

SPECIFIC GUIDELINES

GUIDELINES IN THE PREPARATION OF FY 2015 AGENCY BUDGET PROPOSALS AND OTHER BUDGETARY ITEMS

Part A - Related to Budget Framework

1.0 Proper Disaggregation of Agency Budget Proposal

Departments/agencies shall use **BP Form 201** to reflect the FY 2015 budget proposal under their P/A/Ps. They shall prepare budget proposals that are implementation ready and well-coordinated, to preclude budgetary realignments during the budget execution phase.

1.1 Forward Estimates (FEs) / Indicative Budget Ceiling)

- 1.1.1 The indicative budget ceiling for each department/agency for FY 2015, as shown in Annex A of NBM 119, corresponds to the updated FEs. The FEs cover the estimated annual costs of on-going budgetary programs and projects. Requirements for 2015-2017 shall be matched with targeted outputs and reflected in the respective MFO targets of the agency, per **BP Form B**.
- 1.1.2 Agency budget proposal shall be fully disaggregated into specific programs and projects according to geographic coverage/location/beneficiaries, for transparency and for better monitoring.
- 1.1.3 To maximize the expenditure ceilings provided, departments/agencies are reminded to consider the following guidelines in formulating their respective FY 2015 Budget:
 - KRAs as laid out in EO No. 43, support for the priority concerns for FYs 2015-2016, including requirements for the RAY program.
 - Disaggregate all remaining lump-sum funds in the agency budget into specific programs/projects in the different focus geographic locations (by region, province and municipality by inputting the results of the consultations with RDCs, CSOs, LGUs and other stakeholders. The complete details shall include the following:
 - rationale and objectives of the program, project or activity;
 - full components with cost estimates of the P/A/Ps; and targeted results or expected outputs.

- Ensure the consistency of the proposed financial allocation with the targeted outputs and commitments for the year.
- No reallocation of the Personal Services (PS) ceiling indicated for each department to other expenditure items.
- Full provision for the mandatory expenditure items, like rents, utilities and other similar expenses, within the budget allocated for each bureau/attached agency.

1.1.4 The indicative ceilings may be adjusted based on the national and sectoral priorities as finally determined by the President and the Cabinet, cognizant of the absorptive capacity of the agencies in 2013 and measures done to improve the fund utilization of the agency.

1.2 Fiscal space or uncommitted resources

This shall be allocated for the key priority programs and outcomes critical to achieve a rapid and inclusive growth in accordance with the development priorities of this Administration. The agency key programs as cited in NBM 119 shall be coordinated and converged to focus efforts in identified priority areas that will increase the certainty of reducing underemployment and poverty. These include the following programs:

- Pantawid Pamilyang Pilipino Program;
- Education Program;
- Universal Health Care Program;
- Housing for Informal Settlers;
- Transport Infrastructure Development Program;
- Agriculture Development Program;
- Manufacturing Revival and SME Development Program;
- Research and Development;
- Job Creation;
- Climate Change and Disaster Risk Management Program; and
- Reconstruction Assistance on Yolanda

These programs shall concentrate on the focus geographical areas namely (a) provinces with large poverty magnitude (b) provinces with high poverty incidence, and (c) provinces vulnerable to shocks and disasters.

2.0 Adoption of Program Budgeting (PB) for Inter-agency Efforts

2.1 The priority inter-agency programs supportive of the key targets under the PDP and the President's Social Contract as well as the lead and participating departments/agencies that shall implement these identified priority programs mentioned in this NBM.

2.2 The participating department/agency identified in **Schedule E-1** shall:

- Actively participate in the meetings called by the lead department/agency;
- Submit to the lead department/agency their assumptions/criteria for prioritization, targets, beneficiaries, focus areas and implementation timelines and resources corresponding to their contribution to the program using **BP Form 201-Schedule E** (Program Expenditure Plan for existing and new proposals);

2.3 The lead and participating departments/agencies shall:

- Coordinate the activities of the different programs by sequencing the different interventions, such as infrastructure, education, health, enterprises, among others; and
- Secure active participation of the Regional offices in budget planning of priority programs. Central offices of departments shall guide and coordinate with their Regional Offices in determining the focus areas in each region, intervention required, and the intensity of resource allocation. This approach will provide for a more targeted and rational basis of resource allocation for discussion with the RDC, LGUs, and ROs of agencies.

2.4 The lead departments shall:

- convene all the participating agencies to ensure consistency on assumptions, targets, beneficiaries, focus areas, and implementation timelines and resources;
- consolidate the targets and funding requirements of identified programs for priority allocation for submission to DBM;

2.5 DBM shall inform the lead and participating agencies of the schedule of the Technical Budget Hearings to discuss the program components and implications of various funding requirements.

3.0 Adoption of Outcome-based Performance-Informed Budgeting (PIB)

3.1 The outcome based PIB shall be based on a Program Management Framework that will be crafted by departments/agencies together with DBM. A separate guideline from the DBM will be issued to all departments/agencies on the shift from outputs to outcomes. This shall consider the linkage of the PAPs to Major Final Outcomes (MF Outcomes), Department Outcomes, Sectoral Outcomes and the President's Key Results Areas (KRAs).

3.2 **Agencies which are unable to submit BP Forms A and B, shall be limited in their proposed budget levels to the FY 2013 actual expenditure levels, net of non-recurring expenditure items and completed projects.**

4.0 Use of Zero-Based Budgeting (ZBB) Results

The 2011 to 2013 ZBB Study results will be used as inputs in reviewing the allocations to major budgetary programs of selected departments. These studies are published in the DBM website.

5.0 Grassroots Participatory Budgeting (GPB)

5.1 Consistent with DBM-DILG-DSWD-NAPC JMC No. 4 dated November 26, 2013, the following are the participating departments/GOCCs for the FY 2015 GPB exercise:

- a. Department of Agrarian Reform
- b. Department of Agriculture
- c. Department of Education
- d. Department of Energy
- e. Department of Environment and Natural Resources
- f. Department of Health
- g. Department of the Interior and Local Government
- h. Department of Labor and Employment-OSEC and TESDA
- i. Department of Social Welfare and Development
- j. Department of Tourism
- k. Department of Trade and Industry
- l. National Electrification Administration

5.2 The participating departments/agencies shall ensure complementation between national and LGU projects by closely coordinating with target LGUs. In accordance with joint GPB guidelines, the validated/qualified LGU projects shall be integrated in the agency budget proposal. Disclosure shall be made on the proposed LGU counterpart funds. Departments/agencies concerned shall identify/present each GPB project in the relevant budget forms such as **BP Forms 201-A, B, C and D** (whichever is applicable) to facilitate tracking and monitoring in all phases of budgeting.

