

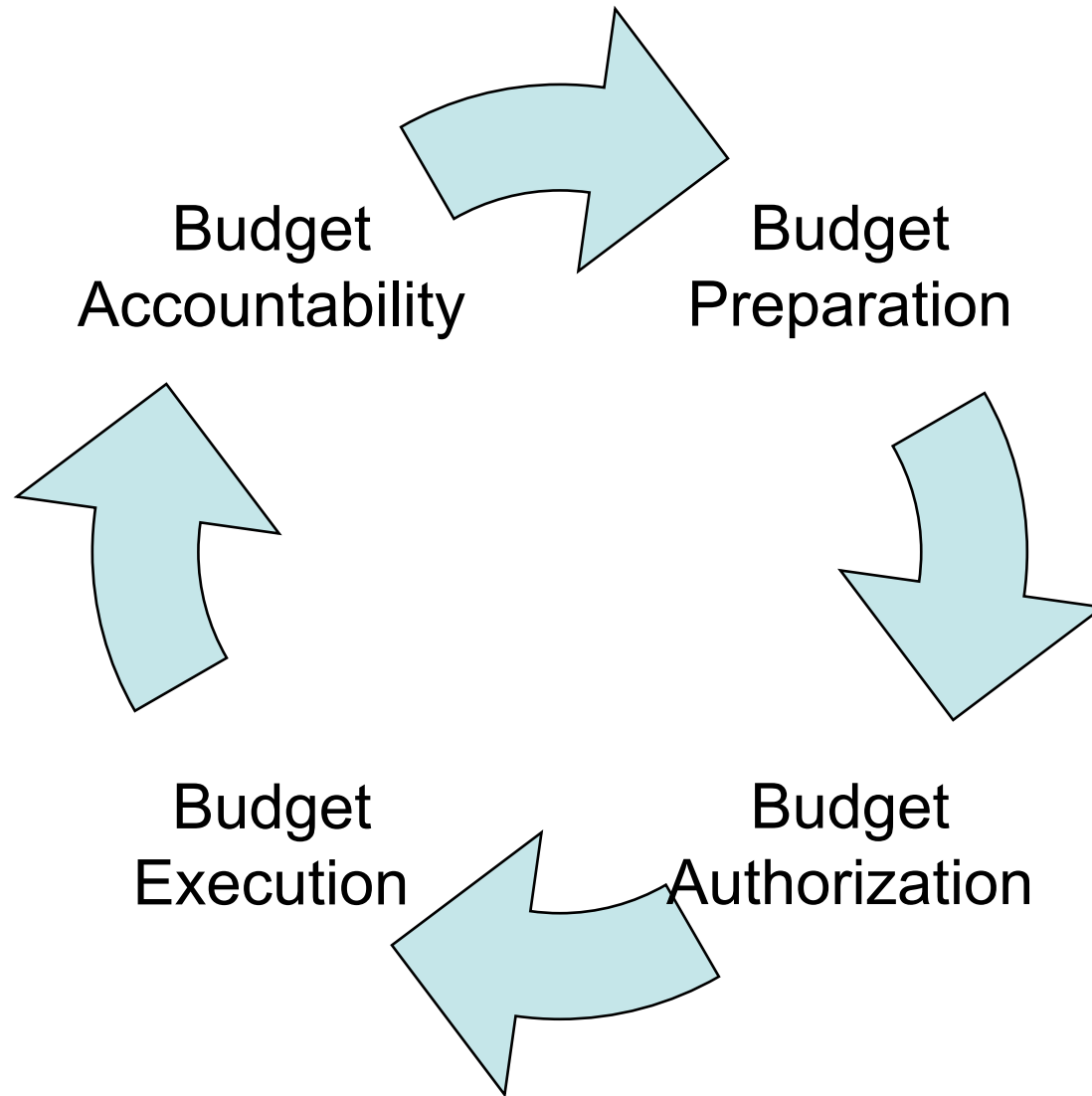
National Government Budgeting

The Budget Cycle

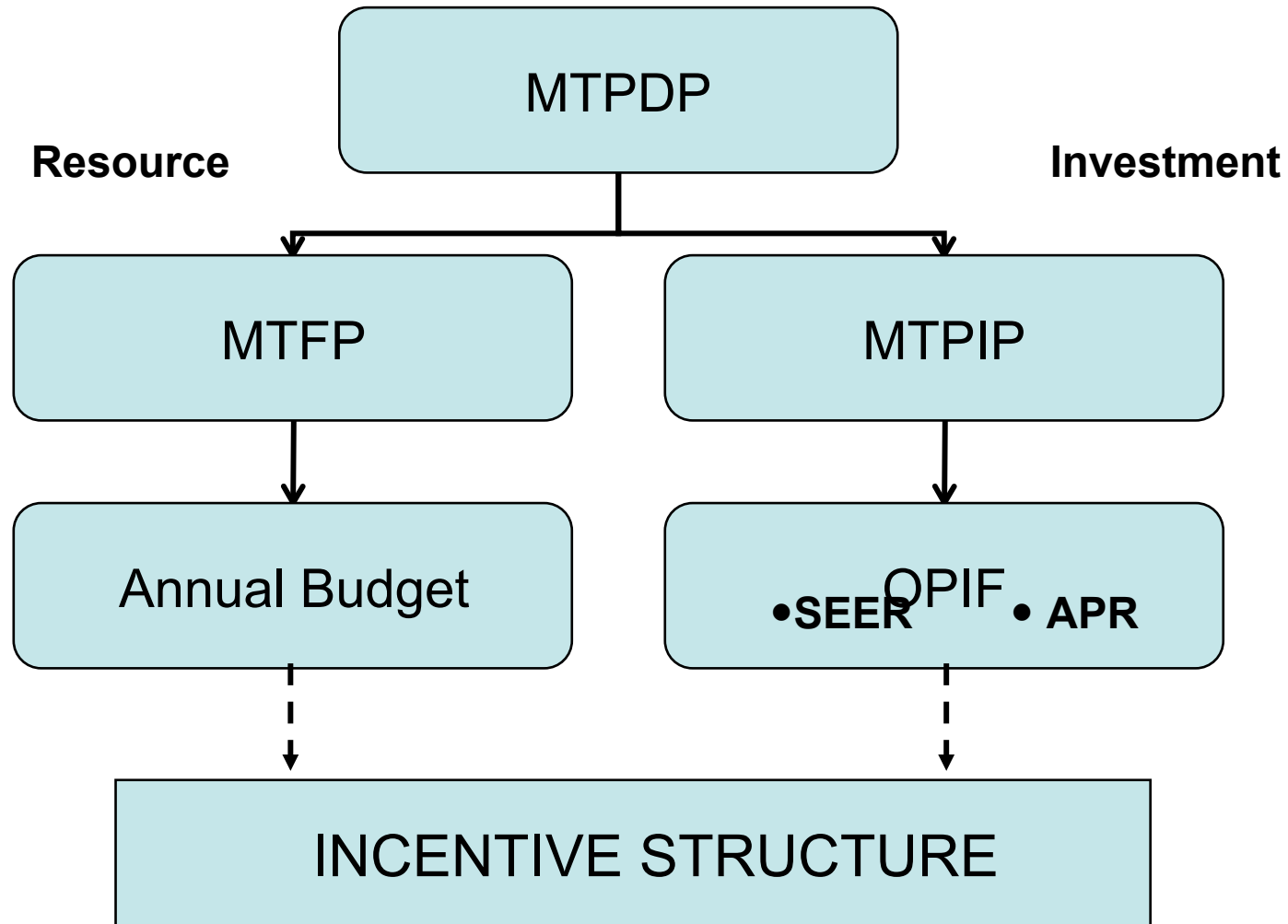
WHAT IS A BUDGET?

A budget is “ the sum total of the aspirations, values, social and economic policies and services of government.”

Phases of the Budget Cycle



Medium-Term Expenditure Framework



OPIF/ DOH-OSec: LogFrame

P/A/Ps (examples)

- General Administration & Support Services
Support to Operations
 - Health Information Systems & Technology Dev
- Services Delivery Programs
 - Epidemiology & Disease Surveillance
- Regulation Programs
 - Implementation of health regulations & standards
- Operations of CHDs
- Service Delivery Programs

OPIF/ Performance Measures

MFO 1: Health policy & health program development

Performance indicators:

- Number of policies/standards/programs developed vs planned
- Number of policies for implementation
- Number of management information system developed
- Number of special studies & surveys conducted vs planned

Budget Decision Making Encompasses Major Functions

1. Allocating resources to achieve government priorities, goals and policies
2. Raising funds thru taxes and loans to finance the budget

