FY 2022 GAA, refer to portions or balances of any released appropriations in the FY 2022 GAA which have not been obligated as a result of any of the following conditions:

- a. Completion, final discontinuance, or abandonment of a program, activity or project for which the appropriation is authorized.
- b. Implementation of measures resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services approved in the FY 2022 GAA at a lesser cost.

However, in case the declaration of savings is based on final discontinuance or abandonment, such discontinued or abandoned program, activity or project cannot be proposed for funding in the next two (2) fiscal years, i.e., 2023 and 2024.

3.14.4 **Savings may be used to augment actual deficiency/ies** incurred for the current year in any existing item activity or project within the respective appropriations of each authorized constitutional officer cited in **Section 74** GPs of the FY 2022 GAA. The existence of an activity or project regardless of the availability of allotment class/es is sufficient for the purpose of augmentation (**Section 76**, GPs FY 2022 of the GAA).

In the use of savings, priority shall be given to the payment of compensation, mid-year and year-end bonus and cash gift, retirement gratuity, terminal leave benefits, old-age pension of veterans, and other personnel benefits authorized by law and under the FY 2022 GAA, as well as the implementation of priority projects or activities covered in the FY 2022 GAA (**Section 77**, GPs of the FY 2022 GAA).

3.15 Consistent with the policy of adopting an annual cash-based budget, the annual financial requirements of departments/agencies to cover their implementation-ready programs and projects have been fully provided. Hence, departments/agencies are no longer authorized to avail of excess income.

3.16 Nevertheless, the following agencies which are included in Table B.15 of the FY 2022 BESF are **authorized by specific laws to utilize income collections accruing to their Special Accounts in the General Fund (SAGFs)** to cover their operating requirements. With this funding source, these specific agencies are provided minimal budget support in the GAA since their requirements are charged against their income collection, subject to the usual budgeting rules and regulations:

3.16.1 DOF — Insurance Commission — PS, MOOE and CO;

3.16.2 DOTr — Office for Transportation Security — PS and MOOE;

3.16.3 DOLE — Office of the Secretary (Verification Fees) — MOOE; and

3:16.4 DOJ — Land Registration Authority - MOOE

3.17 Agencies, pursuant to their respective mandates, are authorized to collect fees for the conduct of the following specific activities and use said collections to defray the cost of the future activities of a similar nature:

3.17.1 Seminar, conference, training and oath-taking activities from government and private agency participants (**Section 12**, GPs of the FY 2022 GAA).

3.17.2 Sale of official publications, to defray the cost of preparing, printing and disseminating such official publications (**Section 13**, GPs of the FY 2022 GAA).

The proceeds in excess of the actual cost of implementing these aforementioned activities shall be deposited with the National Treasury as income of the General Fund, pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

3.18 Agencies which do not have sufficient appropriations in their budget for the purpose, i.e., conduct of seminar, conference, training and oath taking activities and/or sale of official publications, may **use such proceeds** subject to budgeting, accounting, and auditing rules and regulations.

3.19 **Accountabilities/Timelines**

3.19.1 **November 15, 2022** - deadline for submission to the DBM of agency request/s for any release requiring issuance of SAROs/ additional NCAs.

3.19.2 **Within 30 days after the end of each quarter** – submission of the Budget and Financial Accountability Reports (BFARs) by program, activity or project, pursuant to **Section 99**, GPs of the FY 2022 GAA.

3.19.3 **On or before the tenth day of the month immediately following the covered period:**

3.19.3.1 The Monthly Report on Appropriations, Allotments, Obligations and Disbursements, should be submitted to DBM, in the format prescribed under DBM CL No. 2015-9; and

3.19.3.2 Monthly Report of Disbursements (MRD), using Financial Accountability Report (FAR) No. 4, as prescribed under COA-DBM Joint Circular No. 2019-1 dated January 1, 2019 due on or before the 10th day of the month following the last month of the covered reporting period.

3.19.4 The DBM shall conduct **Agency Performance Reviews (APRs)** prescribed under DBM CL No. 2018-13⁴ to determine the level of performance of each agency in terms of physical outputs, as well as actual expenditures incurred in the productions/delivery of goods/services to the public vis-à-vis targets for the same period. The result of APR will be used as one of the bases for determining the necessity of any of the following:

3.19.4.1 Release of the balance of the FLR items under the FY 2022 Programmed Appropriations;

3.19.4.2 Additional release from SPFs;

3.19.4.3 Approval of requests for modification in allotment; or

3.19.4.4 Revision of plans/targets as reflected in the DBM-evaluated BEDs submitted by agencies.

Two (2) APRs, mid-year and end-year, shall be conducted by the DBM using the following documents, among others:

a. BFARs as of June 30 and as of December 31 encoded through the URS;

b. APR report; and

c. Summary of findings and overall agency recommendation.

3.19.5 Departments/agencies are required to implement the transparency provisions pursuant to **Sections 11, 101 and 102**, GPs of FY 2022 GAA and Executive Order (EO) No. 2, s. 2016 (Operationalizing in the Executive Branch the People's Constitutional Right to Information and the State Policies to Full Public Disclosure and Transparency in the Public Service and Providing Guidelines Therefor).

4.0 **SPECIFIC GUIDELINES**

4.1 Obligational Authorities shall be released pursuant to the following procedures:

4.1.1 GAA items shall be classified into FCR and FLR.

4.1.1.1 Existing P/A/Ps in the President's budget which remained unchanged in the GAA shall be classified as FCR. An increase in allocation for P/A/Ps in the GAA shall still be considered as FCR, subject to submission of revised/updated agency performance targets.

⁴ DBM CL 2018-13 dated November 22, 2018 (Guidelines for the Conduct of Agency Performance Reviews (APRs) and Evaluation Thereof Effective FY 2018 and Onwards)

- 4.1.1.2 In general, new P/A/Ps shall be considered as FLR. However, it must be emphasized that changes between the NEP vis-à-vis GAA does not automatically imply that the P/A/P is a new item.

An FLR item is not considered new if it is part of a previous P/A/P or existing structure, which although not part of the NEP, has been provided funding under the GAA for its continuation and/or expansion.

- 4.1.1.3 An SBR together with the necessary supporting documents is required for the release of FLR items. In addition, the agency is required to submit a duly signed certification in the event that the P/A/P being requested for release, is ongoing or an expansion of a previous P/A/P.

- 4.1.1.4 Completely new items of appropriations which the agency cannot certify as ongoing shall be subject to the approval by the Office of the President pursuant to the President's Veto Message (Item V, New Budgetary Items, page 822, RA. No. 11639).

