



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

CIRCULAR LETTER

No. 2020 - 10

Date: July 10, 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 : **REMINDER TO THE LOCAL GOVERNMENT UNITS REGARDING THE UTILIZATION OF THEIR RESPECTIVE ALLOCATIONS FROM THE BAYANIHAN GRANT AND SUBMISSION AND POSTING OF THE REQUIRED REPORTS**

1.0 RATIONALE

Section 4 of Republic Act (RA) No. 11469 (the *Bayanihan to Heal as One Act*) granted the President the power to adopt various temporary emergency measures to respond to crisis brought about by the Coronavirus Disease 2019 (COVID-19) pandemic.

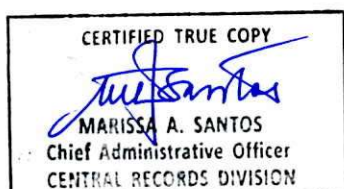
Under Section 4 (g) thereof, the President is empowered to ensure that all local government units (LGUs) are acting within the letter and spirit of all the rules, regulations and directives issued by the National Government pursuant to the said law, and are implementing standards of Community Quarantine consistent with what the National Government has laid down for the subject area, while allowing the LGUs to continue exercising their autonomy on matters undefined by the National Government or are within the parameters it has set, and are fully cooperating towards a unified, cohesive and orderly implementation of the national policy to address COVID-19.

Further, Section 4 (v) of the same law provides:

"Section 4. Authorized Powers. - Pursuant to Article VI, Section 23 (2) of the Constitution, the President is hereby authorized to exercise powers that are necessary and proper to carry out the declared national policy. The President shall have the power to adopt the following temporary emergency measures to respond to crisis brought by the pandemic:

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- (v) Notwithstanding any law to the contrary, direct the discontinuance of appropriated programs, projects or activities (P/A/P) of any agency of the Executive Department, including government-owned or -controlled corporations (GOCC), in the FYs 2019 and 2020 General Appropriations Act (GAA), whether released or unreleased, the allotments for which remain unobligated, and utilize the savings generated therefrom to augment the allocation for any item directly related to support operations and response measures, which are necessary or beneficial in order to address the COVID-19 emergency, consistent with the herein declared national policy: *Provided, however,* That the following items in the budget shall be prioritized for augmentation:

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- (9) Under allocations to local government units;

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- (x) Notwithstanding any law to the contrary, reprogram, reallocate, and realign from savings on other items of appropriations in the FY 2020 GAA in the Executive Department, as may be necessary and beneficial to fund measures that address and respond to the COVID-19 emergency, including social amelioration for affected communities, and the recovery of areas, sectors and industries severely affected. All amounts so reprogrammed, reallocated or realigned shall be deemed automatically appropriated for such measures to address the COVID-19 situation within the period specified under Section 9 hereof."

By virtue of the afore-cited provisions of RA No. 11469, the Department of Budget and Management (DBM), upon approval by the Office of the President, released the Bayanihan Grant to Cities and Municipalities (BGCM) and the Bayanihan Grant to Provinces (BGP). The guidelines on the release and utilization of the BGCM and BGP are provided under Local Budget Circular (LBC) No. 125 dated April 7, 2020¹ and LBC No. 126 dated April 13, 2020,² respectively.

Under the said LBCs, the allocations of the recipient LGUs from the Bayanihan Grant may be utilized for the duration of the State of Calamity as declared by the President by virtue of Proclamation No. 929 dated March 16, 2020.³ Funds which remain unutilized after the lifting of the State of Calamity, by Presidential Proclamation, shall be reverted to the National Treasury by the recipient LGUs.

Anent thereto, based on the initial reports on fund utilization and status of implementation of P/A/Ps submitted by the recipient LGUs to the DBM, it has been noted that there is a relatively low utilization rate of the allocations of the LGUs from the Bayanihan Grant.



¹ Guidelines on the Release and Utilization of the Bayanihan Grant to Cities and Municipalities

² Guidelines on the Release and Utilization of the Bayanihan Grant to Provinces

³ Declaring a State of Calamity Throughout the Philippines due to Corona Virus Disease 2019

Moreover, it has been noted that there is a low number of LGUs that send a written notice to the DBM regarding the posting of their respective reports on fund utilization and status of implementation of P/A/Ps, which is required under LBC No. 125 and LBC No. 126.

