

DENR Memorandum Circular

No. 96-07

August 05, 1996

**SUBJECT : Guidelines in the Implementation of
the ENR-SECAL Working Fund**

Consistent with the DOF/DBM/CAO Circular NO. 2-94 and NEDA/DOF/BSP/DBM/BTR Joint Resolution no. 96-1 and in order to facilitate the implementation of the ENR-SECAL Working Fund System by the DENR Regional and Provincial Offices under the Program, the following guidelines and procedures are hereby reiterated and prescribed, to wit:

**1. TRANSFER OF LOAN PROCEEDS/WORKING FUND
REPLENISHMENT TO REGIONAL OFFICE/PENRO
(See Flowchart No. 1 for release of Working Fund World
Bank to DENR-Central Office)**

Guidelines and Procedures

1. Transfer of funds shall be through a Letter of Allotment Advice (LAA). a) All loan proceeds (LP) allotment to the field shall be covered by a comprehensive LAA. b) The Regional Offices shall be furnished copies of the LAAs of the various PENROs/ c) Funding cheques to be released shall not exceed the current comprehensive LAAs released to the field units. d) Accounts Payable and Continuing Appropriations shall be provided only upon submission of the required accounting documents and after MPO evaluation. e) Cheques once approved shall be released to the implementing units through telegraphic transfer.

2. Replenishment of the Working Fund at the field shall be made on a monthly basis or upon utilization of 50% of the previous transfer, whichever comes first.
3. The amount to be transferred shall be based on the actual expenditures for loan proceeds as reported in the Statement of Expenditures (SOE).
4. The SOEs submitted shall be summarized by PMO in a summary sheet by expense category.
5. The withdrawal application (WA) form of the World Bank shall be accomplished by PMO with the SOE and the Bank Statement as supporting documents. The WA shall be signed by the authorized signatory and forwarded to the World Bank.
6. The Bureau of Treasury shall be furnished a copy of WA, SOE and Bank Statement.
7. World Bank reviews application and remits the amount to replenish the Working Fund.
8. Upon receipt of the Working Fund from the World Bank, the PMO shall prepare the distribution of funds as follows:
 - a) An amount equivalent to 5% of the remittance shall be retained in the Dollar Account as contingency fund;

- b) 10% shall be retained for Technical Assistance payment and Training Contracts; and
 - c) 85% to be withdrawn for deposit to the peso account. Of this amount, 80% shall be released to the Regions/PENROs and 5% shall be allotted for the operation of the Program Management Office (PMO).
9. The PMO and the DENR units involved in the processing of the Working Fund release to the implementing units are enjoined to facilitate the processing of the funds. Funding cheques shall be released within 8 working days upon the preparation of the Distribution list and the Disbursement Voucher by PMO based on Flow Chart 2 (M to T).

2. GUIDELINES AND PROCEDURES FOR DISBURSEMENT BY REGIONAL OFFICE/PENRO

The following guidelines and procedures shall be followed for disbursement by the RO/PENRO (Please refer to Flow Chart No. 3 - Process In The Disbursement of Working Fund By Region/PENRO)

Guidelines:

1. Only eligible expenditures as provided in the loan agreement shall be charged to the working fund.
2. The Disbursement Voucher (DV) shall be processed in accordance with existing the Loan Proceeds (LP) and Philippine Counterpart (GOP) components of the transactions.

3. Only one ROA and one obligation number shall be assigned for each transaction.
4. Disbursement shall be covered by two separate checks: one check chargeable against the NCA directly released by DBM for GOP Counterpart, and another check chargeable against the Working Fund for Loan Proceeds.

Procedure:

1. The Project Accountant prepares the Expense Monitoring Form (Form 10) for approval by the authorized signatory.
2. The Project personnel prepare DV and forward to the authorized signatories and then to the Budget Division.
3. The Budget Division prepares the request for obligation of allotment (ROA), attach ROA to DV, then forwards the document to the Accounting Division.
4. The Accounting Division approves ROA, obligates, enters in the JAO, and certifies the availability of funds. The LP and GOP shall be segregated in the JAO. DV is forwarded to the approving official for his signature.
5. The Approving official signs DV and is forwarded to the Cashier.
6. The Cashier prepares the check, signs and forwards to the approving official. Two checks are prepared, one

for GOP counterpart chargeable against the NCA and one for LP chargeable against the Working Fund if the transactions involve both component.

