



December 10, 2013

MEMORANDUM CIRCULAR

No. 2013-142

FOR DILG ARMM REGIONAL SECRETARY, DILG XII REGIONAL DIRECTOR, ALL ARMM MUNICIPAL MAYORS CONCERNED

SUBJECT CLARIFICATIONS ON DILG MEMORANDUM CIRCULAR 006-SERIES OF 2013: POLICY GUIDELINES IN THE PROVISION OF POTABLE WATER SUPPLY UNDER THE 2013 SALINTUBIG AND BOTTOM-UP BUDGETING (BUB)

DATE October 8, 2013

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In line with the fast-tracking of the 2013 BUB water projects and considering the 1-year validity of the 2013 GAA, the following shall be the project institutional arrangements in the Autonomous Region in Muslim Mindanao (ARMM):

1. The DILG ARMM shall implement the projects of the LGUs in ARMM that are Non-SGH compliant based on the 2012 SGH Assessment Results.
2. DILG XII shall transfer the Funds to the Trust Account of DILG ARMM in two (2) Tranches, subject to the submission of the following:

First Tranche (50%)

- o Signed MOA between the DILG XII and the DILG ARMM
- o Certification from DILG ARMM on the approval of the project proposals submitted by the LGUs

Second Tranche (50%)

- o Certification from DILG ARMM on the review of Detailed Engineering Design (DED) of the projects
- o Certification from DILG ARMM on the water source confirmation and work accomplishments validation
- o Statement of Receipts and Disbursement (SORD) and Report of Disbursement (ROD) duly validated by the COA, with liquidation of least 30% of the First Tranche

3. The DILG ARMM shall administer, utilize, and liquidate the transferred Funds in accordance with COA Circular 94-013-Series of 1994. As such, the DILG ARMM shall
  - Maintain separate subsidiary ledger records for each LGUs
  - Submit to DILG Central through DILG XII the of Receipts and Disbursement (SORD) and the ROD as validated by COA, every 5<sup>th</sup> day of the month.
  - Submit to DILG Central through DILG XII, either in printed or in advance electronic documents, quarterly liquidation reports for the said amount.
  
4. The DILG ARMM shall procure contractors for the preparation and implementation of the projects in accordance with RA 9184 (Government Procurement Act). To ensure transparency in the procurement processes, representatives from DILG Central and the DILG Region XII shall be invited to observe the proceedings.
  
5. Further, the DILG ARMM shall undertake the following:
  - Monitor the physical implementation and financial performance of each project.
  - Submit Monthly Physical Accomplishment Reports to DILG Central thru DILG XII, copy furnished the LGUs every 15<sup>th</sup> and 30<sup>th</sup> day of the month.
  - Ensure that the LGUs provide counterpart personnel and the logistics necessary for the supervision of the projects.

Provisions of this Circular served as clarifications to DILG MC 006 Series of 2013-Policy Guidelines in the Provision of Potable Water Supply under the 2013 Salintubig Program and BUB Priority LGUs.

For compliance.

  
MAR ROXAS  
Secretary



  
DILG-OSEC OUTGOING 13-03346

## MEMORANDUM OF AGREEMENT

### *KNOW ALL MEN BY THIS PRESENTS*

The Department of the Interior and Local Government (DILG) Region XII with principal office at \_\_\_\_\_ as represented herein by **DIR. REYNALDO M. BUNGUBUNG**, hereinafter referred to as the “DILG XII”

and

The Department of Interior and Local Government (DILG) Region in the Autonomous Region in Muslim Mindanao (ARMM) with principal office at \_\_\_\_\_ as represented by **ATTY. ANWAR MALANG**, herein referred to as the “DILG ARMM”.

**WHEREAS**, consistent with the MDG target of reducing by 50% the country’s population without access to potable water, the Philippine Water Supply Sector Roadmap was formulated to set the vision, goal, and strategies for the water sector;

**WHEREAS**, the 2011-2016 Philippine Development Plan of the Aquino Administration gives priority to the provision of potable water in the poor and waterless communities;

**WHEREAS**, the Department of Interior and Local Government (DILG), Department of Health (DOH), Local Water Utilities Administration (LWUA) and the National Anti Poverty Commission (NAPC) signed a Memorandum of Agreement (MOA) for the implementation of the “Sagana at Ligtas na Tubig sa Lahat Program or Salintubig;

**WHEREAS**, the Salintubig provides grant financing and capacity development for the planning, implementation and operation of water supply projects in waterless municipalities, waterless poorest barangays with high level of water-borne diseases, and resettlement areas and rural health units (RHUs) without access to safe water, and Bottom-Up Planning and Budgeting (BUPB) areas that propose water supply system in the Local Poverty Reduction Plan (LPRAP);

**WHEREAS**, the Memorandum Circular 2-Series of 2012- Guidelines for the Implementation of BUPB in FY 2012 provides that the LGUs should be recipients of the DILG’s Seal of Good Housekeeping (SGH), otherwise the projects will be implemented by the Government Agencies concerned;