Accordingly, this Circular Letter is issued to remind the LGUs to: **(i)** expedite the utilization of their respective allocations from the Bayanihan Grant; **(ii)** efficiently identify and implement P/A/Ps that are responsive in addressing the COVID-19 situation in the LGU; and **(iii)** strictly comply with the posting and reporting requirements as prescribed under LBC No. 125 and LBC No. 126.

2.0 SPECIFIC REMINDERS

- 2.1 The BGCM and BGP may only be utilized by the recipient LGUs for the duration of the State of Calamity as declared by the President by virtue of Proclamation No. 929 dated March 16, 2020, unless the State of Calamity is earlier lifted or extended by the President, as circumstances may warrant.

As required under LBC No. 125 and LBC No. 126, funds which remain unutilized⁴ after the lifting of the State of Calamity shall be reverted to the National Treasury by the recipient LGUs.

In view thereof, the recipient LGUs are hereby reminded to expedite the utilization of their respective allocations from the Bayanihan Grant. Further, the LGUs are enjoined to efficiently identify and implement P/A/Ps that are responsive in addressing the COVID-19 situation in the LGU, consistent with the project menu under LBC No. 125 and LBC No. 126.

- 2.2 The recipient LGUs are also reminded to strictly comply with the posting and reporting requirements prescribed under LBC No. 125 and LBC No. 126.

Further, upon full utilization of the allocation of the LGU, or upon the lifting of the State of Calamity, whichever happens earlier, the LGU concerned shall immediately submit to the DBM a complete report on fund utilization of its allocation from the Bayanihan Grant using the prescribed format in Annex A hereof.

Finally, upon reversion of the undisbursed allocation of the LGU from the Bayanihan Grant to the National Treasury, if there is any, the LGU concerned shall formally notify the DBM and the Bureau of the Treasury of the details of said reversion, such as the amount reverted and the date of reversion.

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⁴ For this purpose, unutilized funds refer to the balances of the amount received by the beneficiary LGUs from the Bayanihan Grant, which were **not disbursed** by the same LGUs.

- 3.0 The local officials concerned are further reminded on their responsibility and accountability in the implementation of P/A/Ps and proper utilization and disbursement of their respective LGUs' allocations from the Bayanihan Grant. Failure on the part of the local officials concerned to comply with the pertinent provisions of existing and applicable budgeting, accounting, and auditing laws, rules and regulations shall subject the erring local officials to penalties under existing laws.
- 4.0 The DBM Regional Offices are hereby directed to disseminate a copy of this Circular Letter to all LGUs concerned under their respective functional jurisdictions.
- 5.0 For strict compliance.


WENDEL E. AVISADO
Secretary 

BAYANIHAN GRANT TO LOCAL GOVERNMENT UNITS
Report on Fund Utilization and Status of Program/Activity/Project (P/A/P) Implementation

Name/Title of P/A/P	Specific Location	Mechanism/ Mode of Implementation	Estimated Number of Beneficiaries	Amount			P/A/P Status	Amount Reverted to the National Treasury, if there is any	Date of Reversion to the National Treasury, if there is any
				Received	Disbursed	Balance			

Prepared by:**Attested by:**_____
Local Budget Officer_____
Local Chief Executive_____
Local Treasurer_____
Local Planning and Development Coordinator_____
Local Accountant**Instructions:**

1. The report shall be prepared by the members of the Local Finance Committee and the Local Accountant, in coordination with the other local officials concerned, as may be necessary.
2. The type of P/A/P shall be identified consistent with the allowable P/A/Ps and expenses under LBC No. 125/LBC No. 126.
3. Amount received refers to the allocation of the LGU. Disbursement refers to the total amount paid by the LGU. Balance refers to the undisbursed allocation of the LGU.
4. The P/A/P status refers to the percentage of physical completion.
5. Amount Reverted to the National Treasury refers to the undisbursed allocation of the LGU that was reverted to the National Treasury, while the Date of Reversion to the National Treasury refers to the date the undisbursed allocation was deposited by the LGU to the account of the Bureau of the Treasury.