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MEMORANDUM

FOR/TO : **All Undersecretaries**

All Regional Executive Directors
Regions 1-13, CAR and NCR

Attention: All Planning and Finance Division Chiefs

All Bureau Directors
EMB, MGB, FMB, LMB, BMB and ERDB

Attention: All Planning and Finance Officers

Director, Administrative Service

Director, Policy and Planning Service

Director, Financial and Management Service

FROM : **The Undersecretary**
Finance, Information Systems and Climate Change

SUBJECT : **Prioritization Guidelines regarding Request for Augmentation
of Funds for the Central Office Based Fund**

DATE : 12 September 2023

This refers to the Request for Augmentation of Funds for the Central Office Based Fund (COBF) for 2023 by Regional Offices.

As of September 11, 2023, 9 Regional Offices, 13 PENROs and 1 Bureau have submitted their request for augmentation of fund for the implementation of various activities with a total amount of P326,610,892. Out of this, P73,310,803 is for repair/maintenance and improvement of office buildings and other structures, P156,000,000 for NGP, P8,466,739 for fabrication of furniture and fixture, P37,467,000 for rehabilitation of Eco Park under PA, and a total of P 51,366,350 intended for other activities.

May we raise that request for additional funding every year by Regional Offices could be an indication of a weak if not poor planning of the activities and program requirements not being properly defined and set out.

Request for additional funding should be made when there is deficiency in an item of appropriation which exists under following conditions:

1. Unforeseen modifications or adjustments in the P/A/P; or
2. Re-assessment in the use, prioritization and/or distribution of resources. *(For example, in November 18, 2020, Executive Order No. 120 creating the Task Force Build Back Better was issued. New and additional activities had to be undertaken. Hence, request for additional funds is in order.)*

We note that almost all of the requests could have been foreseen and there was no re-assessment in the prioritization because similar activities under existing programs and projects were being requested.

This Office has instituted a system in the Financial Management Service by which the various requests can be evaluated more rationally. There is a prioritization guidelines formulated which aims to: 1) prioritize which programs/activities to accommodate in the available budget; 2) optimally use the limited available budget to where they are most needed and can be most impactful in improving organizational outcomes. Please find attached copy of said internal guidelines which serve as our parameter in reviewing various requests.

However, to further rationalize allocation of resources, additional guidelines is hereby provided:

1. Requests by the Regional Offices should be properly endorsed by the concerned Assistant Secretary/Undersecretary for Field Operations who shall determine/evaluate the requests in a more holistic context and perspective on the priorities of the Field Operations nationwide;

Endorsement by the Field Operations shall be referred to the Undersecretary for Planning and Policy to validate the proposed activities in terms of overall targets and directions of the Department;

2. Requests by the Regional Offices regarding repair, construction, renovation of offices and other administrative/logistical concerns should be properly endorsed by the Undersecretary for Legal, Administrative Service. The FMS' role is to identify available funding but whether the request for augmentation of fund is proper or not should be determined by the Administrative Service based on the masterplan or roadmap on property/asset management of the Department. Please note that this Office has formulated the Terms of Reference for the technical advisor or support to Administrative Service to address this. Funding was also allocated for this purpose. The Administrative Service has yet to start this task.

Piecemeal approach in the provision of funding for repair of field offices is not a sustainable and efficient allocation and use of limited resources. Hence, we defer to the Administrative Service to determine judiciously which of the requests should be considered based on clear and objective criteria.

We appeal to all Offices for your utmost support and cooperation in the effective financial management for the Department.


ATTY ANALIZA REBUERTA-TEH

Prioritization Guidelines regarding Request for Augmentation of Funds

Rationale:

As there is always more demand and requests for augmentation of funds than can be fulfilled, budget augmentation decisions need to be made in a systematic and prudent way against a balanced decision criterion. This will lead to maximizing impact and use of available funds.

Objectives:

Request and initiatives to fund and how much funding to allocate.

To direct limited resources to where they are most needed and can be most impactful in improving organizational outcomes.

To prioritize which programs/activities to accommodate in the available budget.

Prioritization Factors and Criteria:

1. Request for augmentation of funds to finance activities that were not programmed for the current year shall be approved based on the following prioritization factors (i.e. activities being requested for additional funding must meet any these factors):
 - a. Factor 1: Alignment with the Organizational Priorities as defined in the current year's targets and/or directives from the President and/or the Secretary
 - b. Factor 2: Support to continuity of physical operations and services affected by Force Majeure (ex. repair of offices, replace IT equipment)
 - c. Factor 3: Support to intervening activities with strategic importance in terms of programs implementation and policy formulation.
2. Requests for funding shall then be assessed sequentially (that is based on the first factor, then second factor, then third factor).
3. Requests that meet any of the factors shall be considered for the next round of assessment based on the following criteria:
 - a. Criteria 1: Absorptive Capacity: The office requesting for augmentation of funds should show more than 90% of budget utilization rate (both obligation and disbursement rate).
 - b. Criteria 2: Feasibility of Completion: The office requesting for augmentation of funds should show that it has the personnel resources, sufficient time and capacity to implement the activities requested to be additionally funded.
4. Requests for augmentation of funds shall not be a mechanism to encourage improper programming or planning of DENR offices, bureaus and attached agencies which failed to consider or anticipate the activities that are being requested for funding in their annual work and financial plan.
5. The requests for augmentation shall be endorsed by the RED (including requests from CENRO and PENRO), EMB and MGB Directors (including requests from EMB and MGB Regional Offices) and Staff Bureau Directors. For Central Office, the requests shall be endorsed by the concerned Supervising Undersecretaries.

