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DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
CENTRAL OFFICE
Bonifacio Drive, Port Area, Manila

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DEPARTMENT MEMORANDUM)

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03/16/2021

FOR / TO : Undersecretaries
Assistant Secretaries
Bureau Directors
Service Directors
Regional Directors
Heads of UPMOs
District Engineers
This Department

For information and guidance, attached is a copy of DBM National Budget Circular No. 581 dated December 27, 2020, entitled **"CLARIFICATORY GUIDELINES AND PROCEDURES APPLICABLE TO FOREIGN-ASSISTED PROJECTS FOLLOWING THE CASH BUDGETING SYSTEM AND TREASURY SINGLE ACCOUNT FRAMEWORK"**.

A copy of the said National Budget Circular may also be downloaded from the DPWH website: <http://dpwhweb>. If an office cannot access the DPWH website, a hard copy may be obtained from the Records Management Division, HRAS, upon request.

For dissemination to all concerned.

MARICHU A. PALAFOX, CESO III
Assistant Secretary for Support Services

Encl: National Budget Circular No. 581 dated December 27, 2020

cc: Office of the Secretary

10.1.4 JVL/VGV/MSV



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

NATIONAL BUDGET CIRCULAR

No.: 581
December 27, 2020

For : All Heads of Departments, Bureaus and Offices of National Government Agencies, including their Regional Offices/Operating Units; Heads of Government-Owned or -Controlled Corporations; Local Chief Executives of Local Government Units; Governor of the Bangko Sentral ng Pilipinas; Chairman of the Commission on Audit; and All Others Concerned

Subject : **CLARIFICATORY GUIDELINES AND PROCEDURES APPLICABLE TO FOREIGN-ASSISTED PROJECTS FOLLOWING THE CASH BUDGETING SYSTEM AND TREASURY SINGLE ACCOUNT FRAMEWORK**

1.0 RATIONALE

Significant changes have been introduced to the government budgeting and cash management framework since the issuance of the Department of Budget and Management (DBM), Commission on Audit (COA), and Department of Finance (DOF) Joint Circular (JC) No. 02-97.¹ Among these significant changes include:

- Adoption of the Treasury Single Account (TSA) pursuant to Executive Order (EO) No. 55, s. 2011;²
- General Appropriations Act-as-Allotment-Order (GAAAO) Policy beginning Fiscal Year (FY) 2014; and
- Cash Budgeting System (CBS) starting FY 2019 as declared by President Rodrigo R. Duterte in his Veto Message on the FY 2019 General Appropriations Act (GAA) and EO No. 91, s. 2019.³

¹ Dated March 21, 1997 (Revised and Updated Budgeting and Accounting Guidelines and Procedures applicable to FAPs Implemented by NGAs and GOCCs)

² Dated September 6, 2011 (Directing the Integration and Automation of Government Financial Management Systems)

³ Dated September 9, 2019 (Adopting the Cash Budgeting System Beginning Fiscal Year 2019, and for Other Purposes)

Thus, there is a need to provide updated guidelines and procedures applicable to foreign-assisted projects (FAPs) implemented by National Government Agencies (NGAs), or through Government-Owned or -Controlled Corporations (GOCCs) or Local Government Units (LGUs) as implementing arm of NGAs.

2.0 PURPOSE

To prescribe guidelines in the implementation of FAPs following the CBS and the TSA framework.

3.0 COVERAGE

This Circular shall apply to transactions of NGAs as Implementing Agencies (IAs) of FAPs or GOCCs and LGUs as implementing arm of NGAs.

4.0 DEFINITION OF TERMS

For the purpose of this Circular, or when used in loan/grant/donation documents or transactions, the following terms shall mean as follows:

- 4.1 **Cash Budgeting System (CBS)** – refers to a budgeting system where the annual appropriations limit the incurrence of obligations and payments for goods, services, and civil works delivered/rendered, inspected, and accepted within the current FY or the transition period approved by the President as recommended by the DBM.
- 4.2 **Foreign-Assisted Projects (FAPs)** – projects partly or fully financed by foreign loans and/or foreign grants/donations.
- 4.3 **Forward Obligational Authority (FOA)** – certificate of commitment or authority issued by the DBM to the NGA for FAPs certifying that funds shall be made available to cover the total project cost. This shall serve as an assurance that the loan proceeds (LP) and the Government of the Philippines (GoP) peso counterpart contribution for the project is included in the long-term capital program of the NGA.
- 4.4 **Investment Coordination Committee - Cabinet Committee (ICC-CC)** – refers to the Cabinet Committee of the ICC which evaluates the fiscal, monetary, and balance of payment implications of FAPs, and approves/recommends the same to the National Economic and Development Authority (NEDA) Board for confirmation.



4.5 Loan/Grant/Donation Availment Scheme/Transfer Procedure

4.5.1 Direct Payment Scheme – refers to the disbursement scheme whereby the lending institution directly pays the suppliers/contractors/consultants either local or foreign, from the LP component of the project.

4.5.2 Imprest/Special Account/Working Fund Scheme – refers to the disbursement scheme wherein the lending institution/grantor/donor downloads seed money/working fund to the TSA of the Bureau of the Treasury (BTr) in the Bangko Sentral ng Pilipinas (BSP) for the payment of eligible expenditures of the NGAs/IAs, subject to replenishment, as applicable.

4.5.3 Reimbursement Scheme – refers to the disbursement scheme wherein NGAs/IAs apply for reimbursement to the lending institution upon the utilization of funds advanced from the General Fund for the procurement of eligible goods and services.

4.6 Modified Disbursement System (MDS) – a disbursement system implemented to facilitate effective cash management of the NG's cash resources whereby NGAs/BTr for GOCCs and LGUs settle their payables either through the issuance of checks or direct credit to the bank account of the supplier/contractor/consultant, chargeable against the account of the Treasurer of the Philippines (TOP) BTr being maintained with Government Servicing Banks (GSBs).

4.7 Treasury Single Account (TSA) – a single account or a set of linked accounts centralizing government cash balances established to improve the financial management of government funds, thereby resulting in minimized borrowing and transaction costs.

4.8 Unprogrammed Appropriations – appropriations under the annual GAA which provides standby authority to incur additional agency obligations for priority programs or projects when total revenue collections exceed targets, or when additional foreign funds are generated.

5.0 GENERAL GUIDELINES

5.1 For new FAPs to be included in the National Expenditure Program (NEP), the NGAs shall include in their budget proposals the projects approved by the ICC-CC and confirmed by the NEDA Board as of the period indicated in the annual Budget Call, provided these are ready for implementation.



