



# AGENCY BUDGET NOTES

For FY 2023



## DEPARTMENT OF FINANCE

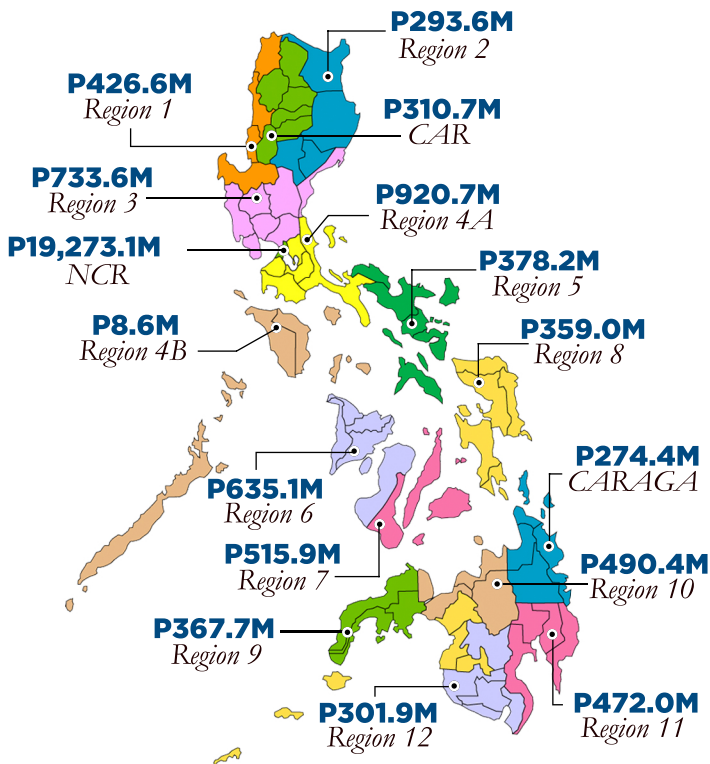


**P22.89B**  
TOTAL NEW APPROPRIATIONS FOR 2023

### COST STRUCTURE

<b>P4,307.9M</b> (18.8%) <i>General Admin and Support</i>	<b>P696.7M</b> (3.0%) <i>Support to Operations</i>	<b>P17,888.4M</b> (78.1%) <i>Operations</i>
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### REGIONAL ALLOCATION OF THE 2023 EXPENDITURE PROGRAM (P25,761.5M)



### ALLOCATION TO MAJOR AGENCIES

#### OSEC

**P1,031.9M**  
(4.5%)



**P12,446.7M**  
(54.4%)



**P4,435.6M**  
(19.4%)



**P4,180.6M**  
(18.3%)



**P579.9M**  
(2.5%)



**P102.6M**  
(0.4%)

**OTHER AGENCIES**  
(NTRC, CBAA and IC)

**P115.7M**  
(0.5%)

### BREAKDOWN OF OPERATIONS BUDGET



**P9,590.5M** (53.6%)  
*Revenue Administration Program*



**P3,188.2M** (17.8%)  
*Customs Revenue Enhancement Program*



**P3,142.1M** (17.6%)  
*Financial Asset Management Program*



**P649.0M** (3.6%)  
*Customs Border Protection and Cargo Control and Clearance Program*



**P444.5M** (2.5%)  
*Local Finance Administration Program*



**P391.8M** (2.2%)  
*National Government Accounting Program*

*Other Programs*

**P482.2M** (2.7%)

# QUICK FACTS



## Collections

in Billion Pesos

	Bureau of Internal Revenue (BIR)			Bureau of Customs (BOC)		
	2019	2020	2021	2019	2020	2021
Original Target	2,330.7	2,576.0	1,904.2	662.2	731.2	619.5
Actual Revenues	2,175.5	1,951.0	2,078.1	630.3	537.7	643.6
Difference (Revenues vs. Target)	-155.2	-625.0	173.9	-31.9	-193.5	24.1

Sources: Budget of Expenditures and Sources of Financing (BESF) 2019-2022; Cash Operation Report (COR)

## Credit Ratings



<b>BBB+ (stable)</b>	S&P Global Ratings (30 May 2022)
<b>BBB+ (stable)</b>	Rating and Investment Information, Inc. (R&I) (18 April 2022)
<b>Baa2 (stable)</b>	Moody's Investors Service (21 March 2022)
<b>BBB (negative)</b>	Fitch Ratings (17 February 2022)

Sources: cbonds.com; R&I News Release; Moody's; Fitch Ratings



## Fiscal Program

FYs 2022- 2028, in Billion Pesos

	Actual	Program	Projections					
	2021	2022	2023	2024	2025	2026	2027	2028
Revenues	3,005.5	3,304.1	3,632.9	4,062.6	4,576.8	5,155.3	5,821.4	6,589.0
% of GDP	15.5	15.2	15.3	15.6	16.0	16.5	17.0	17.6
Disbursements/Expenditures	4,675.6	4,954.6	5,085.8	5,402.0	5,759.7	6,249.6	6,916.0	7,711.7
% of GDP	24.1	22.9	21.4	20.7	20.2	20.0	20.2	20.6
Fiscal Balance	(1,670.1)	(1,650.5)	(1,452.9)	(1,339.4)	(1,182.8)	(1,094.3)	(1,094.6)	(1,122.7)
% of GDP	(8.6)	(7.6)	(6.1)	(5.1)	(4.1)	(3.5)	(3.2)	(3.0)

Source: Development Budget Coordination Committee (DBCC)-approved Medium-Term Fiscal Program as of 08 July 2022

## Comparative ASEAN-6 Fiscal Position

2021

	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Revenues % of GDP	11.8	17.8	15.5	18.9	16.9	18.1
Disbursements/Expenditures % of GDP	16.4	18.4	24.1	19.9	29.5	21.9
Fiscal Balance % of GDP	(4.6)	(0.6)	(8.6)	(1.0)	(12.5)	(3.8)
Debt-to-GDP ratio	42.8	69.0	57.5	132.8	58.0	47.9

Sources: Asian Development Outlook (ADO) 2022; DBCC FY 2023 Budget Priorities Framework; Statista, 2022



## NATIONAL GOVERNMENT (NG) DEBT

CY 2016 - May 2022 (in Billion Pesos)

	2016	2017	2018	2019	2020	2021	2022				
							Jan	Feb	Mar	Apr	May
NG Outstanding Debt	6,090.3	6,652.4	7,292.5	7,731.3	9,795.0	11,728.5	12,029.7	12,093.5	12,679.8	12,763.2	12,495.8
Growth Rate	2.3	9.2	9.6	6.0	26.7	19.7	2.6	0.5	4.8	0.7	-2.1
% of GDP	40.2	40.2	39.9	39.6	54.6	60.4			63.5		
Domestic	3,934.1	4,441.3	4,776.9	5,127.6	6,694.7	8,170.4	8,367.8	8,413.2	8,868.7	8,935.9	8,665.5
Growth Rate	1.3	12.9	7.6	7.3	30.6	22.0	2.4	0.5	5.4	0.8	-3.0
% of GDP	26.0	26.8	26.2	26.3	37.3	42.1			44.4		
External	2,156.2	2,211.2	2,515.6	2,603.7	3,100.3	3,558.1	3,661.9	3,680.3	3,811.1	3,827.3	3,830.3
Growth Rate	4.2	2.6	13.8	3.5	19.1	14.8	2.9	0.5	3.6	0.4	0.1
% of GDP	14.2	13.4	13.8	13.3	17.3	18.3			19.1		

Source: Bureau of Treasury

## HIGHLIGHTS

- *Expenditure Program.* The proposed total expenditure program of the Department of Finance (DOF) for FY 2023 amounts to P25.76 billion, consisting of new appropriations (P22.89 billion) and automatic appropriations (P2.87 billion). This is 17.5% (or P3.83 billion) higher than the current year's program of P21.93 billion.

Among the DOF agencies, the Bureau of Internal Revenue (BIR) will have the biggest expenditure program in 2023 amounting to P13.15 billion or 51% of the total DOF budget. This is followed by the Bureau of Customs (BOC) with P6 billion or 23.3%, and the Bureau of Treasury (BTr) with P4.22 billion or 16.4%. Meanwhile, the Office of the Secretary (OSEC) will have P1.07 billion allocation in 2023 or 4.2% of the total DOF budget. By expense class, about 47.8% (P12.31 billion) of the DOF budget goes to Personnel Services (PS), 26.6% (P6.86 billion) to Maintenance and Other Operating Expenses (MOOE), 22.5% (P5.8 billion) to Capital Outlays (CO) and 3.1% (P792.2 million) to Financial Expenses (FinEx) in 2023.

