



Republic of the Philippines

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

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GUIDELINES FOR THE CANCELLATION AND RETURN OF FUNDS FOR COMMUNITY-BASED MONITORING SYSTEM (CBMS) AND OTHER DILG-ADMINISTERED CAPACITY DEVELOPMENT SUBPROJECTS ON GENDER AND DEVELOPMENT (GAD) AND DISASTER RISK REDUCTION AND CLIMATE CHANGE ADAPTATION (DRR-CCA) UNDER THE BOTTOM-UP BUDGETING (BUB) – DILG FUND FY 2016 THAT ARE STILL PENDING COMPLETION

Reference Number: 2020-005
Rev. No. 00

Date: 14 JAN 2020

1. PREFATORY STATEMENT

Cognizant of the use of Community-Based Monitoring System (CBMS) as a tool for evidence-based planning and budgeting, the Department included the Community-Based Monitoring System-Accelerated Poverty Profiling (CBMS-APP) in the DILG Bottom-up Budgeting (BuB) Menu of Projects/Programs for FY 2016.

Two Hundred Twenty-Nine (229) cities/municipalities enrolled CBMS and capacity development subprojects on Gender and Development (GAD) and Disaster Risk Reduction and Climate Change Adaptation (DRR-CCA) amounting to Php 380,688,848.74 for FY 2016 BuB financing. Based on reports received as of December 2019, 150 (65.50%) of these local government units (LGUs) have completed their respective subprojects while 79 (34.50%) would have subprojects that are still ongoing. Of the total Php 380,688,848.74, Php 314,709,617.00 (82.67%) have been liquidated.

The importance of CBMS as a source of data was acknowledged as Republic Act No. 11315, referred to as the CBMS Act, was signed by the President in 17 April 2019. It was seen as a means to provide a tool for the formulation and implementation of poverty alleviation programs that are specific, targeted, and responsive to the needs of each sector of the community. Thus, the Department is pushing for the completion of the BuB FY 2016 DILG-administered capacity development subprojects, majority of which involve implementation of the CBMS.

2. SCOPE/COVERAGE

All concerned DILG Regional/Provincial/City Directors, Cluster Heads, City/Municipal Local Government Officers (C/MLGOO), and Provincial Governors and City/Municipal Mayors of concerned LGUs.

This Guidelines shall cover all CBMS and other DILG-administered capacity development subprojects on GAD and DRR-CCA enrolled under the BuB – DILG Fund FY 2016 that are still pending completion.

3. OBJECTIVES

This Memorandum Circular (MC) is being issued to guide DILG field offices and LGUs on appropriate actions that need to be undertaken and applicable policies governing the cancellation and return of funds for CBMS and capacity development subprojects on GAD and DRR-CCA under the BuB-DILG Fund FY 2016 that are still pending completion.

4. LEGAL BASES

Above-cited subprojects are covered by the following guidelines and legal instruments:

- 4.1. **Republic Act No. 10717** or the **General Appropriations Act (GAA) FY 2016** *An Act Appropriating Funds for the Operation of the Government of the Republic of the Philippines from January One to December Thirty-One, Two Thousand and Sixteen, and for Other Purposes Approved by the President on December 21, 2015*, dated 21 December 2015
- 4.2. **DILG MC No. 2016-69** *Guidelines for the Implementation of Community-Based Monitoring System (CBMS) and Other DILG-Administered Capacity Development Subprojects on Gender and Development (GAD) and Disaster Risk Reduction and Climate Change Adaptation (DRR-CCA) under the Bottom-up Budgeting (BUB) – DILG Fund FY 2016*, dated 23 May 2016
- 4.3. **BUB Memorandum of Agreement (MOA)** between the proponent LGU as implementing partner and DILG

5. POLICY CONTENT AND GUIDELINES

In adherence to policies issued and legal instruments entered into in the implementation of BuB subprojects covered by DILG MC No. 2016-69, all CBMS and other DILG-administered capacity development subprojects on GAD and DRR-CCA under the BuB – DILG Fund FY 2016 that have not yet been completed and/or have not yet started as of 31 December 2019 shall be considered terminated and/or cancelled.

