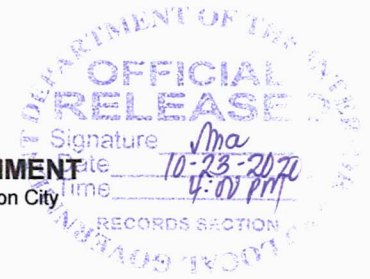




Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
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GUIDELINES ON LGU BUDGETING, PROCUREMENT, AND FUND UTILIZATION FOR COVID-19 RESPONSE AND RECOVERY INTERVENTIONS PURSUANT TO “BAYANIHAN TO RECOVER AS ONE ACT”

Memorandum Circular No. 2020-142

Date: 23 OCT 2020

1. BACKGROUND

- 1.1 The Coronavirus Disease 2019 (COVID-19) pandemic has already caused an immense impact to the country. Aside from the apparent adverse effects of the pandemic to health and safety, it has also ensued economic slowdown as evidenced by the reduction of income and remittance inflows, increased unemployment rate, disrupted transport, among others. Undoubtedly, addressing these concerns puts significant pressure to both national and local funds.
- 1.2 To further strengthen the efforts of local government units (LGUs) in addressing the challenges brought about by the pandemic, President Rodrigo Roa Duterte signed into law Republic Act (RA) No. 11494 or the “Bayanihan to Recover As One Act” on September 11, 2020. This law provides for COVID-19 response and recovery interventions and mechanisms to bolster the resiliency of the economy.

2. PURPOSE

This Memorandum Circular is being issued to:

- 2.1 Reiterate COVID-19 response and recovery interventions concerning Local Government Units (LGUs) provided in RA No. 11494; and

- 2.2 Ensure that LGUs' budgetary activities and financial transactions relating to these interventions are consistent with the provisions of RA No. 11494.

3. SCOPE/COVERAGE

This Memorandum Circular covers all local government units (provinces, cities, municipalities, and barangays); DILG regional, provincial, and field offices; Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) Ministry of the Interior and Local Government; and all others concerned.

4. POLICY CONTENT AND GUIDELINES

4.1 Realignment of Local Funds

4.1.1 Notwithstanding any law to the contrary, Section 4(q) of RA No. 11494 provides that the local chief executives of all LGUs are hereby authorized to realign their respective local funds, including, but not limited to, their development fund, Gender and Development Fund, Sangguniang Kabataan Fund, and Special Education Fund (SEF), including the unutilized or unreleased subsidies and transfers in order to address the COVID-19 pandemic.

4.1.2 The Punong Barangays are likewise authorized to make realignments of all allotments and subsidies in response to the pandemic.

4.1.3 Also, Section 4(jjj) of RA No. 11494 provides that notwithstanding the provisions of Section 272 of RA No. 7160 or the "Local Government Code of 1991," a portion of the Special Education Fund (SEF) may be used for the support of alternative learning modalities, digital education, digital infrastructure, and continuity plans, such as the purchase of equipment, materials, and supplies related thereto, printing and delivery of self-learning modules, provision of safe schools infrastructure, equipment and facilities such as handwashing stations, soap, alcohol, sanitizers, and other disinfecting solutions, as well as, medical health supplies deemed appropriate by public health officials such as

thermometers, face masks, and face shields, subject to existing accounting and auditing rules.

4.1.4 Section 4(III) of RA No. 11494 likewise allows the utilization of unexpended cash balances of public funds held in trust by LGUs, for purposes that have been completed or abandoned and allow the transfer of these funds to the general fund of the LGUs concerned to be made available for appropriation to support local government programs and projects in response to the COVID-19 pandemic.

4.2 Lifting of Limits on DRRM Funds and Personnel Services Cap

4.2.1 Pursuant to Section 4(q) of RA No. 11494, LGUs may now utilize by up to ten percent (10%) of their current budget to cover expenditures arising from their COVID-19 responses: provided, that the seventy percent (70%) limit on “pre-disaster” initiatives is hereby waived.

4.2.2 Relatedly, Section 4(yy) of RA No. 11494 provides for the lifting of the thirty percent (30%) cap on the amount appropriated for the Quick Response Fund (QRF) under Republic Act No. 10121 or the “Philippine Disaster Risk Reduction and Management Act of 2010,” during the state of national emergency as declared by the President.

4.2.3 Section 4(q) of RA No. 11494 states that the LGUs may also increase their respective personnel services cap by up to ten (10%) percent for 1st to 3rd class municipalities and up to five percent (5%) for the 4th to 6th class municipalities, and cities, and provinces: provided, that the same shall be used for the hiring of additional health workers, the generation of temporary jobs for marginalized and hard-hit sectors, as well as, for other emergency employment programs undertaken by the LGU in response to the COVID-19 pandemic: provided, further, that the allowable debt service ceiling of LGUs is increased to 30% of their annual regular income, including their share in the national taxes: provided, finally, that the LGUs shall be exempt from the loan ceiling cap imposed by the Department of Finance (DOF).