- *New Appropriations by Cost Structure.* The proposed new appropriations for DOF amounts to P22.89 billion, which is 12.8% or P2.6 billion higher than the current year's allocation of P20.3 billion. Around three-fourths (P17.89 billion) will go to Operations. Note that 95.1% of total Operations budget will be shared by three agencies, namely BIR (P9.59 billion), BOC (P3.84 billion) and BTr (P3.58 billion). Meanwhile, General Administration and Support (GAS) will have 18.8% share (P4.31 billion) of the proposed new appropriations, of which P2.86 billion will go to BIR. Only three (3) agencies will receive allocations under Support to Operations (STO), namely: BTr at P448.6 million, OSEC at P240.8 million, and the Bureau of Local Government and Finance (BLGF) at P7.3 million.
- *Allocation by Major Programs.* Of the Operations budget (P17.89 billion) in 2023, BIR's Revenue Administration Program will get the 53.6% share at P9.59 billion. This is followed by BOC's Customs Revenue Enhancement Program (P3.19 billion or 17.8% share), BTr's Financial Asset Management Program (P3.14 billion or 17.6% share). On the other hand, the BOC's Customs Border Protection and Cargo Control and Clearance program has P649 million or 3.6% share.
- *Status of COVID-19 Releases.* A total of P77.11 billion was released to the BTr as of 31 December 2021 —i.e., P38.02 billion under *Bayaniban* 1, P24.42 billion under *Bayaniban* 2, and P14.67 billion under the Regular Funds of FY 2021 GAA (RA 11518). Of the total COVID-19 Releases, about P62.2 billion was obligated (leaving P14.91 billion unobligated allotment), while P62.14 billion was disbursed (with P62.3 million unpaid balance).

Out of the Pooled Balances pursuant to Section 4(v) of RA 11469, an allotment of P37.02 billion was released to BTr as allocation to cities, municipalities, and provinces from the *Bayaniban* Grant to local government units (LGUs). Another P24.42 billion was set aside under *Bayaniban* 2 for priority programs and projects of various LGUs in response to the

pandemic. A P1 billion subsidy for the implementation of *Pondo sa Pagbabago at Pag-asenso* Program was granted to the Small Business Corporation through the BTr. As of 30 September 2020, only P763.7 million has been obligated and disbursed hence, there still remains an unobligated allotment of P236.3 million for the said program. Meanwhile, the P14.67 billion released to the BTr which was sourced from the Regular Funds of FY 2021 GAA (RA 11518) for the BTr's funding requirement for the provision of assistance to low-income population of various LGUs in the NCR, has yet to be obligated.

- ❑ *Budget Utilization and Unused Appropriations.* The Obligations-to-Appropriations Ratio (OAR) of the DOF increased from 87.9% in 2019, to 94% in 2020, and 95% in 2021. The unused appropriations in 2019 totaled P4.41 billion of which 64.4% (P2.84 billion) was posted by BTr. In 2020 and 2021, BTr reported an unused budget of P1.66 billion and P1.83 billion, respectively. Meanwhile, the Disbursement-to-Appropriations Ratio (DAR) of the DOF improved from 73.4% in 2020 to 91.6% in 2021.

Among the major programs, the BTr's Financial Asset Management Program and Debt and Risk Management Program registered the lowest OARs at 79.3% and 76.5%, respectively, as well as the lowest DARs at 79.2% and 72.7%, respectively. Note that their appropriations are even way below compared to other programs (i.e., at P70.7 million and P58.1 million, respectively). The BIR's Revenue Administration Program which received the biggest budget of P8.15 billion posted a 94.5% OAR but a relatively lower DAR of 84%. Likewise, the BOC's Customs Revenue Enhancement Program with an appropriation of P1.59 billion registered a higher OAR of 90.9% compared to its DAR of only 81.6%.

- ❑ *Compliance with Audit Recommendations.* Among the DOF agencies, the BTr (NG) has the highest number of recommendations (128 or 63.7% of total) that are yet to be implemented as of 31 December 2021. Likewise, the BIR and BOC have large percentage of unimplemented prior years' recommendations (60.8% or 73 recommendations) and (55.6% or 40 recommendations), respectively.

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# DEPARTMENT OF FINANCE\*

## I. MANDATE AND ORGANIZATIONAL OUTCOMES

- 1.1 As provided in the Philippine Development Plan (PDP) 2017-2022, a sound, stable and supportive macroeconomic environment should be sustained. The country's fiscal position remains sustainable and supportive of growth with the pursuit of tax reforms, improved spending efficiency, and prudent debt management. This strong fiscal position to be complemented with strategic and responsive measures, such as the fiscal consolidation plan, will enable recovery from the effects caused by the COVID-19 pandemic. In order to achieve a responsive, strategic, supportive, and sustainable fiscal sector, the following should be pursued: (a) implement strategic revenue policy and administrative measures; (b) realign expenditure priorities and implement expenditure management reforms; (c) explore optimal financing schemes including multilateral and market financing; and (d) recalibrate medium-term debt and contingent liability management strategy.
- 1.2 Ensuring sound macroeconomic fundamentals and government processes (by enhancing bureaucratic efficiency and sound fiscal management, and ensuring a resilient and innovative financial sector) is also part of the 8-Point Socioeconomic Agenda of the Marcos Jr. administration. This shall also serve as the strategic framework of the PDP 2023-2028, the country's medium-term development blueprint. In view of these, the role of the Department of Finance (DOF) and its attached agencies are of much significance.
- 1.3 The mandate of the DOF covers the following responsibilities: (a) formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of government; (b) generation and management of the financial resources of government, ensuring that resources are generated and managed judiciously and in a manner supportive of development objectives; (c) supervision of the revenue operations of all local government units, with the objective of making these entities less dependent on funding from the national government; and (d) review, approval and management of all public sector debt, whether foreign or domestic, with the end in view of ensuring that all borrowed funds are effectively utilized and all such obligations are promptly serviced by the government (*Section 2, Chapter I, Title II, Book IV of Executive Order 292 or the Administrative Code of 1987*).

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1.4 The Office of the Secretary (OSEC) shall have the authority and responsibility for the discharge of the mandate, powers and functions of the Department, and shall exercise supervision and control over the following units in the attainment of their organizational outcomes (OOs):

- ❑ ***Office of the Secretary (OSEC)***
  - OO1: Fiscal sustainability attained
  - OO2: Asset and debt effectively managed
  
- ❑ ***Bureau of Customs (BOC)***
  - OO1: Revenue collection improved
  - OO2: Secured trade facilitation by international standards achieved
  
- ❑ ***Bureau of Internal Revenue (BIR)***
  - OO1: Improved internal revenue collections
  
- ❑ ***Bureau of Local Government Finance (BLGF)***
  - OO1: Fiscal sustainability of LGUs strengthened
  
- ❑ ***Bureau of the Treasury (BTr)***
  - OO1: Efficiency in cash management improved
  - OO2: Efficiency in debt management achieved
  - OO3: Efficiency in accounting of NG financial transactions enhanced
  
- ❑ ***Central Board of Assessment Appeals (CBAA)***
  - OO1: Due process for fair and equitable real property tax assessment improved
  
- ❑ ***Insurance Commission (IC)***
  - OO1: Insurance, Pre-Need, and HMO Industries' growth and stability improved
  
- ❑ ***National Tax Research Center (NTRC)***
  - OO1: Philippine Tax System improved
  
- ❑ ***Privatization and Management Office (PMO)***
  - OO1: Effective management and disposition of transferred assets and other government properties
  
- ❑ ***Securities and Exchange Commission (SEC)***
  - OO1: Investor-based capital market and business sector broadened

## II. SOURCES OF APPROPRIATIONS

2.1 The total obligations or expenditure program of the DOF for FY 2023 amounts to P25.76 billion which consists of new appropriations (P22.89 billion) and automatic appropriations (P2.87 billion). As presented in Table 1, the DOF had a significant amount of expenditure program (P55.92 billion) in 2021 mainly due to the automatic appropriations of P39.79 billion. It can also be noted that the actual spending in 2021 was way above the approved budget of P16.01 billion. The proposed *new appropriations* represent an increase of 12.8% or P22.89 billion from current budget of P20.30 billion.

