



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

LOCAL BUDGET CIRCULAR

No. : 119-C
September 29, 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 : **CLARIFICATION ON THE UTILIZATION AND REVERSION OF FUNDS CHARGEABLE AGAINST THE FYS 2019 LGSF-OTHER FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS (FA TO LGUs)**

1.0 BACKGROUND

Item 3.14 of Local Budget Circular (LBC) No. 119¹, as amended by LBC No. 119-B², provides that:

"The LGSF-FA to LGUs shall be recorded as trust by the LGUs for the specified purpose(s) for which the funds were received. Funds which remain unutilized as of December 31, 2020 shall be reverted to the National Treasury by the recipient LGUs. However, if at any point before December 31, 2020, the LGU determined that the fund can no longer be utilized, e.g., when the program(s) and/or project(s) cannot be implemented for any reason, the amount received by the same LGU from the LGSF-FA to LGUs shall be immediately reverted to the National Treasury."



2.0 PURPOSE

This Circular is being issued to clarify the guidelines on utilization and reversion of funds charged against the FYS 2019 LGSF-FA to LGUs.

3.0 GUIDELINES

3.1 To ensure the completion and payment of projects **covered by contracts already awarded** by the beneficiary-LGUs of **FY 2019 LGSF-FA to LGUs** while complying the pertinent provisions of existing laws, rules and

¹ Guidelines on the Release and Utilization of the Local Government Support Fund — Other Financial Assistance to Local Government Units in the FY 2019 General Appropriations Act, Republic Act No. 11260
² Amendment to Local Budget Circular No. 119 Dated July 15, 2019, Entitled, "Guidelines on the Release and Utilization of the Local Government Support Fund— Other Financial Assistance to Local Government Units in the FY 2019 General Appropriations Act, Republic Act No. 11260"



regulations concerning financial subsidy to LGUs, concerned LGUs are hereby required to immediately revert the **unobligated balances from the financial subsidy as of December 31, 2020**, to the National Treasury.

3.2 Concerned LGUs are requested to submit the following documents to the DBM, to wit:

3.2.1 Certification attesting that the unobligated balances were reverted to the National Treasury signed by the Local Chief Executive (LCE)/Local Accountant, together with a copy of the disbursement voucher/check/official receipt issued by the National Treasury;

3.2.2 Certification signed by the LCE and the LGU Accountant attesting that: (i) the project is already awarded before December 31, 2020, is ongoing and will be completed on a specific date; and (ii) the funds received from the LGSF-FA to LGUs will be disbursed to the concerned contractor according to the approved payment/progress billing schedule.

3.3 Funds that remain unutilized by the completion date provided in the certification signed by the LCE and LGU Accountant or December 31, 2021, whichever comes first, shall be reverted to the National Treasury.

4.0 **ITEMS FOR RESOLUTION**

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

5.0 **SEPARABILITY**

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

6.0 **REPEALING CLAUSE**

All other provisions of existing issuances shall remain in full force and effect.

7.0 **EFFECTIVITY**

This Circular shall take effect immediately upon publication in a newspaper of general circulation in the Philippines.


WENDEL E. AVISADO
Secretary

