



Republic of the Philippines  
**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**



**Memorandum Circular (MC) No. 148 -Series 2015**  
December 29, 2015

**TO: DILG REGIONAL DIRECTORS, DILG PROVINCIAL DIRECTORS, DILG CITY DIRECTORS, AND MLGOOs; PROVINCIAL GOVERNORS, CITY MAYORS AND MUNICIPAL MAYORS OF YOLANDA-AFFECTED LGUs IN REGIONS IV-B, V, VI, VII, VIII; AND OTHER CONCERNED**

**SUBJECT: GUIDELINES IN THE MANAGEMENT OF THE RECOVERY ASSISTANCE ON YOLANDA (RAY) BATCH 3 PROJECTS**

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**I. REFERENCES**

- Special Allotment Release Order (SARO) No. D-15-0028797 for the Implementation of Various Programs and Projects for the Yolanda affected LGUs dated 29 December 2015.

**II. BACKGROUND**

The Philippines ranks among the most vulnerable countries to natural hazards: earthquakes, typhoons and floods, volcanic eruptions, and landslides. The Typhoon Yolanda resulted to enormous devastation in agriculture, fishing industry, shelters, schools, and infrastructures in most of the central parts of the Philippines. The Department of Science and Technology (DOST) identified 171 LGUs falling within the 50 km radius typhoon path as the most affected areas.

The Government formulated the Recovery Assistance on Yolanda (RAY) as a strategic plan to guide the recovery and reconstruction initiatives in the affected areas. As its commitment to support these initiatives, the Department of the Interior and Local Government (DILG) established the RAY-DILG Fund (herein referred to as the Project). This Fund has received the resources from the DBM for the repair and reconstruction of damaged infrastructures in the municipal and barangay level with a total funding support of P5.221 Billion.

The DBM released P2.012 Billion Fund to DILG under SARO D-1301357 dated 27 December 2013 and P2.0 Billion under SARO D-14-0006256 dated 02 June 2014 for the Implementation of LGU Programs/Projects in the Yolanda-affected areas. The Fund was allocated for the rehabilitation and reconstruction of partially-damaged and totally-damaged city/municipal/barangay halls, public markets, day care centers and civic centers under the Recovery Assistance on Yolanda (RAY)-DILG Fund.

Out of the 1.209 Billion, the DBM has initially released the amount of P737,938,480.00 to DILG under SARO D-15-0028797 dated 29 December 2015 for the reconstruction of remaining totally-damaged and rehabilitation of partially-damaged Provincial/City/Municipal/Barangay Halls, Public Markets, Civic Centers, Day Care Centers, Justice Halls, Bus Terminals, Drainage System, Water Supply, with due considerations on Build Back Better (BBB) to make them become disaster-resilient public infrastructures. The DPWH will implement the repair and reconstruction of damaged Roads and Bridges, Flood Control and Drainage System under RAY Batch 3.

Considering the additional coverage of the repair, rehabilitation and reconstruction of government infrastructures such as Justice Halls, Bus Terminals, Drainage System, Water Supply to the Provincial/City/Municipal/Barangay Halls, Public Markets, Civic Centers, Day Care Centers initially implemented under RAY Batch 1 and RAY Batch 2, there is a need for a new guideline that will govern the implementation of RAY Batch 3 subprojects.

#### **A. Fund Objectives**

The fund aims to facilitate the recovery and return to normalcy the government services and economic activities in the Yolanda-affected areas. The fund will provide technical and financial assistance to the affected LGUs for the reconstruction/rehabilitation and repair of the remaining unfunded projects not covered under RAY batch 1 and RAY batch 2 LGU-infrastructures (herein referred to as Subprojects) with due considerations on Build Back Better (BBB) designs to become disaster resilient public infrastructures.

#### **B. Project Components**

The Project has two (2) Components:

- a. Infrastructure Component - to support the rehabilitation/repair/reconstruction of damaged infrastructures to be implemented by the affected LGUs (through the DILG) and by the DPWH.
- b. Capacity Building Development Component (Core Training, Seminar, Workshops, Technical Assistance).

### **III. SCOPE**

This guideline covers the implementation of the repair, rehabilitation and reconstruction of RAY Batch 3 subprojects, i.e., Province/City/Municipal/Barangay facilities, Justice Halls, Bus Terminals, Drainage System and Water Supply, with due considerations on Build Back Better (BBB) designs for disaster resilient public

infrastructures. A separate guideline shall be issued for the repair, rehabilitation and reconstruction of DPWH implemented infrastructures i.e., Roads and Bridges Flood Control and Drainage System.

#### **IV. THE GUIDELINES FOR THE IMPLEMENTATION OF RAY BATCH 3**

##### **A. Eligibility Considerations**

###### **A.1 Eligible LGUs**

One hundred seventy one (171) LGUs in the 14 Provinces that were identified by DOST with reported significant damages on LGU facilities/structures as assessed and validated. (see *Annex I*).

###### **A.2 Eligible Subprojects**

Eligible Subprojects include vital LGU infrastructures that were damaged and whose restoration will help to normalize the local government operations, provision of social services to public, and the socio-economic activities in the areas. These include the following:

###### **DILG Eligible Subprojects**

- Provincial/City/Municipal Buildings
- Public Markets
- Civic Centers (to include Gymnasiums, Covered Court, Evacuation Centers)
- Barangay Facilities
  - Barangay Halls
  - Day Care Centers
  - Brgy. Civic Centers (to include Covered Court, Gymnasiums, Evacuation Center, Multi-purpose Centers)
- Water Supply System (Level I,II,III)
- Justice Halls
- Terminals
- Drainage System

###### **A.3 Eligible Works**

Restoration works include all civil works for rehabilitation and repair of the damaged portion of infrastructures, strongly considering improvements in the design for resiliency with the applicable provisions of the Build Back Better Operations Manual, including the provision of but not limited to PWD Ramps and VAW desk.

## **B. Subproject Implementation Procedures and Requirements**

### **B.1 Subproject Identification**

Based on the list of DILG eligible subprojects in Section A.2, the DILG Regional Office will be responsible in the identification and validation of Typhoon Yolanda damaged infrastructures/subprojects. The DILG Regional Office will ensure that the identified subprojects have not been funded from any other funding source. Prior to the release of funds to the LGUs, the DILG Regional Offices will provide the Office of the Project Development Services (OPDS) of the DILG Central Office the final list of eligible subprojects in their respective regions, citing the location, project description, pictures of the damaged facility, GPS coordinates and allocation cost. This list will be the basis for the downloading of funds by the DILG Central Finance Management Service.

### **B.2 Subproject Validation**

The Regional Office will set the members of the Validation Team (to be composed of at least 3 members) selected from the representatives of the respective Region/Province/City/Municipality/Barangay, a representative from CSOs and the DILG MLGOOs, shall be mobilized to validate proposed damaged LGU infrastructures needing repair, rehabilitation and/or reconstruction. A notarized affidavit of validation signed by applicable and respective representatives from the Region/Province/City/Municipality/Barangay, Civil Society Organizations (CSOs) and the DILG Municipal Local Government Operations Officer (MLGOOs), indicating the legitimacy of the need for the proposed repair, rehabilitation and/or reconstruction of the damaged facility will be submitted to the DILG Regional Office prior to the release of funds.

### **B.1 Preparation, Submission and Approval of Subproject Documents and Requirements**

B.3.1 Eligible LGUs shall prepare the Program of Works (POW) of Subprojects and submit the same to the DILG Regional Office thru the DILG Provincial Office for review and approval, together with the following documents:

- a. Project Profile, Subproject Description, Proposed Construction Schedule, Drawings/Plans, Cost Estimates, Quantity Calculations, Unit Price Analysis and Photos.

- b. In cases of reconstruction or new construction involving the subproject relocation for reasons of land ownership problems, Road Right of Way (RROW) problems and/or hazard area requirements, a certificate that the subproject will not be reconstructed on the "No Build Zone Area/Hazard Area/Road Right of Way Area";
- c. SB Resolution Authorizing the Local Chief Executive to enter into Agreements with DILG;
- d. Government Bank Certificate on the Trust Account.

#### **B.4 Signing of Conditional Memorandum of Agreement (MOA)**

- B.4.1 MOA shall be executed between the representatives of the DILG Regional Office and the LGU to formalize the implementation arrangements, among others. The MOA shall be the basis of fund obligation and shall likewise contain the following provisions:
  - a. The commitment of the LGU to provide the counterpart funds, as needed;
  - b. The commitment of the LGU to provide in the annual budget the funds for the regular maintenance of the completed facilities/structures;
  - c. The commitment of the LGU to provide the necessary staff to manage and supervise the overall implementation of the Subproject and to provide funds for the administrative and operational costs of the subproject.
- B.4.2 Upon verification of satisfactory compliance to the following requirements, the MOA shall be signed and funds obligated:
  - a. SB Resolution Authorizing the Local Chief Executive to enter into a Memorandum of Agreement with DILG Regional Office.
  - b. Project Brief Description including its location and GPS Coordinates.
  - c. Latest Digital photos of the damaged infrastructure with 3R size (the digital photo file will be uploaded by the MLGOO to the RAY Website PPMS for RAY Batch 3).

- B.4.3 Within five (5) days after the date of signing, the DILG Regional Office shall provide copies of the perfected MOA to both the Regional and LGU Resident Auditors (COA).

### **B.5 Release of Funds**

- B.5.1 Prior to release of funds to the LGUs, the following documentary requirements shall be submitted to the DILG Regional Office within 60 calendar days from the date of signing of the conditional MOA:
- a. Request Letter from the LGU
  - b. Signed conditional MOA between DILG and LGU
  - c. Certified copy of the Executive Order (EO) on the designation of the Project Officer
  - d. Certification on the Opening of Special Account or existence of an LGU Trust Account by a Government Bank
  - e. Notarized Affidavit of Validation by signed by applicable \_\_\_\_\_ and \_\_\_\_\_ respective Province/City/Municipality/Barangay representatives, CSOs and DILG MLGOOs indicating the legitimacy of the need for the proposed repair, rehabilitation and/or reconstruction of the damaged facility
  - f. Approved Program of Works
  - g. Detailed Engineering Plans and Technical Specifications and other technical drawings.
  - h. Applicable Legal instrument/s allowing use of the land or property for the project (where applicable)
  - i. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems Road Right of Way (RRROW) problems and/or hazard area requirements, a certificate that the subproject will not be reconstructed on the "No Build Zone Area/Hazard Area/Road Right of Way Area"
- B.5.2 The DILG Regional Office will prepare a list of the eligible subprojects for RAY Batch 3 that has complied with all the above requirements and submit the same to the OPDS-DILG Central Office.
- B.5.3 Failure of the LGUs to comply with this provision will invalidate the conditional MOA by and between the DILG Regional Office and the concerned LGU and cancel the allocation for the subproject. Refer to applicable MC No.

2015-134 dated 13 November 2015, Guidelines for the Cancellation of Subprojects.