5.3 Consultations of AROs with LGUs and various stakeholders.

5.3.1 LGUs, i.e., all Cities/Municipalities on GPB Projects

- AROs thru the Local Poverty Reduction Action Team (LPRAT) and Regional Poverty Reduction Action Team (RPRAT) shall provide technical assistance in the formulation of plans and identification of poverty reduction projects and strategies.
- Convergent agencies together with the Human Development and Poverty Reduction Cluster (HDPRC) and DILG shall orient and discuss the plans with the municipal core teams, providing guidance on the conduct of bottom-up budget preparation and execution process.

5.3.2 RDCs

- RDCs shall monitor and provide feedback on the impact and gaps of national government agency's **on-going** programs/projects in their localities, as well as suggest needed improvements in agency programs/projects.
- RDCs shall submit feedback/recommendation to ACOs copy furnished the AROs on the relevance, efficacy and propriety of the on-going programs and projects, using **BP Form C**.
- Taking into consideration the RDC endorsement, the ACOs shall submit consolidated report to DBM containing the feedback on the P/A/Ps endorsed by RDCs, following the form prescribed under **BP Form C**.

5.3.3 CSOs, Private Sector and Other Stakeholders

- Consultations with partner and interested CSOs and other stakeholders shall be undertaken observing the principles of Transparency, Accountability, Integrity, Partnership, Consultation and Mutual Empowerment, Respect for internal processes, Sustainability and National Interest.
- CSOs and other stakeholders shall assess and evaluate the existing programs and projects of government agencies and submit a report to DBM containing the feedback on the existing P/A/Ps of agencies, using **BP Form C**.

5.3.4 After the conduct of consultations with stakeholders, the agency shall give priority in the budget allocation, the project requests from all cities/municipalities.

5.3.4.1 ARO shall:

- Incorporate the projects requested by the target LGUs, including GPB projects recommended by the LPRAT /RPRAT, into their regional budget allocations;
- Submit the regional budget proposal to the ACO for incorporation into the budget of the department and for resolution of problem areas; and
- Meet with their counterparts from the other national agencies in the region or province to discuss the convergence of the delivery of services to the target LGUs.

5.3.4.2 ACO shall:

- Consolidate and submit to DBM using **BP Form C**, the reports of the different regional offices incorporating the RDC recommendation and feedback (if deemed necessary) including recommendations of the LPRAT/RPRAT for GPB projects.
- Certify the acceptance or non-acceptance of the RDC recommendation and state the reason in the event of non acceptance.
- Provide RDCs and DBM-ROs with feedback on RDC recommendations on programs/projects which are to be incorporated in the budget submission to DBM.
- Inform the RDC concerned of those programs/projects which are finally submitted for congressional approval.

6.0 Information Communication Technology (ICT) Requirements

Most of government programs and projects feature systems and approaches that are ICT related. Thus, sustain the mechanism in ensuring a systematic process for the planning, budgeting, implementation, monitoring and evaluation of a harmonized government-wide ICT blueprint.

- 6.1 All ICT-pertinent budgetary requests shall be included in the Agency budget proposals embodied in the BP Forms contained in this Budget Call.
- 6.1.1 Each item shall be tagged in the Online Submission of Budget Proposal (OSBP) System as part of MITHI. Further, there will be ICT-pertinent sub-object classes in the OSBP System to which each item shall be grouped under.
- 6.1.2 The ISSP, to which the aforementioned OSBP System output is attached, shall serve as the primary evaluation document.
- 6.1.3 Items consequently endorsed by the MITHI Steering Committee shall then constitute the ICT budget proposal for the agency which submitted the same.
- 6.1.4 The DBM Executive Review Board (ERB) shall have final authority to make decisions on programs and projects in relation to budgetary allocation, except that programs and projects that were approved under the auspices of MITHI shall be considered as evaluated and endorsed by recognized technically proficient government stakeholders, thereby facilitating ERB examination.

6.2 Programs and projects amounting to at least P1 Billion (per program/project) requiring NEDA Investment Coordination Committee (ICC) review and approval, and other similar processes requiring the review and endorsement of other agencies, shall undergo the same processes heretofore required. The MITHI Steering Committee endorsement may form part of the supporting documents for such review processes.

7.0 Other Public Financial Management Policies

7.1 Cost Recovery Measure

Consistent with AO 31, departments/agencies shall continue to rationalize the rates of their existing fees and charges, and if found necessary, increase such rates and impose new fees and charges. Estimated increase in revenues shall be appropriately reflected in **BP Form 100 - Statement of Revenues**.

7.2 Funding requirements related to the implementation of the following reforms shall be included in **BP Forms 201 A, B, and D**:

- Creation and Strengthening of Internal Audit Service (IAS)
- ISO 9001:2008 Quality Management Systems (i.e., training needs and equipment, among others)

7.3 PPP Funding

7.3.1 Pursuant to **NBC No. 538** dated March 22, 2012, agencies shall identify in their annual budget proposals, the project components to be funded from the PPP Strategic Support Fund (PPPSSF) and Project Development and Monitoring Facility (PDMF). **PPPSSF** refers to an appropriation lodged in the budget of agencies concerned to fund the government share for PPP project components.

7.3.2 P/A/Ps which are not funded out of the regular budget of the agency but have the probability of becoming real liabilities such as contingent liabilities arising from BOT projects and other multi-year obligations or multi-agency projects must be identified through a footnote in the agency budget proposal in **BP Form 201 (Schedules A,B,C,D)**.

