



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



NATIONAL BUDGET CIRCULAR

No. 507

January 31, 2007

TO : HEADS OF DEPARTMENTS/AGENCIES/STATE UNIVERSITIES AND COLLEGES (SUCs) AND OTHER OFFICES OF THE NATIONAL GOVERNMENT; HEADS OF BUDGET AND ACCOUNTING UNITS; AND ALL OTHERS CONCERNED

SUBJECT: OMNIBUS CIRCULAR ON THE SUBMISSION OF BUDGET EXECUTION DOCUMENTS/ACCOUNTABILITY REPORTS

1.0 RATIONALE

The DBM has, under various circulars, required agencies to submit on a regular basis, budget execution documents and accountability reports. Data from these reports are used for monitoring and providing the necessary information to the President and fiscal agencies for the purpose of crafting sound policy decisions.

Consistent with the recent policy pronouncements of the President emphasizing the submission of timely, accurate and quality reports on fund utilization, the consolidation of the existing circulars on reporting and updating of the prescribed reports is necessary.

2.0 PURPOSE

2.1 To prescribe guidelines reiterating the timely submission by agencies of the budget execution documents and accountability reports to DBM;

2.2 To improve the budget monitoring and information system of the DBM, specifically the aspects of timeliness and completeness; and,

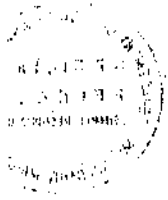
2.3 To reiterate existing budget execution documents/accountability reports and prescribe modifications thereto.

3.0 COVERAGE

This Circular covers all departments and agencies of the national government.

4.0 GENERAL GUIDELINES

4.1 The reports/documents required by DBM for submission by the agencies are generally categorized into:



4.1.1 Budget Execution Documents (BEDs)

Annual documents required at the onset of the budget execution phase, which contain the agencies' targets and plans for the current year.

4.1.2 Budget Accountability Reports (BARs)

Reports which contain information on the agencies' actual accomplishments/performance for a given period.

4.2 These budget execution documents/accountability reports shall be used by DBM as basis to:

4.2.1 Determine the agency's level of performance in terms of physical output as well as actual expenditures incurred in the production/delivery of goods/services to the public, which shall be used as benchmarks in validating the:

4.2.1.1 Reasonable level of funding provided to the agency to accomplish its targets during the remaining quarters of the year; and,

4.2.1.2 Realistic level of agency budget for the ensuing year(s).

4.2.2 Decide on agency requests for release of additional funds and realignment of funds. Likewise, the decisions arrived at maybe used in withdrawing funds from the agency or revising agency programs and targets for the remaining period of the year.

4.3 Operating units (OUs) of national government agencies shall directly submit their BEDs/BARs to the concerned DBM offices. (An operating unit pertains to a "national government agency" receiving NCA directly from the DBM). All heads of OUs shall be responsible for the timely submission of the prescribed documents/reports.

4.4 In the event an OU fails to submit the required BEDs/BARs under item 5.1 of this Circular on the set deadline, the DBM shall send call up letters to remind the OU concerned, applying the following procedures:

4.4.1 First call up letter signed by the DBM director concerned shall be addressed to the Head of the OU;

4.4.2 Second call up letter to be signed by the DBM Assistant Secretary/Undersecretary shall be addressed to the official of equivalent rank of the department where the OU is attached/ Head of the OEO, citing the "non-action" to date despite the first call up letter (the date of which shall also be cited);

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4.4.3 Third call up letter to be signed by the DBM Secretary shall be sent to the Secretary of the department where the OU concerned is attached/Head of OEO, citing the two previous call up letters sent.

4.5 In case of non-compliance with the reporting requirements despite the three call up letters, the following measures shall be undertaken by DBM:

4.5.1 Strictly enforce the "no-report, no release" policy; and,

4.5.2 Include in the report on the status of fund utilization to be submitted to the President, the list of erring departments/OEOs.

5.0 SPECIFIC GUIDELINES

5.1 OUs of all national government agencies shall submit (physically or electronically), the following BEDs/BARs to the concerned DBM offices on the hereunder dates prescribed:

Type of Report	Form No.	Period of Submission
A. ANNUAL BUDGET EXECUTION DOCUMENTS (BEDs)		
Physical and Financial Plan	BED 1	On or before February 15 of each year.
Monthly Cash Program	BED 2	
Estimate of Monthly Income	BED 3	
List of Not Yet Due and Demandable Obligations	BED 4	
B. BUDGET ACCOUNTABILITY REPORTS (BARs)		
QUARTERLY		
Quarterly Physical Report of Operation	BAR 1	On or before the 10th day following the quarter.
Quarterly Financial Report of Operation	BAR 2	

Quarterly Report of Income	BAR 3)	
MONTHLY		
Statement of Allotments, Obligations and Balances	BAR 4)	On or before the 10th day
Monthly Report of Disbursements	BAR 5)	following the month

5.1.1 Budget Execution Documents

- o Physical and Financial Plan (PFP)

The PFP serves as overall plan of the OU, encompassing the physical (targeted outputs) and financial (estimated obligations/expenditures) aspects, consistent with their approved budget level for the year, broken down by quarter.