**TABLE I**  
**SOURCES OF FUNDS, 2021-2023**  
**DEPARTMENT OF FINANCE**

Particulars	Amounts (In Million Pesos)			Share to Total Appropriations		
	2021	2022	2023	2021	2022	2023
New Appropriations	16,012.3	20,296.3	22,893.0	27.2	86.6	88.9
Automatic Appropriations	39,792.7	1,634.6	2,868.5	67.6	7.0	11.1
Continuing Appropriations	4,051.9	1,509.8	-	6.9	6.4	-
Budgetary Adjustments	(987.5)	-	-	(1.7)	-	-
<b>Total Available Appropriations</b>	<b>58,869.3</b>	<b>23,440.8</b>	<b>25,761.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
LESS: Unused Appropriations	2,952.6	1,509.8	-			
<b>Total Obligations</b>	<b>55,916.6</b>	<b>21,931.0</b>	<b>25,761.5</b>			

Source of basic data: FY 2023 National Expenditure Program (NEP)

2.2 *Automatic appropriations* refer to funds which are already covered by existing laws such as Retirement and Life Insurance Premiums or RLIP, customs duties and taxes including tax expenditures, grant proceeds and other special accounts. In 2021, 67.6% of the DOF's budget (or P39.79 billion) came from automatic appropriations mainly sourced from the Customs Duties and Taxes including Tax Expenditures of BTr (P27.64 billion). *Please refer to BTr's Sources of Funds in the Annex.*

2.3 There were also automatic appropriations for the BOC's Super Green Lane Facility Fund<sup>1</sup> and Non-Intrusive Container Inspection System Project Fund<sup>2</sup>, and the Insurance Fund<sup>3</sup>

<sup>1</sup> As provided in FY 2023 NEP Special Provision of the BOC, allocation for the Super Green Lane Fund of P50 million shall be used for the maintenance and improvement of the operations of the Super Green Lane Facility, including the Automated Customs Operation System and related computer systems sourced from service fees collected from importers utilizing the Facility. This is in addition to the amounts appropriated herein. Release of funds shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

<sup>2</sup> As provided in FY 2023 NEP Special Provision of the BOC for the Non-Intrusive Container Inspection System Project Fund, P1.37 billion shall be used for the maintenance, improvement, and upgrading of the Non-Intrusive Container Inspection System sourced from the mandatory container security fee imposed on every 40 and 20-footer container or twenty equivalent units under the System. This is in addition to the amounts appropriated herein. Release of funds shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

<sup>3</sup> As provided in FY 2023 NEP Special Provision of the IC for the Insurance Fund, P259.88 million shall be used to cover the MOOE and Capital Outlay requirements of the IC sourced from the proceeds of premium taxes, constituted into the Insurance Fund in accordance with Section 286 of R.A. No. 8424, as amended. This is in addition to the amounts appropriated herein. Release of funds shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.



of the Insurance Commission (IC). Please refer to BOC's and IC's Sources of Funds in the Annex and see item under Automatic Appropriations on Special Account.

- 2.4 *Continuing appropriations* are sourced from unused appropriations at the end of a fiscal year which are carried forward to the succeeding year. In 2021, continuing appropriations amounted to P4.05 billion--of which P3.46 billion came from BTr, mostly from unobligated releases for Maintenance and Other Operating Expenses at P2.06 billion (see BTr's Sources of Funds in the Annex).
- 2.5 *Budgetary adjustments* are fund transfers from other government accounts which were done during budget execution phase. In 2021, an amount of P987.5 million was transferred from the 2020 General Appropriations Act (GAA) to the Overall Savings account.

### III. EXPENDITURE PROGRAM

#### **By Agency**

- 3.1 The proposed total expenditure program of the Department for FY 2023 amounts to P25.76 billion, which is 17.5% (or P3.83 billion) higher than the current year's program of P21.93 billion (Table 2). The 2021 actual spending (P55.92 billion) was significantly higher due to large automatic appropriations (as discussed in the previous section) and as other sources of funds (i.e., Continuing Appropriations and Budgetary Adjustments) were already included.

**TABLE 2**  
**EXPENDITURE PROGRAM BY AGENCY, 2021-2023**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
OSEC	969.6	1,124.7	1,073.9	1.7	5.1	4.2
BOC	3,604.1	3,631.8	6,004.4	6.4	16.6	23.3
BIR	11,355.6	11,766.0	13,147.1	20.3	53.7	51.0
BLGF	297.6	551.0	599.7	0.5	2.5	2.3
BTr	39,143.9	4,270.7	4,224.6	70.0	19.5	16.4
CBAA	20.6	17.5	15.9	0.0	0.1	0.1
IC	356.8	389.8	485.1	0.6	1.8	1.9
NTRC	84.3	79.3	108.2	0.2	0.4	0.4
PMO	84.2	100.1	102.6	0.2	0.5	0.4
<b>TOTAL DOF</b>	<b>55,916.6</b>	<b>21,931.0</b>	<b>25,761.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: FY 2023 Budget of Expenditures and Sources of Financing (BESF)

Note: 0 = less than 0.1%

- 3.2 Since 2020, there has been no budget allocated for SEC. Section 175 of Republic Act (RA) 11232 or the "Revised Corporation Code" authorizes the SEC "to collect, retain, and use fees, fines, and other charges, and such amount collected shall be deposited and maintained in a separate account which shall form a fund for its modernization and to augment its operational expenses such as, but not limited to, capital outlays, increase in compensation

and benefits comparable with prevailing rates in the private sector, reasonable employee allowance, employee health care services and other insurance, employee career advancement and professionalization, legal assistance, seminars, and other professional fees.”

- 3.3 The SEC is also authorized “to retain and utilize the amount of P100 million from its income from the registration of securities and other collections” pursuant to RA 8799 or “The Securities Regulation Code”. The use of income shall be subject to the guidelines issued jointly by the Department of Budget and Management (DBM) and DOF-OSEC (*Special Provisions, NEP 2023 p. 121*).
- 3.4 Among the DOF agencies, BIR will have the biggest expenditure program in 2023 amounting to P13.15 billion or 51% of the total DOF budget, followed by BOC (P6 billion or 23.3%), and BTr (P4.22 billion or 16.4%). Meanwhile, OSEC will have P1.07 billion expenditure program in 2023 or 4.2% of the total DOF budget. Note that the BTr had a significant amount of expenditure program in 2021 at P39.14 billion, mainly due to large amount of automatic appropriations from Customs Duties and Taxes including Tax Expenditures. Significant budget increases were also noted on the following agencies: BOC (65.3%); NTRC (36.4%); IC (24.4%); and BIR (11.7%).

### **By Expense Class**

- 3.5 As shown in Table 3, 47.8% of the 2023 budget (P12.31 billion) will be spent for Personnel Services (PS). This cost component refers to payment of salaries, wages, and other compensation of government personnel.

**TABLE 3**  
**EXPENDITURE PROGRAM BY GENERAL EXPENSE CLASS, 2021-2023**  
**(AMOUNTS IN MILLION PESOS)**

Particulars	Amounts (In Million Pesos)			Share to Total (%)		
	2021	2022	2023	2021	2022	2023
PS	11,720.5	11,299.1	12,308.0	21.0	51.5	47.8
MOOE	42,649.3	6,512.5	6,862.3	76.3	29.7	26.6
CO	1,007.5	3,309.6	5,799.0	1.8	15.1	22.5
Fin Ex	539.4	809.8	792.2	1.0	3.7	3.1
<b>TOTAL DOF</b>	<b>55,916.6</b>	<b>21,931.0</b>	<b>25,761.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of basic data: BESF 2023

- 3.6 Meanwhile, around 26.6% of the 2023 spending program (P6.86 billion) will go to Maintenance and Other Operating Expenses (MOOE). In 2021, MOOE amounted to P42.65 billion which comprised 76.3% of the DOF’s budget. MOOE significantly dropped by 84.7% (or P36.14 billion) in 2022 but is expected to increase by 5.4% (or P349.9 million) in 2023. MOOE covers the agency’s operating expenses such as supplies and materials, transportation and travel, utilities and repairs.

- 3.7 Capital outlays (CO) is expected to significantly rise to P5.8 billion in 2023 from only P3.31 billion this year—or an increase of 75.2% (P2.49 billion). Allocation for CO comprised 22.5% of the DOF budget for 2023 and it covers expenses for buildings and structures, as well as purchase of goods and services, the benefits of which extend beyond the fiscal year, and which add to the assets of the government.
- 3.8 Financial Expenses (FinEx) refers to management supervision/trusteeship fees, interest expenses, guarantee fees, bank charges, commitment fees, and other financial charges. FinEx constitutes only 3.1% of the DOF budget and will decrease by 2.2% or P17.6 million in 2023 from the current FinEx of P809.8 million to P792.2 million next year.

### **Staffing Summary**

- 3.9 There was a total of 30,601 permanent positions in the whole Department in 2020 and 30,631 in 2021. In 2020, 42.3% or 12,950 positions were considered unfilled while in 2021, it slightly improved to 38.8% or only 11,889 unfilled positions (*Table 4*). The number of vacant positions is expected to further go down to 11,745 in 2022-2023 (or 38.3% of total authorized/permanent positions). Note that authorized positions have corresponding budget, hence, unfilled positions would signify unused budget for this purpose.

