

**Memorandum Circular No. 14
Series of 2023**

**Subject: RELEASE OF COMMUNITY GRANTS FOR
LOCALLY-FUNDED SUB-PROJECTS FOR THE
IMPLEMENTATION OF KAPIT - BISIG LABAN SA
KAHIRAPAN COMPREHENSIVE AND INTEGRATED
DELIVERY OF SOCIAL SERVICES (KALAHI-CIDSS)**

I. RATIONALE

In accordance with Memorandum Circular No. 9 series of 2023, otherwise known as "*Guidelines on the Implementation of the Community-Driven Development (CDD) Approach of the KALAHI-CIDSS*", which seeks to standardize and harmonize the KALAHI-CIDSS processes across modalities and establish social services with a greater impact on the public through the government's CDD approach, the Department of Social Welfare and Development (DSWD) releases community grants for locally-funded projects.

On 21 June 2023, the DSWD issued "*Updated Guidance on the Release of Community Grants to the KALAHI-CIDSS Communities*" for Foreign-Assisted Projects as part of its efforts to streamline the KALAHI-CIDSS processes for a more efficient and effective strategy in addressing the problems identified by the communities.

The DSWD, through the National Program Management Office (NPMO) consolidated several feedback from the Field Offices and referred to the successful execution of the one-time release of the Foreign-Assisted Projects Community Grants, which garnered a significant amount of fund release to the communities. The NPMO seeks to further widen the coverage of this policy and include locally funded sub-projects by one-time releasing the funds less the contingency funds with the Total Community Grant Allocation (CGA) of the approved sub-projects of the communities amounting to PhP2,500,000 and below.

The Commission on Audit (COA) Circular 94-013 allows funds to be transferred to the Implementing Agencies (IA) according to the Total Project Cost as indicated in the technical plans and designs. However, due to the absorptive capacity of the communities and the IA, the program sets a cap for purposes of risk management and internal controls on the fund releases.

II. LEGAL BASES

The following guidelines lay down all important matters that need to be adhered to and shall be harmonized with the recently-issued DSWD memoranda, policies, and guidelines:

1. **COA Circular 94-013**, Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies.
2. **COA Circular 2023-04**, Prescribing the Updated Documentary Requirements for Common Government Transactions, Amending COA Circular no. 2012-001.
3. **P.D. No. 1445 otherwise known as “The State Audit Code of the Philippines”** declaring the fiscal responsibility over financial affairs, transactions, and operations of any government agency, including reporting arrangements and requirements.
4. **Government Accounting Manual Volume 1** which aims to update the standard policies, guidelines, and procedures in accounting for government funds and property.
5. **COA Circular 2016-002**, Updates on Prescribing the Revised Guidelines and Documentary Requirements for Fund Transfers.
6. **DSWD Memorandum Circular No. 09, Series of 2023**, Streamlining and standardizing the procedures for the implementation of the Community-driven Development through the KALAHÍ-CIDSS Program.

III. OBJECTIVES

This Circular is issued to enhance the guidelines that govern fund releases for locally-funded sub-projects and harmonize the previous strategies and guidance issued under the KALAHÍ-CIDSS program. This issuance is consistent with the thrust of the department to hasten government processes such as the downloading of funds, which is beneficial to the target communities, who are the key actors in the implementation of the Community-Driven Development approach.

This further ensures that the communities are able to implement the sub-projects within the prescribed completion timeframe of the program.

IV. DEFINITION OF TERMS

Ancillary Projects- Allowed expenses where savings can be utilized after 100% completion of the sub-projects and where it directly contributes to its operation, such as accessories or tools (e.g., Books and reference materials for schools, tools for water supply projects, and other additional instruments for health stations); however, functionality and completion of the sub-projects should not in any way depend on the Ancillary Projects.

Capability Building and Implementation Support (CBIS)- These are contributions which do not become part of the value of the sub-project but are intended to facilitate the conduct of activities of the Program

Community Grant Allocation (CGA)- These funds represent the DSWD's share of the total Sub-Project cost as indicated in the approved Program of Work.