5.1. GROUNDS FOR CANCELLATION/TERMINATION

- 5.1.1. Section 6.7.2.1 (e) of DILG MC No. 2016-69 stipulates that the DILG Regional Director is authorized to terminate and cancel implementation of the subproject and file appropriate civil, criminal and/or administrative case against concerned local public officials on grounds stipulated under Section 6.8.1 of DILG MC No. 2016-69 as follows:
 - 5.1.1.1. Implementing Partner's non-compliance to subproject process, standards, and requirements;
 - 5.1.1.2. Corruption and fraudulent practices on the basis of a filed complaint;
 - 5.1.1.3. When situations/circumstances would make it improbable for the subproject to continue to be carried out; and,
 - 5.1.1.4. Upon request of the Implementing Partner for any cause that is deemed justifiable as determined by the Regional Director.
- 5.1.2. Furthermore, the prescribed Memorandum of Agreement (MOA) between the proponent LGU as Implementing Partner and DILG (Annex D.1 of DILG MC No. 2016-69), indicates the grounds for DILG Regional Office termination/cancellation or suspension of implementation of subprojects as follows:

5.1.2.1. Section 1.5 of Article I – Scope

As stipulated, the Implementing Partner is required to comply with timelines stipulated in Annex D (Implementation Schedules for Infrastructure Subprojects) of the MOA and the approved Work and Financial Plan for CBMS and capacity development subprojects. DILG is thus given the option to terminate the project in case of non-compliance to the agreed period.

5.1.2.2. Section 3.1 of Article III – Termination or Suspension

As stipulated in Item a, Section 3.1, Article III, the DILG Regional Director reserves the right to terminate/cancel the implementation of the subproject/s on the following grounds:

- Implementing Partner's non-compliance to prescribed processes, standards, requirements, and timelines;
- Occurrence of fraudulent practices; and,
- Occurrence of *force majeure* where it becomes improbable for the subprojects to continue to be carried out.

In such case that the subproject/s are partially or fully cancelled due to the fault of the Implementing Partner, the Implementing Partner shall be obliged to return the spent amount and the unexpended balance of the released portion of the funds of the pertinent portions related to the cancelled components.

5.1.2.3. Section 3.2 of Article III – Termination or Suspension

Implementing Partner will be given one month to resolve the issue, improve performance, or remedy the situation. However, termination will be resorted to only, if the Implementing Partner, having been duly notified, does not make any effort to institute measure that will address issues at hand.

5.2. PROCEDURES FOR CANCELLATION

5.2.1. Determine physical and financial status as of 31 December 2019 of all CBMS and other DILG-administered capacity development subprojects on GAD and DRR-CCA under the BUB – DILG Fund FY 2016 covered by DILG MC No. 2016-69:

5.2.1.1. The Regional Accountant should provide the Regional Director an updated status of funds released to include utilization/liquidation and/or reversion as of 31 December 2019, in cases wherein LGUs have reverted the funds. As is deemed feasible, the Regional Accountant should exert efforts to reconcile figures with the LGU Accountant.

5.2.1.2. Depending on the type of subproject, the concerned DILG Regional Focal Person/s shall also provide a report on the physical status of all CBMS and GAD/DRR-CCA subprojects under the BuB FY 2016 taking into consideration: compliance to the scope of work and timelines as per approved work plan.

5.2.2. Concerned DILG Regional Focal Person/s to recommend to the Regional Director, issuance of a *Notice of Cancellation* to concerned LGUs that have subprojects not completed as of 31 December 2019.

