

**DENR Memorandum Circular
No. 2000 – 18
August 30, 2000**

SUBJECT : Guidelines Amending MC No. 97-03 Otherwise Known as Guidelines and Procedures in the Processing of Payments for Community Organizing and Comprehensive Site Development of Subprojects Under the Forestry Sector Project

Pursuant to DENR Administrative Order No. 2000-57 providing for the "Guidelines Governing the Implementation of Mangrove Subprojects under the Forestry Sector Project", DENR Administrative Order No. 2000-65 providing for the "Guidelines Governing Creation of Subproject Site Management Office and its Institutionalization in the Forestry Sector Project Implementation" otherwise known as "SUSIMO" and further facilitate the processing of payments for the People's Organizations (POs) and the Assisting Organizations (AOs), the following amendments to MC 97-03 are hereby adopted:

SECTION 1. BASIC POLICY

It is the policy of the State to ensure the success of community-based forest management (CBFM) as the national strategy in the sustainable development of the country's forestlands and coastal resources. Likewise, it is the State's policy to promote equitable access to these natural resources and ensure the sustainability of broad-based community participation in their development, management and protection. The government, through DENR, contracts services of the communities and non-government organizations to effectively implement the CBFM. Consequently, it is the policy of the Department to improve fund utilization of programs and projects through the expeditious

payments of contracted services duly accomplished and in accordance with the standards specifically set for services tendered.

SECTION 2. OBJECTIVES

The general objective of this Circular is to further improve the billing system for the Forestry Sector Project (FSP) under the new SUSIMO set-up. The specific objectives are as follows:

- a. to ensure timely and efficient evaluation of monthly accomplishments;
- b. to streamline procedures for processing of billings of the POs and AOs under the new SUSIMO set up for expeditious payments of billings; and
- c. to enhance overall project financial management through improved fund utilization.

SECTION 3. DEFINITION OF TERMS

For purposes of this Circular, the following terms are hereby defined:

- a. **Assisting Organizations** - refers to non-government organizations (NGOs) contracted by the Department to conduct community organizing in Forestry Sector Project (FSP) sites;
- b. **Department** - refers to the Department of Environment and Natural Resources or DENR;
- c. **People's Organization (PO)** - refers to a group of people living within or adjacent to DENR-FSP subprojects which was organized to implement comprehensive site development of the subproject area who is also or shall be a recipient of the Community-Based

Forest Management Agreement (CBFMA) which grants sole and exclusive privilege to occupy, develop, and sustainably manage the area awarded;

- d. **Site Management Officer (SMO)** - refers to a DENR personnel designated as head of the SUSIMO;
- e. **Subproject Site Management Office (SUSIMO)** - an office based at the Subproject site that comprises a group of DENR personnel tapped to ensure the proper implementation and management of the FSP subproject through direct supervision and assistance.
- f. **Validation and Billing Unit (VBU)** - unit of the SUSIMO responsible for the inspection and validation of CSD and CO accomplishments and assists the AO and PO in the preparation of billing requests.

SECTION 4. COVERAGE OF BILLINGS

Only the accomplishments of the AOs in community organizing (CO) and the POs in comprehensive site development (CSD) of the FSP subprojects upon the effectivity of this Circular are covered under this billing system. Also covered in this system are the infrastructures (bunkhouse, look out towers/stations, nurseries) and site delineation and survey, which are part of POs' CSD accomplishments.

SECTION 5. VALIDATION OF ACCOMPLISHMENTS AND PROCESSING OF BILLING

5.1 Monitoring of Accomplishments. There shall be weekly monitoring of AO and PO accomplishments by concerned SUSIMO units. At the end of each month, the AO and PO shall submit an accomplishment report to the SUSIMO. The validation and billing unit (VBU) shall consolidate these accomplishment

reports together with the monitoring reports by relevant SUSIMO units. Formats for the conduct of the herein activity shall be developed by NFDO and adopted nationwide for purposes of consistency and uniformity.

5.2 Preparation of Needed Documents for Billing Purposes. The SUSIMO shall assist the AO and PO in preparing relevant documents for billing even before inspection starts. The AO and PO shall already prepare a draft billing request before the end of each month to be finalized within three (3) working days upon receipt of the inspection and validation report.

