



BEHIND THE NUMBERS: BRIDGING THE GAP



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ADVISERS

Undersecretary Annalyn M. Sevilla
Assistant Secretary Ramon G. Abcede

CONTENT EDITORS

Pamela T. Suanco
Francis C. Migrino
Janina Q. Garcia
Justine G. Tiro
Diana M. Camacho

DATA INTEGRITY

Education Programs Delivery Unit
Budget Division
Program Teams
Planning Service

DESIGN AND LAYOUT

Therese W. Sanico

PHOTOS

PAS-PD Multimedia Unit

For more information on the content of this magazine, contact:

epdu@deped.gov.ph
Undersecretaryfinancebpm@deped.gov.ph
+63(2) 470 6628

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Department of Education
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Education Programs Delivery Unit (EPDU)

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Behind the Numbers: Bridging the Gap

The Office of the Undersecretary for Finance – Budget and Performance Monitoring (OUFBPM), together with the Education Programs Delivery Unit (EPDU), produced *Behind the Numbers: Bridging the Gap*—the second chapter to the 2017 Budget Hearing Magazine entitled *Understanding Underspending in DepEd*.

Understanding Underspending in DepEd presents the Department of Education (DepEd) budget utilization performance over the last 5 years and its comparison based on obligation rates. It also showed a comparison based on underspending and lapsed allotment. The presented data identified critical factors to underspending, highlighting the DepEd's low absorptive capacity as one of its major factors. The magazine concluded on a positive note by showing the decreasing rate of underspending in 2017 due to the reforms and interventions initiated by the current administration.

Building on the extensive background on DepEd's progress in tackling underspending, this next chapter shall present DepEd's journey *Behind the Numbers* and how it affects learners across the regions and Programs, Activities, and Projects (PAPs). The theme, *Bridging the Gap*, offers its readers the same level of understanding on the DepEd budget—substantial but also relatable enough for all kinds of readers.



Foreword




Leonor Magtolis Briones

Secretary of the Department of Education

Since the assumption of the current administration, the implementation of the K to 12 Program has been a top priority. Two years after, we saw the completion of the first batch of Senior High School (SHS) learners, equipped with 21st century skills and ready to pursue higher education, employment, entrepreneurship, or middle level skills development.

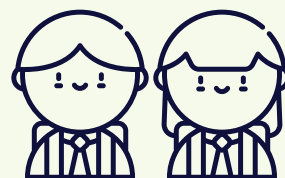
Producing 1,252,357 SHS graduates with these skills and capabilities is a testament to the work that we do in DepEd—the delivery of quality, accessible, relevant, and liberating education for all.

It all starts with budget utilization. I have always been proud to report that from 10% underutilization in 2016, we have remarkably dropped to only 3% underutilization for 2017. However, we must note that the underutilized amount still translates to Php 13,386,557,099—an amount which could otherwise have translated to services for our learners.

And with the imminent shift to Annual Cash-Based Appropriations (ACBA) in the coming year, budget utilization coupled with delivery is key. While we have devised several financial management reforms, it is vital to look at them with ACBA in force.

With *Behind the Numbers: Bridging the Gap*, we hope to reiterate the impact our work has for 27.7 million (and counting) learners. We hope for a renewed commitment in budget utilization and delivery of our services because of the significance of the work we do.

More than just our 2018 budget allocation, priorities, and direction, let us keep in mind that money well spent equates to education services for the learners. And more importantly, that every amount lost is possibly a learner out of our reach.



27.7m

learners at our hands



1.2m

SHS graduates for SY 2017-2018



7%

increase in budget utilization from 2016 to 2017

DEPED'S IMPROVED BUDGET PERFORMANCE

Over the past three years, DepEd's budget has increased with an average of 20% yearly. In fact the average increase in the Department's budget amounts to Php 80.15 billion (a total increase of Php 92.13B from 2015 to 2016, Php 135.99B from 2016 to 2017, and Php 12.33B from 2017 to 2018).

In terms of DepEd's major programs, there has also been significant improvement over the last 3 years (2015 to 2017). For FY 2015, the obligation rates of DepEd's Major Programs, Activities, and Projects (PAPs) range from a low of 12% up to a high of 94%, with Redesigned TechVoc (now called the Learning Tools & Equipment) with the lowest at 12% and Creation and Filling-up of Teaching & Non-teaching positions at the highest at 94%.

For FY 2016, we achieved much needed improvements in the obligation rates. Creation and Filling-up of Teaching & Non-teaching positions garnered the top obligation rate of 98.5% followed by Operations of Schools with 98.4%. It should be noted that these include Personnel Services (PS) or salaries. On the other hand, Alternative Learning System (ALS) and Textbook and Other Instructional Materials scored the lowest obligation rates of 37%

and 39.6%, respectively. With the transition to a new administration in July 2016, immediate fiscal reforms and interventions were carried out to boost the budget performance of the Major PAPs of the Department.

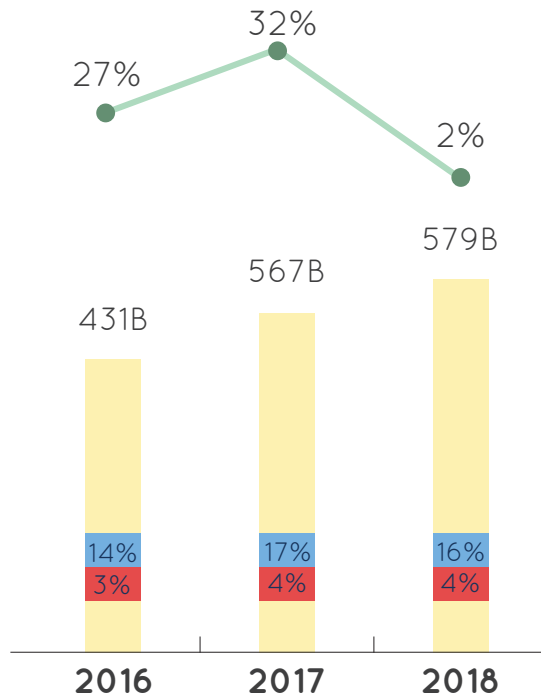
With the continuous implementation of reforms from July 2016, the FY 2017 budget performance was slowly but surely growing. During this year, all DepEd Major PAPs were able to obligate more than half of their program budget. Science & Math Equipment posted the lowest obligation rate with 68%. The ALS, which had consistently been at the bottom since 2015, posted a year-high obligation rate of 70%.

In fact, 8 out of the 11 Major PAPs of the Department were in the 90% and above mark for their obligation rates, topped by the DepEd Computerization Program (DCP) with a commanding 98.7% obligation rate based on expense class (MOOE and CO). The significant improvements in the budget utilization of the DepEd's Major PAPs in turn lowered the Department's underspending rate, which means more funds are now being utilized for the delivery and implementation of the DepEd's Major PAPs.

