

DIRECTING THE IMPROVEMENT OF BUDGET EXECUTION AND CASH IN THE NATIONAL GOVERNMENT

LETTER OF INSTRUCTIONS NO. 767, November 16, 1978

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TO:

The Minister of the Budget
The Minister of finance
The Acting Chairman, Commission on Audit
The National Treasurer

WHEREAS, the regionalization of National Government Offices is a basic principle of the New Society;

WHEREAS, experience has indicated the need for rationalizing fiscal procedure pertaining to budget and cash management in regional units of government agencies;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby Order and Instruct:

- The Minister of the Budget shall evaluate the fiscal procedure individually adopted by the various Ministries/bureaus /Offices/Agencies of the national government, particularly those concerning the sub-allotment to Regional Offices of obligational authority and cash disbursement ceilings, and the monitoring procedure covering the utilization of funds at regional levels. On the basis of his findings, the Minister of the Budget shall design a uniform system, including guidelines, procedures and forms, which will be adopted by all agencies and their regional offices as part of the execution and accountability phases of regional budgeting,
- The Minister of the Budget shall review the organization and staffing of agency budget and accounting offices, with the following aims:
 - to assess their adequacy at regional levels;
 - to establish the optimal degree of authority delegation of budget and accounting functions from Central to Regional Offices.

As part of this work, the Minister of the Budget shall conduct a systems study and submit recommendations for organizational/staffing/systems improvements in the budgeting and accounting functions, focusing on the relationship between the Central and Regional Offices of Ministries/Agencies.

- The Minister of Finance and the National Treasurer shall reassess the existing system of preparing and controlling the issuance of Treasury Warrants, including the Treasury Current Account for Agencies (TCAA). Improvements shall be instituted so as to achieve the following objectives:
 - Prompt reconciliation of the cash records of Agency Central/Regional Offices and the Treasury;
 - Control over Treasury Warrants issued in order that these are kept within approved cash disbursement ceilings;
 - The Acting Chairman, Commission on Audit, shall institute such measures as may be necessary;

- to ensure that funds are being utilized by Central/Regional Offices of agencies in accordance with the purposes for which they are released, without diversion to budgetary Programs/Projects/Activities and to objects of expenditure other than those for which the Advice of Allotment or Cash Disbursement Ceiling was issued.
- To see to it that no unauthorized reserves are being imposed on funds releases, by the Central, Regional or District Offices of agencies, in order that the implementing units obtain the full amount of released funds;
- To ensure that no Contracts are entered into unless funds are available in the form of obligational authority actually released to the agency by the Ministry of the Budget pursuant to P.D. No. 1177 and that no Treasury Warrants are issued unless authorized by a duly approved Cash Disbursement Ceiling.
- The Minister of the Budget shall study and recommend on a system of direct releases of funds, both obligational authority and cash disbursement ceilings, to Regional Offices of national government agencies, including schools and hospitals.
- No Head of Ministry/Bureau/Office/Agency or other official shall enter into a Contract unless funds are available for the purpose, duly certified to by the Chief Accountant as being available from allotments actually released by the Ministry of the Budget. Neither shall private contractors be allowed by any government agency to undertake work "at their own risk." Contracts shall not be considered as final or binding unless a certification of funds availability is issued.
- The studies and work hereby assigned shall be coordinated by the Advisory Board of the Budget Improvement Project (BIP) and shall, in coordination with each other, be supported by the project in the form of necessary technical and funding support.

Done this 16th day of November, in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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