



**REPUBLIC OF THE PHILIPPINES**  
Department of Budget and Management  
Malacañang, Manila



## **NATIONAL BUDGET CIRCULAR**

No. 543

October 10, 2012

**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 2013 Financial and Physical Plans/Targets**

### **1.0 Rationale**

In anticipation of the shift to one-year validity of appropriations in CY 2013 budget execution, all departments/agencies/operating units (OUs) shall now start preparing their Budget Execution Documents (BEDs) containing plans and targets, based on the budget level per CY 2013 National Expenditure Program (NEP) which was submitted to Congress on July 24, 2012. The spending schedules/targets of the individual departments/ agencies/OUs shall be consolidated by DBM and shall serve as guide in the formulation of the Development Budget Coordination Committee (DBCC) quarterly disbursements program, in sync with the growth targets set.

In addition, the early submission of plans and targets per BEDs of departments/agencies/OUs will facilitate the release of funds.

Said procedures shall be institutionalized to expedite the implementation of priority programs and projects to ensure the timely delivery of the necessary and crucial services to the public.

### **2.0 Purposes**

- 2.1 To ensure **timely release** of funds for critical programs/projects, consistent with the work and financial plans/targets submitted by the department/agency/OU;
- 2.2 To set the benchmarks in **agency performance** that shall be used in determining the achievement of objectives and targets in the delivery of services; and
- 2.3 To fine-tune policies and procedures in preparation/submission of BEDs to further improve formulation of plans/targets, budget monitoring and disbursements tracking.

### 3.0 Coverage

All departments, bureaus, offices, agencies and OUs of the national government, including commissions/offices under the Constitutional Fiscal Autonomy Group (CFAG) and State Universities and Colleges (SUCs).

### 4.0 General Guidelines

4.1 All departments/agencies/OUs are required to accomplish and submit to DBM **not later than November 30, 2012**, the following BEDs prescribed in NBC Nos. 507/NBC 534 and as modified under this Circular:

BEDs	Data Elements	Purpose
Financial Plan	Financial plan (estimated budgetary allocation/obligations) broken down by quarter.	Serves as the overall plan of the department/agency/OU.
Physical Plan	Physical targets broken down by quarter	
Monthly Cash Program	Projected monthly disbursement requirements 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 for determining NCA requirements for prior years' obligations that shall become accounts payables and due for payment in the current year.
Program 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.

4.2 Departments/agencies/OUs are reminded that in preparing their plans/targets to be reflected in the Physical Plan (PP) and Financial Plan (FP) as well as the spending targets per Monthly Cash Program (MCP) for CY 2013, they shall consider the Status/Schedule of Procurement and Bidding Processes earlier required to be submitted to DBM **not later than September 30, 2012** per DBM advisory issued in August, 2012 to heads of departments/agencies. Shown as **Annex A** is a copy of the required status/schedule to be accomplished, for reference.

4.3 It is emphasized that the release of funds (i.e., allotment and disbursement authorities) by DBM to departments/agencies/OUs shall be strictly based on the submitted BEDs containing the following:

4.3.1 Targeted level of the agency's measurable outputs;

4.3.2 Corresponding funds required; and

4.3.3 Period when the agency will undertake or implement the program/project/activity.

- 4.4 The Financial and Physical Plans of the department/agency/OU shall be the basis for the release of the comprehensive allotment thru the Agency Budget Matrix (ABM) which shall be made available at the start of the year.
- 4.5 The targeted commitments/obligations of the department/agency/OU as reflected in the Financial Plan shall be considered in the **MCP** which, in turn, shall be the basis for the formulation of the DBCC disbursement program and issuance of the NCAs and other disbursement authorities chargeable against the 2013 budget.
- 4.6 The 2013 MCP shall be submitted by all departments/agencies/OUTs to DBM for evaluation on or before November 30, 2012. The following timelines shall be observed for MCPs:
- o December 1 to Dec. 9, 2012 – DBM evaluation and consolidation of submitted MCP
  - o December 10 to 18, 2012 – DBM and agency consultations on MCP / agency confirmation of their spending targets
  - o December 19 to 30, 2012 – Formulation/approval of DBCC disbursements program
  - o January 2, 2013 – Notification to agency of approved MCP and posting of the same in the DBM and agency websites.
- 4.7 In case of incomplete/non-submission of MCP by November 30, 2012, the DBM shall formulate/determine the level and schedule of agency cash program based on 2013 NEP level, average disbursements for three years (2009 - 2011) and seasonality of activities, etc.
- 4.7.1 The formulated MCPs **shall be considered as agency disbursement targets in the DBCC program.**
- 4.7.2 Effectively, the release of disbursement authorities including NCA for the agency concerned shall be based on the DBM-formulated MCP approved by the DBCC.
- 4.8 Prior to DBCC approval, the DBM shall undertake consultations with the departments/agencies/OUTs for the affirmation of the evaluated MCPs (as submitted) or DBM-formulated MCP, as the case maybe.
- 4.9 In line with the transparency and accountability thrust of the government, the DBM shall post in its website the status of the departments/agencies' compliance with the required BEDs within the prescribed deadlines cited in this Circular, highlighting those with no/incomplete submissions. Also, the **confirmed MCPs shall be posted in the websites of DBM and the departments/agencies concerned.**

## 5.0 Specific Guidelines

- 5.1 In the preparation and submission of BEDs, the following procedures shall be observed:
- 5.1.1 For centralized departments/agencies, the Agency Central Office (ACO) of each department/agency/OU shall prepare/submit the BEDs to DBM CO.