7.4 Total Resource Budgeting

Agencies shall reflect in their budget proposal, other sources of funds as authorized under specific provisions of law, i.e., use of income and collections which are accounted under Special Accounts, Revolving Funds and Trust Funds and are earmarked to support identified P/A/Ps and their corresponding MFOs/PIs, using the following forms:

- **BP Form 100 A** - Statement of Revenues and Expenditures for Special Accounts in the General Fund.

- **BP Form 100 B** - Statement of Other Receipts/Expenditures for Revolving Funds, Use of Income and Trust Receipts;
- **BP Forms A and B** - for MFO Budget Matrix and Agency Performance Measures.

7.5 GAD

Departments/Agencies shall accomplish **BP Form 400 and 400-A** for the GAD Plan and Budget for 2015 and GAD Accomplishment Report for 2013, respectively. The GAD budget shall be part of the agency's PS, MOOE, and CO requirements. It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.

Part B - Related to Expenditure Items

Notwithstanding these guidelines in the computation of inputs, agencies should be able to justify the proposed expenditures as contributory to the delivery of the agency's Major Final Outputs.

PART I: PERSONNEL SERVICES – BP Form 201-A

1.0 SALARIES AND WAGES

1.1 Salaries of Permanent Positions

1.1.1 Salaries of permanent positions shall be classified into:

Basic Salary - Civilian Personnel,
Base Pay – Military and Uniformed Personnel

1.1.2 For FY 2015, salaries of permanent positions shall be equal to the sum of the actual salaries of filled itemized positions, based on the approved staffing pattern as of December 31, 2013. Actual salaries shall refer to authorized basic salaries of positions and step increments, if any, as of December 31, 2013, including latest salary adjustment. For The Judiciary, Congress, and agencies vested with fiscal autonomy, basic salaries for both filled and unfilled positions shall be included.

1.1.3 Agencies shall observe the guidelines for updating the Personnel Services Itemization/Plantilla of Personnel (PSIPOP), prescribed in NBC 549 dated October 21, 2013 and subsequent circulars that may be issued for the purpose.

1.1.4 Vacated positions identified as co-terminus with the incumbent must be abolished.

1.2 Salaries/Wages of Non-Permanent Positions

1.2.1 Salaries/Wages of Non-Permanent Positions to be reflected in **BP Form 204** shall be further classified into Contractual, Casual and Emergency Personnel and Substitute Teachers/Instructors. The amount to be provided for compensation of these personnel shall be determined on need basis (subject to justification), and in no case to exceed the FY 2014 budget for the purpose. The said amount shall be inclusive of related benefits, i.e., PERA, Uniform/Clothing Allowance, Year-End Bonus, Cash Gift, PIB, PhilHealth, PAG-IBIG, ECIP and RLIP Contributions. This shall not apply to department/agency with approved Rationalization Plan.

1.2.2 Non-submission of BP 204 shall mean no budget provision for non-permanent positions.

1.2.3 No additional casual and contractual positions shall be created in FY 2015. However, subject to the scrap and build policy, positions for development projects to augment the core staff of the Project Office/unified PMO may be created, pursuant to NBC No. 485 dated March 13, 2003.

2.0 OTHER COMPENSATION

2.1 Personnel Economic Relief Allowance (PERA)

The P2,000/month provision for PERA shall cover all positions entitled thereto pursuant to Budget Circular No. 2009-3. The computation shall be based on the number of filled itemized positions as of December 31, 2013.

2.2 Representation Allowance (RA) and Transportation Allowance (TA)

Appropriation for RA and TA shall be provided for the following filled positions and those of equivalent ranks in accordance with the monthly rates for each type of allowance:

P 14,000	-	Department Secretaries or equivalent;
P 11,000	-	Department Undersecretaries or equivalent;
P 10,000	-	Department Assistant Secretaries or equivalent;
P 9,000	-	Bureau Directors and Department Regional Directors or equivalent;
P 8,500	-	Assistant Bureau Directors, Department Assistant Regional Directors, Bureau Regional Directors, Department Service Chiefs or equivalent;
P 7,500	-	Assistant Bureau Regional Directors or equivalent; and,
P 5,000	-	Chiefs of Divisions or equivalent.

For 2013, actual obligations pertaining to reimbursable RATA shall be reflected under PS although the funding source may come from MOOE savings.

2.3 Uniform/Clothing Allowance (U/CA)

The provision for U/CA for civilian personnel shall be computed based on the number of filled itemized positions as of December 31, 2013, multiplied by P5,000 per annum.

2.4 Subsistence, Laundry and Quarters Allowance (SLQA)

Separate guidelines may be issued in case of modifications in the SLQA rates provided below:

2.4.1 Magna Carta Benefits of Public Health Workers under RA No. 7305 shall be computed as follows:

a) Laundry Allowance - Number of entitled filled itemized positions at P125 a month;

b) Subsistence Allowance - Number of entitled filled itemized positions at P30 per day.

2.4.2 SLQA necessary for specific positions other than public health workers shall be computed based on the rates authorized under specific laws, rules and regulations.

2.4.3 Quarters Allowance shall be provided to government officials/employees authorized to receive the same.

2.5 Productivity Incentive Benefits (PIB)

The PIB shall be computed at an average amount of ₱2,000 multiplied by the number of filled positions as of December 31, 2013 in accordance with Section 4 of AO No. 161 dated December 12, 1994.

2.6 Allowances for Personnel Assigned Abroad

The allowances of personnel assigned abroad such as overseas, living quarters, family, clothing, post and representation allowances shall be at rates authorized under R.A. No. 7157, E.O. No. 461 and other approvals from the Office of the President. This expense shall include a breakdown of each type of expenditure with the corresponding amount per item.

