



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

No. 24
Series of 2005

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

SUBJECT : Revised 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. As such, the use of such funds for these programs and projects shall adopt the DSWD guidelines and procedures and existing rules and regulations of the Commission on Audit (COA), the Department of Budget and Management (DBM), and other oversight agencies in their implementation.

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 "Government Procurement 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 for the Second Semester of FY 2001 and Thereafter"

(DSWD) Memorandum Circular No. 36 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 Crisis 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 the Priority Development Assistance Fund (PDAF) of the members of Congress which has 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 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 the implementing agency or Local Government Units concerned. The amount authorized for PDAF may be 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 the matter, and the guidelines/issuances by the DSWD.

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

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

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 augmentation support for the implementation of Comprehensive Integrated Delivery of Social Services (CIDSS), social protection and promotion of rights and welfare of the poor and the disadvantaged and for the implementation of KALAHI-CIDSS Project unless otherwise indicated for other projects and services of the Department. Specifically, the PDAF shall be used to fund the menu indicated in Annex 1 of this Guidelines in accordance with the social welfare and development situationer in the areas where the funds will be earmarked and the thrust and priorities of DSWD.
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 the 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	Financial Management Service (FMS) copy furnished Program Management Bureau (PMB)
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 bureaus/units
Request for purchase of goods and/or services	PMB and other concerned bureaus/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 Track and monitor 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 the status 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 and transfer of cash allocation to Field Offices shall be referred for appropriate action to the Financial Management Service (FMS) by DLLO copy furnished the Program Management Bureau (PMB).

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 in evaluating the request by the Field Offices.

2.3 Transfer of funds for Field Offices to NGOs/POs/LGUs shall be governed by Item 4 of this Circular.

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 financial assistance shall be governed by the provisions of Administrative Order No. 75, Series of 2003, as amended. However the amount of financial assistance may vary depending upon the legislator's recommendation and the social worker's assessment but not to exceed P25,000.
- 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/LGUs

- 4.1 In deference to DSWD mandate on the regulation of NGOs/POs and in pursuit of strengthening the accountability system covering government funds, only licensed and accredited NGOs shall be eligible for any PDAF transfer from DSWD. For this purpose, the DLLO shall determine the eligibility of the identified NGOs/POs/LGUs through an endorsement from the Standards Bureau or the Field Office concerned prior to the processing of the request of fund transfer by the solons. NGOs which are registered or licensed only shall also be eligible for assistance in the form of capacity building, training, donation facilitation and technical assistance.
- 4.2 All requests for transfer of funds to NGOs/POs/LGUs 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 depending on the nature of project/concern.
- 4.3 All requests for transfer of funds shall be supported by a project proposal that shall serve as basis for evaluation by the concerned Office duly signed by the legislator or by the head of the NGO if to be implemented by a partner NGO.

- 4.4 The provisions of Memorandum Circular (MC) No. 36 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. For Regional-based NGOs/POs, the certification shall be issued by the Regional Office.
- 4.5 PMB or the concerned unit of the DSWD Field Offices 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 of the NGOs operating in two or more regions. For NGO operating in just one region, the approval of the project proposal shall be done by the DSWD Field Director.
- 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, **such** project proposal shall be immediately returned to the Legislator concerned without action, with DLLO tactfully explaining the reason for the disapproval.
- 4.7 The concerned DSWD office/unit together with the NGO/PO concerned shall jointly be responsible for the preparation of Memorandum of Agreement (MOA) clearly stating the obligations of all parties. The final draft thereof shall be forwarded to Legal Service and the Financial Management Service for their comments/review. The Memorandum of Agreement (MOA) with NGOs/POs within the jurisdiction of the Field Office will be processed and signed by the Field Office concerned.
- 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 Obligation Slips (OS) and Disbursement Voucher (DV).
- 4.9 The Finance Service or the Finance Unit of Field Offices concerned shall process all OS and DVs.
- 4.10 In pursuit of good governance, procurement of goods and services by the NGO/PO concerned amounting to more than P250,000 shall be done by the DSWD Central or Field Office as the case may be. The NGO/PO concerned shall submit a request to the DSWD Central or Field Office for

the purpose. Procurement of goods and services amounting to P250,000 and below shall be done by the NGO/PO concerned applying the national shopping (canvass) mode.

4.11 Pursuant to the provisions of MC 36, the concerned DSWD office/unit shall be responsible, among others, for the following:

4.11.1 Be the primary accountable unit and shall look into the consummation of the provisions of the MOA;

4.11.2 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

4.11.3 Monitor the compliance of the parties to the MOA.

4.12 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.