- 5.2 After the cut-off date indicated in the DBM Budget Call, the NEDA, in coordination with the DOF and agency concerned, shall submit to DBM a list of ICC-CC approved and NEDA Board confirmed projects, including those to be approved for implementation in the proposed year. The list shall be supported by a Certification from NEDA or DOF that the projects are included in the programming by the lending institution/donor/grantor for the proposed year. These projects shall be evaluated by the DBM for possible inclusion in the Unprogrammed Appropriations. Parallel to the submission of the list by the NEDA, the NGA/IA shall submit to the DBM a copy of the project appraisal report or minutes of technical discussions.
- 5.3 The NGAs shall include in their budget proposals as GoP peso counterpart the cost items such as value-added tax and customs duties, among others, that will not be covered under the development partners' support. The NGAs shall attribute the costs of the services of existing personnel, operating expenditures, and capital outlays as GoP peso counterpart to the extent possible.
- 5.4 The NGA's budget proposal shall reflect the cash requirement of FAPs for the year with the corresponding breakdown of funding source (i.e., LP and GoP peso counterpart) and project components. No disbursements of LP shall be made unless covered by an allotment.
- 5.5 Budget proposals pertaining to the purchase of information technology equipment and systems shall be compliant with the approved Information Systems Strategic Plan (ISSP) and the Medium-Term Information and Communications Technology Harmonization Initiative (MITHI) Steering Committee approval. These shall be consistent with the approval of the ICC-CC.
- 5.6 For project loans, the NGAs shall secure the approval of the ICC-CC and confirmation of the NEDA Board prior to loan negotiations. To facilitate loan negotiations, the NGAs shall request the DBM for the issuance of FOA. Annex A hereof provides the list of requirements for the issuance of FOA which includes the ICC-CC and NEDA Board Action Letters; and the final Project Evaluation Report (PER) as issued by the ICC Core Secretariat, among others.
- 5.7 The implementation period of a FAP shall only be considered extended upon the (i) appropriate approval as prescribed in the ICC Memorandum, dated September 30, 2016 as follows:⁴

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⁴ Revisions on ICC Guidelines and Procedures (ICC Arrangements and Policies)

Nature of Request	Decision Parameters	Level of Review
Extension of Implementation/ Loan/Grant Validity	1. More than 24 months	NEDA Board Approval
	2. More than 12 months up to 24 months	ICC Approval
	3. 12 months and below	ICC Secretariat/ DOF Approval

and, (ii) approval of the extension by the lending institution/grantor/donor. An approved extension shall not automatically imply an increase in the GoP peso counterpart requirement of the project over and above the original terms of the agreement.

- 5.8 Any adjustment on the total project cost⁵ shall follow the ICC guidelines supported by necessary justification as prescribed in the 2016 ICC Memorandum shown below:⁶

Nature of Request	Decision Parameters	Level of Review
Change in Project Scope/Cost	1. Change in expected benefits (i.e., change in expected beneficiaries, service area, change in ICC/NB-approved design)	NEDA Board Approval
	2. Increase in total project cost by more than 10%	NEDA Board Approval
	3. Increase in total project cost by 10% and below, but equal to or more than ICC/NB cost floor for review	NEDA Board Approval
	4. Decrease in total project with request to use savings to expand scope or coverage	ICC Approval
	5. Increase in total project cost by 10% and below, but less than ICC/NB cost floor for review	ICC Secretariat
	6. Decrease in total project cost/ without change in project scope	ICC Notation

- 5.9 Donations or grants, whether in cash or in-kind, from foreign sources, are subject to the prior clearance and approval of the President of the Philippines or his/her authorized representative based on the recommendation of the Secretary of Finance or Secretary of Foreign Affairs, as prescribed in the General Provisions of the GAA. These donations or grants shall be deemed automatically appropriated. Utilization of donations or grants for purposes specified by the donor or

⁵ such as additional project costs arising from foreign exchange fluctuations

⁶ *Ibid*, Footnote 4



grantor must always conform to the applicable policies of the NG. In case of grants, where applicable, NGAs/IAs shall secure the approval of the ICC-CC and confirmation of the NEDA Board prior to processing.

- 5.10 All grants/donations, under Trust or Special Account in the General Fund (SAGF), shall follow the relevant provisions in the GAA on receipts or revenues collected/received by Agencies.
- 5.11 Loan/grant/donation availments to pay contracts in foreign or local currency may be undertaken through direct payment, imprest/special account/working fund, or reimbursement schemes pursuant to loan/grant/donation agreement. Direct payment schemes are preferred for payments of imported project components to minimize foreign exchange costs.
- 5.12 As a general rule, the procurement and/or award of contract shall follow the procedures and guidelines of the lending institution/grantor/donor or in its absence, the Implementing Rules and Regulations of Republic Act No. 9184. Hence, for loans that require supplier's/contractor's/consultant's contract before the perfection of loan agreement and release of funds, the NGA/IA shall be allowed to enter into a contract with the supplier/contractor/consultant provided the project was approved by the ICC-CC and confirmed by the NEDA Board, and supported by the FOA issued by the DBM. The contract shall only become effective once the loan agreement is signed and the Special Allotment Release Order (SARO) has been issued.

A GOCC or LGU, as implementing arm of an NGA shall be allowed to enter into a contract with the supplier/contractor/consultant upon the approval of the GOCC's Board of Directors or the LGU's Sanggunian, respectively. This approval shall be supported by the FOA issued by DBM to the NGA/IA.

- 5.13 To facilitate the implementation of FAPs, the NGAs/IAs may conduct Early Procurement Activities (EPA). This may include those items funded under the Unprogrammed Appropriations and Automatic Appropriations (for grants and donations). The conduct of EPA shall follow the Government Procurement Policy Board (GPPB) Circular No. 06-2019.⁷
- 5.14 For the purpose of implementation of FAPs:
 - 5.14.1 For loans, the signed loan agreement, Project Profile, and SARO shall serve as the authority to award multi-year contracts for the implementation of FAPs. The project profile shall reflect the updated breakdown of the annual cash requirement for the project. In case of adjustments in the annual cash requirement

⁷ Dated July 17, 2019 (Guidelines on the Implementation of Early Procurement Activities [EPA])



during the project implementation, the NGA shall submit the updated Project Profile based on the DBM guidelines.

5.14.2 For grants/donations, the following documents shall serve as the authority to award contracts namely, the SARO, approval of the President or ICC-CC/NEDA Board, as applicable, Project Profile, and signed grant/donation agreement or document/instrument issued by the foreign donor or financing institution explicitly stating that a grant/donation is to be made available to the Philippines, usually through the DOF.

5.15 The TSA framework shall be adopted for the availment and utilization of FAPs implemented by NGAs/IAs disbursed through direct payment, imprest/special account/working fund, or reimbursement schemes pursuant to EO No. 55, s. 2011, wherein:

5.15.1 Proceeds of all new foreign loans/grants/donations in cash, including monetized proceeds from commodity loans/grants/donations approved after the effectivity of this Circular, shall be remitted to the TSA of the BTr. Thereafter, unless specifically authorized in the loan/grant/donation agreement, as cleared by the BTr, no proceeds of foreign loans/grants/donations intended for FAPs shall be deposited in an account outside the TSA of the BTr. Proceeds shall be utilized only for eligible expenditures stipulated in the loan/grant/donation agreement.