Contingency Funds – A budget item indicated in the Program of Works allocating extra funds for use in case of unforeseen expenses and/or any cost variations during the course of subproject implementation.

Fortuitous Events- refers to force majeure or any unforeseeable circumstances. This includes but is not limited to typhoons, earthquakes, landslides, floods, etc.

Lead Barangay- refers to the Barangay selected and/ or elected from among the joining Barangays with common proposed sub-projects. The Barangay Chairperson and the Barangay Treasurer of the said Barangay, who are duly bonded through a particular bond premium, will be the accountable officers of the lead Barangay.

Local Counterpart Contribution (LCC)- These funds represent the Local Government Unit (LGU), communities, and other stakeholders share in the implementation of the KALAHY-CIDSS program.

Locally-funded Sub-projects- These sub-projects are funded by the Government of the Philippines that have been appropriated or authorized by legislation to finance the target Municipalities for a Fiscal Year.

Sub-Project (SP) – This refers to the community project prioritized and approved by the assembly as a response to an identified need and/ or problem. KALAHY-CIDSS considers the implementation of community projects, which usually come in the form of small-scale infrastructure, as a by-product and secondary to its main project: citizen empowerment.

V. COVERAGE

1. Consistent with the previous guidelines which cover the National Community Driven Development Program Additional Financing (NCDDP-AF) and the Philippine Multisectoral Nutrition Program (PMNP), this covers all regions and municipalities that are implementing locally-funded SPs, which include but not limited to Kapangyarihan at Kaunlaran sa Barangay, and Payapa at Masaganang Pamayanan of the KALAHY-CIDSS Program.
2. All locally-funded SPs under the KALAHY-CIDSS, including clustered SPs managed by a lead barangay duly approved by resolutions of the Municipal Development Council (MDC) /Development Planning Forum (DPF) or other related resolutions applicable to endorse the SPs.
3. This guideline does not apply to the following:
 - 3.1. SPs without issued Certification Precondition by the National

Commission on Indigenous Peoples;

- 3.2. SPs with challenges on securing appropriate tenurial instruments such but not limited to Deed of Sale, Deed of Donation, Usufruct Agreement among others, absence of the aforementioned Land Acquisition, Rehabilitation and Resettlement document will not proceed to the implementation and funding.
- 3.3. Barangays with evaluated performance, condition, and sub-project utilization resulted in a poor rating through Sustainability Evaluation (SE), conducted for 1–3 rounds by the established Multi-Stakeholders Inspectorate Team (MSIT), Barangays that were endorsed to the Department of Interior and Local Government for non-compliance with the reportorial requirements of the program, following consecutive follow-through and/ or request for compliance and, Barangays with adverse Commission on Audit (COA) findings. A one-time release policy shall not be an option for these Barangays, and default (90-10) tranching must be observed.

VI. IMPLEMENTATION GUIDANCE

1. *Allocated Grant Funds.* Community Grant Allocation (CGA) (as reflected in the approved Program of Work and with the approved resolution of the MDC / DPF or other related resolutions applicable to endorse the SPs), after deducting the contingency funds if any, shall be downloaded and transferred to the barangay trust fund accounts after completely complying with the documentary requirements listed under sub-items 8.1 (First / Full Tranche) and 8.2 (Second Tranche) for the request for fund release.

The following shall be the threshold to determine the schedule of fund releases to the communities:

- 1.1. CGA equal to 2,500,000.00 and below shall be downloaded in full, less the contingency fund as indicated in the Program of Works.
- 1.2. CGA above 2,500,000.00 shall be downloaded in tranches (90-10).
- 1.3. Cash-For-Work (CFW) SPs shall be released in full regardless of the grant cost indicated in the Program of Distribution/Work.
2. *Local Counterpart Contribution.* The total amount for the LCC must be excluded in the determination of eligibility for the full download of the CGA.
 - 2.1. No minimum LCC is required except for ineligible expenses such as initial deposit amount for the opening of bank account, bond premiums, local fees permits and licenses (unless waived by the LGU), and other costs of the same kind.
 - 2.2. Committed LCC cash by the Municipal LGU intended for SP

implementation and Capability Building Implementation Support (CBIS) must be delivered in accordance with the scheduled delivery indicated in the LCC Plan signed by the Municipal Treasurer and the Mayor. However, this shall not be a requirement for the downloading of the CGA to the Barangay Trust Account.

