



Savings and Augmentation & Realignment



Atty. Ryan S. Lita
Department of Budget and Management

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Crown Legacy Hotel
Baguio City



WHAT THE CONSTITUTION STATES

Section 25 (5), Article VI of the 1987 Constitution

No law shall be passed authorizing any transfer of appropriations; **however**, the President, the President of the Senate, the Speaker of the House of Representatives, the Chief Justice of the Supreme Court, and the heads of Constitutional Commissions **may, *by law***, be authorized to augment any item in the general appropriations law for their respective offices from savings in other items of their respective appropriations.



GPs, Section 70-Meaning of Savings

Meaning of Savings. Savings refer to portions or balances of any released appropriations in this Act which have not been obligated as a result of any of the following:

- (a) Final discontinuance or abandonment of an on-going program, activity or project (P/A/P) by the head of the agency concerned due to cause not attributable to the fault or negligence of the said agency which would not render it possible for the agency to implement the said P/A/P during the validity of the appropriations.
- (b) Non-commencement of the P/A/P for which the appropriations is released. For this purpose, non-commencement shall refer to the inability of the agency or its duly authorized procurement agent to obligate the released allotment and implement the P/A/P due to natural or man-made calamities or other causes not attributable to the fault or negligence of the agency concerned during the validity of the appropriations;
- (c) Decreased cost resulting from improved efficiency during the implementation or until the completion by agencies of their P/A/Pa: PROVIDED, That the agencies will still be able to deliver the targets and services as approved in this Act; and
- (d) Difference between the approved budget for the contract and the contract award price.



GPs, Section 70-Meaning of Savings

GAA as a Release Document

It means that the budgets of agencies or "appropriations" - except for those included in the **negative list** - are considered released as allotments when the General Appropriations Act (GAA) takes into effect.

Negative list

- (a) Lump-sum Funds within the agency budget, details of which have not been submitted prior to the effectivity of the GAA;
- (b) Special Purpose Funds, including Budgetary Support to Government Corporations;
- (c) Other items subject to compliance with the conditions / requirements specified under the General and/or Special Provisions and Budget Affirmation/Veto Message in the GAA; and
- (d) All automatically appropriated' items, including Special Accounts in the General Fund.



GPs, Section 70 (Continuation)

GP, Sec. 70

Continuation...

PROVIDED, HOWEVER, That savings may likewise refer to available balances of appropriations arising from unused compensation and related costs pertaining to: (i) unfilled, vacant or abolished positions; (ii) non-entitlement to allowance and benefits; (iii) leaves of absence without pay; and (iv) unutilized pension and retirement benefits arising from death of pensioners, decrease in the number of retirees, or other related causes.

Programmed appropriations which have not been released or allotments not obligated due to the fault of the agency concerned shall not be considered savings.



GP, Sec. 71-Meaning of Augmentation

Augmentation is the act of the head of offices authorized under Section 69 of this Act to use savings in their respective appropriations to provide additional funding to cover an **actual deficiency** incurred for the current year in any **existing item** of their respective appropriations. A deficiency in the appropriations result from:

- a. Justified modifications or adjustments in the P/A/P authorized in this Act; or
- b. Adjustment in the cost of implementing P/A/P due to justified causes.

In no case shall a non-existent P/A/P, be funded by augmentation from savings or by the use of an appropriations not otherwise authorized in this Act. **The existence of an appropriation for an allotment class in a P/A/P is necessary for the purposes of augmentation.** An allotment class as used herein may either be personnel services, MOOE or capital outlays.



FOR EXAMPLE:

ITEM OF APPROPRIATION

Construction of Barangay San Isidro Farm-to-Market Road

Php 5.5 M



ALLOTMENT CLASS 1



Personnel
Services
(PS)

EXAMPLE:
Engineers to supervise
construction

Php 300,000

ALLOTMENT CLASS 3



Maintenance
and Other
Operating
Expenditures
(MOOE)

EXAMPLE:
Gasoline for the engineers'
transportation, and other such utilities

Php 250,000

ALLOTMENT CLASS 2



Capital
Outlays
(CO)

EXAMPLE:
Cement, steel bars, and other
materials for building roads

Php 5.0 M

Locally-Funded Project(s)

