



Republic of the Philippines
Department of Education
 OFFICE OF THE UNDERSECRETARY FOR FINANCE

DEPARTMENT OF EDUCATION
 REGION VIII, EASTERN VISAYAS
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MEMORANDUM
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FOR : UNDERSECRETARIES
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 REGIONAL DIRECTORS
 SCHOOLS DIVISION SUPERINTENDENTS
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FROM : 
 ANNALYN M. SEVILLA
 Undersecretary for Finance

DEPARTMENT OF EDUCATION REGIONAL OFFICE VIII
 RECEIVED BY: 
 BUDGET & FINANCE DIVISION
 3/2/2021 3:50 PM
 DATE


 RAMON FIEL G. ABCEDE
 Assistant Secretary for Finance

SUBJECT : ADVISORY ON THE RELEASE AND USE FUNDS FOR FY 2021

DATE : February 26, 2021

The Department of Budget and Management (DBM) issued National Budget Circular No. 583, entitled "Guidelines on the Release of Funds for FY 2021," dated 04 January 2021. Following are the highlights of the said Circular, for information, guidance and compliance:

1. **Validity of Appropriations**

- 1.1 Section 62 of the General Provisions (GP) of the FY 2021 General Appropriations Act (GAA) and the President's Veto Message, provides that **all appropriations authorized under the FY 2021 GAA shall be available for release, obligation and disbursement** for the purpose specified, and under the same General and Special Provisions of said GAA applicable thereto **until December 31, 2021**;
- 1.2 **Items appropriated under Republic Act (RA) No. 11494 (the Bayanihan to Recover as One Act or Bayanihan II, as extended pursuant to R.A. No. 11519, shall be valid for release, obligation and disbursement until June 30, 2021**;

- 1.3 **Appropriation items (Personnel Services, Maintenance and Other Operating Expenses, and Capital Outlays) under R.A. No. 11465 (FY 2020 GAA), as extended pursuant to R.A. No. 11520, shall be valid for release, obligation and disbursement until December 31, 2021;**
- 1.4 **After the end of validity period, all unreleased appropriations or unexpended or undisbursed funds shall revert to the unappropriated surplus of the General Fund, in accordance with Section 28, Chapter 4, Book VI, of Executive Order No. 292, the Revised Administrative Code of 1987, and shall not be available for expenditure except by subsequent legislative enactment.**

2. Obligational Authorities

The obligational authority for items of appropriations in the budget shall be released thru the following:

- 2.1 **GAA as the Allotment Order (GAAAO)** for items classified as For Comprehensive Release (FCR);
- 2.2 **Special Allotment Release Order (SARO) or General Allotment Order (GARO)** for items of appropriations classified as For Later Release (FLR), the withheld portions of the budget;

3. Disbursement Authorization Documents

3.1 Notices of Cash Allocation (NCAs)

- 3.1.1 **An initial comprehensive NCA** has been issued covering one quarter (January to March) operating cash requirements including Retirement and Life Insurance Premiums (RLIP), but excluding provision for prior years' obligations (due and demandable accounts payable and not yet due and demandable obligations);
- 3.1.2 **Succeeding NCAs** shall be issued to cover the requirements for the second quarter, i.e., April 2021 to June 2021, consistent with the DBM-evaluated Monthly Disbursement Program (MDP), subject to the submission of Monthly Report of Disbursement (Financial Accountability Report No. 4) as of end of February 28, 2021;
- 3.1.3 **Additional NCAs** shall be issued for the second semester (July to December 2021), subject to submission of MRD (FAR No. 4) as of end May 2021.

4. Release of Funds

The obligational and disbursement authorities shall be in accordance with the targets set forth under the DBM-evaluated Budget Execution Documents (BEDs) for FY 2021 prepared and submitted thru the Unified Reporting System (URS):

- 4.1 **The Financial Plan (FP) or BED No. 1** shall be the basis for determining the obligation program of the agency, classifying the budgetary items into a) FCR and b) FLR;
- 4.2 **The Physical Plan (PP) or BED No. 2** shall serve as the overall physical plan of the department/agency/operating units (OUs) and shall be updated to include targets for increases in the amounts of existing PAPs from the President's budget to GAA;
- 4.3 **The Monthly Disbursement Program (MDP) or BED No. 3** shall serve as basis for the DBM's release of disbursement authorities including the comprehensive NCA. The MDP shall likewise be prepared for later requirements of the agency for its regular operating requirements, in addition to those to be covered by other disbursement authorities such as the Tax Remittance Advice (TRA).

