

RELATIVE TO THE ISSUANCE OF CASH DISBURSEMENT CEILINGS FOR GOVERNMENT OPERATIONS

LETTER OF INSTRUCTIONS NO. 925, August 31, 1979

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TO:

The Standing Committee of the Cabinet
The Minister of Economic Planning
The Minister of the Budget
All Ministers and Heads of Bureau/Office/Agency

of the National Government, including
State Universities and Colleges

The Chairman, Commission on Audit
The National Treasurer
The Regional Directors, MPW, MPH and MTC

WHEREAS, Cash Disbursement Ceilings are issued in order to ensure that agency disbursements are within the limits of cash availability in the Treasury;

WHEREAS, by their nature, Cash Disbursement Ceilings (CDC) should expire after a specified period of time;

WHEREAS, delays in CDC transmission hamper the prosecution of both infrastructure projects and current operations;

WHEREAS, specific allocation of CDC by project is necessary to ensure effective implementation of the Infrastructure Program;

NOW, THEREFORE, I, FERDINAND E. MARCOS, do hereby issue the following instructions to improve upon the CDC process, in the interest of facilitating government operations and project implementation, while maintaining adequate cash control in the Treasury:

1.0.0 Infrastructure Program

1.1.0 Preparation and Contents

1.1.1 The NEDA Committee on Infrastructure shall prepare the infrastructure program of an incoming year no later than October 15 of the immediately preceding year. The Standing Committee of the Cabinet shall review the infrastructure program and shall submit its comments and recommendations to the President not later than November 15. The Minister of the Budget shall release obligational authority and CDC on peso costs of the infrastructure program for the entire year within three (3) weeks of the President's approval.

1.1.2 The infrastructure program and the fund release documents shall contain the quarterly cash requirements of individual projects, corresponding to the schedule of payment for work accomplished during the quarter or for prior years' accomplishments. These shall be determined by the MPW, MPH or MTC as the case may be, with the participation of their respective planning and finance officers and in coordination with NEDA, the Treasury and the Ministry of the Budget.

1.1.3 The infrastructure program shall include adequate lump sums to cover the following requirements that are not identified by projects: (a) payments of accounts payable for work accomplished in prior years which are not otherwise listed, including payments of amounts retained to answer for defects/damages on completed projects, (b) revalidation of lapsed CDC, and (c) unused portions of allotments released in previous years. Charges to these lump sums shall be considered by the Standing Committee of the Cabinet on the basis of a comprehensive list prepared by MPW, MTC or MPH, as soon after the beginning of the year as possible.

1.2.0 Fund Release Schedule

1.2.1 Immediately after the President's approval of the infrastructure program and upon the request of the Ministry concerned, the Minister of the Budget shall release in advance of the budget year, (a) all funds specifically provided for preliminary and/or detailed engineering work and (b) the equivalent of up to five percent (5%) of the total CDC requirements for the budget year for new projects wherever such engineering work has not as yet been undertaken. These releases shall be charged to the infrastructure program of the immediately preceding year, which shall specifically provide for such costs. Likewise, the infrastructure program of the budget year shall provide for such requirements of the following year.

1.2.2 Within ten days from receipt of the CDC from the Ministry of the Budget, the Ministries concerned shall issue sub-CDC specifying therein the covered projects, to their respective Regional Offices which in turn shall issue within five days sub-CDC to their respective District Offices, likewise specifying the covered projects, in order to effect prompt payments of accounts in accordance with existing laws, policies and accounting and auditing rules and regulations.

1.2.3 The Central Office of the Ministry of the Budget shall immediately send copies of the comprehensive CDC releases and any subsequent releases thereafter, to its Regional or District Offices for monitoring purposes, as well as to the Assemblymen and Governors concerned, as basis of checking the progress of agency releases of sub-CDC and of project implementation within their respective regions.

1.2.4 The Minister of the Budget shall make such adjustments as may be necessary to see to compliance with necessary funds releases for foreign-assisted projects.

1.3.0 Cash Disbursement Ceiling Validity Period

1.3.1 The validity of CDC shall extend into all succeeding quarters of the same calendar year. The validity of any CDC unused as of December 31 shall automatically extend into the first quarter of the next succeeding year, but shall be used only for the payment of accounts payable incurred for projects duly authorized and indicated in the unexpired CDC.

1.3.2 Agency disbursements shall be controlled on a project basis by the implementing agency such that, at any time within the year, payments shall be limited to the quarterly CDC figure plus amounts of unused CDC for the project carried over from previous quarters of the same year and as provided in item 1.3.1.

1.3.3 Unexpended or unused CDC included in the CY 1979 Infrastructure Program for irrigation and flood control works shall remain valid until June 30, 1980. The CDC schedule for such works in CY 1980 and subsequent years

shall be so prepared as to provide the amounts necessary to undertake as much of the work as possible during the months of November-June.

