



# ***FY 2019 BUDGET EXECUTION GUIDELINES***

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**PAGBA 2019 2<sup>nd</sup> Quarter Convention/Seminar**

**Crown Legacy Hotel, Baguio City**

**May 1, 2019**



## **Section 25 (7), Article VI of the 1987 Constitution:**

*If by the end of any fiscal year, Congress failed to pass the General Appropriations Bill (GAB) for the ensuing year, the General Appropriations Act (GAA) for the preceding year shall be deemed reenacted and shall remain in force and in effect until the GAB is passed by Congress.*



# Circular Letter (CL) No. 2019-1

## OBLIGATIONAL AUTHORITY FOR THE 1st QUARTER OF FY 2019

Pending the approval of the FY 2019 General Appropriations Act (GAA), all operating units, i.e., agencies of the national government receiving allotment/Notice of Cash Allocation (NCA) directly from DBM, are ***authorized to obligate the amount corresponding to their actual requirements under the regular budget for the first quarter of FY 2019*** but not to exceed the following percentages, i.e.:



# SALIENT PROVISIONS of CL No. 2019-1

## OBLIGATIONAL AUTHORITY FOR THE 1<sup>st</sup> QUARTER OF 2019 Agency Regular/Specific Budget

- 25% of PS using actual salary requirements as of Dec 31 2018 (number of filled positions and salary rate), not to exceed the FY 2019 NEP level
  - × **Exclusions:** PEI, CUA, Mid-Year Bonus, YEB, Built-in funds for creation of new positions
- 25% of MOOE for regular programs and ongoing FAPs/LFPs under both the FY 2018 GAA and the FY 2019 NEP, whichever has the lower amount
- 25% of CO (regular CO and capitalized wages and salaries) for regular programs and ongoing FAPs/LFPs under both the FY 2018 GAA and the FY 2019 NEP, whichever has the lower amount



# CL No. 2019-7 dated March 26, 2019

## OBLIGATIONAL AUTHORITY FOR THE SECOND QUARTER OF FY 2019

Pending the approval of the FY 2019 General Appropriations Act (GAA), all operating units, i.e., agencies of the national government receiving allotment/Notice of Cash Allocation (NCA) directly from DBM, ***are authorized to obligate the amount corresponding to their actual requirements under the regular budget for the second quarter of FY 2019*** but not to exceed the following percentages, i.e.:



# SALIENT PROVISIONS of CL No. 2019-7

## OBLIGATIONAL AUTHORITY FOR THE 2nd QUARTER OF 2019 Charges vs Agency Specific Budget

- 25% of PS level using actual salary requirements as of Dec 31 2018 (number of filled positions and salary rate), not to exceed the FY 2019 NEP level including the following:
  - Mid-Year Bonus
  - Clothing and Uniform Allowance
  - Built-in funds in the agency budget for creation of new positions, inclusive of the required government premiums in PHILHEALTH and Employees Compensation Insurance Premiums (ECIP)



# SALIENT PROVISIONS of CL No. 2019-7

## OBLIGATIONAL AUTHORITY FOR THE 2nd QUARTER OF 2019 Charges vs Agency Specific Budget

- 25% of MOOE for regular programs and ongoing FAPs/LFPs under both the FY 2018 GAA and the FY 2019 NEP, whichever has the lower amount
- 25% of CO (regular CO and capitalized wages and salaries) for regular programs and ongoing FAPs/LFPs under both the FY 2018 GAA and the FY 2019 NEP, whichever has the lower amount



# FUNDING SOURCE OF 4<sup>TH</sup> TRANCHE COMPENSATION ADJUSTMENT

- EXECUTIVE ORDER NO. 201 dated Feb. 19, 2016

The funding requirements for the compensation adjustments in FYs 2017, 2018 and **2019 will be included in the proposed annual NEP submitted to Congress for its approval**

- EXECUTIVE ORDER NO. 76 dated March 15, 2019

The funding requirements for the compensation adjustments in FYs 2017, 2018 and 2019 will be included in the proposed annual NEP submitted to Congress for its approval. **Pending the enactment of the FY 2019 GAA, the funding requirements for the compensation adjustment for FY 2019 shall be charged against any available appropriations under the FY 2018 GAA, as reenacted, to be determined by the DBM, subject to existing budgeting, accounting and auditing rules and regulations.**





# CL No. 2019-7A dated March 29, 2019 Amending CL No. 2019-7

## OBLIGATIONAL AUTHORITY FOR THE 2nd QUARTER OF 2019 Charges vs Agency Specific Budget

- PS requirements corresponding to the 4<sup>th</sup> tranche compensation adjustment authorized per E.O. No. 201, s. 2016, as amended by EO No. 76, s. 2019 , inclusive of the required gov't premiums in PHILHEALTH and ECIP, for the period January to June 2019 shall be among the items ***authorized to be obligated for the second quarter***, chargeable against agency-specific budget



# AUTOMATIC APPROPRIATIONS

## 1<sup>ST</sup> and 2<sup>ND</sup> Quarters Obligational Authority

**Retirement and Life Insurance Premiums (RLIP)** - equivalent to 12% (or the applicable rate otherwise provided under special laws) of the salaries component of the PS requirement under items 2.1.1 of CL No. 2019-1 and 2019-7 as well as the corresponding RLIP to the 4th tranche compensation adjustments per EO No. 201 and EO No. 76



# RECORDING OF OBLIGATIONS

- Obligations incurred shall be recorded in the appropriate Registry of Appropriations and Allotments, as **overdraft in allotment.**
- This shall be adjusted once the FY 2019 GAA is approved and becomes operational.