- 2.3. Provision of Capability Building and Implementation Support is required for the DSWD staff, who shall be assigned in their respective areas, such as, but not limited to, office space and utilities, which are essential for the (a) facilitation of the conduct of activities of the program, such as conduct of social preparation activities, SP monitoring, meetings, salaries of LGU counterpart staff, and logistics, among others, and (b) administration, safety, and other related arrangements.
 - 2.4. LCC in-kind contributions are still highly encouraged and accepted. These contributions shall be assigned a value for monetization. No actual or physical monetization shall be required from the LGUs.
3. *Contingency Funds.*
- 3.1. The contingency funds shall not be automatically part of and released together with 1st Tranche/ full tranche; however, it can be requested along with the 2nd Tranche Fund as needed.
 - 3.2. Contingency funds may NOT be applicable to Cash-for-Work SP schemes, in which case funds may be allocated 100% to other costs other than contingency.
 - 3.3. The contingency fund may range between 0.5% - 3% of the direct cost, as applicable. This fund shall be clearly indicated in the Program of Works as a line item that can be funded by grants and/or LCC.
 - 3.4. This fund shall only be released in case the downloaded funds are not sufficient to cover the completion of the SPs and under the following circumstances:
 - 3.4.1. Price Escalation or unexpected increase in price of goods/supplies;
 - 3.4.2. Unprogrammed or variation costs due to unforeseen change of plans, design, or alignment to suit actual field conditions.
 - 3.4.3. There is a need to perform extra works that are not expected during implementation, thus, were not considered in the planning stage of the SP; and
 - 3.4.4. The SP has been damaged by fortuitous events.
4. *Barangay Trust Fund Account.* Target areas shall open a Barangay Trust Fund Account for the deposit of community grants and LCC cash, if any, whose name is based on the agreed format by the DSWD and the Landbank of the Philippines as provided in the Memorandum of Agreement. The Trust Fund Account shall be used solely for the purpose of the SP implementation

- and will be closed after it has served its purpose with corresponding Bank Closure Certificate for validation. However, if the target areas implement another cycle/phase, they may retain the account until the last cycle or phase.
5. *Geotagging Web Application (GTWA)*. This is a tool that the KALAHY-CIDSS program uses to generate a unique SP Identification (SPID). This SPID is the transaction reference for each SP throughout the disbursement and reporting process and the life of the KALAHY-CIDSS.
 - 5.1. SPs with CGA amounting to Php 2,500,000 and below, choose 100% in the First Tranche box on the Target Release portion of the GTWA.
 - 5.2. SPs with CGA greater than PhP 2,500,000, shall only choose 90% in the First Tranche box and 10% on the Second Tranche Box on the Target Release portion of the GTWA.
 - 5.3. Contingency funds will be automatically deducted by the system from CGA following the provision on 3. *Contingency Funds*.
 - 5.4. Disbursement, Utilization, and Liquidation Status shall be generated from the GTWA. The RPMOs are required to faithfully comply by regularly inputting or encoding into the GTWA the most recent data as the basis of the monitoring system of the NPMO.
 6. *Request for Fund Release Slip*. This shall be automatically generated by the National Financial Management System (NFMS) and shall contain all necessary information about the SP. Manual preparation of the RFR form may be resorted to in cases where the NFMS is not available.
 7. *Remaining Funds*.
 - 7.1. These funds shall be considered Savings after all valid obligations have been settled and the SP is 100% physically completed.
 - 7.2. If the community chooses not to use the savings for ancillary projects, the remaining funds shall be refunded to the DSWD or LGU, whichever is applicable, within 15 days upon the submission of Sub-Project Completion Report (SPCR), Final Inspection Report (FIR) and Certificate of Completion and Acceptance (COCA).
 8. In addition to the documentary requirements under the applicable COA rules and regulations for valid transfer of funds, the following documentary requirements shall also be submitted by the communities for the download of funds to the Barangay Trust Accounts:
 - 8.1. *First / Full Tranche*
 - 8.1.1. *Social Development*.
 - a. Approved sub-project proposal;
 - b. MDC/DPF resolution or other related resolutions applicable endorsing the identified SPs for funding