- 4.1.2 The list of GAA Items FCR through GAAAO is summarized under **Schedule I**. On the other hand, the list of Expenditure Items FLR through SARO/GARO is summarized under **Schedule II**. Details of the aforesaid schedules are enumerated in the following annexes:

4.1.2.1 **Schedule I – FCR**

- **Annex A** - Summary of Appropriations by Agency under FCR.
- **Annex A-1** - Summary of Funds for Direct Release to Implementing Agencies under FCR.
- **Annex A-2** - Summary of Funds for Direct Release to Implementing Agencies under FCR, from GAA to Automatic Appropriations.

4.1.2.2 **Schedule II- FLR**

- **Annex B** - Summary of Appropriations by Agency by Program, Activity and Project under FLR.
- **Annex B-1** - Summary Funds for Direct Release to Implementing Agencies under FLR.

When covered with the pertinent special provisions in the GAA, appropriations under an agency which are authorized to be released directly to another, as

implementing agency, **shall no longer require the issuance of SARO/s for memo entries** to cover the release of said appropriations.

- **Annex C** - Summary of Automatic Appropriations by Agency - Full Year Allocation for Automatic Release through GARO for RLIP.
- **Annex D** - Summary of Automatic Appropriations by Agency – Release through SARO upon submission of a Special Budget Request.

4.2 Disbursement Authorization Documents

4.2.1 Notice of Cash Allocation (NCAs)

- 4.2.1.1 An **initial comprehensive NCA** has been issued directly to the OUs covering one quarter (January to March) operating cash requirements including RLIP, but excluding provision for prior years' obligations (due and demandable accounts payable and not yet due and demandable obligations).
- 4.2.1.2 **Succeeding NCAs** shall be issued to cover the requirements for the second quarter, i.e., April 2022 to June 2022, consistent with the full-year DBM-evaluated MDP. This subsequent NCA release **shall be subject to the submission of Monthly Report of Disbursement (FAR No. 4) as of end of February 28, 2022.**
- 4.2.1.3 **Additional NCAs** shall be issued for the following:
 - Second semester requirement i.e., July to December 2022, **subject to the submission of Monthly Report of Disbursement (FAR No. 4) as May 31, 2022;**
 - Items classified under FLR (including, but not limited to, releases from SPFs, CMIs without details, other automatically appropriated items, and avilment of Working fund), as may be required, subject to determination by the DBM of NCA balances under the agencies' MDS Sub-Accounts.
- 4.2.1.4 All agencies are advised to use the **Advice to Debit Account (ADA)** to settle payables pursuant to the updated guidelines provided under DBM CL 2018-14⁵.

⁵ DBM CL No. 2019-3 dated January 4, 2019 (Updated Guidelines In The Implementation Of The Modified Direct Scheme (MDPS) Due Creditors/Payees Of All National Government Agencies)

In cases where the use of ADA is impracticable, agencies are reminded that the validity of MDS checks has been shortened from six (6) months to three (3) months from date of issue, pursuant to Treasury Circular No. 03-2017⁶ dated October 20, 2017.

4.2.1.5 Pursuant to EO No. 87 and COA-DBM JC No. 1, s. 2021, all Accounts Payables for FY 2018 and 2019 shall be reverted to the Accumulated Surplus/(Deficit) on or before the end of 2022.

4.2.1.6 **Crediting and Validity Periods for NCAs**

- NCAs shall be issued to the three (3) Modified Disbursement System - Government Servicing Banks (MDS-GSBs), namely, Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and Philippine Veterans Bank (PVB).
- MDS sub-accounts (i.e., regular MDS sub-account for regular operating requirements including existing foreign assisted projects (FAPs), Retirement Gratuity and Terminal Leave (RG/TL) benefits, and Accounts Payable; **MDS sub-accounts for new FAPs (loan or grant assisted) negotiated starting May 1, 2021**; and another MDS sub-account for Trust Receipts) shall be maintained at the three MDS-GSBs, with the following periods of validity for NCAs issued and credited to:
 - The **Regular MDS Sub-Accounts** of agencies/OUs for their regular operations, retirement gratuity/terminal leave benefits, existing foreign loans/grants and accounts payable (A/Ps) shall be valid until the last working day of the 3rd month of the quarter covered, pursuant to DBM CL No. 2019-3⁷.
 - For the comprehensively released NCAs, covering the quarterly cash requirements, the specific monthly allocation shall be credited on the first working day of each month.
 - For other/additional NCAs, the amount indicated shall be credited on the date of issuance of such NCA, and on the first working day of the succeeding months (if any).

⁶ Treasury Circular No. 03-2017 dated October 20, 2017 (Reduction in the Expiry Period of MDS Check from Six (6) Months to Three (3) Months from Date of Issue)

⁷ DBM CL No. 2019-3 dated January 4, 2019 (Guidelines Covering the Crediting and Validity of NCA for Regular MDS Sub-Accounts Effective First Quarter of FY 2019 and Onwards)

- NCAs to be issued for crediting to **MDS Sub-Accounts opened for new FAPs pursuant to NBC 581** and maintained by agencies specifically for such loans and grants shall be valid from issue date until the last working day of the year, or December 31, 2022.
- NCAs for crediting to the **Trust MDS Sub-Accounts** on the issue date of the NCA, shall be valid until the last working day of the year, or December 31, 2022.

4.2.1.7 Under the Common Fund System, to optimize the use of the available NCAs under the Regular MDS Sub-Account, NCAs released to agencies under this account can be used to cover payment of both current year and prior years' A/Ps of all creditors (external and internal). It is understood that payment of mandatories, i.e., PS, MOOE, and CO requirements, shall take precedence over A/Ps in the utilization of the NCAs received. Only when the mandatory requirements are satisfied, can the payment of A/Ps be charged against the available NCAs.

4.2.2 **Other Disbursement Authorities issued during the year shall be valid from date of issuance until the last working day of the year, or December 31, 2022.**

4.2.2.1 The **Non-Cash Availment Authority (NCAA)** for the cash equivalent of grant/loan proceeds availed of through direct payment/supplier's credit/constructive cash, shall be issued by DBM subject to agency compliance with the conditions specified under DBM-COA-DOF JC 2-97⁸, CL No. 2003-12⁹, and NBC No. 581 dated December 27, 2020. Agencies shall ensure that requests for the issuance of NCAA submitted to DBM are supported by the following documentary requirements:

- Agency letter of request for the release of NCAA;
- Photocopy of the Application for Withdrawal or Request for Disbursement (RFD);
- Certified list of allotments and corresponding obligations incurred for the specific foreign loan/grant assisted project against which the disbursements shall be applied;

⁸ DBM-COA-DOF JC No. 2-97 dated March 21, 1997 (Revised and Updated Budgeting and Accounting Guidelines and Procedures Applicable to FAPs Implemented by NGAs and GOCCs)

⁹ DBM CL No. 2003-12 dated December 4, 2003 (Guidelines on the Availment of Foreign Loan Proceeds In-Kind Superseding Circular Letter No. 2003-9)

- Details of disbursements expressed both in peso and equivalent foreign currency as indicated in the application;
- Certification from BTr on the peso value of the amount paid to the supplier/contractor/consultant; and
- Certificate of Acceptance when the project is completed.

