Savings and Augmentation



&

Realignment

Atty. Ryan S. Lita
Department of Budget and Management

July 22, 2015 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.

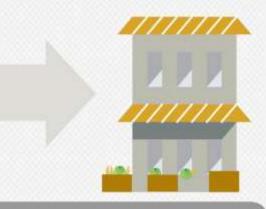
In no case shall a non-existent P/A/P, be funded by augmentation from savings or by the use of an appropriations not otherwise authorized in this Act. The existence of an appropriation for an allotment class in a P/A/P is necessary for the purposes of augmentation. An allotment class as used herein may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



EXAMPLE:

Engineers to supervise construction

Php 300,000

ALLOTMENT CLASS 3



EXAMPLE:

Gasoline for the engineers' transportation, and other such utilities

Php 250,000

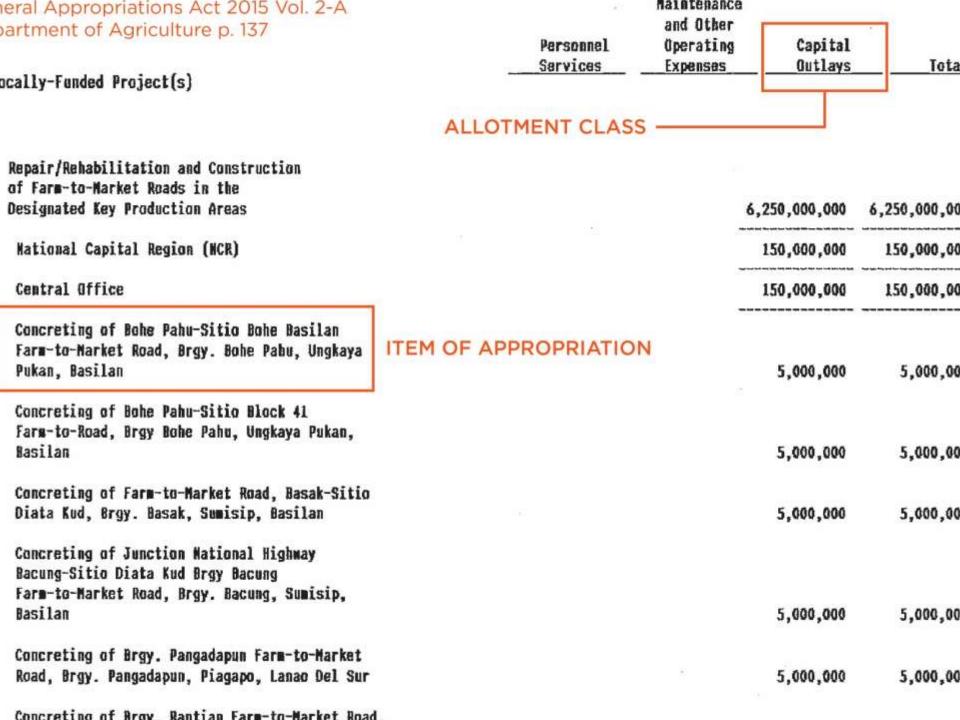
ALLOTMENT CLASS 2



EXAMPLE:

Cement, steel bars, and other materials for building roads

Php 5.0 M



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
- From Investment Outlay to Buildings and Structures
 Outlay
- 2. Implementing Operating Units;
- 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-DSEC, 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.
- 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					
Program MFO	Operations MFO 1: BUDGET POLICY ADVISORY SERVICE 1. Fiscal policy research, budget planning an	d			
Activity	programming, including provision of technical secretariat services to the Development Budget Coordination Committee (DBCC)	EX.			
Region	National Capital Region	Traveling		Communication	
Operating Unit	Central Office	Expenses	(80,000)	Expenses	80,000
II. Within CO					
Program MFO	Operations MFO 2: BUDGET MANAGEMENT SERVICES 1. Evaluation, release and monitoring of				
Activity	funding requirements and organization, staffing and compensation proposals of National Government Agencies, including State Universities and Colleges, GOCCs and LGUs				
Region	National Capital Region	Information and Communication Technology		Furnitures and	
Operating Unit	Regional Office - NCR	Equipment	(72)	Fixtures	72

Program Operations

MFO 1: BASIC EDUCATION POLICY SERVICES

Activity POLICY FORMULATION

Sub-activity Basic Education Curriculum Region National Capital Region

Bureau of Alternative

Operating Unit Learning MOOE (100,000)

Sub-activity Continuing Education

Region National Capital Region

Literacy Coordination

Operating Unit Council MOOE 100,000

Program Operations

MFO 2: BASIC EDUCATION SERVICES

Activity Operations of Schools

Secondary

Region V - Bicol

Division Office Division of Camarines Sur

Sipocot National High

Operating Unit School MOOE (150,000)