2.7 Honoraria

Honoraria shall be paid to the following personnel subject to the guidelines issued by the DBM:

2.7.2 Teaching personnel of the DepEd, TESDA, SUCs, and other educational institutions engaged in actual classroom teaching whose teaching load is outside the regular office hours and/or in excess of the regular teaching load;

2.7.3 Teaching personnel of the DepEd, TESDA, SUCs, and other educational institutions engaged in actual classroom teaching whose teaching load is outside the regular office hours and/or in excess of the regular teaching load;

2.7.4 Those who act as lecturers, resource persons, coordinators, and facilitators in seminars, training programs, workshops, and other similar activities conducted by other agencies;

2.7.5 Chairs and members of Commissions/Boards/Councils and other similar entities who are neither paid salaries nor per diems but compensated in the form of honoraria as provided by law, rules, and regulations;

2.7.6 Those involved in science and technological activities who render services beyond their regular workload;

2.7.7 Officials and employees assigned to special projects provided that:

2.7.7.1 Said special projects are reform-oriented or developmental, contribute to the improvement of service delivery and enhancement of the performance of the core functions of the agency and have specific timeframes and deliverables for accomplishing objectives and milestones set by the agency for the year; and

2.7.7.2 Such assignment entails rendition of work in addition to, or over and above, their regular workload.

The rates of honoraria shall depend on the level of responsibilities, nature of work rendered, and extent of individual contribution to produce the desired outputs. The total honoraria received from all special projects shall not exceed 25% of the annual basic salary.

2.8 Hazard Duty Pay or Hazard Pay

The Hazard Duty Pay or Hazard Pay for specific positions shall be computed based on existing policies and guidelines.

2.9 Longevity Pay

Longevity Pay for specific positions, equivalent to a percentage of basic salary or base pay depending on length of service, shall be computed based on existing policies and guidelines. Those who are enjoying longevity pay shall no longer be entitled to step increment.

2.10 Cash Gift

Cash Gift equivalent to P5,000 shall be computed based on the number of filled positions as of December 31, 2013.

2.11 Year-End Bonus

Year-end Bonus equivalent to one (1) month basic salary or base pay shall be computed based on the number of filled positions as of December 31, 2013.

2.12 The Other Compensation for unfilled positions under The Judiciary, Congress, agencies vested with fiscal autonomy, schools and educational institutions, as well as hospitals, positions for uniformed personnel in the PNP, BFP, BJMP, NAMRIA, and PCG and positions for military personnel in the AFP, shall also be included in the budget.

2.13 Collective Negotiation Agreement (CNA)

The CNA Incentive shall be sourced solely from agency savings out of released allotments for Maintenance and Other Operating Expenses (MOOE) under the following items:

- a) Traveling Expenses
- b) Communication Expenses
- c) Repair and Maintenance
- d) Transportation and Delivery Expenses
- e) Supplies and Materials
- f) Utility Expenses

Pursuant to Budget Circular No. 2012-4, the FY 2013 actual obligations for CNA shall be reflected in BP Form 201-A under the account code "Personnel Services – Other Bonuses".

3.0 OTHER BENEFITS

3.1 Pension Benefits

These shall be further classified into:

- 3.1.1 Pension - Civilian Personnel, and
- 3.1.2 Pension - Military and Uniformed Personnel.

The requirement of agencies with special retirement laws for their officials such as The Judiciary, Chairs and members of Constitutional Commissions and other similarly situated officials in the Office of the Solicitor General (OSG), Office of the Government Corporate Counsel (OGCC), National Labor Relations Commission (NLRC), Professional Regulation Commission (PRC) and Energy Regulatory Commission (ERC), Office of the Ombudsman, AFP, PNP, BFP, BJMP, PCG and NAMRIA, including those for ex-Presidents or their surviving spouses, shall be computed based on the provisions of said special retirement laws.

3.2 Retirement Gratuity Benefits (RGB)

3.2.1 Agencies shall accomplish **BP Form 205** for the list of FY 2015 retirees for budget provision and programming purposes. Separate lists shall be prepared for mandatory and optional retirees.

3.2.2 For GSIS members the computation of the RGB shall be based on the total creditable service which is converted into gratuity months, as follows:

- 1 gratuity month – for each creditable year of service not exceeding 20 years
- 1.5 gratuity months - for each creditable year of service over 20 years but not exceeding 30 years
- 2 gratuity months - for each creditable year of service over 30 years

Claims for RGB of retirees who opt to avail of the benefits under RA No. 1616 may be accommodated against the 2015 Pension and Gratuity Fund (PGF), in the absence of agency savings. For this purpose, agencies are enjoined to properly accomplish **BP Form 205** for the list of proposed retirees in 2015 i.e., those retiring under RA 1616 and other retirement packages (e.g. RA 8291, 660). **In the absence of the said list, agencies will not be allowed to charge the payment of RGB against the PGF.**

3.2.3 For non-GSIS members, computation shall be based on special laws governing the same, using **BP Form 205**.

3.3 Terminal Leave Benefits (TLB)

3.3.1 Agencies shall also use **BP Form 205** to reflect the terminal leave benefits of 2015 retirees. TLB of compulsory retirees whether permanent or casual, shall be computed separately from those of optional retirees.

3.3.2 Terminal Leave Benefits for employees who retired effective January 1, 2002 onwards shall be computed as follows:

$$TLB = S \times D \times CF$$

Where:

TLB - Total TLB
S - Highest monthly salary received by the employee
D - No. of days of leave credits of employees scheduled to retire
CF - Constant Factor is .0478087

4.0 FIXED PERSONNEL EXPENDITURES

4.1 The following Government counterpart contributions shall be computed based on filled itemized positions as of December 31, 2013:

4.1.1 GSIS RLIP - 12% of total salaries with the exception of the following who are covered by separate and specific laws:

4.1.1.1 For members of The Judiciary, Chair and Members of the Constitutional Commissions and other similarly situated officials in the OSG, OGCC, NLRC, PRC and ERC, the computation shall be 3% of total salaries (corresponding only to Life Insurance Premiums); and,

4.1.1.2 For military personnel of the DND, uniformed personnel of the DILG, DOTC (PCG) and DENR (NAMRIA), no provision for RLIP shall be provided.

4.2 PAG-I.B.I.G Contributions – P1,200 each per annum.

4.3 PHILHEALTH Contributions – in accordance with PhilHealth Circular No. 01, s. 2005.

4.4 ECIP – 1% of the annual basic salary or P1,200/annum, whichever is lower.

**PART II: MAINTENANCE AND OTHER OPERATING EXPENSES–BP Form
201-B**

5.0 TRAVELLING EXPENSES

Travelling expenses shall be segregated into:

- 5.1 Local Travel
- 5.2 Foreign Travel

6.0 TRAINING AND SCHOLARSHIP EXPENSES

Training Expenses shall include expenses for participation/attendance of personnel to training, conventions and seminar/workshops and scholarship programs.

