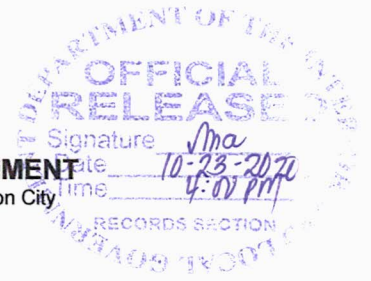




Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, West Triangle, Quezon City
<https://www.dilg.gov.ph/>



**GUIDELINES ON LGU BUDGETING, PROCUREMENT, AND FUND
UTILIZATION FOR COVID-19 RESPONSE AND RECOVERY
INTERVENTIONS PURSUANT TO “BAYANIHAN
TO RECOVER AS ONE ACT”**

Memorandum Circular No. 2020-142

Date: 23 OCT 2020

1. BACKGROUND

- 1.1 The Coronavirus Disease 2019 (COVID-19) pandemic has already caused an immense impact to the country. Aside from the apparent adverse effects of the pandemic to health and safety, it has also ensued economic slowdown as evidenced by the reduction of income and remittance inflows, increased unemployment rate, disrupted transport, among others. Undoubtedly, addressing these concerns puts significant pressure to both national and local funds.
- 1.2 To further strengthen the efforts of local government units (LGUs) in addressing the challenges brought about by the pandemic, President Rodrigo Roa Duterte signed into law Republic Act (RA) No. 11494 or the “Bayanihan to Recover As One Act” on September 11, 2020. This law provides for COVID-19 response and recovery interventions and mechanisms to bolster the resiliency of the economy.

2. PURPOSE

This Memorandum Circular is being issued to:

- 2.1 Reiterate COVID-19 response and recovery interventions concerning Local Government Units (LGUs) provided in RA No. 11494; and

- 2.2 Ensure that LGUs' budgetary activities and financial transactions relating to these interventions are consistent with the provisions of RA No. 11494.

3. SCOPE/COVERAGE

This Memorandum Circular covers all local government units (provinces, cities, municipalities, and barangays); DILG regional, provincial, and field offices; Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Ministry of the Interior and Local Government; and all others concerned.

4. POLICY CONTENT AND GUIDELINES

4.1 Realignment of Local Funds

- 4.1.1 Notwithstanding any law to the contrary, Section 4(q) of RA No. 11494 provides that the local chief executives of all LGUs are hereby authorized to realign their respective local funds, including, but not limited to, their development fund, Gender and Development Fund, Sangguniang Kabataan Fund, and Special Education Fund (SEF), including the unutilized or unreleased subsidies and transfers in order to address the COVID-19 pandemic.
- 4.1.2 The Punong Barangays are likewise authorized to make realignments of all allotments and subsidies in response to the pandemic.
- 4.1.3 Also, Section 4(jjj) of RA No. 11494 provides that notwithstanding the provisions of Section 272 of RA No. 7160 or the "Local Government Code of 1991," a portion of the Special Education Fund (SEF) may be used for the support of alternative learning modalities, digital education, digital infrastructure, and continuity plans, such as the purchase of equipment, materials, and supplies related thereto, printing and delivery of self-learning modules, provision of safe schools infrastructure, equipment and facilities such as handwashing stations, soap, alcohol, sanitizers, and other disinfecting solutions, as well as, medical health supplies deemed appropriate by public health officials such as

thermometers, face masks, and face shields, subject to existing accounting and auditing rules.

- 4.1.4 Section 4(III) of RA No. 11494 likewise allows the utilization of unexpended cash balances of public funds held in trust by LGUs, for purposes that have been completed or abandoned and allow the transfer of these funds to the general fund of the LGUs concerned to be made available for appropriation to support local government programs and projects in response to the COVID-19 pandemic.

