



Republic of the Philippines
Department of Education
REGION VIII - EASTERN VISAYAS

January 18, 2023

REGIONAL MEMORANDUM

No. **044** 2023

**UPDATES ON PAYMENT FOR FISCAL YEAR (FY) 2021
CONTINUING APPROPRIATIONS (CA)**

To: Schools Division Superintendents
All Others Concerned

1. Attached is **Memorandum OUF-2023-0007**, dated January 12, 2023, entitled "**Department of Budget and Management (DBM) Response to the Query on Payment for Fiscal Year (FY) 2021 Continuing Appropriations (CA)**", for information and compliance of all concerned.
2. Immediate dissemination of and strict compliance with this Memorandum is desired.

for: *dmicf*
EVELYN R. FETALVERO, CESO IV
Regional Director

Enclosures: As stated

References: None

To be indicated in the Perpetual Index under the following subjects:

ACCOUNTS PAYABLE
CONTINUING APPROPRIATIONS
PAYMENT OF ACCOUNTS PAYABLE

FD-GJF





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

DEPARTMENT OF EDUCATION
RECEIVED
 JAN 16 2023 11:30
 NO. 1320
 BY: [Signature] TIME: 11:30

MEMORANDUM
OUF-2023-0007

OFFICE OF THE DIRECTOR IV
 Date and Time Received [Signature] no
 Date and Time Released [Signature]

FOR : VICE PRESIDENT AND SECRETARY SARA Z. DUTERTE
UNDERSECRETARIES
ASSISTANT SECRETARIES
BUREAU AND SERVICE DIRECTORS
REGIONAL DIRECTORS
FINANCE OFFICERS
ALL OTHER CONCERNED

[Signature]
ANNALYN M. SEVILLA
FROM : Undersecretary

SUBJECT : DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
RESPONSE TO THE QUERY ON PAYMENT FOR FISCAL YEAR
(FY) 2021 CONTINUING APPROPRIATIONS (CA)

DATE : January 12, 2023

This refers to our letter to DBM dated November 24, 2022, seeking clarification on the validity of obligation and disbursement of the DepEd FY 2021 CA as authorized in Section 62 of the Republic Act (R.A.) No. 11640, and Section 3.5. of the DBM National Budget Circular No. 587 dated January 3, 2022, which states that Maintenance and Other Operating Expenses, and Capital Outlay are valid for release, obligation, and disbursement until December 31, 2022.

In relation to the DBM's response letter dated December 28, 2022 (attached as **Annex "A"**), received by this Office on January 5, 2023, kindly refer to the table below for easier reference:

	PROJECTS WITH CONTRACTS OBLIGATED ON OR BEFORE DECEMBER 31, 2022	ACCOUNTS PAYABLE (A/P)
1	Without Delivery	✓
2	With Delivery	✓
3	Under Progress Billings	✓

Please be informed that all accounts payable (A/P) are subject to the provisions of the EO 87, DBM-COA JC 2021-1, and other existing accounting and auditing rules, which state that **should the A/P remain outstanding for two (2) years, the said A/P shall be reverted to the general fund.**

For your information and compliance.

Thank you.



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

Doc. Ref. No. 2022-BF-0152921-E

DEC 28 2022

HONORABLE SARA Z. DUTERTE
Vice-President of the Philippines
Concurrent Secretary
Department of Education (DepEd)
DepEd Complex, Meralco Ave., Pasig City

Dear Vice-President Duterte:

This refers to the letter of the DepEd requesting guidance and clarification on the validity of obligations and disbursements for the budgetary items under the FY 2021 Continuing Appropriation (CA), RA no. 11640¹.

Please refer to the matrix below for the requested guidance and clarifications.

DepEd Concerns/Issues	DBM Response
If the DepEd is obliged to pay for program contracts under FY 2021 funds that are awarded by the end of December 2022 but are yet to be completed, delivered, and accepted after FY 2022.	<p>Pursuant to General Provision no. 62 of RA No. 11640 and Item no. 3.5 of NBC No. 587², FY 2021 CA is valid for release, obligation, and disbursement until December 31, 2022.</p> <p>With this, projects in the early stage of procurement with contracts that have not been awarded shall be valid for obligation and payment until December 31, 2022.</p> <p>Meanwhile, for projects covered with awarded contracts and are already being implemented, payments for delivered goods and services not yet processed by December 31, 2022, are already considered accounts payable (A/P). Hence, such can still be paid after the December 31, 2022 cut-off date, subject to the limitations set by COA-DBM Joint Circular No. 1, s. 2021³.</p> <p>Hence, those projects funded under FY 2021 CA but were not completed, delivered and accepted, and paid by December 31, 2022, are considered A/Ps, to be governed by the release of funds guidelines for FY 2023.</p>

¹ An Act Extending the Availability of the 2021 Appropriations to December 31, 2022, Amending for The Purpose Section 62 Of the General Provisions of Republic Act No. 11518, the General Appropriations Act of Fiscal Year 2021

² Guidelines on the Release of Funds for FY 2022

³ Guidelines Implementing E.O. No. 87 Directing that all APs which remain Outstanding for Two Years or More in the Books of NGAs be Reverted to the Accumulated Surplus or Deficit of the General Fund of the National Government

Application of Executive Order No. 87, s. 2019, as implemented by DBM-COA Joint Circular No. 1, s. 2021, to the DepEd contracts that are yet to be completed/ delivered by December 31, 2022.

Pursuant to Section 1 of the EO no. 87, as implemented by the DBM-COA JC, all documented A/P that remain outstanding for at least two (2) years, for which no actual administrative or judicial claim has been instituted, shall be subject to automatic reversion.

Meanwhile, Section 2 of the same EO states that APs which are undocumented or not covered by perfected contracts on record, regardless of the year in which they were incurred, shall automatically be reverted.