#### **B.6 Issuance of Certificate of Availability of Funds (CAF) For Subprojects Which Are Ready For Procurement**

- B.6.1 While waiting for the release of the NCA, LGU with sub-projects with complete documentation under section B.5.1 may proceed to the procurement stage short of award.
- B.6.2 The concerned DILG Regional Office shall issue a Certificate of Availability of Funds (CAF) to the LGU with amount corresponding to the proposed subproject Cost.
- B.6.3 The CAF issued by the DILG Regional Office shall be the basis of the LGU to issue the Certificate of Availability of Funds and proceed with the procurement process short of award. See *Annex 1* for a sample form of the CAF.

#### **B.7 Mode of Implementation**

LGUs may undertake the rehabilitation/repair works either "By Administration" or "By Contract".

##### **B.7.1 By Administration**

- B.7.1.1 Subprojects with cost of Php 5.0M and below may be undertaken "By Administration", pursuant to the GPPB Resolution No. 018-2006 dated 06 December 2006 of the Revised Guidelines for the Implementation of Infrastructure Project by Administration and this Circular.

LGUs who shall undertake the implementation of Infrastructure of their proposed subproject/s must:

- a. Have a track record of having completed similar project with cost of at least 50% of the cost of the proposed subproject/s;
- b. Own the tools and construction equipment to be used or must have access to such tools and equipment owned by other government agencies; and

- c. Be guided by the conditions and requirements as prescribed in Item 3.0 of the GPPB Guidelines, as follows:
  - c.1 Projects undertaken "By Administration" shall be included in the approved Annual Procurement Plan (APP) of the LGU
  - c.2 No contractor shall be used by the LGU, directly or indirectly for works undertaken by administration
  - c.3 Post the necessary warranty security in accordance with Section 62 of RA 9184 and its IRR
  - c.4 Manual labor component may be undertaken in-house by the LGU, by job-order or through "Pakyaw" contracting system.
- B.7.1.2 Procurement of tools and construction materials for subprojects undertaken by Administration shall be subject to RA 9184.
- B.7.1.3 The Office of the Municipal Engineer shall implement, supervise and monitor the rehabilitation and repair works to ensure that these are in accordance with specifications and implementation schedule. The Municipal Engineer shall designate a Project Engineer to supervise the construction/implementation on site, on a day-to-day basis.
- B.7.1.4 The LGUs shall submit to the DILG RO through the DILG-Provincial Offices and MLGOOs the Monthly Statement of Work Accomplishments (SWA) and the Report of Disbursement (ROD).
- B.7.1.5 The DILG-RO/Provinces and MLGOOs shall monitor the implementation in terms of timeliness, quality and fund utilization.
- B.7.1.6 Upon project completion, the LGUs shall issue the Certificate of Completion to be concurred by the DILG-Regional Offices. Moreover, the LGUs shall submit the post audit report to the DILG Regional Offices.



## **B.7.2 By Contract thru Competitive Bidding**

- B.7.2.1 Subprojects may be implemented "By Contract" through Competitive Bidding, pursuant to RA 9184 (Government Procurement Reform Act). Refer to *Annex 2* for the procurement timelines.
- B.7.2.2 All procurement activities must be included in the Annual Procurement Plan of the LGU.
- B.7.2.3 The LGU shall start the publication and posting of the invitation to Bid (ITB) immediately after issuance of the CAF by the DILG Regional Office. The LGU shall submit to the DILG Regional Office thru the Provincial Director a copy of the Invitation to Bid (ITB) as published in the newspaper and PhilGEPs Website within two (2) days after publication and posting. The LGU shall complete the bidding process following the timelines stipulated in RA 9184.
- B.7.2.4 The LGU shall invite the DILG Provincial/City Director/MLGOO or his duly authorized representative to observe the bidding process. The Regional Director or his duly authorized representative may likewise be invited.
- B.7.2.5 In the event of a failed bidding, the LGU shall immediately start the re-bidding process within five (5) days after the BAC has issued a resolution declaring a failure of bidding, in accordance with the timelines set-forth in RA 9184. Within the same period, the LGU shall submit to the DILG Regional Office a revised Physical and Financial Plan (PFP) indicating the revised target dates for bidding.
- B.7.2.6 In the event that the LGU will have to resort to negotiated procurement after two (2) failed biddings, the LGU shall commence the negotiation within five (5) days after the BAC has issued a resolution declaring a failure of bidding and complete the negotiation within 15 days.
- B.7.2.7 Copies of Bid Evaluation Reports (BERs) and signed perfected contracts shall be submitted to DILG Regional Office. Further, per COA Circular No. 2009-001, Section 3.1.1 dated February 12, 2009, within five (5) working days from the execution of the contract, the LGUs shall submit to the Local

Auditor a copy of the said contract together with all the documents forming part thereof, by reference or incorporation.

- B.7.2.8 All Procurement must be included in the Annual Procurement Plan of the LGUs and the Procurement Procedures shall be in accordance with RA 9184. The LGUs shall invite the DILG Provincial/City Director and the MLGOO or his duly authorized representative to observe the procurement process.
- B.7.2.9 Ensure that the approved unit prices for the subproject is in accordance with the applicable Detailed Unit Price Analysis (DUPA) prepared by the DPWH District/Regional offices.
- B.7.2.10 The Procurement is deemed completed upon the issuance of the Notice to Proceed (NTP) by the LGU.

### **B.7.3 Negotiated Contract**

- B.7.3.1 As an alternative mode of procurement, the LGUs may also consider Negotiated Procurement pursuant to Section 53.2 of the IRR of RA 9184 and GPPB Resolution No. 34-2013 dated 14 November 2013, which grants all concerned procuring entities the authority to resort to negotiated procurement under Section 53.2 (emergency cases) of the IRR of RA 9184.
- B.7.3.2 In case of failure in the two (2) biddings and the negotiated procurement, LGU shall seek clearance from DILG Regional Office, to implement the subproject "By Administration". In such a case, the procurement of tools and construction materials shall adhere to RA 9184. Likewise, the LGU shall submit a revised Program of Works that excludes Contractor's Profit, Taxes and Overhead Contingencies and Miscellaneous (OCM) expenses; with unit cost price derivations per item of work, for review, validation and approval by the DILG Regional Office.

## **B.8 Adherence to National Government Standards and Policies**

- B.8.1 LGUs shall abide by the standards and policies set by the National Government which are applicable to all phases of subproject preparation and implementation.
- B.8.2 The DILG Regional Office shall ensure that these standards and policies are considered during review and evaluation of POWs, and are being observed during actual implementation by the LGUs.
- B.8.3 The following are existing national standards/guidelines, laws, and policies, among others, that should be observed by all parties:
- Buildings and other vertical structures per CY 2005 Revised Edition of the IRR of the National Building Code (PD 1096), and Volume 1, 6<sup>th</sup> Edition of the National Structural Code of the Philippines published CY 2010 by the Association of Structural Engineers of the Philippines
  - Vol. II, Standard Specifications for Public Works and Highways (2004 Edition)
  - Evacuation Centers and other DRRM and Climate Change Adaptation (CCA) required facilities.
  - “No build” zone in accordance with FY 2014 GAA, Subprojects for reconstruction must be in locations, areas or sites that are not included in the critical geo-hazard areas or “no build zones” as identified by the Mines and Geo-Sciences Bureau (MGB) under the Department of Environment and Natural Resources (DENR). LGUs shall secure certification or any form of evidence from MGB that the Subprojects are not located in the “no build zone” areas.
  - NIPAS areas. In accordance with Sec. 40m General Provisions of FY 2014 GAA, no major infrastructure and/or development projects shall be undertaken in National Integrated Project Area System (NIPAS) areas and areas which have been determined to be within the danger zone, except for measures intended to protect and/or mitigate the impact of the identified hazards and enhance the protection of the NIPAS areas.

- Joint DENR-DILG-DND-DPWH-DOST M.C. No. 2014-01: Adaptation of Hazard Zone Classification in Areas Affected by Typhoon Yolanda and Providing Guidelines for Activities Therein.

## **V. SUBPROJECT IMPLEMENTATION**

### **A. The Local Government Units (LGUs)**

- A.1 The LGU shall designate a Project Engineer to supervise the construction/implementation on site, on a day-to-day basis.
- A.2 The LGU shall conduct a Pre Construction Conference (regardless of the mode of implementation) with the presence of all concerned parties including DILG representative/s to discuss the following:

#### For Subprojects "By Contract"

- Technical aspects of the Contract
- Specific subproject timelines including the advice to Contractor to mobilize within seven (7) days after the receipt of the NTP
- Agree on the regular conduct and schedule of coordination meetings
- The nature and thrust of the subproject in relation to the RAY-DILG Fund to ensure that the Contractor appreciates the Fund
- The participatory monitoring employed by the Fund
- Compliance of the Contractor to pertinent policies and guidelines

#### For Subprojects "By Administration"

- Subproject timelines and materials workmanship quality assurance
- Schedule of coordination meetings and reporting systems
- Participatory monitoring employed by the Subproject
- Adherence to national standards and policies

- A.3 For Subprojects to be implemented "By Contract"

- A.3.1 Consistent with RA 6685 dated 12 December 1988, the LGU shall ensure that the Contractor hires at least fifty percent (50%) of the unskilled and at least thirty percent (30%) of the skilled labor requirements from the unemployed bona fide and actual residents in the province, city or municipality who are ready, willing and able as determined by the LCE where the subproject is located. The LGU shall ensure that the following are strictly observed: (1) adoption of the standard labor salary rate, (2) adoption of rotation process,

as possible, to accommodate as many community members in the labor force, (3) transparency in the criteria for selection, and (4) prioritizing those from the community with no current employment and are able-bodied.

A.3.2 The LGU shall cause the Contractor to submit a monthly report on the labor force employed within the subproject based on the format shown in *Annex 6* as part of the Monthly Physical Accomplishment Report mentioned in *Item A.6* below.

A.3.3 The LGU shall cause the Contractor to observe the following:

- a. Construction materials are available on site in accordance with the approved plans and specifications
- b. Appropriate equipment are on site, in accordance with the Equipment Schedule
- c. Actual implementation/construction is in accordance with the approved Plans and Technical Specifications
- d. Quality control tests are conducted consistent with the frequency and number specified in the Technical Specifications for each item of work. The tests are conducted by accredited testing center/laboratory
- e. Waste disposal is done in accordance with prescribed standards
- f. Health and Safety standards set by DOLE are implemented

A.3.4 The LGU shall require the Contractor to submit a Monthly Physical Accomplishment Report within five (5) days after the end of each month using the report form shown in *Annex 7* – Statement of Work Accomplished. Copy of the report shall be submitted to the Provincial Director within two (2) days after days after submission by the Contractor.

A.3.5 In case there is noted/observed delay, the LGU shall immediately issue a *Warning Letter* to the Contractor and require the submission of a *Catch-up Plan* to complete the works within the approved contract period. If the delay is due to unforeseen events or work items known to the LGU, the Contractor shall immediately be advised to submit a request within thirty (30) days from the occurrence of such circumstances/events leading to the delay, for either suspension of works or extension of contract time. Any Contractor's request submitted beyond the said period shall be denied. The LGU shall act on the Contractor's request within three (3) days upon receipt of the request.

