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GUIDELINES ON THE USE OF AGENCY SAVINGS FROM ALLOTMENTS RELEASED, CY 1990

DBM NATIONAL BUDGET MEMORANDUM NO. 54, May 17, 1990

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Purpose

This Circular is being issued to facilitate the use of agency savings from allotments released to augment expenditure items in the General Appropriations Act for CY 1990 for a given department, bureau, office or agency of the national government.

2
General Policies

2.1 Use of savings shall be governed by Sec. 17, General Provisions, RA 6831 which provides that priority shall be given to salary standardization, bonus, retirement and terminal leave benefits in the order listed.

2.2 Augmentation from savings shall be governed by Sec. 18, General Provisions, RA 6831 which defines it as the existence in the General Appropriations Act of an item, project, activity or purpose with an appropriation which upon implementation or subsequent evaluation of needed resources is determined to be deficient. Hence, a non-existent item, project, activity, purpose or object of expenditures cannot be funded by augmentation from savings or by the use of appropriations authorized in the Act.

2.3 Use of savings may be authorized on a case-to-case basis, subject to the extent allowed under Special Provisions of specific agencies.

3
Specific Guidelines

3.1 All departments, bureaus, offices and agencies, including State Universities and Colleges of the national government shall be authorized upon request, to use savings realized from allotments released subject to the following guidelines:

3.1.1 Savings from personal services may be used to augment allotments in maintenance and other operating expenses and in capital outlays;

3.1.2 Appropriations for salary standardization and for Personal Benefits Fund, and any savings therefrom, shall be used solely for the same purposes they were provided;

3.1.3 Savings from maintenance and other operating expenses may be used to augment deficiencies in other items of maintenance and other operating expenses or in capital outlays subject to the limitations under Sec. 13, General Provisions, RA 6831 which provides that the amount released particularly for but not limited to, petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, rents and retirement gratuity requirements shall be disbursed solely for such items of expenditures in the approved Work and Financial Plans.

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3.1.4 Savings from maintenance and other operating expenses shall not be used to augment allotments in personal services except for salary standardization requirements when personal services savings are inadequate.

3.1.5 Savings from capital outlays shall not be used to augment allotments in personal services and in maintenance and other operating expenses;

3.1.6 No new constructions shall be funded by savings from capital outlays other than the infrastructure program.

3.2 Savings from allotments for specific expenditure items within an allotment class may be used upon request, to augment other items of expenditure of the same allotment class. However, agencies may augment an item of expenditure within maintenance and other operating expenses (MOE) from savings in other items of MOE up to 25% of the approved amount as indicated in the agency Work and Financial Plan, without the approval of the Department of Budget and Management.

3.3 Savings from released allotments sourced from Special Purpose Funds shall revert to the General Fund, except those covered under Local Budget Circular No. 42 dated January 23, 1990, which shall be governed by the provisions of said Circular.

4
Procedural Guidelines

4.1 The following procedures shall be strictly observed:

4.1.1 The department or agency concerned shall issue a certification of unutilized allotments by fund for the previous quarter duly certified by the Chief Accountant and verified by the Resident Auditor (Annex A) together with a monthly trial balance as of last preceding month.

4.1.2 Likewise, the Department or Agency shall issue a certification of sufficiency of funds to cover fully the requirements for salary standardization, bonus, retirement and terminal leave benefits.

4.1.3 The agency shall submit the request for use of savings, specifying the purpose thereof, to the Department of Budget and Management together with the certification of unutilized allotments using the prescribed form (Annex B).

5
Time Frame for Reckoning Savings

5.1 In compliance with accounting and auditing regulations and in order to allow the DBM to act on requests within the period set by these regulations, requests for use of savings in the current year for current operating expenditures must be received by the Department of Budget and Management, Central Office not later than November 30 of that same year.

6
Liability of the Head of the Agency

6.1 The head of office/agency shall be held liable for utilization of savings not in accordance with the rules provided herein.

7
Saving Clause

7.1 Previous circulars, memoranda or other issuances inconsistent with this budget memorandum are hereby amended accordingly.

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8
Effectivity

This Memorandum shall take effect immediately.

Adopted: 17 May 1990

(SGD.) GUILLERMO N. CARAGUE

Secretary

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