

DBM NATIONAL BUDGET CIRCULAR NO. 534 DECEMBER 8, 2011, December 08, 2011

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TO :

HEADS OF DEPARTMENTS/ AGENCIES/STATE UNIVERSITIES AND COLLEGES AND OTHER OFFICES OF THE NATIONAL GOVERNMENT; HEADS OF BUDGET AND ACCOUNTING UNITS; AND ALL OTHERS CONCERNED

SUBJECT :

GUIDELINES IN THE PREPARATION AND SUBMISSION OF BUDGET EXECUTION DOCUMENTS (BEDS) CONTAINING THE CY 2012 FINANCIAL AND PHYSICAL PLANS/ TARGETS

1.0 Rationale

Presently, operating units (OUs) of national government agencies are required to submit to DBM their annual financial and physical plans/targets reflected in the BEDs at the onset of the budget execution phase, based on the approved budget level per General Appropriations Act (GAA).

For CY 2012, all OUs/agencies are directed to start early the preparation of their plans and targets, based on the budget level per CY 2012 National Expenditure Program (NEP). This will enable DBM to facilitate the release of funds given the OUs/agencies' schedule/plan and consequently, allow the timely implementation of priority programs and projects including procurement activities during the first quarter of the year.

2.0

Purposes

2.1

To determine the reasonable level of funding to be provided to OUs/agencies supportive of their plans/targets during the year;

2.2

To ensure timely release of funds for critical programs/projects, consistent with the work and financial plans/targets submitted by the OU/agency;

2.3

To Provide and/or clarify policies and procedures in preparation/ submission of BEDs and modify the forms to further improve formulation of plans/targets, budget monitoring and disbursements tracking; and

2.4

To set the benchmarks in agency performance that shall be used in determining the achievement of objectives and targets in the delivery of services.

3.0

Coverage

All departments, bureaus, offices and agencies of the national government including State Universities and Colleges (SUCs).

4.0

Guidelines

4.1

Release of funds (i.e., allotment and disbursement authorities) shall be based on the targeted level of the agency's measurable outputs, the corresponding funds required, and period when the agency will undertake or implement the same.

4.2

Under this concept, agencies are required to accomplish and submit to DBM, the BEDs prescribed under NBC No. 507, containing their annual plans/ targets broken down by quarter or month, to wit:

BEDs

Dita Elements

Purpose

Physical and Financial Plan

Physical targets and financial plan (estimated budgetary allocation/obligations) broken down by quarter.

Serves as the overall plan of the OU/agency.

Monthly Cash Program

Projected monthly disbursements by type of disbursement authority.

Basis of the issuance of NCA and other disbursement authorities.

List of Not Yet Due and Demandable Obligations

Obligations charged against prior years' budget, for which, goods, services, and projects are not yet delivered, rendered and completed as of December 31 of the preceding year.

Basis (or determining NCA requirements for prior years' obligations that shall become accounts payables and due tor payment in the current year.

Estimate of Monthly Income

Estimated monthly income for the current year, consistent with the BESF for said year

Basis in assessing excess or shortfall in monthly revenue collections.

4.3

For CY 2012, all OUs/agencies are directed to prepare early their BEDs containing plans/targets for the current year and submit the same to DBM on or before December 22, 2011.

4.4

The Central Office (CO) of each department/agency shall also prepare consolidated BEDs, for submission to DBM CO. Thus, for departments/agencies with a decentralized set-up, the OUs shall submit directly to the concerned DBM office, the BEDs but furnish their Regional Office (RO) or CO, a copy of said submitted reports for consolidation purposes, illustration as follows:

DPWH District Engineering Offices (DEOs) shall directly submit their BEDs to the concerned DBM RO, copy furnished the DPWH RO. Subsequently, DPWH RO shall consolidate the RO and DEO reports and submit the consolidated report to DPWH CO, copy furnished the DBM RO concerned.

4.5

Pending approval of the CY 2012 GAA. The basis of the BEDs shall be the budget level of the OU/ agency per 2012 NEP.