- provided after the MIAC Technical Review;
 - c. Sub-Project Agreement (RPMO level only);
 - d. Certification that all process documents were reviewed and approved;
 - e. *Environmental and Social Safeguards*;
 - f. Environmental and Social Screening Checklist (ESSC);
 - g. Environmental and Social Management Plan (ESMP); and
 - h. Other necessary documents per result of ESSC - Land Acquisition, Resettlement and Rehabilitation Plan (LARRP), Indigenous Peoples Plan (IPP), etc.
- 8.1.2. *Engineering and Procurement.*
- a. Certification¹ that all technical documents were reviewed and approved
- 8.1.3. *Finance.*
- a. Request for Fund Release Slip (RFR Slip);
 - b. Bank Snapshot/Bank Certificate indicating the Bank Account Number;
 - c. Bond Premium of the Treasurer and the Barangay Chairperson; and
 - d. Certification by the MLGU Accountant that the funds previously transferred by DSWD KALAHI-CIDSS to the BLGU, if any, have been liquidated and taken up in the books. In cases where there are no DSWD KALAHI-CIDSS funds transferred to the BLGU, a Certification by the DSWD Regional Director or authorized representative shall be required. (if applicable)
- 8.2 *Second Tranche*
- 8.2.1 *Social Development*
- a. Operation and Maintenance (O&M) Plan, as applicable;
 - b. Mutual Partnership Agreement (MPA), Roles of BLGU and O&M Group (if applicable) must be indicated in the MPA; and
 - c. Copy of payment receipt for annotation.
- 8.2.2 *Engineering and Procurement*
- a. *Barangay Sub-project Work Schedule and Physical Progress Report attached with geotagged photos.*
- 8.2.3 *Finance*
- a. Request for Fund Release Slip (RFR Slip);
 - b. Bank Snapshot with Bank Reconciliation;
 - c. Transmittal letter duly received by the MLGU accountant with attached Reports of Checks Issued/ Report of Advice to Debit Account Issued, and/or Report of Cash Disbursements and supporting documents duly certified by the MLGU Accountant and approved by the Municipal Mayor; and
 - d. Certification of any pending financial obligations, e.g.

¹ Electronic copies of technical documents shall be stored at the RPMO while hard copies are at the ACT and Barangay levels

unpaid delivered materials, services rendered but not yet paid (wages/ payroll) and other incurred but unpaid related expenditures duly signed by the Treasurer, Punong Barangay, and TF.

9. The contingency funds shall only be released during the SP implementation, if it falls under the circumstances mentioned in items 3.3 - *Contingency Funds* and shall be requested with the following requirements in addition to the documentary requirements under the applicable COA rules and regulations for valid transfer of funds:

- 9.1. Request for Fund Release Slip (RFR Slip);
- 9.2. Approved Variation Order;
- 9.3. Cost Analysis²;
- 9.4. Bank Snapshot/Bank Statement;
- 9.5. Bank Reconciliation, *if applicable*;
- 9.6. Status of Sub-project Utilization Report
- 9.7. Barangay Resolution confirming the request of Contingency Fund; and
- 9.8. Depending on the nature of the request,