5.2.3. The Regional Director shall, on or before 30 January 2020, issue a *Notice of Cancellation* to LGUs with subprojects not yet completed as of 31 December 2019 informing them that the project is deemed cancelled thirty (30) days after receipt of said notice due to non-compliance to timelines as indicated in the approved work and financial plan and requiring them to comply with the following after the thirty-day grace period:

5.2.3.1. Return of the unutilized portion of the BuB funds released;

5.2.3.2. Submit liquidation of utilized portion of the released/transferred fund; and,

5.2.3.3. Submit a *Notarized Affidavit of Undertaking* accompanied by an approved revised Work and Financial Plan that shall indicate the schedules/timetable and corresponding costs of remaining activities to be accomplished until 30 June 2020.

The *Affidavit of Undertaking*, included as **Attachment A**, shall serve as a commitment by the implementing LGU to:

- Provide local funds for the completion of remaining works;
- Complete the subproject until 30 June 2020 using local funds; and,
- Return the equivalent amount of the portion of the released BuB funds that were already spent **if and when the LGU fails** to complete the subproject by 30 June 2020 as committed.

5.2.4. **If the LGU fails to: (i) submit a notarized Affidavit of Undertaking** within the fifteen (15) days prescribed:

5.2.4.1. The Regional Director shall, in adherence to Section 6.8.2 of DILG MC No. 2016-69, file the appropriate civil/criminal and/or administrative case against concerned local public official/s as these constitute acts of omission in relation to the performance of their duties under the said MC.

5.2.4.2. LGUs shall be obliged to return the equivalent amount of the portion of the released BuB funds that were already spent consistent with Item a, Section 3.1, Article III of the *BUB MOA Between the Proponent LGU as Implementing partner and DILG*.

5.3. PROCEDURE FOR RETURNING FUNDS

5.3.1. For LGUs with unexpended balances/unutilized amounts and/or subprojects that cannot be completed pursuant to Item 5.2.3 hereof, procedure for the return of said amounts are provided as follows:

5.3.1.1. Concerned LGU/Implementing Partners shall: (i) return the unexpended balances/unutilized funds; and (ii) submit liquidation of the utilized portion of the transferred funds through the Regional Accountant;

- 5.3.1.2. Upon receipt of the returned fund/s, the Regional Accountant shall make the necessary entry in the books of account and subsequently remit the said amount to the Bureau of Treasury (BTr);
 - 5.3.1.3. The Regional Accountant shall officially inform the LGUs on the updated status of fund transfer per DILG book of accounts for records purposes;
 - 5.3.1.4. The concerned DILG Regional Office shall officially notify the Financial Management Services (FMS) on the subprojects that have been cancelled stating the subproject title, the amount transferred to BTr, the balance amount to be cancelled, and the reason for the cancellation including the proof of remittance/refund to BTr;
 - 5.3.1.5. Upon receipt of the official notification for cancellation, FMS shall endorse the notice of cancellation to the Department of Budget and Management (DBM) informing them of the cancellation and the amount to be remitted/refunded to BTr.
- 5.3.2. For LGUs that failed to: (i) submit an *Affidavit of Undertaking* and/or (ii) complete the BuB-enrolled CBMS, GAD, and DRR-CCA subprojects on or before June 2020 as committed in the *Notarized Affidavit of Undertaking*, concerned LGU/Implementing Partners shall return the **entire amount of the subproject cost released to the LGU** following the procedure as indicated in Item 5.3.1.

Item 5.3.1.1 applies to unutilized funds while Items 5.3.1.2 to 5.3.1.5 shall apply to both unutilized amounts and the return of the equivalent amount of the portion of the released BuB funds that were already spent.

5.4. MONITORING

- 5.4.1. For LGUs with subprojects that will pursue remaining works until completion using own funds until June 2020, concerned LGU/s shall submit the following to the DILG Regional Office:
 - 5.4.1.1. Monthly progress reports based on the approved revised work and financial plan for the duration of implementation until subproject completion.
 - For the physical status, implementation progress of each activity vis-à-vis timelines in the approved revised work plan should be indicated.
 - For the financial status, template prescribed under Annex G.1 of DILG MC No. 2016-69, herein included as **Attachment B**, should be used.
 - 5.4.1.2. Subproject Completion Report (SPCR) that will summarize all activities undertaken under the subproject. Based on Section 6.6.1.5 of DILG MC No. 2016-69, LGUs were required to submit terminal reports with template prescribed in Annex L of DILG MC No. 2016-69, herein included as **Attachment C**. The SPCR is ✓

intended to consolidate terminal reports of all activities undertaken in the implementation of the subproject.

