



Republic of the Philippines  
Department of Finance  
BUREAU OF CUSTOMS  
Collection District II-A  
Port of Manila

OCT 2 1990

CUSTOMS MEMORANDUM ORDER

NO. 69-90

TO: Service Directors/District Collector  
Other Officials/Employees Concerned

SUBJECT: Procedure Implementing the Budget Process in the  
Bureau Per book VI of E. O. 292 (Administrative Code  
of 1987 ) .

I. Objectives :

1. To establish a comprehensive implementation of the Budget Process from the preparation phase up to the allocation and use of the approved appropriation to various Customs Districts/Services and the accounting of the expenditures thereof.
2. To establish high degree of planning , coordination and scheduling of the work of budget preparation ; and
3. To achieve the broad participation of responsible officials and to secure the necessary supporting materials for making budget estimates within the established time limits.

II. Definition of Terms :

1. Budget - a financial plan required to be prepared pursuant to Sec. 16(1), Art. VIII of the Constitution, reflective of national objectives, strategies and programs.
2. Budget Preparation - the formulation of the estimates of expenditures.

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3. Budget Estimate - a forecast of anticipated cost of proposed program or project related to a work program and the resources to be utilized in accomplishing the program or project.
4. Budget Authorization - legislative consideration and approval of the appropriation bill. The bill becomes the appropriation act when the President upon approval of the legislative body signs the bill into law.
5. Budget Execution - covers the operational phase of budgeting. It involves the allotment and release of appropriation to the operating agencies and the use of appropriated funds or expenditure of appropriations.
6. Budget Accountability - concerns the reporting of actual performance against plans. It affords the management, agency heads, the cabinet and the legislature a means of evaluating progress and determining the future direction of government activities.
7. Appropriation - authorization made by law or other legislative enactment, directing payment out of government funds under specified conditions or for specified purposes.
8. Allotment - authorization issued by the Department of Budget and Management (DBM) for specified amounts contained in a legislative appropriation.
9. Program - the functions and activities necessary for the performance of a major purpose for which a government agency is established.
10. Project - a component of a program covering a homogenous group of activities that results in the accomplishment of an identifiable output.

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11. Current Operating Expenditure - appropriations for the purchase of goods and services for current consumption or for benefits expected to terminate within the fiscal year.
12. Capital Outlay or Capital Expenditure - appropriation for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the government-owned or controlled corporations and their subsidiaries.
13. Fiscal Year - the period beginning with the first day of January and ending with the 31st day of December of each calendar year.
14. National Budget Memorandum - where the budget theme and the calendar for the pursuing budget year are spelled out.

### III. Operational Provisions :

#### A. Budget Preparation

1. Upon issuance by the DBM of the National Budget Circular commonly known as the Budget Call, setting forth specific guides and policies to govern the preparation of the agency budgets, each responsible official of the Bureau shall start with the planning phase of the budget preparation.
2. Each Service Director, District Collector and other officials concerned shall prepare together with the Commissioner, the detailed plans for accomplishing objectives and work programs to serve as bases of estimates for the budget year.
3. The Budget Estimates of the Bureau shall include the following information :
  - a. Objectives, functions, activities, programs and projects showing the general character and relative importance of the work to be accomplished or the

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- services to be rendered, and the principal elements of cost involved ;
- b. Linkage of the work and financial proposals to approved development plans ;
  - c. Estimated current operating expenditures and capital outlays, with comparative data for the preceding and current budget years ;
  - d. Brief description of the major thrusts and priority programs and projects for the budget year, results expected for each budgetary program and project , the nature of work to be performed, estimated costs per unit of work measurement, including the various objects of expenditure for each project;
  - e. Organization charts and staffing patterns indicating the list of existing and proposed positions with corresponding salaries, and the proposals for position classification and salary changes, duly supported by adequate justification in case of new organizational units proposed to be created.
4. The Budget Officers at the Customs District and Office of the Commissioner (OCOM) shall be responsible in the technical preparation of the budget and the coordination and scheduling of all activities concerned with the preparation of the budget estimates.
  5. Each Customs District through its Budget Officer shall submit to the Budget Division , OCOM, The Budget Proposal of the District in accordance with the approved priorities and guidelines.
  6. The request for appropriation is then submitted to DBM thru the Department of Finance (DOF) where the results of the planning and estimating phases made are scrutinized.

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Data are rechecked for accuracy and conformity to established guides and limits. Analyses are made to evaluate statements of resources required. Programs and projects are evaluated in terms of the over-all needs of the govt. and the resources available.

7. During the budget hearings scheduled by the DBM, the Commissioner shall be assisted by the Bureau's Budget Officers, while in the Executive and Legislative Review, the Service Directors/District Collectors/other Officials concerned shall assist the Commissioner in preparing for the budget hearings, in answering questions or in carrying out special assignments in conjunction with the reviews made.

#### B. Budget Authorization

The budget, as approved by the Congress, and signed by the President of the Philippines into law thus becomes the principal controlling instrument governing program for a fiscal year.

