



Republic of the Philippines
Department of Social Welfare and Development
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MEMORANDUM CIRCULAR

NO. 12
Series of 2004

TO : All DSWD Undersecretaries/Cluster Heads, Assistant Secretaries/Coach Monitors, Bureau Directors, Regional Directors, Service Directors, All Concerned Officials and Employees

SUBJECT : Guidelines on the Management and Utilization of Priority Development Assistance Fund (PDAF)

RATIONALE

It is the policy of the State that all government resources shall be managed, expended and utilized in accordance with law and regulations, and safeguarded against loss or wastage. It vests in the heads of agencies the responsibility of protecting these resources with the end in view of ensuring efficiency, economy and effectiveness in the operations of the government.

Moreover, it is the declared policy of the State to promote the ideals of good governance in all its branches, departments, agencies, subdivisions, and instrumentalities, including government-owned and/or controlled corporations, and local government units.

Along these lines, the DSWD as a Department in one of the most critical sectors within government, the Social Sector, is mandated to work towards the achievement of improved opportunities for the disadvantaged individuals, families and communities, which includes the disabled, victims of armed conflict, violence, calamities, those below the poverty line, the vulnerable sectors, and the marginalized, to transcend their present conditions for an improved quality of life. Consistent with these concerns, the National Government provides DSWD with funds through the General Appropriations Act to enable it to deliver effectively its mandate and ultimately attain its vision, goals and desired outcome. In addition to these regular funds, other funds are being entrusted to or generated for DSWD to augment its requirement for the implementation of said programs and projects in the form of, among others, donations, transfers from other national government agencies, and **Priority Development Assistance Fund (PDAF)** of members of Congress.

A review of the existing internal control structures of the Department reveals that there already exists operating mechanism for the receipt, management and use of donations and funds transferred from National Government Agencies.

However, on the PDAF as a government fund entrusted to members of Congress, an instrument is yet to be established to govern the release, use, reporting and monitoring of the same in DSWD, hence, these guidelines.

LEGAL BASIS

Presidential Decree No. 1445, Ordaining and Instituting a Government Auditing Code of the Philippines

Republic Act No. 9184, the "New Government Procurement Reforms Act"

Executive Order No. 15, Redirecting the Functions and Operations of the Department of Social Welfare and Development

National Budget Circular No. 476 dated September 20, 2001 on the "Guidelines on the Release of Funds Chargeable Against the Priority Assistance Fund the Second Semester of FY 2001 and Thereafter"

(DSWD) Memorandum Circular No. 35 Series 2003 on the "Guidelines on the Approval, Transfer, Monitoring and Reporting of Government Funds Released to Non-Government Organizations (NGOs) and People's Organizations"

(DSWD) Administrative Order No. 75, Series of 2003 on the "Amended Implementing Guidelines on the Management of DSWD Operated Intervention Unit"

(DSWD) Department Order No. 5 Series 2002 on the "Delegation of Signing and Other Financial and Administrative Authorities to Central Office and Field Offices"

OBJECTIVES

The objectives of these guidelines are as follows:

1. To prescribe guidelines on the release, expenditure, monitoring and reporting of the use of Priority Development Assistance Fund (PDAF) of the members of Congress which have been channeled to DSWD;
2. To prescribe procedures on the procurement of goods and services covered by PDAF governed by the principles of transparency, competitiveness, streamlining, accountability, and public monitoring; and



3. To identify/establish clear accountabilities of officials and employees involved in the processing of PDAF transactions.

DEFINITION OF TERMS

1. **Priority Development Assistance Fund (PDAF)** is an appropriation allocated for use of members of Congress to fund priority programs and projects or to fund the required counterpart for foreign-assisted projects which amount shall be released directly to implementing agency or Local Government Units concerned. The amount authorized for PDAF maybe realigned to any expense class if deemed necessary. However, only a maximum of 10% of the authorized allocation by district may be used for the procurement of rice and other basic commodities which shall be purchased from the National Food Authority.¹

All disbursements under PDAF are governed by the provisions of the General Appropriations Act as implemented by National Budget Circular No. 476, dated September 20, 2001 and subsequent issuances issued by DBM on matter.

2. **Comprehensive and Integrated Delivery of Social Services Programs (CIDSS)** is a poverty alleviation program which addresses the Minimum Basic Needs (MBN) of poor Filipino families and communities using the convergence strategy of pooling all together the human and material resources of government organizations, non-governmental organizations and people's organization. It is a flagship program that seeks to empower targeted families and communities nationwide. It employs strategies and components that allow for the delivery of responses to the MBN of the basic sectors, including farmers, fisher folks, indigenous people, the informal workers and urban poor. CIDSS gives special focus on the special needs of vulnerable groups such as women, children, youth, students, senior citizens, persons with disabilities and victims of calamities and disasters by providing them with better opportunities to participate in the development process.