- 6.1 Training Expense
- 6.2 ICT Training Expense

7.0 SUPPLIES AND MATERIALS EXPENSES

Supplies and Materials shall include a breakdown of each expenditure item with the corresponding amount (when applicable), categorized as follows:

- 7.1 Accountable Forms
- 7.2 Agricultural and Marine Supplies
- 7.3 Animal/Zoological Supplies
- 7.4 Chemical and Filtering Supplies
- 7.5 Drugs and Medicines
- 7.6 Food Supplies
- 7.7 Fuel, Oil and Lubricants (with breakdown by type)
- 7.8 Medical, Dental and Laboratory Supplies
- 7.9 Military, Police and Traffic Supplies
- 7.10 Non-Accountable Forms
- 7.11 Office Supplies excluding all expendable and semi-expendable Information Technology supplies, accessories and peripherals
- 7.12 Spare Parts
- 7.13 Textbooks and Instructional Materials
- 7.14 Welfare Goods
- 7.15 ICT Office Supplies, particularly expendable and semi-expendable ICT supplies, accessories and peripherals
- 7.16 Other Supplies and Materials (including cooking gas)

8.0 UTILITY EXPENSES

Consumed in government facilities in connection with its operations and projects, to include the following:

- 8.1 Water
- 8.2 Electricity

9.0 COMMUNICATION EXPENSES

Communication expenses shall include the following:

- 9.1 Postage and Courier services;
- 9.2 Telephone (mobile and landline);
- 9.3 Internet Subscription;
- 9.4 Cable, Satellite, Telegraph and Radio

10.0 AWARDS AND PRIZES

10.1 Awards and Rewards

Amount given in recognition of any civic or professional achievement and of rewards to informers for the receipt of reliable information leading to successful arrest/capture of fugitives, seizure/confiscation of smuggled goods, or collection of unpaid taxes/surcharges/fines/penalties, *indemnities or amount provided by courts or by administrative bodies as authorized by law due to destruction of property, death or injury of persons, and claims of government employees for sickness/injuries/death which occurred or sustained in the performance official duty.*

10.2 Prizes

Amount paid to winners of competitive and promotional activities

11.0 SURVEY, RESEARCH AND DEVELOPMENT EXPENSES

11.1 Survey Expenses

Include the conduct of cadastral, structural, topographical, statistical and other type of surveys conducted by government agencies.

11.2 Research, Exploration and Development Expenses

Include the conduct of studies to gain scientific or technical knowledge on future projects including development, refinement or evaluation of policies for use of management.

12.0 DEMOLITION AND DREDGING EXPENSES

12.1 Demolition and Relocation Expenses

Include the costs of demolition of structures and relocation of structures and settlers affected by government projects.

12.2 Desilting and Dredging Expenses

Include the costs in removing large accumulation of decomposed litters and other organic debris and in deepening of canals, sewerage, rivers, creeks, and the like

13.0 POWER SUPPLY SYSTEM EXPENSES

This expense shall include the costs of generation, transmission and distribution of water, electricity, information/communication, power and other related services intended for sale and/or redistribution.

14.0 CONFIDENTIAL, INTELLIGENCE AND EXTRAORDINARY EXPENSES

14.1 Confidential Expenses

Expenses related to surveillance activities in civilian department/agencies that are intended to support the mandate/operations of the agency, subject to audit.

14.2 Intelligence Expenses

Expenses related to intelligence information gathering activities of uniformed personnel and intelligence practitioners that have direct impact to national security, subject to the approval by the President of the Philippines and to audit.

14.3 Extraordinary and Miscellaneous Expenses

Expenses incidental to the performance of official functions such as, meetings, conferences, public relations, educational, cultural and athletic activities.

The annual appropriations for Extraordinary Expenses shall be provided for the following officials at rates not exceeding:

- P 220,000 - for each Department Secretary or equivalent;
- P 90,000 - for each Department Undersecretary or equivalent;
- P 50,000 - for each Department Assistant Secretary
- P 38,000 - for each head of a bureau or organization of equivalent rank to a bureau and for each head of a Department Regional Office;
- P 22,000 -for each head of a Bureau Regional office or organization of equivalent rank; and,
- P 16,000 -for each Municipal Trial Court Judge, Municipal Circuit Trial Court Judge, and Shari'a Circuit Court Judge

Additional Miscellaneous Expenses not exceeding P72,000 per annum shall be provided for each of the offices of the above-named officials.

15.0 PROFESSIONAL SERVICES

This expense shall include a breakdown of each expenditure item with the corresponding amount, categorized as follows:

- 15.1 Legal Services
- 15.2 Auditing Services
- 15.3 Consultancy Services
- 15.4 ICT Consultancy Services – covers all ICT consultancies other than maintenance of existing systems
- 15.5 Other Professional Services

16.0 GENERAL SERVICES

This expense shall include a breakdown of each expenditure item with the corresponding amount, categorized as follows:

- 16.1 Environment/Sanitary Services
- 16.2 Janitorial Services
- 16.3 Security Services

- 16.4 General ICT Services pertains to maintenance of existing ICT systems
- 16.5 Other General Services

17.0 REPAIRS AND MAINTENANCE

Repairs and maintenance shall be supported with breakdown by item of expenditure to be covered by repairs and maintenance and corresponding requirement, categorized as follows:

- 17.1 Buildings and Structures - include office buildings; school buildings; hospitals and health centers; markets and slaughterhouses; hotels and dormitories; and other structures.
- 17.2 Furniture and Fixtures
- 17.3 Heritage Assets - include the cost of restoration and preservation of historical buildings; works of arts and archeological specimens; and other heritage assets, preserved by the government for their cultural and historical significance.
- 17.4 Infrastructure Assets - include road networks; sewer systems; water supply systems; power supply systems; seaport systems; airport systems; parks, plazas, monuments; and other infrastructure assets; excluding communication networks, and other ICT infrastructure assets.
- 17.5 Investment Property includes buildings/warehouses and other structures held for rent/lease or held for capital appreciation or both.
- 17.6 Land Improvements include aquaculture structures and other land improvements constructed/acquired/developed for public use.
- 17.7 Leased Assets - include buildings; and other leased assets acquired by a lessee under a finance lease contract/agreement.
- 17.8 Machinery and Equipment - include office equipment; agricultural and forestry equipment; marine and fishery equipment; airport equipment; construction and heavy equipment; firefighting equipment and accessories; military, police and security equipment; medical equipment; printing equipment; sports equipment; technical and scientific equipment; and other machineries and equipment excluding ICT equipment.
- 17.9 ICT Infrastructure, Machineries and Equipment include communication networks, data center and storage facility.
- 17.10 ICT Office Equipment – include ICT equipment (e.g. desktop computers, mobile computing devices, tablets, printers, scanners, etc.), network devices (e.g. switches, routers, power supplies, and software).
- 17.11 Leased ICT Infrastructure, Machineries and Equipment
- 17.12 Leased ICT Office Equipment

- 17.13 Reforestation Projects - include those in the upland, marshland and swampland.
- 17.14 Transportation Equipment - include motor vehicles; trains; aircrafts and aircraft ground equipment; watercrafts; and other transportation equipment.
- 17.15 Other Property, Plant and Equipment – include property plant and equipment not classified under specific repair and maintenance accounts.

18.0 FINANCIAL ASSISTANCE/SUBSIDY

- 18.1 Financial Assistance/Subsidies shall include a breakdown of each expenditure item with the corresponding amount, categorized as follows:
 - 18.1.1 Government Assistance/Subsidy to NGAs;
Transfer of funds to NGAs
 - 18.1.2 Financial Assistance to LGUs;
Transfer of funds to LGUs
 - 18.1.3 Budgetary Support to GOCCs;
Include the NG budgetary support to GOCCs/GFIs for operating expenses, conversion to subsidy of advances and interest on advances of the NG on GOCCs/GFIs' loans; internal revenue taxes and customs duties and tariffs on importation of the GOCCs chargeable against the tax expenditure subsidy.
 - 18.1.4 Subsidy to Economic Enterprises;
 - 18.1.5 Subsidy to Other Funds; and,
Include fund transfers to one fund from another fund maintained by the same NGA as expressly authorized by law.
 - 18.1.6 Financial Assistance to NGOs/POs

19.0 TAXES, INSURANCE PREMIUMS AND OTHER FEES

- 19.1 Shall include the taxes, duties, licenses and other fees due to regulatory agencies, taxes on interest income on savings deposits, time deposits, and government securities of the bond sinking fund/other funds.
- 19.2 Fidelity Bond Premiums shall include expenses for premium on fidelity bond of accountable officers.
- 19.3 Insurance Expenses shall include premiums paid by the agency for the insurable risks of government property.

20.0 LABOR AND WAGES

This shall include labor payroll paid for projects undertaken by administration, for agricultural activities involving hired labor, student wages, etc.

21.0 OTHER MOOE

This shall include the following:

21.1 ADVERTISING EXPENSES

Cost of advertisement in newspapers, magazines, television, radio and other forms of media.

21.2 PRINTING AND PUBLICATION EXPENSES

Expenses for the printing, binding of manuscripts, documents in government operations and projects.

21.3 REPRESENTATION EXPENSES

Expenses for official meetings/conferences and entertainments

21.4 TRANSPORTATION AND DELIVERY EXPENSES

Refer to the cost of transporting government inventory, property and equipment.

21.5 RENT/LEASE EXPENSES

21.5.1 Rent Expense shall include rental of the following:

- 21.5.1.1 Land
- 21.5.1.2 Buildings and Structures
- 21.5.1.3 Motor Vehicles
- 21.5.1.4 Equipments
- 21.5.1.5 Living Quarters
- 21.5.1.6 ICT Equipments (e.g. desktop computers, mobile computing devices, printers, scanners, etc.)
- 21.5.1.7 ICT Infrastructure Machinerics and Equipment (e.g. communication networks, data center and storage facilities, etc.)

21.5.2 Rent should also be supported with a copy of contract/agreement and computation of the yearly rentals. For building rental, the floor area and number of employees to be housed in the building should also be disclosed.

21.5.3 For agencies without available quarters to house their officials entitled to the same, the rental cost for the provision of quarters to these officials shall form part of the annual rental estimates pursuant to NBC No. 456 (Guidelines on the Provision of Free Quarters to Certain Officials) dated November 11, 1996.

21.5.4 The limitation on the rental of motor vehicles which specifies that such rental should not be for a continuous period of more than fifteen (15) days, as provided under Section 76, Chapter 7,

Book VI of EO No. 292 (Administrative Code of 1987) as implemented by NBC No.446A, shall be strictly followed.

21.6 MEMBERSHIP DUES AND CONTRIBUTIONS TO ORGANIZATIONS

Covers membership dues, contributions, fees to professional and/or recognized organizations.

21.7 SUBSCRIPTION EXPENSES

21.7.1 Library and other reading materials.

21.7.2 ICT Software Subscriptions

21.8 DONATIONS

This shall include the amount of aids/assistance to other levels of government/individuals/institutions and must be supported with a detailed listing of recipients/beneficiaries, the purpose and the legal basis of such grants.

21.9 LITIGATION/ACQUIRED ASSETS EXPENSES

This shall include the expenses incurred in connection with litigation proceedings and registration/consolidation of ownership of acquired assets, as well as those incurred in their preservation/maintenance.

PART III: FINANCIAL EXPENSES–BP Form 201- C

21.0 FINANCIAL EXPENSES

21.1 Management Supervision/Trusteeship Fees -

Amount paid to an appointed person or institution that manages assets, including mutual funds and unit trusts, for the benefit of the government; or an agent who handles the administrative aspects of bond issuance and ensures that the borrower complies with the terms of the bond indenture.

21.2 Loan Repayment –

Payment for the principal portion of the loan.

21.3 Interest Expenses –

Interest charges paid for the use of borrowed money. This also includes discounts on treasury bills and treasury bonds; premiums on bond investments; coupon payments/interests on domestic and foreign bonds issued by the NG; and interest payment on NG-direct and relent loans, and NG-assumed liabilities.