DepEd Budget (2016-2018)

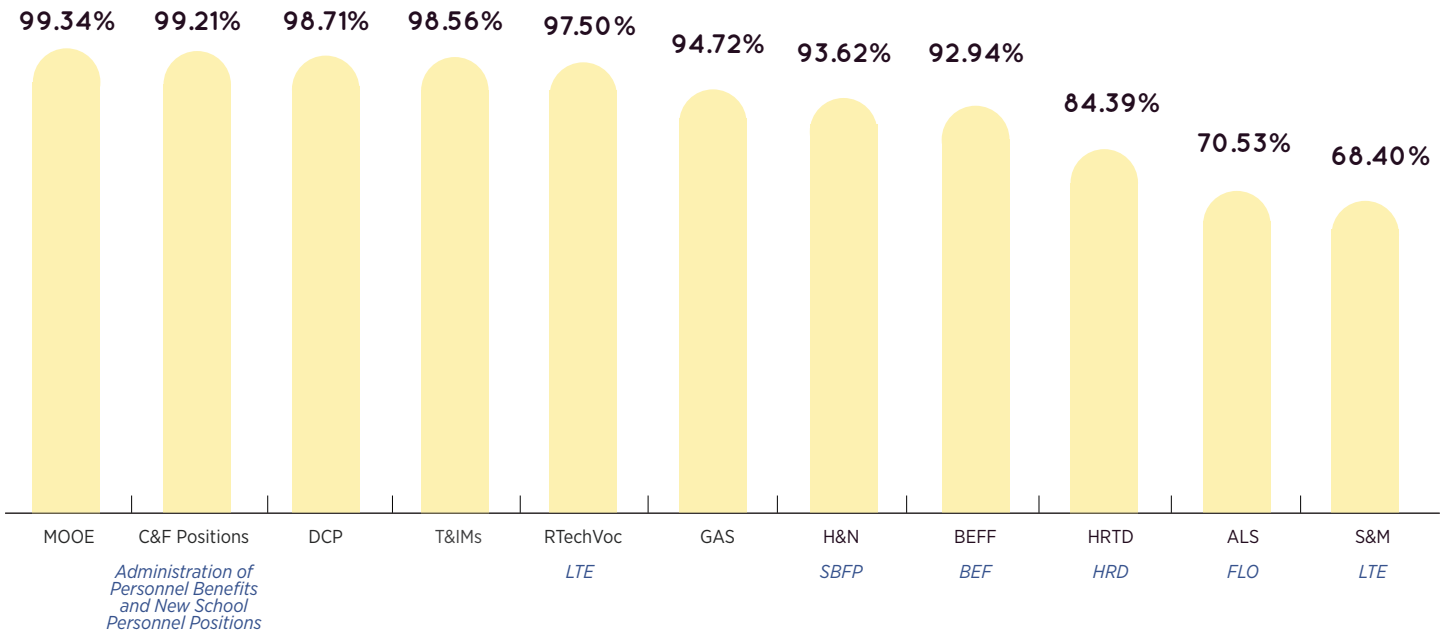
Based on GAA including RLIP

- Growth Rate
- DepEd Budget
- Percentage to National Budget
- Percentage to GDP



2017 Major PAPs budget performance

Based on obligation; 2017 SAAODB as of August 30, 2018



Abbreviations:

- | | | | |
|--------------------------|---|------------------|---|
| BEFF | Basic Education Facilities Funds
<i>currently labelled Basic Education Facilities or BEF</i> | DCP | DepEd Computerization Program |
| C&F Positions | Creation and Filling Up of Positions
<i>now broken into two: Administration of Personnel Benefits and New School Personnel Positions</i> | H&N | Health and Nutrition
<i>currently labelled School Based Feeding Program or SBFP</i> |
| GAS | Government Assistance and Subsidies | ALS | Flexible Learning Options
<i>currently labelled Flexible Learning Options or FLO</i> |
| MOOE | Maintenance and other Operating Expenses | T&IMs | Textbooks and other Instructional Materials |
| S&M | Science and Math | HRTD | Human Resources Training and Development Program
<i>currently labelled Human Resources Training and Development for Personnel in Schools and Learning Centers or HRD</i> |
| RTechVoc | Redesigned Technical Vocation
<i>combined as Learning Tools & Equipment</i> | | |

A photograph of a classroom. A female teacher in a pink shirt stands at the front, facing a class of students. A male student in a white shirt is standing at the front, possibly presenting. The students are seated at wooden desks, some looking towards the front. The background features a blackboard and a wall with various posters and a fan.

CLOSING THE GAP

DepEd's High Budget Utilization for 2017 Leaps from Previous Years' Utilization

According to the Audit Observation Memorandum

(AOM) dated April 24, 2018 and issued by the Commission on Audit (COA), the Department of Education had a significant improvement in its budget allocation utilization.

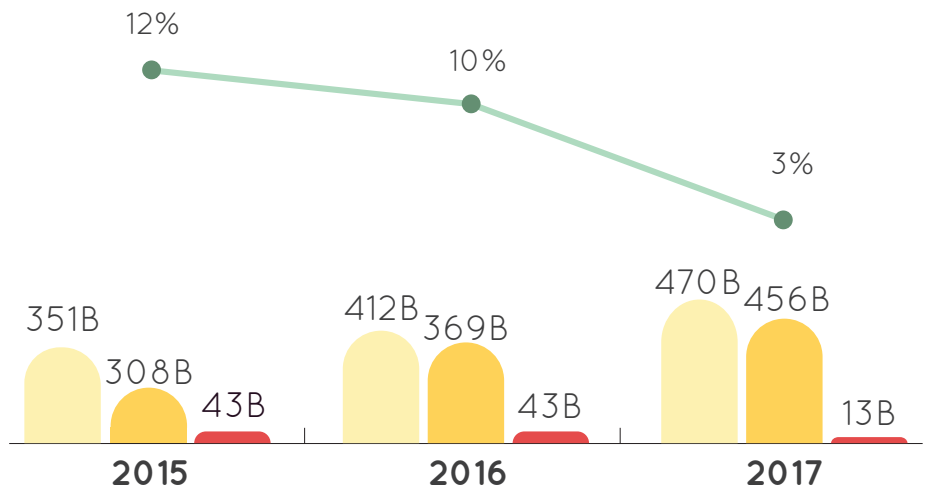
From 10% in 2016, DepEd's underutilization rate dropped to only 3% in 2017, primarily based on the Registries of Allotment and Obligations (RAO) for the said year. The 3% that remained unutilized is equivalent to Php 15,734,573,153*. This amount represents lapsed funds which will revert back to the treasury.

*The corrected amount is Php 13,386,557,099 based on 2017 SAAODB as of August 30, 2018

A 3-year comparison of DepEd's budget utilization shows a massive decline in underspending—from 12% in 2015, to 10% in 2016, and finally to 3% in 2017.

- Underspending Rate
- Adjusted Allotment
- Total Obligation
- Unobligated Allotment

Based on 2015-2017 SAAODB as of August 30, 2018



FROM 2015 TO 2017

At the beginning of her term, Secretary Leonor Magtolis Briones acknowledged carried over tasks in procurement. Nevertheless, the Secretary initiated steps to speed up the process and effect efficient budget utilization. With DepEd's massive budget, it was necessary to have another person solely accountable for budget utilization.