5.3 Automatic Inspection and Validation - The VBU shall automatically conduct inspection and validation of the AO and PO accomplishments within three (3) working days of the first week of the proceeding month. In case of new plantations developed for the month, it shall conduct a perimeter survey and mapping of the area to determine actual area developed. A five (5) percent inventory of planted seedlings in areas covered by the accomplishments for the month such as new plantations and plantation areas being maintained shall be conducted for purposes of determining survival.

5.4 Assignment of RED and PENRO Representative - The RED and the PENRO shall assign a staff or representative from their respective offices as members of the VBU team during monthly inspection and validation process. In case where the RED or the PENRO fails to send their representatives, the VBU shall proceed with its inspection and validation activity and the results of the validation to be conducted shall be deemed final and revalidation shall no longer be required. Only in exceptional cases where result are obviously inaccurate or where there are complaints through a resolution from the PO shall there be revalidation to be approved by the RED.

5.5 Preparation of Inspection and Validation Report. Within three (3) working days after inspection, the VBU shall prepare validation and inspection report to be affirmed by contracting parties being evaluated including the representatives of the RED and the PENRO. The report shall contain, among others, major findings, observations or measurements detailing the quality and quantity of accomplishments based on the established set of standards. There shall also be a summary table showing the AO or PO's reported monthly accomplishments versus validated ones and accomplishment target considering their monthly or quarterly target or commitments. The report shall be prepared in five (5) copies. The original copy shall be given to AO or PO as the case maybe. One copy shall be for SUSIMO file and the rest are advanced copy to be sent each to the CENRO, PENRO and the RED for their initial review. SUSIMO shall officially endorse the reports after review and evaluation to the offices concerned.

5.6 Preparation and Submission of Billing. The AO or PO shall finalize their billing request with the assistance of the VBU reflecting the validated accomplishments covered by the approved work and financial plan. There shall in no case, be undue reduction in the eligible amount of billings if the standards for the accomplishments being billed have been satisfactorily complied with based on CSD manual and/or provisions of the contract of services. The VBU shall ensure that all necessary requirements and documents are complied with and attached to the billing request to avoid unnecessary delays in the processing of billings. The required documents that shall accompany the billings are the following:

5.6.1 For CSD accomplishments;

- a. Letter of request for payment duly signed by the PO President or duly authorized representative through a resolution;

- b. Statement of account covering the total validated accomplishments being billed; and
- c. Relevant documents necessary for billing such as:
 - i. Original copy of VBU inspection and validation report including inventory of all accomplishments being billed;
 - ii Copy of CSD contract (for first billing only);
 - iii Sketch Map showing the developments being billed with complete technical descriptions;
 - iv Photographs of accomplishments;
 - v Documents showing proof of purchase of eligible equipment and materials; and
 - vi Copy of Amended contract in case amendments has been made (as needed).

5.6.2 For CO accomplishments;

- a. Letter of request for payment duly signed by the authorized AO representative;
- b. Statement of account covering the total validated accomplishments being billed; and
- c. Relevant documents necessary for billing such as:
 - i Original copy of VBU inspection and validation report including inventory and documentation of all accomplishments being billed;

- ii Copy of CO contract (for first billing only); and
- iii Documents showing proof of purchase of eligible equipment and materials.

The AO and PO shall submit three (3) copies of the billings to the CENRO through the SUSIMO. In no case shall additional documents be required to support billings at any level of the organization other than those prescribed herein.

5.7 Routing Slip. The SUSIMO shall attach five (5) copies of the routing slip (**Annex A**) to each billing to be submitted to the CENRO. One copy shall be retained by the SUSIMO when the billing is submitted to the CENRO and a copy shall be retained each by the CENRO and PENRO upon forwarding the billings to the next office. The RED shall also have a copy of this slip. The last copy shall be attached to the **revised NFDO Form 2 (Annex B** as attached) as a supporting document in the submission of SOE to NFDO for monitoring purposes.

5.8 Endorsement and Processing Billings. The SUSIMO, upon receipt of the billing request shall make one final review of the billing documents before submitting the same to the CENRO. The CENRO, upon receipt of the billing shall properly authenticate the two (2) extra copies of the billing and send an advance copy to the RED and return the other copy to the AO or PO for filing. The original copy shall then be endorsed by the CENRO to the PENRO for review within two (2) working days from the date the same is received.

The PENRO shall endorse the billing to the Regional office within two (2) working days upon receipt of the request. In cases the PENRO cannot endorse the billing for valid or justifiable reason (s), he/she shall officially notify in writing the requesting party and the

CENRO/SUSIMO for necessary action(s) to be taken within two (2) working days upon receipt of the billing. The PENRO shall immediately inform also the RED about his/her findings and recommendations within the same period.

