



**MEMORANDUM ORDER**  
**NO. 28**  
**Series of 2023**

**GUIDELINES ON MODIFICATION IN THE ALLOTMENT**

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In the exigency of service, this Order is hereby issued to provide the policy and procedural guidelines on the modification in allotment in accordance with the relevant provisions and issuances of General Appropriations Act (GAA) and Department of Budget and Management (DBM) on the releases of funds for the applicable year of appropriations.

**I. GENERAL PROVISIONS**

**Coverage**

These guidelines shall apply to all types of modification in allotment for Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses (FinEx), and Capital Outlay (CO) as requested by the Central Office, Bureaus, and Regional Field Offices.

**1. Rules on Modification in the Allotment**

- 1.1. The department, bureaus and offices shall spend what is programmed in their respective appropriations in the GAA. In exceptional circumstances, issued allotment within Program, Activity, and Project (PAP) may be modified upon timely submission of reports by all offices concerned, and subject to the approval of the designated authority;
- 1.2. The existence of an allotment class or object of expenditure in the recipient PAP is not necessary for purposes of modification;
- 1.3. The amount programmed for petroleum, oil, and lubricants, water, illumination and power services, telephone and other communication services, and rentals shall be disbursed exclusively for such items of expenditures. Any available savings generated for these items after taking into consideration the agency's full requirements may be modified in the last quarter;
- 1.4. Modification covering allotments for MOOE, FinEx and CO shall not entail any increase in the total amount appropriated for a PAP. In case of programs with several activities, modification may be done only within each activity;
- 1.5. The approval of ICT-related budgetary requests shall be subject to the provisions of the applicable budgetary issuances from the Department of Budget and Management (DBM) and Department of Information and Communication Technology (DICT); and

1.6. Approving Authorities for the modification in allotment within the same PAPS:

1.6.1. The Head of Agency, or his duly authorized representatives, and in case of the latter subject to the following: (i) considered as the official next-in-rank; (ii) with express delegation from the Heads of Agency; and (iii) the delegation shall be in writing, for:

1.6.1.1. Change in the details of an activity or project without changing its nature and within the same operating units;

1.6.1.2. Change in the object of expenditures (e.g., Salaries and Wages, Travelling Expenses, or Investment Outlays) within an allotment class (PS, MOOE, FinEx, and/or CO); and

1.6.1.3. Use of MOOE for the payment of Collective Negotiation Agreement (CNA) Incentive, during the validity of appropriations, as an exemption of the modification of allotment where the DBM is the approving authority, in case of change in allotment class.

1.6.2. The DBM for:

1.6.2.1. From one allotment class to another;

1.6.2.2. From one operating unit to another;

1.6.2.3. Within a special purpose fund;

1.6.2.4. For the payment of newly-authorized Magna Carta Benefits not otherwise appropriated; and

1.6.2.5. Within the Unprogrammed Appropriations.

1.6.3. The President of the Philippines for:

1.6.3.1. Payment of intelligence funds within the Executive Branch.

**2. The following expenditures are not considered as forms of modification:**

- 2.1. Payment of deficiencies in authorized personnel benefits. A department or agency may utilize any available allotment for PS within the said department or agency;
- 2.2. Payment of magna carta for which the DBM guidelines, relative thereto, shall observed;
- 2.3. Payment of CNA Incentive; and
- 2.4. Augmentation of deficient items of appropriations.

**II. PROCEDURAL GUIDELINES**

**1. Modification in allotments subject to approval of the Heads of Agencies**

- 1.1. The modification of allotment shall be supported with:
  - 1.1.1. Letter request from the agency's concerned;
  - 1.1.2. Two (2) copies of the accomplished Modification Advice Form (MAF) - (Attachment 1) generated through online data sheet provided by the Central Office. The MAF must be duly signed by the approving authority, or his designated representative cited in item 1.6.1. thereof; and
  - 1.1.3. Certification from the national banner programs and projects coordinator of the department or agency concerned.
- 1.2. The agency will submit the Letter Request, accomplished MAF Form, and other necessary documents to the Central Office-Budget Division.
- 1.3. The Central Office-Budget Division will process the requests of the concerned OUs if they are supported by certification and allowed by the banner programs and project coordinators. Complete documents will be endorsed to the next office concerned for approval.
- 1.4. No modification in allotment will be done if the supporting documents submitted by the concerned OUs are electronic copies only.
- 1.5. The modification requests in allotment must be made only **on a quarterly basis**.