"If you will recall, the previous administration was driven to violation of the Constitution because of the problem of budget utilization, and so I have recruited an expert on budgetary systems and financial management who will focus on budget utilization," Secretary Briones explained.

Hence, the Finance Service was divided into two strands—with budget under the leadership of Undersecretary Annalyn M. Sevilla and accounting under the leadership of Undersecretary Victoria M. Catibog. A full-time delivery unit was also created in order to keep track of budget utilization and monitor Major Programs, Activities, and Projects (PAPs).

ORGANIZATIONAL DEVELOPMENT IN ALL LEVELS

For 2017, the improved performance was attributed to program and financial management, procurement process reforms, and strategic interventions which include early downloading of funds to implementing units, strict and continuous monitoring and reporting of the use of funds, the roll-out of multi-year guidelines to fast-track implementation of programs and activities, the creation of a Financial Management Reforms Committee (FMRC) to lead in addressing change management in finance services, and the reconstitution of six (6) Bids and Awards Committees (BACs), among others. Created at the policy level, these initiatives were meant to help address recurrent bottlenecks, challenges, and constraints within the Department.

DepEd Regional Offices (ROs) also contributed greatly to the overall budget utilization. With an overall regional obligation rate of 98% (compared to the Central Office's

obligation rate of 91%), the ROs are highlighting their readiness for the 2019 Annual Cash-Based Appropriations (ACBA). The Caraga Region led the pack, having attained an obligation rate of 99.48%. Not to be outdone, Major PAPs have also stepped up with a 97.61% obligation rate. The top rank for major PAPs went to the DepEd Computerized Program (DCP) with an obligation rate of 98.7%.

The obligation rate per expense class also greatly improved with 99.27% for Personnel Services (PS), 92.59% for Maintenance and Other Operating Expenses (MOOE), and 91.20% for Capital Outlay (CO).

FACTORS BEHIND IMPROVED BUDGET UTILIZATION

DepEd's improved budget utilization is the result of several factors. From program and financial management reforms, procurement process reforms, and other strategic interventions, there have been many changes implemented at a policy level since the tenure of Secretary Leonor Magtolis Briones.

1

CONTINUOUS MONITORING AND REPORTING OF THE USE OF FUNDS

Budget allocation, obligation, and disbursements are monitored monthly through the Flash Reports and FAR-1 (Financial Accountability Reports), among others, which are requested by the Education Programs Delivery Unit (EPDU) for monitoring and reporting purposes.

- Flash Reports are data submitted by regions containing budget appropriation, allotment, obligation, and disbursement. This is collected on a monthly basis for immediate monitoring needs.
- Financial Accountability Reports or FAR-1 are similar data on allotment, obligation, and disbursement by Programs, Activities, and Projects (PAPs) of the Central Office (CO), submitted on a monthly basis.
- Statement of Appropriations, Allotments, Obligations, Disbursements and Balances, or SAAODB, is a quarterly financial report submitted to the Department of Budget and Management (DBM) which contains the said data, as well as the downloaded funds.
- Sub-ARO Monitoring System is a monitoring tool submitted by the Budget Officers in the Regions and Divisions containing how much has been obligated, disbursed, and other remarks for Basic Education Facilities (BEF), Alternative Learning System (ALS), and Technical-Vocational Livelihood (TVL) programs which have been downloaded to the Regions and Divisions.

2

STREAMLINING AND EARLY DOWNLOADING OF FUNDS TO IMPLEMENTING UNITS

Indicative Timeline of Downloading is a tool to monitor budget utilization of the programs. This is provided by the Central Office Bureau and Division and contains their respective indicative timelines of downloading of funds.

Internal policy provides that submission of a completed and specific timeline enables the Central Office Bureau and Division to download their funds without concurrence of the Regional Director or Schools Division Superintendent, thereby reducing paperwork for faster program implementation.

3

ROLL-OUT OF MULTI-YEAR GUIDELINES TO FAST-TRACK IMPLEMENTATION OF PROGRAMS, ACTIVITIES, AND PROJECTS (PAPS)

Multi-year guidelines ensure that program implementation is sustained. An example of these are:

- DO 39, s. 2017 — Operational Guidelines on the Implementation of School-Based Feeding Program for School Years 2017-2022
- DO 3, s. 2017 — Multi-Year Implementing Guidelines on the Allocation and Utilization of the Indigenous Peoples Education Program Support Fund

4

CREATION OF THE FINANCIAL MANAGEMENT REFORMS COMMITTEE (FMRC)

The FMRC aims to improve efficiency, accountability and transparency in the use of public resources in order to ensure direct, timely, efficient and effective delivery of public services through reforms implemented at the policy level.

This includes, among others, the reorganization and strengthening of the Finance Service, the shift from a multi-year obligation-budgeting to an annual cash-based budgeting and the establishment of an Integrated Financial Management Information System (IFMIS).

5

CREATION OF A TASK FORCE TO MONITOR THE PROGRESS AND STATUS OF FUNDS TRANSFERRED TO THE DBM-PS

Pursuant to Memorandum Circular No. 39 issued by the Office of the President (OP), mandating the submission of a report on funds transferred to the DBM-Procurement Service (DBM-PS), a DepEd Task Force has been created by the DepEd Secretary to monitor the progress and status of these funds.

Its objectives include finalizing the list of pending items and corresponding Approved Budget for Contracts (ABCs) of the projects transferred to DBM-PS as of December 31, 2017 and monitoring the progress thereof for immediate resolution.

6

RECONSTITUTION OF THE 6 BIDS AND AWARDS COMMITTEES (BACS)

The BAC is responsible for the conduct of pre-procurement and pre-bid conferences, determination of the eligibility of prospective bidders, receipt of bids, conduct of the evaluation of bids, recommendation of award of contracts, among others.

- They are responsible for ensuring that the procuring entity abides by the standards set forth by the Procurement Law (R.A. 9184).
- Reconstitution of the 6 BACs expedites procurement-heavy projects such as Basic Education Facilities (BEF) and DepEd Computerization Program (DCP).

The Office of Procurement Service has also advocated resorting to alternative forms of procurement that are allowed by law such as the use of a Framework Agreement.

7

OTHER DELIVERY INTERVENTIONS

A series of conferences are also being implemented to review the implementation of DepEd PAPs and budget execution for 2018 and provide guidance thereon, following the shift from obligation-based to Annual Cash-Based Appropriations (ACBA). During the conferences, program implementation Bottlenecks, Challenges and Constraints (BCCs) are identified and strategies to resolve the same are agreed upon.

2018 was also tagged as a “practice” year for ACBA. Everyone concerned—from the Central Office, to the regions, down to the schools—has been operating under the presumption of only one year to implement PAPs. This includes the way that DepEd obligates funds, delivers goods and services for inspection, pays for said goods and services, and delivers them to end-users.