5. Modification in the Allotments Issued

In exceptional circumstances, agencies may modify the allotment issued within an activity or project (Section 72, GPs of the FY 2021 GAA), upon timely submission of reports by the offices concerned. **The existence of an allotment class or object of expenditure in the recipient P/A/P is not necessary for purposes of modification.**

5.1 The modification of allotments shall be:

5.1.1 Supported with an accomplished **Modification Advice Form (MAF)**, format labeled as Attachment 2 of NBC No. 583, duly signed by the approving authority or his designated representative cited in item 5.1.3 of NBC No. 583;

5.1.2 Reflected in the appropriate Registry of Allotments and Obligations;

5.1.3 Reported in the accountability reports to be submitted to DBM, i.e., SAAODB as adjustments to allotments. Also the corresponding adjustments in targets and accomplishments as a result of modification shall be reflected in the Physical Report of Operations.

5.2 Documents to support requests for modification of allotments being submitted to DBM:

5.2.1 Justification for the proposed modification;

5.2.2 Certification of Actual Deficiency and Sources of Funds duly signed by the Budget Officer, identifying the affected P/A/Ps and objects of expenditures ("From" and "To"), format labeled as Attachment 3 of NBC No. 583;

5.2.3 Latest SAAODB;

5.2.4 Financial Plan (BED No. 1) and Physical Plan (BED No. 2), as revised.

5.3 Approving authorities in DepEd for modification of allotments pursuant to item 5.1.3.1 of NBC No. 583:

5.3.1 For the Central Office – the Undersecretary for Finance;

5.3.2 For the Regional Office Proper – the Regional Director;

5.3.3 For the Division Office Proper and Non-Implementing Unit Schools – the Division Superintendent;

5.3.4 For the Implementing Unit Secondary Schools – the School Head

6. Use of Personnel Services (PS) Appropriations

In instances where an insufficiency in PS occurs and frontloading shall be resorted to, available PS allotments which have been comprehensively released may be utilized, subject to the following:

6.1 Accomplishment of an **Advice for Use of PS Allotment (APSA)**, format labeled as Attachment 1 of NBC No. 583, duly signed by the agency head or his designated representative;

6.2 To be reflected in the Registry of Allotments and Obligations for PS (RAOPS) as adjustments and to be reported in the accountability reports to be submitted to DBM, i.e., SAAODB;

6.3 Use of PS appropriations for any PS deficiency is not considered as a form of modification. Thus, any available allotment for PS within a department or agency may be utilized for the payment of deficiencies in authorized personnel benefits, subject to Section 47 of the GPs of the FY 2021 GAA, with the payment of magna carta benefits still subject to Section 52 of

GPs of the FY 2021 GAA. PS deficiencies in authorized personnel services include, among others, the following:

- 6.3.1 Deficiency in Magna Carta Benefits, subject to approval by DBM Secretary for: (i) additional recipients arising from newly issued certifications or hiring of new employees; (ii) valid adjustments due to inadvertent omission or erroneous encoding in the System;
- 6.3.2 Award of back pay for cases with final and executory decision of a competent authority such as courts, CSC, and COA;
- 6.3.3 Deficiency in specific-purpose allowances and benefits, such as overtime pay, honoraria, monetization of leave credits, and Representation and Transportation Allowance (RATA), among others, subject to existing conditions in the grant of such benefits.
- 6.3.4 Since PS benefits are mandatory in nature, actual services rendered or benefits allowed in prior years shall not be categorized as unbooked obligations.
- 6.3.5 The authorized signatories for the APSA shall be the same signatories as identified per item 5.3 hereof.

7. Required Timelines

- 7.1 **November 15, 2021** – deadline for submission to the DBM of agency request/s for any release requiring issuance of SAROs/additional NCAS;
- 7.2 **Within 30 days after the end of each quarter** – submission of the Budget and Financial Accountability Reports (BFARs) by program, activity or project, pursuant to Section 90, GPs of the FY 2021 GAA.
- 7.3 **On or before the tenth day of the month immediately following the covered period:**
 - 7.3.1 The Monthly Report on Appropriations, Allotments, Obligations and Disbursements, with identification on the obligations and disbursements attributed to COVID-19 initiatives under Bayanihan I and Bayanihan II, should be submitted to DBM, in the format prescribed under DBM Circular Letter No. 2015-9; and
 - 7.3.2 Monthly Report of Disbursements (FAR No. 4).