**TABLE 4  
NUMBER OF AUTHORIZED AND UNFILLED POSITIONS BY AGENCY, 2020-2023**

Agency	Authorized Positions				Unfilled Positions			
	2020	2021	2022	2023	2020	2021	2022	2023
OSEC	850	855	855	855	376	366	344	344
BOC	6,264	6,264	6,264	6,264	3,223	2,769	2,761	2,761
BIR	21,564	21,557	21,557	21,557	8,429	7,831	7,724	7,724
BLGF	440	458	458	458	153	140	143	143
BTr	1,305	1,305	1,305	1,305	687	699	682	682
CBAA	26	26	26	26	9	11	10	10
NTRC	152	166	184	184	73	73	81	81
<b>TOTAL</b>	<b>30,601</b>	<b>30,631</b>	<b>30,649</b>	<b>30,649</b>	<b>12,950</b>	<b>11,889</b>	<b>11,745</b>	<b>11,745</b>

Source: Staffing Summary 2022-2023

Note: Total excludes IC, PMO and SEC

- 3.10 BIR has the most numbers of unfilled positions in 2020 to 2021 (8,429 or 39.1% and 7,831 or 36.3% of authorized positions, respectively). This was followed by BOC (3,223 or 51.5% and 2,769 or 44.2%) in the same period. Vacant positions in the two principal tax collecting agencies are seen to decline in 2022 and 2023 by 107 (BIR) and eight (BOC). BIR and BOC may consider maximizing the use of their PS budgets by attending to unfilled positions.
- 3.11 Apart from BOC, BTr also has more than half (52.6%) of its authorized positions left unfilled in 2020 (687 positions), and slightly increased to 53.6% or 699 vacant positions in 2021. The percentage of vacant positions in BTr is expected to reduce to 52.3% (682 unfilled positions) in 2022-2023. While other DOF agencies expect to decrease the

number of unfilled positions, BLGF and NTRC are expected to have increases in the number of unfilled positions in 2022-2023.

### **Regional Allocation**

3.12 From 2021-2023, the National Capital Region (NCR) accounts for an average of 78.2% of the annual DOF budget. In fact, 88.7% of actual spending in 2021 (P49.59 billion) went to NCR (*Table 5*). In 2023, P19.27 billion or 74.8% will go to this region.

**TABLE 5**  
**REGIONAL DISTRIBUTION OF THE DOF BUDGET, 2021-2023**  
**(AMOUNTS IN MILLION PESOS)**

Region	2021 Actual		2022 Program		2023 Proposed	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
NCR	49,589.7	88.7	15,594.9	71.1	19,273.1	74.8
CAR	306.5	0.5	296.6	1.4	310.7	1.2
Region 1	420.8	0.8	401.5	1.8	426.6	1.7
Region 2	287.5	0.5	283.3	1.3	293.6	1.1
Region 3	678.4	1.2	727.8	3.3	733.6	2.8
Region 4A	904.9	1.6	905.6	4.1	920.7	3.6
Region 4B	8.1	0.0	8.1	0.0	8.6	0.0
Region 5	353.7	0.6	344.0	1.6	378.2	1.5
Region 6	624.5	1.1	714.0	3.3	635.1	2.5
Region 7	554.4	1.0	491.5	2.2	515.9	2.0
Region 8	348.4	0.6	336.2	1.5	359.0	1.4
Region 9	325.8	0.6	363.1	1.7	367.7	1.4
Region 10	475.2	0.8	447.0	2.0	490.4	1.9
Region 11	495.1	0.9	465.7	2.1	472.0	1.8
Region 12	295.5	0.5	285.6	1.3	301.9	1.2
CARAGA	248.1	0.4	266.0	1.2	274.4	1.1
<b>TOTAL</b>	<b>55,916.6</b>	<b>100.0</b>	<b>21,931.0</b>	<b>100.0</b>	<b>25,761.5</b>	<b>100.0</b>

Source of basic data: BESF 2023

Note: 0 = less than 0.1%

3.13 Region 4A (CALABARZON) and Region 3 (Central Luzon) will get 3.6% (P920.7 million) and 2.8% (P733.6 million) respective share in the 2023 proposed budget. Except Region 6 (Western Visayas), all regions will get higher budget allocations compared to 2022 levels. No budget allocation is given to BARMM over the three-year period.

## **IV. SPENDING FOR COVID-19 INITIATIVES**

4.1 Republic Act (RA) No. 11469 otherwise known as the *Bayaniban 1* was enacted on 24 March 2020 to enable the government to respond to the COVID-19 pandemic. Section 4 (v) of the said law allowed the President to direct the discontinuance of programs, projects and activities (PAPs) whose budget were provided under the FYs 2019 and 2020 GAA.

**TABLE 6**  
**STATUS OF COVID-19 RELEASES TO DOF, AS OF 31 DECEMBER 2021**  
**(AMOUNTS IN MILLION PESOS)**

Program/Purpose	Allotment Released	Obligations	Disbursements	Unobligated Allotment	Unpaid
<b>I. Bayanihan 1 (RA 11469), FY 2020 GAA</b>					
BTr Allocations to cities, municipalities, and provinces from the Bayanihan Grant to LGUs*	37,021.0	37,021.0 <sup>b</sup>	37,021.0 <sup>b</sup>	-	-
Small Business Corporation thru BTr NG subsidy for the implementation of the Pondo sa Pagbabago at Pag-asenso Program**	1,000.0	763.7 <sup>a</sup>	763.7 <sup>a</sup>	236.3	-
<b>Sub-total</b>	<b>38,021.0</b>	<b>37,784.8</b>	<b>37,784.8</b>	<b>236.3</b>	<b>-</b>
<b>II. Bayanihan 2 (RA 11494), FY 2020 GAA</b>					
BTr Funding requirements of priority programs and projects of various LGUs in response to the COVID-19 pandemic*	90.2	90.2	90.2	-	-
BTr Funding requirements of priority programs and projects of various LGUs in response to the COVID-19 pandemic***	525.6	525.6	525.6	-	-
BTr Funding requirements of priority programs and projects of various LGUs in response to the COVID-19 pandemic****	23,799.6	23,799.6 <sup>b</sup>	23,737.4 <sup>b</sup>	-	62.3
<b>Sub-total</b>	<b>24,415.4</b>	<b>24,415.4</b>	<b>24,353.1</b>	<b>-</b>	<b>62.3</b>
<b>III. Regular Funds</b>					
<b>FY 2021 GAA, RA No. 11518</b>					
BTr Funding requirements for the provision of assistance to low-income population of various LGUs in the NCR	1,544.1	-	-	1,544.1 <sup>c</sup>	-
BTr Funding requirements for the provision of assistance to low-income population of various LGUs in the NCR	13,125.5	-	-	13,125.5	-
<b>Sub-total</b>	<b>14,669.6</b>	<b>-</b>	<b>-</b>	<b>14,669.6</b>	<b>-</b>
<b>TOTAL</b>	<b>77,106.1</b>	<b>62,200.2</b>	<b>62,137.9</b>	<b>14,905.9</b>	<b>62.3</b>

a/ As of 30 September 2020; b/ As of 30 June 2021; c/ As of 30 November 2021

\*from Pooled Balances

\*\*from FY 2020 Current Appropriations (Regular Agency Fund)

\*\*\*from Unprogrammed Appropriations

\*\*\*\*Special Appropriations (RA 11494)

Source: Status of COVID-19 Releases as of 31 December 2021 (DBM website)

- 4.2 As shown in Table 6, a total of P77.11 billion was released to the BTr as of 31 December 2021 —i.e., P38.02 billion under *Bayaniban 1*, P24.42 billion under *Bayaniban 2*, and P14.67 billion under the Regular Funds of FY 2021 GAA (RA 11518). Of the total COVID-19 Releases, the amount of P62.2 billion was obligated (leaving P14.91 billion unobligated allotment), while P62.14 billion was disbursed (with P62.3 million unpaid balance).
- 4.3 Out of the Pooled Balances pursuant to Section 4(v) of RA 11469, an allotment of P37.02 billion was released to BTr as allocation to cities, municipalities, and provinces from the *Bayaniban* Grant to local government units (LGUs). Another P24.42 billion was set aside under *Bayaniban 2* for priority programs and projects of various LGUs in response to the pandemic.
- 4.4 A P1 billion subsidy for the implementation of *Pondo sa Pagbabago at Pag-asenso* Program was granted to the Small Business Corporation through the BTr. As of 30 September 2020, only P763.7 million has been obligated and disbursed hence, there still remains an unobligated allotment of P236.3 million for the said program. Meanwhile, the P14.67 billion released to the BTr sourced from the Regular Funds of FY 2021 GAA (RA 11518) for the BTr’s funding requirement for the provision of assistance to low-income population of various LGUs in the NCR is yet to be obligated.

