



Republic of the Philippines
Department of Education

14 OCT 2019

DepEd MEMORANDUM
No. **134**, s. 2019

DISSEMINATION OF EXECUTIVE ORDER NO. 91 DATED SEPTEMBER 9, 2019
(Adopting the Cash Budgeting System Beginning Fiscal Year 2019,
and for Other Purposes)

To: Undersecretaries
Assistant Secretaries
Bureau and Service Directors
Regional Directors
Schools Division Superintendents
Public Elementary and Secondary School Heads
Chiefs of Divisions
All Others Concerned

1. For the information and guidance of all concerned, enclosed is a copy of Executive Order No. 91 dated September 9, 2019 from the Office of the President titled **Adopting the Cash Budgeting System Beginning Fiscal Year 2019, and for Other Purposes.**
2. Immediate dissemination of this Memorandum is desired.


LEONOR MAGTOLIS BRIONES
Secretary

Encl.:
As stated
Reference:
None
To be indicated in the Perpetual Index
under the following subjects:

BUREAUS AND OFFICES
BUDGET
FUNDS
LEGISLATIONS
OFFICIALS



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 91

ADOPTING THE CASH BUDGETING SYSTEM BEGINNING FISCAL YEAR 2019, AND FOR OTHER PURPOSES

WHEREAS, Section 25 (1), Article VI of the 1987 Constitution prescribes that the form, content and manner of preparation of the budget shall be prescribed by law;

WHEREAS, Section 36, Chapter 5, Book VI of Executive Order (EO) No. 292 or the "Administrative Code of 1987," provides that an operational cash budget shall be implemented to ensure the availability of cash resources for priority development projects, and to establish a sound basis for determining the level, type and timing of public borrowings;

WHEREAS, Section 3, Chapter 2, Book VI of EO No. 292 declares it a policy of the State to formulate and implement a National Budget that is supportive of and consistent with the socio-economic development plan, and oriented towards the achievement of explicit objectives and expected results, to ensure that funds are utilized and operations are conducted effectively, economically and efficiently;

WHEREAS, significant gaps between the actual expenditure outturns and annual appropriations translate to billions of Pesos of delayed and foregone services, which should have been delivered to the general public;

WHEREAS, there is a need to improve the fiscal planning of government agencies through the implementation of an operational cash budget and by setting deadlines for obligation of funds and execution of projects during the fiscal year, in order to speed up the implementation of programs and to promptly deliver goods and services to our people; and

WHEREAS, Article VII, Section 17 of the Constitution provides that the President shall have control over all the executive departments, bureaus and offices;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

SECTION 1. ADOPTION OF THE CASH BUDGETING SYSTEM. The government hereby adopts the Cash Budgeting System (CBS) effective 01 January 2019. Accordingly, the following are hereby directed:

- a. All authorized appropriations shall be available for obligation and disbursement only until the end of each fiscal year (FY);

THE PRESIDENT OF THE PHILIPPINES

- b. Obligations incurred by the National Government within each FY shall be implemented during the same FY. Goods and services corresponding to said obligations shall be delivered or rendered, inspected and accepted by the end of each FY; and
- c. Payments for obligations incurred shall be made until the end of the extended payment period (EPP), which shall be three (3) months after the end of the validity of appropriations against which they were obligated, unless another period has been determined by the Department of Budget and Management (DBM), upon consultation with relevant agencies.

Appropriations covering financial subsidy to local government units (LGUs) shall be available for obligation and disbursement until the end of the succeeding FY. On the other hand, appropriations for the statutory shares of LGUs shall be available for obligation and disbursement until fully expended.

All funds transferred between or among government agencies and LGUs shall not be considered disbursed under this Section, until the transferred amounts have been actually utilized to pay for goods delivered and services rendered, inspected and accepted.

SECTION 2. REVERSION OF UNEXPENDED BALANCES OF APPROPRIATION. Any unreleased appropriations and unobligated allotments at the end of the FY, as well as unpaid obligations and undisbursed funds at the end of the EPP shall revert to the National Treasury and shall not thereafter be available for expenditure, except by subsequent legislative enactment. For financial subsidies to LGUs, reversion shall be made to the National Treasury after the end of the succeeding FY. Departments, bureaus and offices of the National Government, including constitutional offices enjoying fiscal autonomy, state universities and colleges, government-owned or -controlled corporations (GOCCs) and LGUs, shall strictly observe the validity of appropriations and comply with the reversion of funds.

SECTION 3. MULTI-YEAR PROJECTS. Consistent with Section 30 of the General Provisions of the General Appropriations Act (GAA) for FY 2019, multi-year procurement projects, or those with an implementation period exceeding twelve (12) months, shall require the issuance of a Multi-Year Contractual Authority (MYCA) by the DBM for national government agencies (NGAs) and qualified GOCCs prior to the conduct of procurement. The MYCA or equivalent authority shall cover the full project cost, and shall be the basis of the approved budget for the contract.

A MYCA may likewise be issued for single-year procurement projects or those with an implementation period of twelve (12) months or less, that are either research or scientific in nature, and by design necessitate implementation covering two (2) FYs.

Multi-year Public-Private Partnership projects with government undertakings authorized under Republic Act (RA) No. 6957, as amended by RA No. 7718, shall require the issuance by the DBM of a letter of commitment to cover the National Government funding commitment.

SECTION 4. EARLY PROCUREMENT ACTIVITIES OF GOVERNMENT AGENCIES. Pursuant to Section 20 of the General Provisions of the FY 2019 GAA, government agencies are authorized to undertake procurement activities short of award, to the extent consistent with RA No. 9184 or the "Government Procurement Reform Act" and its Revised Implementing Rules and Regulations.

For this purpose, Early Procurement Activities (EPA) shall cover goods to be delivered, infrastructure projects to be implemented and/or consulting services to be rendered in the following FY pending approval of the corresponding GAA. EPA shall commence from the posting of the procurement opportunity, if required, until recommendation to the Head of the Procuring Entity as to the award of the contract.

SECTION 5. TRANSITORY PROVISIONS. In the first year of implementing the CBS, the concerned national government agencies and qualified GOCCs shall strictly comply with the following:

- a. Appropriations for infrastructure capital outlays, including subsidy releases to GOCCs for infrastructure projects, shall be valid for obligation until 31 December 2019. Meanwhile, the completion of construction, inspection and payment shall be made not later than 31 December 2020; and
- b. Appropriations for maintenance and other operating expenses as well as other capital outlays shall likewise be valid for obligation until 31 December 2019. On the other hand, the delivery, inspection and payment shall be made not later than 30 June 2020.

SECTION 6. SUPPLEMENTAL GUIDELINES. Supplemental guidelines for the implementation of this Order, as may be necessary, shall be formulated in accordance with relevant laws, rules and regulations.

SECTION 7. SEPARABILITY. If any provision of this Order is declared invalid or unconstitutional, the other provisions not thereby affected shall remain valid and subsisting.

SECTION 8. REPEAL. All issuances, orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

SECTION 9. EFFECTIVITY. This Order shall take effect immediately following its publication in the Official Gazette or in a newspaper of general circulation.

DONE, in the City of Manila, this **9th** day of **September**, in the year of our Lord Two Thousand and Nineteen.

By the President:





SALVADOR C. MEDIALDEA
Executive Secretary

