



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Republic of the Philippines

BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO
Ministry of Finance, and Budget and Management
Bangsamoro Government Center, Rosary Height VII, Cotabato City

BANGSAMORO BUDGET CIRCULAR

No. 2024 013

11 Safar 1446
16 August 2024

- TO : Local Chief Executives, Members of the Local Sanggunian, Local Budget Officers, Local Treasurers, Local Planning and Development Coordinators, Local Accountants of Constituent Local Government Units (LGUs) of BARMM and All Others Concerned**
- SUBJECT : GUIDELINES ON THE RELEASE AND UTILIZATION OF THE FINANCIAL SUBSIDY PROVIDED TO NEWLY CREATED LGUs OF BARMM PENDING THE RECEIPT OF THEIR SHARE IN THE NATIONAL TAX ALLOTMENT, CHARGED AGAINST LOCAL GOVERNMENT SUPPORT FUND OF FY 2024 GENERAL APPROPRIATIONS ACT OF THE BANGSAMORO**

1.0 LEGAL BASES

- 1.1 Republic Act (RA) 11054¹ otherwise known as the Bangsamoro Organic Law, Article VI, Section 10 states "The Parliament may create, divide, merge, abolish, or substantially alter boundaries of municipalities or barangays in accordance with a law enacted by the Parliament. The municipalities or barangays created, divided, merged, or whose boundaries are substantially altered, shall be entitled to their appropriate share in the national taxes or Internal Revenue Allotment: Provided, that it shall be approved by a majority of the votes cast in a plebiscite in the political units directly affected."
- 1.2 Bangsamoro Autonomy Act (BAA) No. 56² otherwise known as the General Appropriations Act of the Bangsamoro FY 2024, under XXXIV - Local Government Support Fund (LGSF), Special Provision (SP) No. 1, item No. viii, provides that the LGSF may be utilized for the funding requirements of the financial subsidy to the newly created municipalities (Municipality of Pahamuddin, Municipality of Kadayangan, Municipality of Nabalawag, Municipality of Kaabakan, Municipality of Kapalawan, Municipality of Malidegao, Municipality of Tugunan, and Municipality of Ligawasan) and other Local Government Units (LGUs) that the Bangsamoro Transition Authority (BTA) Parliament may create. PROVIDED, that the financial subsidy to the newly created municipalities shall only be available until such time that the municipality has been allocated its share in the national tax allotment, subject to usual accounting and auditing rules and regulations.

¹ An Act Providing for the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao, Repealing for the Purpose Republic Act No. 6734, Entitled "An Act Providing for An Organic Act for the Autonomous Region in Muslim Mindanao," As Amended by Republic Act No. 9054, Entitled "An Act to Strengthen and Expand the Organic Act for the Bangsamoro Autonomous Region in Muslim Mindanao"

² An Act Appropriating Funds for the Operation of the Bangsamoro Government from January One to December Thirty-One, Two Thousand and Twenty-Four and for Other Purposes

- 1.3 Bangsamoro Autonomy Act (BAA) Nos. 41, 42, 43, 44, 45, 46, 47 and 48³, Section 8 which states, The Bangsamoro Government shall appropriate and provide financial assistance for the administration and operation of the Municipal Government of the newly created municipalities every month until such time as the new municipalities shall have been allocated their share in the national tax allotment, subject to usual and accounting and auditing rules and regulations.

2.0 PURPOSE

This Circular is being issued to prescribe the guidelines on the release and utilization of the financial subsidy provided to newly created LGUs of BARMM until such time that these LGUs receives their share in the national tax allotment

3.0 COVERAGE

This Circular covers all LGUs receiving financial subsidies from BARMM until such time that these LGUs are allocated their share from the national tax allotment

4.0 GENERAL GUIDELINES

- 4.1 The Financial Subsidy shall be used for the funding requirement of the administration and operation of the LGUs receiving financial subsidy from BARMM, among others, may include the following:

- 4.1.1 Payment of Personnel Services (PS) expenditures (i.e., payment of salaries, including honoraria, allowances, mandatory contributions, and similar forms of compensation).