## V. NEW APPROPRIATIONS

### *By Cost Structure*

- 5.1 Table 7 shows the allocation of the P22.89 billion proposed new appropriations by agency and by cost structure. Around 78.1% (P17.89 billion) of new appropriations will go to Operations—or programs that relate to the agency’s main purpose, and involve direct production of goods or delivery of services or direct engagement in regulations.

**TABLE 7**  
**NEW APPROPRIATIONS BY AGENCY AND COST STRUCTURE, FY 2023**

Agency	Amounts (In Million Pesos)				Share to Total Agency (%)			
	GAS	STO	Operations	Total Agency	GAS	STO	Operations	Total Agency
BIR	2,856.3	-	9,590.5	<b>12,446.7</b>	22.9	0.0	77.1	<b>100.0</b>
BOC	598.4	-	3,837.2	<b>4,435.6</b>	13.5	0.0	86.5	<b>100.0</b>
BTr	147.1	448.6	3,584.8	<b>4,180.6</b>	3.5	10.7	85.7	<b>100.0</b>
OSEC	435.9	240.8	355.2	<b>1,031.9</b>	42.2	23.3	34.4	<b>100.0</b>
BLGF	128.1	7.3	444.5	<b>579.9</b>	22.1	1.3	76.7	<b>100.0</b>
PMO	64.1	-	38.5	<b>102.6</b>	62.5	0.0	37.5	<b>100.0</b>
NTRC	78.1	-	22.9	<b>101.0</b>	77.3	0.0	22.7	<b>100.0</b>
CBAA	-	-	14.7	<b>14.7</b>	0.0	0.0	100.0	<b>100.0</b>
IC	0.0	-	0.0	<b>0.0</b>	16.7	0.0	83.3	<b>100.0</b>
<b>TOTAL DOF</b>	<b>4,307.9</b>	<b>696.7</b>	<b>17,888.4</b>	<b>22,893.0</b>	<b>18.8</b>	<b>3.0</b>	<b>78.1</b>	<b>100.0</b>

Source of basic data: NEP 2023

Note: 0 = less than 0.1% (if applied to percentages with one decimal point)

0 = less than One Million Pesos (if amounts are in Million Pesos)

- 5.2 Note that 95.1% of total Operations budget will be shared by three agencies, namely BIR (P9.59 billion), BOC (P3.84 billion) and BTr (P3.58 billion). Meanwhile, 100% of CBAA new appropriations will be spent for Operations.
- 5.3 General Administration and Support (GAS) will have 18.8% share (P4.31 billion) in the proposed new appropriations, of which P2.86 billion will go to BIR. Note that NTRC allocated the highest GAS share (77.3%) in its 2023 new appropriations. The GAS budget is intended for the overall administrative management and operational support to the entire agency operations.
- 5.4. Support to Operations (STO) provides for staff, technical, and/or substantial support to operations, and includes expenditures that are indivisible across programs. Only three (3) agencies will receive STO allocations, namely: BTr (P448.6 million), OSEC (P240.8 million), and BLGF (P7.3 million).

### **By Program**

- 5.5 The total Operations budget for the implementation of DOF's programs in 2023 amounts to P17.89 billion which is 16.5% (or P2.54 billion) higher compared to the current year's budget of P15.35 billion (*Table 8*). BIR has the highest Operations budget for its Revenue Administration Program at P9.59 billion which constitutes 53.6% share to the total DOF's Operations budget. This is also 12.7% higher from this year's allocation of P8.51 billion.
- 5.6 The second major program is the Customs Revenue Enhancement Program (BOC) with P3.19 billion budget—or equivalent to 17.8% of total Operations budget in 2023. This program also has the highest growth rate at 79% compared to the current year's allocation of P1.78 billion. Note that an amount of P1.17 billion is allocated for Philippines Customs Modernization Project (foreign-assisted), of which loan proceeds amount to P876.5 million and the government counterpart amounts to P289.4 million.
- 5.7 Budget allocation in 2023 for BTr's Financial Asset Management Program and BOC's Customs Border Protection and Cargo Control and Clearance—amount to P3.14 billion and P649 million, respectively. The former's budget declined by 1.7% from the current level, while its budget is equivalent to 17.6% of total DOF's Operations budget. There is an allocation of P723.1 million for BTr's locally-funded project, the Development of the Treasury Single Account (TSA), which is included in its Operations.
- 5.8 The National Tax Advisory Program (NTRC) will have a biggest cut on its Operations budget by 50.5%. Other programs with a decreased budget include: OSEC's Asset and Liability Management Program (with a 14.6% decline); CBAA's Real Property Tax Adjudication Program (9.3% decrease); BTr's Debt and Risk Management Program (6.2% decrease); and BTr's NG Accounting Program (0.4% decrease).

**TABLE 8**  
**SUMMARY OF PROGRAMS FOR 2021-2023**  
**DEPARTMENT OF FINANCE**

Implementing Agency/Program	Amount (In Million Pesos)			% Share to Total Program			Growth Rates '22-'23 (%)
	2021	2022	2023	2021	2022	2023	
BIR: Revenue Administration Program	7,649.9	8,513.4	9,590.5	64.1	55.5	53.6	12.7
BOC: Customs Revenue Enhancement Program	1,553.7	1,781.1	3,188.2	13.0	11.6	17.8	79.0
BTr: Financial Asset Management Program	1,123.8	3,194.9	3,142.1	9.4	20.8	17.6	(1.7)
BOC: Customs Border Protection and Cargo Control and Clearance Program	514.6	590.7	649.0	4.3	3.8	3.6	9.9
BLGF: Local Finance Administration Program	226.2	380.2	444.5	1.9	2.5	2.5	16.9
BTr: NG Accounting Program	373.1	393.5	391.8	3.1	2.6	2.2	(0.4)
OSEC: Financial Sustainability and Revenue Strengthening Program	217.1	215.8	248.0	1.8	1.4	1.4	14.9
OSEC: Asset and Liability Management Program	128.1	125.5	107.2	1.1	0.8	0.6	(14.6)
BTr: Debt and Risk Management Program	55.9	54.2	50.8	0.5	0.4	0.3	(6.2)
PMO: Privatization of Government Assets Program	34.3	37.4	38.5	0.3	0.2	0.2	2.8
NTRC: National Tax Advisory Program	39.8	46.2	22.9	0.3	0.3	0.1	(50.5)
CBAA: Real Property Tax Adjudication Program	15.8	16.2	14.7	0.1	0.1	0.1	(9.3)
IC: Insurance, Pre-Need, and HMO Regulatory and Supervisory Program	0.0	0.0	0.0	0.0	0.0	0.0	-
<b>Total</b>	<b>11,932.4</b>	<b>15,349.2</b>	<b>17,888.4</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>16.5</b>

Sources: GAA 2021-2022 and NEP 2023

Note: 0 = less than 0.1% (if applied to percentages with one decimal point)

0 = less than One Million Pesos (if amounts are in Million Pesos)

Allocations for programs and total operations are inclusive of locally-funded and foreign-assisted projects.

- 5.9 Meanwhile, the BLGF's Local Finance Administration Program has the second highest growth rate of 16.9%. From the current allocation of P380.2 million, its proposed budget will increase to P444.5 million in 2023. It has two sub-programs: 1) Local Finance Policy Reforms and Fiscal Performance Monitoring and Evaluation Sub-Program (P78.4 million); and 2) Local Finance Capacity Development Sub-Program (P61.2 million). There is also an allocation of P305 million for the Local Governance Reform Project (foreign-assisted), of which loan proceeds amount to P260.4 million and government counterpart amounts to P44.6 million.
- 5.10 With the Supreme Court Ruling on the Mandanas-Garcia case, and pursuant to Executive Order No. 138 dated 01 June 2021 which provides for the full devolution of certain functions of the Executive Branch to the Local Governments Units (LGUs), the DOF is involved in the provision of capacity development intervention for LGUs, particularly on fiscal matters. The DOF, through the BLGF, shall include public financial management



processes, such as local planning, investment programming, revenue generation, resource mobilization, and budgeting, in the capacity development of the LGUs to ensure that the allocation of the tax allotment for basic services and facilities is in accordance with Section 17 of RA No. 7160 or The Local Government Code of 1991 and other relevant laws.<sup>4</sup>

- 5.11 More so, as part of the digital transformation of the bureaucracy, the Department of Budget and Management (DBM) has allotted P3.56 billion or 28.6% of the total budget for ICT and Digitalization Program<sup>5</sup> for the DOF, specifically for the digitalization of BIR and BOC (*DBM Presentation during the DBCC Budget Hearing of the House Committee on Appropriations, 26 August 2022*).