- o Monthly Cash Program (MCP)

This shall reflect the monthly disbursement requirements of OUs. This shall be used by DBM as basis for Issuance of Notice of Cash Allocation, Cash Disbursement Ceiling, and other disbursement authorities.

- o Estimate of Monthly Income

This shall reflect the estimated income of OUs for the current year by source, as contained under the Budget of Expenditures and Sources of Financing (BESF) of the given year, broken down by month.

- o List of Not Yet Due and Demandable Obligations

This shall reflect the level of OUs' obligations/expenditures **charged against prior years' budget**, for which, goods/services/projects are not yet delivered/rendered/completed and accepted as of end of the preceding year.

This shall be used by DBM as basis for determining the cash requirements of these prior years' obligations/expenditures, which will become due and demandable during the current year.

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5.1.2 Budget Accountability Reports

- o Quarterly Physical Report of Operations

This shall reflect the OUs' actual physical accomplishments for a given quarter, in terms of the performance measures indicated in their PFP.

- o Quarterly Financial Report of Operations

This shall reflect the OUs' actual obligations/expenditures incurred by P/A/P and allotment class for a given quarter, corresponding to the reported physical accomplishments for the same period.

- o Quarterly Report of Actual Income

This shall reflect the OUs' actual income collections from all sources for a given quarter broken down by month.

- o Statement of Allotment, Obligations and Balances

This shall serve as the OUs' summary report of allotments received and corresponding obligations/expenditures incurred during the month, from all sources by **object of expenditure**.

- o Monthly Report of Disbursements

This (in lieu of the Summary List of Checks Issued and Cancelled) shall reflect all the disbursements of the OUs during the month, arising from the following:

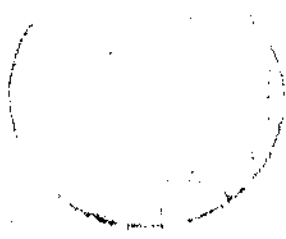
- Notice of Cash Allocations (NCAs);
 - o MDS checks issued (including those charged against Notice of Transfer of Allocations);
 - o Direct Payments to external creditors per validated Advice to Debit Account in the List of Due and Demandable Accounts Payable;
- Non Cash Availment Authority (for agencies availing of foreign loan proceeds through direct payments);
- Cash Disbursement Ceiling (for allocation of foreign service posts (FSP) of DFA and DOLE out of total income collected from these FSPs); and

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Tax Remittance (for national government agencies withheld).

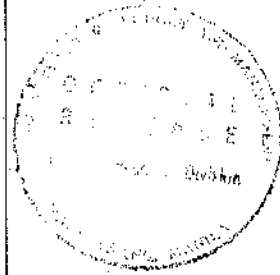
- 6.0 Provisions of existing circulars, issuances and other reports not consistent herewith are amended accordingly.
- 7.0 This Circular shall take effect immediately.

ROLANDO G. ANDAY, JR.
Secretary





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



NATIONAL BUDGET CIRCULAR

No. 507- A
June 12, 2007

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: ADDENDUM TO NATIONAL BUDGET CIRCULAR (NBC) NO. 507

- 1.0 Under NBC No. 507 dated January 31, 2007, all operating units-of national government agencies are required to submit to DBM the Statement of Allotments, Obligations and Balances (SAOB) i.e., Budget Accountability Report No. 4. Said report shall be prepared by Program, Activity, Project (P/A/P).
- 2.0 However, instead of preparing the SAOB by P/A/P, the report shall henceforth reflect only the **summary by source** (i.e., Current Year Budget, Special Purpose Funds and Prior Year's Budget) of the **total cumulative** allotments received and corresponding obligations/expenditures incurred (without identifying the P/A/P) as of end of the month, **by object of expenditure** of the OU/agency. This provision supersedes the previous instructions integrated in the SAOB Form under NBC 507.
- 3.0 For compliance.

ROLANDO G. ANDAYA, JR.
Secretary