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FOR : HEADS OF ALL OFFICES, BUREAUS, SERVICES AND UNITS
DSWD Central Office

THE REGIONAL DIRECTORS
DSWD Regional Offices I to XII, NCR, CAR and CARAGA

FROM : THE UNDERSECRETARY
General Administration and Support Services Group

SUBJECT : FINANCIAL MANAGEMENT GUIDELINES NO. 25 (2022):
PROCESSING OF REQUESTS FOR OBLIGATIONAL AND
DISBURSEMENT AUTHORITIES TO THE DEPARTMENT OF
BUDGET AND MANAGEMENT

DATE : May 20, 2022

In the interest of service and in order to expedite the processing of documents pertaining to requests for obligational and disbursement authorities to the Department of Budget and Management (DBM), the subsequent guidelines hereto are prescribed to assist the Offices/Bureaus/Services/Units (OBSU) and Field Offices (FO) in preparing for the documents to support the requests for such obligational and disbursement authorities.

I. LEGAL BASIS

1. Republic Act No. 11639, General Appropriations Act of FY 2022, General Provisions and NDRRMF Special Provision No. 1(b)
2. Budget of Expenditures and Sources of Financing FY 2022, Glossary of Terms
3. Republic Act (R.A.) No. 7917, An Act Amending Section 8 of Republic Act Numbered Seventy-Two Hundred and Twenty-Seven, Otherwise Known as the Bases Conversion and Development Act (BCDA) of 1992, Providing for the Distribution of Proceeds from the Sale of Portions of Metro Manila Military Camps, and for Other Purposes Sections 1(d) (12 and 14)
4. Administrative Order (AO) No. 236, Prescribing Rules and Regulations on the Collection, Remittance and Utilization of Sales Proceeds under Republic Act No. 7227 as amended by Republic Act No. 7917, Sections 4.5(12 and 14)
5. Republic Act No. 11639, General Appropriations Act of FY 2022, General Provisions Section 85 Uses of Funds for Foreign Assisted Projects under , N.B.C. No. 581 dated December 27, 2020

II. OBJECTIVES

To provide for guidance in the request for obligational and disbursement authorities to the Department of Budget and Management.

III. DEFINITION OF TERMS

1. Augmentation of funds – refers to the act of constitutional offices authorized to use current year savings in their respective appropriations to cover actual current year deficiencies in any existing item of appropriations within their respective offices.
2. Budget Execution Documents (BED) - refers to annual documents required at the onset of the budget execution phase, which contain the agencies' targets and plans, physical as well as financial, for the current year.
3. Deficiency in appropriation – refers to the results from: (a) unforeseen modifications of adjustments in the program, activity or project; (b) re-assessment in the use, prioritization and/or distribution of resources, authorized in the General Appropriations Act (GAA).
4. GAAAO - General Appropriation Act (GAA) as Allotment Order is a mechanism whereby upon the effectivity of the GAA, budgets of agencies or "appropriations" in the GAA are considered released as allotments, except for those included in the negative list.¹
5. Item of appropriation – pertains to the amount appropriated for an activity or project authorized in the GAA.
6. Modification - refers to a change in the allotment issued within an activity or project subject to approval of the Head of Agency, the DBM or the Office of the President
7. Notice of Cash Allocation (NCA) – refers to the cash authority issued by the DBM to central, regional and provincial offices and operating units through the authorized government servicing banks of the MDS, to cover the cash requirements of the agencies.
8. Savings – refer to portions or balances of any released appropriations in the GAA which have not been obligated as result of (a) completion, final abandonment of a program, activity of project for which the appropriation is authorized and (b) implementation of measure resulting in improved systems and efficiencies and thus enabled an agency to meet and deliver the required or planned targets, programs and services at a lesser cost.
9. Special Allotment Release Order (SARO) - refers to a specific authority issued to identified agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated. It shall cover expenditures the release of which is subject to compliance with specific laws or regulations, or is subject to separate approval or clearance by competent authority.²
10. Foreign-Assisted Projects (FAPs) - projects partly or fully financed by foreign loans.