COVERAGE OF PDAF

- 1 Generally, the PDAF assigned to DSWD by members of Congress shall be used to provide financial assistance for the implementation of Comprehensive Integrated Delivery of Social Services (CIDSS) and for the implementation of KALAH-I-CIDSS Project unless otherwise indicated for other projects and

¹ General Appropriations Act, sec. 1 (chapter XLVII) (2003)

services of the Department. Specifically, the PDAF shall be used to fund the menu indicated in Annex A of this Guideline.

2. PDAF shall not be used for the payment of personal services expenditures such as payment of salaries including honoraria, allowances, bonus and similar form of compensation.

GUIDELINES

1. **All Requests for the Utilization of PDAF** shall pass the examination/review of **Department Legislative Liaison Office (DLLO)** which shall determine the completeness of basic documents required for the onward referral for appropriate action of offices concerned in the Department, as follows:

NATURE OF REQUEST	OFFICE CONCERNED
Request for Sub-allotment to Field Offices	Program Management Bureau (PMB); concerned units
Request for financial assistance by individuals, families in difficult circumstances	Crisis Intervention Unit (CIU), Program Management Bureau (PMB); Field Office Concerned
Request for transfer of funds to NGOs/POs	PMB, Standards Bureau and other concerned units
Request for purchase of goods and/or services	PMB and other concerned units
Request for technical assistance	Concerned/appropriate offices in DSWD

- 1.1 The DLLO shall return to or coordinate with the office of the Legislators concerned requests with incomplete documents for compliance.
- 1.2 Along this concern, the DLLO shall be responsible for the following:
 - 1.2.1 Review existing guidelines/procedures on the management and utilization of PDAF and recommend changes/revisions thereof to make current or improve/enhance present arrangements;
 - 1.2.2 Tracking and monitoring the status of requests/concerns forwarded to various units of the Department. Relatedly, it shall develop reporting and monitoring instruments to track effectively status of said requests; it shall coordinate/confer with concerned DSWD units to fast track the processing of request;
 - 1.2.3 Receive and consolidate all reports from all units involved in PDAF transactions and submit the same to the Secretary every 15th day of the month status reports covering PDAF, as follows: status report of requests received by category to wit: request for

fund transfer to NGO/LGU; sub-allotments to DSWD Field Offices; procurement of goods/supplies and services; provision of financial assistance to individuals in crisis situations thru the Crisis Intervention Unit (CIU), status of PDAF funds, issues and concerns on the PDAF, and other related matters.

- 1.2.4 Render report or confer/coordinate with the Legislator concerned or his/her Chief of Staff regarding statuses of their requests, PDAF funds, problems/issues on their requests, and related matters.

2. Requests for Sub-Allotment To Field Offices

- 2.1 Requests for sub-allotment of funds to Field Offices shall be referred for appropriate action of PMB or any concerned DSWD units as may be determined by DLLO.
- 2.2 All requests shall be supported by a copy of the project profile submitted to DBM per Annex "B" of NBC 476, which shall serve as basis of the PMB or concerned DSWD units in evaluating the request.
- 2.3 PMB or other DSWD concerned units shall evaluate and recommend to the Undersecretary for Operations, Capability Building Group (OCBG) the issuance of sub-allotment advice and Notice of Transfer Advice (NTA) by the Undersecretary for General Administration and Support Services (GASSG) thru the Financial Management Service (FMS) to subject Field Office. Project Proposals deemed not meeting standards of propriety, legality or necessity should be coordinated/discussed with the Department Legislative Liaison Officer, who may discuss or confer the matter with the Legislator concerned or his/her representative. After consultation with DLLO, disapproved Project Proposals shall be immediately returned to Legislator concerned without action tactfully explaining the reason for the disapproval or the lacking documentation requirements.

3. Requests for Financial Assistance by Individuals/Families in Especially Difficult Circumstances

- 3.1 Requests for financial assistance by individuals and families in crisis/difficult situation shall be acted upon by Crisis Intervention Unit (CIU) under the Program Management Bureau or the Field Office concerned;

- 3.2 Approval of the grants of the financial assistance shall be governed by the provisions of Administrative Order No. 75, Series of 2003, on the "Amended Implementing Guidelines on the Management of DSWD Operated Crisis Intervention Unit."
- 3.3 For monitoring purposes, the PMB shall prepare and submit to the Undersecretary/Coach Monitor In Charge a monthly report of the financial assistance granted to clients segregated by sources of PDAF copy furnished the DLLO and FMS.