#### C. Budget Execution

1. Appropriation authorized for the Bureau is made available for expenditure upon submission of the Work and Financial Plans to DBM, showing the estimated amounts needed for each functions, activity or purpose for which the funds are to be expended during the applicable allotment period.
2. The Monthly funding warrant for the operational expenses of the Bureau is issued based on two budgetary documents, the approved Work and Financial Plans and the issued comprehensive advice of allotment for one fiscal year.
3. The allocation of funds to the Customs Districts shall be effected in the following manner:
  - a. The fund allocation lists are prepared by the Budget Division, OCOM, based on the specific needs of each

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- Port and Support, and also on the limitation of their budgetary allocation;
- b. After the lists are completed, the same is forwarded to the Accounting Division, OCOM for the preparation of the disbursement vouchers, payable to the Disbursing Officers of each Port and Support ;
  4. c. Upon completion of the vouchers, they are then forwarded to the Cashier's Office, OCOM for the preparation of checks.
4. Allocation of funds to the operating units , OCOM :
- a. For payment of salaries, subsistence allowances and other benefits, the payroll is prepared by the Disbursing Officer in order to get the cash advance and subsequent allocation of funds by the Budget Division .
  - b. For request for maintenance and other operating expenses, the Purchase Order is prepared by the General Services Division, and then favorably endorsed by the Chief, Administration Office and forwarded to the Budget Division, OCOM for the allocation of funds and issuance of the Request for Obligation of Allotment (ROA) , and then coursed thru the Accounting Division, OCOM for certification of availability of funds.
5. Specific requirements for the release of Notice of Cash Allocation (NCA) required in the implementation of the Modified Disbursement System (MDS) are provided under Circular Letter 90-5 dated Feb. 2, 1990 and Joint Circular 1-90 dated Feb. 27, 1990 , issued by DBM and DOF , and further implemented by CMO No. 70-90 .
- D. Budget Accountability
1. The Chief, Accounting Division , OCOM and the Accountants of each Custom District shall prepare and submit the necessary financial reports in the prescribed forms and schedules

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needed by DBM/COA , for the evaluation of the Bureau's performance.

2. Service Directors , District Collectors and other officials concerned shall submit to the Commissioner a semi-annual report of their accomplishments, both work and financial results, in accordance with such content and format as may be prescribed by DBM, which will be used for the purpose of monitoring the efficiency and effectiveness with which budgeted funds are being utilized.

#### IV Specific Duties and Responsibilities of the Personnel Concerned

##### A. Budget Officer , Customs District/OCON

1. Secures and presents factual data on work progress , rates of production, cost information and personnel data as required, in order to assist the District Collector/Service Director in carrying out the latter's planning responsibilities during the planning phase of the budget process ;
2. Schedules each step in budget preparation and ensures compliance with this schedule ;
3. Indicates the materials each responsible official must prepare, and the form and manner in which these are to be submitted ;
4. Prepares a step-by-step schedule for accomplishing the work , allowing sufficient time for necessary review and adjustments ;
5. Checks all materials for completeness and conformity to instructions as contained in the Budget Call ;
6. Makes detailed analyses for, and recommendations to the Service Director/District Collector/other official concerned relative to the budget estimates, pointing out any weaknesses, unrealistic estimates or non-conformity with set plans or policies ;

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7. Assists the Service Director/District Collector in their scheduled meetings with the Commissioner to thrash out differences prior to the latter's review of the entire Bureau's budget estimates for balance and consistency, conformity to policy, and adequacy of supporting justifications;
  8. Realigns the amounts allotted and objectives upon for the Bureau's programs and projects with the operating budgets for each responsible control point.
  9. Prepares periodic reports to the Commissioner, DOF and the DBM regarding the status of work and the funds utilized.
- B. Division Chiefs, Customs District/OCCO
- Prepares the Division's Projected Work Program for the budget year using the format, attached as Annex "A", to provide the Commissioner and other officials with the necessary data for preparing the plans and for the satisfactory preparation of the Bureau's budget estimates.
- C. District Collector/Service Director
1. Assists the Commissioner in preparing the preliminary plans of the Bureau, for its integration into the Bureau's approved plans, within the limits established by the Secretary of Finance;
  2. Prepares together with the Commissioner the detailed plans for accomplishing objectives and work programs on bases of estimates for the year;
  3. Drafts justification statements covering the areas of responsibility of the Customs District/Services;
  4. Assists the Commissioner in preparing for the budget hearing, in answering questions or in carrying out special assignments in conjunction with the reviews made by the Committee on Appropriations; and

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5. Conducts operations to attain approved objectives in accordance with operating budgets.

V Repealing Clause

All Customs Orders and Circulars inconsistent with the provisions of this Order are hereby deemed amended and/or modified accordingly.

VI Effectivity Clause

This Order shall take effect immediately.

*Salvador M. Misson*  
SALVADOR M. MISSON  
Commissioner