¹ DBM Budget of Expenditures and Sources of Financing (BESF) FY 2020 Glossary of Terms

² DBM Budget of Expenditures and Sources of Financing (BESF) FY 2019 Glossary of Terms

IV. OPERATIONAL GUIDELINES

A. MODIFICATION OF FUNDS

1. Generally, agencies are authorized to spend what is programmed in their respective appropriations as authorized in the GAA. In exceptional cases, agencies may modify the allotment issued within an activity or project subject to the approval of the pertinent Authority.
2. Modifications of allotment that shall be referred to the DBM for approval are as follows:
 - a. from one allotment class to another;
 - b. from one operating unit to another; and
 - c. within a special purpose fund.
3. To facilitate the request for modification of funds, the following documents³ must be submitted by the OBSUs to FMS:
 - a. Cluster Head Approved request
 - b. Financial Plan (BED 1)
 - c. Physical Plan (BED 2)
 - d. Monthly Disbursement Program (BED 3)
 - e. List of Capital Outlay Requirements with Costs, if applicable
 - f. Justification for the proposed modification
 - g. Certificate of Availability of Funds and Sources of Funds identifying the objects of expenditure affected by the modification
4. Additional Documents are required when the modification will result to additional allotment in Capital Outlay (CO) such as modification from MOOE to CO within the same PAP:
 - a. Program of Works, in case of modification of funds to procure infrastructure CO, installation of office systems, and similar nature.
 - b. Information Systems Strategic Plan (ISSP), in case of Information Technology equipment and systems.
 - c. Fleet Replacement Plan, Technical Specifications of Motor Vehicles and at least three quotations, for modification of funds to procure Motor Vehicles.
5. The FMS - Budget Division, Regular Program/Special Projects (BDRP/BDSP) will prepare a letter request to the DBM for issuance of the SARO. Once the DBM releases the SARO thru the DBM's Action Document Releasing System (ADRS) portal, the fund controller will notify the respective OBSU thru its Designated Finance Officers (DFO).

B. REQUEST FOR AUGMENTATION OF FUNDS

1. The particulars of the expenditures to be funded from savings should be within the scope of, or covered by existing activity or project. The existence of activity or project regardless of the availability of allotment class is sufficient for the purpose of augmentation.

³ All documents must be signed before transmitting to FMS

2. A non-existent activity or project, in any case, is not eligible for funding by augmentation from savings or by the use of an appropriation in the GAA.
3. To facilitate the request for augmentation of funds, the following documents must be submitted by the OBSUs to FMS:
 - a. Request Letter for Augmentation of Funds to DBM⁴
 - b. Financial Plan (BED 1)
 - c. Physical Plan (BED 2)
 - d. Monthly Disbursement Program (BED 3)
4. Additional documents are required if the augmentation of funds will be sourced from another program/activity/project (P/A/P) allotment of the Department:
 - a. Declaration of Savings Certified by the Head of OBSU
 - b. Proof of Completion of the physical targets of the P/A/P such as BAR No. 1 Physical Report of Operation, if savings is due to completion of a P/A/P
 - c. Certificate of final discontinuance or abandonment of a P/A/P, if savings is due to abandonment
5. The FMS BDRP/BDSP will review the documents submitted and forward the same to signatories for approval.
6. Once the DBM releases the SARO thru the DBM's Action Document Releasing System (ADRS) portal, the fund controller will notify the respective OBSU thru its DFO.

C. REQUEST FOR SARO AND NCA FOR THE AUGMENTATION OF QUICK RESPONSE FUND (QRF)

Whenever the balance of the QRF reaches down by 50% or below, it is being augmented from the National Disaster Risk Reduction and Management Fund (NDRRMF), subject to the approval and issuance of SARO/NCA by the DBM.

The request shall require the submission of the documents mentioned under Subsection B.3 hereof.