Should the reverted APs be subsequently validated by competent authorities, the funding shall be charged against the contingent fund and/or specific budget of the agency concerned under the succeeding year's GAA.

In view of the foregoing and aligned with the DBM response to the 1st query, the DepEd's valid contracts that are yet to be completed/delivered by December 31, 2022, shall be considered A/Ps. Should the AP remain outstanding for two years, the said AP shall be reverted to the general fund.

As represented, the DepEd has unpaid obligations totaling P3.2 billion, of which P2.0 billion is awaiting billing from the suppliers. Given that these projects are covered by contracts, the government is obliged to pay for any progress as billed by the contractor/supplier until the said projects are fully completed.

Hence, DepEd contracts that are yet to be completed/delivered by the end of the year shall be considered as APs, subject to the provisions of the EO 87, DBM-COA JC 2021-1, and other existing accounting and auditing rules.

We hope this provides you with the necessary guidance in the implementation of your ongoing projects.

Thank you and God bless!

Very truly yours,


AMENAH F. PANGANDAMAN
Secretary

CENTRAL RECORDS DIVISION
FILE COPY



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

Reference No. 2021-BF-0138942

PICKED UP

UNDERSECRETARY ANNALYN M. SEVILLA
Finance Service
Department of Education
DepEd Complex, Meralco Ave., Pasig City

ORIGINAL RECEIVED

By: *[Signature]*
Designation: *[Signature]*
Office: *[Signature]*
[Date]

Dear **Undersecretary Sevilla**:

This pertains to your letter¹ appealing to extend the delivery, inspection, acceptance, and payment of valid obligations charged against FY 2020 Continuing Appropriations² (CA) until such time that the contracts are completed/delivered/ accepted.

We understand the concern of your Department on the impact of health protocols and mobility restrictions due to the current COVID-19 pandemic, and the recent Super Typhoon Odette which affected the procurement, delivery, and implementation process of the DepEd, not to mention the complexity and magnitude of the agency's programs.

Please be informed that projects sourced from the FY 2020 CA are covered by the following guidelines:

- Pursuant to Section 1 of RA No. 11520 and Item no. 3.6.2 of NBC No. 583³, the FY 2020 CA is valid for release, obligation, and disbursement until December 31, 2021. Hence, projects in the early stage of procurement with contracts that have not been awarded to the winning bidders, shall be valid for obligation and payment until December 31, 2021.
- Meanwhile, for projects covered with awarded contracts and are already being implemented, payments for delivered goods and services not yet processed by December 31, 2021 are already considered accounts payable (A/P). Hence, such can still be paid after the December 31, 2021 cut-off date, subject to the limitations set by COA-DBM Joint Circular No. 1, s. 2021⁴.

¹ Received thru email on December 24, 2021

² RA 11465, as extended thru RA 11520

³ Guidelines on the Release of Funds for FY 2021

⁴ Guidelines Implementing Executive Order (E.O) No. 87 Directing that all Accounts Payable which remain Outstanding for Two Years or More in the Books of National Government Agencies be Reverted to the Accumulated Surplus or Deficit of the General Fund of the National Government

BUDGET AND MANAGEMENT BUREAU F

(632) 657-3300 | www.dbm.gov.ph

Per representation of your Department, as of December 15, 2021, the DepEd-Central Office has various contracts amounting to P3.3 Billion⁵ which remained to be delivered and/or paid. Given that these projects are covered by contracts, the government is obliged to pay for these projects until the same are completed/delivered/accepted.

We hope this provides you with the necessary guidance in the implementation of your ongoing projects. Thank you and God bless!

Very truly yours,


TINA ROSE MARIE L. CANDIA
OIC- Secretary



⁵ This amount does not include ongoing contracts in the regions, divisions, and schools of the DepEd



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

DMS Reference No.: 2021-BF-0065584

UNDERSECRETARY ANNALYN M. SEVILLA

Undersecretary for Finance

Department of Education

2nd Floor, Rizal Building, DepEd Complex, Meralco Avenue, Pasig City

Dear **Undersecretary Sevilla**:

This refers to your letter appealing for the extension of the delivery, inspection, acceptance and payment of valid obligations charged against the FY 2019 appropriations until December 31, 2021.

Please be informed that projects sourced from the FY 2019 GAA (Continuing Appropriations) are covered by the following guidelines:

- i. For MOOE and other CO items (non-infra), the validity of release and obligations is until December 31, 2020¹, while the validity of disbursement is until June 30, 2021².
- ii. Projects in the early stage of procurement with contracts which have not been awarded to the winning bidders, shall be valid for obligation until December 31, 2020 and shall be valid for payment until June 30, 2021.
- iii. However, for projects covered with awarded contracts and are already being implemented, payments for delivered goods and services not yet processed by June 30, 2021 are already considered accounts payable. Hence, such can **still be paid after the June 30, 2021 cut-off date**, subject to the limitations set by COA-DBM Joint Circular No. 1, s. 2021.

Based on the documents attached to your letter, the DepEd has 74 existing contracts/purchase orders under various Implementation stages (on-going, delivery or delivered but payment is still in-process). Given that these projects are covered by contracts, the government is obliged to pay these projects once completed/delivered/accepted.

¹ RA No. 11464 – An Act Extending the Availability of the FY 2019 Appropriations to December 31, 2020 Amending for the Purpose Section 65 of the General Provisions of RA No. 11260, The General Appropriations Act of FY 2019

² National Budget Circular No. 578 -- Guidelines on the Release of Funds for FY 2020

We hope this provides you with the necessary guidance in the implementation of your ongoing projects.

Thank you and God Bless.

Very truly yours,

WENDEL E. AVISADO
Secretary