4.6

The "no-report, no release" policy shall be strictly enforced. It is emphasized that the release of funds by DBM to OUs/agencies shall depend on their compliance/ submission of the prescribed BEDs.

4.6.1

Release of the comprehensive allotment thru the Agency Budget Matrix shall be based on the submitted Financial and Physical Plan of the OU/agency. This shall be made available to them at the start of the year.

4.6.2

Issuance of the initial comprehensive NCA covering the first semester requirements i.e., January to June, 2012 chargeable against the current year budget shall be based on the submitted Monthly Cash Program of the OU/agency. Subsequently NCAs shall be based on the submission of Budget Accountability Reports (BARs).

4.7

Physical and Financial Plan (PFP)

4.7.1

To further improve the planning and monitoring of accomplishments and expenditures, the PFP format is modified in consideration of the recent information needs and directions in performance monitoring. Instead of an integrated PFP, separate documents are prescribed to be prepared and submitted by the OU/ agency for each, the financial and physical plan.

4.7.2

Financial Plan, modified format shown as BED No. 1

4.7.2.1

The Financial Plan (FP) shall reflect the level of obligations of the OU/agency in the immediately preceding year and estimated commitments/obligations out of its annual budget per 2012 NEP, as well as the intended schedule of the incurrence of commitments/obligations in the current year, on quarterly basis.

4.7.2.2

The FP shall be presented by:

-

Funding source i.e., Agency Specific Budget per 2012 NEP, Continuing Appropriation and Automatic Appropriation (i.e., RLIP, Special Account in the General Fund (SAGF) and other items classified as such);

-

Program, Activity, Project (P/A/P) consistent with the presentation under the 2012 NEP and by Major Final Output (MFO) where the specific P/A/Ps are attributed; and

-

Allotment class i.e., PS, MOOE and CO.

4.7.2.3

The current year's total estimated commitments/ obligations under Agency Specific Budget should be more or less equal to the expected allotments. The FP covering the OU/ agency specific budget per CY 2012 NEP shall also be segregated into Needing Clearance (NC) and Not Needing Clearance (NNC).

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The NC portion shall consists of budgetary items in the agency specific budgets that shall be released only upon compliance of certain documentary requirements:

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Confidential and Intelligence Fund which is subject to prior approval of the President of the Philippines;

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Procurement of certain motor vehicles and motorized equipment which are subject to prior recommendation by DBM and approval by the President of the Philippines, pursuant to Administrative Order No. 15 dated May 25, 2011;

-

Lump-sums appropriations or centrally-managed items (CMIs) under the agency's approved budget, for which, the specific details (i.e., list of implementing units and corresponding allocation) is not yet available as of December 22, 2011;

-

Special Purpose Funds of the Regional Governor and Vice Regional Governor, as well as the share in internal

revenue collections under the budget of the Autonomous Region in Muslim Mindanao; and

-

Annually appropriated SAGF built-in under the agency budget.

o

The NNC portion refers to all items in the agency budget under the CY 2012 NEP not included under the items cited above. This shall also include the following:

-

Lump-sums under PS i.e., for Equivalent Record Forms (ERFs), Conversion to Master Teacher Positions, Reclassification of Positions and Hardship Pay, as well as Lump sum under MOOE for Repair and Maintenance of school Buildings under the budget of the Department of Education.

-

CMI's of agencies concerned which have been disaggregated as of December 22, 2011 i.e, the list of specific Oils to implement the project and corresponding allocation for each OU is already available as basis of direct release of funds.

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Provision for Quick Response Fund under the budgets of DSWD, DND, DA, DepEd, DOH, and DPWH.

4.7.2.4

The OU/agency shall also highlight in its FP, the funding requirement (out of its aggregate budget) of identified key or major programs and projects.

◦

The corresponding work targets of these identified key or major programs and projects per FP shall be reflected in the Physical Plan. This is to ensure that estimated funding and work implementation schedule for key or major programs and projects are synchronized and complementary with each other.