- A.3.6 In case there is stoppage of work for unknown reasons or the Contractor has abandoned the subproject, the LGU shall immediately assess/evaluate the situation, including the determination of the accomplished and remaining works, and officially notify the Contractor to explain the reason for abandonment and the consequence of its action. If warranted the LGU shall forfeit the Performance Security Bond in favor of the LGU and recommend blacklisting of the Contractor and revocation of the PBAC License. In such a case, the LGU shall take over the work immediately rebid the remaining works.
- A.3.7 The LGU shall request inspection from DILG Regional Office or Provincial Office when the subproject reaches 95% physical accomplishment for Punchlisting. Immediately after inspection, the LGU shall inform the Contractor to rectify the noted deficiencies, if any, and to complete the works within the remaining contract duration.
- A.3.8 Within one (1) week upon submission of the Contractor's request for final inspection of the subproject, the LGU shall conduct joint final inspection of the subproject, the LGU shall conduct joint final inspection with representatives from DILG Regional Office.
- A.3.9 Within one (1) week upon submission of the Contractor's request for final inspection of the subproject, the LGU shall also request COA inspection.
- A.4 The LGU shall invite the presence of DILG-MLGOO/PD/RD during major activities such as, but not limited to:
- For vertical Structure Subprojects:
- Pouring of Concrete
  - Installation of roof trusses/sheets
  - Materials testing
- A.5 The LGU shall organize ceremonial inauguration to officially turn-over the completed subproject to the LGU.
- A.6 Upon Completion of the subproject, the LGU shall submit to the DILG Regional Office the following:
- a. Copy of the Certificate of Acceptance of the subproject signed by the LCE
  - b. Copy of COA certification of Liquidation of 100% of the subproject fund and COA Inspection Report

- c. Others, as deemed necessary.

**B. DILG Regional Office, Provincial/City Office or MLGOOs/CLGOOs**

- B.1 The DILG Regional Office shall take the lead in monitoring all aspects of subproject implementation.
- B.2 During monitoring visits, the DILG Regional Office shall observe/check the following, among others:
  - a. Availability of construction materials on site, in accordance with the approved plans and specifications
  - b. Availability of appropriate equipment on site, in accordance with the Equipment Schedule
  - c. Quality control tests results conducted whether they are consistent with the frequency and number specified in the Technical Specification and whether the tests were conducted by accredited testing center/laboratory
  - d. Waste disposal is done in accordance with prescribed standards
  - e. Health and Safety standards set by DOLE are being implemented
  - f. Works are in accordance with the approved Plans and Specifications
- B.3 The DILG Regional Office, through the City/Provincial Director and MLGOO/CLGOO shall immediately advise the LGU of any noted deviations and to cause the Contractor the initiate corrective actions.
- B.4 The DILG Regional Office, through the City/Provincial Director and MLGOO/CLGOO shall validate reports submitted by the LGU on the Contractor's compliance with the provisions of RA 6685 regarding the hiring of skilled and unskilled labor. If the Contractor is not complaint with the said provisions, the LGU shall immediately be advised to cause the Contractor to comply.
- B.5 The DILG Regional Office shall evaluate all submitted reports by the LGU for the following cases:
  - B.5.1 Physical Works not in accordance with the Approved Plans and Specifications – The DILG Regional Office, through the City/Provincial Director and MLGOO/CLGOO shall advise the LGU to immediately issue notice to Contractor to implement corrective measures on noted defects. The LGU shall be advised to monitor Contractor's corrective actions.

- B.5.2 Inconsistency between the reported and actual work accomplished. – DILG Regional Office shall advise the LGU to conduct a joint inspection with the Contractor within three (3) days, to resolve inconsistencies.
  - B.5.3 Any delay in subproject implementation – DILG Regional Office shall advise the LGU to issue a Warning Letter to the Contractor and require immediate submission of catch-up plan to complete the works within the approved contract period.
  - B.5.4 Poor quality of works – The DILG Regional Office shall check the results of quality control tests conducted by the Contractor, among others.
- B.6 In case there is a reported stoppage of work for unknown reasons or the Contractor has abandoned the subproject, the DILG Regional Office, through the PD/CD and MLGOO/CLGOO shall advise the LGU to immediately assess/evaluate the situation and recommend appropriate action.
- B.7 The DILG Regional Office shall evaluate all submitted reports by the LGU for the following cases:
- B.7.1 Before the subproject reaches 95%, organize the joint inspection for Punch listing
  - B.7.2 Before the subproject reaches 100% physical, organize the joint final inspection and request the local COA for final inspection.

All subprojects shall be completed within the approved contract duration. In case the LGU cannot comply with this provision, the concerned LGU shall be recommended for the inclusion of the LGU in the list of Poor Performers.

## **VI. FUND MANAGEMENT**

In general, all applicable provisions of COA Circular No. 94-013 dated December 13, 1994 re: "Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies" shall be followed.



## A. Fund Utilization

The Fund shall be used exclusively for the following:

- A.1 To finance the implementation of the approved eligible subprojects as mentioned in Section III, A.2 and as reflected in the signed MOA.
- A.2 Upon submission, any balances from the approved subproject cost shall be returned to the DILG.
- A.3 In no case shall the fund be used to cover administrative costs (i.e. travel expenses, honorarium, supervision cost) of LGU personnel overseeing and monitoring the subproject. Such expenses shall be borne by the implementing LGU.

## B. Mechanics for Fund Releases

- B.1 Release of Funds shall be done by the DBM direct to the DILG Regional Offices through their Regular Accounts (Fund 101). DILG RO shall book-up the Notice of Cash Allocation (NCA) as "Subsidy from National Government - 4-03-01-01" while fund transfer shall be taken up as "Due from LGUs - 1-03-03-030". The DILG Regional Office shall immediately obligate the whole allotted amount allotted for the subproject/s. The DILG Regional Office shall maintain a subsidiary ledger of the fund transfer pertaining to the subproject/s.
- B.2 The LGU shall open a Special Trust Account for the Fund or may use the existing Trust Account. If existing Trust Account will be used, a separate subsidiary ledger for each subproject shall be maintained to facilitate tracking of fund utilization and liquidation. The transferred funds shall be taken up as "Due to NGAs" by the LGU.
- B.3 Fund releases to LGUs shall be made in the following tranches:
  - B.3.1 For projects with cost of *Php 3.0 Million and below*, funds shall be released in one tranche (100%), upon submission of the following by the LGUs:

Tranche	Requirements
100%	<ol style="list-style-type: none"><li>1. Request Letter from the LGU for the release of Fund</li><li>2. Copy of the SB Resolution Authorizing the Local Chief Executive to enter into agreement</li><li>3. Copy of the signed MOA between DILG Regional Office and the LGU</li></ol>

	<ol style="list-style-type: none"> <li>4. Executive Order (EO) designating the Subproject Engineer who will oversee the subproject implementation</li> <li>5. Affidavit of Validation signed by applicable and respective Province/City/Municipality/Barangay representatives, CSOs and the DILG MLGOOs</li> <li>6. Gov't. Bank Certificate on the Trust Account</li> <li>7. DILG-approved Program of Works consisting of the Project Description, Drawing Plans, Quantity Computation and Unit Cost Analysis/Derivation Project Cost, (to be submitted within 60 calendars days after the signing of the MOA).</li> <li>8. Subproject Implementation Schedule signed by the LGU Engineer and approved by the Local Chief Executive</li> <li>9. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems Road Right of Way (RROW) problems and/or hazard area requirements, a certificate from MGB-DENR/PPDO/MPDO/DPWH stating that the subproject will not be reconstructed on the "No Build Zone Area/Hazard Area/Road Right of Way Area."</li> </ol>
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B.3.2 For subprojects with cost of *Above Php 3.0 Million*, funds shall be released in two (2) tranches to the LGUs upon submission of the following:

Tranche	Requirements
1st Tranche (Equivalent to 80% of	<ol style="list-style-type: none"> <li>1. Request Letter from the LGU for the release of Fund</li> <li>2. Copy of the SB Resolution Authorizing the Local Chief Executive to enter into agreement</li> <li>3. Copy of the signed MOA between DILG Regional Office and the LGU</li> <li>4. Executive Order (EO) designating the Subproject Engineer who will oversee the subproject implementation</li> </ol>

<p><i>Approved POW)</i></p>	<ol style="list-style-type: none"> <li>5. Affidavit of Validation signed by applicable and respective Province/City/Municipality/Barangay representatives, CSOs and the DILG MLGOOs</li> <li>6. Gov't. Bank Certificate on the Trust Account</li> <li>7. DILG-approved Program of Works consisting of the Project Description, Drawing Plans, Quantity Computation and Unit Cost Analysis/Derivation Project Cost, (to be submitted within 60 calendars days after the signing of the MOA).</li> <li>8. Subproject Implementation Schedule signed by the LGU Engineer and approved by the Local Chief Executive.</li> <li>9. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems Road Right of Way (RROW) problems and/or hazard area requirements, a certificate MGB-DENR/PPDO/MPDO/DPWH stating that the subproject will not be reconstructed on the "No Build Zone Area/Hazard Area/Road Right of Way Area."</li> </ol>
<p><i>2<sup>nd</sup> Tranche (Equivalent to the Difference Between Approved Contract Cost less 1<sup>st</sup> Tranche)</i></p>	<ol style="list-style-type: none"> <li>1. Request Letter from the LGU for the release of the 2nd Tranche</li> <li>2. Physical Accomplishment Report including the SWA and Pictures as prepared by the Subproject Engineer and approved by the Local Chief Executive, showing at least 80% accomplishments</li> <li>3. ROD as prepared by the Municipal Accountant and stamp received by the Auditor showing at least 50% liquidation of the 1st Tranche</li> <li>4. For project undertaken by contract, copy of the BAC Resolution recommending Award of Contract, Contract Agreement, Notice to Proceed (NTP) as accepted by the Contractor, and Bid Evaluation Report (BER)</li> </ol>

- B.3.3 Prior to the start of the procurement process (if By Contract) or subproject implementation (if By Administration), the following additional documents shall be submitted to the DILG ROs:
- a. Copy of the Executive Order designating a Subproject Engineer/Manager who will oversee the Subproject implementation;
  - b. Appropriation Ordinance for LGU counterpart funds for amounts in excess of the POW (if applicable).
- B.3.4 Requests for fund releases shall be submitted to the Regional Office with the complete required supporting documents.
- B.3.5 The DILG Regional Office shall review the submitted documents and conduct field inspection to validate the claimed physical accomplishment, prior to the release of the 2<sup>nd</sup> Tranche.
- B.3.6 The DILG Regional Office shall release the funds within seven (7) working days upon satisfactory compliance of the requirements. It shall issue the check in the name of the LGU for deposit to the LGU's Trust Account maintained for the purpose. For its part, the LGU shall issue the corresponding official receipt in acknowledgment.
- B.3.7 Regional Directors are given authority to act on, sign and/or approve contracts, disbursement vouchers, checks, liquidation reports with amounts equivalent to the approved subproject costs stipulated in the MOAs with the LGUs, and all other related documents pertaining to the implementation of the Subprojects, subject to the usual accounting and auditing rules and regulations.
- B.3.8 The DILG Regional Office shall officially inform the concerned Regional and Local Resident Auditors that a check has been issued to the LGU, immediately after issuance of the check.
- B.3.9 In cases where the LGU has to provide Cash Counterpart Fund for the implementation of the subproject/s, such Cash Counterpart Fund shall be deposited in the Trust Account before the Award of the Contract. The Cash Counterpart Fund shall be fully disbursed before the release of the last Tranche.