To avoid unnecessary build-up in A/Ps, and to ensure consistency in the recording of loan/grant availments by both the Bureau of the Treasury (BTr) and the books of the availing agency and the DBM, implementing agencies shall regularly coordinate with the BTr on the actual availments to be reflected in the BTr's monthly Cash Operations Report and with the DBM for the issuance of the corresponding NCAA for liquidation purposes.

4.2.2.2

The Cash Disbursement Ceiling (CDC) is issued by DBM to the Department of the Foreign Affairs (DFA) and Department of Labor and Employment (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.** 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;
- BTr certification on actual income collected; and
- Certified list of allotments and corresponding obligations incurred for the specific funds against which the disbursements shall be applied.

FSPs shall request for the issuance of CDCs for the utilization of retained income from DBM, as support to their reported retained income, to ensure consistency in the books of the agency and DBM, as well as BTr's monthly Cash Operations Report.

5.0 OTHER PROCEDURAL GUIDELINES

5.1 Modification in the Allotments Issued

5.1.1 The modification of allotments shall be:

5.1.1.1 Supported with an accomplished **Modification Advice Form (MAF) (Attachment 1)** duly signed by the approving authority or his designated representative cited in item 5.1.3 hereof.

5.1.1.2 Reflected in the appropriate Registry of Allotments and Obligations.

5.1.1.3 Reported in the accountability reports to be submitted to DBM, i.e., SAAODB as adjustments to allotments. Also, the corresponding adjustments in targets and accomplishments as a result of modification shall be reflected in the Physical Report of Operation.

5.1.2 Agency requests to be submitted to DBM shall be supported with the following documents:

5.1.2.1 Justification for the proposed modification;

5.1.2.2 Certification of actual Deficiency and Sources of Funds signed by the Budget Officer, identifying the affected P/A/Ps and objects of Expenditure ("From" and "To") - **(Attachment 2)**;

5.1.2.3 Latest SAAODB; and

5.1.2.4 Financial Plan (Bed No. 1) and Physical Plan (BED no. 2), as revised.

5.1.3 The specific approving authority for the modification(s) shall be as follows:

5.1.3.1 The **Heads of Agencies** for:

- Change in the details of an activity or project without changing its nature and within the same operating unit;
- Change in the object of expenditure (Salaries and Wages, Travelling Expenses, or Investment Outlays) within an allotment class (PS, MOOE, or CO); and
- **Use of MOOE for the payment of CNA incentive, during the validity of appropriations (Section 79 (d)),**

GPs of the FY 2022 GAA) as an exemption of the modification of allotment where the DBM is the approving authority in case of change in allotment class.

5.1.3.2 DBM:

- From one allotment class to another;
- From one operating unit to another;
- Within a special purpose fund;
- For the payment of newly-authorized Magna Carta Benefits not otherwise appropriated; and
- Within the purpose authorized under the Unprogrammed Appropriations.

5.1.3.3 The President of the Philippines for the payment of intelligence funds within the Executive Branch.

5.2 Use of Savings for Augmentation of Deficient P/A/Ps

The use of savings to augment deficient P/A/Ps shall be subject to approval by the authorized constitutional officers cited in **Section 74**, GPs of the FY 2022 GAA, as follows:

- 5.2.1 The President of the Philippines for the Departments/Agencies under the Executive Branch;
- 5.2.2 The President of the Senate and the Speaker of the House, for the Congress of the Philippines;
- 5.2.3 The Chief Justice of the Supreme Court, for the Judiciary; and
- 5.2.4 Heads of the Civil Service Commission (CSC), Commission on Audit (COA), and Commission on Elections (COMELEC).

5.3 Use of PS Appropriations

5.3.1 Department or Agency Specific Appropriations for PS

5.3.1.1 Consistent with **Section 53**, GPs of the FY 2022 GAA, the appropriations for PS shall be used for the payment of Authorized Personnel Benefits to be given to National Government employees, to wit:

- Basic Salaries, including Step Increments;

- Standard Allowances and Benefits, which shall be limited to the following:
 - Personnel Economic Relief Allowance;
 - Uniform or Clothing Allowance; and
 - Mid-year Bonus, Year-End Bonus and Cash Gift
- Specific-Purpose Allowances and Benefits, limited to the following:
 - Representation and Transportation Allowances;
 - Per Diem;
 - Honoraria;
 - Night-Shift Differential;
 - Overtime Pay;
 - Subsistence Allowance;
 - Hazard Pay;
 - Special Counsel Allowance; and
 - Other allowances and benefits as may be authorized by law or the President of the Philippines.
- Incentives, which refer to the following:
 - Loyalty Incentive
 - Anniversary Bonus
 - Productivity Enhancement Incentive
 - Performance-Based Bonus
 - Other existing benefits as may be categorized by DBM as incentives
- Magna Carta Benefits as authorized by law and its Implementing Rules and Regulations;
- Personnel benefits for military and uniformed personnel as authorized by law or the President of the Philippines; and
- Overseas and other allowances for government personnel stationed abroad.

5.3.2 Available PS allotments released to the department or agency at the start of the year shall be used for the (i) original purpose of appropriations; and (ii) to cover PS deficiencies in Authorized Personnel Benefits such as:

- Deficiency in Magna Carta Benefits, subject to approval by the DBM Secretary for: (i) additional recipients arising from newly issued certifications or hiring of new employees; (ii) valid adjustments due to inadvertent omission or erroneous encoding in the System;

- Award of Back Pay for cases with final and executory decision of a competent authority such as courts, CSC, and COA;
- Deficiency in specific-purpose allowances and benefits, such as Overtime Pay, Honoraria, and Representation and Transportation Allowance, among others, subject to existing conditions in the grant of such benefits;
- Any deficiency in authorized compensation and personnel benefits of civilian employees and Military/Uniformed Personnel that may be determined during the year. Since PS benefits are mandatory in nature, **actual services rendered or benefits allowed in prior years shall not be categorized as unbooked obligations**; and
- Deficiency in the provision for the upgrading of faculty positions up to the 8th cycle pursuant to NBC No. 461 dated June 1, 1998¹⁰.