4. Request for Transfer of Funds to NGOs/POs

- 4.1 All requests for transfer of funds to NGOs/POs and other intermediaries shall be processed by appropriate office of the Department such as Program Management Bureau (PMB), Social Technology Bureau (STB), Standards Bureau (SB), Field Offices (FOs) and other units of the Department which has jurisdiction over the area of concern.
- 4.2 All requests for transfer of funds shall be supported by a project proposal that shall serve as basis for evaluation by the concerned Office.
- 4.3 The provisions of Memorandum Circular (MC) No. 35 Series of 2003 shall govern releases of funds to NGOs/Pos. On this basis, all transfer of funds to NGOs/POs shall be referred to SB for verification and/or issuance of certification as to the status/standing of the subject NGOs/POs.
- 4.4 In deference to DSWD mandate on the regulation of NGOs/POs and in pursuit of strengthening the accountability system covering government funds, unlicensed NGOs shall not be eligible for any PDAF transfer from DSWD.
- 4.5 PMB or the concerned DSWD office/unit shall evaluate the Project Proposal to determine propriety, legality or necessity of the proposed transactions/activities. It shall recommend to the Undersecretary Concerned/Cluster Head the approval of the Project Proposal.
- 4.6 Project Proposals deemed not meeting standards of propriety, legality or necessity should be coordinated/discussed with the Department Legislative Liaison Officer, who may discuss or confer the matter with the Legislator concerned. After consultation with DLLO, disapproved Project Proposal shall be immediately returned to Legislator concerned without action, with DLLO tactfully explaining the reason for the disapproval.



- 4.7 The concerned DSWD office/unit with the NGO/PO concerned shall jointly be responsible for the preparation of Memorandum of Agreement (MOA). The final draft thereof shall be forwarded to Legal Service and the Financial Management Service for their comments/review.
- 4.8 The signing of the MOA by the NGO/PO, DSWD and other party signatories shall be facilitated by DLLO which shall thereafter endorse this to the proponent office of the Department for the preparation of the Allotment and Obligation Slip (ALOBS) and Disbursement Voucher (DV).
- 4.9 The Finance Service or the Finance Unit of Field Offices concerned shall process all ALOBS and DVs.
- 4.10 Pursuant to the provisions of MC 35, the concerned DSWD office/unit shall be responsible, among others, for the following:
- 4.10.1 Be the primary accountable unit and shall look into the consummation of the provisions of the MOA;
 - 4.10.2 Require/cause the NGO/PO to submit to the Financial Management Service documents, regular reports, liquidation reports of the cash advance received, terminal reports, among others; and
 - 4.10.3 Monitor the compliance of the parties to the MOA.
- 4.11 For this purpose, the PMB or concerned DSWD office/unit shall prepare and submit a regular report to DLLO within 5 days after end of the month on the status of the various requests referred for action, copy furnished the Undersecretary In Charge/Cluster Head.

5. Requests for Purchase of Goods and Services

- 5.1 PMB or DSWD units concerned shall act upon all requests for purchase of goods and services.
- 5.2 All requests under this category shall be supported by a Project Proposal, which shall be the basis of PMB as to whether it is covered ~~under the CIDSS Program.~~
- 5.3 PMB or the concerned DSWD office/unit shall evaluate the Project Proposal to determine propriety, legality or necessity of the proposed



transactions/activities. It shall recommend to the Undersecretary Concerned/Cluster Head the approval of the Project Proposal.

- 5.4 Project Proposals deemed not meeting standards of propriety, legality or necessity should be coordinated/discussed with the Department Legislative Liaison Officer, who may discuss or confer the matter with the Legislator concerned. After consultation with DLLO, disapproved Project Proposal shall be immediately returned to Legislator concerned without action, with DLLO tactfully explaining the reason for the disapproval.
- 5.5 PMB or DSWD units shall prepare the Requisition Issue Slip (RIS)/Purchase Request (PR) which shall thereafter be forwarded to Administrative Service (AS) together with the supporting documents for processing and approval of appropriate authorities pursuant to Department Order No. 5, Series 2002 as amended. The RIS/PR shall be supported by the following:
 - Project Proposal
 - Complete description of the goods to be purchased and/or the Terms of Reference
 - Special Allotment Release Order (SARO)
 - Notice of Cash Allocation (NCA)
- 5.6 The Administrative Service (AS) of the Central Office (C.O) or the Procurement Unit, Management Division of the Field Office concerned shall render the procurement of goods and services indicated in the approved request.
- 5.7 The provisions of RA 9184, the "New Government Procurement Reform Law" and its Implementing Rules and Regulations (IRR) and other pertinent laws and rules on procurement shall govern all procurement.
 - 5.7.1 On the purchase of books for Day Care, the mode of procurement to be adopted is competitive bidding.
 - 5.7.2 Specifications should be based on relevant general characteristics of the goods/items to be purchased as indicated in Section 18 of the same RA, thus, reference to *brand names* shall not be allowed.
 - 5.7.3 *Direct Contracting* or single source procurement is allowed only for those sold by an exclusive dealer which does not have sub-dealers selling at lower prices and for which no suitable

