

[DBM Circular Letter No. 2015-8, June 08, 2015]

**GUIDELINES TO IMPLEMENT CERTAIN MEASURES TO
FACILITATE BUDGET EXECUTION PURSUANT TO
ADMINISTRATIVE ORDER (AO) NO. 46 FOR FY 2015 AND
SUBSEQUENT YEARS**

*Adopted: 08 June 2015
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1.0 Rationale

Pursuant to AO No. 46, all Heads of Agencies and Departments are directed to facilitate the implementation of programs and projects in order to realize the intended economic and social goals of the government for FY 2015 and subsequent years.

As a result, it is necessary that close monitoring of program and project implementation be undertaken through the creation of a **Full-time Delivery Unit (FDU)** in each agency and department.

2.0 Objectives

- 2.1 To ensure that agencies and departments function in an environment where execution of programs and projects are undertaken promptly and in accordance with the set timelines or targets;
- 2.2 To implement specific measures such as, but not limited to, the creation of an FDU to enable agencies and departments to improve their capacity to utilize their budget;
- 2.3 To emphasize specific government programs or projects which particularly need close monitoring or special reports such as projects covered under the Yolanda Comprehensive Rehabilitation and Recovery Plan (CRRP); and
- 2.4 To prescribe the budget execution documents or accountable forms which would enable agencies to track the physical progress and financial accomplishments as well as comply with the reporting requirements set forth by the OP and the other oversight agencies (Congress, COA and DBM).

3.0 Functions of the Following Units:

3.1 Agency FDU shall:

- 3.1.1 Perform diagnostic assessment which includes but not limited to the following:

- 3.1.1.1 Review, preferably, before the start of the fiscal year all performance measurements of each program, subprogram, and project, by responsibility center at the Central Office (CO) or Regional Offices (ROs). These are efficiency and effectiveness measures (monthly, quarterly, and semestral), consistent with the annual work program targets, schedules and budgets; and
- 3.1.1.2 Identify potential risks or constraints (absence of resources, procedures, etc.) which would affect the efficient implementation of programs, sub-programs and projects and thereafter prepare contingency plans to address the same.
- 3.1.2 Undertake, on a periodic basis, data analysis which covers identification of agency programs and projects with historical trends of low disbursement rates and those with anticipated delays. This process shall involve the following processes:
 - 3.1.2.1 Compare actual performance versus specified measures and targets; and
 - 3.1.2.2 Establish "leading indicators" for each program, subprogram and project to signal the need for catch-up plans for delays or underperformance.
- 3.1.3 Act as "problem solver" and facilitate the smooth implementation of programs and projects.
 - 3.1.3.1 Come up with an agency delivery and execution strategy to address actual implementation bottlenecks/ delays of these programs and projects;
 - 3.1.3.2 Work closely with the DBM for quarterly monitoring and evaluation of project execution to facilitate remedial measures. Include the operationalization of a "feedback loop" mechanism in the diagnostic, planning and budgeting phases by responsibility center at the CO or ROs;
 - 3.1.3.3 Ensure the timely submission of Annual Procurement Plan and closely monitor the implementation schedule of the procurement processes (e.g., all contracts with P50M and below will be awarded in January; P51M to P100M in February, etc.); and
 - 3.1.3.4 Communicate on a department-wide and agency-wide basis, the program, sub-program, and project performance measures by responsibility center and accountable persons.

3.2 DBM-FDU shall:

- 3.2.1 Identify the organizational (agency internal processes) and operational efficiency issues and problems contributing to the underperformance in disbursements.
- 3.2.2 Undertake performance assessment in financial and non-financial aspects together with the implementing agencies to provide clarification for the results.
- 3.2.3 Come up with measures to further improve the performance of the agencies and departments and assess how to formulate a more realistic monthly disbursement programs (MDPs). If necessary,