**WHEREAS**, the Salintubig is implemented by the DILG through the Water Supply and Sanitation Unit (WSSU) of the Office of the Project Development Services (DILG-OPDS);



WHEREAS, the DILG MC 06-2013-Operating Guidelines for the 2013 Provision of Potable Water Supply provides that the municipalities will be SGH compliant, otherwise the DILG Regions will implement the projects by contract;

WHEREAS, there are 30 BUB LGUs from ARMM, which are not SGH compliant based on the 2012 Assessment Results;

WHEREAS, the DBM has released the funds for BUB LGUs in RMM through the DILG XII;

WHEREAS, there is a need to define the implementation arrangements and the transfer of funds from DILG XII to DILG ARMM;

NOW THEREFORE, for and in consideration of the foregoing, the Parties to this Agreement do hereby agree on the terms and conditions set forth herein.

## ARTICLE I SCOPE

SECTION 1 This Memorandum of Agreement (MOA) covers the implementation of the projects of the BUB LGUs from ARMM, as provided in Annex 1.

## ARTICLE II IMPLEMENTATION ARRANGEMENTS

SECTION 2 The following arrangements will be assumed by the Parties concerned:

### I. Roles and Responsibilities

#### A. DILG XII

- a) Transfer the funds in a DILG ARMM's Trust Account in a Government Depository Bank, upon review and validation of the documents.
- b) Record in the book of DILG XII the funds transferred to DILG ARMM as due from R.O. (142).
- c) Monitor the utilization of the funds by requiring the DILG ARMM to submit Monthly Statement of Receipts and Disbursement (SORD) and Statement of Expenditures (SOE) as validated by the COA.
- d) Submit the consolidated Quarterly Liquidation Reports to the DILG CO.

- e) In coordination with DILG CO, conduct periodic spot checks on fund utilization and disbursement by reviewing the books of accounts of the DILG ARMM.
- f) As necessary, assist the DILG ARMM in monitoring the physical implementation of the projects

B. DILG ARMM

Through the Region

- a) Enter into subsidiary Memorandum of Agreement (MOA) with the respective LGUs.
- b) Administer, manage, and disburse the funds in accordance with RA9184 (Government Procurement Law) and accounting rules and regulations.
- c) In cooperation with DILG-OPDS, review the project proposals submitted by the LGUs; as such, conduct site validation prior the approval of the projects.
- d) With technical assistance from DILG-OPDS, engage consultant or contractor in accordance with RA 9184, either by Design then Build, or Design and Build scheme; or allow the capable LGUs to implement the projects, by contract or by administration.
- c) In cooperation with DILG-OPDS, review the detailed engineering design (DED) prepared either by the LGUs or the consultant or the contractor; in case the project will be operated and maintained by the water district, ensure that the LGU or the contractor complies with the standards of LWUA.
- d) In coordination with DILG-OPDS, monitor the physical implementation of the projects.
- e) Open special trust account in a Government Depository Bank where the project funds shall be deposited.
- f) Manage the funds in accordance with the Government accounting and auditing rules and regulations; as such allow the DILG Central to conduct spot checks on the project accounts, when necessary.
- g) Establish a project tracking system to ensure that the DILG ARMM Field Offices and the LGUs submit project reports in accordance with the requirements of the DILG-OPDS.
- h) Submit Monthly Summary of Receipts and Disbursement (SORD) and Receipts of Disbursement (ROD) to DILG CO thru DILG XII, copy furnished the LGUs every 5<sup>th</sup> day of the month.

- i) Submit the Monthly Physical Accomplishment Reports to DILG CO thru DILG XII and the OPDS, copy furnished the LGUs every 15<sup>th</sup> and 30<sup>th</sup> day of the month.
- j) Submit Project Status Report to the Office of the ARMM Regional Governor.

Through the Province/MLGOO

- a) Monitor the submission of the Sangguniang Bayan (SB) Resolution, MOA, and E.O. for the Creation of the Watsan Council by the LGUs.
- b) Ensure that the organized LGU WATSAN Councils become functional and the beneficiaries are consulted.
- c) Monitor the designation of LGU counterpart staff to assist in the review of the engineering design and the supervision of construction.
- d) Review the completeness of the project proposals prior the endorsement thereof to DILG ARMM.
- e) Facilitate the activities of the representative/s of DILG Central, the DILG Region, and the contractor during their visits to the project sites.
- f) Monitor the implementation\of the projects; as such inform the DILG ARMM Region any implementation issue that may arise.
- g) Ensure that the LGUs consult the beneficiaries/communities in all phases of project implementation.
- h) Require the LGUs the posting of the billboards of 8 ft x 8 ft in size, within the service areas and at the LGU website.
- i) Submit signed Status Report to DILG ARMM Region every 15<sup>th</sup> and 30<sup>th</sup> day of the month

C. The LGU

- a) Organize the Municipal Water and Sanitation (WATSAN) Council through an Executive Order (E.O.) which is responsible for establishing the goal, vision and strategies for local water and sanitation sector and for the monitoring, supervision, and management of the project activities at the local level. As such designate the MPDC or the Municipal Engineer as the Project Manager.
- b) Organize poor communities without access to safer drinking water, with high incidence of water borne diseases and poverty which show interest to the projects.