1.4.0 Use of Cash Disbursement Ceiling

1.4.1 CDC shall be issued by the Ministry of the Budget by project for current and outstanding obligations (accounts payable) on the basis of the approved Infrastructure Program. In no case may CDC for current obligations intended for new construction/ accomplishment be used to pay for accounts payable on work accomplished in prior years without prior approval of the Minister of the Budget.

1.4.2 When conditions warrant, CDC for new and outstanding obligations (accounts payable) contained in the approved Infrastructure Program may be realigned to facilitate implementation of projects, within the established CDC ceiling of the Ministry concerned, subject to approval of the Standing Committee of the Cabinet. Such realignment shall be submitted not oftener than once a quarter to be made effective on the next succeeding quarter, except for the last quarter when realignment shall no longer be flowed. These realignments shall be formalized by the Minister of the Budget through the issuance of a revised comprehensive CDC,

1.4.3 CDC shall be issued for accounts payable as of each year-end on the basis of a list of creditors, indicating the amounts and dates when obligations were incurred. The creditor listing shall be identified by project and in no case may total payments of accounts for anyone project exceed the obligational authority initially released for said projects.

1.4.4 CDC shall be issued for retentions made to answer for defects/damages on the basis of list of creditors indicating the amounts and dates and when/what corresponding projects were completed.

1.4.5 CDCs which expire in a given year may be revalidated in a subsequent year if they are intended to settle accounts payable, chargeable to lump-sum CDC provided for accounts payable as reflected in the Infrastructure Program and as provided in item 1.1.3 herein.

1.4.6 From the CDC released for the project, rental of equipment utilized in project implementation shall be deducted in accordance with the provisions of existing Public Works laws, rules and regulations and shall be remitted immediately to the Bureau of Equipment which in turn shall deposit the same with the National Treasury as General Fund income pursuant to P.D. No. 711: Provided, That adjustments shall immediately be made if the amounts so deducted are in excess of rentals computed on the basis of standard rates and actual hours used.

1.4.7 The CDC actually released for projects shall be used solely for project implementation. An amount not exceeding five percent (5%) may be for direct engineering expenditures incidental thereto that must be reflected, in the individual project program of work. These shall not be used for other projects, general agency activities or overhead, or for other purposes. Such engineering expenditures shall be reduced to the extent of expenses for personal and other services utilized for project implementation of the agencies concerned.

1.5.0 Reversion of Appropriations

1.5.1 The work accomplishments of the infrastructure program shall be reviewed at the end of each year by the Commission on Audit, who shall see to the reversion to the General Fund of all unused releases of obligational authority.

1.5.2 Accounts payable shall be so classified by the Commission on Audit as to distinguish between accounts payable for work already completed and accounts payable for valid contracts which pertain to work scheduled to be done after the year-end.

1.6.0 Monitoring

1.6.1 Local government units and community organizations, samahang nayon, electric cooperatives, irrigation associations, local water districts, and other farmer-based associations/cooperatives shall monitor the progress of implementation of government projects in cooperation/coordination with the Ministry of Local Government and Community Development, to ensure the efficient and effective utilization of government funds and property.

1.6.2 The National Treasury shall maintain a record of payments for each individual project and shall submit a report on such payments to the Minister of Finance, the Minister of the Budget and the implementing Ministries concerned.

2.0.0 Other Capital Outlays

2.1.0 The capital outlays implemented by agencies of government other than MPW, MPH and MTC shall be governed by the provisions of this Letter which are applicable to infrastructure projects.

3.0.0 Current Operating Expenditures

3.1.0 The salary of persons occupying permanent positions appearing in the current year's Personal Services Itemization (PSI), may be paid without the need for CDCO

3.2.0 CDC issued for current operating expenditures from the First to the Third Quarters shall automatically carry over in effectivity and shall lapse only at the end of the year.

3.3.0 CDC issued in the Fourth Quarter of a given calendar year shall lapse at the end of the First Quarter of the succeeding year. Any amounts available in such unused CDC may be used-by the agency for the payment of Accounts Payable incurred during the budget year and outstanding as of December 31.

3.4.0 Accounts payable of the budget year not paid out of the Fourth Quarter allotment carried, over into the next year shall continued to be subject to the existing requirement calling for the issuance of a CDC only when supported by a list of creditors and the corresponding amounts.

3.5.0 The Bureau of Internal Revenue is authorized to withdraw funds for the Treasury without the need for a Cash Disbursement Ceiling, for purposes of refunding the excess amount of withholding tax deducted from payments made to contractors undertaking government projects and of refunding excess income tax payments.

4.0.0 Concluding Provisions

4.1.0 LOI No. 362 dated May 22, 1979 is hereby revoked.

4.2.0 This Letter shall take effect beginning with CDC applicable to the Fourth Quarter of 1979 but otherwise shall be immediately effective.

4.3.0 Rules and regulations shall be issued by the Minister of the Budget.

Done in the City of Manila, This 31st day of August, in the year of Our Lord, nineteen hundred and seventy-nine.

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

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