5.3.3 The available PS allotments referred under item 5.3.2 may be realized from unspent compensation of employees due to the following:

- 5.3.3.1 Incurrence of leaves of absence without pay;
- 5.3.3.2 Vacant positions on account of termination, resignation, transfer, retirement or separation;
- 5.3.3.3 Delay in the actual assumption of duty from the date of appointment;
- 5.3.3.4 Suspension and other disciplinary sanctions;
- 5.3.3.5 Erroneous computations of PS benefits; or
- 5.3.3.6 Other similar instances

5.3.4 The following limitations in the use of available released PS allotments/appropriations shall be observed:

- 5.3.4.1 Released allotments which cannot be reallocated to other object of expenditures under PS:
 - Retirement and Life Insurance Premium (RLIP); and
 - Special Account in the General Funds (SAGFs), except if expressly authorized in the law creating them.

¹⁰ DBM NBC No. 461 dated June 1, 1998 (Revising and Updating the Compensation and Position Classification Plan for Faculty Positions Embodied in National Compensation Circular No. 69)

5.3.4.2 Available released allotments for PS cannot be used to pay CNA Incentives.

5.3.5 In instances where an insufficiency in PS occurs and frontloading shall be resorted to, available PS allotments which have been comprehensively released may be utilized subject to approval of Agency Head, based on the following:

5.3.5.1 **Advice for Use of PS Allotment (APSA) (Attachment 3)** duly accomplished and signed by the Agency Head or his designated representative. In the case of SUCs, the approving authority shall be the President of SUC as Agency Head, unless approval of the Board is necessary as required in the respective charter of SUCs; and

5.3.5.2 **Registry of Allotments and Obligations for PS (RAOPS)** reflecting said adjustments and reported in the accountability reports to be submitted to DBM, i.e., SAAODB.

6.0 Pursuant to DBM-DICT-NEDA Joint Memorandum Circular (JMC) No. 2021-01 dated September 27, 2021, the DBM shall have the authority to evaluate/recommend/approve ICT-related budgetary requests, subject to provisions of latest applicable budgetary issuances and such frameworks that DICT may promulgate.

7.0 Agency-specific funds may be used for the purchase of motor vehicles for FY 2022 as reflected in the FY 2022 GAA, provided such vehicles have already been evaluated and included in the Confirmation Letter issued by the DBM to agencies during the preparation of the FY 2022 budget. The said confirmation letter shall serve as the **Authority to Purchase Motor Vehicle (APMV)** issued by the DBM, only if the same number of vehicles as approved in the letter, and if such vehicles conform with the terms and conditions laid out under Administrative Order No. 14¹¹ as implemented by Budget Circular 2019-2¹².

8.0 For purposes of agencies' entering into multi-year contracts, the issuance of a Multi-Year Contractual Authority (MYCA) or an equivalent authority may be required or prescribed by the DBM. A MYCA is an authority issued by the DBM to agencies, covering the full contract cost, for the procurement of multi-year projects (MYPs). This shall be used as the basis in the certification of availability of funds (CAF) required prior to contract execution.

8.1 MYCAs may be required for single-year projects which do not cover a calendar year but, by design, necessitates implementation covering two fiscal years.

8.2 In the case of recurring projects, such as, but not limited to, janitorial and security services, supply of drinking water, telecommunications requirements, rental of office and equipment, and lease-purchase agreements, the following options are available for government agencies:

¹¹ Office of the President AO No. 14 dated December 10, 2018 (Consolidating and Rationalizing the Rules on the Acquisition of Government Vehicles Adopting a Centralized System of Procurement There for, and for Other Purposes)

¹² DBM BC 2019-2 (Guidelines Implementing Certain Provisions of AO No. 14, S. 2018)

- 8.2.1 Secure a MYCA or an equivalent authority; or
- 8.2.2 Renew the ongoing contract to not more than one year, subject to a favorable assessment or evaluation of contractor's performance, but in no case shall the total contract renewal exceed two years
- 8.3 For MYPs, the Certification of Availability of Funds shall be issued annually based on the budget for the year.
- 8.4 For MYPs with no funding requirement on any given year, instead of the CAF, the Chief Accountant shall issue a certification that no fund is needed for the year, as indicated in the approved MYCA.
- 8.5 For foreign-assisted projects funded by foreign loans, the issuance of a MYCA is not necessary (**Section 31**, GPs of FY 2022 GAA).
- 8.6 For multi-year PPP projects with government undertakings, a Letter of Commitment (LOC) shall be issued (**Section 31**, GPs of FY 2022 GAA).

9.0 SEPARABILITY CLAUSE

If any part or provision of this Circular is held invalid or unconstitutional, other provisions not affected thereby shall remain in force and effect.

10.0 REPEALING CLAUSE

All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly.

11.0 EFFECTIVITY

This Circular shall take effect immediately.


TINA ROSE MARIE L. CANDA
Officer-in-Charge, DBM





REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

Schedule I of NBC No. 587 dated January 3, 2022

GAA Items For Comprehensive Release (FCR) through GAA as Allotment Order

1.0 For Personnel Services (PS):

1.1 Release of the full amount of the approved budget per GAA pertaining to filled positions of NGAs.

1.2 Lump-sum for PS under Agency Specific Budget:

1.2.1 Provision for unfilled positions:

1.2.1.1 For CFAG agencies – 100%; and

1.2.1.2 For the rest of NGAs – the deficiency to cover the full-year requirement of unfunded vacant positions under the FY 2022 GAA which were filled from June 2021 onwards.

PS allotments comprehensively released may be used by the agency to fund the filling up of vacant positions during the year. In case of insufficiency of PS allotments, agencies may later submit to DBM, request(s) for release of additional allotments, to be charged against the Miscellaneous Personnel Benefits Fund (MPBF).