GREATER HEIGHTS



A CLOSER LOOK INTO DEPED'S IMPROVED BUDGET UTILIZATION

DepEd has increased its budget allocation utilization from a 90% obligation rate in 2016 to a 97% obligation rate in 2017. This improved performance can be attributed to several factors - effective program and financial management, procurement process reforms, and strategic interventions, among others.

CHALLENGES IN ELIMINATING UNDERSPENDING

Nevertheless, this accomplishment was not without challenges. An analysis of the 2017 Registries of Allotments and Obligation (RAO) of the Central Office (CO) revealed that Php 7,487,344,023 of the unutilized allotment mostly pertains to Government Assistance to Students and Teachers in Private Schools and in Non-DepEd Public Schools (GASTPE) and Science and Mathematics Equipment (SMEs). This is according to the Audit Observation Memorandum (AOM) issued by the Commission on Audit (COA) on April 24, 2018.

According to the AOM, the unutilized amount under the GASTPE program was due to the failure to reach the budgeted/target number of grantees for 2017. In fact, for the Joint Delivery Voucher Program for SHS Technical-Vocational Livelihood (JDVP TVL), there were no grantees as the validation process for the recipients were still on-going.

On the other hand, the recurring challenge in terms of SMEs lies in procurement. Based on the 2017 Procurement Monitoring Report, Php 592,816,132 or 11% of the unprocured equipment was attributed to failed biddings.

	2016	2017
Allotment	412B	469B
Obligation	369B	456B
Obligation Rate	90%	97%
Obligation Rate increase from previous year	2%	7%

Based on 2016-2017 SAAODB

Additionally, DepEd saw the need to transfer funds to DBM-PS in order to facilitate utilization thereof, among which was Php 7,812,673,323 or 99% of what was intended for the implementation of the Redesigned Technical-Vocational High School Program.

Although the transfer of funds to DBM-PS is allowable, resorting to it has posed concerns such as a growing outstanding balance of unliquidated fund transfers and increased procurement costs due to the 2% service charge of DBM-PS. These difficulties render the DBM-PS mechanism uneconomical and disadvantageous to DepEd.

As such, there is a manifest need to strengthen DepEd's existing procurement mechanisms, in order that it would be unnecessary to resort to the DBM-PS, considering the shift to ACBA in 2019.

MOVING FORWARD

Improved budget utilization is only an aspect of financial performance; the ultimate gauge of overall performance is the successful delivery of services. As such, changes have been made down to the school level as they themselves initiate reforms and best practices to fast-track program implementation. One such reform is the conduct of an MOOE day where school accountants, bookkeepers, and cash division personnel convene to process all the MOOE requirements of the principals—a best practice by Lanao Elementary School in the Schools Division of Ilocos Norte.

The Office of Finance—Budget and Performance Monitoring has also advocated and reiterated *early downloading of funds* to implementing units in order to facilitate the delivery of projects at the school level. In fact, a memo¹ was circulated to ensure that no more downloading of funds shall occur during the 4th quarter of the year. This encourages implementing units to accomplish projects before year-end.

A *Financial Management Reforms Committee (FMRC)* is also underway to improve efficiency, accountability and transparency in the use of public resources in order to ensure direct, timely, efficient and effective delivery of public services.

Aside from the *Reconstitution of the 6 Bids and Awards Committees (BACs)*, which will expedite projects needing BAC approval and procurement, the Office of Procurement Service has advocated resorting to alternative forms of procurement that are allowed by law such as the use of a *Framework Agreement*.

The challenges observed in the transfer of funds to DBM-PS, particularly the difficulty in liquidating fund transfers and the increased procurement costs, resulted to delays in program implementation and budget non-utilization. COA's AOM reported about Php 7 billion unliquidated fund transfers due to DepEd Central Office and Php 274,030,315 additional procurement cost, which is equivalent to the 2% service charge. Hence, a *DepEd Task Force* has been created to monitor the progress and status of these funds as the Department remains accountable for these transfers.

Its objectives include finalizing the list of pending items and corresponding Approved Budget for Contracts (ABCs) of the projects transferred to DBM-PS as of December 31, 2017 and monitoring the progress thereof for immediate resolution.

¹OUEBPM-2018-0017 Submission of the Indicative Timeline for Downloading of Program Funds

SALIENT FEATURES OF THE FMRC INCLUDE:

- Modernization of budgetary and accounting practices
- The reorganization and strengthening of the Finance Service
- The shift from a multi-year obligation-budgeting to an annual cash-based budgeting
- The proposed establishment of an *Integrated Financial Management Information System (IFMIS)*

WHAT IS A FRAMEWORK AGREEMENT?

A framework agreement is a contractual arrangement that may be used for expendable or non-expendable goods that are repeatedly acquired by the procuring entity. As a method, it is a practical, efficient, and economical arrangement within the bounds of the law that will help facilitate and expedite DepEd's procurement-heavy projects.

FUNDS TRANSFERRED TO DBM-PS

13.7B

DepEd Central Office funds transferred on Dec. 15, 2017

+

2.5B

DepEd Central Office funds transferred from FYs 2013-2016

+

13M

DepEd Regional Offices funds transferred

=

16.2B

Total value of funds transferred by DepEd to DBM-PS



HEART OVER HEAD

*Top Performing
Regions for 2017*

The Philippine Basic Education system can be likened to a human body. If the Central Office is the brain that comes up with policies that run the entire operation, the Regional Offices comprise the heart that pumps the metaphorical blood to the other appendages, big or small (i.e. the divisions and schools).

Within this figurative heart are 16 hard-working regions that make sure that our divisions and schools are functioning as efficiently as they can to serve our learners and teachers. Among them are the top performers for 2017—Caraga Region, Region I, and the Cordillera Administrative Region (CAR).





Former Regional Director of Caraga, now Regional Director of Region III, Beatriz G. Torno.

ROCKING THE STATUS QUO

Currently the leader in terms of budget utilization, Caraga—through the leadership of RD Beth—attributed their success to a transformed mindset. “Operating a region is just like operating a company,” she shares. “But in operating the region, I cannot be content with business as usual. There must be a change in the status quo.”

With this outlook, RD Beth paved the way for their flagship project, the R.O.C.K.E.R.S.

“Why the rockers? Because I want to rock the status quo. Change it for the better,” RD Beth quipped with pride.

From these targets, which are also anchored on national targets, Caraga based various projects such as the operation of the KOHA

Library Management Software and orchestration of a Regional Mass Training for Teachers and Career Advocates for the Implementation of Grade 12 Career Guidance program, among others.

With a goal of a hundred percent disbursement for 2018, Caraga’s strategy is continuous interface with the division officers. “We need constant...” RD Beth paused and smiled, “*Pukpok* (hammering) to our division officers. If we do not do that and reach out, we will not get what we want. Let God come to Moses!”

And with RD Beth’s no-nonsense approach to leadership, no doubt Caraga will still be among the top regions in terms of budget utilization for 2018—but we’ll have to wait and see.