In addition, the request to the DBM must be supported by the Statement of Allotment, Obligations and Balances (SAOB) certified by the Chief of BDRP.

D. SARO/NCA FOR DSWD SHARE IN THE PROCEEDS OF DISPOSITION OF METRO MANILA MILITARY CAMPS (BCDA FUNDS)

1. The BCDA funds represent the share of the Department of Social Welfare and Development (DSWD) from the proceeds of the disposition of Metro Manila military camps as follows:
 - a) 2% for the establishment of pre-school and day care centers nationwide allocated to the Department of Education (DepEd) and the DSWD (hence, on 50:50 basis the DSWD net share is 1%).

⁴ with initials of the OBSU and Cluster Head in the signature line

- b) 1% for the construction of Senior Citizens Centers solely allocated for the DSWD
2. The DSWD sends a letter of inquiry to BCDA from time to time, usually whenever the notification is not received by the Department during the year, verifying its share on the remittances of the BCDA from the proceeds of the disposition of Metro Manila Military Bases to the Bureau of Treasury (BTr).
3. On the receipt of the BCDA Notice of the DSWD share, the FMS BDRP sends a Memo to the Program Management Bureau (PMB) requiring the latter to submit the necessary documentary requirements, as listed in Subsection D.8 hereof, as the basis of the DSWD request to the DBM for the issuance of SARO and NCA for the utilization of the above-said Fund.
4. Upon completion/submission of the supporting documents by the PMB, the FMS BDRP prepares a letter requesting the DBM to release the SARO and the corresponding NCA for the access and utilization of the fund.
5. The receipt of the SARO and NCA signals the FMS BDRP to prepare the Sub-Allotment Release Order (Sub-ARO) and transmit the said document to the concerned DSWD Field Office for implementation or transfers the fund to the beneficiary LGU subject to the requisite supporting documents.
6. BCDA funds are automatic appropriations and only available for obligation during the year the corresponding SARO/NCA is issued and therefore, lapsed and no longer valid at the end of the said year of issuance in accordance with the policy of the DBM on Automatic Appropriations pursuant to the NBC No. 551 series of 2014, paragraph 4.18.1 thereof.
7. However, whatever balance remaining of the lapsed/unobligated allotted BCDA funds may be requested for re-issuance of new SARO/NCA, supported by updated supporting documents, preferably at the immediate year following the lapsing of the said original documents.
8. The documentary requirements to support the request for SARO/NCA in this particular case are as follows:
 - a. Financial Plan (BED 1)
 - b. Physical Plan (BED 2)
 - c. Monthly Disbursement Program (BED 3)
 - d. Proof of readiness of LGUs to implement the project/activity:
 - i. Location Plan on a government property/lot as define/identified by Resolutions, Memorandum of Agreements and/or Proof of ownership
 - ii. Detailed Engineering Design of the structure to be constructed.

E. SARO/NCA FOR FOREIGN-ASSISTED PROJECTS (FAPS)

1. Foreign Loan-Assisted Projects reflected in the GAA without changes from the NEP version shall be covered by the GAAAO policy.

2. For new FAPs, the signed loan/grant/donation agreement must be submitted to the DBM together with the other documentary requirements to support the release of the SARO and NCA are as follows:
 - a. Agency Letter of Request for Forward Obligational Authority (FOA)
 - b. ICC-CC and/or NEDA Board Action Letters addressed to the Secretary of the NGA/IA
 - c. Project Evaluation Report (PER)
 - d. Appraisal Report or Minutes of Technical Discussions
 - e. Other documents, as may be applicable based on the agreement

3. For duly approved/effective FAPs without any specific programmed appropriation, the NGA shall submit a Special Budget Request to DBM for issuance of a SARO and NCA chargeable against the Unprogrammed Appropriations - Support to FAPs, as may be applicable. The documentary requirements are as follows:
 - a. Special Budget Request
 - b. Copy of Signed Foreign Loan/Grant/Donation Agreement including copy of the Appraisal Report
 - c. Updated BED No. 1
 - d. Updated BED No. 2
 - e. Updated BED No. 3
 - f. Updated Project Profile
 - g. ICC approval/ICC-Secretariat/NEDA Board Action letter to the NGA/IA for additional work and change orders, if applicable.
 - h. Other documents, as may be applicable based on the agreement'