4.2 Lifting of Limits on DRRM Funds and Personnel Services Cap

- 4.2.1 Pursuant to Section 4(q) of RA No. 11494, LGUs may now utilize by up to ten percent (10%) of their current budget to cover expenditures arising from their COVID-19 responses: provided, that the seventy percent (70%) limit on “pre-disaster” initiatives is hereby waived.
- 4.2.2 Relatedly, Section 4(yy) of RA No. 11494 provides for the lifting of the thirty percent (30%) cap on the amount appropriated for the Quick Response Fund (QRF) under Republic Act No. 10121 or the “Philippine Disaster Risk Reduction and Management Act of 2010,” during the state of national emergency as declared by the President.
- 4.2.3 Section 4(q) of RA No. 11494 states that the LGUs may also increase their respective personnel services cap by up to ten (10%) percent for 1st to 3rd class municipalities and up to five percent (5%) for the 4th to 6th class municipalities, and cities, and provinces: provided, that the same shall be used for the hiring of additional health workers, the generation of temporary jobs for marginalized and hard-hit sectors, as well as, for other emergency employment programs undertaken by the LGU in response to the COVID-19 pandemic: provided, further, that the allowable debt service ceiling of LGUs is increased to 30% of their annual regular income, including their share in the national taxes: provided, finally, that the LGUs shall be exempt from the loan ceiling cap imposed by the Department of Finance (DOF).

4.3 Exemption of the Procurement of Select Goods from the Bidding Process

4.3.1 Section 4(u)(1) of RA No. 11494 provides that the procurement of the following goods as the need arises, in the most judicious, economical and expeditious manner, are exempted from the provisions on bidding process required under RA No. 9184 or the "Government Procurement Reform Act":

4.3.1.1 PPE such as gloves, gowns, masks, goggles, and face shields;

4.3.1.2 Surgical equipment and supplies;

4.3.1.3 Laboratory equipment and its reagents;

4.3.1.4 Medical equipment and devices;

4.3.1.5 Support and maintenance for laboratory and medical equipment, surgical equipment and supplies;

4.3.1.6 Medical supplies, tools, and consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hypochlorite, cleaning materials, povidone iodine, common medicines (e.g., paracetamol tablet and suspension, mefenamic acid, vitamins tablet and suspension, hyoscine tablet and suspension, oral rehydration solution, and cetirizine tablet and suspension);

4.3.1.7 Testing kits; and

4.3.1.8 Other supplies or equipment as may be determined by the DOH.

4.3.2 However, the procurement of the abovementioned goods shall only be exempted from the bidding process if the following information and documents shall be published in the Government Procurement Policy Board (GPPB) online portal, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity within seven (7) working days from the date of acceptance of the award:

4.3.2.1 Project name;

4.3.2.2 Approved budget for contract;

4.3.2.3 Contract period;

4.3.2.4 Name of winning supplier, distributor, manufacturer, contractor, or consultant;

4.3.2.5 Amount of contract as awarded;

4.3.2.6 Notice of award;

- 4.3.2.7 Date of award and acceptance;
- 4.3.2.8 Contract or purchase order; and
- 4.3.2.9 A certification stating that the procuring entity exerted all efforts to secure the most advantageous price to the government based on existing price data of the agency, the DTI, or other relevant agencies or preliminary market scanning done by the agency showing prevailing market prices and practice.

4.4 Assistance to LGUs under the Local Government Support Fund

- 4.4.1 Under Section 4(q) of RA No. 11494, one billion five hundred million pesos (PhP 1,500,000,000.00) was appropriated to the Local Government Support Fund (LGSF) to also provide financial assistance to LGUs in their local anti-COVID efforts. Guidelines and procedures on the release and utilization of LGSF are provided in Local Budget Circular No. 128 (***see attached***) issued by the Department of Budget Management on September 17, 2020.

4.5 Full Disclosure of Financial Documents

- 4.5.1 LGUs are to ensure that budgeting, procurement, and fund utilization relating to COVID-19 response and recovery interventions, in compliance with the above-mentioned provisions, are reflected in the following financial documents required by the Full Disclosure Policy, whenever applicable:

- 4.5.1.1 Annual Budget Report;
- 4.5.1.2 Annual Procurement Plan;
- 4.5.1.3 Statement of Receipts and Expenditures;
- 4.5.1.4 GAD Accomplishment Report;
- 4.5.1.5 Local Disaster Risk Reduction and Management Fund Utilization;
- 4.5.1.6 Bid Results on Civil Works, Goods and Services, and Consulting Services;
- 4.5.1.7 Special Education Fund Utilization;
- 4.5.1.8 20% Component of the IRA Utilization;
- 4.5.1.9 Trust Fund Utilization
- 4.5.1.10 Quarterly Statement of Cash Flows;
- 4.5.1.11 Supplemental Procurement Plan; and
- 4.5.1.12 Manpower Complement.