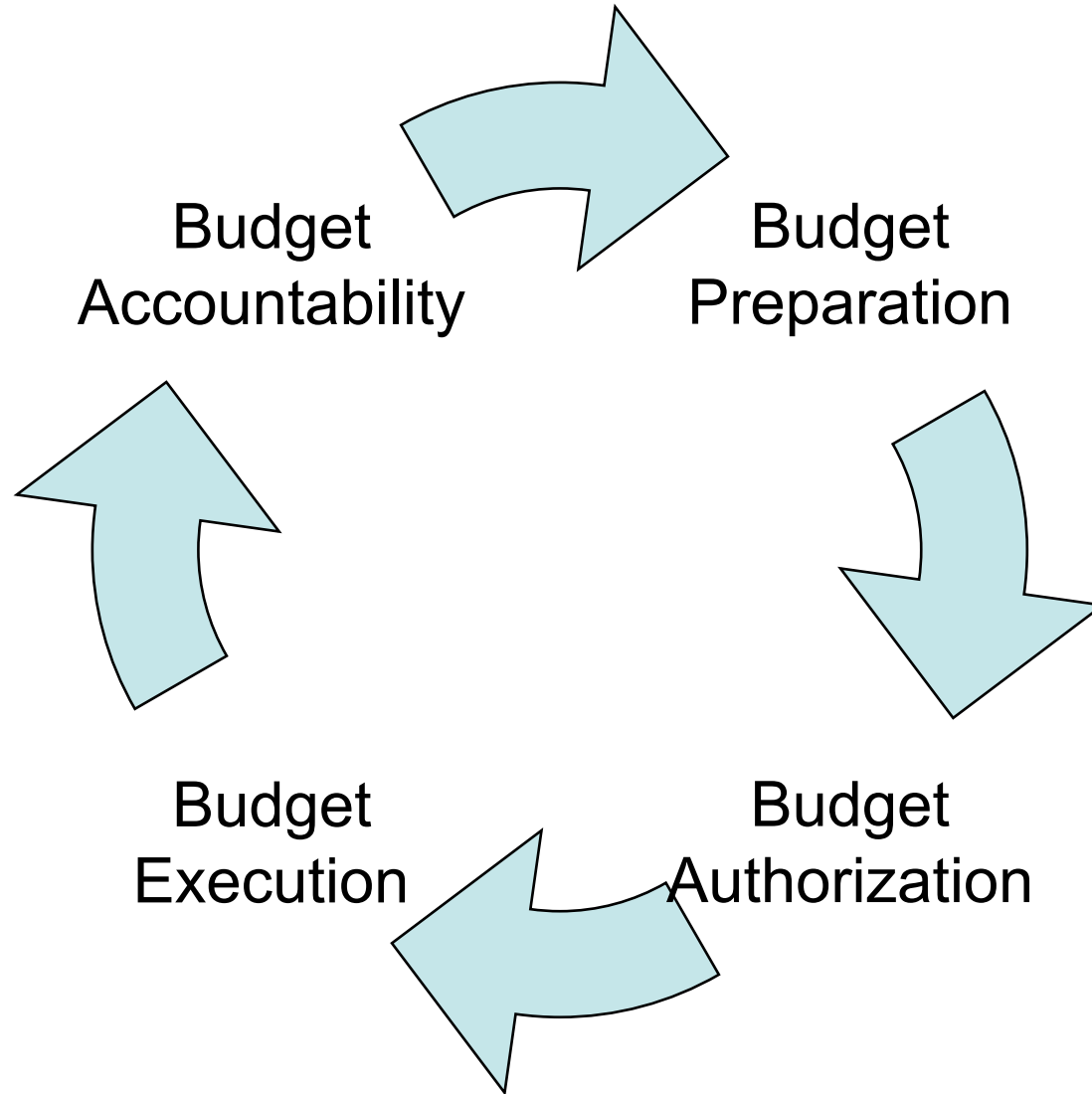
Budget Decision Making Encompasses Major Functions

3. Stabilizing the economy thru fiscal policy (mix of expenditures, revenue and debt financing) in tandem with monetary policy
4. Holding operating agencies accountable for the efficient and effective use of resources provided in the budget

