

Memorandum Circular

No. 8

April 18, 1990

**SUBJECT: Guidelines on Budget Allocation,
Disbursement and Accounting of Funds for
the Integrated Social Forestry Program**

Pursuant to DAO 97, Series of 1988, and in order to effectively ensure and hasten the delivery of basic developmental components of the Integrated Social Forestry Program, the following guidelines in the allocation, disbursement and accounting ISFP funds are hereby promulgated:

SOURCES OF FUNDS

The following shall be the specific sources and uses of ISFP funds:

1. **Regular (GOP) Funds.** This fund is carried under the regular annual budgetary appropriations of the Department of Environment and Natural Resources intended for financing regular ISFP activities, to wit: parcellary survey, CSC Issuance, area development, farmers training (on-site), organizational development and public information activities giving model ISF sites the priority.
2. **Agrarian Reform Fund.** This fund is carried under the regular annual budgetary appropriations of the Department of Agrarian Reform, for the Comprehensive Agrarian Reform Program. Program D or CARP-ISF, is intended to augment and fill the financing gaps not covered by the Regular ISF-GOP funds such as infrastructure, staff development, public information and extension work.
3. **ADB/OECF Funds.** This fund is a portion of a grant to the DENR by ADB/OECF which shall be used exclusively to provide subsidized support in the development of farm forests and establishment of ISF Model Sites.

FUNDS UTILIZATION

The ISF funds shall be allocated specifically to the ISF Project sites pursuant to the Project Annual Work and Financial Plan (PAWFP). However, out of the total budget (GOP or ARF) for each project site, a maximum of 10% shall be allocated for supervision and administration which shall be distributed as follows:

CENRO, 4%
PENRO, 4%
Regional, 2%

The remaining 50% shall be used solely for project site requirements as indicated in the WFP.

ACCOUNTANT OFFICERS

All employees or officers of DENR to whom the IFP funds have been entrusted and or released shall be held accountable for their proper use.

CONTROL CODE OF PROJECT

Each project site shall be provided with a permanent code number and in this connection, all REDs are hereby ordered to submit the list of all existing ISF Project sites in their respective regions within one month upon receipt of this order to the National Coordinating Office of ISF providing the following information:

Name of Project
Region
Province
CENRO Location
Municipality
Barangay

The National Coordinating Office of ISF shall upon receipt of the complete list of ISF Site per region assign a permanent code number of each site and shall return the same to the respective regional offices for implementation. The coding system shall follow the example below:

Examples:

ISF 1201-0101 - the first two digits from the left are the numbers indicating the region; the second two numbers being the code of the province; the third two numbers are the assigned numbers for the CENRO; and the last two numbers shall be the permanent numbers assigned by NCO for the project sites.

The general purpose of assigning code number to each project site is to facilitate monitoring and evaluation of project sites progress and accomplishments, and tracking of project site funds, disbursements and transactions. Henceforth, all reports, financial disbursements and other transactions shall bear the assigned code number, and these are:

1. all project site work and financial plan (WFP);
2. all cash disbursement vouchers and other financial transparencies;
3. all monitoring and evaluation report;
4. all accounting report, liquidation, cash advances, requisition, etc..

A Master list bearing code numbers for each, project site shall be maintained at the CENRO, PENRO, Regional and NCO and shall be updated from time to time, especially if new sites are identified and approved for implementation.

WORK AND FINANCIAL PLAN

The CDOs/CDAs shall assist the community participants in the preparation of the Annual Work and Financial Plan. WFPs should indicate priority targets, activities and schedule of payments for purposes of fund allocation and the source of funds, e.g. regular, CARP, or ADB/OECF, in consonance with the 5-Year Development Plan.

A Five-Year Development Plan for each project site will have to be developed by the CDO's/CDA's with the program participants and should conform with the prescribed format of the ISFP Development Plan (BFD Circular No. 29-65 re: Guidelines in the preparation of the 5-year ISFP Development Plan). Each project site shall have an Annual WFP to be consolidated by the CENRO, and the PENRO shall likewise consolidate all WFP's from the CENRO level to form the provincial WFP and to be submitted to the region as Regional WFP. Copies of the WFP's shall be submitted to the Undersecretary for Operations through the National Coordinating Office of the ISFP and shall also be provided all levels for monitoring, disbursements and control purposes.

Approved WFP shall be distributed to concerned officers/staff involved in the project site operation and shall be the basis for all project site transactions.

ACCOUNTING SYSTEM

All ISFP funds shall be deposited under their respective accounts in banks to be designated by the concerned agency/entity using the Provincial Accounting System of DENR.

MANNER OF DISBURSEMENT

1. Disbursements of ISF funds must be in accordance with the approved Work and Financial Plans for every project site.
2. Disbursements must be supported by properly accomplished cash disbursement vouchers and in accordance with the provincial accounting system.
3. All vouchers must bear the code number of each project site. The Project Leader shall sign and endorse these vouchers for approval to the CENR and PENR Officers concerned, respectively.
4. Allotment for MOE shall be used to pay obligations for capital outlays and vice-versa, and for prior years obligations, except where such obligations have been incurred during the preceding quarter within the calendar year.
5. Advance payments for services to be rendered, except for mobilization funds for Farm forest development, or supplies and materials not yet delivered shall not be allowed.
6. No obligations shall be incurred during a quarter, chargeable against the allotments of subsequent quarters.
7. Cash advances shall be given only if there are no outstanding unliquidated cash advances of the SDO or and when the disbursements are properly documented. All cash advances shall be liquidated within one month after receipt of the same.

REPORTING SYSTEM

The financial report for each project/activity and the disbursements of funds should be summarized and reported on the basis of the control number for easy monitoring and evaluation. A logbook of all transactions indicating in particular each activity must be maintained at the project site for purposes of spot-checking by the monitoring group from the national down to the CENRO level and to keep track of the disbursement reports and copies of these reports shall be provided the PENRO, Regional and Central Offices, following the regular disbursement reporting system.

REPROGRAMMING OF FUNDS

Changes in re-allocation of funds and revisions made should be submitted to the regional office for approval and copies submitted to the NGO Secretariat. Any major changes (above 15%) which will require reprogramming of funds or realignment in targets or activities should have the approval of the Undersecretary for Operations through the National Coordinating Office of the ISF.

All legal sanctions of the DENR, COA and DBM, with regards to the allocation, disbursement and accounting of public funds shall apply.

For immediate implementation and compliance.

VICTOR O. RAMOS
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