2017 BUDGET UTILIZATION REPORT

Based on the final Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) of 2017, Caraga region—under the leadership of Regional Director Beatriz G. Torno—has the highest utilization rate at 99.48%. They are followed by Region I, under the leadership of former Regional Director (now OIC Assistant Secretary for Curriculum and Instruction) Alma Ruby C. Torio, with a utilization rate of 99.27%. Finally, they are closely followed by the CAR, led by Regional Director May B. Eclar, with a utilization rate of 99.16%.

The numbers are incredibly close, with the rankings determined by a mere decimal point. This decimal point, however, is crucial as it translates to services for thousands of learners.

And this is why high—if not full—utilization is vital. Nevertheless, our top performing regions deserve the recognition as they highlight the regions’ readiness for the Annual Cash-Based Appropriations (ACBA) system to be implemented in 2019.

- R** Revitalizing and reorganizing well-researched policies and practices
- O** Optimizing ICT utilization and learning resources
- C** Creating continuous linkages, partnerships, and support systems
- K** Keeping accountable, transparent, and judicious fund utilization
- E** Establishing and enabling child and eco-friendly environment
- R** Raising the standards of education leaders through merit-based promotion system, human resource development and capacity building
- S** Serving the stakeholders with excellence to achieve the desired learning outcomes.



Regional Director of CAR, May B. Eclar.

Regional Monitoring Evaluation and Assessment (RMEA)

is a quarterly meeting of regional program implementers and field implementers amongst the schools divisions where issues and concerns are raised for immediate resolution.

SUCCESS WITH A HEART

RD May found the recognition to be unexpected. She had only started her post on June 1, 2017 but already garnered a 69% obligation rate by September and a 99.2% obligation rate at the end of the year.

One of the things she did to achieve this was to immediately look into the regional situation and engage stakeholders and employees to develop their regional basic education plan. “We formulated a roadmap. And knowing where we are, we were able to know where we want to go,” she stated as a matter of fact.

To get precisely where they want to go, DepEd-CAR conducted regular Regional Monitoring, Evaluation and Assessment (RMEA) meetings with the SDOs and implementers in order to capture implementation concerns on the ground. “Although it’s a quarterly meeting of the concerned program implementers and field

implementers, we at the Regional Office also monitor the different programs by request, asking them to submit their monthly reports. From the issues and concerns raised from the RMEA, we were able to address them accordingly,” RD May explained.

RD May also made it a point to expose her team to know the ‘whys’ of their job and understand the significance of every effort they exert. According to her, this was the reason they were able to lift CAR from the bottom to one of the top performing regions in terms of budget utilization.

Because of this shift in mentality, CAR leaders implemented their jobs not just for compliance but to serve a greater purpose. “We always use the slogan “*Para sa bata* (for the children)” or “*para sa bayan* (for the country)” and we always emphasize this in everything that we do so that what we do becomes meaningful,” admitted RD

May. “If you touch the heart, *hindi tayo nagiging mechanical lang* (we cease being merely mechanical).”

Aside from this, the region has localized their procurement policy to facilitate and expedite their procurement process. They also set implementation standards on the conduct of regional activities to avoid an overlapping of activities where no one would be left at the regional office to work.

All these initiatives started because of their roadmap. With a contextualized strategic direction in place, they only have to follow it and make adjustments, only if necessary. More improvements are in store for the region but with a map to success and the heart for the learners, success is surely imminent.



Former Regional Director of Region I, now Assistant Secretary for Curriculum and Instruction, Alma C. Torio.

Aside from this, RD Alma ensured the involvement of her regional officers. She also invited the Executive Committee to their Regional Management Committee meeting so that her regional leaders would have the opportunity to hear from them directly. *“Iba ang impact sa superintendents (There is a particular impact on superintendents),”* RD Alma beamed. *“I am glad to share this opportunity to our colleagues.”*

She was also quick to commend her colleagues, saying that it is her financial staff and her superintendents that do most of the work. *“Kumbaga kami sa RO (We at the RO), we are just here to inspire and motivate. They [our colleagues] are really the one doing all these jobs.”*

To RD Alma and the rest of the region, their high budget utilization are all in a day’s work. She seemed to be unfazed by the recognition. *“We all believe that this is not about the performance or our achievement, but the delivery of the services to our learners. So our plan is to deliver the services. That’s our focus,”* she declared.

ALL IN A DAY’S WORK

When RD Alma found out about their accomplishment in terms of budget utilization, she took it with a grain of salt. *“Nakakaflatter,”* she said. *“In fact, I immediately shared it with my superintendents and colleagues in the regional offices. But I take it very lightly.”*

She attributed their success as a region to their harmonious working relationship. *“I’ve been working with my team for quite a time na. Dito ako galing (This is where I came from),”* shared the former superintendent and current Assistant Secretary for Curriculum and Instruction. *“We have a very good working relationship—open and respectful. Malaking bagay yun (That’s a big deal).”*

This openness has led to the launching of several initiatives spearheaded by the Division Superintendents themselves. One of these is Project FRUIT, or the Funds and Resources Utilization and Inspectorate Team—a body responsible for monitoring fund allocation and use of resources within DepEd Region I.

Project FRUIT

stands for **Fund and Resources Utilization Inspectorate Team** and is the primary body responsible for monitoring fund allocation and use of resources within the region.

2017 TOP 5 MAJOR PAPS ACCORDING TO OBLIGATION RATE



99.34%



99.21%



98.71%



98.56%



94.72%

Based on 2017 SAAODB as of August 30, 2018

SCHOOLS DIVISION OF ILOCOS NORTE PIONEERS MOOE DOWNLOADING DAY



In pursuit of continuously improving service delivery, the Schools Division of Ilocos Norte initiated the Maintenance and Other Operating Expenses (MOOE) Downloading Day—a one day, one-stop shop activity to fast-track the school MOOE downloading process. The idea came to light when the division office undertook ISO certification, which required them to streamline processes. As a result, what used to take school heads two to four weeks of back and forth now only takes a few hours in a single day.

Arranged on the first week of each month, the MOOE Downloading Day process starts with the scheduling of the school heads. Administrative Assistants (ADAS) who validate the liquidation reports are assigned to each school head and are each given 45 minutes to finish the validation of documents. If there are unused funds from the previous month's cash advance, staff from the Cash Division are available in the division conference hall to receive returns. Once the documents are cleared, next month's checks are released to the school heads. All transactions end at 3:15 PM to give school heads enough time to encash the checks before Landbank's 4:00 PM cut-off time on the same day.

The school heads enrolled in the program are happy and satisfied with the improved service, but there were initial apprehensions. Previously, they would come and go at their most convenient time and were quite new to the practice of having to schedule the liquidation activity, where they submitted all requirements at a specific time to meet a scheduled deadline. Despite these misgivings, Ilocos Norte did not let this stop them from giving the initiative a shot. During the roll-out of their Financial Management



The SDO of Ilocos Norte simplified the arduous task of MOOE downloading by streamlining it into a one-day process, to the delight of both SDO staff and school officials.

Operations Manual (FMOM), the Division conducted a liquidation workshop for the school heads to familiarize them with the process and instill its importance as part of the school's financial management system. They provided the school heads with a liquidation checklist that helped minimize, if not completely eliminate, discrepancies in the liquidation reports.