5.4.2. The DILG RO shall in turn, provide physical and financial status reports to the Bureau of Local Government Development (BLGD).

5.4.2.1. Physical status report should use the template prescribed as Annex A of the 14 January 2019 Memorandum of the BLGD, herein attached as **Attachment D**. Status of each activity vis-à-vis timelines in the LGU approved revised work plan should be indicated.

5.4.2.2. Financial reports should be based on the reporting formats prescribed under Annex G.2 of DILG MC No. 2016-69, herein included as **Attachment E**.

DILG Regional, Provincial, and City Directors are hereby directed to coordinate with concerned LGUs and ensure their compliance to the provisions of this MC.

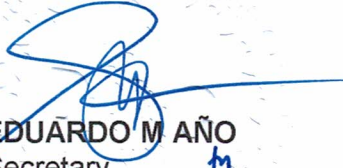
6. ATTACHMENTS

ATTACHMENT A	Affidavit of Undertaking
ATTACHMENT B	Annex G.1 of DILG MC No. 2016-69 <i>Pro-Forma Report of Disbursement (ROD)</i>
ATTACHMENT C	Annex L of DILG MC No. 2016-69 <i>Outline of Terminal Report</i>
ATTACHMENT D	Scope and Physical Status of CBMS Implementation per LGU Work and Financial Plan (WFP)
ATTACHMENT E	Annex G.2 of DILG MC No. 2016-69 <i>Pro-Forma Regional Consolidated Report on Fund Utilization</i>

7. EFFECTIVITY

This MC shall take effect immediately.

8. APPROVING AUTHORITY


EDUARDO M AÑO
Secretary



9. FEEDBACK

Inquiries, clarifications and appeals concerning this document should be directed/addressed to the BLGD Director through the Local Development Planning Division (LDPD) with contact details as follows: telephone numbers (02) 927-7852; (02) 929-9235, email address at ldpd_blgd@yahoo.com.

REPUBLIC OF THE PHILIPPINES
Municipality/City of _____) S.S.

AFFIDAVIT OF UNDERTAKING

I, _____ (LOCAL CHIEF EXECUTIVE), Filipino, of legal age, _____(civil status), duly-elected Local Chief Executive of the City/Municipality of _____, with address at _____, after having been duly sworn in accordance with the law, hereby depose and state:

THAT, the (City/Municipality) shall allocate local funds amounting to _____ equivalent to the reverted amount for the remaining works with details of breakdown indicated in the attached WFP.

THAT, the (City/Municipality) shall complete the subproject not later than _____ (Date indicated should not be later than 30 June 2020) in accordance with the attached approved revised Work and Financial Plan (WFP).

THAT, the (City/Municipality) shall submit monthly progress reports for the duration of implementation until subproject completion.

THAT, the (City/Municipality) shall submit a Subproject Completion Report (SPCR) upon completion of the subproject.

THAT, the (City/Municipality) shall consequently return the equivalent amount of the portion of the released/ transferred BUB funds that were already spent if and when the LGU is not able to complete the subproject by 30 June 2020.

THAT, the (City/Municipality) shall assume accountability and liability under applicable laws and issuances in case of non-compliance with this Undertaking.

IN WITNESS HEREOF, I have hereto affixed my signature this _____ day of _____ in _____.

