



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

LOCAL BUDGET CIRCULAR

No. **130**

Date: **November 19, 2020**

To : Local Chief Executives, Members of the Local Sanggunian, Members of the Local Disaster Risk Reduction and Management Office, Local Budget Officers, Local Treasurers, Local Planning and Development Coordinators, Local Accountants, and All Others Concerned

Subject : **GUIDELINES ON THE RELEASE AND UTILIZATION OF THE FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS (LGUs), CHARGED AGAINST THE NATIONAL DISASTER RISK REDUCTION AND MANAGEMENT (NDRRM) FUND UNDER THE FY 2020 GENERAL APPROPRIATIONS ACT (GAA), REPUBLIC ACT (RA) NO. 11465**

1.0 LEGAL BASIS

Section 2 (I) of the Philippine Disaster Risk Reduction and Management Act of 2010 (RA No. 10121) declares that it is the policy of the State to "[r]ecognize and strengthen the capacities of LGUs and communities in mitigating and preparing for, responding to, and recovering from the impact of disasters."

Further, Section 22 of the same law provides that the NDRRM Fund shall be used for disaster risk reduction or mitigation, prevention and preparedness activities, such as, but not limited to, training of personnel, procurement of equipment, and capital expenditures. It can also be utilized for relief, recovery, reconstruction and other work or services in connection with natural or human-induced calamities which may occur during the budget year or those that occurred in the past two (2) years from the budget year. The same provision of the law further provides that the specific amount of the NDRRM Fund and the appropriate recipient agencies and/or LGUs shall be determined upon approval of the President of the Philippines in accordance with the favorable recommendation of the NDRRM Council.

Relative thereto, Special Provision No. 1 (a) of the NDRRM Fund under the FY 2020 GAA, RA No. 11465 provides that the amount of Php 7,500,000,000 shall be used for, among others, relief, recovery, reconstruction and other works or services in connection with natural or human-induced calamities which may occur during the current year, or those that occurred in the two (2) preceding years, subject to approval of the President of the Philippines who may take into consideration the recommendation of the NDRRM Council for local disasters or the appropriate agency for international crises.

5

2.0 PURPOSE

This Circular is being issued to prescribe the guidelines on the release and utilization of the financial assistance to LGUs, charged against the NDRRM Fund under the FY 2020 GAA, RA No. 11465.

3.0 GUIDELINES

- 3.1 Upon the approval of the President, the DBM shall allocate and release the financial assistance to the LGUs that were affected by calamities/disasters, charged against the NDRRM Fund under the FY 2020 GAA, RA No. 11465.

The amount of financial assistance to each LGU shall be based on the: (i) number of affected families/persons based on the reports of the Department of Social Welfare and Development; (ii) proportionate amount of damages incurred on infrastructure and agriculture sector based on the reports of the NDRRM Council; and (iii) proportionate amount of the FY 2020 Internal Revenue Allotment shares of the affected LGUs.

- 3.2 The corresponding Special Allotment Release Order and Notices of Cash Allocation (NCA) shall be released by the DBM to the Bureau of the Treasury (BTr) and Authorized Government Servicing Banks (AGSBs), respectively, consistent with the Department of Finance-DBM Joint Circular No. 2016-1 dated January 4, 2016.¹

- 3.3 Upon receipt of the Advice of NCA Issued, the BTr shall release the corresponding Advices to Debit Account (ADAs) to the AGBSs. In parallel, the BTr shall inform the beneficiary LGUs of their released allocations through the issuance of Notices of ADA Issued.

- 3.4 Consistent with item 5.2.1 of Commission on Audit (COA) Circular No. 2012-002 dated September 12, 2012,² the financial assistance to LGUs, charged against the NDRRM Fund, shall be treated as trust liability account named "Trust Liability-DRRM" in the Trust Fund books of the receiving LGUs. The LGUs concerned are hereby enjoined to fully comply with the other pertinent accounting and reporting guidelines as prescribed under the said COA Circular.