**2. Modification in allotments subject to approval of the DBM**

- 2.1. The modification of allotment shall be supported with:

- 2.1.1. Letter request of the concerned agency addressed to the DBM Secretary;
  - 2.1.2. Justification for the proposed modification;
  - 2.1.3. Certification of Actual Deficiency and Sources of Funds signed by the Budget Officer, identifying the affected PAP and object of expenditures ("From" and "To") – (Attachment 2);
  - 2.1.4. Latest Statement of Appropriations, Allotment, Obligations, Disbursement and Balances (SAAODB);
  - 2.1.5. Revised Financial Plan (BED No. 1), Physical Plan (BED No. 2), and Monthly Disbursement Program (BED No. 3); and
  - 2.1.6. Comparative Matrix of the GAA-Based and Revised Financial Plan and Monthly Disbursement Program (Attachment 3).
- 2.2. The concerned OUs will submit the request together with the supporting documents to the Central Office-Budget Division.
  - 2.3. The Central Office-Budget Division will process the request with complete documents and prepare the endorsement letter for approval of the Head of Agency.
  - 2.4. After the release of Special Allotment Release Order (SARO) by the DBM, the Central Office-Budget Division shall provide the copy of SARO and Attachment 3 to all concerned offices. In case of any inconsistency and discrepancy between the SARO and amount requested, the Attachment 3 shall be amended.

### **3. Use of Available PS Allotment for frontloading to cover PS insufficiency**

- 3.1. In instances where an insufficiency in PS occurs and frontloading shall be resorted to, available PS allotments which have been comprehensively released may be utilized, subject to the approval of Agency Head. The available PS allotments released to the department or agency at the start of the year shall be used for the following:
  - 3.1.1. Original purpose of appropriations;
  - 3.1.2. To cover PS deficiencies in Authorized Personnel Benefits such as:
    - 3.1.2.1. Deficiency in Magna Carta Benefits, subject to the approval by the DBM Secretary for (i) additional

recipients arising from newly issued certification or hiring of new employees; (ii) valid adjustments due to inadvertent omission or erroneous encoding in the system;

3.1.2.2. Award of Back Pay for cases with final and executory decision of a competent authority such as courts, Civil Service Commission (CSC), and Commission on Audit (COA);

3.1.2.3. Deficiency in specific-purpose allowances and benefits; and

3.1.2.4. Any deficiency in authorized compensation and personnel benefits that may be determined during the fiscal year. Since PS benefits are mandatory in nature, actual services rendered or benefits allowed in prior years shall not be categorized as unbooked obligations.

3.2. The appropriations for PS shall be used for the payment of Authorized Personnel Benefits to be given to National Government employees, to wit:

3.2.1. Basic Salaries, including Step Increments;

3.2.2. Standard Allowances and Benefits, which shall be limited to the following:

3.2.2.1. Personnel Economic Relief Allowance;

3.2.2.2. Uniform or Clothing Allowance; and

3.2.2.3. Mid-year Bonus, Year-end Bonus and Cash Gift;

3.2.3. Specific-Purpose Allowances and Benefits, limited to the following:

3.2.3.1. Representation and Transportation Allowance;

3.2.3.2. Per Diem;

3.2.3.3. Honoraria;

3.2.3.4. Night-Shift Differential;

3.2.3.5. Overtime Pay;

3.2.3.6. Subsistence Allowance;

3.2.3.7. Hazard Pay;

3.2.3.8. Special Counsel Allowance; and

- 3.2.3.9. Other allowances and benefits as may be authorized by law or the President of the Philippines;
- 3.2.4. Incentives, which refer to the following:
  - 3.2.4.1. Loyalty Incentive;
  - 3.2.4.2. Anniversary Bonus;
  - 3.2.4.3. Productivity Enhancement Incentive;
  - 3.2.4.4. Performance-Based Bonus; and
  - 3.2.4.5. Other existing benefits as may be categorized by DBM as incentives;
- 3.2.5. Magna Carta Benefits as authorized by laws and its Implementing Rules and Regulations;
- 3.2.6. Personnel benefits for military and uniformed personnel as authorized by law or the President of the Philippines; and
- 3.2.7. Overseas and other allowances for government personnel stationed abroad.
- 3.3. The available PS allotments referred under item 3.1. may be realized from unspent compensation of employees due to the following:
  - 3.3.1. Incurrence of leaves of absence without pay;
  - 3.3.2. Vacant positions on account of termination, resignation, transfer, retirement or separation;
  - 3.3.3. Delay in the actual assumption of duty from the date of appointment;
  - 3.3.4. Suspension and other disciplinary sanctions;
  - 3.3.5. Erroneous computations of PS benefits; or
  - 3.3.6. Other similar instances.
- 3.4. The following limitations in the use of available released PS allotments or appropriations shall be observed:
  - 3.4.1. Released allotment which cannot be reallocated to other objects of expenditures under PS:
    - 3.4.1.1. Retirement and Life Insurance Premiums (RLIP); and

- 3.4.1.2. Special Account in the General Fund (SAGFs), except if expressly authorized in the law creating them.
  - 3.4.2. Available released allotments for PS cannot be used to pay CNA Incentives:
- 3.5. The use of PS available allotment shall be supported with:
  - 3.5.1. Letter request from the agency concerned; and
  - 3.5.2. Two (2) copies of the accomplished Advice of use of Personnel Service Allotment (APSA) - (Attachment 4) generated through online data sheet provided by the Central Office. The APSA must be duly signed by the approving authority, or his designated representative cited in item 1.6.1. thereof;
- 3.6. The agency will submit the Letter Request, accomplished APSA Form, and other necessary documents to the Central Office- Budget Division. The Central Office-Budget Division will process the requests of the concerned OUs for approval of the Head of Agency.

### III. MISCELLANEOUS PROVISIONS

#### 1. Limitations

- 1.1. In no case, an object of expenditures be subjected to modification to increase any deficient object of expenditure previously sourced of the approved modification, except for the following circumstances:
  - a. natural or human induced calamities, epidemics, and crises; and
  - b. directive or instruction for the unforeseen activity, new programs and projects approved by the Head of Agency.
- 1.2. It must be emphasized that the submitted hard copy must have the same content as the soft copy. In the event of any inconsistency or discrepancy in the figures, **the soft copy which was encoded by agency representatives shall prevail and will be regarded as the official submission of the agency.**
- 1.3. In no case should the object of expenditures be modified to use as allowable MOOE items as a source of savings for the payment of CNA Incentives. The CNA Incentive shall be sourced solely from the available

balances of allowable MOOE allotments, as originally appropriated, provided further that the same have become available as a result of cost-cutting and systems improvement measures undertaken collectively by the agency and its personnel, as identified in their respective CNAs and supplements thereof.

## 2. Accountability Timelines

- 1.1. **Every 31<sup>st</sup> of October** – deadline for the submission to the Central Office-Budget Division of agency request/s for any release requiring issuance of Special Allotment Release Orders (SAROs)/additional Notices of Cash Allocation (NCAs); and
- 1.2. **Every 20<sup>th</sup> day of the last month of each quarter** – deadline for the submission of request/s for any releases requiring the approval of the Head of Agency (e.g., change in the object of expenditures and/or change of activity). In case the 20<sup>th</sup> day falls on a weekend or holiday, it will be moved to the next working day.

## 3. Separability Clause

If, for any provision of this Order is inconsistent with existing laws and regulations or any part thereof be declared invalid, the other parts or provision hereof shall remain in full force and effect.

## 4. Repealing Clause

This Order hereby amends, repeals, revokes and renders of no force and effect any provision, order or other issuance inconsistent herewith.

Done in the City of Quezon, this 11<sup>th</sup> day of April 2023.

**DOMINGO F. PANGANIBAN**  
Senior Undersecretary