Documentary Requirements:

	Metrics for Evaluation	Requirements
F1- Alignment with the Organizational Priorities as defined in the current year's targets and/or directives from the President and/or the Secretary	Specify the targets to which the proposed activities to be additionally funded will contribute Specify directives by the President or the Secretary which the proposed activities to be additionally funded will satisfy	Budget Form 200 Financial Plan (with UACS Code) Work and Financial Plan signed by the PENRO and Regional Executive Director
F2- Support to continuity of <u>physical</u> operations and services affected by Force Majeure (ex. repair of offices, replace IT equipment)	Specify the Force Majeure which led to need for additional funding support Indicate the effect of such force majeure to the operations and the benefits to be derived if the proposed activities to be additionally funded are supported	Geotagged photos of structures and equipment to be repaired and/or replaced Cost estimate/ bill of materials Certification from the Director of Administrative Service that the repair and/or replacement are necessary for continued and proper operation of the office
F3- Support to intervening activities with strategic importance in terms of programs implementation and policy formulation.	Specify the programs and/or policies that will strategically be supported by the intervening activities proposed to be additionally funded	Work and Financial Plan signed by the PENRO and Regional Executive Director Justification on the importance of implementation of intervening activities
C1- Absorptive Capacity: The office requesting for augmentation of funds should show more than 90% of budget utilization rate (both obligation and disbursement rate).	Physical and Financial Accomplishment showing more than 90% budget utilization rate	Certification from FMS regarding the budget utilization rate as of end of June of the current year
C2- Feasibility of Completion: The office requesting for augmentation of funds should show that it has the personnel resources, sufficient time and capacity to implement the activities requested to be additionally funded.	Indicate the number of personnel (and their existing capacities) who will be mobilized to implement the intervening activities Provide clear timetable on when the activities will be completed	Roles and responsibilities of the personnel who will implement the intervening activities Work and Financial plan

Deadline for Submission of Request for Augmentation: All requests for augmentation of funds shall be submitted to the Budget Division not later than July 31 of the current year. The requests shall follow the template hereto attached as Annex A.

Roles, Responsibilities and Procedure for Processing Approval of Requests for Augmentation of Funds

To ensure that the available funds for allocation are obligated, utilized and disbursed in a timely manner, the following roles, responsibilities and procedures shall be strictly observed:

1. The Financial Management Service (FMS) Director, as endorsed by the Budget Division, shall identify the amount and the sources of funds that are available for allocation as of June 30 of current year, to augment eligible activities as provided for in this guideline. He/She shall submit it to the Supervising Undersecretary for Finance on July 3 of current year.
2. The Budget Division, through its Division Chief, shall accept and properly receive (with date and time), the request for augmentation of funds from DENR offices, bureaus and attached agencies. It shall prepare a consolidated list of all the requests received and submit through the FMS Director, to the Supervising Undersecretary for Finance on August 3 of the current year.
3. The FMS Director shall conduct its evaluation using the prioritization facts and criteria provided in this guideline. He/She shall submit his/her recommendation to the Supervising Undersecretary for Finance on August 10 of the current year. The evaluation report shall follow the template hereto attached as Annex B and C.
4. The Supervising Undersecretary for Finance shall review the evaluation report and the recommendations. He/she shall in turn submit/endorse the report to the Secretary on August 15 for consideration, approval and/or further instructions.
5. Upon approval of the Secretary, the Budget Division will inform the Policy and Planning Service (PPS) and the concerned offices of the decision. The latter shall submit corresponding work and financial plan (WFP) to the PPS for review, within three (3) days from receipt of notice issued by Budget Division.
6. The process for approval of the WFP, under existing guideline, shall be observed. The review and endorsement for approval of the WFP for the activities considered for additional funding, shall be made within seven (7) days from receipt of the WFPs. The approval of the WFPs by the Supervising Undersecretary for Planning and Policy and Supervising Undersecretary for Finance shall be made within three (3) days from receipt of the endorsement by PPS.

Annex A – Template for Request for Augmentation of Funds

Name of Office requesting for Augmentation of Funds: _____

Name/Title of activities/projects requested for additional funding	
Brief Description/Justification	
Amount of Additional funding requested	
List of supporting documentary requirements submitted	

Endorsed by: _____
 Position: _____
 Date endorsed: _____
 Received by: _____
 Date received: _____

Annex B – Template for Evaluation Report for each request

Factors/Criteria	Yes/No	Remarks	Recommendations
F1			
F2			
F3			
C1			
C2			

Recommended by: _____

Position: FMS Director

Date: _____

Annex C – Template for Summary Evaluation Report

(cluster according to sector/PPAs and those recommended for approval and for disapproval)

Name/Title of activities/projects requested for additional funding	Requesting Office	Amount requested	Recommendations

Recommended by: _____

Position: FMS Director

Date: _____