- c) Prepare and submit the project proposals.
- d) Provide available data necessary for the preparation of the detailed engineering design (DED) of the projects to be prepared by the Consultant; or if technically capable, prepare the DED of the projects to be reviewed by the Consultant.
- e) Designate a full time project engineer for the supervision of project activities, including but not limited to the inspection of works to ensure that the projects are undertaken in accordance with the construction schedule and approved design.
- f) Install community billboards to inform the communities of the project, implementation period and project cost.
- g) Ensure the sustainability of the turned-over facilities, by allocating annual funds for the operations and maintenance of the facilities.
- h) Participate in the capacity development activities of the Program.

SECTION 3. The administration and management of funds shall be governed by the following:

A. DILG Grant Fund

- a) Requirements for the release of funds are as follows:

First Tranche

- MOA between the DILG XII and the DILG ARMM
- Certification from DILG ARMM that the project proposals have been reviewed and approved.

Second Tranche

- Certification from DILG ARMM that the detailed engineering design (DED) of the projects have been reviewed.
  - Water Source Validation Reports and Work Accomplishment Reports.
  - Liquidation of at least 10% Utilization of the First Tranche through the submission of SORD and ROD
- b) The DILG Region XII will release the funds to the special trust accounts of the DILG ARMM to wholly or partly finance the water supply projects

- c) ARMM will only utilize the funds for the following contracted items:
- water source confirmation
  - geo-technical survey and geo-resistivity study and drilling-tests
  - preparation of detailed engineering design
  - civil works cost
- d) The following shall be ineligible items for financing
- salaries, honorarium and fringe benefits of staff
  - traveling expenses and transportation allowance
  - supplies and materials
  - communication
  - office equipment, furniture and fixtures
  - land acquisition
  - social preparation activities
- e) The OPDS reserves the right to conduct spot check review on the fund utilization and management by the DILG ARMM, when necessary
- f) Any residual amount not used for the purpose of implementing the water supply projects may be utilized for the same purpose by the LGUs, subject that the DILG ARMM seeks the official approval from DILG Central.
- g) Utilization and liquidation of funds will be subject to the provisions of COA Circular 94-013-Series of 1994
- The SARO/NCA for the 1<sup>st</sup> Tranche and 2<sup>nd</sup> Tranche will be directly released by DBM to DILG XII to the MDS Fund 101 account of the Region.
  - The DILG XII will transfer the funds to DILG ARMM to be deposited in a “new” Trust Account in its Government Depository Bank. The DILG ARMM will issue an Official Receipt in acknowledgement.
  - DILG XII will only release the funds respective to the DILG ARMM upon review and validation of the documents.
  - A separate subsidiary ledger record for each LGU will be maintained by the DILG ARMM.
  - Within 5 days after the end of each month, the DILG ARMM will submit to DILG CO through DILG XII the Statement of Receipts and Disbursement (SOR) and Report of Disbursement (ROD) to report the utilization of the funds, as validated by the COA.



- The DILG ARMM will liquidate the funds and submit to DILG CO through DILG XII, either in printed or in advance electronic documents, separate quarterly reports on the liquidation of said amount.
- The DILG CO and DILG XII will conduct periodic spot checks, on fund utilization and proper utilization of book of accounts.
- In case the DILG ARMM transfers the funds to capable and competent LGUs, the DILG ARMM will require the LGUs to open trust account exclusive for the projects and to later submit the SORD and ROD as validated by the COA.

#### B. LGU Equity

- a) Provide an equity equivalent to at least 10% of the LGU Allocation to finance the following:
- Implementation of sanitation programs on behavioral changes, communication, and barangay consultations
  - Participation of the LGU Officials in the various training workshops
  - Equity for civil works in case the combined DED Cost and Civil Works that is acceptable to LGUs exceed the LGU Allocation
  - Incremental cost for the preparation of the feasibility study, right of way (ROW) acquisition, and other administrative cost for program operation.

### ARTICLE III SANCTIONS

SECTION 4 In the event that the DILG ARMM is unable to comply with its responsibilities as defined herein based on agreed time-bound action plan as set forth herein, for reasons other than force majeure, the DILG XII reserves the right to terminate the projects.

### ARTICLE IV SPECIAL PROVISIONS

SECTION 5 This Agreement takes effect upon signing of the Parties and will remain valid upon the mutual agreement between the Parties.

IN WITNESS THEREOF, the Parties to this Agreement hereby affix their signatures this \_\_\_\_\_ day  
of \_\_\_\_\_, 2013 \_\_\_\_\_, Philippines.

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REYNALDO M. BUNGUBUNG, CESE  
Director, DILG XII

ATTY. ANWAR A. MALANG  
Regional Secretary, DILG ARMM

WITNESSES

  

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