5.15.2 Disbursements through the imprest/special account/working fund shall be made through the MDS of the BTr. Annex B1 - B4 hereof provides the process flow of the MDS.

The NGAs/IAs shall use an MDS sub-account with the GSBs which shall replace the opening of a separate checking account for the downloading of the imprest/special account/working fund. A separate MDS sub-account shall be opened for each FAP and maintained by NGAs/IAs to allow better monitoring of funds. The opening of the MDS sub-account shall follow the guidelines and requirements stipulated in Treasury Circular No. 02-2014.⁸

5.16 The Notice of Cash Allocation (NCA) for loan/grant/donation proceeds must be requested by the NGA/IA from the DBM after the NGA/IA has received the Certification from the BTr stating that the lending institution/grantor/donor has remitted the loan/grant/donation proceeds in the TSA of the BTr. The request for NCA shall be made

⁸ Dated June 16, 2014 (Guidelines in the Opening of Bank Accounts for Receipts and MDS Disbursements of National Government Agencies)



through Agency Letter of Request supported by the documents listed in Annex A.

For IAs issued with sub-allotment, the request for NCA shall be supported by a copy of the Certification from the BTr and the notice of sub-allotment received by the IA.

- 5.17 The NCA for loan/grant/donation proceeds shall be subject to end-of-year lapsing rather than the usual end-of-quarter lapsing. Any unused NCA shall be requested for re-issuance in the succeeding FY subject to valid appropriations, allotment released, and submission of the Agency Journal Entry Voucher adjusting the lapsed NCA supported by the GSB report reflecting the book balance or unused NCA.

The financial statement required by the lending institution/grantor/donor from the NGAs/IAs shall include as a footnote the book balance or unused NCA as reported in the GSB report.

- 5.18. The request for Non-Cash Availment Authority (NCAA) must be submitted to DBM not later than one (1) month after the NGA/IA has received the Certification from the BTr stating that the lending institution/grantor/donor has paid the supplier/contractor/consultant. The request for NCAA must be supported by the documents listed in Annex A.

- 5.19 All unpaid obligations of the NGA/IA for goods/services delivered/rendered, inspected, and accepted by the agency at the end of the FY shall be recognized in the Registry of Allotments, Obligations, and Disbursements, reported in the FAR No. 3 (Aging of Unpaid Obligations), and shall be paid promptly subject to the usual documentary requirements.

- 5.20 It is reiterated that FAPs are subject to the submission of the existing consolidated reports under the Unified Reporting System pursuant to relevant COA-DBM JCs and DBM Circular Letters,⁹ specifically:

- Financial Accountability Report (FAR) No. 1 (Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances)
- FAR No. 4 (Monthly Report of Disbursement)
- FAR No. 5 (Quarterly Report of Revenue and Other Receipts)

⁹ COA-DBM JC No. 2013-1 dated March 15, 2013 (Revised Guidelines on the Submission of Quarterly Accountability Reports on Appropriations, Allotments, Obligations, and Disbursements); COA-DBM JC No. 2014-1 dated July 2, 2014 (Guidelines Prescribing the Use of Modified Formats of the Budget and Financial Accountability Reports [BFARs]); DBM Circular Letter No. 2016-11 dated December 6, 2016 (Guidelines Prescribing Electronic Submission of Budget and Financial Accountability Reports [BFARs]); COA-DBM JC No. 2019-1 dated January 1, 2019 (Updated Guidelines Relative to Budget and Financial Accountability Reports [BFARs] Starting FY 2019)

- FAR No. 6 (Statement of Approved Budget, Utilization, Disbursement, and Balances for Trust Receipts)
- Budget Accountability Report No. 1 (Quarterly Physical Report of Operation)

These reports shall be submitted by the concerned NGA to the DBM, DOF, BTr, and NEDA.

6.0 SPECIFIC GUIDELINES

6.1 Issuance of Allotment Release

6.1.1 Foreign Loan Assisted Projects reflected in the GAA without changes from the NEP version shall be covered by the GAAAO policy. No procurement contract shall be awarded until the effectivity of the GAA, issuance of the pertinent allotment, and effectivity of the loan/grant/donation agreement.

For new FAPs, the signed loan/grant/donation agreement must be submitted to the DBM together with the other documentary requirements listed in Annex A prior to the release of the SARO.

6.1.2 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 for LP chargeable against the Unprogrammed Appropriations – Support to FAPs.

6.1.3 Unobligated allotment for grants/donations at the end of the year shall revert to the Unappropriated Surplus of the General Fund. The NGA/IA shall request re-issuance of SARO subject to the submission of FAR No. 1 at the end of the FY.

6.2 Issuance of NCAs and NCAAs

6.2.1 Direct Payment Scheme

The NGA/ IA shall be required to record the payment made by the lending institution/grantor/donor through the request of NCAA. This shall be supported by the Certification from the BTr, copy furnished DBM, indicating the peso value of the amount paid to the supplier/contractor/consultant, among others.

The BSP reference exchange rate to be used shall be the rate at the **date of payment** for disbursement directly made by the lending institution/grantor/donor to the supplier/contractor/consultant; or at the **date of receipt of funds** from the lending

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institution/grantor/donor for payment to supplier/contractor/consultant in local currency executed by the BSP/BTr.

In the case of a shortfall wherein the allotment of the NGA is less than the peso value of the foreign currency paid by the lending institution/grantor/donor to the supplier/contractor/consultant, the NGA/IA may:

- (i) For the current FY's shortfall:
 - a. Request the use of current FY savings; or
 - b. Request additional allotment release to be charged from the Unprogrammed Appropriations - Support to FAPs
- (ii) For prior FY's shortfall, the additional budget shall be included in the succeeding FY's regular budget.

In the case of payment made by the BSP upon instruction from the BTr, the BTr shall pay the amount equivalent to the supplier's claim regardless of the foreign currency received from the lending institution/grantor/donor. The amount paid by the BTr to the supplier shall be reflected in the Certification from the BTr issued to the NGA/IA which shall be used by the latter in requesting the NCAA.

Annexes C and D hereof provide the process flow for direct payment schemes.

6.2.2 Imprest/Special Account/Working Fund Scheme

The NCA to be issued to the NGAs/IAs shall be the peso equivalent of the foreign currency remitted by the lending institution/grantor/donor using the BSP reference exchange rate at the **date of receipt of funds** as certified by the BTr. The NGAs/IAs shall ensure that there is a corresponding allotment for the NCA released.

For the payment of foreign currency contracts, the NGAs/IAs through their MDS sub-accounts shall purchase the corresponding foreign currency requirements from the GSBs and shall recognize the peso value based on the actual buying rate.

Annex E hereof provides the process flow for the imprest/special account/working fund scheme.



6.3 Implementation of NGAs' FAPs Courshed Through Other Operating Units (OUs), LGUs or GOCCs

6.3.1 OUs

Implementation of FAPs through an OU within the agency may require the issuance of sub-allotment by the NGA/Implementing Unit; and direct release of NCA or NCAA by DBM to the OU.

