



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
MALACAÑANG, MANILA

LOCAL BUDGET CIRCULAR

No. 107
August 12, 2015

For : Local Chief Executives, Members of the Local Sanggunian, Local Budget Officers, Local Treasurers, Local Planning and Development Officers, Local Accountants, and All Others Concerned

Subject : **GUIDELINES ON THE RELEASE AND UTILIZATION OF FUNDS CHARGEABLE AGAINST THE LOCAL GOVERNMENT SUPPORT FUND FOR FY 2015**

1.0 LEGAL BASIS

Pursuant to Republic Act (RA) No. 10651 (FY 2015 General Appropriations Act [GAA]), the Local Government Support Fund (LGSF) shall be used for financial subsidy to local government units (LGUs).

2.0 BACKGROUND

2.1 The LGSF under the FY 2015 GAA has a total appropriation of Three Billion One Hundred Twenty Eight Million Nine Hundred Fifty Five Thousand Pesos (P3,128,955,000) to be used as follows:

2.1.1 Two Hundred Million Pesos (P200,000,000) for financial assistance to LGUs to support various priority programs/projects of LGUs;

2.1.2 Two Billion Eight Hundred Twenty Eight Million Nine Hundred Fifty Five Thousand Pesos (P2,828,955,000) for Bottom-up Budgeting (BuB) Projects and shall be implemented by qualified LGUs identified under Volume I of the FY 2015 GAA (Table A – LGUs List of Priority Poverty Reduction Projects FY 2015 BuB Project Pages 863-1161); and

2.1.3 One Hundred Million Pesos (P100,000,000) to cover any deficiency in the Internal Revenue Allotment (IRA) shares of LGUs in view of valid adjustments, changes, modifications or alterations in any of the factors affecting the computation of IRA that occurred or happened, including final and executory court decisions made effective during the fiscal year, which shall be implemented by DBM upon receipt of the notice of said adjustments.

2.2 The Special Provision (SP) on the use of the LGSF was included in the President's Veto Message to the FY 2015 GAA under conditional implementation.

2.3 The release of the Fund shall be subject to the guidelines issued for the purpose.

3.0 PURPOSE

To prescribe the guidelines and procedures in the release and utilization of the a) P200,000,000 financial assistance to LGUs to support various priority programs/projects; and b) P100,000,000 to cover payment of IRA deficiencies resulting from valid adjustments, changes and modifications or alterations in any of the factors affecting the IRA computation in accordance with R.A. No. 10651 (FY 2015 GAA).

On the other hand, the release and utilization of the amount allocated for BuB projects as referred to under Item No. 2.1.2 of this Circular shall be governed by DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 6 dated February 27, 2015, entitled, "Policy Guidelines and Procedures in the Implementation of the Bottom-Up Budgeting Projects for FY 2015."

4.0 GUIDELINES

4.1 FOR FINANCIAL ASSISTANCE TO LGUs TO SUPPORT VARIOUS PRIORITY PROGRAMS AND PROJECTS

4.1.1 The amount of P200,000,000 shall be used to fund the programs/ projects to be undertaken by provinces, cities, municipalities and barangays consistent with the Project Menu hereto attached as Annex A.

4.1.1.1 The request for financial assistance shall be submitted by the local chief executive to the DBM, supported by a list of programs/projects to be implemented and Sanggunian Resolution endorsing the said request and list of programs/projects.

4.1.1.2 The programs/projects to be funded from the LGSF shall be implemented by the LGUs.

4.1.1.3 The amount received by the LGU from the LGSF shall be treated as trust fund for the purpose/s identified.

4.1.2 The Fund shall not be used for the payment of Personal Services expenditures (i.e., payment of salaries, including honoraria, allowances, bonuses, and similar forms of compensation).

4.1.3 The utilization and disbursement of the fund by the LGU shall be subject to existing accounting, budgeting and auditing rules and regulations and in compliance with provisions of R.A. No. 9184 (The Government Procurement Reform Act).

4.2 FOR DEFICIENCIES IN THE IRA SHARES OF LGUs

4.2.1 The amount of P100,000,000 shall be used to cover any deficiency in the IRA shares of LGUs in view of valid adjustments, changes, modifications or alterations in any of the factors affecting the computation of IRA that occurred or happened, including final and executory court decisions made effective during the fiscal year, which shall be implemented by DBM upon receipt of the notice of said adjustments.