- B.4 Any request for revisions or adjustments in POWs due to variation orders, unavoidable transfer of subprojects sites, among others shall be approved by the DILG Region through the DILG Province.
- B.5 Any request for re-alignment of funds to other subproject facility shall be subject to the review and approval of the DILG Region Office. Re-alignment shall only be allowed under the following cases:
- B.5.1 The funds given to the LGUs under the RAY-DILG Funds Batch 3 will only be used for the rehabilitation and repair of the eligible subprojects indicated and specified in the MOA signed by the LGU and the DILG Regional Director.
  - B.5.2 Approval for the revisions in the POWs will be the accountability of the DILG Regional Office. For reference at the National Level, the DILG Regional Office shall keep a copy of the request for revisions and the corresponding approval.
  - B.5.3 After approval by the DILG Regional Office of the revisions in the POWs as proposed by the LGU, the concerned MLGOO will upload the information as reflected in the RAY Website for proper subproject reporting and monitoring.
  - B.5.4 All revisions in the POWs and any re-alignment of funds will be done in accordance with approved government accounting rules and regulations.
- B.6 Reimbursement of funds expended to repair the damaged facility(ies) prior to the release of RAY-DILG funds will not be allowed.
- B.7 Unexpended balance retained at City/Municipality or barangay can only be utilized for same subprojects or eligible subproject as identified in the MOA, subject that these are supported with revised POWs to be reviewed by the DILG Region/Province, otherwise the balance shall be reverted back to the DILG Region.

## **C. Reporting and Liquidation**

### **C.1 Liquidation of Fund Transfers to LGUs**

- C.1.1 Reporting and liquidation of funds shall be in accordance with guidelines pursuant to COA Circular 2014-002 dated April 15, 2014. – “Accounting and

Reporting Guidelines on the Receipt and Utilization of National Disaster Risk Reduction and Management Fund (NDRRMF).

- C.1.2 On or before the 10<sup>th</sup> day of each month, the City/municipality shall submit to DILG Region a COA stamp-received or verified Monthly Report of Disbursement/Liquidation (ROD) to be prepared by the Municipal Treasurer, reviewed by the Municipal Accountant and approved by the Local Chief Executive. Within 60 days upon subproject completion, the City/Municipality shall submit a COA verified Consolidated ROD as part of the post audit requirement. See *Annex 8* for the pro forma Report of Disbursement/Liquidation (ROD).
- C.1.3 Within 15 working days after the end of each month, the DILG Regional Office shall submit to DILG Central Office the Regional Consolidated Report on Fund Utilization. Please refer to *Annex 9* for the Pro-forma Regional Consolidated Report on Fund Utilization.
- C.1.4 The DILG Regional Accountant or any authorized representative shall conduct spot checks of fund utilization, proper recording of book of accounts, and overall financial management of the LGU.
- C.1.5 Within one (1) month after the end of each year, LGUs shall submit to DILG Regional Office copy of the Annual Audited Report (Consolidated Report of the Monthly ROD) for on-going subprojects reflecting all fund deposits and actual fund utilization. DILG Regional Office shall furnish DILG Central Office copy of such report.
- C.1.6 The LGU shall return to the DILG Regional Office any unutilized balance upon completion of the subprojects
- C.1.7 All fund transfers shall be liquidated one (1) month after the completion of each subproject. The LGU shall submit a Summary Report (Consolidated Report of the Audited Monthly ROD) to the DILG Regional Office showing all fund deposits and actual disbursements provided that the LGU has submitted all the Audited Monthly Reports. In case the LGU fails to submit monthly and/or audited reports, an Annual Audited Report including a separate opinion from the Auditor, as to whether the fund has been used for the purpose, shall be submitted.

C.1.10 The DILG Regional Office shall officially notify the LGUs on the need to submit the required liquidation reports.

## **C.2 Liquidation of Regional Operational Fund**

Every 15<sup>th</sup> day of the month, the Regional Office shall submit to DILG Central Office the ROD on the utilization of the funds transferred for operational expenses.

## **VII. IMPLEMENTATION ARRANGEMENT**

### **A. National Project Advisory Board (PAB)**

At the National Level, the DILG and DPWH shall organize a Project Advisory Board (PAB) to be composed of the Secretary of the respective Agencies or their duly designated representative/s.

The PAB shall:

- a. Provide policy guidance for the Fund
- b. Review and endorse to DBM the Annual Work and Financial Plan (AWFP) for the RAY- DILG-Fund, as needed
- c. Resolve implementation issues elevated by the Regional Offices and/or the RAY-DILG Project Management Office (PMO)

The PMO, established under the Office of Project Development Services (OPDS) of the DILG, shall serve as the Secretariat of the PAB. The PAB shall meet once a month, or as necessary.

### **B. RAY-DILG Project Management Office (RAY-DILG PMO)**

A Project Management Office (PMO) shall be established in the DILG under the Office of Project Development Services (OPDS) which shall be responsible for the overall-project management. The PMO shall specifically be responsible for the following:

- a. Formulation/Updating of Operational Guidelines and Strategies for effective implementation
- b. Over-all physical and financial planning
- c. Over-all fund management
- d. Development and implementation of monitoring and evaluation systems
- e. Conduct of periodic monitoring on the subproject implementation and fund utilization.
- f. Development and maintenance of databases for the Fund
- g. Preparation and submission of monthly and quarterly reports to the PAB, and DILG Secretary and Undersecretary

- h. Provision of advisory and technical assistance to DILG Field Offices and LGUs, in the development, implementation
- i. Development and implementation of capacity development programs for DILG Field Offices and LGUs.
- j. Conduct of regular consultations/dialogues with DILG-ROs and LGUs to resolve issues implementation issues

### **C. DILG Regional Offices**

The Regional Offices shall take the lead and be responsible for the efficient and effective implementation of the Subprojects at the local level, and shall take appropriate measures to ensure that the Funds transferred to LGUs are used for the intended purpose.

#### **C.1 The Regional Director shall:**

- a. On behalf of the DILG, enter into a MOA with the LGUs for the implementation and release of funds for the subprojects
- b. Approve/disapprove subprojects
- c. Sign disbursement vouchers, checks, liquidation reports relative to Project implementation and fund releases to LGUs
- d. Oversee the implementation of RAY-DILG in the Region.

#### **C.2 The Regional Offices through the PDMUs shall be responsible for the following:**

- a. Regional fund management, which includes among others, review of documents submitted by LGUs prior to release of funds, and verifying satisfactory compliance of requirements
- b. Review and evaluate subproject documents including POWs submitted by LGUs prior to MOA signing
- c. Provide advisory, technical and related capacity development to LGUs
- d. Provide support in monitoring and evaluating the subprojects
- e. Prepare and submit monthly reports to the RAY-DILG PMO,
- f. Conduct of progress monitoring of subprojects
- g. Conduct separate quality control test, as necessary, through the engagement of accredited testing institutions
- h. Ensure the compliance of requirements of LGUs
- i. Prepare and submit Physical and Financial Accomplishments Reports to DILG CO through OPDS and FMS
- j. Prepare regular alert status reports that will provide management advance information on what is happening on the ground that will guide in addressing possible bottleneck.
- k. Conduct of regular consultations/dialogues with LGUs and other stakeholders
- l. Facilitate the resolution of implementation issues that are not resolved at the local level.



#### **D. DILG Provincial/City/Municipal Offices**

The Provincial/City Directors and MLGOOs shall assist the DILG Regional Office in monitoring the implementation of the subprojects at the local level. The Provincial/City Director and MLGOO shall be responsible for the following:

- a. Orient the LGUs on the Fund Guidelines and Timelines
- b. Monitor and provide feedback to DILG Regional Office and CO on the progress of activities in all phases of Project implementation
- c. Review the completeness of the relevant documents submitted by the LGUs
- d. Facilitate in finalizing the documents required in MOA signing.
- e. Provide feedback whether LGU has issued CAF to BAC as a requirement to commence the procurement process.
- f. Monitor and provide advice during the bidding process, as necessary
- g. Upon invitation by the LGU, attend Pre-bid Conference for the subproject and observe the bidding process
- h. Ensure timely submission of accomplishment reports (including pictures)
- i. Participate in the conduct of punchlisting and final inspection and submit report within two (2) working days after inspection, to the DILG Regional Office
- j. Assist in the conduct of spot checking on the book of accounts and ledgers of the LGUs
- k. Upon completion of the subproject, attest to the existence of the subprojects by submitting a certification to the Office of the Undersecretary for Local Government (OUSLG), through channels, that he/she has seen that the subproject was implemented and has been completed.
- l. Monitor the construction in terms of timeliness, fund utilization, and quality and quantity of workmanship.

#### **E. Local Government Units (LGUs)**

The LGU shall undertake the following responsibilities:

- a. Designate a Project Manager/Engineer to oversee the day to day subproject implementation at the local level
- b. Establish a Trust Account or maintain a separate subsidiary ledger (if an existing Trust Account is used) for each subproject which the transferred funds for the rehabilitation and repair of facilities/structures shall be deposited
- c. Prepare and submit to DILG-ROs the Program of Works (POW) including supporting documents such as drawing plans, technical specifications, project cost, unit price analysis, construction schedule (bar chart with S-Curve), quantity calculations and photographs.

- d. Undertake the procurement in accordance with the provisions of RA 9184 and its IRR
- e. provide counterpart funds for the (i) administrative and operational costs for the subproject implementation, i.e. office supplies, billboards, travel expenses, communication, meetings and consultations, salaries, construction supervision, and likes; (ii) excess cost due to variation orders including any unforeseen work items; and (iii) operations and maintenance of the completed facilities/structures.
- f. Supervise the construction in accordance with the established standards and prevailing engineering practices
- g. Submit to the DILG Provincial Office/Municipal Offices a Monthly Physical Status and Financial Accomplishment Report
- h. Return to DILG-ROs the unexpended balance of the released portion of the funds or the pertinent portion related to the cancelled component, whenever applicable.
- i. Submit to DILG-Provinces and MLOGOs the Monthly Statement of Work Accomplishments (SWA) and the Report of Disbursement/Liquidation (ROD).
- j. Issue the Certificate of Completion to be concurred by the DILG-ROs.
- k. Provide equity for administrative cost that may be incurred by the local staff.
- l. Adhere to existing national standards/guidelines, laws and policies stipulated in *Item IV, B.8*, among others.
- m. During procurement, adhere to and implement all provisions of RA 9184 and its Implementing Rules and Regulations (IRR).
- n. Ensure that subproject is implemented in accordance with the approved schedule, within the approved budget and in accordance with acceptable standards.
- o. Submit monthly financial and physical accomplishment reports to the DILG Regional Office.
- p. Be responsible for the liquidation of funds transferred to the LGU
- q. Commit to provide annual operations and maintenance funds through a Sanggunian Resolution.