6.3.2 LGUs/GOCCs

Implementation of FAPs through an LGU/GOCC wherein the allotment and cash requirements are budgeted and released to the NGAs shall follow the guidelines¹⁰ issued by the COA consistent with Volume I of the Government Accounting Manual for National Government Agencies, wherein:

6.3.2.1 Projects implemented by an NGA through an LGU/GOCC shall be covered by a Memorandum of Agreement (MOA) or an equivalent agreement approved by the LGU Sanggunian/GOCC Board. The agreement shall explicitly state the FAP's yearly cash requirements and other requirements needed for project implementation and reporting.

6.3.2.2 The MOA or an equivalent agreement and the Advice of Allotment from the NGA shall be the basis of the LGU/GOCC to conduct procurement activities.

6.3.2.3 The NGA shall issue a Certificate of Availability of Funds (CAF) equivalent to the one-year fund requirement and shall furnish the LGU/GOCC with a copy as a basis of the latter to award the contract.

7.0 DOCUMENTARY REQUIREMENTS FOR PAYMENT

All the documentary requirements for the payment of goods and services for the implementation of FAPs shall follow the requirements set by the lending institutions/grantors/donors and the COA.



¹⁰ COA Circular No. 2012-001 dated June 14, 2012 (Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions); COA Circular No. 2016-002 dated May 31, 2016 (Updates on Prescribing the Revised Guidelines and Documentary Requirements for Fund Transfers); COA Circular No. 2017-002 dated October 25, 2017 (Clarification of Commission on Audit [COA] Circular No. 2016- 002 dated May 31, 2016 on the Updates on Prescribing the Revised Guidelines and Documentary Requirements for Fund Transfers in Relation to COA Circular No. 2012-001 dated June 14, 2012 on the Revised Guidelines and Documentary Requirements for Common Government Transactions)

8.0 REPEALING PROVISION

All pertinent issuances and other existing rules and regulations inconsistent with this Circular are hereby amended or repealed accordingly.

9.0 TRANSITORY PROVISION

In the case of ongoing FAPs, existing agreements with the lending institutions/grantors/donors shall be followed. However, the transfer of funds in foreign currency by the BTr to NGAs authorized real accounts shall be discontinued. Hence, all special accounts of the NGAs/IAs shall be peso-denominated. Foreign currency requirements of the NGAs/IAs shall follow Section 6.2.2 of this Circular.

10.0 EFFECTIVITY

This Circular shall take effect fifteen (15) days after the completion of its publication either in the Official Gazette or in a newspaper of general circulation.

