



Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT
Malacañang, Manila



LOCAL BUDGET CIRCULAR

No. 104
Date March 7, 2014

F O R : All Local Government Units, Local Budget Officers, Heads of Local Accounting Units and All Others Concerned

SUBJECT : **GUIDELINES ON THE RELEASE AND UTILIZATION OF FUNDS CHARGEABLE AGAINST THE LOCAL GOVERNMENT SUPPORT FUND FOR FY 2014**

1.0 LEGAL BASIS

Pursuant to (R.A.) No. 10633 or the FY 2014 General Appropriations Act (GAA), the Local Government Support Fund (LGSF) shall be used to fund priority programs and projects of local government units (LGUs).

2.0 BACKGROUND

- 2.1 The LGSF under the FY 2014 GAA has a total appropriation of P405 Million;
- 2.2 The implementation of the Special Provision (SP) on the use of the Fund was, among others, included in the President's Veto Message to the FY 2014 GAA under conditional implementation;
- 2.3 The release of the Fund shall be subject to guidelines to be issued by DBM to ensure the consistent and equal treatment of LGUs availing of the Fund without preference to the LGUs identified in the SP.

3.0 PURPOSE

- 3.1 To provide the guidelines on the release and utilization of LGSF under R.A. No. 10633 or the FY 2014 GAA.
- 3.2 To enhance transparency and accountability in the release and utilization of the LGSF.

4.0 GENERAL GUIDELINES

- 4.1 The LGSF shall be used to fund the programs and projects to be undertaken by provinces, cities, municipalities, and barangays from the Project Menu of the Fund hereby attached as Annex A.
 - 4.1.1 The LGU request for release of the fund shall be supported with Sanggunian Resolution and list of projects to be submitted by the Local Chief Executives (LCEs);

- 4.1.2 Projects to be funded under the LGSF shall be implemented by Local Government Units (LGUs) and shall be released to the DBM-Regional Offices (DBM-ROs) as conduit of the Fund;
- 4.1.3 The amount shall be treated as a trust fund for the purpose/s identified by LCEs
- 4.2 The Fund shall not be used for the payment of personal services expenditures (i.e. payment of salaries including honoraria, allowances, bonus and similar forms of compensation).
- 4.3 The LGUs shall submit to DBM thru its Regional Offices (ROs) a report on the status of the project and utilization of the fund.
- 4.4 Utilization and disbursement of the fund shall be subject to existing accounting, budgeting, and auditing rules and regulations and in compliance with provisions of R.A. 9184 (Government Procurement Reform Act).

5.0 PROCEDURE FOR THE RELEASE OF THE FUND

- 5.1 Budget and Management Bureau – G, as the administrator of the lump-sum appropriations for releases to LGUs shall:
 - 5.1.1 Issue Special Allotment Release Orders (SAROs) to DBM-ROs to cover the release allotment.
 - 5.1.2 Issue the Notice of Cash Allocations (NCAs) corresponding to the requirement of LGUs for credit to the accounts of DBM-ROs.
- 5.2 The DBM-ROs shall:
 - 5.2.1 Upon receipt of the SARO, post the allotment in the Registry of Allotment and Obligation (RAO).
 - 5.2.2 Upon receipt of the Advice of NCA Issued (ANCAI), prepare the Obligation Request (ObR) and post the obligation in the RAO.
 - 5.2.3 Prepare the Authority to Debit Account (ADA) in accordance with DOF-DBM Joint Circular No. 2013-1 dated September 16, 2013.

6.0 MODIFICATION/S OF PROGRAM/S/PROJECT/S

- 6.1 Modifications of programs/projects may be allowed within the one-year validity of the appropriations and under the following conditions:
 - 6.1.1 The revised program/project is within the LGSF Project Menu; and
 - 6.1.2 The allotment being requested for modification has not been obligated in the books of accounts of the LGU.

6.2 Request for modifications shall be supported with the following:

- 6.2.1 A written request from LCE;
- 6.2.2 Endorsement of the Sanggunian;
- 6.2.3 Written reason/justification for the modification/s and certification of non-implementation of the original project; and
- 6.2.4 Certification of availability of funds from the local treasurer, duly noted by the LCE concerned.

7.0 POSTING REQUIREMENTS

7.1 LGUs shall be responsible for ensuring that the following information, as may be applicable, are posted on their respective official websites:

- 7.1.1 All releases and modifications under this fund;
- 7.1.2 Projects identified and names of LCE;
- 7.1.3 Names of project beneficiaries and/or recipients;
- 7.1.4 Any authorized modification;
- 7.1.5 Status of project implementation; and
- 7.1.6 Program/project evaluation and/or assessment reports

Moreover, for any procurement to be undertaken using this fund, implementing LGUs shall likewise post on the Philippine Government Electronic Procurement System all invitations to bid, names of participating bidders with their corresponding bids, and awards of contract.

7.2 Aside from their websites, the posting of LGSF releases shall be made in at least three (3) publicly accessible and conspicuous places in LGU consistent with the provision of the Local Government Code of 1991, or, to be published in a newspaper of general circulation in the territorial jurisdiction of the LGU concerned pursuant to the full disclosure policy of the Department of the Interior and Local Government (DILG).

8.0 ACCOUNTABILITY

The implementing local government unit shall be accountable for the implementation of the program/s and/or project/s subject to existing budgeting, accounting, auditing rules and regulations.

9.0 ITEMS FOR RESOLUTION

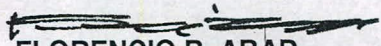
Cases not covered by the provisions of this Circular shall be referred to the DBM for appropriate action.

10.0 REPEALING CLAUSE

All issuances that are inconsistent with this Circular are hereby rescinded/superseded accordingly.

11.0 EFFECTIVITY

This Circular shall take effect immediately.


FLORENCIO B. ABAD
Secretary

PROJECT MENU (ANNEX A)

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