



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

LOCAL BUDGET CIRCULAR

No. 109
Date: March 17, 2016

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

Subject : **GUIDELINES ON THE RELEASE AND UTILIZATION OF THE FY 2016 LOCAL GOVERNMENT SUPPORT FUND (LGSF)-FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS (LGUs)**

1.0 BACKGROUND

Local governments confront rising public expectations regarding the delivery of services. Despite two decades of implementation of Republic Act (RA) No. 7160 (*Local Government Code of 1991*), however, local governments still face the various challenges in the exercise of their devolved service delivery functions. Foremost among these is the raising of sufficient funds for local development.¹

Cognizant of the need to provide further support to the LGUs to enable them to fully carry out functions devolved to them while at the same time, building their capacity towards genuine fiscal autonomy, the National Government has scaled up its efforts to ensure meaningful devolution.

To this end, the LGSF was included in RA No. 10717 or the FY 2016 General Appropriations Act (GAA) to cover the following:

- a. Financial Assistance to LGUs, which shall support priority programs and projects of LGUs;
- b. Bottom-up Budgeting Projects; and
- c. Rehabilitation and Upgrading of Provincial Roads.

2.0 PURPOSE

To prescribe the guidelines and procedures in the release and utilization of the LGSF-Financial Assistance to LGUs, and ensure its sound utilization and timely release.

3.0 REQUIREMENTS FOR USE AND RELEASE OF THE LGSF-FINANCIAL ASSISTANCE TO LGUs

- 3.1 The LGSF-Financial Assistance to LGUs shall be used to fund the priority programs and/or projects that are included in the Project Menu attached hereto as Annex A.

6.0 RESPONSIBILITY AND ACCOUNTABILITY

The LCE and other local officials concerned shall be responsible and accountable in the proper disbursement and utilization of the LGSF-Financial Assistance to LGUs for the implementation of eligible programs and/or projects, including compliance with pertinent provisions of RA No. 9184, as well as accounting, budgeting and auditing rules and regulations.

7.0 ISSUES FOR RESOLUTION


Interpretation of the provisions in this Circular, including cases not covered herein shall be referred to the DBM for final resolution.

8.0 REPEALING CLAUSE

All provisions in existing guidelines that are not consistent with this Circular are hereby revised, modified and/or repealed accordingly.

9.0 EFFECTIVITY

This Circular shall take effect one day after its publication.


FLORENCIO B. ABAD
Secretary



- 3.2 The local chief executive (LCE) shall submit a request for financial assistance to the DBM, supported by the following:

3.2.1 List of priority programs and/or projects to be implemented; and

3.2.2 Sanggunian Resolution endorsing the requested list of programs and/or projects.

The programs and/or projects to be funded from the LGSF-Financial Assistance to LGUs shall be implemented by the provinces, cities, municipalities and barangays themselves.

- 3.3 Disbursement and utilization by the LGUs shall be subject to pertinent provisions of RA No. 9184, as well as applicable accounting, budgeting and auditing rules and regulations.

- 3.4 Similar with the release procedure for LGU special shares under Section 93 of the General Provisions in the FY 2016 GAA, the LGSF-Financial Assistance to LGUs shall be released directly by the Bureau of the Treasury (BTr) to the LGU beneficiaries through authorized government servicing banks upon receipt of, and consistent with the purposes indicated under, the corresponding Special Allotment Release Order and Advice of Notice of Cash Allocation Issued by the DBM to the BTr.

4.0 PROHIBITIONS IN THE USE OF THE LGSF-Financial Assistance to LGUs

The amount received by the LGU from the LGSF-Financial Assistance to LGUs shall not be used:

- 4.1 For any purpose other than the programs and/or projects for which the fund was released;
- 4.2 To augment funding for programs and/or projects already covered by the Bottom-up Budgeting Projects and Rehabilitation and Upgrading of Provincial Roads under the FY 2016 GAA; and
- 4.3 For the payment of Personal Services expenditures (i.e., payment of salaries, including honoraria, allowances, bonuses, and similar forms of compensation).

5.0 POSTING AND REPORTING REQUIREMENTS

The LGU-beneficiaries shall:

- 5.1 Prepare quarterly reports on fund utilization and status of program/project implementation using the attached format (Annex B), and post said reports on the LGUs' website, and in at least three (3) conspicuous public places in the locality within twenty (20) days from the end of each quarter, consistent with the Full Disclosure Policy of the Department of the Interior and Local Government; and
- 5.2 Comply with the posting requirements prescribed under RANo. 9184.

PROPOSED LGSF 2016 PROJECT MENU

Program/ Project	Requirements
<u>HEALTH</u> Assistance to indigent Patients Either Confined or Out-Patients (including professional fees)	1. Name of recipient government hospital
<u>SOCIAL SERVICES</u> Assistance to indigent individuals/families <ol style="list-style-type: none"> 1. Medical 2. Burial 3. Transportation 5. Food assistance 6. Cash for Work 7. Educational Assistance 	Project Profile/ Proposal Type of Assistance/ service to be rendered
<u>DISASTER RISK REDUCTION AND CLIMATE CHANGE ADAPTATION</u> 1. Heavy Duty Rescue Vehicles	1. Type/ Specifications 2. Number of Units 3. Deployment
<u>PUBLIC INFRASTRUCTURE PROJECTS</u> Construction/ Rehabilitation/ Repair/ Improvement of the following: <ol style="list-style-type: none"> 1. Local Roads and Bridges 2. Public Markets/ Slaughterhouses/ Multi-Purpose Buildings/ Multi-purpose Pavements, Pathways / Trails 3. Flood Control- drainage canals/ sea wall 4. Water Supply System- Level I/ Stand alone water points (e.g. handpumps, shallow wells, rain water collector) 	1. Program of Works Certified by Municipal/ DPWH Engineer 2. Location 3. Detailed Estimates and Detailed Engineering Design 4. For projects costing more than P10.0 Million Certification from DPWH DEO covering technical capability of LGUs 5. For requests for Water Supply System, Certification from DILG that the project is not included/ funded from other fund source such as SALINTUBIG, BUB and PAMANA.




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 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 as its share. 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.