4.5.2 Said financial documents shall be posted in the Full Disclosure Policy Portal and in at least three (3) conspicuous places following the prescribed period of posting as mandated in DILG Memorandum Circular No. 2019-149 titled, *“Amending DILG Memorandum Circular No. 2013-140 titled, “Implementing Guidelines on the Full Disclosure of Local Budget and Finances, and Bids and Public Offerings.”*

4.5.3 The DILG City/Municipal Local Government Operations Officers and Provincial/HUC/ICC FDP Focal Persons are also reminded of their roles and responsibilities provided in DILG Memorandum Circular 2019-149 in monitoring the compliance of LGUs to the Full Disclosure Policy and in validating the correctness of the uploaded documents within the prescribed period of review.

4.6 Supervision Mandate of Higher LGU

4.6.1 The supervision mandate of the provincial government over its component cities and municipalities, and the city and municipal government over their respective barangays, pursuant to Sections 29 and 32 of the Local Government Code of 1991, is also underscored. The higher LGU, through its local chief executive, shall exercise general supervision over its component LGUs to ensure that they act within the scope of their prescribed powers and functions.

5. DISSEMINATION

The Regional and Field Officers of DILG and the BARMM Minister of the Interior and Local Government shall cause the immediate dissemination of this Memorandum Circular in their respective areas of jurisdiction for the guidance of all concerned LGUs.

6. EFFECTIVITY

This Memorandum Circular shall take effect immediately. It is also hereby emphasized that RA No. 11494 shall be in full force and effect only until the next adjournment of the Eighteenth Congress on **December 19, 2020**.

7. APPROVING AUTHORITY


EDUARDO M. AÑO
Secretary

8. FEEDBACK

For related queries, kindly contact the Bureau of Local Government Supervision at Telephone Number (02) 8876-3454 local 4201 or at email address blgs.od2016@gmail.com.



DILG-OSEC 10232020-047



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



LOCAL BUDGET CIRCULAR

No. : 128
September 17, 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 : **GUIDELINES ON THE RELEASE AND UTILIZATION OF THE LOCAL GOVERNMENT SUPPORT FUND - COVID-19 FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS IN THE BAYANIHAN TO RECOVER AS ONE ACT, REPUBLIC ACT NO. 11494**

1.0 LEGAL BASES

Under Section 4(q) of the "Bayanihan to Recover As One Act," Republic Act (RA) No. 11494, Php1,500,000,000.00 was appropriated to the Local Government Support Fund (LGSF) to provide financial assistance to Local Government Units (LGUs) in their **local anti-COVID efforts**.

2.0 PURPOSE

This Circular is being issued to prescribe the guidelines and procedures on the release and utilization of the LGSF-COVID-19 Financial Assistance to LGUs (LGSF-COVID-19 FA to LGUs) consistent with the "Bayanihan to Recover As One Act," RA No. 11494.

3.0 GUIDELINES

- 3.1 The appropriated amount of Php1,500,000,000.00 for the LGSF-COVID-19 FA to LGUs under the "Bayanihan to Recover As One Act" shall be exclusively used for financial assistance to LGUs to support the following COVID-19-related programs, projects, and activities (PPAs) and expenses:
- 3.1.1 Procurement of personal protective equipment;
 - 3.1.2 Procurement of equipment, reagents, and kits for COVID-19 testing;
 - 3.1.3 Procurement of medicines and vitamins;
 - 3.1.4 Procurement of hospital equipment and supplies;

- 3.1.5 Procurement of disinfectants, sprayers, disinfection tents, and other disinfecting supplies and misting equipment;
 - 3.1.6 Food, transportation (including fuel), and accommodation expenses of medical personnel and other LGU personnel directly involved in the implementation of COVID-19-related PPAs;
 - 3.1.7 Procurement, maintenance, repair of ambulance, medical transport vehicle, and emergency response vehicle;
 - 3.1.8 Food assistance and other relief goods for affected households;
 - 3.1.9 Expenses for the construction, repair, lease, or rental of additional space or building to accommodate COVID-19 patients and persons under monitoring/investigation;
 - 3.1.10 Expenses for the operation of stand-alone/mobile testing laboratory;
 - 3.1.11 Expenses for the purchase or rental of tents or spaces for temporary shelters of the homeless;
 - 3.1.12 Expenses for training of personnel in the conduct of COVID-19 testing and other related trainings; and
 - 3.1.13 Other necessary COVID-19-related PPAs and expenses.
- 3.2 Except for the allowable COVID-19-related PPAs and expenses enumerated in item 3.1 above, the LGSF-COVID-19 FA to LGUs shall not be allowed to be used for the following:
- 3.2.1 Any form of financial/cash assistance;
 - 3.2.2 Personal Services expenditures, such as salaries, wages, overtime pay, and other personnel benefits;
 - 3.2.3 Administrative expenses, such as supplies, meetings, communication, water, electricity, petroleum products, other general services, and the like;
 - 3.2.4 Traveling expenses, whether domestic or foreign;
 - 3.2.5 Registration or participation fees in training, seminars, conferences, or conventions;
 - 3.2.6 Purchase of administrative office's furniture, fixtures, equipment, or appliances;
 - 3.2.7 Purchase, maintenance, or repair of motor vehicles; and
 - 3.2.8 Other PPAs and expenses not related to COVID-19.
- 3.3 All requests for financial assistance chargeable against the LGSF-COVID-19 FA to LGUs under the "Bayanihan to Recover As One Act" shall be signed by the local chief executive (LCE) of the province, city, municipality or barangay, and shall be addressed to the Secretary of the DBM.

