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JUN 09 2004

**DepED ORDER**  
No. 37, s. 2004

**IMPLEMENTATION OF THE DIRECT RELEASE OF FUNDS  
TO DEPED – REGIONAL OFFICES AND IMPLEMENTING UNITS**

To : Regional Directors  
Schools Division/City Superintendents  
Heads, Public Elementary and Secondary Schools  
Others Concerned

1.0 The Direct Fund Release System (DFRS) is in adherence to Section 10, Republic Act No. 9155 (Governance of Basic Education Act of 2001) which provides that the appropriations intended for the regional and field offices (elementary/secondary schools and schools division offices) are to be allocated directly and released immediately by the Department of Budget and Management to the said offices/units. Accordingly, the Department of Budget and Management (DBM) and DepED Joint Circular No. 2004-1 dated January 01, 2004 entitled Guidelines on the Direct Release of Funds to DepED-Regional Offices and Implementing Units is issued for the purpose.

2.0 Implementation Requirements

2.1 In compliance with item 4.1.1 of Joint Circular No. 2004-1, DepED submitted a masterlist of schools division offices (SDOs) and secondary schools (SSs) indicating therein the units that are capable of administering their own funds, the so-called implementing units (IUs), having position items assigned to handle cashiering and bookkeeping functions whether on a permanent or temporary basis. The DBM in return assigned agency codes to the said DepED units.

2.2 Please be advised, however, that teachers should not be designated to handle cashiering and bookkeeping functions. Teachers must devote their time in

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doing their task of educating the school children, otherwise, the quality of their teaching will suffer.

2.3 To complete the profile of each DepED unit, attached is a matrix you need to accomplish to be submitted to the Office of the Chief Accountant, Financial and Management Service, this Department on or before June 14, 2004 indicating therewith the following information:

2.3.1 Address of SDO/SS

2.3.2 Name of head of SDO/SS

2.3.3 Financial capability of each secondary school, categorized as:

2.3.3.1 Independent school;

2.3.3.2 Independent school catering to clustered schools or lead school;

2.3.3.3 Clustered school;

2.3.3.4 School being serviced by SDO;

The secondary schools that are going to be serviced by the SDO may include secondary schools with financial staff but don't have the access to the banks, etc.

2.3.4 MDS – Government Servicing Bank (GSB) of each implementing unit and location of the GSB-Branch; and

2.3.5 Names of signing authorities.

2.4 Upon completion of the data as required under item 2.3 of this Order, the DepED Central Office will coordinate with the DBM and heads of servicing banks for the opening of MDS Sub-Accounts of the IUs as specified under item 4.13 of the Joint Circular.

2.5 The DepED Central Office should be officially notified of any additional inclusions/corrections to the masterlist and/or the list of IUs assigned agency codes. Initial recommendations are to be submitted on or before June 14, 2004 to the Office of the Department Chief Accountant.

2.6 The following shall open MDS Sub-Accounts with GSBs for:

2.6.1 Regional Offices Proper (ROPs)

2.6.1.1 Regular operating requirements (PS, MOOE and CO) including RLIP of RO Proper;

2.6.1.2 TL/RG benefits and prior years' accounts payable;

2.6.1.3 Trust Liabilities; and

2.6.1.4 One (1) current account corresponding to the net pay for continuous form checks (CFC) of SDO personnel who opt

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to receive their salaries and allowances as such and the premium/contributions including payment for personal loans of all SDO personnel who are paid either thru CFC or ATM.

2.6.2 Schools Division Offices (SDOs)

- 2.6.2.1 Personal Services (PS) including RLIP;
- 2.6.2.2 Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO);
- 2.6.2.3 TL/RG benefits and prior years' accounts payable; and
- 2.6.2.4 Trust liabilities.

The said accounts shall cover transactions of the SDO (Proper), elementary schools and SSs without financial staff under the SDO coverage and may also include SSs with financial staff that have no access to the banks, etc.