21.4 Guarantee Fees –

Guarantee fee paid by a debtor government agency to the guarantor for the assurance to pay the agency's obligations to the creditor as stipulated in the guarantee clause.

21.5 Bank Charges –

Charges imposed by the bank for various services rendered excluding interest charges. This also includes cost of checkbooks, penalties and surcharges on overdrafts.

21.6 Commitment Fees -

Commitment charges imposed by creditors based on an agreed percentage of the undrawn loan amount.

21.7 Other Financial Charges -

Charges not falling under any of the specific financial expense accounts.

The use of "OTHERS" account shall be strictly prohibited.

PART III: CAPITAL OUTLAYS – BP Form 201- D

22.0 INVESTMENT IN SUBSIDIARIES OUTLAY

Investment in subsidiaries outlay shall refer to the money invested in corporations and entities, that are neither affiliates/associates or joint venture, where the corporation has complete control or ownership.

23.0 LAND AND LAND IMPROVEMENTS OUTLAY

This account includes the cost of rights to land ownership and the improvements to land which are permanent or capital in nature. This include runways and taxiways; railways; and electrification, power and energy structures.

24.0 BUILDINGS AND STRUCTURES OUTLAY

This account shall include cost of buildings and structures, constructed or acquired and related improvements thereto which are permanent or capital in nature. This expense item includes school buildings; hospitals and health centers; markets and slaughterhouses and other structures.

Budget proposal shall be supported with the following:

- **Cost of projects adopting the DPWH Mensuration standards**
- **DPWH clearance of the approved plan**
- **DENR geo-hazard certification**

25.0 OFFICE EQUIPMENT, FURNITURE AND FIXTURES

- 25.1 This account shall include all types of office equipment, furniture and fixtures, and library books. For library books, this covers the cost of reference books and all other materials, whether printed or in audio-visual form, relevant to the functions of the agency or institution concerned, and library collections needed in the intellectual and professional advancement of government personnel and other library users.
- 25.2 ICT Office Equipment shall include desktop computers, mobile computing devices, tablets, printers, scanners, and other ICT office equipment necessary for office productivity, and network devices (e.g. switches, routers, power supplies).
- 25.3 ICT Software shall include essential office productivity software, network management and database management software.
- 25.4 The following guidelines shall be considered in the determination of equipment requirements of agencies:
- 25.4.1 Equipment directly needed in the performance of line functions shall be given priority over items intended for administrative and support activities. In this connection, the purchase of additional cell phone units, personal digital assistants e.g., palm computers, other sophisticated equipment and gadgets regardless of funding source, is hereby discouraged.
 - 25.4.2 The repair and rehabilitation of existing equipment shall be considered as an alternative to the purchase of new items.
 - 25.4.3 The optimum utilization of existing equipment shall be a precondition for the purchase of additional ones. The policy of sharing equipment like copying machines, audio-visual and other similar types shall be adopted.
 - 25.4.4 Requests to replace non-serviceable equipment considered extremely necessary shall also be given priority over the purchase of additional items. Proposals for replacement shall be supported by an Inventory and Inspection Report of Unserviceable Property duly signed by the Head of Agency/COA Auditor and information on the expected proceeds of the sale.

26.0 MACHINERIES AND EQUIPMENT

- 26.1 Machineries and Equipment - This account shall include the value or cost of machineries; agricultural, fishery and forestry equipment; airport equipment; construction and heavy equipment; firefighting equipment and accessories; hospital equipment; medical, dental and laboratory equipment; military and police equipment; sports equipment; technical and scientific equipment and all other equipment.

26.2 ICT Infrastructure, Machineries and Equipment – shall include the value or cost of machineries for communication networks and data center and storage facilities.

27.0 TRANSPORTATION EQUIPMENT

This account shall include motor vehicles, trains, aircrafts and aircraft ground equipment, watercraft and other transportation equipment.

27.1 The following guidelines shall be considered in the determination of transportation equipment requirements of agencies:

27.1.1 Proposals for the purchase of motor vehicles shall be subject to pertinent provisions of the General Appropriations Act, National Budget Circular Nos. 446 and 446-A and Budget Circular No. 2010-2 and Administrative Order No. 233, prohibiting the acquisition by government offices of luxury vehicles.

27.1.2 The agency shall determine and dispose its unserviceable motor vehicles subject to pertinent COA rules and regulations. No amount shall be provided for the repair of unserviceable vehicles.

27.1.3 Motor vehicles that should be replaced shall likewise be determined. The provisions of NBC No. 446 shall, however, be strictly adhered to in the replacement of motor vehicles.

27.1.4 **Based on the car re-fleeting program, it is understood that old motor vehicles should have been disposed before proposing the purchase of new motor vehicles, pursuant to Item 4.6.1 of CL No. 2008-9.**

28.0 PUBLIC INFRASTRUCTURES

This account shall include the cost of construction or acquisition of roads, highways, bridges and **right-of-way**; parks, plazas and monuments; ports, lighthouses and harbors; artesian wells, reservoirs, pumping stations and conduits; irrigation, canals and laterals; flood control structures; waterways, aqueducts, seawalls, river walls, and other public infrastructure.

Budget proposal shall adopt the most recent standard cost from DPWH for infrastructure, i.e., factoring in resiliency to withstand natural calamities.

29.0 REFORESTATION PROJECTS

This refers to the cost or appraised value of upland, marshland or swampland reforestation projects completed or acquired.

30.0 LOANS OUTLAYS

This account includes loans and capital advances made to persons, government and private corporations, revolving funds, associations and political subdivisions.

31.0 LIVESTOCK AND CROPS OUTLAY

Livestock and Crops Outlay shall include costs of investments in breeding animals including their offspring, animal dispersal program, and fruit or non-fruit bearing perennial crops.

32.0 WORK ANIMALS OUTLAY

This account includes the cost or appraised value or appropriate value of work animals which add to the assets of the government.

33.0 OTHER GUIDELINES FOR CAPITAL OUTLAYS

33.1 The completion of on-going construction projects, particularly buildings, shall be given priority over the construction of new ones.