# ITEMS NOT COVERED BY OBLIGATIONAL AUTHORITY

## SARO/NCA issuance based on the agency's Special Budget Request (SBR).

- Charges against Agency Regular Budget: Centrally-managed items (CMIs) of departments/agencies;
- Charges against Pension and Gratuity Fund (PGF) R.A. 10964, as reenacted.
  - Actual requirements for retired government employees, i.e., terminal leave benefits and retirement gratuity of optional retirees regardless of retirement laws
  - Actual requirements for pension benefits of AFP retirees, war/military veterans of DND and uniformed personnel of DILG, NAMRIA, PCG and other retirees whose pensions are funded by the national government

*The amount of release shall be based on the number of pensioners and rates as of December 31, 2018*



# ITEMS NOT COVERED BY OBLIGATIONAL AUTHORITY

## SARO/NCA issuance based on the agency's Special Budget Request (SBR)

- Charges against other Special Purpose Funds such as MPBF, Calamity Fund, Contingent Fund, among others
- Automatic Appropriations
  - Special Accounts in the General Fund (SAGF) of agencies. Amount to be released shall be limited to the uncommitted cash balance with the Bureau of the Treasury under the SAGF of the agency concerned i.e. Remedies Fund of the Tariff Commission



# ITEMS NOT COVERED BY OBLIGATIONAL AUTHORITY

**Requiring SARO/NCA issuance without SBR submission.**

- Budgetary Support to GOCCs which are fully dependent on NG assistance corresponding to 1<sup>st</sup> and 2<sup>nd</sup> qtrs. Requirement under FY 2018 GAA (RA No. 10964, as reenacted) or the FY 2019 NEP, *whichever is lower.*
- Internal Revenue Allotment (IRA) of provinces, cities/municipalities and barangays. Release of SARO shall be corresponding to the January, 2019 requirements based on the FY 2019 NEP.



# **SALIENT PROVISIONS of CL 2019-1 and CL 2019-7**

- ✓ All SAROs to be issued chargeable against the FY 2018 Budget (R.A. 10964 as reenacted) shall ***be valid for obligation while the FY 2019 GAA is not yet in effect.***
- ✓ NCAs shall be issued for the items covered with obligational authority authorized as well as items to be issued SAROs, based on the ***DBM-evaluated Monthly Disbursement Program (MDP).***



# SALIENT PROVISIONS of CL 2019-1 and CL 2019-7

## Reportorial Requirements under a Reenacted Budget:

- ✓ For those issued SAROs - submit report of any unobligated allotment out of the SAROs released to be used as:
  - basis for withdrawal of said excess SAROs charged against the FY 2018 GAA, as reenacted
  - the withdrawn allotment may be re-issued chargeable against the FY 2019 GAA, if necessary

**This policy is however, not applicable to allotment releases charged against Automatic Appropriations.**





# SALIENT PROVISIONS of CL 2019-1 and CL 2019-7

## Reportorial Requirements under Reenacted Budget:

- ✓ For those issued Obligational Authority – submit monthly reports to be used as basis for determining the status of program/project implementation and expenditures incurred under the following issuances:
  - COA-DBM JC No. 2014-1 dated July 2, 2014 (Financial Accountability Report (FAR) No. 4: Monthly Report of Disbursements)
  - DBM Circular Letter No. 2015-9 dated June 30, 2015 (Prescribing the Submission of Summary Performance Monitoring Report)



# LATEST UPDATE ON FY 2019 GAA

- **RA No. 11260 (FY 2019 GAA)**  
**Approved/signed by President Duterte**  
**April 15, 2019**
  
- **Effectivity date: May 1, 2019**



# FY 2019 EXPENDITURE PROGRAM

RA 10964  
(As Reenacted)

RA 11260  
(FY 2019 GAA)



**Jan 1 – Apr 30 2019**

**May 1 – Dec 31, 2019**

**₱3.662 Trillion**



**MONTHLY REPORT OF DISBURSEMENTS**  
For the month of \_\_\_\_\_, 20\_\_

Department : \_\_\_\_\_  
 Agency : \_\_\_\_\_  
 Operating Unit : \_\_\_\_\_  
 Organization Code (UACS) : \_\_\_\_\_  
 Funding Source Code (as clustered): \_\_\_\_\_  
 (e.g. Old Fund Code: 101,102, 151)