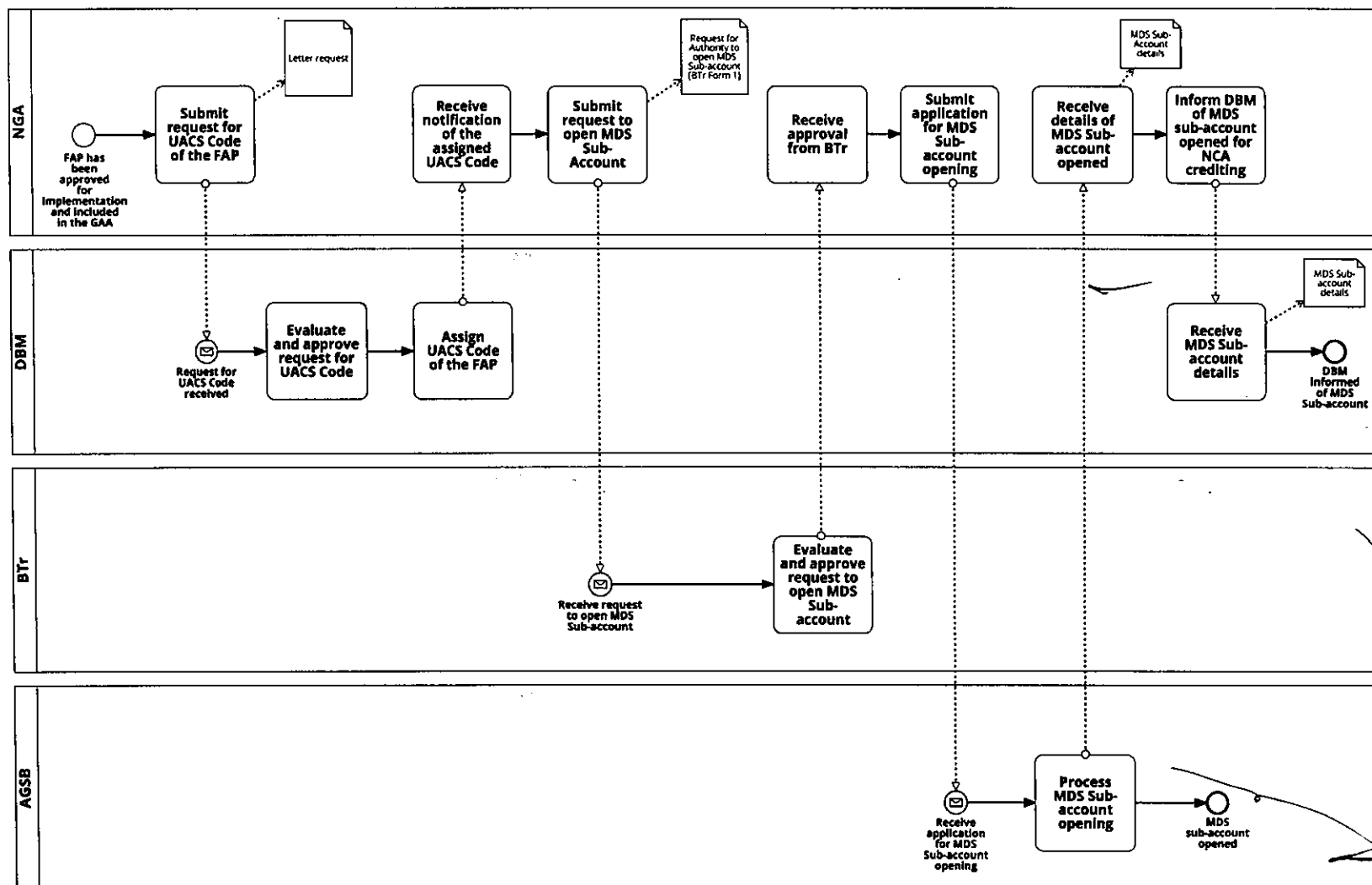

WENDEL E. AVISADO
Secretary



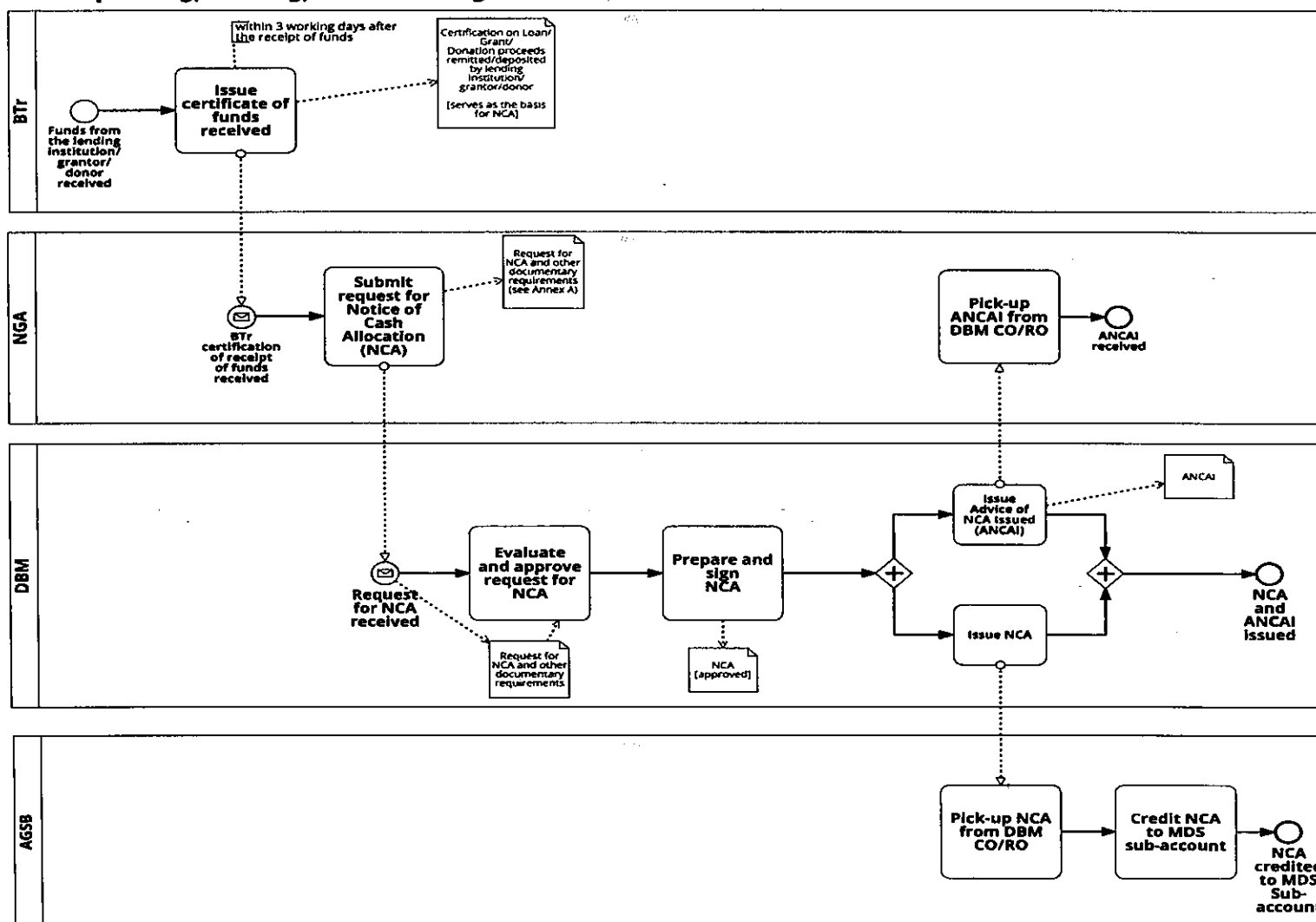
Annex A: List of Requirements for FOA, SARO, NCA, and NCAA for Foreign Assisted Projects

1. Forward Obligational Authority (FOA)
<ul style="list-style-type: none"> a. Agency Letter of Request for 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
2. Special Allotment Release Order (SARO) – for FAPS under For Later Release
<ul style="list-style-type: none"> a. Special Budget Request b. Copy of Signed Foreign Loan/Grant/Donation Agreement including copy of the Appraisal Report c. Updated BED No. 1/Financial Plan, if there are revisions d. Updated BED No. 2/Physical Plan, if there are revisions e. Updated Project Profile f. ICC approval/ICC-Secretariat/NEDA Board Action letter to the NGA/IA for additional work and change orders, if applicable
3. Notice of Cash Allocation (NCA)
<i>For FAPS funded by Loan:</i>
<ul style="list-style-type: none"> 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
<i>For FAPS funded by Grant/Donation:</i>
<ul style="list-style-type: none"> a. Agency Letter of Request for the release of NCA b. Certification from the BTr on Grant/Donation Remitted/Deposited c. Copy of notice of sub-allotment issued by the NGA, if applicable
4. Non-Cash Availment Authority (NCAA)
<ul style="list-style-type: none"> a. Agency Letter of Request for the release of NCAA b. Photocopy of the Application for Withdrawal or Request for Disbursement (RFD) c. Certified list of allotments and corresponding obligations incurred for the specific foreign loan/grant-assisted project against which the disbursement shall be applied d. Details of disbursements expressed both in peso and equivalent foreign currency as indicated in the application e. Certification from the BTr on the peso value of the amount paid to the supplier/contractor/consultant f. Certificate of Acceptance when the project is completed

Annex B-1: Requesting of Unified Accounts Code Structure (UACS) Code and Opening of MDS Sub-account for FAP



Annex B-2: Requesting, Issuing, and Crediting of NCA to the MDS Sub-account of FAP