- 3.4 The LGUs shall submit their requests, together with the documentary requirements as prescribed herein, **to the DBM Central Office (CO) not later than October 31, 2020**, in order to ensure that funds from the LGSF-COVID-19 FA to LGUs are released to the LGUs **on or before December 19, 2020, which is the last day of effectivity of the "Bayanihan to Recover As One Act."**
- 3.5 Requests of the LGUs must be supported by the following:
- 3.5.1 In case the request covers two (2) or more programs and/or projects, a list of programs and/or projects in order of their priorities of the LGU shall be included in the request which must be signed by the LCE;
- 3.5.2 Certification under oath from the LCE following the template prescribed in Annex A hereof;
- 3.5.3 Project Profile/Proposal approved by the LCE, including the following information:
- 3.5.3.1 Project/Program/Activity Title;
 - 3.5.3.2 Target Beneficiaries;
 - 3.5.3.3 Implementation Process; and
 - 3.5.3.4 Period of implementation.
- 3.5.4 LGU contact details following the template prescribed in Annex B hereof together with photocopies of the LGU identification cards of the LCE and his/her designated project contact person.
- 3.5.5 Considering that the LGSF-COVID-19 FA to LGUs is intended to boost the LGUs' capacity in their local anti-COVID efforts, the submission of the status of previously issued funding support from the FY 2016 to 2020 LGSF-FA to LGUs will not be required to facilitate release of funds.
- 3.6 Other documents submitted by the LGUs that are not among the prescribed documentary requirements under this Circular shall not form part of the evaluation of the DBM.
- 3.7 It is understood that only requests prepared, signed, and submitted by the LCEs shall be evaluated by the DBM. Requests that are shown to have been prepared and/or submitted by third parties, *i.e., fixers, middlemen, and facilitators*, shall be immediately denied.
- 3.8 All requests shall be subject to the evaluation by the DBM based on just and equitable distribution among LGUs and fund availability.
- 3.9 The LGSF-COVID-19 FA to LGUs shall be recorded as trust receipts by the LGUs for the specified purpose(s) for which the funds were received. Funds which remain unutilized as of **December 31, 2021**, shall be

reverted to the National Treasury by the recipient LGUs. However, if at any point before December 31, 2021, the LGU determines that the funds can no longer be utilized, *e.g.*, when the program(s) and/or project(s) cannot be implemented for any reason or when the same has/have been funded from other sources, the amount received by the same LGU from the LGSF-COVID-19 FA to LGUs under the "Bayanihan to Recover As One Act" shall be immediately reverted to the National Treasury.

4.0 PROHIBITIONS ON THE USE OF THE LGSF-COVID-19 FA TO LGUS

The LGSF-COVID-19 FA to LGUs under the "Bayanihan to Recover As One Act" shall not be used:

- 4.1 For any purpose other than the program(s) and/or project(s), including the location thereof, for which the fund was released **without the approval of the DBM**;
- 4.2 To fund projects already fully covered by the other sources of funds; 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 PROJECT IMPLEMENTATION

- 5.1 Disbursement and utilization by the LGUs shall be subject to pertinent provisions of the Government Procurement Reform Act (RA No. 9184) and its 2016 Revised Implementing Rules and Regulations (IRR), and any relevant policies issued by the Government Procurement Policy Board (GPPB), as well as the applicable budgeting, accounting, and auditing rules and regulations.