LOCAL CHIEF EXECUTIVE
Affiant

SUBSCRIBED AND SWORN before me this _____ day of _____ in _____ (City/Municipality), _____, (Province). Affiant exhibiting to me his evidence of identity _____.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of 20_____

Report of Disbursement/Liquidations

Amount Received per NTA No. ___

Less: Disbursement

Balance as of _____

Payee	Nature of Payment	Check No.	Date	Amount	Remarks

Certified Correct:

Verified by:

Accountant_____
Treasurer_____
Local Chief Executive

Terminal Report

- A. Title of the Activity
 - A.1 Objectives of the Activity
 - A.2 Inclusive dates and Venue
 - A.3 Participants of the Activity (attach attendance sheet as annex)
 - Indicate the position and agency/region/LGU of the participants
 - Include information on the number of invited participants and the actual participants that attended the activity

- B. Highlights of the Activity
 - B.1 Opening Program: Include the gist of opening remarks of the speaker.
 - B.2 Presentation/Discussion
 - Provide a gist of major points discussed during the presentation/s
 - Attach workshop Outputs (if applicable)
 - B.3 Closing Program: Include the gist of closing remarks of the speaker.

- C. Issues and Concerns
 - C.1 Issues and Concerns relative to the topic or the content of the discussion/presentation
 - C.2 Issues and concerns relative to program design and management including logistical/secretariat support

- D. Agreements/Follow-up Actions
 - D.1 Relative to topic/content of discussion/presentation
 - D.2 Relative to program design and management including logistical/secretariat support

- E. Recommendations
 - E.1 Relative to topic/content of discussion/presentation
 - E.2 Relative to program design and management including logistical/secretariat support

- F. Annexes
 - F.1 Attendance Sheets
 - F.2 Workshop Outputs
 - F.3 Pictures

Submitted by:

Noted by:

 Designated Official of Implementing Partner¹

 LCE/Implementing Partner

¹ In the case of CBMS subprojects, PPDO/CPDO/MPDO shall accomplish the form. If DILG-RO implements, Regional CBMS Focal Person shall accomplish the form.
 In the case of DRR-CCA subprojects, LDRRMO shall accomplish the form.
 In the case of GAD subprojects, GAD Focal Person shall accomplish the form.

SCOPE AND PHYSICAL STATUS OF CBMS IMPLEMENTATION PER LGU WORK AND FINANCIAL PLAN (WFP)

REGION (1)	PROVINCE (2)	CITY/ MUNICIPALITY (3)	MOA (4)	SCOPE OF CBMS IMPLEMENTATION PER WORK AND FINANCIAL PLAN (WFP) (5)				STATUS OF CBMS IMPLEMENTATION (6)												REMARKS	
								PROCUREMENT OF EQUIPMENT (5.1)		MODULES (5.2)		MOA (6.1)		PROCUREMENT OF EQUIPMENT (6.2)		MODULE I (6.3)		MODULE II (6.4)			MODULE III (6.5)
				I	II	III	IV	ONGOING	COMPLETED	ONGOING	COMPLETED	ONGOING	COMPLETED	ONGOING	COMPLETED	ONGOING	COMPLETED	ONGOING	COMPLETED		

Prepared and submitted by:

Noted by:

Position

Director

- (1-3) Indicate the Region, Province, City/Municipality
- (4) Put a check (✓) if the LGU has already signed Memorandum of Agreement (MOA), if not, put an (X);
- (5.1) Put a check (✓) if the Procurement of Equipment is included in the scope of work of LGU;
- (5.2) Modules I-IV: Put a check (✓) on modules that were included in the scope of work of the LGU;
- (6.1-6.6) Check (✓) applicable status if ongoing or completed, for each implementation stage based on the LGU scope of work

REGIONAL CONSOLIDATED FUND UTILIZATION REPORT

Sn	Project Code	Province	Municipality	Project Title	Budget Allocation	NCA Releases						Cash Transfer				LGU Liquidation					
						First Tranche			Second Tranche			Total	Total for the Previous Month	Current Month Total			Total	Total for the Previous Month	Current	Total	Balance
						Date Received	Ref No.	Amount	Date Received	Ref No.	Amount			Ref No.	Date Released	Amount					
1																					
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Prepared by:

Approved by:

Regional Accountant

Regional Director