substitute can be obtained at more advantageous terms to the Government and only in exceptional cases.

- 5.8 All goods and services procured shall be delivered at DSWD Central Office or the Field Office as the case may be, which shall be inspected by DSWD CO or FO Inspection Committee and the Commission on Audit. The cost of delivery to the site where the Legislators requested shall be charged to his/her PDAF or shall be provided by the Legislators concerned.
- 5.9 Goods and/or services shall be received and distributed to beneficiaries by PMB or concerned DSWD offices/units or the FO as the implementer of the CIDSS and other related projects, in coordination with the Legislator. Arrangements may be made with the LGU Social Welfare and Development Office to assist in the distribution/witnessing the proceedings.
- 5.10 The ALOBS and DVs shall be prepared by PMB or concerned DSWD office/unit or the FO unit concerned for processing of payment by the Financial Management Service or the Finance Unit of the FO.
- 5.11 The following documents shall support the ALOBS and DVs for the said procurement:
- Project Proposal
 - List of Beneficiaries
 - RIS/PR
 - Purchase Order
 - Canvass/Bid documents/Certificate of sole distributorship and other documents on the eligibility of the supplier
 - BAC Resolution/Concurrence
 - Notice of Award
 - Performance Bond (if applicable)
 - Contract
 - Notice to Proceed
 - Sales Invoice
 - Warranty Certificate (if applicable)
 - Acceptance and Inspection Report
- 5.12 As a standard operating procedure, all DVs with incomplete documentation shall not be processed. The AS, FMS or FO unit concerned shall immediately return within one hour to originating unit

without action DVs with incomplete documentation or may call the attention of said originating unit on the lacking documents for compliance.

5.13 All requests for procurement of goods/services shall be given a lead time of at least one (1) month for items to be canvassed and at least three (3) months for items for bidding from the receipt of RIS/PR with complete specifications and supporting documents required under 5.6 of this Memorandum Circular for processing of the requested procurement up to the time of delivery. The time of delivery may vary based on the nature of items requested.

5.14 No request for procurement shall be entertained after ~~September~~ ^{November} 30 of every year for items to be done through competitive bidding or November 30 of every year for items to be procured through national shopping or canvassed.

5.15 The Administrative Service and FO unit concerned shall prepare and submit within 5 days after end of every month a report to DLLO or to the Regional Director in the case FO on the status of all requests for procurement of goods and services under PDAF copy furnished the Undersecretary In Charge/Cluster Head.

6. Request for Technical Assistance

6.1 All requests for technical assistance shall be acted upon by the Office concerned of the Department with dispatch and to the satisfaction of the clientele.

7. PDAF Intended for KALAHI-CIDSS Project

7.1 Transactions covering PDAF intended for KALAHI-CIDSS Project shall be governed by a separate mechanism that shall be agreed upon by the DBM and DSWD.

8. Other Accountability and Reporting Requirements

8.1 The Financial Management Service (FMS) shall prepare and submit a regular report within 5 days after end of the month to the DLLO on the status of individual Legislator's PDAF funds released to DSWD which shall indicate, among others, total funds sub-allotted to FOs, total amount obligated and the balance, copy furnish the Undersecretary/Cluster Head concerned; and

8.2 Within ten days after end of every quarter, the FMS shall prepare and submit report to DLLO on the aging of Notice of Cash Allocation (NCA) of individual PDAF. The DLLO for this matter shall coordinate/discuss with said Legislators the statuses/ages of their NCA with the end in view of optimizing the use of said NCA released to them by the government. giving particular attention to NCAs aged three (3) months and above.

9. Effectivity

This Memorandum Circular shall take effect immediately.

Issued at Quezon City, this 13th day of April, 2004.


CORAZON JULIANO N. SOLIMAN
Secretary 

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As of March 24, 2004