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Repair/Rehabilitation and Construction of Farm-to-Market Roads in the Designated Key Production Areas			6,250,000,000	6,250,000,000
National Capital Region (NCR)			150,000,000	150,000,000
Central Office			150,000,000	150,000,000
Concreting of Bohe Pahu-Sitio Bohe Basilan Farm-to-Market Road, Brgy. Bohe Pahu, Ungkaya Pukan, Basilan			5,000,000	5,000,000
Concreting of Bohe Pahu-Sitio Block 41 Farm-to-Road, Brgy Bohe Pahu, Ungkaya Pukan, Basilan			5,000,000	5,000,000
Concreting of Farm-to-Market Road, Basak-Sitio Diata Kud, Brgy. Basak, Sumisip, Basilan			5,000,000	5,000,000
Concreting of Junction National Highway Bacung-Sitio Diata Kud Brgy Bacung Farm-to-Market Road, Brgy. Bacung, Sumisip, Basilan			5,000,000	5,000,000
Concreting of Brgy. Pangadapun Farm-to-Market Road, Brgy. Pangadapun, Piagapo, Lanao Del Sur			5,000,000	5,000,000
Concreting of Brgy. Bantian Farm-to-Market Road				

ALLOTMENT CLASS

ITEM OF APPROPRIATION

Concreting of Bohe Pahu-Sitio Bohe Basilan Farm-to-Market Road, Brgy. Bohe Pahu, Ungkaya Pukan, Basilan

Concreting of Bohe Pahu-Sitio Block 41 Farm-to-Road, Brgy Bohe Pahu, Ungkaya Pukan, Basilan

Concreting of Farm-to-Market Road, Basak-Sitio Diata Kud, Brgy. Basak, Sumisip, Basilan

Concreting of Junction National Highway Bacung-Sitio Diata Kud Brgy Bacung Farm-to-Market Road, Brgy. Bacung, Sumisip, Basilan

Concreting of Brgy. Pangadapun Farm-to-Market Road, Brgy. Pangadapun, Piagapo, Lanao Del Sur

Concreting of Brgy. Bantian Farm-to-Market Road

GP, Sec. 73-Rules in the Realignment of Allotment Classes and Reprioritization of Items of Appropriations.

GENERAL RULE

Agencies and offices must spend what it is programmed in their appropriations in this Act.

EXCEPTION

- (a) The respective heads of agencies in the Executive branch, including SUCs are authorized to realign any object of expenditure e.g., Salaries and Wages, Travelling Expenses, or Investment Outlays, within an allotment class, i.e., Personnel Services (PS), MOOE or Capital Outlays (CO) within the same program, activity or project (P/A/P) in their respective agency allocations, except for the following:
- (i) Intelligence funds which require prior approval from the President of the Philippines; and
 - (ii) Payment of Magna Carta benefits authorized under Section hereof which shall require prior approval of the DBM.

The realignment of objects of expenditures within CO of agency allotments is allowed: PROVIDED, That the realignment is within the same P/A/P and may only be undertaken until the second quarter of the year.



GP, Sec. 73-Rules in the Realignment of Allotment Classes and Reprioritization of Items of Appropriations.

Continuation...

- (b) Any realignment within the same P/A/P that will entail the reallocation of funds from one allotment class, i.e., PS, MOOE or CO to another without augmentation of the amount appropriated for the said P/A/P, shall be subject to approval by the DBM: PROVIDED, That any realignment from CO to another allotment class may only be undertaken until the third quarter of the year.

In all cases of realignment the existence of an appropriation in the **object of expenditure** and **allotment class** is necessary for realignment.

The heads of the constitutional offices enjoying fiscal autonomy are likewise authorized to realign allotment classes and reprioritize items of appropriations within their respective offices, subject to the rules on savings and augmentation as well as to the pertinent budget execution guidelines issued by the DBM.



Realignment may include changes in any of the following

1. Object of expenditure within an allotment class, with the exception of PS;

Examples:

- MOOE** – From Travelling Expense to Communication Expense
- CO** – From Investment Outlay to Buildings and Structures Outlay

2. Implementing Operating Units;

3. Project modifications as authorized in the pertinent special provisions of certain agencies in the GAA, i.e., DA-OSEC, DepEd-OSEC, DOH-OSEC, DPWH-OSEC, DOTC-OSEC and BSGC-NIA; and

4. One allotment class to another.



Approving authorities for realignment under the Executive Branch

Agency Heads

- 1 Change in object of expenditure within an allotment class;
- 2 Change in IOUs within an allotment class; and
- 3 Project modifications as authorized in the pertinent special provisions of certain agencies in the GAA, as mentioned in item 3.5.3 hereof.