9.8.1. **In case of price escalation or additional costs required for approved change orders.** Certification from the Procurement Team (PT) that there was price escalation and/or additional costs required for valid change orders due to unforeseen circumstances and change of plans, design or alignment to suit actual field conditions resulting in disparity between the preconstruction plans and the as-staked plans or construction drawings. The certification should indicate the amount of contingency funds needed to complete the SP and show that the amount is not part of the committed LCC, if any. The Area Coordinator (AC) shall confirm the certification, and Project Development Officer (PDO) IV for Infra and SAO - Finance shall certify correctness;

9.8.2. **In case of necessary extra work.** Certification from the Project Implementation Team (PIT) that the extra work is necessary for the functionality of the SP as originally programmed, planned, or designed (i.e., not included in the POW and technical design). The Technical Facilitator shall confirm the request and PDO IV for Infrastructure shall certify as correct. Certification should indicate the cost of the extra work and the contingency funds needed; or

9.8.3. **In case of unpreventable damage to SPs.** Certification from the Committee Chairperson that the SP was damaged by disaster before completion, confirmed by the Punong Barangay, Area Coordinator, and Regional Program Manager/Regional Program Director. The certificate should indicate the amount needed to complete the damaged portion of the Sub-Project.

² Comparison of planned versus actual purchases/prices with analysis of and explanations for differences prepared by the Procurement Team (PT) and confirmed by the TF and FA.

10. *Releases, Utilization, and Liquidation.* Community grants shall be released, utilized, reported and liquidated in accordance with existing government budgeting, accounting and auditing laws, rules, and regulations, as well as applicable DSWD and KALAHI-CIDSS program guidelines and manuals.
- 10.1. Liquidation
- 10.1.1. Report of Checks/ Report of Advice to Debit Account Issued and/or Report of Cash Disbursements and supporting documents duly certified correct by the MLGU accountant and approved by the Municipal Mayor, stamped "received" by the Auditor of the Barangay.
- 10.1.2. Copy of OR/eOR/AR or equivalent upon receipt of funds transferred.
- 10.1.3. Copy of Notices of Disallowance and subsequent audit decisions issued, if any.
- 10.1.4. Copy of OR/eOR/AR or equivalent issued for the refund of unexpended/unutilized balance of fund transferred.
- 10.1.5. Within 10 days after the end of the month, the BT shall submit the financial transaction documents to the C/M Accountant.
- 10.2. Releases
- 10.2.1. The IA should immediately issue OR/eOR/AR or equivalent to the DSWD immediately after the receipt of every funds transferred (for post-audit activities).
- 10.2.2. The turnaround time for the review of requests for fund release (RFR) documents and the downloading of funds by the SA shall take a maximum of 15 days from the time the funds are requested by the communities up to the time said funds are credited to their Barangay Trust Account opened for the purpose.
- 10.3. Utilization
- 10.3.1. Community disbursement and fund utilization shall adhere to the appropriate rules and regulations under the government accounting manual as prescribed by the Commission on Audit of the Philippines.
11. *Internal Policy Control.*
- 11.1. Variation Orders (VO). Its cumulative cost should not exceed 10% of the direct cost.
- 11.1.1. VO refers to any increase or decrease in quantities within the general scope of the sub-project as awarded, in any of the following aspects:
- a. Introduction of new work items that are not included in the original contract; or

- b. Reclassification of work items that are either due to **change of plans, design or alignment to suit actual field conditions** resulting in disparity between the preconstruction plans and the “as staked plans” or construction drawings prepared after a joint survey by the contractor and the BDC-TWG after award of the contract, or during actual construction.”

11.1.2. The applicability of the subsequent downloading of unutilized and/ or contingency funds for the issuance of VO, must conform to the following conditions:

- a. That there will not be any short changes in the original design;
- b. That it will not affect the structural integrity and usefulness of the structure;
- c. That it is covered by a Certificate of Availability of Funds (CAF), if necessary; and
- d. That, if applicable, the subproject would still be viable and feasible after incorporating the adjustments in cost. This could be done by the re-computation of economic analysis (EIIR, ENVP and BCR)

11.1.3. Strategies to minimize risk brought on by unforeseen circumstances that would eventually require VOs or make them more manageable:

- a. Thorough undertaking of social preparation and project development activities;
- b. Wholly prepared the project proposals which are to address problems as identified during the project identification stage, instead of basing the sub-project scope only on the community’s allocated funds;
- c. Enhance interdisciplinary coordination in the preparation of sub-project plans and designs; and
- d. Ensure clarity and common understanding in technical and contract documents.