Piloted in March 2018, the MOOE Downloading Day originally catered to 32 Non-Implementing Unit (Non-IU) schools. Since then, the Division Office of Ilocos Norte has added about 50 more schools to the roster each month. Currently, there are 326 Non-IUs in the division enrolled in the MOOE Downloading Day.

Schools Division Superintendent Vilma S. Eda shared that the feedback from the participating school heads was overwhelmingly positive. "They are very happy and proud *na kaya naman pala nila gawin ang liquidation nang mabilis* when given the opportunity. (They are very happy and proud that they were able to accomplish the liquidations on time when given the opportunity.) We gave them the forum where they can work fast and show what they can do and that they can be pushed beyond the limits. *Tuwang tuwa din sila na hindi na nila kailangan magbalik-balik* (They are also happy that they don't have to keep going back and forth to the Division Office.) sa division office. Now they have more time to attend to more important things that they have to

do as school heads in their areas, like the curriculum. This is very important. (Even those school heads who are not yet enrolled in the program have been asking when they can be included in the process.). *Excited na rin sila* (They're excited already.)"

The cooperation between the division management and the school staff speaks volumes of the dedication of the Schools Division of Ilocos Norte to improve their services. Ultimately, beyond the convenience of DepEd and school staff, such initiatives enable DepEd to delivery education services to the learners with utmost efficiency and timeliness.

A woman with long dark hair and glasses, wearing a bright red blazer over a black top, is speaking into a microphone. She is holding a white cloth and some papers. The background is a blurred conference setting with a large screen displaying a logo.

Office of the Undersecretary for Finance-Budget and Performance Monitoring Holds Regional Conferences on Budget Preparation and Execution

Undersecretary for
Finance - Budget
and Performance
Monitoring Annalyn
M. Sevilla kicks off the
Clustered Conferences
at the Pasig Ace Hotel.



L-R: Secretary Leonor M. Briones joins the Executive Committee at the Cluster 1 Conference in Pasig Ace Hotel. The Panel consisted of Assistant Secretary G.H. Ambat, Assistant Secretary Revsee A. Escobedo, Undersecretary Alain Del B. Pascua, Undersecretary Annalyn M. Sevilla, and Undersecretary Nepomuceno A. Malaluan

A Series of Clustered Conferences on 2018 Budget Execution and 2019 Preparation was called for by the Office of the Undersecretary for Finance—Budget and Performance Monitoring, together with the Education Programs Delivery Unit (EPDU), last March 5-8, 12-15, 19-21, and 22-23 at the Pasig ACE Hotel, Clark Widus Hotel, Davao Grand Regal Hotel, and Cebu Crown Regency Hotel respectively.

The regional hosts started the conference with opening remarks by their respective Regional Directors before proceeding to the conference proper led by Undersecretary Annalyn M. Sevilla. Her presentation on the contributions of the Regions to the Department’s 97% 2017 budget obligation rate, which is an all-time high in the last 5 years, was one of the highlights of the conferences. Undersecretary Sevilla also gave guidance on the shift to the Annual Cash-Based Appropriations (ACBA), underscoring the importance of the same-year delivery of services and that the disbursement rate will be the

basis of the agency’s evaluation. In Cluster 1, the Secretary herself, Leonor Magtolis Briones, graced the event to share her thoughts on the importance of budget utilization in terms of service delivery in the agency. “Utilization is what they’re interested in. That is also the basis of Department of Budget and Management (DBM) in evaluating our budget requests. *Kaya importante itong meeting ninyo ngayon* (That’s why this conference is important). We have to do better.”

Members of the Executive Committee (ExeCom) who lead Programs, Activities, and Projects (PAPs) together with their focal persons were also in attendance to give updates on their respective PAPs and to strengthen their commitment in helping ease the issues in the field, as well as the accountabilities from the Regions to the Divisions.

Undersecretary for Administration Alain Del B. Pascua shared his office’s 5-Year Development Framework. Among the highlights were the

Accelerated School Building Program, which includes an audit of existing school facilities; a Comprehensive School Facilities Development Plan, which aims to address climate change, land shortage, and urban migration; and a Digital Classroom Program, wherein a proposed digital “black board” and digital pen will be put into place in public schools.

For the procurement strand, Assistant Secretary Revsee Escobedo identified the most common delays in the process and how they can be resolved by the utilization of a Framework Agreement, a contractual arrangement which may be used for expendable or non-expendable goods that are repeatedly required by the procuring entity in the regular course of business. He also explained how a “Procurement Short of an Award” can be used to fast track implementation of priority projects. Director Joel S. Erestain also shared their plans of putting up and capacitating procurement units in the Regional Office and Division Office level by 2020.



Regional Directors and Schools Division Superintendents jointly discuss issues, critical factors, and proposed solutions during sessions with the Education Programs Delivery Unit.



Undersecretary for Curriculum and Instruction Lorna Dig-Dino, on the other hand, called attention to the need for inclusive education. She also asserted that the regions need to be proactive in the community by engaging in projects that our community learners would benefit from. An example she cited was a hanging bridge for remote areas with several river crossings to get to the school. "If there are children left unserved, then our work is not yet done. Our objective is not just to increase participation rate; our objective is to serve them all," she declared. To achieve this, she also projected her top goals: access,

quality and relevance, and good management and governance. Fresh from an ALS-related conference in Davao, Assistant Secretary G.H. Ambat presented the ALS Program Updates, starting with the Literacy Mapping for the regions. She also clarified the adjusted passing rate (75% to the generally accepted passing score of 60%) of the 2016 Accreditation and Equivalency (A&E) Test conducted last November 2017.

With an aim to gear-up the implementation of DepEd PAPs and budget execution for 2018, and to provide guidance on the preparation of 2019 budget proposal following

the shift from obligation-based to an annual cash-based budgeting system, Regional Directors and Schools Division Superintendents jointly identified issues, hindering factors, and their proposed interventions and/or solutions experienced in the field through a workshop facilitated by EPDU. Consolidated agreements and proposed solutions were then presented by the respective Regional Directors. Members of the ExeCom and programs focal persons addressed and clarified issues raised during the workshop in an open forum.

What do people have to say about the Clustered Conferences?

“

We are happy to note the concrete directions being undertaken by the CO to maximize the utilization of the DepEd budget that will result to effective/ efficient delivery of educational services.

“

All topics are insightful. My understanding about the financial aspect is broadened. I am more informed and guided in budget planning.

- Ma. Liza R. Tabilon

“

[The] Regional conference is very helpful in the execution of budget preparation. The commitments of the ExeCom are very helpful in working hard and striving for the best. I'm inspired with the discussions. Keep up po the good work! God Bless po!

- Estrellita L. David

“

Thank you for the opportunity, I've learned a lot from this conference that made me more confident in my responsibilities and accountabilities in my new school division

“

This is a very good activity because the concerns of the ROs and DOs are addressed immediately

“

The conference is excellent as the Execom Leads reached out to the field for quality learning. Kudos team DepEd CO! You're the best!