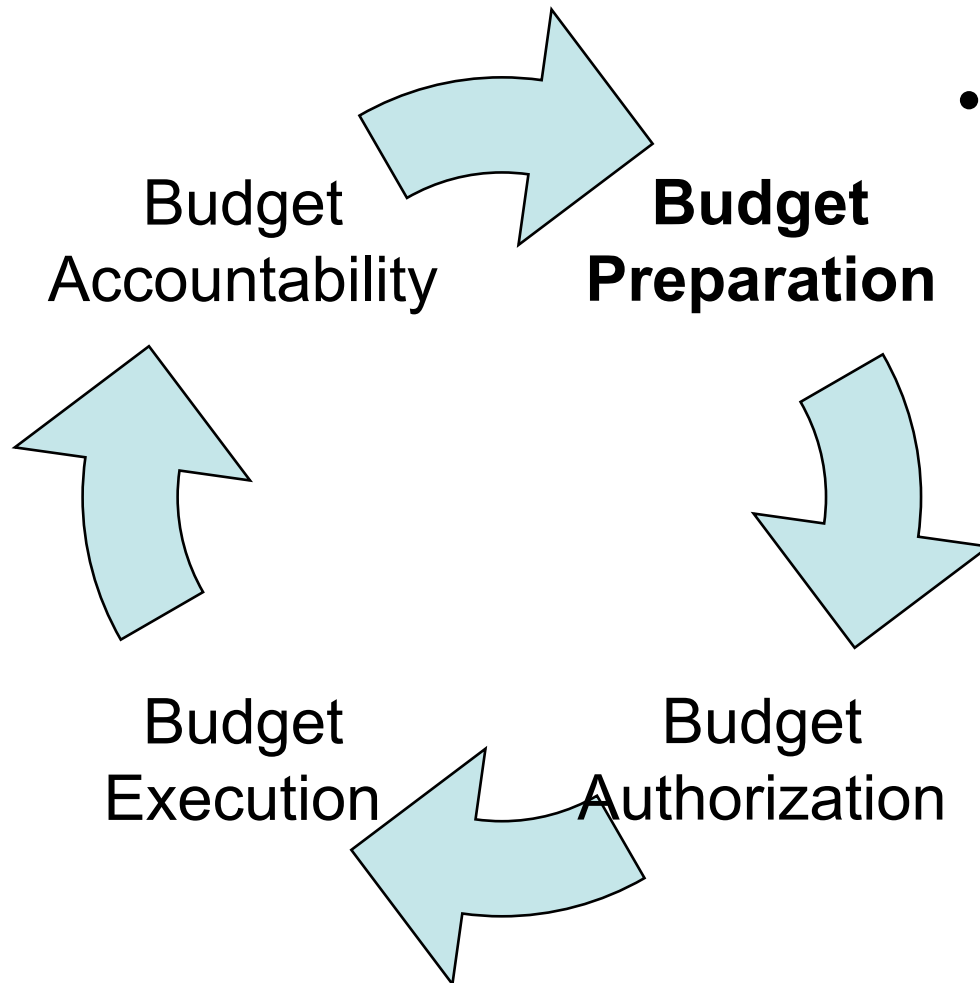
Budget Decision Making Encompasses Major Functions

5. Controlling Expenditures to Make Certain They Are Legal
6. Providing a Mechanism for Transferring Funds From Level of Government to Another

Budget Cycle



Budget Cycle



- Discuss key elements of budget preparation to be followed by textual slides

Budget Preparation Phase

This Phase involves:

- **Budget Planning**
- **Preparation of Agency Budget Proposals**
- **Budget Review**
- **Submittal to Congress**

Budget Planning

- Macroeconomic assumptions – NEDA, BSP
- Revenue Program - DOF, DBM
- Expenditure Program - DBM
- Financing Program - DOF

DBCC approves the Fiscal Targets

Budget Planning

Formulation of Macro-Economic Assumptions

- GNP growth rate
- Inflation rate
- Domestic interest rate
- Foreign interest rate
- Foreign exchange rate
- Oil prices
- Growth in imports
- Growth in exports

Budget Planning

Formulation of Revenue Program

Estimates of total NG collection

Tax - BIR, BOC, LTO

Non Tax - NGAs

Budget Planning

- Formulation of Expenditure Program
- Setting of national government's obligational ceilings

