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Department of Environment and Natural Resources

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DENR ADMINISTRATIVE ORDER NO. 2002- 23

Series of 2002

Subject: Implementing Guidelines on the Operationalization of the Air Quality Management Fund under Republic Act 8749

Pursuant to Section 14 of Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999 (the "Act") and Rule XVI of DENR Administrative Order (DAO) No. 2000-81, as well as Executive Order No. 192, and in order to provide guidelines on the management and operationalization of the Air Quality Management Fund, this Order is hereby issued for the guidance of all concerned.

Section 1.0 Title

This Administrative Order shall be known as the "Implementing Guidelines Governing the Operationalization of the Air Quality Management Fund (AQMF)."

Section 2.0 Basic Policy

It is a policy of the State to formulate a holistic national program of air pollution management that shall be implemented by the Government through proper delegation and effective coordination of functions and activities. Further, it is a policy of the State to formulate and enforce a system of accountability for short-term and long-term adverse environmental impact of a project, program or activity. This shall include the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages.

To achieve said policies, an Air Quality Management Fund among others, established by the Act and DAO 2000-81 as a special account in the National Treasury is hereby operationalized and shall be administered by the Department through the Environmental Management Bureau (EMB).

Section 3.0 Objective

It shall be the objective of this Order to set forth the policies and procedures as administrative guidelines in the operation and management of the AQMF which will provide for, among others, the following:

- to finance containment, removal, and clean-up operations of the Government in air pollution cases
- to guarantee restoration of ecosystems and rehabilitate areas affected by the acts of violators of the Act

- to support research, enforcement and monitoring activities and capabilities of the relevant agencies
- to provide technical assistance to the relevant agencies
- to finance similar activities undertaken within an airshed.

Section 4.0 Coverage

The AQMF shall cover all fees and air emission charges collected from the processing of permit applications such as Authority to Construct (AC), Permit to Operate (PO) air pollution control facilities, Certificates of Conformity issued to new motor vehicles/vehicle types and test equipment and all other fees in the implementation of the Act as well as fines and penalties for violation of the air quality standards and all other forms of violations pursuant to the Act both for mobile and stationary sources, grants, donations and endowments from both private sector and donor organizations and a limited percentage (5% - 10%) of the proceeds of the Program Loan for the Metro Manila Air Quality Improvement Sector Development Program.

Section 5.0 Operation and Management of the Fund

The AQMF shall be administered and managed by the Department through the EMB in accordance with the following:

5.1 Collection of the Fund

All fees, charges, and other sources of the AQMF mentioned in Section 4.0 hereof shall be collected by or paid to any EMB Central/Regional/Provincial office or other relevant agencies.

5.2 Utilization of the Fund

The AQMF shall be used for activities that are in direct support of objectives outlined in the Air Quality Action Plan (AQAP) and the action plans of the airsheds. This special fund shall be reserved for national purposes and will be allocated among the airsheds. The AQMF shall be utilized to support, grant, finance or otherwise assist activities such as, but not limited to, the following:

- a) purchase of equipment related to air quality monitoring, reporting or management;
- b) running cost for special campaigns, monitoring, enforcement or public awareness raising;
- c) costs for special events related to air quality monitoring, enforcement, etc.;
- d) funding of temporary staff positions in accredited organizations, of persons who have a Terms of Reference (TOR) directly related to implementation of AQAP;
- e) research on air related issues; and
- f) running cost of Governing Boards and Technical Secretariats.

5.3 Fund Reporting and Auditing

All income and expenditures shall be subject to budgeting, accounting, and auditing rules and regulations.

5.3.1 Fund Recording and Deposit

Receipts derived from the different sources of the AQMF as provided in Section 4.0 hereof shall be deposited by EMB Central/Regional/Provincial Offices, Department of Transportation and Communications (DOTC), Local Government Units (LGUs), and other relevant agencies directly to the Bureau of Treasury (BTr) for the account of the AQMF. All grants, donations, and endowments in the forms of contributions shall be exempted from donor taxes and all other taxes, charges or fees imposed by the Government.

All collections and deposits to the BTr shall be properly identified in the Official Receipts (OR), Abstract of Collections (daily), Report of Collection (monthly), List of Collections (LC) and other financial reports to facilitate the monitoring and control. A separate official receipt and deposit slip shall be prepared for AQMF to facilitate request for a BTr Certification. All collections shall be deposited and classified in the LC under *Fund Code 151* ("AQMF"Account).