11.1.4. It shall be clarified that valid VOs are only allowed for on-going sub-projects. No VOs shall be issued after the sub-project has been certified as completed according to plan and design to prevent further extension of the SP implementation timeline

11.2. Procurement Activities

11.2.1. Procurement shall abide to the existing Rules and Regulations of the Government particularly the Republic Act No. 9184 or Government Procurement Reform Act (GPRA) and its 2016 Revised Implementing Rules and Regulations (IRR) and other issuances/updates of Government Procurement Policy Board.

11.2.2. All procurement activities shall be monitored by the concerned committee of the community structure and the Area Coordinating Team.

- 11.2.3. Contracts shall need to be concurred³ upon by the Community Committee and the ACT before being awarded to the winning suppliers/contractors.

11.3. Finance Processes

- 11.3.1. Upon issuance of the grants, the MFA closely and regularly monitors the utilization and disbursements of funds.
- 11.3.2. Considering that funds are downloaded and the Barangay Trust Account is open for purpose of KALAHI-CIDSS implementation, the Disbursement Voucher and its supporting documents must be appropriately reviewed by both the MFA and Area Coordinator for concurrence⁴ as to completeness and correctness of the supporting documents prior to the clearance for signing the check for payment by the Barangay Treasurer and the Barangay Chairperson.
- 11.3.3. Upon payment, the documentary requirements for the liquidation of the transactions must be immediately reviewed by the MFA, and marked as reviewed and cleared by the KALAHI-CIDSS Area Coordinator.
- 11.3.4. While the funds are still with the community, the MFA must monitor the submission of monthly reports of utilization, together with the Report of Cash Disbursements (RCD), a Report of Check Issued (RCI), to the C/M Accountant and stamped received by the resident Auditor of the municipality within 15 days after the reporting month.
- 11.3.5. Parallel reportorial requirements shall need to be prepared by the communities, such as but not limited to, Cash Book, Local Counterpart Contribution (LCC) In-Kind Journal, Status of Sub-project Fund Utilization Report.
- 11.3.6. Full liquidation at the MFA and/or Municipal Accountant of previously approved DVs of paid transactions at the community level is required before the concurrence of the MFA and AC for the succeeding payments.

11.4. Full liquidation

- 11.4.1. Upon disbursement of all existing and pending obligations of the IA, the MFA requests the Barangay Treasurer to prepare the final RCD and RCI to Municipal Accountant and stamped received by the resident Auditor of the municipality within 15

³ A separate clearance from the KALAHI-CIDSS Area Coordinator to proceed with the awarding of contracts to the suppliers/contractors as internal control of the DSWD as source agency.

⁴ A separate clearance from the KALAHI-CIDSS Area Coordinator to proceed with the payment to the creditors as internal control of the DSWD as source agency.

days after the payment of the last pending obligation.

- 11.4.2. The final RCD and RCI will be transmitted to the Field Office (FO) together with the issuance of the check for the return of the remaining funds. The FO will issue an Official Receipt to complete the full liquidation of the funds transferred to the IA.
- 11.4.3. No fund release shall be made to the same modality/fund source without the full liquidation of the funds transferred to the IA.
- 11.5. Creation of Regional Task Force for Liquidation, Utilization and Disbursement monitoring.
 - 11.5.1. The FO shall create a special Task Force (1) to regularly monitor of the compliance of the IA in the submission of monthly report, duly signed by the Municipal Accountant and stamped received by the Resident COA; (2) conduct random spotcheck and validation of the utilization and disbursement of funds of the IA; (3) review the final RCD and RCI submitted by the IA, together with the issuance of the check for the return of the remaining funds, if applicable; (4) inform the Regional Director on IA that are not compliant to the appropriate rules and regulations under the government accounting manual as prescribed by the COA; (5) Ensure fund release to the communities through the IA; and (6) other deemed appropriate responsibilities to ensure the proper monitoring of the disbursement and utilization of funds to the communities through the IA.
 - 11.5.2. The Task Force will be composed of the following:

Position	Permanent	Alternate
Chairperson	Assistant Regional Director for Administration	Assistant Regional Director for Operations
Members	Deputy Regional Program Manager	Regional Program Coordinator
	Supervising Administrative Officer	any Financial Analyst of KALAHI-CIDSS
	Chief, Financial Management Division	any designated representative from the FMDS
	Head, Budget Section	any designated representative from the section

Position	Permanent	Alternate
	Head, Accounting Section	any designated representative from the section
	Head, Cashier Section	any designated representative from the section

12. *Risk Assessment and Management.* Factors that affect the utilization, liquidation, and disbursement of funds.

12.1. Risk Factors.

- 12.1.1. *Staffing.* The disproportion of ACT Staff to the number of Barangays and Community Volunteers they ought to assist.
- 12.1.2. *Implementation Timeline.* The urgency of implementation to complete the KALAH-CIDSS sub-project due to tight timeline may affect the quality of Financial Management processes and effectiveness of internal control policies.
- 12.1.3. *Inclément Weather Condition/ State of Calamity.* These are all natural factors that may impede the sub-project's physical progress and, ultimately, prevent the utilization of funds at the community level.
- 12.1.4. *Institutional Risk.* Partner-LGUs might insist their priorities and thrust and disregard timeline set by the KALAH-CIDSS as well as impose their own internal control in the implementation of the sub-project, contrary to the DSWD issuances. Limited control and management of resources from the community and the ACT may also affect the nitty gritty of the KALAH-CIDSS Community Financial Management process.
- 12.1.5. *Participation.* When there are social and political events in the area that are typically prioritized by the LGU and the community.
- 12.1.6. *Monitoring.* The communities and the ACT might overlook real-time monitoring of disbursements if transactions are considered a barangay autonomy practice.
- 12.1.7. *KC Activities.* Prescribed KALAH-CIDSS activities required prior to the request of second tranche fund might be overlooked and/or disregarded.

12.2. Risk Control.

12.2.1. *Efficient oversight of the ACT and the RPMO*

- 12.2.1.1. Ensure terms and conditions of binding agreements between the DSWD and LGU are being fulfilled.
- 12.2.1.2. Monitor the roles and responsibilities of the communities and the IA to see if those are being performed well.
- 12.2.1.3. Regularly update risk mapping on the changing dynamics of the LGUs and communities in a certain event or situation.
- 12.2.1.4. Strictly implement a risk treatment plan in the

implementation process and detailed monitoring mechanisms to foster greater participation and accountability.

- 12.2.1.5. Keep track of the Physical Progress vis-a-vis Financial Accomplishments trend and provide Technical assistance if a progress gap is identified.
- 12.2.1.6. Immediately conduct a field visit to slow moving municipalities/barangays.
- 12.2.1.7. Ask for assistance from the Municipal Local Government Operations Office (MLGOO) to strengthen the institutional linkage of the DSWD and the LGUs in the Municipality.
- 12.2.1.8. Prior to the completion and turnover of the sub-project, ensure that the Operation and Maintenance (O&M) Group has the resources and is equipped to oversee the sub-project operation for sustainability and functionality. Bylaws, organizational structure, accreditation, and/or a registration process must all be in place.

12.2.2. *Promotion of Social Accountability and Transparency*

- 12.2.2.1. Activate and disseminate information about KALAHY-CIDSS Grievance Redress System (GRS).
- 12.2.2.2. Ensure quick and proportional action and resolutions to the issues and concerns.