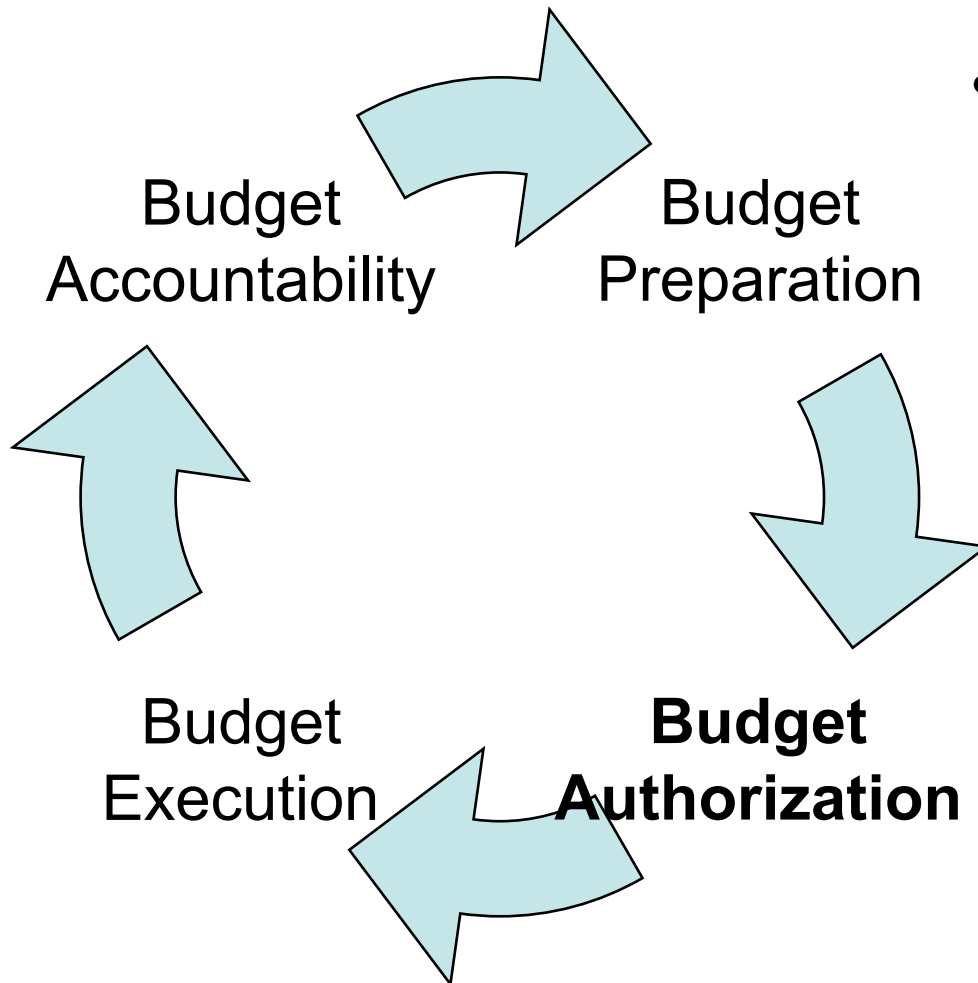
Budget Planning

- Formulation of Financing Program

Budget Planning

- DBM issues the Budget Call
- Budget Call instructs NGAs and GOCCs to prepare Budget Proposals in line with approved over – all budget ceilings and parameters

Budget Cycle Phases



- Discuss key elements of budget authorization to be followed by textual slides

Budget Authorization

House of Representatives

- Receipt of President's Budget Proposal at the
- First Reading
- Budget Hearings by the Committee on Appropriations and its Sub – Committees
- Committee Report / Second Reading

Budget Authorization

- Plenary Deliberation / Budget Debate
 - Sponsorship Speeches
 - Plenary Discussion
 - Turno en Contra
- General Appropriations Bill
- Third Reading
- Transmittal to the Senate