Secretary of the DBM

- 1 From one allotment class to another, including deficient allotment classes pertaining to unreleased appropriations: (i) within an SPF, with the exception of Calamity Fund, NDRMF and Rehabilitation and Reconstruction Program; and (within a purpose under the Unprogrammed Appropriations;
- 2 Any realignment for payment of deficiency in Magna Carta Benefits;
- 3 From allowable MOOE items for the payment of CNA incentives;
- 4 Change in IOUs under the project modification SPs of DPWH- ρ SEC, DOTC-OSEC and BSGC-NIA; and



Approving authorities for realignment under the Executive Branch

President of the Philippines

1. Any realignment for the payment of Intelligence Expense, subject to COA-DBM-DILG-GCG-DND Joint Circular No. 2015-01 dated January 8, 2015.
2. Realignment from one allotment class to another for unreleased appropriations of certain Special Purpose Funds such as Calamity Fund, NDRMF, and Rehabilitation and Reconstruction Program



I. Within MOOE

<i>Program</i>	Operations				
<i>MFO</i>	MFO 1: BUDGET POLICY ADVISORY SERVICES				
<i>Activity</i>	1. Fiscal policy research, budget planning and programming, including provision of technical secretariat services to the Development Budget Coordination Committee (DBCC)				
<i>Region</i>	National Capital Region				
<i>Operating Unit</i>	Central Office	Traveling Expenses	(80,000)	Communication Expenses	80,000

II. Within CO

<i>Program</i>	Operations				
<i>MFO</i>	MFO 2: BUDGET MANAGEMENT SERVICES				
<i>Activity</i>	1. Evaluation, release and monitoring of funding requirements and organization, staffing and compensation proposals of National Government Agencies, including State Universities and Colleges, GOCCs and LGUs				
<i>Region</i>	National Capital Region				
<i>Operating Unit</i>	Regional Office - NCR	Information and Communication Technology Equipment	(72)	Furnitures and Fixtures	72



<i>Program</i>	Operations			
<i>MFO</i>	MFO 1: BASIC EDUCATION POLICY SERVICES			
<i>Activity</i>	POLICY FORMULATION			
<i>Sub-activity</i>	Basic Education Curriculum			
<i>Region</i>	National Capital Region			
<i>Operating Unit</i>	Bureau of Alternative Learning	MOOE	(100,000)	
<i>Sub-activity</i>	Continuing Education			
<i>Region</i>	National Capital Region			
<i>Operating Unit</i>	Literacy Coordination Council			MOOE 100,000
<i>Program</i>	Operations			
<i>MFO</i>	MFO 2: BASIC EDUCATION SERVICES			
<i>Activity</i>	Operations of Schools			
	Secondary			
<i>Region</i>	Region V - Bicol			
<i>Division Office</i>	Division of Camarines Sur			
	Sipocot National High School	MOOE	(150,000)	
<i>Operating Unit</i>	Division of Catanduanes			
<i>Division Office</i>	Bato Rural Development High School			MOOE 150,000



3.1 Department of Public Works and Highways

<i>Project</i>	PROJECTS		
<i>Locally-Funded Projects</i>	Locally-Funded Projects		
<i>Project Category</i>	Roads and Bridges		
<i>Sub-project Category</i>	Local Roads		
<i>Operating Unit</i>	Las Pinas-Muntinlupa DEO		
<i>Project Title</i>	Local Infrastructure Project - Rehabilitation of Road, Talon 3, Las Pinas City Lone District	(300,000)	
<i>Sub-project Category</i>	Local Bridges		
<i>Operating Unit</i>	Las Pinas-Muntinlupa DEO		
<i>Project Title</i>	Construction/repair/rehabilitation/ improvement of various infrastructure including local projects - Replacement of Naga Bridge, Las Pinas City Lone District		300,000

3.2 Department of Agriculture

<i>Project</i>	PROJECTS		
<i>Locally-Funded Projects</i>	Locally-Funded Projects		
<i>Project Category</i>	Roads and Bridges		
<i>Sub-project Category</i>	Farm to Market Roads		
<i>Operating Unit</i>	Regional Field Unit - I		
<i>Project Title</i>	Concreting of Brgy. Pila Farm-to-Market Road, Brgy. Pila, Cabugao, Ilocos Sur	(150,000)	
<i>Sub-project Category</i>	Farm to Market Roads		
<i>Operating Unit</i>	Regional Field Unit - I		
<i>Project Title</i>	Concreting of Brgy. Dardarat Farm-to-Market Road, Brgy. Dardarat, San Juan, Ilocos Sur		150,000



TIMELINES

Realignment of object of expenditures within CO - until the second quarter of the year (end June 30);

Realignment from CO to another allotment class - until the third quarter of the year (end September 30);

Project modifications authorized in the SPs of the respective budgets of the following agencies as specified under item 3.5.3 of this circular.