PARTICULARS	CURRENT YEAR BUDGET					PRIOR YEAR'S BUDGET											SUB-TOTAL	TRUST LIABILITIES				GRAND TOTAL					Remarks
	PS	MOOE	Fin. Exp	CO	TOTAL	PRIOR YEAR'S ACCOUNTS PAYABLE					CURRENT YEAR'S ACCOUNTS PAYABLE					TOTAL		PS	MOOE	CO	TOTAL	PS	MOOE	Fin. Exp	CO	TOTAL	
						PS	MOOE	Fin. Exp	CO	Sub-Total	PS	MOOE	Fin. Exp	CO	Sub-Total												
1	2	3	4	5	6= (2+3+4+5)	7	8	9	10	11= (7+8+9+10)	12	13	14	15	16= (12+13+14+15)	17=(11+16)	18=(6+17)	19	20	21	22=(19+20+21)	23	24	25	26	27=(23+24+25+26)	28
Notice of Cash Allocation (NCA) MDS Checks Issued Advice to Debit Account Working Fund (NCA issued to BTR) Tax Remittance Advices Issued (TRA) Cash Disbursement Ceiling (CDC) Non-Cash Availment Authority (NCAA) Others (CDT, BTR Docs Stamp, etc.) TOTAL																											e.g. Reasons for over or under spending and the catch-up plan

**SUMMARY:**

	Previous Report (Feb)	This month (March)	As of Date		Previous Report (Feb)	This month (March)	As of Date
Total Disbursement Authorities Received				Total Disbursements Program			
NCA				Less: * Actual Disbursements			
Working Fund				(Over)/Under spending			
TRA							
CDC							
NCAA							
Others (CDT, BTR Docs Stamp, etc.)							
Less: Notice of Transfer Allocations (NTA)* issued							
Total Disbursements Authorities Available							
Less: Lapsed NCA Disbursements *							
Balance of Disbursements Authorities as of to date							

Notes: The use of NTA is discouraged  
\* Amounts should tally

Certified Correct:

\_\_\_\_\_  
Agency Chief Accountant  
Date:

Approved By:

\_\_\_\_\_  
Head of Agency or Authorized Representative  
Date:



As of the Month Ending \_\_\_\_\_  
(in thousand pesos)

Department: \_\_\_\_\_

Particulars	Available Appropriations 1/	Allotment Releases 1/		Obligations		Disbursements 2/		
	Amount	Amount	% to Available Appropriations	Amount	% to Allotment	Amount	% to Allotment	% to Obligations
<b>A. Grand Total, Department</b>								
Current Year	-	-	-	-	-	-	-	-
PS								
MOOE								
FinEx								
CO								
Prior Year	-	-	-	-	-	-	-	-
PS								
MOOE								
FinEx								
CO								
<b>Accounts Payable</b>								
PS								
MOOE								
FinEx								
CO								
<b>B. Details by Agency</b>								
<b>OSEC</b>	-	-	-	-	-	-	-	-
Current Year	-	-	-	-	-	-	-	-
PS								
MOOE								
FinEx								
CO								
Prior Year	-	-	-	-	-	-	-	-
PS								
MOOE								
FinEx								
CO								
<b>Accounts Payable</b>								
PS								
MOOE								
FinEx								
CO								
<b>Attached Agencies (Please Specify)</b>	-	-	-	-	-	-	-	-
Current Year	-	-	-	-	-	-	-	-
PS								
MOOE								
FinEx								
CO								
Prior Year	-	-	-	-	-	-	-	-
PS								
MOOE								
FinEx								
CO								
<b>Accounts Payable</b>								
PS								
MOOE								
FinEx								
CO								

**Notes:**  
 1/ Data on appropriations and allotment releases shall be provided by DBM  
 2/ Data on disbursements shall refer to agencies actual utilization of Cash Disbursement Authorities (inclusive of Outstanding Checks)  
 3/ Current Year includes:  
     Agency Specific Budgets  
     Charges vs. SPFs  
     Automatic Appropriation (RLIP and SAGF)  
 4/ Prior Year includes:  
     Continuing Allotment (released in 2014)  
     Continuing Appropriation (released in 2015)

Prepared by: \_\_\_\_\_ Certified Correct: \_\_\_\_\_  
 FMS Head Head of Agency

# JOINT RESOLUTION NO. 3

Approved on December 28, 2018

**Extending the availability of the 2018 appropriations for maintenance and other operating expenses and capital outlays to **December 31, 2019**, amending for the purpose Section 61 of the General Provisions of RA No. 10964, the General Appropriations Act of Fiscal Year 2018.**



# FY 2018 Continuing Appropriation

- **Unobligated Allotment** – released to Agencies but not obligated as of December 31, 2018
- **Unreleased Appropriation** – not yet released as of December 31, 2018





*Thank You!!!*