1.2.2 Terminal Leave/Retirement Gratuity (TL/RG) of compulsory retirees of departments/agencies.

1.2.3 The following lump-sum funds under the budget of DepEd shall also be comprehensively released, the obligation of which shall be subject to compliance with certain documentary requirements:

1.2.3.1 Equivalent Record Forms (ERFs);

1.2.3.2 Conversion to Master Teacher (MT) Positions;

1.2.3.3 Reclassification of Positions; and

1.2.3.4 Special Hardship Allowance, net of budget provision for increase.

2.0 For Maintenance and Other Operating Expenses (MOOE) (including Financial Expenses [FinEx]) and Capital Outlays (CO)

2.1 Release of the full amount categorized under FCR consistent with the agency-formulated Financial Plan (FP). This includes provisions for the following, among others:

2.1.1 Lump sum for Chalk Allowance and Repair and Maintenance of School Buildings under MOOE of the budget of the DepEd;

2.1.2 CMIs of agencies concerned, if already disaggregated per agency FP;

2.1.3 Farm to Market Roads of DA categorized as FCR;

2.1.4 Quick Response Fund (QRF) under the budgets of (i) DA - OSEC; (ii) DepEd - OSEC; (iii) DOH - OSEC; (iv) DILG - BFP; (v) DILG - PNP; (vi) DND - OCD; (vii) DPWH - OSEC and (viii) DSWD - OSEC;

2.1.5 Provisions for Supplies, Materials and Office Equipment, subject to submission of FY 2022 Annual Procurement Plan for Common-Use Supplies and Equipment (APP-CSE) and conditions in incurring obligations per DBM CL No. 2013-14¹³;

2.1.6 The following funds under the budget of specific departments/agencies shall also be released comprehensively, the obligation of which shall be subject to compliance with certain documentary requirements:

2.1.6.1 Communication equipment, subject to prior clearance from the National Telecommunications Commission;

2.1.6.2 Firearms, subject to prior approval of the Philippine National Police;

2.1.6.3 Research and development projects in agriculture and fisheries, natural, technological and engineering sciences, consistent with the DA's or DOST's respective master plans on the priority research programs and projects to be implemented;

2.1.6.4 Books to be procured by agencies, other than schools and the National Library of the Philippines (NLP), exceeding the authorized five (5) copies per title, subject to prior approval from DBM;

2.1.6.5 On-going Foreign-Assisted Projects (FAPs), subject to compliance with certain conditionalities;

¹³ DBM CL No. 2013-14 dated November 29, 2013 (Reiterating the Submission of Annual Procurement Plan for Common Use Supplies and Equipment (APP-CSE))

- 2.1.6.6 Grants, subsidies and contributions – subject to submission of details indicating the purpose, amount for each beneficiary, and the complete list of recipients, among others;
 - 2.1.6.7 ICT-related expenditures, subject to the endorsed Information Systems Strategic Plan (ISSP) from the Department of Information and Communications Technology (DICT); and
 - 2.1.6.8 P/A/Ps in the President’s Budget (NEP) with increased allocation in the GAA, duly supported with revised/updated agency performance targets.
- 2.1 Contributions to International Organizations under MOOE, in compliance with various Agreements with the Philippines as a signatory.



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

Schedule II of NBC No. 587 dated January 3, 2022

Expenditure Items For Later Release through SARO/GARO

1.0 Issuance of SARO/GARO for the following appropriation items Not Requiring Submission of Special Budget Request (SBR):

1.1 GAA items through SARO:

1.1.1 Budgetary support (i.e., operating subsidy) to the following heavily-subsidized GOCC equivalent to the full year subsidy appropriation:

1.1.1.1 Philippine Rice Research Institute (PRRI);

1.1.1.2 Lung Center of the Philippines (LCP);

1.1.1.3 National Kidney & Transplant Institute (NKTi);

1.1.1.4 Philippine Children's Medical Center (PCMC);

1.1.1.5 Philippine Heart Center (PHC);

1.1.1.6 Philippine Institute of Traditional and Alternative Health Care (PITAHC);

1.1.1.7 Center for International Trade Expositions and Missions (CITEM);

1.1.1.8 Aurora Pacific Economic Zone and Freeport Authority (APECO);

1.1.1.9 Light Rail Transit Authority (LRTA);

1.1.1.10 Philippine Institute for Development Studies (PIDS);

1.1.1.11 People's Television Network, Inc. (PTNI);

1.1.1.12 Intercontinental Broadcasting Channel (IBC);

1.1.1.13 Cultural Center of the Philippines (CCP);

1.1.1.14 National Irrigation Administration (NIA);

1.1.1.15 Philippine Coconut Authority (PCA);

- 1.1.1.16 Southern Philippines Development Authority (SPDA);
 - 1.1.1.17 Zamboanga City Special Economic Zone Authority (ZCSEZA);
 - 1.1.1.18 Philippine Center for Economic Development (PCED);
 - 1.1.1.19 National Dairy Authority (NDA);
 - 1.1.1.20 National Tobacco Administration (NTA);
 - 1.1.1.21 Credit Information Corporation (CIC);
 - 1.1.1.22 Philippine Tax Academy (PTA);
 - 1.1.1.23 Philippine Postal Corporation (PHLPost);
 - 1.1.1.24 Tourism Promotions Board (TPB);
 - 1.1.1.25 Tourism Infrastructure and Enterprise Zone Authority (TIEZA); and
 - 1.1.1.26 Development Academy of the Philippines (DAP).
- 1.1.2 Initial release of one-fourth of the full year program for pension for the following, chargeable against the PGF:
- 1.1.2.1 AFP retirees and war/military veterans of the DND-GHQ and PVAO;
 - 1.1.2.2 Uniformed personnel of DILG (BFP, BJMP, PNP including Philippine Constabulary – Integrated National Police [PC-INP]);
 - 1.1.2.3 DENR-NAMRIA;
 - 1.1.2.4 DOTr-PCG; and
 - 1.1.2.5 Other retirees whose pensions are funded by the national government, i.e., OEO-ERC, DOLE-NLRC, DOLE-PRC.
- 1.1.3 Allocation for LGUs such as MMDA.

1.2 **Automatically Appropriated Items:**

Full Year Allocation

- 1.2.1 RLIP through GARO for all agencies.

1.2.2 Through SARO for:

- 1.2.2.1 National Tax Allotment (NTA) of provinces, cities, municipalities, barangays;
- 1.2.2.2 Annual Block Grant for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM);
- 1.2.2.3 Pensions of Former Presidents or their Surviving Spouses; and
- 1.2.2.4 Additional programming on account of foreign grants.

2.0 Issuance of SARO for the following appropriation items **Requiring Submission of SBR** supported with separate/detailed FP, MDP, physical plan and other documentary requirements to DBM.