2.6.3 Secondary schools with financial staff

- 2.6.3.1 Personal Services (PS) including RLIP;
- 2.6.3.2 Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO);
- 2.6.3.3 TL/RG benefits and prior years' accounts payable; and
- 2.6.3.4 Trust liabilities.

2.6.4 Lead schools

- 2.6.4.1 Personal Services (PS) including RLIP;
- 2.6.4.2 Maintenance and Other Operating Expenses (MOOE) and Capital Outlays (CO);
- 2.6.4.3 TL/RG benefits and prior years' accounts payable; and
- 2.6.4.4 Trust liabilities.

The said accounts shall cover transactions of the lead school and clustered schools under it.

- 2.6.5 Each DepED-RO and/or IU concerned shall maintain a separate MDS account for each foreign-assisted project.

3.0 Responsibilities of Implementing Units (IUs)

3.1 DepED-Central Office (CO) shall:

- 3.1.1 Transfer to concerned ROs/IUs through Sub-Allotment Release Orders (Sub-AROs) the share of such ROs/IUs from the nationwide lump-sums and centrally-managed items (CMIs);

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- 3.1.2 Furnish DBM-CO and ROs with copies of Sub-AROs issued to DepED-ROs/IUs as basis of DBM in the determination of additional cash requirement of the respective DepED-ROs/IUs;
- 3.1.3 Transfer to concerned ROs/IUs through Notice of Transfer of Allocation (NTA) the cash requirement of sub-allotments made to such ROs/IUs pertaining to FAPs, if in case the cash allocation is released through DepED-CO;
- 3.1.4 Continue to prepare the payroll and paychecks of personnel in SDOs not yet covered by the regionalized scheme of payroll preparation; and
- 3.1.5 Remit to GFIs and private lending firms the premiums/contributions/withholding taxes/personal loans of SDO personnel being referred to in item 3.1.4 hereof.

### 3.2 Regional Offices Proper (ROPs)

- 3.2.1 Transfer to concerned IUs through Sub-AROs the share of such IUs from the regionwide lump-sum allocations;
- 3.2.2 Furnish DBM RO with copies of Sub-AROs issued to DepED-IUs as basis of DBM in the determination of additional cash requirement of the said IUs;
- 3.2.3 Prepare the payroll and paychecks of personnel in secondary schools without financial staff and in SDOs already covered by the regionalized scheme of payroll preparation;
- 3.2.4 Remit to GFIs and private lending firms the premiums/contributions/withholding taxes/personal loans of personnel per item 3.2.3 of this Order; and
- 3.2.5 Process TL/RG benefit claims of ROP personnel.

### 3.3 Schools Division Offices (SDOs)

- 3.3.1 If payrolls and paychecks are being prepared by the RPSU, transfer from their MDS account for PS to the current account maintained by DepED-ROs thru MDS check the amount corresponding to the following:

- 3.3.1.1 Net pay of SDO personnel who opt to receive their salaries and allowances thru CFC; and

- 3.3.1.2 Authorized deductions from salaries of all SDO personnel who are paid either thru CFC or ATM pertaining to GSIS, PAG-IBIG, PHIC and ECC as well as obligations owed to private lending institutions and insurance companies.

If the payrolls and paychecks, however, are still being prepared/processed by the Payroll Services Division (PSD), DepED-CO, such amounts under items 3.3.1.1 and 3.3.1.2 hereof



shall be transferred to the current account maintained by the DepED-CO.

- 3.3.2 Transfer the amount corresponding to the net pay of personnel who opt to receive their salaries and allowances thru ATM from their MDS account for PS to individual ATM account of the employees maintained at any government or private bank of their choice;
- 3.3.3 Process other PS requirements of its personnel such as salary differentials, TL/RG, and others, which are not included in the payroll computation by PSD/RPSU and pay it through ATM or MDS check;
- 3.3.4 Remit to government agencies/financial institutions or private lending institutions the premiums/contributions including withholding taxes of SDO personnel being referred to under item 3.3.3 hereof;
- 3.3.5 Disburse MOOE and CO through MDS check;
- 3.3.6 Provide to heads of elementary schools and secondary schools without financial staff their MOOE and CO allocations either in kind or through cash advance; and
- 3.3.7 Inform heads of elementary schools and SS without financial staff of their allotment and/or cash allocation for MOOE and CO.

