



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

**LOCAL BUDGET CIRCULAR**

No. : 129  
September 29, 2020

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

Subject : **CLARIFICATION ON THE UTILIZATION AND REVERSION OF FUNDS CHARGEABLE AGAINST THE FY 2018 LOCAL GOVERNMENT SUPPORT FUND—FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS (LGSF-FA TO LGUs)**

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1.0 **BACKGROUND**

Special Provision (SP) No. 7 of the FY 2018 Local Government Support Fund stipulates that:

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*The amount released to the LGUs shall be recorded as trust funds to be used for the specified purpose. Funds which remain unutilized as of December 31, 2019 shall be reverted to the National Treasury."*

2.0 **PURPOSE**

This Circular is being issued to clarify the guidelines on utilization and reversion of funds charged against the FY 2018 LGSF-FA to LGUs.

3.0 **GUIDELINES**

3.1 To ensure the completion and payment of projects **covered by contracts already awarded** by the beneficiary-LGUs of **FY 2018 LGSF-FA to LGUs** while complying the pertinent provisions of existing laws, rules and regulations concerning financial subsidy to LGUs, concerned LGUs are hereby required to immediately revert the **unobligated balances from the financial subsidy as of December 31, 2019**, to the National Treasury.

3.2 Concerned LGUs are requested to submit the following documents to the Department of Budget and Management (DBM), to wit:

- 3.2.1 Certification attesting that the unobligated balances were reverted to the National Treasury signed by the Local Chief Executive (LCE)/Local Accountant, together with a copy of the disbursement voucher/check/official receipt issued by the National Treasury;
- 3.2.2 Certification signed by the LCE and the LGU Accountant attesting that: (i) the project is already awarded before December 31, 2019, is ongoing and will be completed on a specific date; and (ii) the funds received from the LGSF-FA to LGUs will be disbursed to the concerned contractor according to the approved payment/progress billing schedule.
- 3.3 Funds that remain unutilized by the completion date provided in the certification signed by the LCE and LGU Accountant or December 31, 2020, whichever comes first, shall be reverted to the National Treasury.

4.0 **ITEMS FOR RESOLUTION**

Interpretation of the provisions of this Circular, including relevant items not covered herein, shall be referred to the DBM for resolution.

5.0 **SEPARABILITY**

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

6.0 **REPEALING CLAUSE**

All other provisions of existing issuances shall remain in full force and effect.

7.0 **EFFECTIVITY**

This Circular shall take effect immediately upon publication in a newspaper of general circulation in the Philippines.

  
**WENDEL E. AVISADO**  
Secretary