- 3.5 The financial assistance to LGUs, charged against the NDRRM Fund, shall be used for disaster risk reduction and management, such as disaster prevention and mitigation, disaster preparedness, disaster response, and disaster rehabilitation and recovery. The specific programs, projects, and activities (PPAs) that may be implemented by the beneficiary LGUs shall be consistent with those prescribed under item 5.0 of NDRRM Council-DBM-Department of the Interior and Local Government Joint Memorandum Circular No. 2013-1 dated March 25, 2013.³



¹ Guidelines for the Direct Release of Funds by the Bureau of the Treasury (BTr) to Local Government Units (LGUs) in FY 2016 and Thereafter

² Accounting and Reporting Guidelines for the Local Disaster Risk Reduction and Management Fund (LDRRMF) of Local Government Units (LGUs), National Disaster Risk Reduction and Management Fund (NDRRMF) Given to LGUs and receipt from Other Sources

³ Allocation and Utilization of the Local Disaster Risk Reduction and Management Fund (LDRRMF)

- 3.6 The PPAs and expenses to be charged against the financial assistance to LGUs, charged against the NDRRM Fund, shall be incorporated in the Local Disaster Risk Reduction and Management Plan and integrated in the approved Annual Investment Program of the beneficiary LGUs.
- 3.7 The financial assistance to LGUs, charged against the NDRRM Fund, may be utilized by the beneficiary LGUs until December 31, 2021. Funds which remain unutilized after December 31, 2021 shall be reverted to the National Treasury by the recipient LGUs. For this purpose, unutilized funds refer to the balances of the amount received by the LGU, which were not disbursed by the recipient LGU.
- 3.8 Disbursements and utilization of the financial assistance to LGUs, charged against the NDRRM Fund, shall be subject to the pertinent provisions of the Government Procurement Reform Act (RA No. 9184) and its Revised Implementing Rules and Regulations (IRR), and any relevant policies issued by the Government Procurement Policy Board (GPPB), as well as other applicable laws, and budgeting, accounting, and auditing rules and regulations.

4.0 POSTING AND REPORTING REQUIREMENTS

The beneficiary LGUs shall:

- 4.1 Comply with the posting requirements prescribed under RA No. 9184 and its 2016 Revised IRR, and all relevant policies issued by the GPPB;
- 4.2 Prepare a monthly statement on fund utilization and status of implementation of PPAs using the prescribed format (Annex A), and submit the same to the NDRRM Council consistent with Section 22 (d) of RA No. 10121;
- 4.3 Post the accumulated reports on the LGU's website and in at least three (3) conspicuous public places in the locality within thirty (30) days after the end of each quarter; and
- 4.4 The local chief executive (LCE) of the beneficiary LGU shall send a written notice when said reports have been posted on its website to the DBM, House of Representatives, Senate of the Philippines, House Committee on Appropriations, Senate Committee on Finance, and other offices where the submission of reports is required under existing laws, rules, and regulations.

5.0 RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the implementation of PPAs and proper utilization and disbursement of the financial assistance to LGUs, charged against the NDRRM Fund, shall rest upon the LCE and other local officials concerned. It is also the responsibility of said local officials to ensure that the funds released to their respective LGUs are utilized strictly in accordance with applicable budgeting, accounting, and auditing rules and regulations, and pertinent provisions of RA No. 9184 and its Revised IRR.



6.0 **ITEMS FOR RESOLUTION**

Issues and concerns that may arise in the implementation of this Circular, including cases not covered herein, shall be referred to DBM for resolution.

7.0 **SEPARABILITY CLAUSE**

If any provision of this Circular is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

8.0 **REPEALING CLAUSE**

All provisions of 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 immediately upon complete publication in the Official Gazette or in a newspaper of general circulation.

WENDEL E. AVISADO
Secretary



**FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS, CHARGED AGAINST THE NATIONAL DISASTER RISK
REDUCTION AND MANAGEMENT FUND**

**Report on Fund Utilization and Status of Program/Project/Activity (P/P/A) Implementation
For the Month of _____**

Fund Source	Date of Notice of Authority to Debit Account Issued (NDAI)	Name/Title of PPA	Specific Location	Mechanism/ Mode of Implementation	Estimated Number of Beneficiaries	Amount			Estimated Period of Completion (month and year)	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 Local Disaster Risk Reduction and Management Council and 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 NDAI issued to the LGU.
3. The type of program/project shall be identified consistent with the allowable P/A/Ps and expenses.
4. Amount received refers to the amount received by the LGU as its allocation. It is the amount indicated in the NDAI. 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 status of programs/projects refers to the percentage of physical completion as of reporting period.