3.7.3.1 DA-OSEC - until the third quarter of the year;

3.7.3.2 DepEd-OSEC - until the second quarter of the year;

3.7.3.3 DOH-OSEC - until the second quarter of the year;

3.7.3.4 DPWH-OSEC - until the second quarter of the year;

3.7.3.5 DOTC-OSEC - until the second quarter of the year; and

3.7.3.6 BSGC-NIA - until the second quarter of the year.

Realignment of available allotments from mandatory expenditures under MOOE such as petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, and rents - only during the fourth quarter of the year.



FOR EXAMPLE:

ITEM OF APPROPRIATION

Construction of Barangay San Isidro Farm-to-Market Road

Php 5.5 M



ALLOTMENT CLASS 1



**Personnel
Services
(PS)**

EXAMPLE:
Engineers to supervise
construction

Php 300,000

ALLOTMENT CLASS 3



**Maintenance
and Other
Operating
Expenditures
(MOOE)**

EXAMPLE:
Gasoline for the engineers'
transportation, and other such utilities

Php 250,000

ALLOTMENT CLASS 2



**Capital
Outlays
(CO)**

EXAMPLE:
Cement, steel bars, and other
materials for building roads

Php 5.0 M

Locally-Funded Project(s)

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Repair/Rehabilitation and Construction of Farm-to-Market Roads in the Designated Key Production Areas			6,250,000,000	6,250,000,000
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Concreting of Bohe Pahu-Sitio Block 41 Farm-to-Road, Brgy Bohe Pahu, Ungkaya Pukan, Basilan			5,000,000	5,000,000
Concreting of Farm-to-Market Road, Basak-Sitio Diata Kud, Brgy. Basak, Sumisip, Basilan			5,000,000	5,000,000
Concreting of Junction National Highway Bacung-Sitio Diata Kud Brgy Bacung Farm-to-Market Road, Brgy. Bacung, Sumisip, Basilan			5,000,000	5,000,000
Concreting of Brgy. Pangadapun Farm-to-Market Road, Brgy. Pangadapun, Piagapo, Lanao Del Sur			5,000,000	5,000,000
Concreting of Brgy. Bantian Farm-to-Market Road				

ALLOTMENT CLASS

ITEM OF APPROPRIATION

Concreting of Bohe Pahu-Sitio Bohe Basilan Farm-to-Market Road, Brgy. Bohe Pahu, Ungkaya Pukan, Basilan

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Concreting of Junction National Highway Bacung-Sitio Diata Kud Brgy Bacung Farm-to-Market Road, Brgy. Bacung, Sumisip, Basilan

Concreting of Brgy. Pangadapun Farm-to-Market Road, Brgy. Pangadapun, Piagapo, Lanao Del Sur

Concreting of Brgy. Bantian Farm-to-Market Road

New Appropriations, by Object of Expenditures

(In Thousand Pesos)

A. Programs/Locally-Funded Project(s)

OBJECT OF EXPENDITURE

Maintenance and Other Operating Expenses

Travelling Expenses

4,037

Training and Scholarship Expenses 763

Supplies and Materials Expenses 4,736

Utility Expenses 6,490

Communication Expenses 700

Confidential, Intelligence and Extraordinary Expenses

 Extraordinary and Miscellaneous Expenses 110

Professional Services 350





General Services 2,214

Repairs and Maintenance 1,239

Taxes, Insurance Premiums and Other Fees 260

Other Maintenance and Operating Expenses

 Advertising Expenses 30

	Augmentation	Realignment
Exercised by Whom	President, Senate President, House Speaker, Chief Justice, Heads of Constitutional Commissions and the Ombudsman	Heads of Agencies or DBM
Limitation	-Within respective appropriations (may be from one P/A/P to another) -no cross-border transfers	Within the same P/A/P Provided: a. Heads of agencies: within the same allotment class (exceptions: intelligence funds & payment of magna carta); b. DBM: from one allotment class to another
Existence of Allotment Class		
Existence of Object of Expenditure		