◦

The identified key or major programs and projects shall be aligned to the five (5) priority areas of spending of the government, known as Key Result Areas (KRAs) pursuant to Executive Order No. 43 dated May 13, 2011, as follows:

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Anti-Corruption, Transparent, Accountable and Participatory Governance;

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Poverty Reduction and Empowerment of the Poor and the Vulnerable;

-

Rapid, Inclusive and Sustained Economic Growth;

-

Just and Lasting Peace and Rule of Law; and

-

Integrity of the Environment and Climate Change Mitigation and Adaption.

4.7.3

Physical Plan, modified format shown BED NO. 2

4.7.3.1

The Physical Plan. (PP) shall reflect the OU/ agency's planned work performance for key or major programs and projects scheduled by quarter, in terms of its approved performance measures i.e., confirmed MFOs and Performance Indicators per 2012 Organizational Performance Indicator Framework (OPIF) Book.

4.7.3.2

Consistent with item 4.7.2.4 of this Circular, it is emphasized that the key or major programs and project to be reflected in PP shall be the same as those appearing in the FP and provided corresponding budget allocation. This is to make sure that implementation schedules per PP are synchronized with the obligation program (when funds shall be available) per FP.

4.7.3.3

The key or major programs and projects per PP of the OU/agency shall be categorized under the five (5) KRAs per EO 43.

4.7.4

Upon effectivity of the CY 2012 GAA, the OUs/agencies shall determine if there were changes made by Congress i.e., decrease or increase on the 2012 NEP level. In case there are changes, they shall:

4.7.4.1

Identify the affected P/A/ Ps and the MFO where to attribute the increase or decrease in budget provisions.

4.7.4.2

Prepare and submit to DBM, separate plans (both, financial plan and physical plan) reflecting the corresponding

adjustment in targets/ plans consistent with the GAA. Said changes if any, may pertain to the following:

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Increase or decrease in budgetary provisions for existing programs or projects;

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Budgetary provisions for new items in the budgets of some departments, bureaus, offices and agencies; and,

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Budgetary items/provision for Conditional Implementation under the President's Veto message, which are subject to specific guidelines to be issued by the appropriate agencies.

4.8

Monthly Cash Program (MCP), modified format shown as BED No.3

4.8.1

The total cash program for the current year budget should approximate (more or less equal) the OU/ agency's estimated commitments/obligations per Financial Plan.

4.8.2

In computing their MCP, the OUs/agencies shall consider the following in their monthly cash requirements:

4.8.2.1

Requirements for infrastructure projects and priority programs, projects and activities included in the 2012 NEP, as well as commitments under the 2011 government acceleration plan which are extended for implementation in

2012;

4.8.2.2

Work plans/targets considered during the crafting of the 2012 budget as well as actual outputs/accomplishments for the same period in 2011;

4.8.2.3

Seasonality (peak and slack times) of activities and other factors that will tend to influence programming such as, among others:

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Cash requirements for Capital Outlays shall consider the schedule of work targets. Examples:

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Initial construction activities which will only entail 15% mobilization cost and the balance shall be in accordance with the work program.

-

Purchase of equipment will require cash allocation only on the expected delivery date and not during procurement stages.

-

Construction of farm-to-market roads, irrigation projects and other infrastructure projects shall be scheduled during the first half of the year in consideration of the country's good weather condition.

-

Timing on the grant of the PS benefits, such that program of certain months shall include the following, among others:

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March - Productivity Incentive Benefit;

-

April - Uniform allowance; and

-

May - one-half of Year-end Benefits (YEB) and adjustments in YEB pertaining to SSL 3 implementation.

-

Program for foreign-assisted projects, the timing of the peso counterpart and loan proceeds (LP) components shall be synchronized. The cash portion of the LP component will depend on the expected receipt of the BTr certification on the availability of LP from the lending institution.

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Allocation for Quick Response Fund of departments concerned shall be available at the start of the budget year.

