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NHQ-PCG/CG-6

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**STANDING OPERATING PROCEDURE  
NUMBER 15-23**

**GUIDELINES ON THE CONDUCT OF PROGRAM REVIEW AND ANALYSIS  
(PRA) AND MODIFICATION OF FUNDS TO PCG UNITS/OFFICES**

**I. REFERENCES**

- a) Executive Order No 91 or Adopting the Cash Budgeting System beginning Fiscal Year 2019 and for other purposes
- b) Republic Act No. 11936 or General Appropriations Act (GAA) for FY 2023
- c) National Budget Circular No. 590 dated January 3, 2023

**II. RATIONALE**

This Standard Operating Procedure (SOP) is published to streamline the effective utilization of the limited financial resources of the Philippine Coast Guard (PCG) by establishing appropriate controls through the conduct of Program Review and Analysis (PRA) and other mechanisms to enhance the efforts in strengthening the Command's capacity for a prompt delivery and implementation of its Programs, Activities and Projects (PAP).

Through this SOP, the conduct of PRA will be given a clear and appropriate criterion for modification/reallocation of funds and determining levels of ongoing expenditures of PCG units/offices. This will further assess and evaluate the efficiency of the budget allocation system, absorptive capacity and financial performance of the PCG units/offices in terms of fund utilization. Addressing the optimum utilization of PCG funds and conform with various financial compliances from other agencies like the Department of Budget and Management (DBM), Department of Transportation (DOTr) and Commission on Audit (COA) will ensure the effective and efficient utilization of PCG funds.

To optimize effective and efficient utilization of PCG funds, any amount accumulated after the conduct of PRA will be used to support the priority PAP of the Command in accordance with existing budgeting, auditing and accounting rules and regulations.

### III. COVERAGE

This SOP covers the guidelines on the conduct of PRA and modification of funds to support the current operating expenses of the PCG units under Maintenance and Other Operating Expenses (MOOE) throughout the fiscal year.

### IV. DEFINITION OF TERMS

For the purpose of this SOP, the following terms are defined as follows:

1. **Allotment** – authorization issued by the Department of Budget and Management (DBM) to an agency, permitting the agency to commit/incur obligation and/or pay out funds within a specified period of time within the amount specified through the General Appropriations Act as an Allotment Order (GAAAO); General Allotment Release Order (GARO) and Special Allotment Release Order (SARO).
2. **Annual Cash-Based Budgeting System** – refers to a budgeting system where the annual appropriations limit the incurrence of obligations and payments for goods, services and civil works delivered/rendered, inspected and accepted within the current FY or the transition period approved by the President as recommended by the DBM.
3. **Annual Plan and Budget** – prescribes the policies and guidelines in the allocation of PCG funds and resources. It serves as the primary source of budget of all PCG units/offices for MOOE to cover the expenditures of their administrative and operational requirements and shall be valid for release and disbursed within the fiscal year. This APB comprises the Direct Support Fund (DSF) and Integrated Managed Fund (IMF) of PCG units.
4. **Annual Procurement Plan** – a document that consolidates the various PPMPs submitted by the various PMOs and end-user units within the Procuring Entity. It reflects the entirety of the procurement activities that will be undertaken by the Procuring Entity within the calendar year.
5. **Appropriations** – an authorization pursuant to laws or other legislative enactment, hence, required Congressional action, directing the spending of public funds for a specific purpose, up to a specified amount under specified conditions.
6. **Budget Modification** – the reallocation of already budgeted unit from one restricted budget category to another within the same budget or between budgets in the same PCG regular fund.
7. **Budget Utilization Rate (BUR)**
  - a. **Disbursement BUR** measured by the ratio of total disbursement (cash and non-cash, excluding Personnel Services) against total obligations for MOOE and CO in the fiscal year;

b. **Obligations BUR** measured by the ratio of total obligations against total allotments in the fiscal year, both continuing and current year from all appropriation sources, including those released under the "General Appropriations Act (GAA) as the allotment order" policy for MOOE and Capital Outlay (CO) in the fiscal year.

8. **Capital Outlay (CO)** – refer to an expenditure category/expense class 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, including investments in the capital stock of GOCCs and their subsidiaries. The CO is intended for expenditures for the acquisition cost of capital assets, such as equipment or expenditures to make improvements to capital assets that materially increase their value or useful life. This is also centrally managed by the NHQPCG.

9. **Direct Support Fund (DSF)** – PCG fund that is distributed and implemented by different units of the PCG.

10. **Disbursement** – refer to the settlement/liquidation/payment of an obligation incurred in the current and prior years, involving cash and non-cash transactions and shall be covered by Disbursement Vouchers/Petty Cash Vouchers/Payroll.