2.1 **GAA items**

- 2.1.1 For CMIs or lump-sum appropriations within the Agency Specific Budgets, the agencies concerned shall submit the SBR supported with the list of specific OUs which shall implement the project and amount allocated to each OU including the complete details of the activities or projects (i.e., Basic Educational Facilities, Supplemental Feeding Program, Higher Education Support Program due to lack of details, etc.), and the corresponding cost up to the lowest level, i.e., provincial, city or municipal, as the case may be (**Section 72**, GPs of the FY 2022 GAA).
- 2.1.2 ROW Acquisitions, Engagement of Independent Consultants, Variation Orders, Cash Subsidy, Feasibility Studies, Advance Works Improvements, ROW expenses through the PPP Strategic Support Fund.
- 2.1.3 Free Higher Education for State Universities and Colleges, subject to the SUC submission of the program of receipts and expenditures based on the actual number of enrollees and fees authorized under RA No. 10931 and duly approved by the board of regents/trustees of SUCs.
- 2.1.4 Budgetary items in the Special Provisions of National Government Agencies, i.e., Land Owners Compensation under DAR to be released to the Land Bank of the Philippines thru the BTr.
- 2.1.5 Operating requirements for State Universities and Colleges (SUCs) under BARMM, i.e., Cotabato State University; Adiong Memorial Polytechnic State College; Sulu State College; and Tawi-Tawi Regional Agricultural College located in the BARMM region, **except for new programs/activities/projects under these specific**

SUCs which shall be subject to the approval by the Office of the President.

- 2.1.6 Considered as new P/A/Ps which are not part of the P/A/Ps or existing structure, although not part of the NEP, has been provided funding under the GAA for its continuation and/or expansion, **subject to the agency submission of duly signed certification that the P/A/P being requested for release is ongoing or expansion of a previous P/A/P.**
- 2.1.7 Completely new items of appropriations which the agency cannot certify as ongoing, **subject to the approval by the Office of the President.**
- 2.1.8 Eligible expenditures for charging against multi-user SPFs (e.g. Contingent Fund [CF], MPBF, Pension and Gratuity Fund [PGF], National Disaster Risk Reduction and Management Fund [NDRRMF]) consistent with the Special Provisions of the respective SPF.
- **CF** shall cover the funding requirements of new and/or urgent projects and activities of national government agencies and GOCCs that need to be implemented or paid during the year, e.g., legal obligation of the government arising from final and executory decisions by competent authority including requirements of newly created offices, or deficiencies in the appropriations for local and external travels of the President of the Philippines, etc. In no case shall this Fund be used for purchase of motor vehicles, including any improvements thereon.
 - **PGF** shall be used to fund the pension requirements, TL/RG benefits of **optional** retirees, including those retiring under R.A. No. 1616, monetization of leave credits of government employees, separation and incentives for those affected by restructuring, merger, streamlining, abolition, or privatization.
 - The release of subsequent SAROs to cover pension requirements for the second to fourth quarters of pensioners cited in item 1.1.2 of Schedule II shall be based on the latest list of actual pensioners provided by the agencies concerned, as confirmed by DBM and supported with the required BFARs.
 - **MPBF** shall be used to fund PS deficiencies of employees who are still in the government service, e.g., salaries, bonuses, etc., except those pertaining to filling-up of existing and newly-created positions already provided under the agencies' budgets. PS deficiencies shall be initially charged against the available allotment of the agency; release from the MPBF for the purpose shall be made after it has been determined that the PS deficiency cannot be accommodated within the

agency's available allotment. In addition, the MPBF includes the Legal Defense Fund which shall cover the actual expenses for the defense of government employees in administrative, civil or criminal cases filed against them in courts in connection with their performance of official functions.

- **NDRRMF** shall be used to fund aid, relief and rehabilitation services to communities/areas affected by man-made and natural calamities and repair and reconstruction of permanent structures, including other capital expenditures for disaster operation and rehabilitation activities. Release from this fund shall be made to the appropriate implementing agencies/units/LGUs.

2.1.9 Unreleased balance of the budgetary support for GOCCs, including equity subsidy/contributions.

2.1.10 Allocation for LGUs - Local Government Support Fund (LGSF):

- Conditional Matching Grant to Provinces for Road and Bridge Rehabilitation, Upgrading and Improvement.
- Financial Assistance to Local Government Units and Support for Capital Outlays and Social Programs;
- Support to the Barangay Development Program of the National Task Force to End Local Communist Armed Conflict (NTF-ELCAC); and
- Growth Equity Fund.

Condition for the release from LGSF shall be in accordance with the Special Provisions under the FY 2022 GAA and other DBM issuances as may be issued for the purpose.

2.1.11 Allocation for LGUs - Special Shares of LGUs in the Proceeds of National Taxes, Barangay Officials Death Benefits Fund and Fire Code fees shall be released pursuant to their Special Provisions under current year's GAA, duly supported by the pertinent certification from the BTr and the collecting agency.

2.1.12 Allocation for BARMM – Special Development Fund and Share in National Taxes, fees and charges collected in the Bangsamoro Autonomous Region.

2.2 **Automatically Appropriated Items**

2.2.1 Full year requirements for RLIP of filled/created positions during the year and deficiencies in RLIP contributions, as the case may be.

- 2.2.2 Operating requirements, inclusive of RLIP of the following agencies reflected in Table B.15 of the FY 2022 BESF which are fully dependent on income collections accruing to its SAGFs or with very minimal budget provision in the GAA, subject to the submission of Certification of Collections from BTr:
- DOF – Insurance Commission – PS, MOOE and CO;
 - DOTr – Office for Transportation Security – PS and MOOE;
 - DOLE – Office of the Secretary (Verification Fees) – MOOE; and
 - DOJ – Land Registration Authority - MOOE.
- 2.2.3 The rest of the SAGFs (excluding those cited under item 2.2.2 hereof), listed in Table B.15 of the BESF, to be released supported with BTr certification on the latest available balance of the SAGF.
- 2.2.4 Any adjustment to effect the authorized deductions from the NTA, i.e., LGU contributions to MMDA and loan amortization to the Municipal Development Fund Office.
- 2.2.5 Tax Expenditure Fund
- 2.2.6 Twenty-five percent (25%) corresponding to the initial requirement for the following:
- Interest Payment; and
 - Net Lending.

Subsequent releases shall be based on the actual requirements as reported in the monthly Bureau of the Treasury Cash Operations Report.