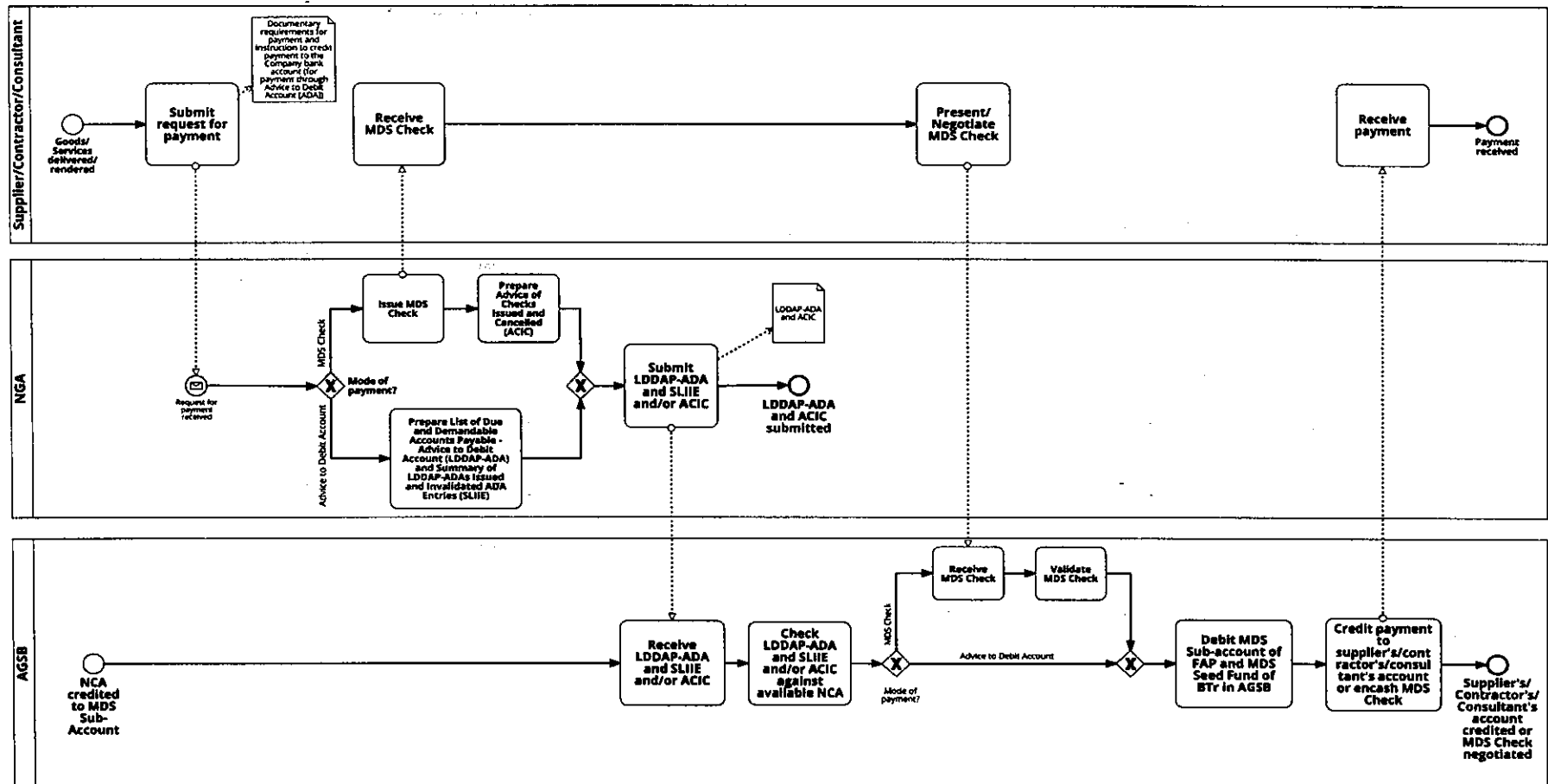


Legend:

- Start event – represents process' trigger
- Ⓜ Start message event – indicates that an instance of the process is created when a message/information is received
- End event – represents process' outcomes
- ⊕ AND gateway – represents "parallel"/simultaneous activities

- > Message flow – represents the flow of information between two process parties (i.e., Departments)
- Sequence flow -represents the order in which activities and events will be performed
- 📄 Data object – shows how data/document is required or produced by activities

Annex B-3: Crediting of Payment to Individual Account of Supplier/Contractor/Consultant

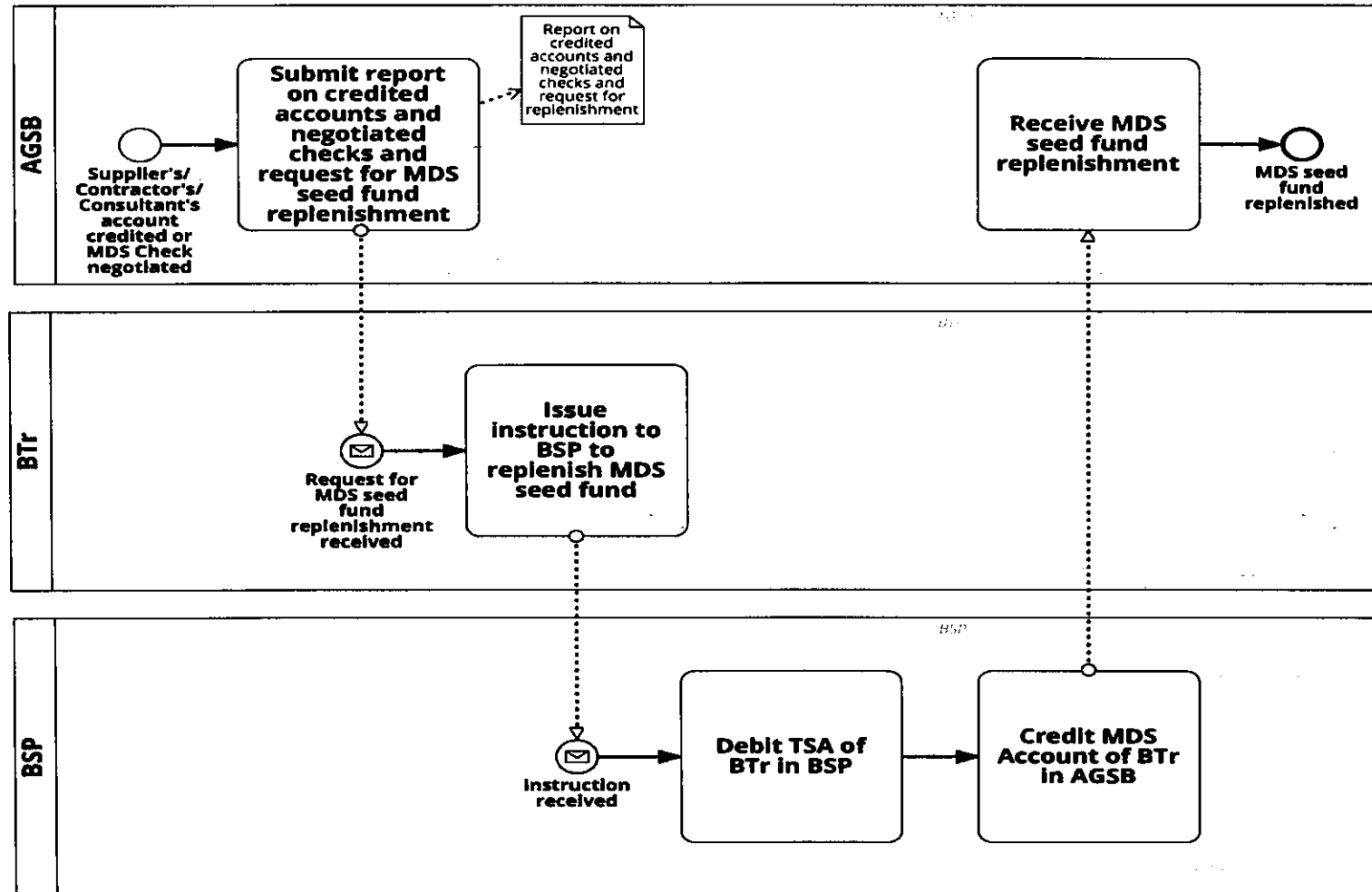


* Pursuant to DBM Circular Letter 2018-14 dated December 28, 2018, NGAs shall use the existing LDDAP-ADA and SLIIE to settle all A/Ps to creditors/payees including utility companies and social insurance corporations except GSIS (until such time that GSIS is equipped to accept direct payment scheme). However, creditors/suppliers who cannot be conveniently nor practicably be paid using the ADA as determined by the Agency Head may continue to be paid through the issuance of MDS checks or cash. These accounts include: 1) Small value creditors/payees with claims during the year costing P10,000 and below, e.g., government scholars, recipients of DOLE's Special Program for the Employment of Students (SPES); 2) Creditor/payee of the agency with non-regular transaction during the year, e.g., Right-of-Way claimants, relocation expenses for informal settler and others; and 3) Companies which are not authorized, per their internal policy, to open current accounts in addition to their existing accounts.