Education Programs Delivery Unit Visits the Schools Division of Malabon City



The Division of Malabon City brimmed with pride during the visit of the Education Programs Delivery Unit (EPDU), led by Undersecretary for Finance – Budget and Performance Monitoring Annalyn M. Sevilla, on September 28, 2018.

Schools Division Superintendent (SDS) Helen Grace Go welcomed Undersecretary Sevilla and the EPDU team to the Schools Division Office (SDO) of Malabon City and showcased their programs in action in four (4) schools namely; Concepcion Technical Vocational School (Tech-Voc annex of Malabon National High School), Camus Integrated School, Malabon National High School and Malabon Elementary School.



Teacher Mariell de Jesus, who also works as the Science Coordinator and School-Based Management (SBM) Coordinator for Concepcion Technical-Vocational School, led the team through some of the Tech-Voc creations of their Senior High School students, such as ornate cakes, crafted wooden chairs, and plated dishes. Surrounded by her beaming students, Teacher Mariell proudly declared, “*Kaya talaga namin, so what more pa kung meron kaming pang pondo sa mga estudyante namin* (We have the capacity to do it, so imagine what more we can do with more funds for our students).”





The Schools Division Office of Malabon City walked Undersecretary Annalyn M. Sevilla and the EPDU team through their schools' implementation of various DepEd programs, including the School-Based Feeding Program, Technical-Vocational-Livelihood Specializations, and the DepEd Computerization Program.

Although Concepcion Tech-Voc adopts the curriculum of DepEd's Strengthened Technical-Vocational Education Program (STVEP), it is yet to be eligible for funding allocated to STVEP schools. While it waits for STVEP status, the students have been pooling together their limited resources to be able to sustain their activities. "For the last few years we have been implementing Tech-Voc but without the privileges. *Nagbebenta yung mga bata sa school or orders para mameet yung financial needs para sa program. Pero kahit ganito, kaya namin* (The students sell their products within the school and take up orders just to meet the program's financial needs. Despite this, we can do it)," Teacher Mariell explained.



Camus Integrated School, on the other hand, led the EPDU team to witness their School-Based Feeding Program (SBFP). The program feeds about 88 kids at 11:30am every day, while the resident nutritionist monitors their weight and progress regularly. To further support the feeding activities, Camus Integrated School augments the SBFP offerings with vegetable harvests from their *Gulayan sa Paaralan* garden.

The EPDU team proceeded to visit Malabon National High School, which was undergoing major constructions of school buildings and classrooms. Pending the completion of these facilities, classes were business as usual in Temporary Learning Spaces (TLS). Teachers and students happily greeted their visitors from inside these makeshift classrooms, built within the school's available grounds for the continuous conduct of school activities.



Lastly, Malabon Elementary School, right across the main Malabon National High School, boasts one of Malabon City's historical structures. Its first building was the site of a tobacco factory, or *tabacalera*, in the Spanish era, dating back to as early as 1851. To preserve the historical and cultural value that the old *tabacalera* holds, Malabon Elementary School is in the process of renovating and restoring the old structure to exhibit remnants of the school's heritage.

Undersecretary Sevilla and the EPDU reported the visit to be an eye-opening and productive experience as the schools of Malabon City exhibited sheer resourcefulness and innovation in their operations.

Financial Management Reforms Committee Kicks Off First Meeting

The Financial Management Reforms Committee (FMRC), composed of the Executive Committee Members, chaired by the Secretary Leonor Magtolis Briones and supported by the Interim Technical Working Group (TWG) and Secretariat, kicked off its first meeting on November 8, 2018. The FMRC was created by virtue of DepEd Order No. 35, s. 2018, with the ultimate goal of implementing policies that will address the challenges of carrying out and sustaining financial management reforms for the effective and efficient delivery of services. These measures shall ensure accountability and transparency in the Department of Education (DepEd).

Secretary Leonor Magtolis Briones opened the meeting by stressing the importance of financial management reform and the key role that FMRC shall fulfill to implement a transparent financial management system and more accurate monitoring and evaluation tools. The Secretary directed the Committee to prioritize what is good for the Department in accordance with the government's overall financial management system and to expeditiously deliver these reforms.

Following the first meeting, the FMRC is set to clarify the composition of the Committee's support team (i.e. Administrative Secretariat and TWG) and forge the way forward for the formulation of a financial management reform roadmap for Fiscal Years 2019-2022.





The first FMRC meeting was attended by (L-R):
Asec. Revsee A. Escobedo, Undersecretary Josephine G. Maribojoc, Undersecretary Jesus Lorenzo B. Mateo, Undersecretary Victoria M. Catibog, Secretary Leonor M. Briones, Undersecretary Annalyn M. Sevilla, Undersecretary Alain Del B. Pascua, Asec. Ramon Fiel G. Abcede, and Director Lellani L. Galvez

2019 BUDGET

	2018	2019
Government Assistance and Subsidies	26B	32B
School Maintenance and other Operating Expenses	23B	26B
Flexible Learning Options	533M	707M
Basic Education Facilities	105B	31B
New School Personnel Positions	39B	32B
Administration of Personnel Benefits	12B	5B
Computerization Program	7B	4B
Learning Tools & Equipment	8B	4B
School Based Feeding Program	5B	4B
Human Resource Development Program	3B	2B
Textbooks and Instructional Materials	3B	2B
Madrasah Education Program	505M	360M
Indigenous Peoples Education Program	130M	130M

The DepEd (OSEC including RLIP) budget approved under the General Appropriations Bill (GAB) as of third reading totals to Php 527,820,553,000, which is 8.9 % lower than the 2018 General Appropriations Act (GAA) DepEd budget amounting to Php 579,419,110,000. The lower DepEd budget for 2019 is expected since it is under the new system of Annual Cash-Based Appropriations (ACBA). The obligations that will be incurred for the year and the associated disbursements that will be made will be limited to the goods delivered and services rendered, accepted and paid within the fiscal year.