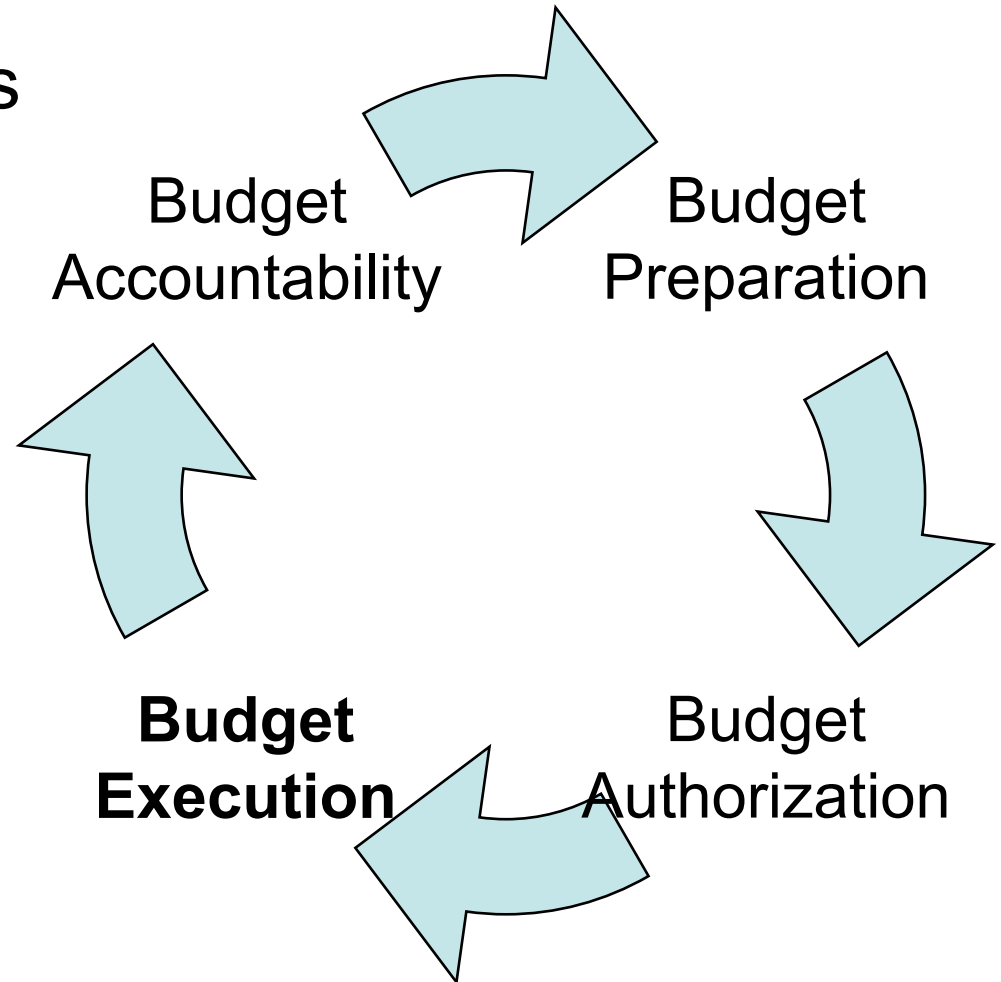
Budget Authorization

House of Representatives (continued)

- Plenary Discussion
- Turno en Contra
- General Appropriations Bill
- Third Reading
- Transmittal to the Senate

Budget Cycle Phases

- Discuss key elements of budget execution



Budget Execution

Budget Implementation is “Budget in Action.”

- Agency Budget Matrix
- General Allotment Release Order
- Special Allotment Release Order
- Notice of Cash Allocation

Budget Execution

How are funds received from the National Government?

- Funds from the National Government are received from the Department of Budget and Management (DBM) through the agency's Modified Disbursement System accounts in authorized government depository banks (AGDBs).
- This transfer of funds is triggered by the receipt of the Notice of Cash Allocation (NCA) from the DBM. The NCA issued alerts the agency that funds are already available in their account.
- An understanding of this process would include regular monitoring of the MDS account to determine the usual timing and interval of the actual receipt of cash from the DBM. The receipt of funds from the DBM would also hinge on the timely submission of required regular reports.

Budget Execution in 2008

- Show January 2008 actuals
- Government Procurement (RA 9184)

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- **What are the basic steps involved in the disbursement of funds of an agency?**
- Disbursements are made for the payment of expenditures for the regular operations of the agency, which includes payment for personal services (PS) and maintenance and other operating expenses (MOOE). The purchase of equipment and the construction of government building would also require disbursements to contractors, suppliers, etc.

- Most government expenditures are paid through checks prepared based on duly approved Disbursement Vouchers together with valid supporting documents. However, cash, consisting of bills and coins, may also be disbursed for cash advances and petty cash expenses. Payroll expenses are paid through transfers from the agency's bank account to the automated teller machine (ATM) accounts of the employees

Budget Cycle Phases

- Discuss key elements of budget authorization to be followed by textual slides