Legend:




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|---|---|---------|---|
| ○ | Start event – represents process' trigger | ○-----> | Message flow – represents the flow of information between two process parties (i.e., Departments) |
| Ⓜ | Start message event – indicates that an instance of the process is created when a message/information is received | → | Sequence flow – represents the order in which activities and events will be performed |
| ○ | End event – represents process' outcomes | 📄 | Data object – shows how data/document is required or produced by activities |
| ⊕ | AND gateway – represents "parallel"/simultaneous activities | ⊗ | XOR gateway – captures decision points and points where alternative flows are merged |

Annex B-4: Fund Replenishment of the MDS Account of the BTr

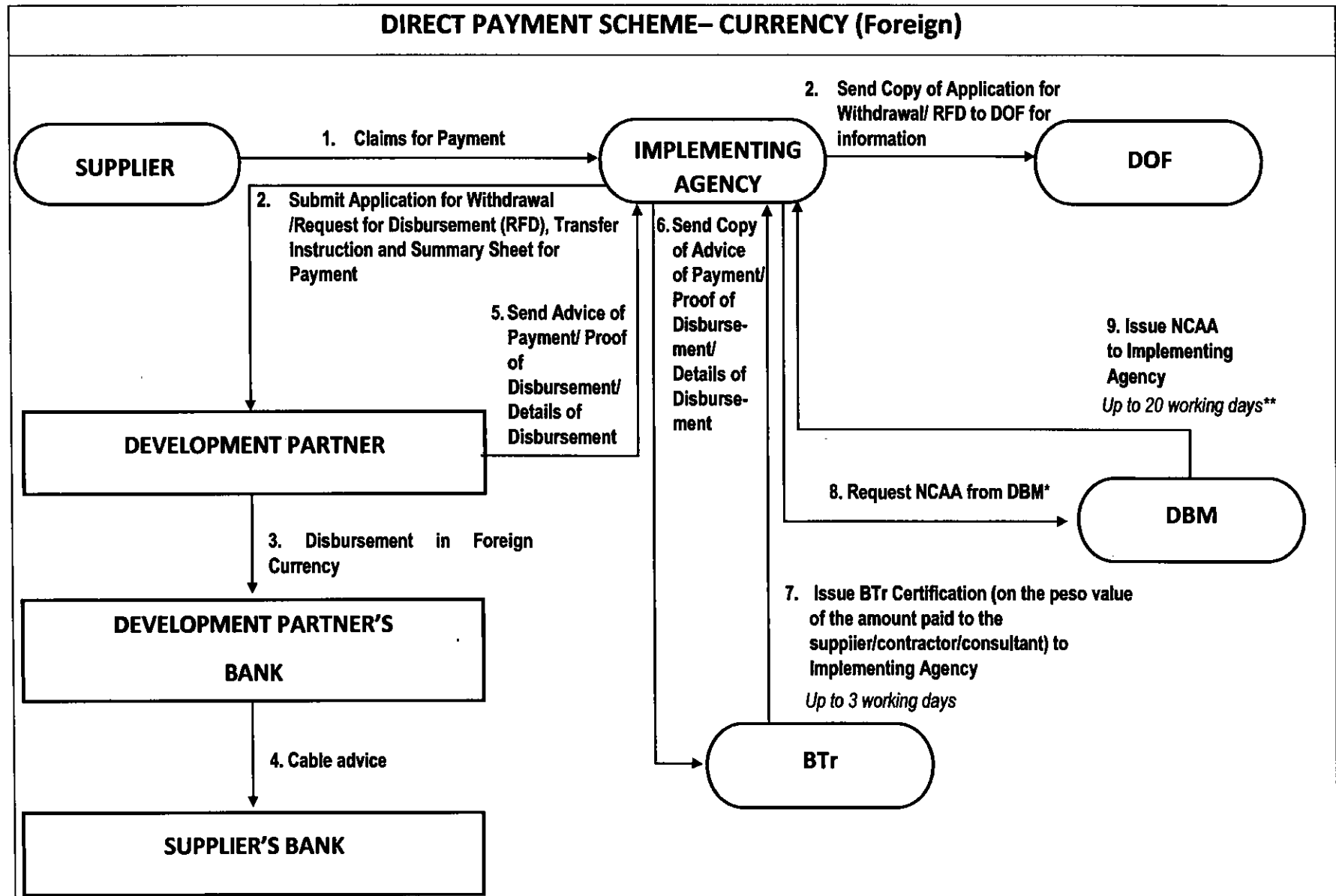


Legend:

-  Start event – represents process' trigger
-  Start message event – indicates that an instance of the process is created when a message/information is received
-  End event – represents process' outcomes

-  Message flow – represents flow of information between two process parties (i.e., Departments)
-  Sequence flow – represents the order in which activities and events will be performed
-  Data object – shows how data/document is required or produced by activities