11. **General Appropriations Act (GAA)** – the GAA is the legislative authorization that contains the new appropriations authorized by Congress in terms of specific amounts for salaries, wages and other personnel benefits; MOOE; and CO authorized to be spent for the implementation of programs, activities and projects (P/A/Ps) of all departments, bureaus and offices of government for a given year.

12. **Integrated Managed Fund (IMF)** – PCG fund that is centrally managed by the National Headquarters PCG (NHQPCG) requiring CPCG's approval prior implementation.

13. **Maintenance and Other Operating Expenses (MOOE)** - refer to an expenditure category/expense class for support to the operations of government agencies such as expenses for supplies and materials; transportation and travel; utilities (water, power, etc.) and the repairs, etc. This is intended for expenditures not classified as PS or CO that is distributed and implemented by different units of the PCG through the approved Annual Plan Budget (APB) and based on priority and trust of the Command.

14. **Obligation** – refer to a commitment that encompasses possible future liabilities based on current contractual agreement binding the government to the immediate or eventual payment of a sum of money and shall be made through the issuance of Obligation Request and Status (ORS).

15. **Personnel Service (PS)** – refer to an expenditure category/expense class for the payment of salaries, wages and other compensation (e.g., merit, salary increase, cost-of-living-allowances, honoraria and commutable

allowances, etc.) of permanent, temporary, contractual and casual employees of the government.

**16. Programs, Activities and Projects (PAP)** – the management exercise of comparing results versus programmed activities and/or projects during specified period of time, i.e., quarterly, semestral or annual.

**17. Program Review and Analysis (PRA)** – a management policy of comparing results versus programmed activities that could be conducted on a quarterly basis to optimize effective and efficient utilization of PCG funds.

**18. Project Procurement Management Plan (PPMP)** – a document that contains everything that the project will be buying, categorized into either goods, services or infrastructure and serves as a guiding document in the procurement and contract implementation process, as well as a vital reference in procurement monitoring.

## **V. GENERAL GUIDELINES**

1. The Annual Plan and Budget (APB) of the PCG within the fiscal year as provided under GAA shall serve as the primary source of budget of all PCG units/offices for MOOE to cover the expenditures of their administrative and operational requirements and shall be valid for release and disbursed within the fiscal year. This APB comprises the Direct Support Fund (DSF) and Integrated Managed Fund (IMF) of PCG units.

2. All PCG units/offices shall ensure that only implementation-ready PAPs or one (1) year requirements are integrated in the APB to be implemented according to target schedule and to be outlined to key procurement process within the budget year.

3. With the implementation of Cash-Based Budgeting System, annual appropriations of the PCG shall limit incurring obligations and disbursing payments for goods delivered and services rendered, inspected and accepted within the current fiscal year or the transition period approved by the President as recommended by the Department of Budget and Management (DBM). Payments of these obligations shall be made until the Extended Payment Period, as authorized by the GAA.

4. PCG units/offices shall spend only what is programmed in the APB. Modification of Funds of the PCG units/offices may be allowed provided that the following conditions are considered:

a. That the circumstances are unavoidable and that modification will not have an adverse effect on the PAPs of the Command or other offices provided that total obligations incurred do not exceed total allotment issued;

- b. That the modification of funds shall within the limits of classification of expenditure which is the MOOE. Change in the object of expenditure is allowed within the same operating units;
- c. Unprogrammed activities and projects wherein there is a change in the details of an activity or project without changing its nature;
- d. Modification of Funds shall be subject to availability of Funds and approval of the Commandant, PCG.

## VI. SPECIFIC GUIDELINES

1. PRA is conducted to measure and assess the financial performance and BUR of the PCG units/offices in line with the accomplishment of their mandates and functions.
2. To ensure coordinated presentation during the conduct of PRA, all PCG units/offices shall follow the prescribed format. (*Annex A*)
3. PAPs are to be justified by concerned PCG units/offices during the conduct of PRA. Failure to do so will subject said units/offices for the reallocation/reductions of their unutilized/unobligated funds. (*Annex B*).
4. All PCG units/Offices shall attain the following BUR to ensure the optimum utilization of their allotted funds:
  - a. At the last day of the 3<sup>rd</sup> month of the first (1<sup>st</sup>) quarter, all PCG units/offices shall attain at least 25% BUR of their allotted budget. All concerned units/offices that obtain BUR below the target of (25%) shall be subjected to deduction of their budget equivalent to the difference between the target BUR (25%) and actual BUR;
  - b. At the last day of the 3<sup>rd</sup> month of the second (2<sup>nd</sup>) quarter, all PCG units/offices shall attain at least 50% BUR of their allotted budget. All concerned units/offices that obtain BUR below the target of (50%) shall be subjected to deduction of their budget equivalent to the difference between the target BUR (50%) and actual BUR;
  - c. At the last day of the 3<sup>rd</sup> month of the third (3<sup>rd</sup>) quarter, all PCG units/offices shall attain at least 75% BUR of their allotted budget. All concerned units/offices that obtain BUR below the target of (75%) shall be subjected to deduction of their budget equivalent to the difference between the target BUR (75%) and actual BUR; and
  - d. At the last day of the 3<sup>rd</sup> month of the fourth (4<sup>th</sup>) quarter, all PCG units/offices shall attain 100% BUR of their allotted budget. All concerned units/offices that obtain BUR below the target of (100%) shall be subjected to deduction of their budget equivalent to the difference between the target BUR (100%) and actual BUR.