Division Office Division of Catanduanes

Bato Rural Development

Operating Unit High School MOOE 150,000

Project PROJECTS: Locally-Funded Projects Locally-Funded Projects Project Category Roads and Bridges Sub-project Category Local Roads Operating Unit Las Pinas-Muntinlupa DEO Local Infrastructure Project - Rehabilitation of (300,000)Project Title Road, Talon 3, Las Pinas City Lone District Sub-project Category Local Bridges Operating Unit Las Pinas-Muntinlupa DEO Construction/repair/rehabilitation/ improvement of various infrastructure including local projects - Replacement of Project Title 300,000 Naga Bridge, Las Pinas City Lone District 3.2 Department of Agriculture PROJECTS Project Locally-Funded Projects Locally-Funded Projects Project Category Roads and Bridges Farm to Market Roads Sub-project Category Regional Field Unit - I Operating Unit Concreting of Brgy. Pila Farm-to-Market (150,000)Road, Brgy. Pila, Cabugao, Ilocos Sur Project Title Farm to Market Roads Sub-project Category Regional Field Unit - I Operating Unit Concreting of Brgy. Dardarat Farm-to-Market 150,000 Road, Brgy, Dardarat, San Juan, Ilocos Sur Project Title

3.1 Department of Public Works and Highways

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.

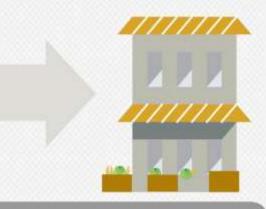
Realignment of available allotments from mandatory expenditures under MOOE such as petroleum, oil and lubricants as well as for water, illumination and power services, telephone and other communication services, and rents - only during the fourth quarter of the year.

FOR EXAMPLE:

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Construction of Barangay San Isidro Farm-to-Market Road





Php 5.5 M

ALLOTMENT CLASS 1



EXAMPLE:

Engineers to supervise construction

Php 300,000

ALLOTMENT CLASS 3



EXAMPLE:

Gasoline for the engineers' transportation, and other such utilities

Php 250,000

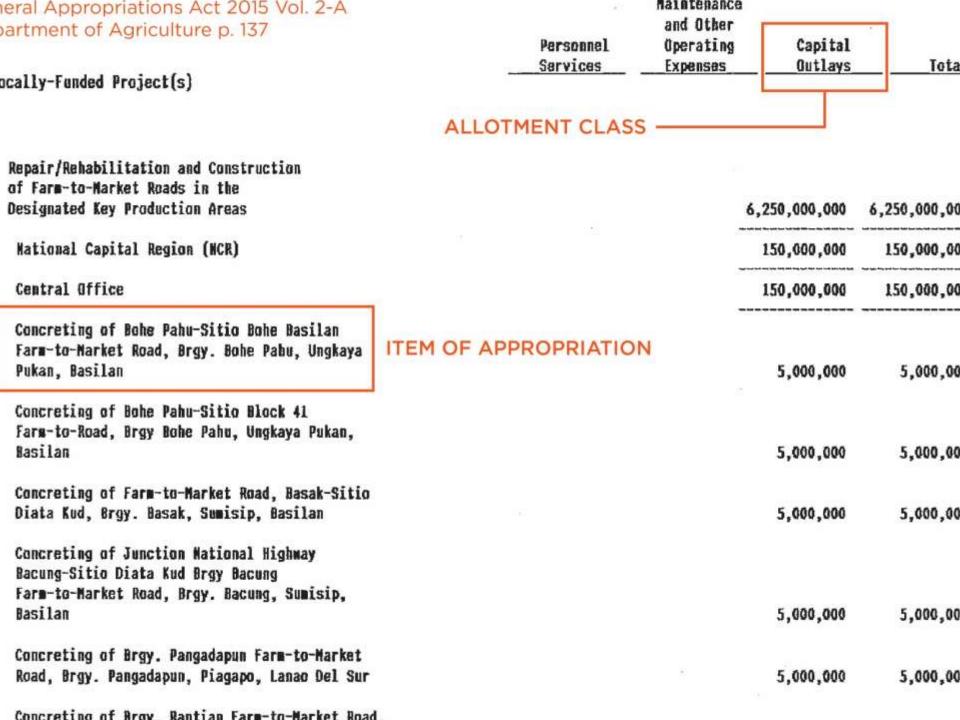
ALLOTMENT CLASS 2



EXAMPLE:

Cement, steel bars, and other materials for building roads

Php 5.0 M



DECEMBER 29, 2014

OFFICIAL GAZETTE

845 DEPARTMENT OF SCIENCE AND TECHNOLOGY

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
Compunication 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	X			

		32 1	Personnel Services	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
	MFG 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
	MFG 4: PERFORMANCE REVIEW AND EVALUATION SERVICES	2	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
(Republic of the Philippines DEPARTMENT OF BUDGET AND MAN	AGEN	MENT				22

Maintenance

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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	73	16,649,000
Mational Capital Region (MCR)	13,545,000	3,104,000		16,649,000
Central Office	13,545,000	3,104,000	,	16,649,000
Evaluation, release and	9.			
wonitoring of funding				
requirements and organization,				
staffing and compensation				
proposals of Mational				
Government Agencies, including				
State Universities and	474 070 444	** *** ***	777.344	170 071 000
Colleges, GOCCs and LGUs	134,279,000	36,335,000	357,000	170,971,000
Mational Capital Region (MCR)	71,058,000	15,254,000	215,000	86,527,000
Central Office	66,886,000	14,109,000		80,995,000
Regional Office - MCR	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.