## VI. PERFORMANCE REVIEW

### *Budget Utilization*

- 6.1 Table 9 shows the trend in budget utilization (2019-2021) which is measured in terms of obligations-to-appropriations ratio (OAR) and the unused appropriations. These measure the capacity of the agencies to utilize their respective budgets.

**TABLE 9**  
**OBLIGATION-APPROPRIATIONS RATIO**  
**AND UNUSED APPROPRIATIONS, 2019-2021**

Particulars	Obligation-Appropriations Ratio (%)			Unused Appropriations (In Million Pesos)		
	2019	2020	2021	2019	2020	2021
OSEC	71.1	76.3	88.7	372.0	248.5	123.3
BOC	88.2	95.3	91.2	427.2	264.0	348.9
BIR	93.2	95.1	95.6	701.0	496.4	523.4
BLGF	91.5	91.8	71.8	26.6	22.9	117.0
BTr	85.5	94.0	95.5	2,839.1	1,661.4	1,833.7
CBAA	97.1	92.8	96.6	0.7	1.4	0.7
IC	94.8	97.1	98.6	22.1	9.6	5.0
NTRC	96.6	94.4	99.4	2.5	3.9	0.5
PMO	94.5	94.7	99.9	4.7	4.4	0.1
SEC	98.3	-	-	12.4	-	-
<b>TOTAL DOF</b>	<b>87.9</b>	<b>94.0</b>	<b>95.0</b>	<b>4,408.3</b>	<b>2,712.6</b>	<b>2,952.6</b>

Sources of basic data: NEP 2021-2023

<sup>4</sup> On the part of the DOF, among the devolved functions as per the Local Government Code of 1991 include revenue mobilization services wherein, provinces shall be responsible for the upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means; while municipalities shall be responsible for information services which include tax and marketing information systems (as per Annex of the IRR of EO 138, s. 2021).

<sup>5</sup> Total budget for ICT and Digitalization Program of the Bureaucracy amounts to P12.47 billion (*DBM Presentation during the DBCC Budget Hearing of the House Committee on Appropriations, 26 August 2022*).

- 6.2 From 87.9% in 2019, the OAR of the Department increased to around 94% in 2020 and 95% in 2021. It was noted that the OARs of OSEC were consistently lower than those of the DOF attached agencies over the three-year period at 71.1% (2019), 76.3% (2020) and 88.7% in 2021. Meanwhile, five (5) agencies consistently reported OARs above 92% in 2019-2021, namely: BIR, CBAA, IC, NTRC and PMO. BLGF, on the other hand, dropped to 71.8% in 2021 from its 91% OAR level in 2019-2020.
- 6.3 The unused appropriations in 2019 amounting to P4.41 billion, of which 64.4% (P2.84 billion) was posted by BTr. In 2020 and 2021, BTr reported an unused budget of P1.66 billion and P1.83 billion, respectively. Unused budgets could be interpreted as missed opportunities because the intended purpose for which the appropriations was approved by Congress has not been fully served.
- 6.4 Another measure of budget utilization is the disbursements-to-appropriations ratio (DAR). As shown in Table 10, the disbursement rate of the DOF improved from 73.4% in 2020 to 91.6% in 2021. BIR improved from 52.6% DAR in 2020 to 87.1% in 2021, same with BTr from 78.6% to 95.2% in the same period. On the other hand, the DAR of BOC declined from 84% to 74.1% while BLGF plunged from 90.2% to 66.7% during the same period. OSEC has a consistent modest disbursement rate at 66.3% and 76.4% from 2020-2021.

**TABLE 10**  
**DISBURSEMENT RATE BY AGENCY, 2020-2021**  
**(AMOUNTS IN MILLION PESOS)**

Particulars	2020			2021		
	Appropriations	Disbursements	Disbursement Rate (%) <sup>a/</sup>	Appropriations	Disbursements	Disbursement Rate (%) <sup>a/</sup>
OSEC	1,050.0	696.2	66.3	1,092.9	835.3	76.4
BOC	5,630.9	4,727.6	84.0	3,953.0	2,929.8	74.1
BIR	10,081.1	5,302.1	52.6	11,879.0	10,344.4	87.1
BLGF	279.6	252.1	90.2	414.6	276.4	66.7
BTr	27,807.1	21,849.9	78.6	40,977.5	39,017.8	95.2
CBAA	19.3	17.6	91.2	21.3	20.6	96.5
IC	333.8	314.6	94.3	361.8	321.2	88.8
NTRC	69.7	63.8	91.6	84.9	83.3	98.1
PMO	83.0	78.6	94.7	84.2	84.2	99.9
<b>Total DOF</b>	<b>45,354.4</b>	<b>33,302.5</b>	<b>73.4</b>	<b>58,869.3</b>	<b>53,913.0</b>	<b>91.6</b>

*a/ Disbursement rate – ratio of disbursements to appropriations*  
Source: SAAODB 2020-2021, DBM

- 6.5 BTr has the highest levels of appropriations (P40.98 billion) and disbursements (P39.02 billion) with a disbursement rate of 95.2% in 2021. Note that they are even higher than the 2020 levels by P13.17 billion and P17.17 billion, respectively.

- 6.6 Table 11 shows both the OARs and DARs of eight (8) major DOF programs in 2021. A low OAR indicates that the agency was not able to maximize the use of its appropriation, while a low DAR means that a huge part of appropriations was not settled/disbursed during the fiscal year and have to be carried as accounts payable in the succeeding year.
- 6.7 Among the major programs, the BTr's Financial Asset Management Program and Debt and Risk Management Program registered the lowest OARs at 79.3% and 76.5%, respectively, as well as the lowest DARs at 79.2% and 72.7%, respectively. Note that their appropriations are even way below compared to other programs (i.e., at P70.7 million and P58.1 million, respectively).
- 6.8 The Revenue Administration Program (BIR) which received the biggest budget of P8.15 billion posted a 94.5% OAR but a relatively lower DAR of 84%. Likewise, the Customs Revenue Enhancement Program (BOC) with an appropriation of P1.59 billion registered a higher OAR of 90.9% compared to its DAR of only 81.6%.

**TABLE I I**  
**BUDGET UTILIZATION BY MAJOR PROGRAM, 2021**  
**(AMOUNTS IN MILLION PESOS)**

Implementing Agency/Program	Appropriations	Obligations	Disbursements	Obligation Rate (%) <sup>a/</sup>	Disbursement Rate (%) <sup>b/</sup>
BIR: Revenue Administration Program	8,148.5	7,702.9	6,846.8	94.5	84.0
BOC: Customs Revenue Enhancement Program	1,591.4	1,445.8	1,299.2	90.9	81.6
BOC: Customs Border Protection and Control and Clearance Program	545.7	529.8	490.5	97.1	89.9
BTr: NG Accounting Program	384.3	367.7	366.8	95.7	95.4
OSEC: Financial Sustainability and Revenue Strengthening Program	228.3	197.7	181.0	86.6	79.3
OSEC: Asset and Liability Management Program	141.4	122.5	111.1	86.6	78.6
BTr: Financial Asset Management Program	70.7	56.1	56.0	79.3	79.2
BTr: Debt and Risk Management Program	58.1	44.4	42.2	76.5	72.7

*a/ Obligation rate – ratio of obligations to appropriations*  
*b/ Disbursement rate – ratio of disbursements to appropriations*  
*Source: 2021 SAAODB (FAR No. 1 in Transparency Seal)*

### ***Performance Indicators***

- 6.9 Table 12 presents the performance of four (4) major programs measured by select outcome and output indicators. “Outcome indicators” refer to any change, effect, or result brought by an agency’s program or strategies upon individuals, social structures, or physical environment. Meanwhile, “output indicators” refer to any good or service that an agency delivers to a target population or client group external to the agency.