## **VIII. MONITORING AND ADVOCACY**

To ensure transparency and accountability, the DILG and the LGU shall provide the following:

- a. Regular reporting to ensure timely resolution of issues that may arise.
- b. Installation of community billboards by the LGUs and Contractors to provide the people information on the period of implementation, fund allocation and utilization, among others

- c. Posting of the project implementation status in the DILG and LGU Websites ([www.dilg.gov.ph](http://www.dilg.gov.ph)).
- d. Full disclosure of project information through tri-media

#### **A. Progress Monitoring**

The following are the processes and mechanisms for the monitoring of subproject during implementation:

##### **A.1 DILG-PMOs**

- a. Conduct regular site visits and spot checks in all phases of subproject implementation, whenever necessary
- b. Submit monthly and quarterly progress reports to the Secretary and Undersecretary

##### **A.2 DILG Field Offices**

DILG Regional Offices shall take the lead during progress monitoring.

A.2.1 Progress monitoring shall be conducted by DILG Regional/Provincial/City/Municipal Offices and shall cover the following:

- physical status and accomplishment
- financial status to include utilization/disbursement rates
- problems encountered and recommended solutions;
- assessment of risks

A.2.2 Progress Monitoring and reporting shall be done monthly and quarterly.

#### **B. Transparency and Accountability Mechanisms (TAM)**

The following Transparency and Accountability Mechanisms shall be operationalized in the implementation of subprojects:

##### **B.1 For the LGU**

B.1.1 The LGU shall install subproject billboards on the subproject sites to provide information including the period of implementation, fund allocation and status of fund utilization consistent with COA Circular No. 2013-004 dated 30 January 2013 - Information and Publicity on Programs/Projects/Activities of Government Agencies on subproject reporting and monitoring of subproject/s..

- B.1.2 The LGU shall post in their respective websites, within thirty (30) calendars days from entering into Contract with the winning contractor/bidder, the following information per subproject:
- B.1.3 Subproject title and detailed description which shall include the nature and location
- B.1.4 The detailed estimates in arriving at the Approved Budget for the Contract
- B.1.5 The winning Contractor and the detailed estimates of the bid awarded.
- B.1.6 The LGU shall post in their respective websites within thirty (30) calendars days from the issuance of subproject completion the following:
- Detailed actual cost of the sub-project; and
  - Variation orders, if any
- B.1.7 The LGU shall also abide by the COA Circular No. 2013-004 dated 30 January 2013 – Information and Publicity on Programs/Projects/Activities of Government Agencies on subproject reporting and monitoring of subproject/s.

## **B.2 The PMO and Regional offices**

RAY-DILG PMO and Regional Offices shall post subproject implementation status on their respective websites. Full disclosure of subproject information and status of implementation is encouraged through tri-media.

## **IX. PENALTIES AND SANCTIONS**

The Regional Director is authorized to:

- A. Terminate/cancel the implementation of the subproject in the following instances:
- a. LGU's non-compliance to prescribed processes, standards and requirements
  - b. Corruption and fraudulent practices
  - c. When situations/circumstances would make it improbable for the subproject to continue to be carried out
  - d. Upon request of the LGU

In case that the subproject is partially or fully cancelled due to the fault of the LGU, the LGU shall be obliged to return the unexpended balance of the released portion of the funds or the pertinent portion related to the cancelled component of the subproject, whichever applies, without prejudice to paragraph C hereof. Refer to applicable MC No. 2015-134 dated 13 November 2015, Guidelines for the Cancellation of Subprojects.

B. Suspend/ withhold the release of the final tranche if any of the following occurs:

- The DILG Regional Office, during the conduct of review and monitoring activities deter civil, criminal and/or administrative case against the concerned local public official/s that: (i) the procurement of any contract is inconsistent with RA 9184 provisions (ii) LGU is performing unsatisfactorily in the implementation and execution of the subproject or in the event that substantial slippage in implementation is incurred.
- Extraordinary conditions such as force majeure, fortuitous events and the like which shall make it necessary to suspend the implementation of the subproject.

The LGU will be given a period of *one month* to resolve the issue, improve performance or remedy the situation. However, termination will be resorted to only, if LGU, having been duly notified, does not make any effort to institute measures that will address issues at hand.

C. File the appropriate civil, criminal and/or administrative case against the concerned local public official/s for acts or omissions in relation to the performance of its duties under the RAY-DILG Fund.

## **X. EFFECTIVITY**

This Memorandum Circular (MC) shall take effect immediately.



**MEL SENEN S. SARMIENTO**  
Secretary, DILG



CAF No. \_\_\_\_\_

Dated : \_\_\_\_\_

**CERTIFICATION OF AVAILABILITY OF FUNDS (CAF)**

Pursuant to the provisions of RA \_\_\_ (FY 201\_ General Appropriations Act), the amount of \_\_\_\_\_ (*amount in words of the total Regional Allocation*) \_\_\_\_\_ (Php *amount in figures* ) has been allocated to DILG Region \_\_\_ for the implementation of \_\_\_\_\_ (*name of Program/Project*) and booked-up by this Office under Fund 101.

This Office hereby certifies that a portion of the said appropriations is available for the Province/City/Municipality of \_\_\_\_\_ (*name of LGU*) amounting to \_\_\_\_\_ (*amount in words based on the signed MOA*) \_\_\_\_\_ (Php *amount in figures* ) and shall be charged against the abovementioned appropriations to finance the following RAY – DILG Fund Subprojects:

Project Title	Amount
1. _____	_____
2. _____	_____
3. _____	_____
<b>TOTAL</b>	_____

The corresponding cash shall be released in accordance with the signed **Memorandum of Agreement (MOA)** between the DILG Region and the Province/City/Municipality of \_\_\_\_\_ (*name of LGU*) signed on \_\_\_\_\_ 201\_ and the Memorandum Circular No. \_\_\_ (**Guidelines in the Management of the RAY – DILG FUND**). Tentative cash releases shall be as follows:

Project Title	First Tranche		Second Tranche	
	Amount	Date	Amount	Date
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____	_____

Certified correct by:

Approved by:

\_\_\_\_\_  
DILG Regional Accountant

\_\_\_\_\_  
DILG Regional Director

**PROCUREMENT TIMELINES**

Activities	Particulars
<b>1. Advertisement and Posting in PhilGEPS</b>	<ul style="list-style-type: none"> <li>• Advertisement and Posting in PhilGEPS should start simultaneously on the same day.</li> <li>• For Infrastructure projects above 5M and Goods above 2 M, advertised is done at least once in one (1) newspaper of general nationwide circulation which has been regularly published for at least (2) two years before the date of issue of the Advertisement.</li> <li>• For infrastructure projects below 5M and Goods below 2M, advertisement in a newspaper is not mandatory.</li> <li>• Posting in of Invitation to Bid in PhilGEPS and Conspicuous places must be done continuously for (7) calendar days.</li> </ul>
<b>2. Issuance of Bidding Documents</b>	<ul style="list-style-type: none"> <li>• Issuance of Bidding Documents must start from 1<sup>st</sup> day of Advertisement and Posting until the date set for the submission and receipt of Bids.</li> </ul>
<b>3. Pre Bid Conference</b>	<ul style="list-style-type: none"> <li>• Must be conducted at least (12) calendar days before Bid Opening</li> <li>• Must be conducted at least one (1) for contracts with an ABC of 1M and above</li> <li>• For contracts with an ABC of 1M below, pre-bid conference may be conducted at the discretion of the BAC</li> </ul>
<b>4. Supplemental/ Bid Bulletin</b>	<ul style="list-style-type: none"> <li>• Issuance should at least be seven (7) calendar days before Bid Opening.</li> </ul>
<b>5. Submission and Receipt of Bids</b>	<ul style="list-style-type: none"> <li>• For Goods, deadline of submission of Bids must be set within (45) calendar days from the last day of Posting.</li> <li>• For Infrastructure Projects, deadline of submission of Bids must be set within fifty (50) calendar days for projects 50M and below and sixty-five (65) calendar days for projects above 50 M.</li> <li>• Please take note that deadline of submission of Bids may be earlier that (45) and (65) calendar days.</li> </ul>

Activities	Particulars
<b>6. Bid Evaluation</b>	<ul style="list-style-type: none"> <li>• Bid Evaluation should be completed within seven (7) calendar days for Goods and Infrastructure above 50 M, five (5) calendar days for Infrastructure 50 M and below.</li> <li>• Bid Evaluation may be completed earlier than five (5) and seven (7) calendar days, respectively.</li> </ul>
<b>7. Post Qualification</b>	<ul style="list-style-type: none"> <li>• Post qualification process shall be completed in not more than seven (7) calendar days from determination of the Lowest Calculated Bid (LCB).</li> <li>• In exceptional cases post qualification period may be extended by the Head Of Procuring Entity (HOPE), but in no case shall the aggregate period exceed thirty (30) calendar days</li> </ul>
<b>8. Approval of resolution/Issuance of Notice of Award</b>	<ul style="list-style-type: none"> <li>• Should be done within seven (7) calendar days for Goods and Infrastructure above 50 M, four (4) calendar days for Infrastructure 50 M and below.</li> <li>•</li> <li>• The BAC shall post within three (3) calendar days from its issuance, the NOA in the PhilGEPS, its website and conspicuous places.</li> </ul>
<b>9. Contract preparation and signing</b>	<ul style="list-style-type: none"> <li>• Should be done within ten (10) calendar days from receipt of NOA, including the posting of the required Performance Security.</li> </ul>
<b>10. Approval of Contract by higher authority</b>	<ul style="list-style-type: none"> <li>•</li> <li>• Should be done within fifteen (15) calendar days for Goods and Infrastructure above 50 M, five (5) calendar days for Infrastructure 50 M and below.</li> <li>• If no action on the contracts is taken by the HOPE or the approving authority within the periods specified, the contract concerned shall be deemed approved.</li> </ul>
<b>11. Issuance of Notice to Proceed</b>	<ul style="list-style-type: none"> <li>• Should be done within three (3) calendar days for Goods and Infrastructure above 50 M, two (2) calendar days for Infrastructure 50 M and below.</li> <li>• Contract effectivity date shall not be later than seven (7) calendar days from its issuance.</li> </ul>



Republic of the Philippines

(LGU)

LABOR FORCE EMPLOYMENT REPORT  
As of \_\_\_\_\_

Project Title : \_\_\_\_\_

No	NAME			ADDRESS				AGE	GENDER	OCCUPATIONAL SKILL
	Last	First	MI	Street	District	Municipality	Province			

Prepared by : \_\_\_\_\_

Verified Correct by : \_\_\_\_\_

J

Statement of Work Accomplished (SWA)

Project Title  
 Municipality  
 Billing Certificate No.  
 Date Covered

BILL NO.	DESCRIPTION OF ITEM OF WORK	QTY	Unit	Unit Cost	Total Amount	wt. %	Total Quantity			Total Accomplishment %			Total Item Accomplishment %			Total Cost		
							Previous Billing	This Billing	To Date	Previous	This Billing	To Date	Previous	This Billing	To Date	Previous	This Billing	To Date
							F	G	F + G	H	G ÷ E	H ÷ I	J	K ÷ C	L	J ÷ C	K ÷ M	
		A	B	C	D	E	F	G	F + G	H	G ÷ E	H ÷ I	J	K ÷ C <td>L</td> <td>J ÷ C <td>K ÷ M</td> </td>	L	J ÷ C <td>K ÷ M</td>	K ÷ M	
TOTAL																		