5.1.2 For departments/agencies with a decentralized set-up, the following procedures shall be observed as illustrated in a Gantt Chart per **Annex B**:

- The ACO shall conduct consultation/planning activities with their Agency Regional Offices (AROs)/OUs relative to the preparation of their plans and targets for 2013. Given the early submission of the 2013 NEP to Congress, it is understood that all departments/agencies/OUs' consultation/planning activities should have been completed by **October 15, 2012**.
- The ACOs, AROs and OUs shall prepare their respective BEDs consistent with their budget level and agreements made during the consultation/planning activities.
- The AROs and OUs shall submit to the ACO their BEDs for consolidation not later than **October 30, 2012**. In the case of DepEd, DOH, SUCs, DPWH, TESDA and CHED, the ARO and OU shall furnish DBM ROs copy of the submitted BEDs to their respective ACOs.
- The ACOs shall submit to DBM CO the consolidated BEDs of the department on or before **November 30, 2012**.

5.2 **BED No. 1 Financial Plan (FP)**

BED No. 1-A FP of Major Programs and Projects

BED No. 1-B FP of Programs/Projects - Program Budgeting Concept

5.2.1 The FP shall reflect comparative obligation levels for 2012 and 2013, on a quarterly basis.

- For 2012, actual obligations as of October 31, 2012 and emerging level of obligations for the remaining two months (November 1-December 31, 2012).
- For 2013, targeted commitments/obligations out of the annual budget per 2013 NEP, as well as the intended schedule of the incurrence of commitments/obligations in 2013.

5.2.2 The FP shall be presented by:

- Funding source, i.e., Agency Specific Budget per 2013 NEP, Continuing Appropriation and Automatic Appropriation (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 2013 NEP and by Major Final Outputs (MFOs) where the specific P/A/Ps are attributed; and
- Allotment class, i.e., PS, MOOE and CO.

5.2.3 The 2013 current year's total targeted commitments/obligations under Agency Specific Budget should be more or less equal to the expected allotments. The FP covering the department/agency/OU specific budget

per CY 2013 NEP shall also be segregated into Needing Clearance (NC) and Not Needing Clearance (NNC).

- The **NC portion** shall consist of budgetary items in the agency specific budgets that shall be released only upon compliance of certain documentary requirements:
  - Intelligence Fund which is subject to prior approval of the President of the Philippines while Confidential Fund shall be subject to the prior approval of the Department Secretary pursuant to General Provisions 58 and 59 of the 2013 NEP, respectively;
  - 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;
  - In the case of Autonomous Region in Muslim Mindanao, Special Purpose Funds of the Regional Governor and Vice Regional Governor, as well as the share in internal revenue collections; and
  - Annually appropriated SAGF built-in under the agency budget.
- The **NNC portion** refers to all items in the agency budget under the CY 2013 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.
  - Centrally Managed Items (CMIs) including Bottom-Up Projects (BUP), of agencies concerned which have been disaggregated, i.e., the list of specific OUs to implement the project and corresponding allocation for each OU is already available as basis of direct release of funds. The regionalized allocation for CMIs of DepEd, DPWH, DOH, TESDA, shall be released by DBM ROs to AROs of said departments/agencies.
  - Provision for Quick Response Fund under the budgets of DSWD, DND, DA, DepEd, DOH and DPWH.

5.2.4 The department/agency/OU shall specify/present a summary of the obligations/commitments by MFO at the lower portion of its FP document.

5.2.5 Departments/agencies/OUs shall likewise prepare the financial targets of the identified priority or major programs and projects per **Memorandum Circular No. 2012-1** dated August 13, 2012 issued by the Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting System, among others.

- The identified key or major programs and projects shall be classified according to the five (5) priority areas of spending of the government or Key Result Areas (KRAs) pursuant to Executive Order No. 43 dated May 13, 2011, using the format under **BED No. 1-A**, as follows:
  - Transparent, Accountable and Participatory Governance;
  - 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 Adaptation.
- The corresponding work targets of these identified priority 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 major programs and projects are synchronized and complementary with each other.

5.2.6 Consistent with the Program Budgeting concept adopted in the formulation of the 2013 budget pursuant to NBM No. 114 dated March 30, 2012, departments/agencies/OUs shall present these programs/projects provided funding in the 2013 NEP using the format under **BED No. 1-B**.