-

Historical trend/data on actual disbursements, at least for the past three (3) years.

4.8.3

To further improve programming and tracking of actual disbursements, the MCP format is modified. The modified MCP shall reflect the estimated monthly disbursements by:

4.8.3.1

Type of Disbursement Authority i.e., Notice of Cash Allocation (NCA), Non Cash Availment Authority (NCAA), Cash Disbursement Ceiling (CDC) and Tax Remittance Advice (TRA);

4.8.3.2

Source of fund, to wit:

-

Current Year's Budget

-

Agency Specific Budget per CY 2012 NEP, further disaggregated into NC and NNC portions consistent with the FP; and

-

Automatic Appropriation (i.e., RLIP, Special Account in the General Fund and other items classified as such); and

-

Prior Year's Budget

-

Due and Demandable Accounts Payable(A/Ps to creditors as of end of the preceding year (December 31, 2011);

-

Commitments/obligations as of end of the preceding year which are forecasted to become Accounts Payable (A/Ps) in the current year as reflected in the List of Not Yet Due and Demandable Obligations (BED No. 3A);

-

Continuing Appropriations, segregated according to the period when the covering allotments are/shall be released:

-

Unreleased Appropriations) as of December 31, 2011

-

Unobligated Allotments) as of December 31, 2011

4.8.3.3

Allotments class i.e., PS, MOOE and CO.

4.9

List of Not Yet Due and Demandable Obligations (LNYDDO), modified format shown as BED No. 3A

4.9.1

For purposes of programming, OUs/ agencies shall prepare the LNYDDO as of December 31 of the immediately preceding year. This shall reflect the total obligations charged against prior year's budget, for which, the goods/services/projects have not yet been delivered/ rendered/completed and accepted as of end of that year.

4.9.2

The format is modified in order to:

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enable the classification of the creditors into internal and external;

-

emphasize the necessity of making a forecast on how much of these outstanding obligations as of December 31 shall become A/Ps or due for payment within one year i.e., in 2012 and in subsequent years (beyond 2012); and

-

Clarify that the total amount of obligations forecasted to become A/Ps in 2012 shall be included/reflected by the agency in its MCP, as basis of DBM in determining the NCA requirements,

4.10

Program of Monthly Income (PMI), modified format shown as BED No. 4.

This document (previously known as Estimate of Monthly Income) is renamed as Program of Monthly Income and is modified to reflect the level of income collections/deposits with the Bureau of the Treasury as of the immediately preceding year, in addition to the estimated monthly income of the OUs/agencies of their annual income estimate per CY 2012 BESF.

5.0

DBM shall issue separately, the guidelines on the Release of Funds for CY 2012, as well as the preparation/submission of BARs including the modified formats and harmonized reports of DBM and the Commission on Audit.

6.0

Effectivity

This shall take effect Circular immediately.

(Sgd.) FLORENCIO B. ABAD
Secretary

See DBM NATIONAL BUDGET CIRCULAR NO. 534 DECEMBER 8, 2011 : CY 2012 FINANCIAL PLAN (In Thousand Pesos) "BED No. 1" : 108 OG No. 20, 2334-2335 (May 14, 2012)

See DBM NATIONAL BUDGET CIRCULAR NO. 534 DECEMBER 8, 2011 : CY 2012 PHYSICAL PLAN (In Thousand Pesos) "BED No. 2" : 108 OG No. 20, 2336-2337 (May 14, 2012)

See DBM NATIONAL BUDGET CIRCULAR NO. 534 DECEMBER 8, 2011 : MONTHLY CAS PROGRAM CY ____ (In Thousand Pesos) "BED No. 3" : 108 OG No. 20, 2338-2339 (May 14, 2012)

See DBM NATIONAL BUDGET CIRCULAR NO. 534 DECEMBER 8, 2011 : LIST OF NOT YET DUE AND DEMANDABLE OBLIGATIONS "BED No. 3-A" : 108 OG No. 20, 2340-2341 (May 14, 2012)

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