Recipient: E<sub>1</sub>

Contractor/Supplier: B

Witness/Observer: E

Project: E

Contractor

Project Engineer

Project Review

Project Engineer

Date \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

✓

RAY - DILG FUND  
Report of Disbursement/Liquidations

For the Month of \_\_\_\_\_

Amount Received per NTA No. \_\_\_\_\_

Less: Disbursement \_\_\_\_\_

Balance as of \_\_\_\_\_

<u>Payee</u>	<u>Nature of Payment</u>	<u>Check No.</u>	<u>Date</u>	<u>Amount</u>	<u>Remarks</u>
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Certified Correct:

Approved by:

Verified by:

\_\_\_\_\_  
Accountant

\_\_\_\_\_  
LCE

\_\_\_\_\_  
Regional COA Auditor

7

REGIONAL CONSOLIDATED FUND UTILIZATION REPORT<sup>1</sup>

SN	PROJ. CODE	PROVINCE	MUNICIPALITY	PROJECT TITLE	BUDGET ALLOCA-TION	NCA RELEASES					Cash Transfer			LGU LIQUIDATION				
						First Tranche		Second Tranche		Total	Total for the Previous Month	Current Month	Total	Total for the Previous Month	Current	Total	Balance	
						Date Received	Amount	Date Received	Amount									
1																		
2																		
3																		
4																		
5																		
6																		
7																		
8																		
9																		
10																		
14																		

Prepare by:

Approved by

\_\_\_\_\_  
Regional Accountant

\_\_\_\_\_  
Regional Director



**CONDITIONAL MEMORANDUM OF AGREEMENT (MOA)  
FOR THE RECOVERY ASSISTANCE FOR YOLANDA-DILG FUND (RAY-DILG FUND)  
RAY BATCH 3**

***KNOW ALL MEN BY THIS PRESENTS***

This Memorandum of Agreement (MOA) for the Reconstruction Assistance to Partially/Totally Damaged LGU Infrastructures is entered into by and between the following Parties:

The **DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**, a national government agency represented herein by its Regional Director, \_\_\_\_\_, Region \_\_\_\_\_ with office address at \_\_\_\_\_, hereinafter referred to as the "DILG".

**and**

The **Province/City/Municipality of** \_\_\_\_\_ a local government unit (LGU) duly established under the laws of the Republic of the Philippines, with address at \_\_\_\_\_ herein represented by its Governor/City Mayor/Municipal Hon. \_\_\_\_\_, hereinafter referred to as the "LGU".

**WITNESSETH**

**WHEREAS**, the Philippines ranks among the countries that are most vulnerable to multiple hazards, such as earthquakes, typhoons, floods, volcanic eruptions, and landslides, exacerbated by global climate change;

**WHEREAS**, Typhoon Yolanda has left enormous devastation in agriculture, fishing industry, shelters, school buildings and other infrastructure particularly in fourteen (14) Provinces and one hundred seventy-one (171) Cities and Municipalities that fall within the fifty (50) kilometer radius of the typhoon path;

**WHEREAS**, in support of the Government's Reconstruction efforts and endeavors, the Department of the Interior and Local Government (DILG) formulated the Reconstruction Assistance for Yolanda (RAY) – affected Areas – DILG RAY 3 Fund with an amount of Php 1.209 Billion to be given as grant for the eligible LGUs that were assessed to have the most significant damages to local infrastructures;

**WHEREAS**, the Project aims to bring back local government operations and accelerate socio-economic activities in typhoon-Yolanda affected areas, through the reconstruction of totally-damaged and rehabilitation of partially-damaged provincial/city/municipal buildings, public markets, civic centers, Justice Halls, Transport Terminals, Drainage System, Water Supply System and barangay infrastructures, with due considerations on Build Back Better (BBB) to make them become disaster-resilient public infrastructures;

**WHEREAS** the President of the Philippines has approved the release of the fund and the DBM subsequently released the allotment under SARO No. D-15-0028797 dated 29 December 2015 in the amount of ₱737,938,480.00;

**WHEREAS**, this MOA is intended only for the implementation of the Infrastructure Component;

**WHEREAS**, the LGU has submitted a package of subproject/s to be financed under the DILG Component as contained in **Section 1.1 of Article I** of this Agreement;

**WHEREAS**, SB Resolution No. \_\_\_ Series 2015, has authorized Hon. \_\_\_\_\_ to enter into an agreement with the DILG and comply with the Project requirements.

**WHEREAS**, this MOA shall be executed between the representatives of the DILG Regional Office and the LGU to formalize the implementation arrangements, among others. The Conditional MOA shall be the basis of fund obligation;

**WHEREAS**, failure of an LGU to comply with the provision of this MOA under Schedule 3, Item 3 – Fund Releases will invalidate this MOA and will cancel the fund allocation of the concerned LGU.

**WHEREAS**, to ensure the effective and efficient implementation of the subproject/s and the utilization of the grant funds, there is a need to define the institutional arrangements, the responsibilities of the stakeholders, and the procedures and requirements;

**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 THE SUBPROJECT/S**

**Section 1.1** This Memorandum of Agreement (MOA) shall cover the subproject/s enrolled under the DILG Component of the Reconstruction Assistance for Yolanda (RAY) Affected LGUs: DILG Fund, as follows:

Subproject Title	Subproject Cost		
	DILG Allocation	LGU Cash Counterpart	Total
<b>Total</b>			

**Section 1.2** The DILG thru its Regional Offices IV-B, V, VI, VII and VIII shall make available to the recipient LGUs from the SAROs received for the purpose the funds intended for RAY3 to finance the sub-projects **not to exceed an aggregate amount P \_\_\_\_\_**, subject to the terms and conditions of this Agreement.

**Section 1.3** In case the subproject costs are more than the allocation as stipulated in *Section 1.1 above*, the LGU shall provide cash counterpart equivalent to the excess in subproject allocation.

- Section 1.4** Any variation to the subproject design during the course of implementation should first seek the review and conformity of the DILG and should only be limited to the total project cost. Any variation order resulting to an increase in the total project cost shall be borne by the LGU.
- Section 1.5** LGU shall also provide counterpart in cash or in kind to finance the preparatory activities and monitoring in the implementation of the subproject/s.
- Section 1.6** Failure of the LGUs to comply with the submission of the requirements stipulated in Schedule 3 of the MOA within 60 calendar days from its signing, the MOA shall be invalidate and the fund allocation will be cancelled;

## **Article II THE SUBPROJECT EXECUTION**

- Section 2.1** The execution of the subproject/s shall be carried out in conformity with sound technical, financial and managerial standards, policies and procedures and in accordance with the provisions of **Memorandum Circular No. \_\_\_ Series of 2015** (*Guidelines in the Management of the Recovery Assistance On Yolanda (RAY-DILG Fund Batch 3)*) which shall be made an integral part of this Agreement.
- Section 2.2** LGU, may, at its own prerogative, undertake the rehabilitation/repair works in any of the following modalities:
- a. **By Administration** - for subproject/s with program of works (POW) cost of **Php 5.0 Million** and below, provided that said LGU has secured a DPWH Certification that it has a track record of having completed or supervised a project by administration or by contract, similar to and with a cost of at least 50% of the the project at hand, and that they own the tools and construction equipment to be used or have access to tools and equipment owned by other government agencies, as required, among others, by the GPPB Revised Guidelines for the Implementation of Infrastructure Projects by Administration.
  - b. **By Contract**, through "**Competitive Bidding**", pursuant to the provisions of the revised IRR of RA 9184 (Government Procurement Reform Act) or **Negotiated Procurement** - Pursuant to Section 53.2 of the revised IRR of RA 9184 and GPPB Resolution No 34 dated 14 November 2013, which grants all concerned procuring entities the authority to resort to negotiated procurement under Section 53.2 (Emergency Cases) of the IRR of RA 9184.
- Section 2.3** The LGU shall carry out the implementation with due diligence and efficiency in conformity with sound administrative, financial and environmental engineering practices. The LGU shall:
- a. Conduct subproject physical and financial planning;
  - b. Based on the Certificate of Availability Funds (CAF) issued by the DILG Regional Office as stipulated in *Section 2.4.b* below and the Appropriation Ordinance for LGU Cash Counterpart Fund as stipulated in *Section 1.1 of Article I* of this Agreement , (if any), issue the CAF needed to proceed with the procurement process;

- c. Undertake the procurement by competitive bidding or negotiated procurement in accordance with the provisions of RA 9184 (Government Procurement Reform Act) and its Implementing Rules and Regulations (IRR);
- d. Ensure that the approved unit prices for the subproject is in accordance with the applicable Detailed Unit Price Analysis (DUPA) prepared by the DPWH District/Regional offices.
- e. Invite the DILG Provincial/City Director or his duly authorized representative as Observer during the bidding process. The Regional Director or his duly authorized representative may also be invited as Observer.
- f. Per COA Circular No. 2009-001, Section 3.1.1 dated February 12, 2009, within five (5) working days from the execution of the contract, submit to the Local Auditor a copy of the perfected contract together with all the documents forming part thereof, by reference or incorporation.
- g. Post in their respective websites, within thirty (30) calendars days from entering into Contract with the winning contractor/bidder, the following information per subproject:
  - Subproject title and detailed description including the nature and location
  - The detailed estimates of the Approved Budget for the Contract
  - The Winning Contractor and the detailed estimates of the bid awarded.
- h. Abide by the standards and policies set by the National Government which are applicable to all phases of subproject implementation which shall include but not limited to the following.
  - Buildings and other vertical structures per CY 2005 Revised Edition of the IRR of the National Building Code (PD 1096), and Volume 1, 8th Edition of the National Structural Code of the Philippines published CY 2010 by the Association of Structural Engineers of the Philippines
  - Vol. II, Standard Specifications for Public Works and Highways (2004 Edition)
  - Evacuation Centers and other DRRM and Climate Change Adaptation (CCA) required facilities
  - **No-build Zone and/or Hazard Zone.** In accordance with FY 2014 GAA. Subprojects for reconstruction must be in locations, areas or sites that are not included in the critical geo-hazard areas or "no build zones" as identified by the Mines and Geo-Sciences Bureau (MGB) under the Department of Environment and Natural Resources (DENR). LGUs shall secure certification or any form of evidence from MGB that the Subprojects are not located in the "no build zone" or "Hazard Zone" areas.



- **NIPAS areas.** In accordance with Sec. 40, General Provisions of FY 2013 GAA, no major infrastructure and/or development projects shall be undertaken in National Integrated Protected Area System (NIPAS) areas and areas which have been determined to be within the danger zone, except for measures intended to protect and/or mitigate the impact of the identified hazards and enhance the protection of the NIPAS areas.
- i. Designate a Project Engineer/Inspector to supervise the construction/implementation on site, on a day-to-day basis
  - j. Conduct Pre-Construction Conference with the presence of DILG representative.
  - k. Consistent with RA 6685 dated 12 December 1988, ensure that the Contractor hires at least fifty percent (50%) of the unskilled and at least thirty percent (30%) of the skilled labor requirements from the available bona fide residents where the subproject is located and strictly observed: (1) adoption of the standard labor salary rate, (2) adoption of rotation process, as possible, to accommodate as many community members in the labor force, (3) transparency in the criteria for selection, and (4) prioritizing those from the community with no current employment and are able-bodied; Submit a monthly report on the labor force employed within the subproject based on the format shown **Schedule 1** as part of the Monthly Physical Accomplishment Report mentioned in *Section 2.3.t below*.
  - l. Ensure that subproject is implemented in accordance with the approved construction schedule and S-Curve (copy furnished the DILG Regional Office), within the approved budget and in accordance with acceptable standards.
  - m. Ensure that the following minimum requirements are observed during the construction:
    - Construction materials are available on site in accordance with the approved plans and specifications
    - Appropriate equipment are on site, in accordance with the Equipment Schedule
    - Actual implementation/construction is in accordance with the approved Plans and Technical Specifications
    - Quality control tests are conducted consistent with the frequency and number specified in the Technical Specifications for each item of work. The tests are conducted by accredited testing center/laboratory and the Manufacturers Certificate and submitted
    - Billboards are properly installed and maintained
    - Waste disposal is done in accordance with prescribed standards
    - Health and Safety standards set by DOLE are implemented
  - n. Submit to the DILG Regional Office PDMU a Monthly Physical Accomplishment Report within five (5) days after the end of each month using the report form shown in **Schedule 2 (Statement of Work Accomplished)**. Copy of the report shall be submitted to the DILG Provincial Director within two (2) days after submission by the Contractor.