4. After the issuance of SARO, the National Program Management Office shall request for the release of Notice of Cash Allocation (NCA) and documentary requirements are as follows:
 - a. Agency Letter of Request for the release of NCA
 - b. Certification from the BTr on Loan Proceeds Remitted/Deposited
 - c. Copy of notice of sub-allotment issued by the NGA, if applicable
 - d. Other documents, as may be applicable based on the agreement

F. REQUEST FOR NOTICE OF CASH ALLOCATION (NCA)

1. The DBM regularly credits the cash allocation of the Department on a monthly basis⁵ based on the submitted Monthly Disbursement Program (MDP).
2. However, when the concerned Office/Bureau/Service determines that the anticipated disbursement for a certain month is more than or less than the MDP, the concerned DFO must update the Finance and Management Service through memo.
3. In case of Field Offices, additional NCA/NTA requests and supporting documents must be submitted to the Central Office through FMS-ADRP for Regular Programs and FMS-BDSP for Special Projects for review and recommendation. The documentary requirements to support the request are as follows:
 - i. Request Letter for Additional NCA (requested amount should be net of tax)
 - ii. Summary per PAP, if various program requests

⁵ Monthly crediting on the 1st working day of the month

- iii. Detailed list of Due and Demandable Accounts Payable (LDDAP) with subtotal per program, duly signed by the Chief Accountant, certifying the veracity and accuracy of claims listed therein; and Approved by the Regional Director, must include the the following information:
 - Payee/Creditor
 - Preferred Servicing Bank/Account Number
 - Obligation Request No.
 - Allotment Class (per UACS)
 - Gross Amount
 - Withholding Taxes
 - Net Amount
 - PAP Name
 - iv. Certification on Request of Cash Allocation for Accounts Payable signed by Regional Director
 - v. Certification of Insufficient Cash Balance for common fund signed by Regional Director
 - vi. Snapshot of MDS account balance (Cash Unit)
 - vii. Projected Cash Report (Cash Unit)
 - viii. Justification (if applicable)
 - ix. Lapsed NCA (if applicable)
4. The FMS-ADRP for Regular Programs or the FMS-BDSP for Special Projects, shall consolidate all corresponding requests for additional NCA from various FOs and CO anticipated cash deficiency for preparation of request for additional NCA to DBM.
 5. In any case, the FMS has the final discretion whether to proceed with the request for additional NCA with the DBM after assessment and analysis of the sufficiency or insufficiency of the available cash allocation.

G. REQUEST FOR CASH ALLOCATION FOR TRUST RECEIPTS

1. The ADRP/ADSP shall request Certification of Deposit from the Bureau of Treasury corresponding to the amount of donations remitted.
2. Upon receipt of Certification of Deposit, the Accounting Division/Unit shall transmit the document to the concerned OBSU with the instruction on the preparation of necessary Budget Execution Documents (BEDs), copy furnish the BDRP/BDSP.
3. The concerned OBSU shall prepare/accomplish the following BEDs as required by the DBM and shall be submitted to the BDRP/BDSP.
 - a. BED 1 – Financial Plan
 - b. BED 2 – Physical Plan
 - c. BED 3 – Monthly Disbursement Program
4. The BDRP/BDSP shall check the correctness of the BEDs and if in proper, shall prepare letter requests to DBM for the issuance of SARO and/or NCA.

All OBSUs are enjoined to strictly comply with the above guidelines in the request for obligation and disbursement authorities.

Attached herewith are the following checklists for your reference.

Reference	Document Title
Annex A	Checklist for Obligational Authorities
Annex B	Checklist for Disbursement Authorities

For information and guidance.



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