12.2.3. *Effective partnership among the stakeholders at the Municipal and community level.*

- 12.2.3.1. Solidify partnerships with the stakeholders and implementing agency and impose the concurrence of the community and ACT before any transactions are made by the LGU.
- 12.2.3.2. Regularly provide updates and reports to the LGU on the status of funds and physical accomplishments of the sub-project.
- 12.2.3.3. Involve the Municipal Coordinating Team counterparts and other stakeholders in the entire program implementation including, but not limited to, field visitation and allow them to share their technical expertise during KALAHY-CIDSS capacity building activities.

12.2.4. *Consolidated Monitoring of Fund Utilization, Disbursement, and Liquidation.*

- 12.2.4.1. Input as much accurate data as possible into the National Financial Management System and Geotagging Web-app;
- 12.2.4.2. Do a data triangulation to validate data being collected;
- 12.2.4.3. Reconcile mismatch data from the online monitoring system with the data from the Community Grant Finance Database (CGFD).

12.3. Other Risk Mitigation.

- 12.3.1. Upon downloading of funds to the communities through the IA, the RPMO, through the Finance Unit, will require the monthly submission of report of disbursement of the IA, together with the signed RCD and RCI and duly stamped received by the resident auditor of the municipality within 15 days following the reporting month.
- 12.3.2. The FO must immediately issue a follow-through letter to the concerned IA copy furnished the Local Chief Executive and Municipal Accountant, in cases the monthly reportorial requirements are not complied to.
- 12.3.3. The RPMO shall require the Area Coordinating Team to provide appropriate technical assistance to the communities and the IA to ensure immediate compliance of the documentary requirements upon receipt of the follow-through letter.
- 12.3.4. In cases where the reportorial requirements were not complied to, another follow-through letter shall be issued to the IA reflecting the specific date of compliance.
- 12.3.5. If reportorial requirements were not complied to despite two consecutive follow-through letters, the FO will endorse the matter to the Department of Interior and Local Government within the municipality, copy furnishing the Local Chief Executive, Municipal Accountant and Punong Barangay of the concerned communities.
- 12.3.6. Community volunteers are required to monitor the compliance of the Punong Barangay and Treasurer on the reportorial requirements and on the appropriate rules and regulations under the government accounting manual as prescribed by the Commission on Audit of the Philippines.
- 12.3.7. Community volunteers, together with the general public, are given a platform to elevate/ raise their concerns/ complaints through the Grievance Redress Mechanism of the Department. Grievance resolution will follow the existing policies and guidelines of KALAHI-CIDSS.
- 12.3.8. The RPMO and/ or ACT may conduct random visit to the communities to review the appropriateness, completeness and correctness of the financial documents/ transaction, together with the mandatory documentary requirements. Findings must immediately be provided for the compliance of the IA and appropriate follow-through must be undertaken until the full compliance of the IA to the findings.
- 12.3.9. For instances where the result of the visit is adverse or critical, this must be elevated to the Municipal Accountant and Local

Chief Executive for appropriate interventions.

12.3.10. For instances where the IA failed to comply to the findings of the visit despite the interventions of the Municipal Accountant and Local Chief Executive, a complaint may be appropriately endorsed to the DILG for action/ documentation.

12.3.11. The FO may opt to elevate the matter to the DILG – Regional Office for appropriate action.

VII. SEPARABILITY CLAUSE

In the event that any provision of this circular is declared unconstitutional by the appropriate authority, the validity of the other provisions shall remain in full force and not be affected by such a declaration.

VIII. REPEALING CLAUSE

All issuances regarding KALAHY-CIDSS implementation inconsistent herewith are hereby modified accordingly.

IX. EFFECTIVITY

This circular shall take effect Fifteen (15) days after its publication.

Signed this _____ in Quezon City, Philippines.


REX GATCHALIAN
Secretary

Date: SEP 21 2023

Certified True Copy


MONETTE B. CADIANG 22 SEP 2023
Chief, Prop., Supply & Asset. Mgt. Division