- o. Invite the presence of DILG Provincial/City Director MLGOO during major activities such as, but not limited to:
  - Pouring of concrete
  - Installation of roof trusses/sheets
  - Materials testing
- p. Install subproject billboards on the subproject sites to provide information including the period of implementation, fund allocation and status of fund utilization consistent with COA Circular No. 2013-004 dated 30 January 2013 (Information and Publicity on Programs/Projects/Activities of Government Agencies) on subproject reporting and monitoring of subproject/s.
- q. Request inspection from DILG Regional/Provincial Office when the subproject reaches 95% physical accomplishment for Punch listing. Immediately after inspection, and rectify the noted deficiency and to complete the works within the remaining contract duration.
- r. Within one (1) week upon completion, conduct final inspection with representatives from DILG Regional Office and the COA
- s. Upon Completion of the subproject submit to the DILG Regional Office the following:
  - Subproject Completion Reports (SPCR)
  - Copy of the Certificate of Acceptance of the subproject signed by the LCE
  - Report of Disbursement duly verified/audited by local COA Auditor
- t. Post in the LGU website within thirty (30) calendars days from the issuance of subproject completion the following:
  - Detailed actual cost of the sub-project; and
  - Variation orders, if any
- u. Participate in the capacity building interventions provided by the Program
- v. Attend meetings, conferences and forum related to project implementation

**Section 2.4** The DILG, through the Regional Office shall take the lead and be responsible for the efficient and effective implementation of the Projects at the local level. Specifically, the DILG-ROs shall:

- a. Sign and approve disbursement vouchers, checks, liquidation reports relative to Project implementation and fund releases to LGUs
- b. Issue a Certificate of Availability of Funds (CAF) for subprojects whose documentations are ready for procurement (short of award), to the LGU for the corresponding amount stipulated in *Section 1.1*, subject to the submission of the stipulated documents in **Schedule 3** (*List Of Documentary Requirements*) hereof.

- c. Manage the DILG Fund which includes among others, review of documents submitted by the LGU prior to release of funds, and verify satisfactory compliance of requirements
- d. Cause the LGU to strictly adhere to RA 9184 (Government Procurement Reform Act) and its Implementing Rules and Regulations (IRR)
- e. Act as Observer during the bidding process.
- f. Provide advisory, technical and related capacity development assistance to LGU, in the implementation and management of subproject
- g. Adhere to national government standards and policies, review and evaluate the Program of Works (POW), Technical Design and ensuring that these are being observed during actual implementation by the LGU,
- h. Monitor all aspects of subproject implementation in accordance with the monitoring procedures outlined in the *Guidelines in the Management of the Recovery Assistance On Yolanda (RAY-DILG Fund)* Batch 3.
- i. During monitoring visits, observe/check the following, among others:
  - Availability of construction materials on site, in accordance with the approved plans and specifications
  - Presence of Materials Engineer on site
  - Availability of appropriate equipment on site, in accordance with the Equipment Schedule
  - Quality control tests results conducted whether they are consistent with the frequency and number specified in the Technical Specification and whether the tests were conducted by accredited testing center/laboratory
  - Waste disposal is done in accordance with prescribed standards
  - Health and Safety standards set by DOLE are being implemented
  - Works are in accordance with the approved Plans and Specifications
- j. Advise the LGU of any noted deviations and initiate corrective actions.
- k. Validate reports submitted by the LGU including the provisions of RA 6685 regarding the hiring of skilled and unskilled labor. .
- l. Evaluate all submitted reports by the LGUs and recommend appropriate actions for noted deficiencies including the application of liquidated damages for contracts that are delayed in the implementation, in accordance with applicable circulars and laws
- m. Conduct progress monitoring of subprojects based on Approved Construction Schedule and S-Curve.
- n. Ensure the presence of the representatives of the DILG during the conduct of major activities such as, but not limited to:

- Pouring of concrete
  - Installation of roof trusses/sheets
  - Materials testing
- o. Conduct separate quality control tests, as necessary.
- p. Prepare regular status reports that will provide management advance information on what is happening on the ground that will guide in addressing possible bottleneck.
- q. Advise the LGU to:
- Before the subproject reaches 95%, organize the joint inspection for Punchlisting
  - Before the subproject reaches 100% physical, organize the joint final inspection and to request COA for final inspection.
- r. Join in the conduct of inspection for punchlisting.
- s. Ensure that the LGU install and regularly update the Subproject Billboard in compliance with the COA issuance No. 2013-004 dated January 30, 2013 and other relevant guidelines.
- t. Ensure that the DILG-Fund is utilized for the intended purpose.
- u. Conduct spot check on the book of accounts and ledgers of the LGUs.
- v. Prepare and submit of Bi-Monthly Physical and Financial Accomplishments to DILG Central Office thru OPDS and FMS.
- w. Conduct regular consultations/dialogues with LGUs and other stakeholders/facilitate the resolution of implementation issues.

### **Article III FUND ADMINISTRATION**

**Section 3.1** In general, all existing COA Rules and Regulations shall be followed.

**Section 3.2** The RAY DILG-Fund shall be used exclusively for the following:

- a. To finance the implementation of the approved subprojects as stipulated in *Section 1.1 of Article I* of this Agreement.
- b. In no case shall the LGU use the Fund to cover administrative costs (e.g. office supplies, local travelling expenses, communication, honoraria, meetings and consultations, salaries, and any other related monitoring and construction supervision expenses) of the LGU personnel overseeing and monitoring the subproject. Such expenses shall be borne by the LGU.

**Section 3.3** The DILG shall:

- a. Obligate the amount stipulated in *Section 1.2 of Article I* allotted for the subproject/s mentioned in **Section 1.1 of Article I** of this

Agreement upon signing of the Memorandum of Agreement (MOA) by and between the DILG Regional Office and the Province/City/Municipality.

- b. Within 60 calendar days from the signing of the contract, the LGUs will submit the following requirements as stipulated in **Schedule 3** hereof to the satisfaction of the DILG Regional Office, which will be the basis for the release of funds. **Failure by the LGUs to comply with this particular provision will invalidate this MOA and will cancel the fund allocation.**
- c. 1. **For subprojects with POW cost of Php 3.0 Million and below,**

Tranche	Requirements
100% of the Subproject Allocation	<ol style="list-style-type: none"> <li>1. Request Letter from the LGU for the release of Fund</li> <li>2. Copy of the SB Resolution Authorizing the Local Chief Executive to enter into agreement</li> <li>3. Copy of the signed MOA between DILG Regional Office and the LGU</li> <li>4. Executive Order (EO) designating the Subproject Engineer who will oversee the subproject implementation</li> <li>5. Affidavit of Validation signed by applicable and respective Province/City/Municipality/Barangay representatives, CSOs and the DILG MLGOOs</li> <li>6. Gov't. Bank Certificate on the Trust Account</li> <li>7. DILG-approved Program of Works consisting of the Project Description, Drawing Plans, Quantity Computation and Unit Cost Analysis/Derivation Project Cost, (to be submitted within 60 calendars days after the signing of the MOA).</li> <li>8. Subproject Implementation Schedule signed by the LGU Engineer and approved by the Local Chief Executive</li> <li>9. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems Road Right of Way (RROW) problems and/or hazard area requirements, a certificate that the subproject will not be reconstructed on the "No Build Zone Area/Hazard Area/Road Right of Way Area"</li> </ol>

2. **For subprojects with POW cost of Above Php 3.0 Million**

Tranche	Requirements
1st Tranche 80% of the Subproject Allocation	<ol style="list-style-type: none"> <li>1. Request Letter from the LGU for the release of the 1<sup>st</sup> Tranche</li> <li>2. SB Resolution Authorizing the Local Chief Executive to enter into agreement with DILG</li> <li>3. Signed MOA between DILG Regional Office and the LGU</li> <li>4. Executive Order (EO) designating the Subproject Engineer who will oversee the subproject implementation</li> <li>5. Affidavit of Validation signed by applicable</li> </ol>

Tranche	Requirements
	<p>and respective Province/City/Municipality/Barangay representatives, CSOs and the DILG MLGOOs</p> <ol style="list-style-type: none"> <li>6. Gov't. Bank Certificate on the Trust Account</li> <li>7. DILG-approved Program of Works consisting of the Project Description, Drawing Plans, Quantity Computation and Unit Cost Analysis/Derivation Project Cost, to be submitted within 60 calendars days after the release of funds to the LGUs.</li> <li>8. Subproject Implementation Schedule signed by the LGU Engineer and approved by the Local Chief Executive</li> <li>9. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems Road Right of Way (RROW) problems and/or hazard area requirements, a certificate that the subproject will not be reconstructed on the "No Build Zone Area/Hazard Area/Road Right of Way Area"</li> </ol>
<p>2<sup>nd</sup> Tranche 20%- The Balance between the Contract Price and the 1<sup>st</sup> Tranche</p>	<ol style="list-style-type: none"> <li>1. Request Letter from the LGU for the release of the 2<sup>nd</sup> Tranche</li> <li>2. Physical Accomplishment Report including the SWA and Pictures as prepared by the Subproject Engineer and approved by the Local Chief Executive, showing at least 80% accomplishments</li> <li>3. ROD as prepared by the Municipal Accountant and stamp-received by the Auditor showing 50% liquidation of the 1<sup>st</sup> Tranche</li> <li>4. For project undertaken by contract, copy of the BAC Resolution recommending Award of Contract, Contract Agreement, Notice to Proceed (NTP) as accepted by the Contractor, and Bid Evaluation Report (BER)</li> </ol>

- d. Maintain a subsidiary ledger of the fund transfer pertaining to the subproject/s.
- e. Review the submitted documents and conduct field inspection to validate the claimed physical accomplishment, prior to the release of funds.
- f. Officially inform the concerned Regional and Local Resident Auditors that a check has been issued to the LGU, immediately after issuance of the check.
- g. Conduct spot checks of fund utilization, proper recording of book of accounts, and overall financial management of the LGU.