#### 3.4 SS with Financial Staff (High Schools with Fiscal Autonomy)

- 3.4.1 Prepare the payroll and other related documents for their teachers and other personnel;
- 3.4.2 Pay the salaries and allowances of their teachers and other personnel through MDS check or ATM;
- 3.4.3 Remit directly to the GSIS, PAG-IBIG, PHIC and ECC branch offices and other authorized institutions through MDS check the government and personal share of their employees for premiums/contributions including payment of personal loans.
- 3.4.4 Transmit to the nearest Bureau of Internal Revenue (BIR) – Revenue District Office (RDO) through a Tax Remittance Advice (TRA) supported by the applicable Withholding Tax Return (WTR).
- 3.4.5 Remit to the Bureau of Treasury (BTR) thru the MDS GSB under a separate MDS account trust receipts which are to be considered as trust liabilities; and
- 3.4.6 Disburse MOOE and CO through MDS check.

#### 3.5 Lead Schools

- 3.5.1 Prepare the payroll and other related documents for their teachers and other personnel including those in the clustered schools under them;

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- 3.5.2 Pay the salaries and allowances of their teachers and other personnel including those in the clustered schools under them through MDS check or ATM;
- 3.5.3 Remit directly to the GSIS, PAG-IBIG, PHIC and ECC branch offices and other authorized institutions through MDS check the government and personal share of their employees and those of the clustered schools under them for premiums/contributions including payment of personal loans.
- 3.5.4 Transmit to the nearest Bureau of Internal Revenue (BIR) – Revenue District Office (RDO) through a Tax Remittance Advice (TRA) withholding taxes supported by the applicable Withholding Tax Return (WTR);
- 3.5.5 Remit to the Bureau of Treasury (BTR) thru the MDS GSB under a separate MDS account trust receipts which are to be considered as trust liabilities;
- 3.5.6 Disburse MOOE and CO through MDS check;
- 3.5.7 Provide to heads of clustered schools their allocations for MOOE and CO, either in kind or through cash advance; and
- 3.5.8 Inform heads of clustered schools of their allotment and/or cash allocation for MOOE and CO.

#### 3.6 ES, SS Without Financial Staff, and Clustered Schools

- 3.6.1 Draw cash advance from their supervising/directing SDO or Lead School, as the case maybe for their MOOE and CO requirement, if necessary;
- 3.6.2 Submission of liquidation reports for cash advance drawn from SDOs or Lead Schools, otherwise, succeeding fund release will be withheld;

4.0 The use of funding checks to cover Sub-AROs shall be discontinued.

5.0 All existing Cash-in-Bank balances, net of outstanding checks, shall be remitted to the Bureau of the Treasury (BTR) in accordance with National Budget Circular

(NBC) No. 488 dated May 22, 2003. A maximum of six (6) months from the date of the latest outstanding check issued shall be allowed after which the remaining Cash-in-Bank balances shall be closed. The reckoning date shall be July 15, 2004.

#### 6.0 Reporting Requirements

6.1 All accountability reports as identified in item 6.1 of DepED-DBM Joint Circular No. 2004-1 shall be submitted by DepED IUs to DBM-CO or RO to ensure that budgetary requests are acted upon on a timely and regular basis.