5.3.2 Fund Budgeting

5.3.2.1 Special Budget Request (SBR) and Notice of Cash Allocation (NCA)

The EMB Central Office shall prepare the Special Budget Request (SBR) and the corresponding Notice of Cash Allocation (NCA) based on the submitted monthly reports of collections and deposits.

All monthly collections and deposits shall be reported every 15th day of the ensuing month by all relevant agencies to the EMB Central Office submitting the following reports:

- (1) List of Collections (Daily)
- (2) Monthly Report of Collection
- (3) Work and Financial Plan
- (4) Monthly Trial Balance
- (5) Statement of Collections (Monthly)

However, the following reports shall be submitted by the concerned agencies every 15th day of the ensuing month after the fiscal period.

- (1) Certification of Actual Deposits of AQMF Income and Receipts (BTr) (Annually)
- (2) Trial Balance as of December 31, _____ (Annually)

The EMB Central Office shall consolidate and attach all the above-cited reports and documents necessary to expedite the release of the Special Allotment Release Order (SARO) and NCA.

5.3.3 Fund Reporting

Under the provisions of Section 4, Rule XV1 of the IRR, the Department will ensure the publication of an Annual Report which specifies income and expenditure of the AQMF, together with a summary of initiatives supported and refused. This Annual Report will be available within two (2) months after the end of the fiscal year.

The Governing Boards of the airsheds shall require a quarterly report from each of the concerned agencies on the physical and financial progress for each major project and summarizing physical and financial progress by output.

The EMB shall provide to the Department of Budget and Management (DBM), every 30th day of the ensuing month following the quarter a copy of consolidated report on the Status of the AQMF.

The EMB Regional Offices and other relevant agencies shall submit to EMB Central Office every 10th day of ensuing month following the quarter a Quarterly Physical and Financial Report of AQMF which shall include the following:

- (1) Quarterly Report of Collections
- (2) Audited Report of Disbursements (per project/activity).
- (3) Quarterly Physical Accomplishment Report (per project/activity).

For proper accounting and reporting of the AQMF, the concerned agencies shall maintain a separate bank account, books of accounts, subsidiary ledgers, and other related financial reports.

No transfer of fund shall be allowed in case of failure to submit the required reports or submission of incomplete reports as determined by the EMB Director.

The EMB shall submit to the Department an Annual Report, consisting of the consolidated report on the Status of the AQMF and specifying the income and expenditure made therein, together with a summary of initiatives supported and refused. The said Annual Report shall be published by the Department pursuant to Section 4 of Rule XVI of DAO 2000-81.

5.3.4 Fund Auditing

All disbursements under this fund shall be subject to DBM and COA rules and regulations.

5.4 Fund Appropriation, Release and Expenditure

5.4.1 Appropriation

The amounts collected and accruing to the AQMF are considered as being automatically appropriated for the purposes authorized in the Act except as may be otherwise provided in the General Appropriations Act (GAA). The same are considered as being appropriated based on the released SARO from the DBM.

5.4.2 Release and Expenditure

All expenditures from the AQMF shall be made only upon the approval of the EMB Director by authority of the Secretary and subject to the final approval of the SBR by the DBM. An Annual Work and Financial Plan (AWFP) shall be submitted by all regional offices and governing boards of each airshed to the EMB Director within the first fifteen (15) days of the current year. For air quality control/management projects, the concerned agency/Board proposing such project shall submit a

project proposal in accordance with the detailed set of criteria established by the EMB for possible funding from the AQMF. The said project proposal shall be included in the AWWP.

The AWWP shall be reviewed by a Special Review Committee, which shall likewise consolidate all the AWWPs submitted for review. A report on the reviewed AWWPs shall then be submitted to the EMB Director before the same is forwarded to DBM to justify the release of funds.

Section 6.0 Separability Clause

If any provision of this rules and regulations is declared unconstitutional or invalid, the same shall not affect the validity and effectivity of the other provisions hereof.

Section 7.0 Repealing Clause

All orders, circulars, rules and regulations inconsistent with this Order are deemed repealed or modified accordingly.

Section 8.0 Effectivity

This Administrative Order shall take effect immediately.



HEHERSON T. ALVAREZ
Secretary

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