**TABLE 12**  
**PERFORMANCE INDICATORS OF MAJOR PROGRAMS, 2021-2023**

Program	2021		2022 Target	2023 Target
	Target	Actual		
<b>Revenue Administration Program (BIR)</b>				
<i>Outcome Indicators</i>				
Percentage increase in the number of registered business taxpayers	5% increase	5.14%	3% increase	3% increase
<i>Output Indicators</i>				
Filing of Run After Tax Evaders (RATE) cases at DOJ	36 cases/year	137 cases	36 cases/year	36 cases/year
Audit effort	3% of total collection goal	3.88% of total collection goal	3% of total collection goal	3% of total collection goal
Collection performance	Attained +/- 2% of assigned goal	100.24%	+/- 2% of assigned goal	+/- 2% of assigned goal
<b>Financial Asset Management Program (BTr)</b>				
<i>Outcome Indicator</i>				
Fund the total government cash requirement to be negotiated daily with LBP	100%	100%	100%	100%
<b>Customs Revenue Enhancement Program (BOC)</b>				
<i>Outcome Indicators</i>				
Percentage increase in revenue collection	11.6%	2.4%	7%	8.9%
Proper/efficient examination and appraisal of imported goods resulted to additional revenues	3%	4.04%	3.20%	3.40%
Apprehension of smuggling activities	60	430	120	130
<i>Output Indicators</i>				
Amount of duties and taxes collected and percentage to BESF targets	P695,178M (100%)	P645,765M (104.2%)	P671,659M	P731,482M
Percentage of imported goods cleared within ten (10) days from filing of import declaration	96.61%	96.66%	96.61%	96.60%
Number of cases filed under the Bureau's Action Team Against Smugglers (BATAS) Program within fifteen (15) days	24 cases	103 cases	36 cases	48 cases
<b>Customs Border Protection and Cargo Control and Clearance Program (BOC)</b>				
<i>Outcome Indicators</i>				
Percentage of enforcement actions undertaken resulting to seizures	2%	595.78%	150%	155%
Percentage of cargo clearance process improved	2%	-1.27%	2%	2%
Apprehension of anti-social goods from illegal drugs, counterfeit goods, product of environment crimes, etc.	55	639	260	266
<i>Output Indicators</i>				
Number of enforcement actions (alerts) undertaken	960	435	220	216
Percentage of shipment selected and physically examined or x-rayed	2%	2%	2%	2%
Number of cases of anti-social goods seized	50	580	220	216

Source: NEP 2023

- 6.10 *Revenue Administration Program (BIR)*. In 2021, the bureau exceeded its target increase in the number of registered business taxpayers (5%) by 0.14 percentage point. According to the Taxpayers Service Program and Monitoring Division, as reported in the BIR Annual Report 2021, there are 45,940,223 registered taxpayers as of 31 December 2021---broken down as follows: individual taxpayers (26,828,849); corporate taxpayers (1,207,358); marginal income earners<sup>6</sup> (223,917); one-time taxpayers (5,970,339); estate (85,518); trust (4,488); and others<sup>7</sup> (11,619,754). For 2022-2023, BIR decreased its target to 3%.
- 6.11 There were 137 Run After Tax Evaders (RATE) cases filed at the Department of Justice in 2021, which is higher compared to target of 36 cases. Likewise, audit effort as a ratio of total collection goal was 0.88 percentage point higher than the target of 3%. Actual BIR tax collection in 2021 was P2.08 trillion which was P173.9 billion or 9.1% higher than the original (BESF) target of P1.9 trillion. As stated in the President's Budget Message 2023, revenue effort is increasing from this year's 15.2% of GDP to the target of 17.6% of GDP by 2028, and this can be further achieved through tax policies and tax administration reforms.
- 6.12 *Financial Asset Management Program (BTr)*. It was noted that the 100% target to fund the total government cash requirement to be negotiated daily with the Land Bank of the Philippines was fully met in 2021.
- 6.13 Part of the digitalization effort is the institutionalization of the Budget and Treasury Management System (BTMS). It is developed by the DBM together with the DOF and the Commission on Audit (COA). It will serve as a centralized database to facilitate the generation of vital information on all aspects of government financial transactions. Through this platform, all transactions will be mapped in real-time, from purchase to payment. BTMS will not only make the process more efficient and transparent, it will also provide good and solid data to ensure informed decision-making, as well as allow secure and seamless access to public services. It also lays the groundwork for expanding the platform to later integrate planning, post-evaluation and audit processes in its coverage (*The President's Budget Message, 2023*).
- 6.14 *Customs Revenue Enhancement Program (BOC)*. Instead of an increase in revenue collections by 11.6% in 2021, the BOC posted only 2.4%. In nominal terms, actual duties and taxes collected amounted to P645.77 billion which was P26.27 billion or 4.2% higher compared to original (BESF) target of P619.5 billion.
- 6.15 Actual apprehension of smuggling activities (430) exceeded the target (60). However, a more appropriate outcome indicator would be the amount of revenues generated as a result of the apprehensions. Similarly, the number of cases (103) filed within 15 days under the Bureau's Action Team Against Smugglers (BATAS) was greater than the set target (24).

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<sup>6</sup> Marginal Income Earners are self-employed individuals and are earning P100,000 or below yearly.

<sup>7</sup> Others pertain to those covered under EO 98 or government to government transactions such as application for government permits, licenses, clearances, official papers/ documents.

The accomplishment would be more meaningful if there is a complementary indicator on the number of cases decided in favor of the government and the amount of revenues generated.

- 6.16 *Customs Border Protection and Cargo Control and Clearance Program (BOC)*. It was noted that the target set for enforcement actions or alerts undertaken is on declining trend---from 960 (2021) to 220 (2022) and 216 (2023). Actual number of enforcement actions or alerts undertaken in 2021 was at 435.
- 6.17 The actual number of apprehensions of anti-social goods from illegal drugs, counterfeit goods, etc. (639) was way above the set target (55). Likewise, number of cases of anti-social goods seized (580) was way above its target of 50. As mentioned earlier, performance should also be measured in terms of tax revenues generated as a result of such activities.

## VII. COA FINDINGS AND RECOMMENDATIONS

- 7.1 The Commission on Audit (COA) is mandated to ensure the integrity of fiscal and financial transactions of government. Results of audits are contained in the Annual Audit Report (AAR) for each audited agency, copies of which are publicly available at the COA website.

**TABLE 13**  
**STATUS OF IMPLEMENTATION OF COA RECOMMENDATIONS**  
**(AS OF 31 DECEMBER 2021)**

Particulars	Total	Implemented		Not Implemented	
		Number	(%)	Number	(%)
OSEC	30	16	53.3	14	46.7
BOC	72	32	44.4	40	55.6
BIR	120	47	39.2	73	60.8
BLGF	52	23	44.2	29	55.8
BTr (NG)	201	73	36.3	128	63.7
BTr (Proper)	101	66	65.3	35	34.7
AMLC	14	8	57.1	6	42.9
CBAA	6	5	83.3	1	16.7
IC	15	11	73.3	4	26.7
MDFO	8	4	50.0	4	50.0
NTRC	5	5	100.0	-	-
PMO	21	5	23.8	16	76.2
SEC	24	11	45.8	13	54.2

Source: Annual Audit Reports 2021 (Part 3)

- 7.2 Among the DOF agencies, the BTr (NG) has the highest number of recommendations (128 or 63.7% of total) that are yet to be implemented as of 31 December 2021 (*Table 13*). Likewise, the BIR and BOC have large percentage of unimplemented prior years'

recommendations (60.8% or 73 recommendations) and (55.6% or 40 recommendations), respectively.

7.3 Privatization and Management Office (PMO) has the highest percentage (76.2%) of recommendations that are due for implementation, albeit the number involved is only low (16 recommendations). On the other hand, NTRC has 100% implementation rate of the COA recommendations.

7.4 Among the prior years' audit findings and recommendations that are yet to be addressed by the DOF agencies as of 31 December 2021 are as follows:

- ❑ Unrecognized/unreconciled Property Plant and Equipment (PPE) reported in the Report on the Physical Count of PPE (RPCPPE), unrecognized donated properties, erroneous recognition/computation of expenses, erroneous recording/classification of assets and expenses, and unreconciled differences between accounting and property records (OSEC, BIR, BLGF, and BTr-Prop);
- ❑ Non-disposal of unserviceable PPEs and uninsured PPEs (BIR, BLGF, BTr-Prop, SEC and AMLC);
- ❑ Unliquidated fund transfers to GOCCs within the prescribed period (OSEC);
- ❑ Unremitted trust receipts/collections to the National Treasury amounting to P1.05 billion (BOC);
- ❑ Unaccounted/unremitted unused advances to the National Treasury amounting to P488,602.40 (BOC);
- ❑ Uncollected Internal Revenue Documentary Stamp (IRS) Tax totaled to P21.59 million (BOC);
- ❑ Weak compliance of the CMTA guidelines, specifically on the assessment of entries, and auction/disposal of goods forfeited or seized (BOC);
- ❑ Unverified remittances of the idle/unutilized funds of the NGAs (BTr-NG)
- ❑ Various accounting errors, erroneous balances, unadjusted/unreconciled/unresolved accounts or accounting deficiencies (OSEC, BOC, BIR, BLGF, BTr-NG, BTr-Prop, and PMO);
- ❑ Unrecognized actual receipts and disbursements in the Financial Statements and Financial Accountability Reports (BTr-NG);
- ❑ Unfilled positions in the different divisions of the Accounting Service resulted in the delayed submissions of various accounting and financial reports affecting the timely verification of the transactions and communications of the results thereof (BTr-Prop);
- ❑ Unfinalized Gender and Development (GAD) database and analysis, unaccomplished/partially accomplished planned GAD activities due to the pandemic, and reporting deficiencies in the GAD Plan and Budget and Accomplishment Report, GAD budget not fully utilized (BOC, BIR, BLGF, and BTr-Prop);
- ❑ Non-formulation of plans for Senior Citizens and Persons with Disabilities (BOC, and BLGF); and
- ❑ Unremitted balances due to GSIS, PAG-IBIG and PhilHealth (SEC).