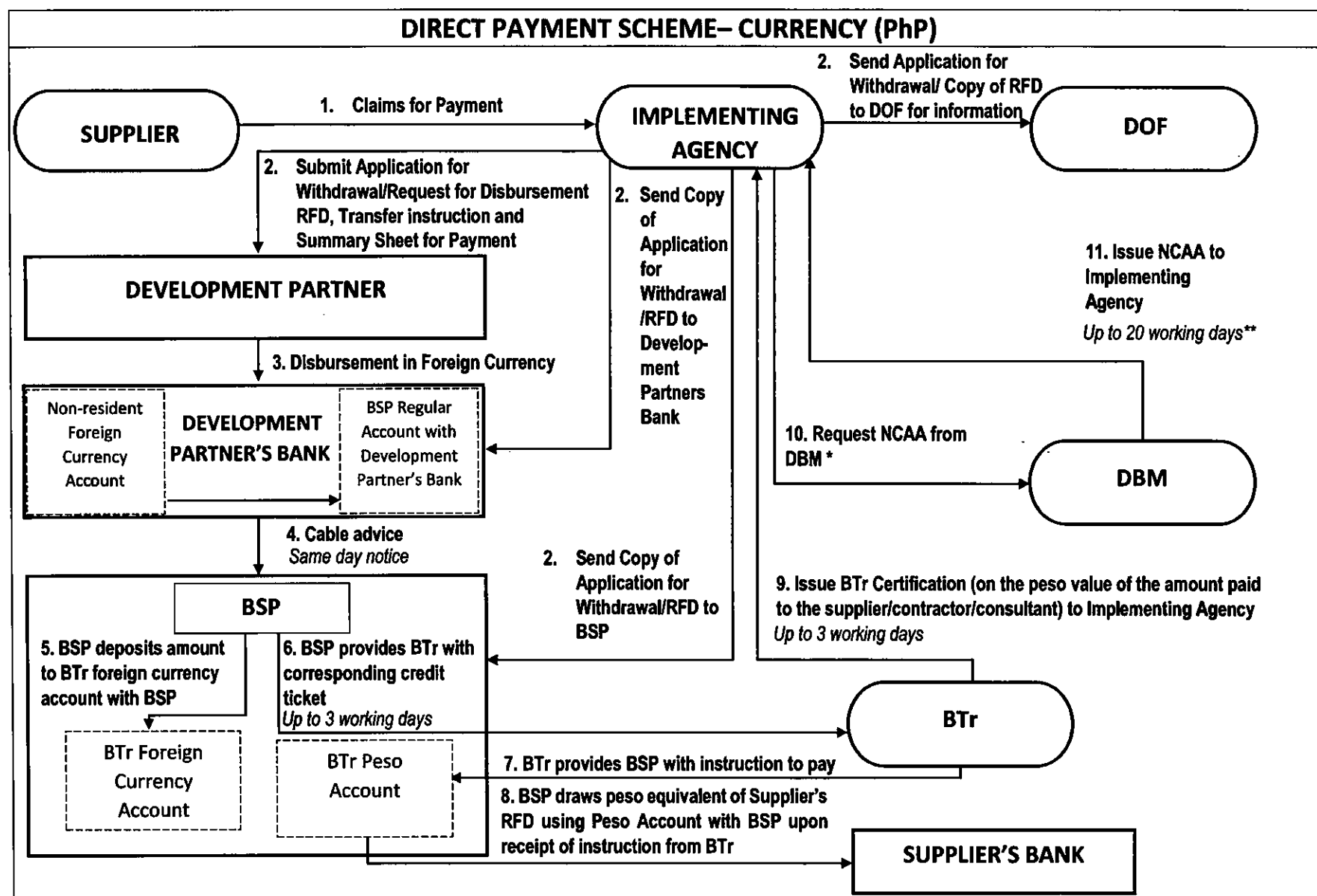
Annex C: Direct Payment Scheme– Currency (Foreign) Process Flow



*The request and issuance for NCAA shall conform with the annual Cash Budgeting System

** The release of the NCAA may be classified as a complex transaction. The processing time may be shortened provided that the documents are complete and accurate.

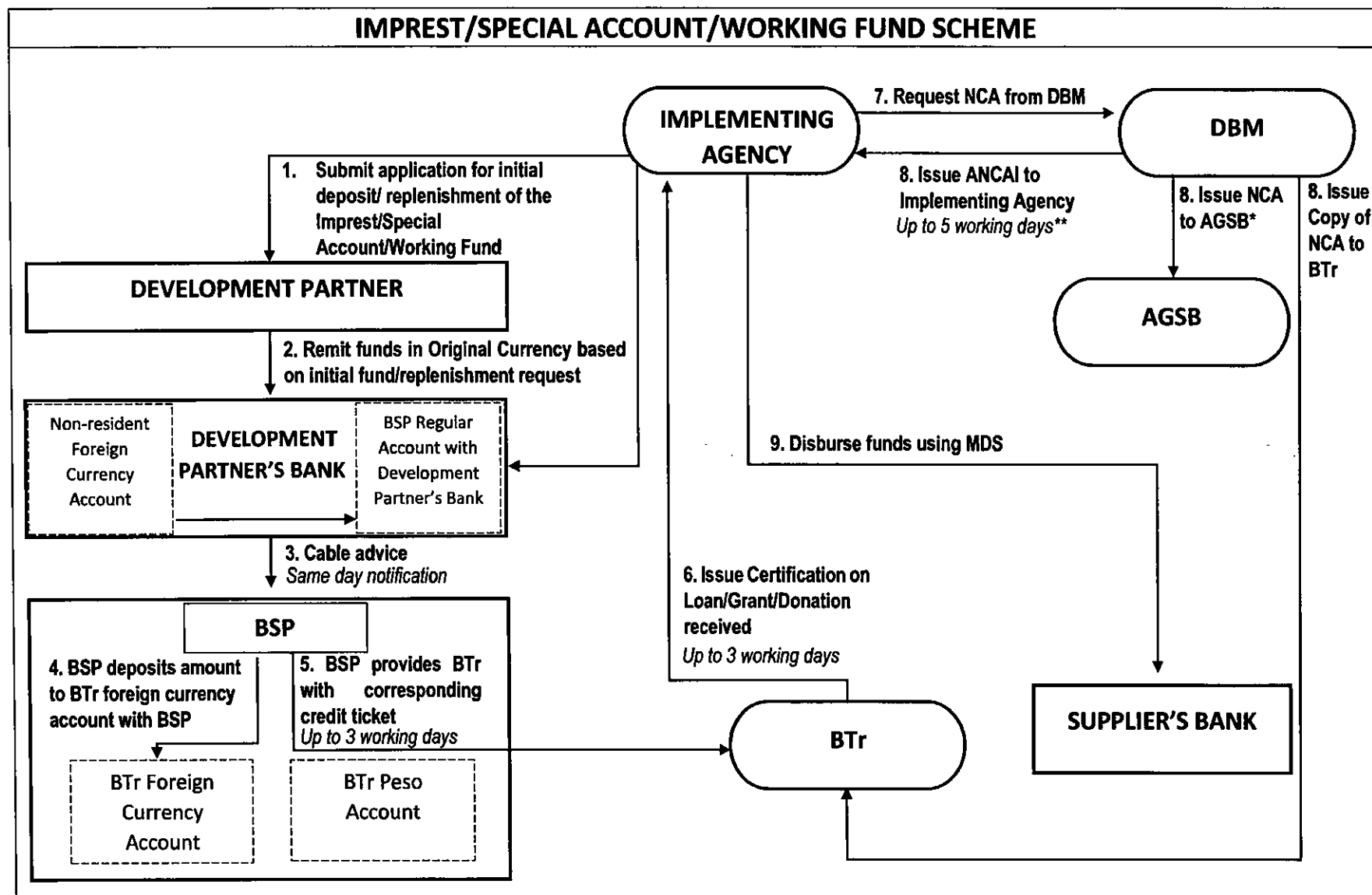
Annex D: Direct Payment Scheme– Currency (Php) Process Flow



* The request and issuance for NCAA shall conform with the annual Cash Budgeting System

** The release of the NCAA may be classified as a complex transaction. The processing time may be shortened provided that the documents are complete and accurate.

Annex E: Imprest/Special Account/Working Fund Scheme Process Flow



* The unused NCA shall be subject to end-of-year lapsing and shall be requested for re-issuance from the DBM supported by the Agency Journal Entry Voucher (JEV) adjusting the lapsed NCA and the GSB report reflecting the book balance. After submission of the request for re-issuance from the DBM, **Step 8** onwards shall be followed.

** The release of the NCA may be classified as a simple transaction. The processing time may be shortened provided that the documents are complete and accurate.