- 4.2.1.1 The basis of determining any deficiency in the IRA shares of LGUs shall be the final masterlist of land area issued by the Land Management Bureau, as validated by the Department of the Interior and Local Government (DILG) and National Mapping Resources Information Authority and/or presidential proclamation declaring the latest revised population count. For adjustments resulting from court decisions, the same shall be based on final and executory judgments.
- 4.2.1.2 Given the limited appropriations under the FY 2015 GAA, valid adjustments requiring more than the amount provided therein can only be recognized and implemented in the succeeding year.

5.0 POSTING/REPORTING REQUIREMENTS

- 5.1 The recipient LGU shall prepare quarterly reports on fund utilization and status of program/project implementation using the attached format (Annex B), and said reports shall be posted within twenty (20) days from the end of each quarter in the LGU's website, and in at least three (3) conspicuous public places in the locality for transparency and accountability, consistent with the Full Disclosure Policy of the DILG.
- 5.2 Likewise, the recipient LGUs shall comply with the posting requirements prescribed under R.A. No. 9184.

6.0 RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the implementation of programs/projects and proper utilization and disbursement of the LGSF shall rest upon the LCE and other local officials concerned. It is also the responsibility of the said local officials to ensure that the LGU share is utilized strictly in accordance with applicable budgeting, accounting, and auditing rules and regulations, and pertinent provisions of R.A. No. 9184.

7.0 ITEMS FOR RESOLUTION

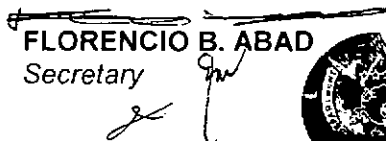
Cases not covered by the provisions of this Circular shall be referred to the DBM for appropriate action.


8.0 REPEALING CLAUSE

All issuances that are not consistent with this Circular are hereby rescinded/superseded accordingly.

9.0 EFFECTIVITY

This Circular shall take effect immediately.


FLORENCIO B. ABAD
Secretary



PROJECT MENU

Program/Project	Requirements
<p><u>HEALTH</u> Assistance to Indigent Patients Either Confined or Out-Patients (including professional fees)</p>	<p>1) Name of recipient government hospital</p>
<p><u>SOCIAL SERVICES</u> Assistance to indigent individuals/families</p>	<p>1) Type of assistance/service to be rendered 2) Estimated number of recipients/beneficiaries</p>
<p><u>PEACE AND ORDER/SECURITY</u> Heavy Duty Rescue Vehicles and Equipment including Rubber Boats</p>	<p>1) Type/specifications 2) Number of units 3) Deployment</p>
<p><u>PUBLIC INFRASTRUCTURE PROJECTS</u> A. Construction/Rehabilitation/Repair/Improvement of the following: Local Roads and Bridges Public Markets/Slaughterhouses/Multi-Purpose Buildings/Multi-Purpose Pavements, Pathways and Footbridges Police, Jail, and Fire Stations Flood Control Water Supply System – Level III (Pipe water supply with private water point e.g. house connection) B. Purchase/Installation of Pipes/Pumps/Tanks, Water Supply System Development for Local Water Districts</p>	<p>1) Scope of work 2) Location 3) Estimated cost 4) Endorsement letter from DPWH covering technical capability of LGUs for project costing more than P10.0 Million</p> <p>1) Location 2) Estimated cost</p>

Local Government Support Fund
Report on Fund Utilization and Status of Program/Project Implementation
For the Quarter Ended _____

Fund Source	Date of Notice of Authority to Debit Account Issued (NADAI)	Type of Program/Project	Name/Title of Program/Project	Specific Location	Mechanism/ Mode of Implementation	Estimated Number of Beneficiaries	Amount			Estimated Period of Completion	Program/Project Status
							Received	Obligation	Disbursement		

Prepared by: The Local Finance Committee (LFC)

Attested by:

Local Budget Officer

Local Chief Executive

Local Treasurer

Local Planning and Development Coordinator

Instructions:

1. The report shall be prepared by the LFC in coordination with the other local officials concerned (e.g., local accountant on the allotment, obligation and disbursements; local engineer on the status of infrastructure projects, as may be applicable).
2. The fund source shall be based on the NADAI issued by the DBM to LGUs.
3. The type of program/project shall be identified consistent with the Project Menu in the Annex A of this Circular.
4. Amount received refers to the amount received by the LGU; it is the amount indicated in the NADAI. Obligation refers to the total amount obligated by the LGU as of reporting period. Disbursement refers to the total amount paid by the LGU as of reporting period.
5. The estimated period of completion refers to the projected date (month and year) to complete the program/project.
6. The status of programs/projects refers to the percentage of physical completion as of reporting period.