	Personnel Services	Maintenance and Other Operating Expenses	Financial Expenses	Capital Outlays	Total
PROGRAMS					
General Administration and Support	P 151,718,000	P 331,133,000	P 107,000	P 15,705,000	P 498,663,000
Support to Operations	18,480,000	8,042,000		100,000	26,622,000
Operations	240,086,000	63,219,000		511,000	303,816,000
MFO 1: BUDGET POLICY ADVISORY SERVICES	8,832,000	1,860,000			10,692,000
MFO 2: BUDGET MANAGEMENT SERVICES	147,824,000	39,439,000		357,000	187,620,000
MFO 3: ORGANIZATIONAL PRODUCTIVITY ENHANCEMENT SERVICES	17,214,000	5,171,000			22,385,000
MFO 4: PERFORMANCE REVIEW AND EVALUATION SERVICES	66,216,000	16,749,000		154,000	83,119,000
Total, Programs	410,284,000	402,394,000	107,000	16,316,000	829,101,000
PROJECT(S)					
Locally-Funded Project(s)	20,110,000	500,058,000		33,886,000	554,054,000
Total, Project(s)	20,110,000	500,058,000		33,886,000	554,054,000
TOTAL NEW APPROPRIATIONS	P 430,394,000	P 902,452,000	P 107,000	P 50,202,000	P 1,383,155,000



GENERAL APPROPRIATIONS ACT, FY 2015

MFO 2: BUDGET MANAGEMENT SERVICES

	147,824,000	39,439,000	357,000	187,620,000
Planning, management and monitoring of the annual budget program	13,545,000	3,104,000		16,649,000
National Capital Region (NCR)	13,545,000	3,104,000		16,649,000
Central Office	13,545,000	3,104,000		16,649,000
Evaluation, release and monitoring of funding requirements and organization, staffing and compensation proposals of National Government Agencies, including State Universities and Colleges, GOCCs and LGUs	134,279,000	36,335,000	357,000	170,971,000
National Capital Region (NCR)	71,058,000	15,254,000	215,000	86,527,000
Central Office	66,886,000	14,109,000		80,995,000
Regional Office - NCR	4,172,000	1,145,000	215,000	5,532,000
Region I - Ilocos	4,706,000	2,035,000		6,741,000
Regional Office - I	4,706,000	2,035,000		6,741,000



GPs, Sec. 46. Appropriations for Personnel Services

The appropriations for Personnel Services under this Act shall be used for the payment of personnel benefits authorized by law to be given to National Government employees, computed based on the human resource information provided in the Government Manpower Information System to be enhanced by the DBM: PROVIDED, That the payment of Magna Carta benefits shall be limited to the benefits specified and appropriations authorized in this Act for the purpose and the provision of Section 52 hereof: PROVIDED, FURTHER, That **any available allotment for Personnel Services within a department or agency may be utilized by said department or agency for the payment of deficiencies in authorized personnel benefits.**





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Circular Letter No. 2015-9

June 30, 2015

Prescribing the Submission of Summary Performance Monitoring Report

National Budget Circular No. 559

June 26, 2015

Guidelines in the Realignment of Funds under the FY 2015 General Appropriations Act (GAA),

National Budget Circular No. 557

June 3, 2015

Guidelines in the Use of Personnel Services Appropriations under the FY 2015 General Appropriations Act (GAA)

THANK YOU!



GPs, Sec. 74. Rules in the Payment of Collective Negotiation Agreement Incentives

The amount sourced from allowable MOOE allotments, generated out of cost-cutting measures undertaken by the agencies of the government and their respective personnel, which are identified in their respective Collective Negotiation Agreements (CNAs) and supplements thereto, may be used for the grant of CNA Incentives by agencies with duly executed CNAs: PROVIDED, That the one-time annual payment of CNA Incentive shall be made through a written resolution signed by agency representatives from both labor and management, and approved by the agency head: PROVIDED, FURTHER, That the funding sources and amount of CNA Incentive shall in all cases be limited to the allowable MOOE allotments and rates determined by the DBM, respectively: PROVIDED, FURTHERMORE, That the payment of CNA Incentive sourced from the allowable MOOE allotments shall be subject to approval by the DBM: PROVIDED, FINALLY, That any excess amounts from the allowable MOOE allotments after payment of the CNA Incentive shall revert to the General Fund.

Implementation of this provision shall be subject to guidelines issued by the DBM.