**Section 3.4** The LGU shall:

- a. If needed, deposit Cash Counterpart Fund as stipulated in *Section 1.1 of Article I* of this Agreement in the Special Trust Account or the Trust Account before the Award of Contract, which shall be disbursed fully before the release of the last Tranche.
- b. Shoulder administrative costs (e.g. office supplies, billboards, local travelling expenses, communication, honoraria, meetings and consultations, salaries, and any other related monitoring and construction supervision expenses) of the LGU personnel overseeing and monitoring the subproject.
- c. Open a Special Trust Account for the Fund or use the existing Trust Account. If existing Trust Account will be used, maintain a separate subsidiary ledger for each subproject to facilitate tracking of fund utilization and liquidation.
- d. Submit request for fund releases to the Regional Office with the complete required supporting documents
- e. Issue the corresponding Official Receipt (OR) in acknowledgment for fund transferred.
- f. Liquidate the funds and submit to the DILG Regional Office, either in print and by way of electronic documents, reports on the liquidation of the fund transfer.
- g. Submit to DILG Regional Office the Report of Disbursement/ Liquidation (ROD) duly signed by the LGU Accountant and Treasurer and approved by the Local Chief Executive and stamped-received by the concerned COA Auditor, including the supporting documents as evidence of the actual utilization of funds within ten (10) working days after the end of each month. The supporting document shall include, but not limited to the following:
  - Disbursement Voucher (DV)
  - Checks Issued to Creditors
  - Official Receipts by Creditors
  - Creditor's Billings
  - Payrolls\
- h. Within one (1) month after the end of the year, submit to DILG Regional Office copy of the Annual Audited Report for both the completed and on-going subprojects reflecting all fund deposits and actual fund utilization.
- i. Liquidate cash transfers one (1) month after the completion of each subproject and submit Summary Report to DILG showing all fund deposits and actual disbursements provided that the LGU has submitted all the Audited Monthly Reports. In case the LGU fails to submit such reports, submitted an Audited Consolidated Report including a separate opinion from the Auditor, as to whether the fund has been used for the purpose
- j. Return to the DILG Regional Office any balance from the Fund.

## Article IV OTHER COVENANTS

- Section 4.1** The LGU shall take out and maintain with responsible insurers such insurances, against such risk and in such amounts as shall be consistent with appropriate government and/or business practices to cover:
- a. Hazards incidental to acquisition, transportation and delivery of goods financed out of the Fund to the place of installation
  - b. Risk of fire, flood and other damages to the facilities constructed in whole or part out of the Fund.
- Section 4.2** Upon the issuance of Certificate of Acceptance the LGU shall operate and maintain, or cause to be operated and maintained properly, the facility provided under the Project and shall include in their annual appropriation funds for the maintenance and operation of the completed facility.
- Section 4.3** By mutual consent, this Agreement or any part thereof may be changed, modified, revised and amended or supplemented for the purpose of effective implementation and management of the Subproject/s. All other parties concerned shall be notified/informed of such changes, revisions and amendments.

## Article V TERMINATION OR SUSPENSION

- Section 5.1** The DILG reserves the right to:
- a. Terminate/Cancel the implementation of the subprojects in following instances:
    - LGU non-compliance to prescribed processes, standards and requirements
    - Occurrence of fraudulent practices
    - Occurrence of *force majeure* where it becomes improbable for the projects to continue to be carried out

In such case that the subproject/s are partially or fully cancelled due to the fault of the LGU, the LGU 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 component.
  - b. Suspend/Withhold the release of the final tranche if the following occurs:
    - LGU is performing unsatisfactorily in the implementation and execution of the project or in the event that substantial slippage in implementation is incurred.
    - Extraordinary conditions such as *force majeure*, fortuitous events and the like which shall make it necessary to suspend the implementation of the project.



**Section 5.2** LGUs will be given one month to resolve the issue, improve performance or remedy the situation. However, termination will be resorted to only, if LGUs, having been duly notified, do not make any effort to institute measure that will address issues at hand.

**Section 5.3** The LGU shall charge the contractor liquidated damages for delays due to the fault of the contractor in accordance with the existing rules and regulations of contract implementation under the following:

1. Annex E, Section 8 of the Revised Implementing Rules and Regulations of the R.A. 9184;
2. General Conditions of Contract Clause 9 of the Philippine Bidding Documents for Infrastructure Projects;
3. Revised Uniform Rules on Administrative Cases in the Civil Service
4. DPWH DO # 33 – Liquidated Damages on Contracts for Goods thru Alternative Method of Procurement;

**Article VI  
ANTI-GRAFT AND CORRUPTION PRACTICES ACT**

**Section 6.1** Neither of the parties of this Agreement shall unduly benefit from each other nor gain anything which is disadvantageous to the Government, and in violation of Republic Act No. 3019, as amended, otherwise known as the Anti-graft and Corrupt Practices Act.

**Article VII  
EFFECTIVITY OF THE AGREEMENT**

**Section 7.1** This Agreement shall take effect immediately upon approval and signing by the contracting parties and shall remain in force and effect until the completion of the subproject/s and the requirements stipulated under this MOA and the accompanying Guidelines for the Management of Recovery Assistance on Yolanda (RAY)-DILG Fund.

**IN WITNESS WHEREOF**, the Parties hereto, acting through their representatives thereto authorized, have caused this Agreement to be signed in their respective names in \_\_\_\_\_, Philippines on \_\_day of \_\_\_\_\_ 201\_\_.

\_\_\_\_\_  
PROVINCE/CITY/MUNICIPALITY

\_\_\_\_\_  
DEPARTMENT OF THE INTERIOR  
AND LOCAL GOVERNMENT

\_\_\_\_\_  
Governor/ Mayor

\_\_\_\_\_  
DILG Regional Director

WITNESSES

\_\_\_\_\_  
\_\_\_\_\_

**ACKNOWLEDGMENT**

Republic of the Philippines)  
\_\_\_\_\_ ) S.S.

**BEFORE ME**, a Notary Public for and in \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_ 201\_\_, personally appeared \_\_\_\_\_ with ID number \_\_\_\_\_ issued at \_\_\_\_\_, dated \_\_\_\_\_ and \_\_\_\_\_ with ID Number \_\_\_\_\_ issued at \_\_\_\_\_ dated \_\_\_\_\_, both known to me to be the same persons who executed the forgoing instruments and acknowledged to me that the same is their own free and voluntary act of deed.

This instrument refers to a Memorandum of Agreement consisting of Nineteen (19) pages including this page where the acknowledgment is duly written and signed by the parties and their instrumental witnesses on each page thereof.

WITNESS MY HAND AND NOTARIAL SEAL.

Until : \_\_\_\_\_  
Ptr No. : \_\_\_\_\_  
Issued on: \_\_\_\_\_  
Issued at : \_\_\_\_\_

Republic of the Philippines

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**LABOR FORCE EMPLOYMENT REPORT**

As of \_\_\_\_\_

Project Title : \_\_\_\_\_

N O	NAME			ADDRESS	AGE	GENDE R	SKILLs
	Last	First	M I				

Prepared by:

Verified Correct by :

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**Contractor**

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**LGU Engineer**

Statement of Work Accomplished (SWA)

Project Title:  
 Municipality:  
 Billing Certificate No.:  
 Date Covered:

BILL NO.	DESCRIPTION OF ITEM OF WORK	QTY.	Unit	Unit Cost	Total Amount	wt. %	Total Quantity			Total Accomplishment %			Total Item Accomplishment %			Total Cost				
							Previous Billing	This Billing	To Date	Previous	This Billing	To Date	Previous	This Billing	To Date	Previous	This Billing	To Date		
							F	G	F + G	H	I (G/A*E)	H + I	J	K (G/A*100)	J + K	L	M (G*C)	L + M		
A	B	C	D	E	F	G	F + G	H	I (G/A*E)	H + I	J	K (G/A*100)	J + K	L	M (G*C)	L + M				
<b>TOTAL</b>																				

Prepared By _____ Contractor Date _____	Checked and Verified By _____ Municipal Engineer Date _____	Recommended By _____ Focal Person Date _____	Approved By _____ Municipal Mayor Date _____
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## LIST OF DOCUMENTARY REQUIREMENTS

### 1. MOA Signing

- a. SB Resolution Authorizing the Local Chief Executive to enter into a Memorandum of Agreement with DILG Regional Office.
- b. Project Brief Description including its location and GPS Coordinates.
- c. Pictures of the damaged infrastructure

### 2. Issuance of CAF

- a. Request Letter from the LGU
- b. LGU Certification that the bidding documents are complete and ready for issuance if Subproject is to be contracted out.
- c. Appropriations Ordinance (if LGU will provide counterpart funds) to cover the total project cost

### 3. Fund Releases

#### A. For Subprojects with POW cost of Php 3.0 Million and below

##### *One time release - 100% of the Subproject MOA Allocation*

- a. Request Letter from the LGU
- b. Signed MOA between DILG and LGU
- c. Certified copy of the Executive Order (EO) on the designation of the Project Officer
- d. Certification on the Opening of Special Account or existence of an LGU Trust Account by a Government Bank
- e. Notarized Affidavit of Validation by signed by applicable and respective Province/City/Municipality/Barangay representatives, CSOs and DILG MLGOOs indicating the legitimacy of the need for the proposed repair, rehabilitation and/or reconstruction of the damaged facility
- f. Approved Program of Works
- g. Detailed Engineering Plans and Technical Specifications and other technical drawings.
- h. Applicable Legal instrument/s allowing use of the land or property for the project (where applicable)
- i. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems and/or hazard area requirements, a certificate that the subproject will not be reconstructed on the "No Build Zone Area or Hazard Area"

#### B. For Subprojects with POW cost above Php 3.0 Million

##### *First Tranche - 80% of the Subproject MOA Allocation*

- a. Request Letter from the LGU
- b. Signed MOA between DILG and LGU
- c. Certified copy of the Executive Order (EO) on the designation of the Project Officer
- d. Certification on the Opening of Special Account or existence of an LGU Trust Account by a Government Bank
- e. Notarized Affidavit of Validation by signed by applicable and respective Province/City/Municipality/Barangay representatives, CSOs and DILG MLGOOs indicating the need for the proposed repair, rehabilitation and/or reconstruction of the damaged facility
- f. Approved Program of Works

- g. Detailed Engineering Plans and Technical Specifications and other technical drawings.
- h. Applicable Legal instrument/s allowing use of the land or property for the project (where applicable)
- i. For reconstruction or new construction involving the subproject relocation for reasons of land ownership problems and/or hazard area requirements, a certificate that the subproject will not be reconstructed on the "No Build Zone Area and/or Hazard Area"

***Second Tranche – 20% of the Approved Contract Cost less 1<sup>st</sup> Tranche***

- a. Request Letter from the LGU
- b. Certified true copy of BAC Resolution Recommending Award of Contract
- c. Certified true copy of the approved Contract of Agreement
- d. Certified true copy of the Notice to Proceed/ Commence from LGU to the contractor
- e. Certified true copies of other bidding documents and evaluation report, as may be required
- f. Report of Disbursement (ROD) duly signed by the Treasurer/Accountant and stamped-received by the concerned COA Auditor attesting 80% of the 1<sup>st</sup> Tranche release has been disbursed and the LGU Counterpart fund has been fully disbursed, if any.
- g. Physical Accomplishment Report including the Statement of Work Accomplished showing 80% physical accomplishment, duly signed by appropriate LGU staff and approved by LCE and verified by the CSO partners