5.3 **BED No. 2** Physical Plan (PP)  
 BED No. 2-A PP of Major Programs and Projects

5.3.1 The PP, under **BED No. 2** shall reflect the department/agency/OU's targeted physical performance using the Organizational Performance Indicator Framework (OPIF), in terms of Major Final Outputs (MFOs) and Performance Indicators (PIs). The physical targets for CY 2013 shall be consistent with those which were confirmed by departments/agencies when the CY 2013 budget was finalized. Attached as **Annex C** is a sample of the confirmed document for reference.

5.3.2 Likewise, targets on major programs and projects agreed/committed with the President, especially those related to the five (5) Key Results Areas under EO 43 shall be submitted using the Form No. **BED No. 2-A**.

5.3.3 Consistent with item 5.2.5 of this Circular, it is emphasized that MFOs and major programs and projects to be reflected in Forms **BED No. 2** and **BED No. 2-A** shall be the same as those appearing in the **FP** and provided corresponding budget allocation. This is to make sure that implementation schedules for physical targets are synchronized with the obligation program per **FP**.

5.3.4 Upon effectivity of the CY 2013 GAA, the OUs/agencies shall determine if there are changes made by Congress i.e., decrease or increase on the 2013 NEP level. In case there are changes, they shall:

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

- Prepare and submit to DBM, **another set of plans** (both, financial plan and physical plan) reflecting **only** the corresponding adjustments in targets/plans consistent with the GAA. Said changes if any, may pertain to the following:
  - Increase or decrease in budgetary provisions for existing programs or projects;
  - Budgetary provisions for new items in the budgets of some departments, bureaus, offices and agencies; and,
  - Budgetary items/provisions for Conditional Implementation under the President's Veto message, which are subject to specific guidelines to be issued by the appropriate agencies.

**5.4 BED No. 3 Monthly Cash Program (MCP)**

BED No. 3-A MCP for Major Programs and Projects

BED No. 3-B List of Not Yet Due and Demandable Obligations

5.4.1 The total cash program for 2013 budget should approximate (more or less equal) the department/agency/OU's targeted commitments/obligations per FP.

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

- Source of fund, to wit:
  - 2013 Current Year's Budget
    - Agency Specific Budget per CY 2013 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).
  - Prior Year's Budget
    - Prior Years' Accounts Payable as of December 31, 2012 (delivered goods/services but remained unpaid)
    - Not Yet Due and Demandable Obligations as of December 31, 2012 (undelivered goods/services but covered with valid contracts)
    - Continuing Appropriations, i.e. unreleased appropriations as of December 31, 2012
    - 2012 Budget, Unobligated Allotment
- Requirements for infrastructure projects and priority programs, projects and activities included in the 2013 NEP, as well as commitments under the 2012 government acceleration plan which are extended for implementation in 2013;

- Work plans/targets considered during the crafting of the 2013 budget as well as actual outputs/accomplishments for the same period in 2012;
- Seasonality (peak and slack times) of activities and other factors that will tend to influence programming such as, among others:
  - Cash requirements for Capital Outlays shall consider the schedule of work targets. Examples:
    - 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:
    - March - Productivity Incentive Benefit;
    - April – Clothing/Uniform Allowance;
    - May and November – 1<sup>st</sup> and 2<sup>nd</sup> half of Year-end Benefits (YEB); and
    - December – Productivity Enhancement Incentive and Performance Based Bonus.
  - 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.
  - 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.

#### 5.4.3 The MCP shall reflect the following:

- Type of Disbursement Authority i.e., Notice of Cash Allocation (NCA), Non Cash Availment Authority (NCAA), Cash Disbursement Ceiling (CDC) by DFA and DOLE, and Tax Remittance Advice (TRA). The total TRA presented under column 3 of the MCP shall be further broken down into monthly requirements, if practicable.
- Allotment class, i.e., PS, MOOE and CO.

5.4.4 The corresponding monthly cash requirement of the identified major or priority programs and projects in BED Nos. 1-A and 2-A shall be reflected in **BED No. 3-A**.

5.4.5 DBM shall provide copies of the evaluated/formulated MCPs to the departments/agencies for confirmation according to the schedule under item 4.6 of this Circular.

5.4.6 In support of BED No. 3, agencies shall prepare the List of Not Yet Due and Demandable Obligations (LNYDDO) using the format under **BED No. 3-B**. These pertain to actual obligations which are forecasted to become Accounts Payable (A/Ps) in 2013. This LNYDDO is required to:

- o enable the classification of the creditors into internal and external;
- o 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 2013 and in subsequent years (beyond 2013); and
- o clarify that the total amount of obligations forecasted to become A/Ps in 2013 shall be included/reflected by the agency in its **MCP**, as basis of DBM in determining the NCA requirements.

#### 5.5 **BED No. 4 Program of Monthly Income (PMI)**

This document shall reflect the comparative revenue programs for 2012 and 2013.

5.5.1 For 2012 level, the actual income collections/deposits with the Bureau of the Treasury as of October 31, 2012 and the estimated income for the remaining two months.

5.5.2 For 2013 level, the estimated monthly income of departments/agencies/OUs per 2013 BESF.

#### 6.0 **Effectivity**

This Circular shall take effect immediately.

  
**FLORENCIO B. ABAD**  
Secretary