---nothing follows---

Department of _____
 Agency/Operating Unit _____
 Address _____

MODIFICATION ADVICE FORM (MAF) NO. 2022-XX-XXXX

Dated : _____

Funding Source :

Legal Basis :

Purpose :

DEFICIENT ITEMS (TO) :

PROGRAMS / PROJECTS / ACTIVITIES	RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT

Total : -

SOURCE ITEMS (FROM) :

PROGRAMS / PROJECTS / ACTIVITIES	RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT

Total : -

Prepared by:

Recommending Approval by:

Analyst/Specialist

Budget Officer/ Director of FMS or Equivalent

Approved by:

Agency/Entity Head or Authorized Representative

ATTACHMENT 3

Department of _____
 Agency/Operating Unit _____
 Address _____

Advice for use of PS Allotment (APSA) NO. 2022-XX-XXXX

Date : _____

Funding Source :

Legal Basis :

DEFICIENT ITEMS (TO) :

PROGRAMS / PROJECTS / ACTIVITIES	OPERATING UNIT / RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT
Total				-

SOURCE ITEMS (FROM) :

PROGRAMS / PROJECTS / ACTIVITIES	OPERATING UNIT / RESPONSIBILITY CENTER	ALLOTMENT CLASS	OBJECT OF EXPENDITURES	AMOUNT
Total				-

Prepared by:

Analyst/Specialist

Recommended by:

Budget Officer/ Director, FS

Approved by:

Agency Head or Authorized Representative

0964 - 263 - 2988

H.No. 10373

Republic of the Philippines
Congress of the Philippines
Metro Manila
Eighteenth Congress
Third Regular Session

— F —

Begun and held in Metro Manila, on Monday, the twenty-sixth day of July, two thousand twenty-one.

[REPUBLIC ACT NO. **11640**]

AN ACT EXTENDING THE AVAILABILITY OF THE 2021 APPROPRIATIONS TO DECEMBER 31, 2022, AMENDING FOR THE PURPOSE SECTION 62 OF THE GENERAL PROVISIONS OF REPUBLIC ACT NO. 11518, THE GENERAL APPROPRIATIONS ACT OF FISCAL YEAR 2021

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 62 of the General Appropriations Act of 2021 or Republic Act No. 11518 is hereby amended to read as follows:

"SEC. 62. Cash Budgeting System. Appropriations authorized in this Act, including budgetary support to GOCCs and financial assistance to LGUs, shall be available for release and obligation for the purpose specified, and under the same general and special provisions applicable thereto, until December 31, 2022, except for personnel services which shall be available for release, obligation and disbursement until December 31, 2021. On the other hand, appropriations for the statutory shares of LGUs shall be available for release, obligation and disbursement until appropriations are fully utilized and funds fully disbursed.

"Likewise, construction of infrastructure projects, delivery of goods and services, inspection and payment shall be made not later than December 31, 2022.

"After the end of the validity period, all unreleased appropriations and unobligated allotments shall lapse, while unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292 and shall not thereafter be available for expenditure except by subsequent legislative enactment. Departments, bureaus and offices of the National Government, including constitutional offices enjoying fiscal autonomy, SUCs and GOCCs, shall strictly observe the validity of appropriations and the reversion of funds.

"Except for transfers between LGUs, all balances of fund transfers between or among agencies, instrumentalities, GOCCs and LGUs, which, while obligated but not actually used, utilized, expended or disbursed to pay for completed construction, goods

delivered, and services rendered, inspected and accepted as of December 31, 2022, shall revert to the unappropriated surplus of the General Fund.

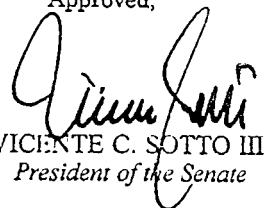
"The DBM is authorized to issue the necessary guidelines for the effective implementation of the cash budgeting system.

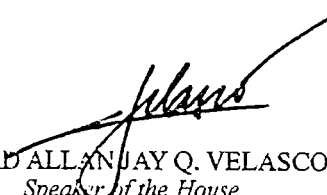
"A report on these releases, obligations and disbursements shall be submitted to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations, and the Senate Committee on Finance, either in printed form or by way of electronic document."

SEC. 2. *Repealing Clause.* – All laws, decrees, executive issuances, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.


SEC. 3. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

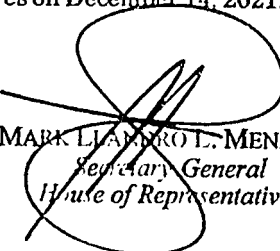
Approved,


VICENTE C. SOTTO III
President of the Senate



LORD ALLAN JAY Q. VELASCO
Speaker of the House
of Representatives

This Act which originated in the House of Representatives was passed by the House of Representatives on November 29, 2021, amended by the Senate of the Philippines on December 13, 2021, and which amendments were concurred in by the House of Representatives on December 14, 2021.


MYRA MARIE D. VILLARICA
Secretary of the Senate


MARK LIAMRO L. MENDOZA
*Secretary General
House of Representatives*

Approved: **DEC 30 2021**


RODRIGO ROA DUTERTE
President of the Philippines



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MARK VILLARICA / DIRECTOR IV / Date 12/31/2021

Sec. 64. Quarters Privileges. Officials who are transferred from one station to another by virtue of agency policies on reshuffling or rotation of personnel and do not own houses or rooms therein, shall be provided free quarters within their office premises.

Where there are no available quarters, the agency may rent rooms which shall serve as quarters for said officials, subject to the rules and regulations prescribed under N.B.C. No. 571 dated December 4, 2017. For those who opt for more expensive quarters other than those rented by their agencies, such preferred quarters may be secured provided that the difference in amount between the one preferred by the officials and that rented by their respective agencies shall be paid by the officials concerned.

Government personnel who are not entitled to quarters privileges but are allowed to use government quarters shall be charged the corresponding cost of rentals subject to guidelines as may be issued by the DBM.

Sec. 65. Mid-year Bonus. The Mid-year Bonus equivalent to one (1) month basic salary, shall be granted to all National Government personnel, whether under regular, temporary, casual or contractual status, on full-time or part-time basis, subject to the following:

- (a) Personnel have rendered at least a total or an aggregate of four (4) months of service from July 1 of the immediately preceding year to May 15 of the current year and who are still in the government service as of May 15 of the current year;
- (b) Personnel have obtained at least a satisfactory performance rating in the immediately preceding rating period; and
- (c) The provisions of R.A. No. 11466 dated January 8, 2020, B.C. No. 2017-2 dated May 8, 2017, B.C. No. 2019-4 dated July 5, 2019, and such other guidelines issued by the DBM.

Personnel of GOCCs covered by the Compensation and Position Classification System (CPCS) under R.A. No. 6758, as amended, and LGUs are likewise entitled to Mid-year Bonus chargeable against their respective corporate and local funds.