7. Cashier releases check to payee.
8. DV is forwarded to Auditor.
9. Auditor renders post Audit.

3. GUIDELINES IN REPORTING

The following guidelines shall be followed in the Financial Reporting.

Guidelines:

1. The transactions shall be incorporated in all the reports required under existing rules and guidelines.
2. Only one Report of Checks Issued (RCI) shall be prepared using the form prescribed by COA.
3. The Statement of Expenditures (SOE) shall be prepared every end of the month and submitted to PMO on or before the 10th of the succeeding month or when the outstanding balance of working fund is less than 50% of the preview amount transferred.
4. The SOE shall include all transactions eligible for reimbursement to the World Bank (including fund transferred to LGUs which were already liquidated). Expenses which are 100% GOP i.e., Personal services and tax payments, shall not be included.

4. **PROCEDURE IN THE PREPARATION OF SOE**

1. The existing SOE form shall be adopted (Annex A).
2. The Project Accountant prepares/fills up the SOE and is approved by the concerned PENRO or the Regional Executive Director.
3. The Project Accountant furnishes the Auditor a copy of the monthly SOE for post Audit purposes.
4. Under the check columns of the form, both checks (GOP and LP) issued for a certain transaction shall be indicated.
5. SOE should be sorted by World Bank categories in accordance with allowable expenditures (refer to Annex B - Chart of Accounts.) The percentage of expenses to be financed under the Loan Proceeds are as follows:

CATEGORY	PERCENT OF EXPENDITURE TO BE FINANCED BY LOAN PROCEEDS
1. Works (B-2)	75 %
2. Goods (B-3)	100% of foreign expenditures or procurement by International Competitive Bidding (ICB) and 85% of local expenditures for other items procured locally.
3. Agroforestry Inputs (B-4)	75%
4. Project Manage- ment (B-5)	

Consultancy
Services
Personal
Services 0 %

5. Incremental
Cost (B-6) 74%

6. The Project Accountant submits the SOE to PMO every 10th day of the succeeding month consistent with item 3.3 of this Circular.

5. PROCEDURE OF PAYMENT IN THE CENTRAL OFFICE

The following guidelines shall be followed in the payment of Central Office Transactions:

1. Payment of Technical Assistance shall be in accordance with Memo Circular No. 44 dated December 21, 1994.
2. Payment for local transactions and transfer of funds under Loan Proceeds to the Regional/PENRO shall be as follows:
 - 2.1 A peso current account shall be maintained in the Land Bank of the Philippines to serve as clearing account. All amount withdrawn from the Working Fund Dollar Account intended to pay the local transactions and transfer of funds to the Region/PENRO for the Loan Proceeds shall be deposited in the peso current account.

- 2.2 Only eligible expenditures shall be charged against the peso account.
- 2.3 Procedure in the payment of local peso transactions:
 - 2.3.1 Claimants submit claim documents.
 - 2.3.2 PMO prepares the Disbursement Voucher (DV) and the Expense Monitoring Form indicating the amount chargeable to the Working Fund and that chargeable to Modified Disbursement System account.
 - 2.3.3 Program Director approves Form 10. He also initials or approves DV. Form 10 and DV are forwarded to Budget Division.
 - 2.3.4 Budget Division prepares ROA, attach the DV and forward to accounting Division.
 - 2.3.5 Accounting Division approves ROA, obligates, enter in JAO, certifies to the availability of fund and forwards DV to approving authority.
 - 2.3.6 Approving authority signs DV and forwards to cashier.

2.3.7 Cashier prepares check/checks, signs and forward to the approving authority for counter signature.

2.3.8 Approving authority counter signs check/checks, forwards to Cashier.

2.3.9 Cashier issues check/checks to payee/payees.

2.3.10 PMO prepares the SOE.

This order shall take effect immediately.

VICTOR O. RAMOS
Secretary

RECOMMENDING APPROVAL:

RAMON J. P. PAJE
Assistant Secretary for Management Services

RAMON T. ACOSTA
ENR-SECAL Program Director