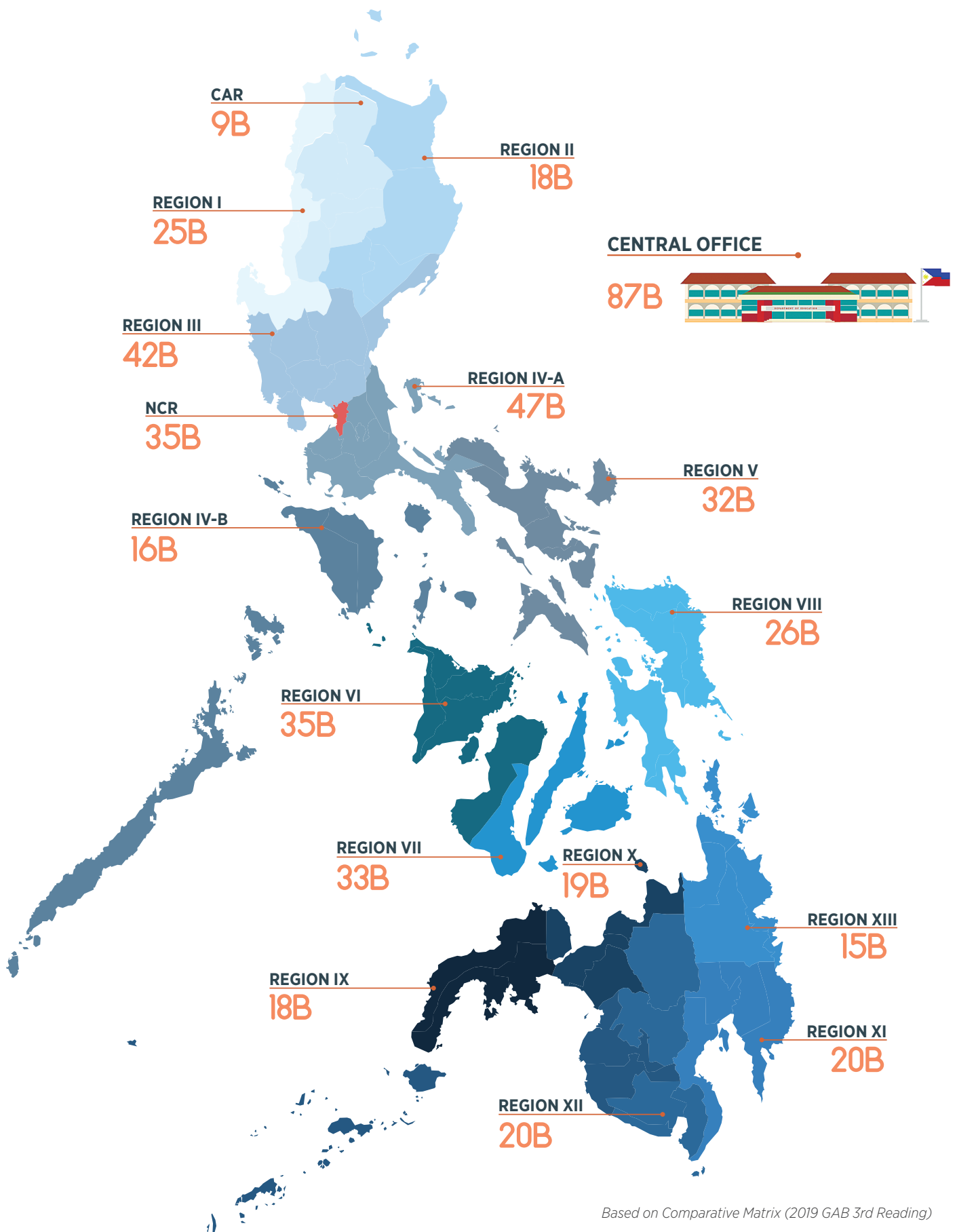
Among the Major Programs, Activities, and Projects, Government Assistance and Subsidies, School Maintenance and other Operating Expenses, and Flexible Learning Options were given higher allocations for 2019 compared to their 2018 budgets, whereas the other major PAPs decreased in the 2019 GAB.

Nevertheless, new line items were introduced in the 2019 budget. In support of the Philippine Oral Health Program, Php 2.81 billion was included to provide for the School Dental Health Care Program while Php 400 million (Php 500 x 800,000 teachers) was included for the Annual Medical Examination for Public School Teachers in the 2019 GAB.



	2018 GAA	2019 GAB
Personnel Services	380B	404B
Maintenance and other Operating Expenses	77B	80B
Capital Outlay	122B	44B

2019 Budget Allocation per Region

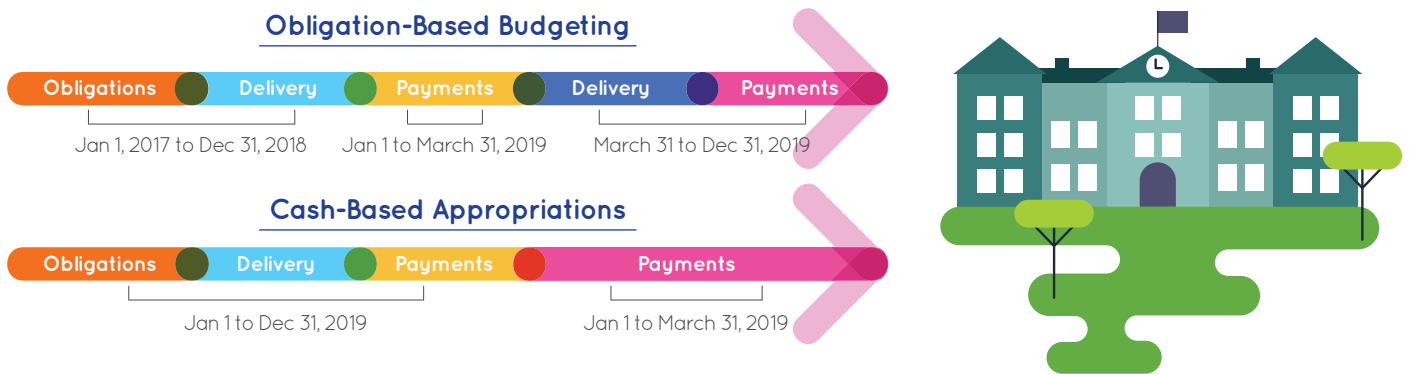


UNDERSTANDING

ACBA

Under the system of Annual Cash-Based Appropriations (ACBA), programs and projects budgeted for the fiscal year should be implemented and delivered before the end of the fiscal year. This means that *obligations*, *delivery* and *payments* for goods and services are accomplished within the same fiscal year. Payments may be extended up to 3 months of the following year, called the **Extended Payment Period (EPP)**.

TIMELINE OF OBLIGATIONS, DELIVERY, AND PAYMENTS



Obligation-Based Budgeting
Obligations incurred within the fiscal year can be delivered and paid for beyond the fiscal year

Cash-Based Appropriations
Obligations incurred within the fiscal year should be fully delivered, inspected and accepted before the fiscal year ends. Payment can be extended up to 3 months after the end of the fiscal year

What does the shift to ACBA mean for DepEd?

1

TIMELY DELIVERY OF EDUCATION PROGRAMS

Underspending is reflected in delayed or undelivered education goods and services. Because contracts awarded during the fiscal year are expected to be fully delivered, inspected, and accepted within the year, schools can receive education goods and services right when they need them.

2

DISCIPLINE IN BUDGETING

Implementing a cash-based budget requires careful planning and increased coordination within the DepEd bureaucracy to ensure the timely procurement, delivery, and payment for education programs. In preparation for this, DepEd has undertaken measures such as introducing an indicative timeline of downloading of funds, encouraging early procurement activities, instituting monitoring systems for fund utilization, and increasing institutional capacity for financial reforms.

3

ACCOUNTABILITY TO DEPED STAKEHOLDERS

Cash-based budgeting measures the actual delivery of goods and services as indicators of agency performance, providing a more transparent and accountable report of the administration of DepEd Programs, Activities, and Projects (PAPs).







DepED
DEPARTMENT OF EDUCATION
DIVISION OF ILOCOS NORTE
BACARRA DISTRICT 2



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