



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

LOCAL BUDGET CIRCULAR

No. **140**

Date: **December 28, 2021**

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) THAT WERE AFFECTED BY TYPHOON ODETTE, CHARGED AGAINST THE CONTINGENT FUND UNDER THE FY 2021 GENERAL APPROPRIATIONS ACT (GAA), REPUBLIC ACT (RA) NO. 11518**

1.0 LEGAL BASIS

Special Provision No. 1 of the Contingent Fund under the FY 2021 GAA, RA No. 11518 provides, in part, that the amount of PhP 13,000,000,000 shall cover the funding requirements of new or urgent activities or projects of national government agencies, Government-owned and/or Controlled Corporations, and LGUs that need to be implemented during the year, such as, but not limited to, the following: (i) legal obligation of the government arising from final and executory decisions of competent authorities, such as compromise agreements, arbitral awards, mediation settlement agreement, and professional services in connection thereto; (ii) requirements of newly-created offices; or (iii) deficiencies in the appropriations for local and external travels of the President of the Philippines.

2.0 PURPOSE

This Circular is being issued to prescribe the guidelines on the release and utilization of the financial assistance to LGUs that were affected by Typhoon Odette, charged against the Contingent Fund under the FY 2021 GAA, RA No. 11518.

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 Typhoon Odette, charged against the Contingent Fund under FY 2021 GAA, RA No. 11518.

- 3.2 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 National Disaster Risk Reduction and Management Council (NDRRMC); and (iii) proportionate amount of the FY 2022 National Tax Allotment shares of the affected LGUs.
- 3.3 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
- 3.4 Upon receipt of the Advice of NCA Issued, the BTr shall release the corresponding Advices to Debit Account (ADAs) to the AGBs. In parallel, the BTr shall inform the beneficiary LGUs of their released allocations through the issuance of Notices of ADA Issued.
- 3.5 The financial assistance to LGUs shall be used for disaster risk reduction and management, specifically for disaster response, rehabilitation, and recovery. The specific programs, projects, and activities (PPAs) that may be implemented shall be consistent with the allowable PPAs prescribed under items 5.3, 5.4, and 5.5 of NDRRMC-DBM-Department of the Interior and Local Government Joint Memorandum Circular No. 2013-1 dated March 25, 2013.²
- 3.6 The financial assistance to LGUs shall be recorded as trust receipts by the beneficiary LGUs and shall be used only for the specified purpose for which the funds were received. The beneficiary LGUs are enjoined to fully comply with the pertinent accounting and auditing guidelines prescribed by the Commission on Audit.
- 3.7 The PPAs and expenses to be charged against the financial assistance to LGUs shall be included in the approved Annual Investment Program of the beneficiary LGUs.
- 3.8 The financial assistance to LGUs may be utilized by the beneficiary LGUs until December 31, 2022. Funds which remain unutilized after December 31, 2022 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.
- 3.9 Disbursements and utilization of the financial assistance to LGUs 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.

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

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 NDRRMC;
- 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 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.




TINA ROSE MARIE L. CANDIA
Officer-in-Charge

FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS (LGUs), CHARGED AGAINST THE FY 2021 CONTINGENT 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 (NADAI)	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 NADAI 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 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 status of programs/projects refers to the percentage of physical completion as of reporting period.