4.3 Exemption of the Procurement of Select Goods from the Bidding Process

4.3.1 Section 4(u)(1) of RA No. 11494 provides that the procurement of the following goods as the need arises, in the most judicious, economical and expeditious manner, are exempted from the provisions on bidding process required under RA No. 9184 or the "Government Procurement Reform Act":

- 4.3.1.1 PPE such as gloves, gowns, masks, goggles, and face shields;
- 4.3.1.2 Surgical equipment and supplies;
- 4.3.1.3 Laboratory equipment and its reagents;
- 4.3.1.4 Medical equipment and devices;
- 4.3.1.5 Support and maintenance for laboratory and medical equipment, surgical equipment and supplies;
- 4.3.1.6 Medical supplies, tools, and consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hypochlorite, cleaning materials, povidone iodine, common medicines (e.g., paracetamol tablet and suspension, mefenamic acid, vitamins tablet and suspension, hyoscine tablet and suspension, oral rehydration solution, and cetirizine tablet and suspension);
- 4.3.1.7 Testing kits; and
- 4.3.1.8 Other supplies or equipment as may be determined by the DOH.

4.3.2 However, the procurement of the abovementioned goods shall only be exempted from the bidding process if the following information and documents shall be published in the Government Procurement Policy Board (GPPB) online portal, the website of the procuring entity concerned, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity within seven (7) working days from the date of acceptance of the award:

- 4.3.2.1 Project name;
- 4.3.2.2 Approved budget for contract;
- 4.3.2.3 Contract period;
- 4.3.2.4 Name of winning supplier, distributor, manufacturer, contractor, or consultant;
- 4.3.2.5 Amount of contract as awarded;
- 4.3.2.6 Notice of award;

- 4.3.2.7 Date of award and acceptance;
- 4.3.2.8 Contract or purchase order; and
- 4.3.2.9 A certification stating that the procuring entity exerted all efforts to secure the most advantageous price to the government based on existing price data of the agency, the DTI, or other relevant agencies or preliminary market scanning done by the agency showing prevailing market prices and practice.

4.4 Assistance to LGUs under the Local Government Support Fund

- 4.4.1 Under Section 4(q) of RA No. 11494, one billion five hundred million pesos (PhP 1,500,000,000.00) was appropriated to the Local Government Support Fund (LGSF) to also provide financial assistance to LGUs in their local anti-COVID efforts. Guidelines and procedures on the release and utilization of LGSF are provided in Local Budget Circular No. 128 (**see attached**) issued by the Department of Budget Management on September 17, 2020.

4.5 Full Disclosure of Financial Documents

- 4.5.1 LGUs are to ensure that budgeting, procurement, and fund utilization relating to COVID-19 response and recovery interventions, in compliance with the above-mentioned provisions, are reflected in the following financial documents required by the Full Disclosure Policy, whenever applicable:

- 4.5.1.1 Annual Budget Report;
- 4.5.1.2 Annual Procurement Plan;
- 4.5.1.3 Statement of Receipts and Expenditures;
- 4.5.1.4 GAD Accomplishment Report;
- 4.5.1.5 Local Disaster Risk Reduction and Management Fund Utilization;
- 4.5.1.6 Bid Results on Civil Works, Goods and Services, and Consulting Services;
- 4.5.1.7 Special Education Fund Utilization;
- 4.5.1.8 20% Component of the IRA Utilization;
- 4.5.1.9 Trust Fund Utilization
- 4.5.1.10 Quarterly Statement of Cash Flows;
- 4.5.1.11 Supplemental Procurement Plan; and
- 4.5.1.12 Manpower Complement.

4.5.2 Said financial documents shall be posted in the Full Disclosure Policy Portal and in at least three (3) conspicuous places following the prescribed period of posting as mandated in DILG Memorandum Circular No. 2019-149 titled, *“Amending DILG Memorandum Circular No. 2013-140 titled, “Implementing Guidelines on the Full Disclosure of Local Budget and Finances, and Bids and Public Offerings.”*”

4.5.3 The DILG City/Municipal Local Government Operations Officers and Provincial/HUC/ICC FDP Focal Persons are also reminded of their roles and responsibilities provided in DILG Memorandum Circular 2019-149 in monitoring the compliance of LGUs to the Full Disclosure Policy and in validating the correctness of the uploaded documents within the prescribed period of review.

4.6 Supervision Mandate of Higher LGU

4.6.1 The supervision mandate of the provincial government over its component cities and municipalities, and the city and municipal government over their respective barangays, pursuant to Sections 29 and 32 of the Local Government Code of 1991, is also underscored. The higher LGU, through its local chief executive, shall exercise general supervision over its component LGUs to ensure that they act within the scope of their prescribed powers and functions.

5. DISSEMINATION

The Regional and Field Officers of DILG and the BARMM Minister of the Interior and Local Government shall cause the immediate dissemination of this Memorandum Circular in their respective areas of jurisdiction for the guidance of all concerned LGUs.

6. EFFECTIVITY

This Memorandum Circular shall take effect immediately. It is also hereby emphasized that RA No. 11494 shall be in full force and effect only until the next adjournment of the Eighteenth Congress on **December 19, 2020**.

7. APPROVING AUTHORITY


EDUARDO M. AÑO
Secretary

8. FEEDBACK

For related queries, kindly contact the Bureau of Local Government Supervision at Telephone Number (02) 8876-3454 local 4201 or at email address blgs.od2016@gmail.com.



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