Personnel Services shall be in accordance with the General Limitation set forth in Section 349 of BAA No. 49⁴ otherwise known as Bangsamoro Local Governance Code of 2023 which, among others, provides that:

Section 349. General Limitations. – The use of the provincial, city, and municipal funds shall be subject to the following limitations:

- (a) The total appropriations, whether annual or supplemental, for personal services of a local government unit for one (1) fiscal year shall not exceed **forty-five percent (45%)** in the case of first to third class provinces, cities, and municipalities, and **fifty-five percent (55%)** in the case of fourth class or lower, of the total annual income from regular sources realized in the next preceding fiscal year. The appropriations for salaries, wages, representation, and transportation allowances of officials and employees of the public utilities and economic enterprises owned, operated, and maintained by the local government unit concerned shall not be included in the annual budget or in the

³ An Act Creating the Municipality of Pahamuddin, Kadayangan, Nabalawag, Old Kaabakan, Kapalawan, Malidegao, Tugunan, and Ligawasan, Appropriating Funds Therefor, and For Other Purposes

⁴ An Act Providing for the Bangsamoro Local Governance Code of 2023

computation of the maximum amount for personal services. The appropriations for the personal services of such economic enterprises shall be charged to their respective budgets.

4.1.2 Payment of Maintenance and Other Operating Expenses (MOOE) necessary for administrative operating expenses (i.e., training, traveling, supplies and materials, utility, and similar forms of expenses).

4.1.3 Provision of Capital Outlay (CO) that may include, among others, office equipment and furniture and fixtures.

Pursuant to Commission on Audit (COA) Circular No. 2022-004⁵, tangible items which meet the definition and recognition criteria of Property, Plant, and Equipment but cost is below Fifty Thousand Pesos (P50,000.00) shall be accounted in the books of the LGUs as semi-expendable property.

4.2 The Financial Subsidy shall be used in compliance with the budgetary requirements set forth in Section 348 of the Bangsamoro Local Governance Code of 2023 which, among others, provides for the following:

4.2.1 Each newly-created municipality shall provide aid to component barangays in amounts of not less than One Thousand Pesos (Php 1,000.00) per barangay;

4.2.2 Each newly created municipality shall set aside five percent (5%) of the estimated revenue from regular sources for unforeseen expenditures arising from the occurrence of calamities: Provided, however, that, such appropriation shall be used only in the area, or a portion thereof, of the Local Government Unit or other areas declared in a state of calamity by the President, Chief Minister, or the sanggunians of the local government units; and

4.2.3 Each newly created municipality shall appropriate no less than twenty percent (20%) of its annual budget for development projects: Provided, that copies of the development plans of Local Government Units shall be furnished the MILG.

4.3 The released subsidy to the newly created municipalities shall be available for obligation and disbursement for the purposes specified until fully expended consistent with Paragraph 4 of General Provision No. 49, Cash Budgeting System and Special Provision No. 3, under XXXIV – Local Government Support Fund of the GAAB FY 2024.

⁵ Guidelines on the Implementation of Section 23 of the General Provisions of Republic Act (RA) No. 11639 also known as the General Appropriations Act (GAA) for Fiscal Year (FY) 2022 relative to the increase in the capitalization threshold from P15,000.00 to P50,000.00

- 4.4 All Special Budget Requests (SBRs) chargeable against the LGSF for financial subsidy for the newly created municipalities shall be signed by the Local Chief Executive (LCE) of the municipality and shall be addressed to the Office of the Chief Minister (OCM) of the BARMM through the Ministry of the Interior and Local Governance (MILG) copy furnished to Ministry of Finance, and Budget and Management (MFBM).

For this purpose, the said municipalities shall also submit to MFBM the Fund Utilization Report (see Annex A) and Appropriation Ordinance programming the subsidy.

- 4.5 The MILG, in its exercise of its power of general supervision over Local Government Units⁶, shall be responsible for the monitoring and evaluation of actual project implementation of the LGUs. The MFBM shall provide the MILG with a list of releases from the LGSF to LGUs for monitoring and evaluation purposes.

The beneficiary municipalities shall comply with the guidelines that may be issued by the MILG for the monitoring and evaluation of actual implementation of projects.

- 4.6 Disbursement and utilization of funds by the LGUs shall be subject to pertinent provisions of existing procurement laws and any relevant policies issued by the Government Procurement Policy Board (GPPB), as well as, the usual budgeting, accounting, and auditing rules and regulations.

5.0 SPECIFIC GUIDELINES

- 5.1 Requesting LGUs shall submit the following documentary requirements:
- 5.1.1 SBR/Letter of Intent duly signed by the LCE of the requesting LGU; and
 - 5.1.2 Relevant data for the creation of LGU such as land area, population, and average annual income, as certified by the appropriate authorities.
- 5.2 It is understood that only requests prepared, signed, and submitted by the LCEs shall be evaluated by the MFBM. Requests that are shown to have been prepared and/or submitted by third parties, e.g., fixers, middlemen, and facilitators, shall be immediately denied.
- 5.3 MFBM shall release the corresponding release documents such as Special Allotment Release Order (SARO), Notice of Cash Allocation (NCA), and Advice of Notice of Cash Allocation Issued (ANCAI) to the MILG, pending the opening of the municipalities' own bank accounts in an authorized government servicing bank (AGSB).

