

22 March 1983

## MEMORANDUM OF AGREEMENT

**SUBJECT:** *Fiscal Control and Management of the Funds of the University of the Philippines*

1.0 *Purpose.* This Circular is issued to effectively implement Executive Order No. 714, dated 1 August 1981, on the Fiscal Control and Management of the Funds of the University of the Philippines.

2.0 *Statement of Policy.* In addition to the general powers of administration of the UP Board of Regents, the Board shall exercise full power and authority under the UP Charter and as provided for by Executive Order 714, including the power and authority to receive and appropriate to the ends specified by law such sums as may be provided by law in order that it shall have the flexibility to allocate its appropriated resources and income with the wisdom and dispatch that the University's needs require in accordance with the guidelines set in this Memorandum of Agreement.

### 3.0 *Budgetary Process*

3.1 *Preparation and Authorization.* The Board of Regents of the University of the Philippines System shall submit to the Office of Budget and Management budget estimates for the annual program of expenditures covering both estimated income and national government subsidy for the approval of the President of the Philippines on or before 15 March of each calendar year. This shall be the basis for the incorporation of the University's budget in the annual general Appropriations Act. In order to enable the Board of Regents to make an equitable distribution of the government appropriation among the various units of the University on the basis of their needs as well as of overall University priorities, said amount as approved by the President and the Batasang Pambansa shall be appropriated to the University System in accordance with a program and project structure that defines allocation breakdowns only on the basis of current operating expenditures (COE) and capital outlays (CO), except for foreign-assisted projects which shall follow the usual P/P/A. No allocation by campus or academic program units shall be shown in the General Appropriations program for the University System.

### 3.2 *Budgetary Implementation*

3.2.1 The Office of Budget and Management shall make comprehensive allotment releases for personal services and capital outlays and quarterly releases for maintenance and operating expenses (MOE) in accordance with the approved program of expenditures and the guidelines

on foreign assisted projects. The cash disbursement ceiling (CDC) shall however be subject to cash programming as approved by the Bureau of the Treasury and the Office of Budget and Management. Out of the Current Operating Expenditures (COE) releases, the University shall withdraw from the National Treasury amounts equivalent to its monthly operating requirements and deposit it with any authorized government depository bank. All withdrawals therefrom shall be in accordance with budgeting, accounting and auditing rules and regulations.

**3.2.2 *Income.*** All receipts collected and received by the University of the Philippines System shall include income and non-income (trust liability) receipts. All income receipts shall be deposited in savings and current accounts in any authorized government depository bank for the account of UP to constitute a revolving fund. Withdrawals therefrom shall be subject to accounting and auditing rules. All non-income receipts shall, likewise, be deposited in an authorized depository bank and withdrawals therefrom shall be subject to existing rules on trust funds.

Each autonomous unit shall maintain a separate revolving fund for income receipts realized and collected pursuant to Sec. 3 of E.O. No. 714. Trust liabilities shall, likewise, be deposited in savings and current account in any authorized government depository bank and a separate record shall be maintained for the purpose.

**3.2.3 *Realignment of Funds under the General Fund.*** If for any reason the University shall not be able to pursue any project for which funds have been appropriated and allocated in its approved program of expenditures under the General Fund, the Board of Regents shall have the authority to realign at least once during the year such funds and apply them for other purposes and shall inform the Office of Budget and Management and the Commission on Audit within ten (10) days from the date of realignment. On the other hand, the action of the Board of Regents shall only be recommendatory with respect to realignment of appropriations involving transfer from (1) capital outlays to current operating expenditures (2) maintenance and other operating expenses to personal services and (3) capital outlays such as land/land improvement and construction outlays to another item of capital outlays such as equipment outlays, investment outlays and loans outlays or vice versa.

**4.0 *Personnel.*** The UP Board of Regents shall also have the final and exclusive authority to determine the appointment and number of academic staff, officers, employees and other personnel of the University and their respective compensation, pursuant to the powers and authority vested on it under the UP Charter within the limits of approved appropriation guided by constitutional and legislative policies on compensation. A copy of the annual approved Plantilla of Personnel shall be furnished the OBM and COA.

### 5.0 *Budgetary Accountability*

5.1 *Reporting.* On or before the 14th of February of each year, the UP Board of Regents shall submit to the COA and the OBM financial reports for both the General Fund and the revolving fund of the University in accordance with existing COA and Budget Circulars. In addition, the problems and needs of the University shall be submitted to the President of the Philippines and the Batasang Pambansa on the 10th of August of each year.

The University shall continue to account for the government appropriation under the General Fund.

5.2 All accounts and expenses of the University shall be subject to the usual audit.

### 6.0 *Transitory Provisions*

6.1 The OBM shall release within thirty (30) days after approval of this Circular a CDC corresponding to the Excess income for 1982 upon submission of a Special Budget.

However, the Treasury Account current balance under the Special Account-General Fund (SAGF) shall be transferred to the Revolving Fund upon reconciliation of the book and OBM releases. All other account balances under the SAGF shall be closed and transferred to the revolving fund pursuant to Joint Circular 3-82 dated 18 January 1982.

6.2 The request for the revalidation of the CDC for outstanding unliquidated obligations as of 31 December 1982 shall be released within thirty (30) days after receipt by OBM.

6.3 The approved budget for personal services of income generating units of UP in 1983 shall remain with the Special Account under the General Fund; and shall be transferred to the General Fund on a staggered basis of ₱6 million per year within a period of three (3) years. All contractual positions shall, however, be chargeable against the revolving fund.

7.0. *Effectivity.* The procedures prescribed herein shall take effect upon signing of the Memorandum of Agreement.

Done in the City of Manila this 22nd day of March in the year of our Lord, nineteen hundred and eighty three.

(SGD.) EDGARDO J. ANGARA  
President, University of the Philippines

(SGD.) MANUEL S. ALBA  
Minister of the Budget

(SGD.) FRANCISCO S. TANTUICO, JR.  
Chairman  
Commission on Audit