33.2 The major repair and rehabilitation of occupied buildings and structures or those which will be used in connection with the agency's line functions may be allowed if this is to be undertaken in lieu of any new building construction. Likewise, the acquisition of land for the purpose of constructing buildings and structures as well as the construction of new buildings shall be discouraged except when the proposed acquisition or construction is the first such project and is critical in the performance of the agency's line function.

PART IV: AGENCY- SPECIFIC EXPENDITURE ITEMS

34.0 DEPARTMENT OF EDUCATION (DepEd), STATE UNIVERSITIES AND COLLEGES (SUCs), COMMISSION ON HIGHER EDUCATION (CHED), TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA), AND AUTONOMOUS REGIONAL GOVERNMENT IN MUSLIM MINDANAO (ARMM)

34.1 Equivalent Record Forms (ERFs)

Lump-sum appropriations for the reclassification of teaching and related teaching positions in DepEd based on ERFs of incumbents approved as of April 30, 2014 shall be provided on the basis of actual requirements. In the case of TESDA-Supervised Technical Education Institutions (TEIs) and CHED Supervised Higher Education Institutions (HEIs), the computation shall be based on the actual requirements of only those assigned in the secondary education program. Proposed appropriations for ERFs for 2015 shall not exceed the FY 2014 budget for the purpose.

34.2 Provision for Master Teacher Positions

The conversion of existing teacher positions to Master Teacher positions shall be allowed provided that the proposed lump-sum appropriations for 2014 shall not exceed the FY 2014 budget for the purpose:

34.2.1 For elementary schools: Total Master Teacher Positions shall not exceed 10% of the total authorized teacher items in the district, to wit:

a. Master Teacher I positions shall not exceed 6.6% of the total number of authorized teaching positions;

b. Master Teacher II positions shall not exceed 3.4% of the number of authorized Master Teacher I positions.

34.2.2 For secondary schools: One (1) Master Teacher position regardless of level may be allowed per subject area with at least 5-7 authorized teacher items.

34.3 Provision for Student Labor Allowance

The amount to be provided for payment of allowances for student labor shall be computed at P10.00 per hour but not to exceed 4 hours a day for students in schools and educational institutions supervised by the DepEd, CHED, TESDA and similar institutions in the ARMM pursuant to DBM Circular Letter No. 11-96 dated April 1, 1996. Requirements for this purpose shall be supported by projected total hours on a project or activity basis.

34.4 Lump-sum for Substitute Teachers/Instructors

This shall be computed as follows:

34.4.1 For elementary schools: 1% of total salaries of authorized teaching positions;

34.4.2 For secondary and tertiary schools offering elementary/secondary school programs: 10% of total authorized teaching positions multiplied by two (2) months basic salary of Teacher I, SG-10.

34.4.3 For SUCs and tertiary schools: 10% of total authorized teaching positions multiplied by two (2) months basic salary of Instructor I, SG-12.

34.5 Lump-sum for Teaching Overload

Teaching personnel engaged in actual classroom instructions may be paid honoraria for services rendered in excess of the regular teaching load. The provision for honoraria shall be based on the Prime Hourly Teaching Rate (PHTR), which shall be computed as follows:

34.5.1 For undergraduate program:

$$\text{PHTR} = \frac{\text{AR}}{\text{W}} \times \text{T} = \frac{\text{AR}}{1,600} \times 1.25 = 0.000781 \text{ AR}$$

Where:

AR= Annual rate of each teacher proposed to be paid honoraria

W = Total teaching hours. (This is computed at 40 hours/week multiplied by 40 weeks or 1,600 hours.)

T = 1.25 or 125% of the teacher's remuneration for services in excess of 6 hours actual teaching per day but not more than 2 hours.

34.5.2 For graduate program

- a. For faculty members with Bachelor's Degree and with special vocational preparation:

$$\text{PHTR} = \frac{\text{AR}}{1,296} \times 1.5 = 0.0012 \text{ AR}$$

- b. For faculty members with Master's Degree:

$$\text{PHTR} = 0.0014 \text{ AR}$$

- c. For faculty members with Doctorate Degree:

$$\text{PHTR} = 0.0015 \text{ AR}$$

34.6 Textbooks, desks and school building program

Budget estimates for these items of expenditure shall be supported by the following:

- 34.6.1 Latest Census of population by age group;
- 34.6.2 Actual and projected enrollment in pre-school, elementary and secondary levels per school division;
- 34.6.3 Actual number of teachers in elementary and secondary levels per school division;
- 34.6.4 Latest list of approved textbooks and its corresponding cost; and,
- 34.6.5 Inventory of textbooks, desks and classrooms per region.

35.0 DEPARTMENT OF SCIENCE AND TECHNOLOGY – INFORMATIONS AND COMMUNICATIONS TECHNOLOGY OFFICE - TELECOMMUNICATIONS COMMISSION

Where telegram facilities are still necessary, Telegram Carriers shall be granted bicycle allowance at P80.00 a month.

36.0 AGENCIES WITH MILITARY AND UNIFORMED PERSONNEL

In addition to the Base Pay that is authorized for military and uniformed personnel as discussed under items 1.0 of Salaries and Wages, both under Part I of these guidelines, other personnel benefits include the following:

36.1 Regular Pay and Allowances

- 36.1.1 Longevity Pay equivalent to a percentage of base pay depending on length of service;
- 36.1.2 Subsistence Allowance of P90.00 per day;
- 36.1.3 Quarters allowance ranging from P400 to P1,500 depending on the rank;
- 36.1.4 Clothing Allowance of P200 per month except for NAMRIA;
- 36.1.5 Hazard Pay of P240 per month;
- 36.1.6 Laundry allowance of P60 per month for officers and P30 per month for non-officers

36.2 Collateral Entitlements

- 36.2.1 Amounts for collateral entitlements shall not exceed the FY 2014 budget to be supported by details on the entitled personnel, legal basis and assumptions used.
- 36.2.2 In addition to the P240.00 per month combat duty pay already being received by the military personnel, a combat allowance of P260.00 per month is authorized to be supported by actual roster or enlisted personnel actually engaged in combat operations.

36.3 Special Group Term Insurance not exceeding P72 each per annum.