⁶ BAA No.13 (An Act Providing for the Bangsamoro Administrative Code and for Other Related Purposes), Title VIII, Sec.2: The Ministry of the Interior and Local Government shall exercise general supervision over the constituent local governments units of the Bangsamoro Government, and ensure public safety and disaster preparedness, local autonomy, decentralization, and community empowerment.

- 5.4 Upon opening of the LGUs own bank account in an Authorized Government Servicing Bank (AGSB), the cash allocation will be downloaded to them.
- 5.5 The recipient LGU shall furnish MFBM a copy of the approved Appropriations Ordinance within 30 days upon receipt of the funds from MILG.
- 5.6 The financial subsidy shall be recorded as a trust account in the general fund by the LGUs for the specific purpose(s) for which the funds were received. The amounts released to the LGU shall be available for obligation and disbursement for the purpose specified until fully expended.

6.0 POSTING AND REPORTING REQUIREMENTS

The beneficiary municipalities shall:

- 6.1 Submit a copy of Appropriation Ordinance to the MFBM;
- 6.2 Prepare quarterly reports on fund utilization and status of program/project implementation using the prescribed format (Annex A) and submit the same to MILG & MFBM.
- 6.3 Consistent with the government's Full Disclosure Policy, the LGU shall post the said reports in at least three (3) conspicuous public places in the locality and on the LGU's website within thirty (30) calendar days from the end of each quarter.
 - 6.3.1 The LGU shall send a written notice, through the LCE, together with a copy of the said reports, to the Office of the Chief Minister, MFBM Minister, and the MILG Minister upon posting of the reports on the LGU's website, if any. The date of notice to said Ministries and Offices shall be considered the date of compliance with the requirement.

7.0 RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the implementation of programs and projects, and proper utilization and disbursement of the subsidy shall rest upon the LCE and other local officials concerned of the recipient LGU. It is also the responsibility of said local officials to ensure that the funds released to the LGU are utilized strictly in accordance with applicable laws, rules and regulations.

8.0 ITEMS FOR RESOLUTION

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

9.0 SEPARABILITY CLAUSE

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

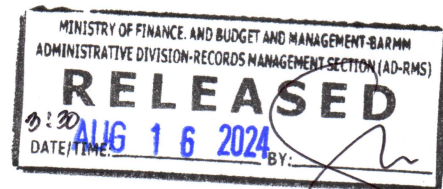
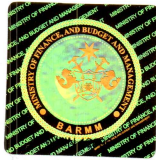
10.0 REPEALING CLAUSE

All provisions of existing guidelines that are not consistent with this Circular are hereby revised, modified, and/or repealed accordingly.

11.0 EFFECTIVITY

This Circular shall take effect immediately after its publication.


UBAIDA C. PACASEM
Minister



ANNEX A

Name of Local Government Unit: _____

2024 Local Government Support Fund

Report on Fund Utilization and Status of Program/Project Implementation
 For the Quarter Ended _____,
 For the Year _____.

Particulars	Date of Notice of Authority to Debit Account Issued NADAI	Type of Program	Specific Location	Mechanism / Mode of Implementation	Amount			Estimated Period of Completion (month and year)	Remarks on Program/ Project Status
					Received	Contracted Out	Disbursed/ Utilized		

Certified correct by:
 The Local Finance Committee (LFC):

Attested by:

 Local Budget Officer

 Local Chief Executive

 Local Treasurer

 Local Planning and Development Coordinator

Instructions:

1. The report shall be prepared by the LFC, in coordination with the other local officials concerned (e.g., local accountant on the allotment, obligation and disbursements; local engineer on the status of infrastructure projects, as may be applicable).
2. Particulars shall indicate the Program, Activity, Project, Major Programs/Projects, by Allotment Class (if any)
3. Amount received refers to the amount transferred to the LGU as indicated in the NFT. Amount contracted out refers to the total commitments by the LGU arising from official acts binding the LGU to the immediate or eventual payment of a sum of money. Disbursement refers to the total amount paid by the LGU as of reporting period.
4. The status of programs/projects refers to the percentage of physical completion or delivery of service as of reporting period.
5. LGU should properly indicate the budget year which the report covers. Separate reports should be prepared for different budget years.