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- 6.2 The DBM policy of "no report, no release" is hereby reminded.
- 6.3 Each IU shall furnish DepED-CO (c/o Budget Division, Financial and Management Service) and RO (c/o Budget and Finance Division) copies of the approved Agency Budget Matrix (ABM), SARO, Advice of Notice of Cash Allocation Issued (ANCAI), and accountability reports submitted to DBM-RO concerned.
- 6.4 DepED-ROs are required to annually consolidate the SAOB and Pre-Closing and Post-Closing Trial Balance of the RO and IUs, to be submitted to DepED-CO, copy furnished DBM-ROs.
- 6.5 The DepED-CO shall prepare an overall summary of the CO and RO reports as of year-end for submission to DBM-CO for planning, budgeting and other purposes.
- 6.6 For purposes of management reporting, however, DepED-ROs are directed to consolidate the Monthly SAOB and Detailed Breakdown of Expenditures of the RO and IUs to be submitted to the Budget Division, FMS, this Department, on or before the 20<sup>th</sup> day of the month following the period being reported.
- 7.0 Separate guidelines shall be issued pertaining to the submission of requests to DBM for release and realignment of funds, utilization of savings, and other budgetary matters. Pending the issuance of such guidelines, the existing procedures/arrangements shall still be strictly observed.
- 8.0 The implementation of the Direct Release of Funds to DepED-Regional Offices and Implementing Units in pursuance to DBM and DepED Joint Circular No. 2004-1 takes effect July 01, 2004.
- 9.0 Immediate dissemination of this Order is desired.



**EDILBERTO C. DE JESUS**  
Secretary

Encl.: As stated

Reference: None

Allotment: 1—(D.O. 50-97)

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

EXPENSES  
FUNDS

POLICY  
SCHOOLS

DEPARTMENT OF EDUCATION	LIST OF NATIONAL SECONDARY SCHOOLS	Schools Division/School	Address	Head of School	Number of teachers and employees	W/ Set of Books/ Financial Staff		Financial Capability (Put an "X" mark)			MDS-	
						With Position	Designated Only	Independent School	Clustered School	Serviced by SDO	Government Servicing Bank	
NATIONAL CAPITAL REGION												
CALOOCAN CITY												
	1	Amparo HS			40		X					
	2	Baesa HS			62		X					
	3	Bagong Barrio HS			58		X					
	4	Bagong Silang HS			182	X						
	5	Bagumbong HS			80		X					
	6	Caloocan HS			427	X						
	7	Caloocan HS - Ma Clara ext										
	8	Camarin HS			171	X						
	9	Caybiga HS			61		X					
	10	Deparo HS			50		X					
	11	Kalayaan HS			54		X					
	12	M B Asistio Sr HS			168	X						
	13	NHC HS			37		X					
	14	Pangrap HS			40		X					
	15	Tala HS			115	X						
	16	Talipapa HS			57		X					
MANILA												
	1	Antonio J Villegas Voc HS			30							X
	2	A Maceda Int Sch			128	X						
	3	Araullo HS			326	X						



DEPARTMENT OF EDUCATION	LIST OF NATIONAL SECONDARY SCHOOLS	Modified Disbursement Scheme Sub-Account Number										Current		Signatories			
		MOOE/ Capital Outlay	TL/RG and Prior Years A/P	Trust Liabilities	Foreign- Assisted Projects	Personal Services	Bank Branch	Current Account Number	Name	Position Title							
NATIONAL CAPITAL REGION																	
CALOOCAN CITY																	
	1 Amparo HS																
	2 Baesa HS																
	3 Bagong Barrio HS																
	4 Bagong Silang HS																
	5 Bagumbong HS																
	6 Caloocan HS																
	7 Caloocan HS - Ma Clara ext																
	8 Camarin HS																
	9 Caybiga HS																
	10 Deparo HS																
	11 Kalayaan HS																
	12 M B Asistio Sr HS																
	13 NHC HS																
	14 Pangarap HS																
	15 Tala HS																
	16 Talipapa HS																
	MANILA																
	1 Antonio J Villegas Voc HS																
	2 A Maceda Int Sch																
	3 Araullo HS																