SUPPLEMENTAL GUIDELINES ON NATIONAL BUDGET CIRCULAR NO. 437 DATED JANUARY 2, 1995

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1.0

Purpose

This Circular is issued to:

1.1 Prescribe supplemental guidelines in the release of Notice of Cash Allocation (NCA) in accordance with the Simplified Fund Release Systems (SFRS) established under National Budget Circular (NBC) No. 440 dated January 30, 1995; and

1.2 Amend and clarify certain provisions of NBC No. 437 dated January 2, 1995 relating to the quarterly release of NCA, specifically on the following:

a. use of the unutilized NCA balances in the previous quarter as basis for subsequent NCA releases;

b. adjustment of the Work and Financial Plan (WFP) submitted by agencies pursuant to NBC No. 436 dated December 28, 1994; and

c. format of the Summary List of Checks Issued (SLCI) report.

2.0

Policy Guidelines

2.1 The shift to the quarterly issuance of NCAs is designed to rationalize and expedite the release of funds to the various agencies of the government and thereby accelerate the implementation of critical programs and projects. Therefore, to continue the efficient management of cash balances of government, agencies are required to limit the issuance of necessary funding checks to operating units to the units' one month's cash requirement, based on the cash program submitted.

2.2 Agencies are likewise reminded to observe existing accounting and auditing rules and regulations on the extension of funding checks to all Cash Disbursing Officers.

3.0

Procedural Guidelines

3.1 The DBM shall release NCAs for the second to fourth quarters pertaining to allotment releases chargeable against agencies' programmed appropriations for the year as well as those pertaining to accounts payable, ten (10) days before the start of each year.

3.2 The release of the above NCAs shall be based on the submittal of the following documents:

3.2.1 Work and Financial Plan (WFP), as prescribed under NBC No. 436 and accordingly adjusted by DBM in

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coordination with the agency concerned, to be consistent with the SFRS under NBC No. 440.

3.2.2 Summary List of Checks Issued (SLCI), in accordance with the revised format shown in "Annex A[*]". The SLCI shall be prepared and certified correct by the agency cashier and approved by the Head of Finance Service or its equivalent position, rather than the Chief Accountant/Head of Accounting Unit and the Head of Agency, respectively as prescribed under NBC No. 437. It shall be submitted within ten (10) days after the end of each month, in lieu of the Statement of Monthly Allocation and Utilization (SMAU).

3.2.3 Trial Balance and Statement of Accounts Payable (BF 304), as required by existing budgeting regulations.

3.3 NCA releases pertaining to allotment releases for the year chargeable against Special Purpose Funds shall be based on the WFP separately submitted for the purpose. NCA releases made to the Department of Public Works and Highways shall be based on the status of the Department's total NCA utilization.

3.4 For government-owned or controlled corporations, subsequent releases of NCAs shall be based on the submittal of their respective Corporate Operating Budget and monthly Cash Flow Statements.

3.5 The NCA releases shall cover one quarter's cash requirements of agencies based on the adjusted WFP, net of the unutilized NCA balances in the previous quarter. The NCA balance for the first quarter shall correspond to the balance of NCA releases for the quarter less the actual disbursements made for the first and second month as reported in the SLCI plus the third month cash requirement. For subsequent quarters, the release shall also consider the NCA balance of the third month of the preceding quarter.

3.6 In case of deficiency in the quarterly NCA, agencies may request for additional NCAs subject to submittal of the documents prescribed under Sections 3.2 and 3.3 hereof.

4.0

Saving Clause

Cases not covered by this Circular shall be referred to the concerned Budget and Finance Bureaus of the DBM.

5.0

Effectivity

This Circular shall take effect Immediately.

Adopted: 06 Apr. 1995

(SGD.) SALVADOR M. ENRIQUEZ, JR.
Secretary

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[*] See Appendix 9, page 354.

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