The Region shall facilitate the speedy processing of payment by strictly implementing the following procedures:

5.8.1 If the endorsed billing is received by the Region on or before the 20th day of the month;

- a. The records section of the Regional Office shall record receipt of the billing request and endorse the same documents to the office of the ARED for Operations within the same day.
- b. The ARED for Operations shall assign a technically competent focal person to review and evaluate the documents within two (2) working days and submit his/her recommendations to the ARED. In case of favorable recommendation, the focal person shall forward the billing request to the ARED for Operations together with a prepared voucher and accomplished copy of NFDO Form 2 as revised for signature. In case where there are questions or further actions required from the requesting party, the ARED focal person shall draft a memorandum to the requesting party specifying the actions required, to be signed by the ARED and forwarded immediately to the requesting party. The ARED focal person shall automatically alert the VBU to assist in the compliance of the said deficiency/ies.
- c. The ARED for Operations or his/her duly authorized representative signs the voucher recommending approval

and forwards the same within one (1) working day to the accounting office for processing.

- d. The accounting office evaluates the voucher and supporting documents for consistency of payment with existing government rules and regulations. Part 2 of the revised NFDO form 2 shall be filled up in triplicates (for file, COA and NFDO) by the concerned accounting staff for inclusion in the Statement of Expenditures (SOE). The processed voucher shall be forwarded to the cashier within the day for the preparation of the checks.
- e. The cashier, upon receipt of the processed voucher shall prepare and sign the checks (separate checks for Loan proceeds and GOP counterpart) and forward the same to the RED for his approval.
- f. The RED shall prioritize the speedy payment of the claims and shall therefore, upon receipt of the checks, vouchers and all pertinent documents, shall affix his signature to all spaces provided for his signature. The approved checks shall be forwarded to the cashier for release to the AO or POs authorized representative.

5.8.2 If no endorsement of billing is received by the Region after the 20th day of the month;

- a. The ARED focal person shall alert the ARED for Operation who shall request for authority from the RED to start the processing of the CENRO authenticated billing of the AO or PO;
- b. Processing shall commence following procedure b to f of Section 5.8. 1.

- c. In case endorsement is not received within one (1) week after processing, the RED shall immediately require the PENRO concerned to answer for the delay and/or initiate appropriate action on the matter,.

5.9 Allowable inspection, validation and payment processing time. The maximum allowable number of working days for inspection and validation of accomplishment and processing of billings is provided below:

Office	Maximum Number of Days
VBU (Inspect & Validates)	3 days
VBU (Prepares and Submits Report to CENRO & AO/PO); Assists AO/PO in Request for Billing; AO/PO Finalizes Biling Request Simultaneously	3 days
CENRO (Reviews and Endorses)	2 days
PENRO (Reviews and Endorses)	2 days
Records Section – Region (Records)	1 day
Focal Person – ARED for Operations (Reviews and Recommends)	2 days
ARED for Operations (Signs and Endorses Voucher for payment)	1 day
Accounting Office (Evaluates and Endorses)	1 day
Cashier (Prepares and Signs Check)	1 day
RED (Signs Checks/Documents)	1 day

The flowchart for this billing system is shown in **Figure 1**. The working days shall be counted from the time the document has been officially received by the office concerned.

SECTION 6. PENALTIES

Unreasonable delays in payment of billings shall be ground for disciplinary action against the concerned DENR officials/employees pursuant to Rule IV, entitled Discipline Book V of EO 292 and Section 23 of the Omnibus Rule of the Civil Service Law and Rules. In addition, RA 6713 otherwise known as Rules of Conduct and Ethical Standards for Public Officials and Employees shall be strictly adhered to in the implementation of these new guidelines.

SECTION 7. TRANSITORY PROVISIONS

The Regions may issue memoranda and specific instructions to its field units and personnel pursuant to this **Circular**. In cases where there are conflicting interpretation or vague understanding or the provisions of this Circular, the parties concerned are instructed to seek clarification from the Central Office through NFDO for referral to appropriate legal body for official interpretation before applying such provisions.

SECTION 8. REPEALING CLAUSE

All provisions of Memorandum Circular 97-03 inconsistent herewith are hereby amended, modified or repealed accordingly.

SECTION 9. EFFECTIVITY

This memorandum circular shall take effect immediately.

(Sgd.) ANTONIO H. CERILLES
Secretary