Sec. 66. Year-end Bonus and Cash Gift. The Year-end Bonus equivalent to one (1) month basic salary and additional cash gift of Five Thousand Pesos (P5,000) provided under R.A. No. 6686, as amended by R.A. No. 8441, shall be granted to all National Government personnel, whether under regular, temporary, casual or contractual status, on full-time or part-time basis, subject to the following:

- (a) At least a total of four (4) months of service including leaves of absence with pay from January 1 to October 31 have been rendered during the current year, and who are still in the service by October 31 of the same year;
- (b) Those who have rendered at least a total or an aggregate of four (4) months of service from January 1 of the current year but who have retired or separated from government service before October 31 of the same year shall be granted within the month of retirement or separation, a prorated share of the Year-end Bonus based on the monthly basic pay immediately preceding the date of retirement or separation and a Cash Gift of P5,000; and
- (c) The provisions of B.C. No. 2016-4 dated April 28, 2016 and such other guidelines issued by the DBM.

Personnel of GOCCs covered by the CPCS under R.A. No. 6758, as amended, and LGUs are likewise entitled to Year-end Bonus and Cash Gift chargeable against their respective corporate and local funds.

Such Year-end Bonus and Cash Gift shall be given in November of each year pursuant to R.A. No. 11466.

Sec. 67. Use of Appropriations for Retirement Gratuity and Terminal Leave. Appropriations authorized in this Act to cover the payment of retirement benefits shall be released directly to the agencies concerned computed based on the provisions of, and subject to the conditions prescribed in, applicable retirement laws, rules and regulations.

Unless authorized by law and duly covered by guidelines issued by the DBM, public funds shall not be used for the payment of salary increases or adjustments resulting from automatic promotions with the intent of increasing the retirement and terminal leave benefits of government personnel as provided in CSC-DBM J.C. No. 3 dated November 8, 1991.

The payment of any unauthorized retirement benefits shall be null and void and shall accordingly be refunded by the beneficiary-employee. The officials and employees who authorized, allowed, or connived with others in the payment of any unauthorized retirement benefits shall be subject to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

RELEASE AND USE OF FUNDS

Sec. 68. Cash Budgeting System. Appropriations authorized in this Act, including budgetary support to GOCCs and financial assistance to LGUs, shall be available for release and obligation for the purpose specified, and under the same general and special provisions applicable thereto, until December 31, 2023, except for personnel services which shall be available for release, obligation and disbursement until December 31, 2022. On the other hand, appropriations for the statutory shares of

LGUs shall be available for release, obligation and disbursement until appropriations are fully utilized and funds are fully disbursed.

Likewise, construction of infrastructure projects, delivery of goods and services, inspection and payment shall be made not later than December 31, 2023.

After the end of the validity period, all unreleased appropriations and unobligated allotments shall lapse, while unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund in accordance with Section 28, Chapter 4, Book VI of E.O. No. 292 and shall not thereafter be available for expenditure except by subsequent legislative enactment. Departments, bureaus, and offices of the National Government, including Constitutional Offices enjoying fiscal autonomy, SUCs, and GOCCs, shall strictly observe the validity of appropriations and the reversion of funds.

Except for transfers between LGUs, all balances of fund transfers between or among agencies, instrumentalities, GOCCs and LGUs, which, while obligated but not actually used, utilized, expended or disbursed to pay for completed construction, goods delivered, and services rendered, inspected and accepted as of December 31, 2023, shall revert to the unappropriated surplus of the General Fund.

The DBM is authorized to issue the necessary guidelines for the effective implementation of the cash budgeting system.

A report on these releases, obligations and disbursements shall be submitted to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations, and the Senate Committee on Finance, either in printed form or by way of electronic document.

(CONDITIONAL IMPLEMENTATION - President's Veto Message, December 30, 2021, Volume I-B, page 820, R.A. No. 11639)

Sec. 69. Prohibition Against Impoundment of Appropriations. No appropriations authorized under this Act shall be impounded, unless in accordance with the rules and regulations issued by the DBM and when there is unmanageable National Government budget deficit.

Unmanageable National Government budget deficit as used in this section shall be construed to mean that: (i) the actual National Government budget deficit has exceeded the quarterly budget deficit targets consistent with the full-year target deficit as indicated in the BESF submitted by the President and approved by Congress pursuant to Section 22, Article VII of the Constitution; or (ii) there are clear economic indications of an impending occurrence of such condition, as determined by the DBCC and approved by the President.

Sec. 70. Prohibition Against Retention or Deduction of Funds. Fund releases from appropriations provided in this Act shall be transmitted to the agency concerned, subject to Section 3 hereof, applicable special and general provisions, and budgeting rules and regulations. No retention or deduction as reserves or overhead shall be made, except as authorized by law, the general or special provisions in this Act.

Sec. 71. Direct Release of Funds to Regional Offices and Operating Units. Funds appropriated in this Act shall be released directly to the Regional Offices (ROs) and Operating Units (OUs) of agencies where funds are specifically appropriated to the ROs and OUs of agencies, except as otherwise requested by the agencies to the DBM.

The DBM shall furnish copies of fund releases to ROs and OUs to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document.

Sec. 72. Lump-Sum Appropriations. Release of lump-sum appropriations shall be made upon compliance with the requirements under the applicable general and/or special provisions and submission by the agency concerned of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, copy furnished the House Committee on Appropriations and the Senate Committee on Finance. The Special Budget shall include the complete details of the activities or projects covering the lump-sum appropriations with the corresponding cost up to the lowest level i.e., provincial, city or municipal level, as the case may be.

Sec. 73. Fund Transfers to Civil Society Organizations. A government agency may transfer public funds to a Civil Society Organization (CSO) only if all of the following conditions are present:

- (a) The CSO is either:
 - (i) implementing a government program or project jointly with the government agency; or
 - (ii) a beneficiary of a government program or project.
- (b) There is a specific appropriation in the GAA or some other appropriation law for such government program or project.
- (c) The government agency has accredited the CSO in accordance with its guidelines. The guidelines shall include, as a minimum, the following requirements:
 - (i) The presence of the CSO in its stated address and area of operation has been validated;
 - (ii) The CSO has an identified membership and leadership and defined organizational structure;
 - (iii) The CSO is in good standing with all government agencies from which the CSO has received public funds;
 - (iv) The CSO is not in default or in delay in liquidating any public funds received from any government agency;
 - (v) For implementing CSOs, the CSO must have a proven track record and good standing in undertaking civil society works; the CSO must not have any Director, Trustee, Officer or key personnel related within the fourth civil degree of consanguinity or affinity to any official involved in the processing of its accreditation, or any official of the government agency funding or implementing the program or project to be implemented by the CSO; and the CSO must