5. Upon thorough deliberation/evaluation on the unutilized/unobligated funds of every PCG units/office, O/CG-6 shall recommend to the Commandant, PCG the imposition of deduction to the budget of non-performing units/offices that fails to attain the recommended utilization rate as stated in para 6.4 based on their implementation milestones/PAPs even without conducting the PRA.
6. The amount accumulated after PRA will be used to support other priority and important PAPs of the Command subject to the approval of the Commandant, PCG and in accordance with existing budgeting, auditing and accounting rules and regulations;
7. All PCG units/offices are discouraged to implement PAPs that will require procurement process during the last quarter of the year to avoid accumulation of outstanding unpaid obligations to be settled the following year as this is not in accordance with Cash-Based Budgeting System.
8. All PCG units/offices with Commercial claims must submit documents for obligation immediately upon securing the Notice of Award (NOA), Award Notice Abstract from PHILGEPS and Contract/Purchase Order notwithstanding the completeness of other documentary requirements to catch-up with the target BUR prior conduct of the scheduled PRA.
9. All PCG units/Offices may request for supplemental budget or additional funds with proper justification subject for evaluation and endorsement by O/CG-6 for approval of the Commandant, PCG. Following are the parameters for the release of supplemental budget:
  - a. The availability of funds needed to support other PAPs of the Command;
  - b. Budget of concerned unit/office's is already fully implemented and utilized;
  - c. If the remaining budget of the concerned unit/office is insufficient to cover its current operating expenses; and
  - d. To fund other priority PAPs of the Command as may be directed by the Commandant, PCG.
10. Upon approval of the request for supplemental budget and modification of funds, PCG units/offices shall submit revised APB, APP and PPMP to O/CG-6 for recording purposes, provided that the amounts approved for such shall be utilized solely for the purpose specified. In case of depletion of funds PCG units/offices cannot realign the transferred funds without prior coordination to the O/CG-6.
11. Transfer of funds from one PCG unit/office to another will form part of the latter's budget subject to deduction if not implemented within the schedule timeline.

**VII. REPEALING CLAUSE**

Provisions of existing PCG issuances which are inconsistent with this SOP, in whole or in part, are deemed repealed, set aside, amended or modified accordingly.

**VIII. EFFECTIVITY**

This SOP shall take effect immediately upon approval and all of its provisions shall remain valid until amended or revoked.

**BY COMMAND OF COAST GUARD ADMIRAL ABU:**

**OFFICIAL:**

**JOEVEN L FABUL**  
**CG COMMO**  
Chief of Coast Guard Staff

  
**CHARITY G COPIACO**  
**CG CDR**  
Coast Guard Adjutant

*Annex A – Format of Presentation during PRA*  
*Annex B – Examples of Status of Funds*

## ANNEX A

All PCG units/offices shall prepare and use the following format for their presentation during the conduct of PRA:

6.2.1 **First Slide:** Name of PCG Units/Offices

6.2.2 **Second Slide:** Budget Utilization Rate as of the given period

ALLOTMENT	OBLIGATION	BUR
XXX	XXX	XXX

6.2.3 **Third Slide:** Programs/Activities/Projects indicated in the approved APB according to target milestones/schedules as of the given period:

PAP	ALLOTMENT	OBLIGATION	BALANCE AS OF 20XX	BUR	IMPLEMENTATION SCHEDULE	PROCUREMENT STATUS
XXX	XXX	XXX	XXX	XXX	XXX	XXX

6.2.4 **Fourth Slide:** Programs/Activities/Projects that may not be subjected to deduction:

PAP	ALLOTMENT	STATUS
XXX	XXX	XXX



## ANNEX B

Shown below are examples of status of funds that may or may not be subjected to modification:

<b>STATUS OF FUNDS</b>	
<b>RECOMMENDED FOR MODIFICATION</b>	<b>NOT RECOMMENDED FOR MODIFICATION</b>
<ul style="list-style-type: none"><li>• For Disposition Form (DF)</li></ul>	<ul style="list-style-type: none"><li>• For Post-Qualification Report</li></ul>
<ul style="list-style-type: none"><li>• For Market Study</li></ul>	<ul style="list-style-type: none"><li>• With BAC Resolution</li></ul>
<ul style="list-style-type: none"><li>• For PhilGeps Posting</li></ul>	<ul style="list-style-type: none"><li>• With Notice of Award (NOA)</li></ul>

or