6.0 POSTING AND REPORTING REQUIREMENTS

The beneficiary LGUs shall:

- 6.1 Comply with the posting requirements prescribed under RA No. 9184 and its 2016 Revised IRR, and all relevant policies issued by the GPPB including the GPPB online portal pursuant to Section 4(u) of the "Bayanihan to Recover As One Act," RA No. 11494;
- 6.2 Prepare quarterly reports on fund utilization and status of program/project implementation using the prescribed format in Annex C hereof, until such time that the Unified Reporting System for LGUs has been developed and can be used by the LGUs.
- 6.3 Consistent with the Full Disclosure Policy of the DILG, the said reports shall be posted in at least three (3) conspicuous public places in the

locality and on the LGU's website within twenty (20) calendar days from the end of each quarter.

- 6.4 The LCE of the implementing LGU shall send a written notice to the Secretary of DBM, Speaker of the House of Representatives, President of the Senate of the Philippines, and the Chairpersons of the House Committee on Appropriations and Senate Committee on Finance upon posting of the reports on the LGU's website. The date of notice to said agencies shall be considered the date of compliance with the requirement.

7.0 RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the implementation of programs and projects, and proper utilization and disbursement of the LGSF-COVID-19 FA to LGUs under the "Bayanihan to Recover As One Act" shall rest upon the LCE and other local officials concerned of the recipient LGU. It is also the responsibility of said local officials to ensure that the funds released to the LGU are utilized strictly in accordance with applicable budgeting, accounting, auditing rules and regulations, and pertinent provisions of RA No. 9184.

Moreover, the LGU shall ensure that no duplication of funding will occur. As such, the LGU, through its LCE, shall immediately inform the DBM if it has received funding from other sources for the same programs or projects.

8.0 ITEMS FOR RESOLUTION

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

9.0 SEPARABILITY

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

10.0 REPEAL

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

11.0 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



REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

X-----X

SWORN STATEMENT

I, the undersigned, attest to the veracity of the following:

- i. There is a Sanggunian Resolution endorsing the following program(s) and/or project(s) for which the funds are requested:

1. _____
2. _____
3. _____

(List down the requested program/project/activity title(s). The number of programs/projects/activities may vary depending on the request of the LGU.)

- ii. The said programs and/or projects shall be implemented in accordance with the standards and existing policies of the National Government.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of [month] [year] at [place of execution].

*[Insert NAME OF LOCAL CHIEF EXECUTIVE]
[Insert Signatory's Legal Capacity]
Affiant*

SUBSCRIBED AND SWORN to before me this ____ day of [month] [year] at [place of execution], Philippines. Affiant is personally known to me and was identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC).

Witness my hand and seal this ____ day of [month] [year].

NAME OF NOTARY PUBLIC

Serial No. of Commission _____
Notary Public for _____ until _____
Roll of Attorneys No. _____
PTR No. _____ [date issued], [place issued]
IBP No. _____ [date issued], [place issued]

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

Annex B**LGU CONTACT DETAILS**

Local Chief Executive	
Project Contact Person/ Authorized Representative	
Designation in the LGU¹	
Telephone No.	
Primary Mobile No.	
Secondary Mobile No.	
E-mail Address	
Address	

Approved by:

[Name and Signature of Local Chief Executive]

Note:

The details provided herewith must be consistent with the details provided in the LGU identification cards of the Local Chief Executive and the LGU's project contact person/authorized representative.

¹ The project contact person/duly authorized representative must be an organic personnel of the LGU concerned.

LOCAL GOVERNMENT SUPPORT FUND
COVID-19 FINANCIAL ASSISTANCE TO LGUs
Report on Fund Utilization and Status of Program/Project Implementation
For the Quarter Ended _____

Fund Source	Date of Notice of 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 (month and year)	Program/ Project Status
							Received	Obligation	Disbursement		

Certified correct by: The Local Finance Committee (LFC)

Attested by:

City Budget Officer

Local Chief Executive

City Treasurer

City 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 the cities.
3. The type of program/project shall be identified, consistent with the projects that may be implemented under the Circular.
4. Amount received refers to the amount received by the city as its allocation. It is the amount indicated in the NADAI. Obligation refers to the total amount obligated by the city as of reporting period. Disbursement refers to the total amount paid by the city as of reporting period.
5. The status of programs/projects refers to the percentage of physical completion or delivery of service as of reporting period.