## REFERENCES

Agency Budget Notes, Department of Finance (For FY 2022), Congressional Policy and Budget Research Department (CPBRD), House of Representatives, September 2021  
Budget of Expenditures and Sources of Financing 2023, DBM  
COA Annual Audit Reports 2021 ([www.coa.gov.ph](http://www.coa.gov.ph))  
General Appropriations Act FY 2021-2022, DBM  
National Expenditure Program FY 2021-2023, DBM  
Philippine Development Plan 2017-2022, NEDA  
President's Budget Message FY 2023  
Staffing Summary 2022-2023  
Statement of Appropriations, Allotments, Obligations, Disbursements, and Balances 2020-2021 (DBM) and FAR No. 1 (as of 31 December 2021) available at Agency's Transparency Seal  
Status of COVID-19 Releases, as of 31 December 2021, DBM



## ANNEX - SOURCES OF FUNDS, 2021-2023

### OFFICE OF THE SECRETARY

Particulars	Amounts (in Million Pesos)		
	2021	2022	2023
<b>New General Appropriations</b>	<b>832.6</b>	<b>1,084.6</b>	<b>1,031.9</b>
<b>Automatic Appropriations</b>	<b>142.6</b>	<b>40.1</b>	<b>42.0</b>
Grant Proceeds	103.9		
RLIP	38.7	40.1	42.0
<b>Continuing Appropriations</b>	<b>71.7</b>	<b>45.4</b>	
Unobligated Releases for CO			
RA 11465	15.0		
RA 11518		6.7	
Unobligated Releases for MOOE			
RA 11465	53.6		
RA 11518		38.7	
Unobligated Releases for PS			
RA 11465	3.1		
<b>Budgetary Adjustments</b>	<b>46.0</b>		
<i>Transfers from:</i>			
Miscellaneous Personnel Benefits Fund	54.0		
Pension and Gratuity Fund	1.7		
<i>Transfer to: Overall Savings: RA 11465</i>	(9.7)		
<b>Total Available Appropriations</b>	<b>1,092.9</b>	<b>1,170.1</b>	<b>1,073.9</b>
<b>Less: Unused Appropriations</b>	<b>123.3</b>	<b>45.4</b>	<b>-</b>
Unobligated Allotment	123.3	45.4	
<b>Total Obligations</b>	<b>969.6</b>	<b>1,124.7</b>	<b>1,073.9</b>

Source: NEP 2023

### BUREAU OF CUSTOMS

Particulars	Amounts (In Million Pesos)		
	2021	2022	2023
<b>New General Appropriations</b>	<b>2,579.6</b>	<b>3,137.0</b>	<b>4,435.6</b>
<b>Automatic Appropriations</b>	<b>943.4</b>	<b>494.8</b>	<b>1,568.8</b>
RLIP	142.7	147.3	153.4
Special Account	800.7	347.4	1,415.4
<b>Continuing Appropriations</b>	<b>166.9</b>	<b>179.2</b>	
Unreleased Appropriation for CO			
RA 11465	41.6		
Unobligated Releases for CO			
RA 11465	40.6		
RA 11518		103.9	
Unobligated Releases for MOOE			
RA 11465	84.8		
RA 11518		75.4	
<b>Budgetary Adjustments</b>	<b>263.1</b>		
<i>Transfers from:</i>			
Miscellaneous Personnel Benefits Fund	227.1		
Pension and Gratuity Fund	4.5		
Unprogrammed Appropriation: Support to Foreign-Assisted Projects	31.5		
<b>Total Available Appropriations</b>	<b>3,953.0</b>	<b>3,811.0</b>	<b>6,004.4</b>
<b>Less: Unused Appropriations</b>	<b>348.9</b>	<b>179.2</b>	
Unreleased Appropriations	41.6		
Unobligated Allotment	307.4	179.2	
<b>Total Obligations</b>	<b>3,604.1</b>	<b>3,631.8</b>	<b>6,004.4</b>

Source: NEP 2023

### BUREAU OF INTERNAL REVENUE

Particulars	Amounts (In Million Pesos)		
	2021	2022	2023
<b>New General Appropriations</b>	<b>9,934.0</b>	<b>11,122.0</b>	<b>12,446.7</b>
<b>Automatic Appropriations</b>	<b>631.2</b>	<b>644.0</b>	<b>700.3</b>
Customs Duties and Taxes, including Expenditures	9.8		
RLIP	621.4	644.0	700.3
<b>Continuing Appropriations</b>	<b>337.9</b>	<b>371.4</b>	
Unobligated Releases for CO			
RA 11465	20.4		
RA 11518		87.0	
Unobligated Releases for MOOE			
RA 11465	278.0		
RA 11518		276.6	
Unobligated Releases for FinEx			
RA 11465	31.5		
RA 11518		7.9	
Unobligated Releases for PS			
RA 11465	7.8		
<b>Budgetary Adjustments</b>	<b>975.9</b>		
<i>Transfers from:</i>			
Miscellaneous Personnel Benefits Fund	932.8		
Pension and Gratuity Fund	62.3		
<i>Transfers to: Overall Savings: RA 11465</i>	(19.2)		
<b>Total Available Appropriations</b>	<b>11,879.0</b>	<b>12,137.4</b>	<b>13,147.1</b>
<b>Less: Unused Appropriations</b>	<b>523.4</b>	<b>371.4</b>	
Unobligated Allotment	523.4	371.4	
<b>Total Obligations</b>	<b>11,355.6</b>	<b>11,766.0</b>	<b>13,147.1</b>

Source: NEP 2023

### BUREAU OF THE TREASURY

Particulars	Amounts (In Million Pesos)		
	2021	2022	2023
<b>New General Appropriations</b>	<b>2,158.9</b>	<b>4,229.5</b>	<b>4,180.6</b>
<b>Automatic Appropriations</b>	<b>37,689.3</b>	<b>41.2</b>	<b>44.1</b>
Grant Proceeds	6.5		
Customs Duties and Taxes, including Tax Expenditures	27,640.8		
RLIP	42.0	41.2	44.1
Special Account	10,000.0		
<b>Continuing Appropriations</b>	<b>3,455.1</b>	<b>828.0</b>	
Unobligated Releases for CO			
RA 11465	988.5		
RA 11518		380.7	
Unobligated Releases for MOOE			
RA 11465	2,059.9		
RA 11518		142.9	
Unobligated Releases for FinEx			
RA 11465	402.1		
RA 11518		304.4	
Unobligated Releases for PS			
RA 11465	4.6		
<b>Budgetary Adjustments</b>	<b>(2,325.9)</b>		
<i>Transfers from:</i>			
Miscellaneous Personnel Benefits Fund	44.6		
Pension and Gratuity Fund	5.2		
<i>Transfers to: Overall Savings: RA 11465</i>	(2,375.6)		
<b>Total Available Appropriations</b>	<b>40,977.5</b>	<b>5,098.7</b>	<b>4,224.6</b>
<b>Less: Unused Appropriations</b>	<b>1,833.7</b>	<b>828.0</b>	
Unobligated Allotment	1,833.7	828.0	
<b>Total Obligations</b>	<b>39,143.9</b>	<b>4,270.7</b>	<b>4,224.6</b>

Source: NEP 2023

### INSURANCE COMMISSION

Particulars	Amounts (In Million Pesos)		
	2021	2022	2023
<b>New General Appropriations</b>	0.0	0.0	0.0
<b>Automatic Appropriations (Special Account)</b>	361.8	389.8	485.1
<b>Continuing Appropriations</b>	0.0		
Unobligated Releases for PS			
RA 11465	0.0		
<b>Budgetary Adjustments</b>	(0.0)		
<b>Total Available Appropriations</b>	361.8	389.8	485.1
<b>Less: Unused Appropriations</b>	5.0		
Unobligated Allotment	5.0		
<b>Total Obligations</b>	356.8	389.8	485.1

Source: NEP 2023