4.13 Non-compliance to the provisions of this Circular and the MOA shall subject the NGO/PO/LGU to legal sanctions including but not limited to withholding of succeeding funding release.

5. Requests for Purchase of Goods and Services

5.1 The DLLO shall examine the request as to completeness of the following requirements:

- Project Proposal
- Complete Description of Goods to be Purchased
- Special Allotment Release Order (SARO)
- Notice of Cash Allocation (NCA)
- Distribution List/Target Beneficiaries
- Estimated Volume/Quantity of Goods vis-à-vis Budget

5.2 PMB / FO concerned shall evaluate all requests and recommend approval/disapproval for purchase of goods and services in accordance with the provisions of RA 9184 otherwise known as the GPRA.

5.3 All requests shall be supported by a Project Proposal, which shall be

the basis of PMB as to whether it is covered by DSWD Program.

5.4 PMB / FO shall evaluate the Project Proposal to determine propriety, legality or necessity of the proposed transactions/activities.

5.4.1 PMB or FO units concerned shall prepare the Requisition and Issue Slip (RIS) and Purchase Receipt (PR) to be forwarded to the approving authority. The Undersecretary Concerned/Field Office Director shall approve the Project Proposal and the RIS and PR.

5.4.2 Project proposal not meeting requirements shall be immediately returned to DLLO/FO Director who shall tactfully explain to the Legislator the reason for the disapproval. FO shall inform DLLO of the disapproval.

5.5 The Administrative Service (AS) of the Central Office (C.O) or the Procurement Unit, Management Division of the Field Office concerned shall prepare the documents required for procurement of goods and services.

5.6 The provisions of RA 9184, the "Government Procurement Reform Act" and its Implementing Rules and Regulations (IRR) and other pertinent laws and rules on procurement shall govern all procurement.

5.6.1 The Bids and Awards Committee (BAC) and BAC Secretariat of the Central Office and FO units concerned shall undertake the bidding procedure for goods and services in accordance with the law.

5.6.2 Award of Contract shall be made to the bidder with the lowest calculated responsive bid.

5.6.3 Once awarded the fund allocated for the procurement of goods and services shall not be withdrawn.

5.7 All goods and services procured shall be delivered at the site specified in the approved project proposal. The cost of delivery shall be charged to the Legislator's PDAF.

5.7.1 Goods and/or services shall be received by PMB or the FO in coordination with the Legislator.

- 5.7.2 All goods and services shall be subjected to inspection by DSWD Inspectors and/or COA.
- 5.7.3 Goods and/or services shall be distributed by PMB or the FO in coordination with the Legislator. Arrangements may be made with the LGU Social Welfare and Development Office to assist in the distribution/witnessing the activity.
- 5.8 The OS and DVs shall be prepared by the Administrative Service/Procurement Division or the FO unit concerned for processing of payment.
- 5.8.1 DVs with incomplete documentation shall not be processed. The AS, FMS or FO unit concerned shall immediately return to DLLO/PMB or Operations Division at FO and call their attention on the lacking documents for compliance.
- 5.9 The following documents shall support the OS 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
- 5.10 All requests for procurement of goods/services shall be given a lead time of at least one (1) month for shopping and at least three (3) months for items to be procured through competitive bidding.
- 5.11 No request for procurement shall be entertained after September 30 of every year for items to be procured through competitive bidding or

November 30 of every year for items to be procured through shopping or canvass.

5.12 The Administrative Service and FO unit concerned shall prepare and submit within 5 days after the 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.

7. PDAF Intended for KALAHY-CIDSS Project

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

8. Monitoring Requirements

8.1 The Program Management Bureau (PMB) shall monitor the status of the project as well as the utilization of the fund released through the Field Office where the project is implemented or in operation.

8.2 The NGO/PO/LGU shall submit a status of project implementation to DSWD copy furnished the concerned solon.

9. Other Accountability and Reporting Requirements

9.1 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 furnished the Undersecretary/Cluster Head concerned; and

9.2 Within ten days after end of every quarter, the FMS shall prepare and submit a 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 status/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.

10. Effectivity

This Memorandum Circular shall take effect immediately and supercede earlier issuances.

Issued at Quezon City, this 19th day of September, 2005.


LUWALHATI F. PABLO
OIC Secretary

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As of September 16, 2005

**TYPES OF PROJECTS THAT MAY BE FUNDED BY THE
PRIORITY DEVELOPMENT ASSISTANCE FUND (PDAF)**

1. Community-Based Projects

1.1 Provision of Day Care Service

- Day Care Center (DCC) Construction
- Provision of Program Materials and Equipment for Day Care Programs (Following the provisions of CWC Resolution No. 2, series of 2005, Day Care books shall cover storybooks or picture books that are appropriate for their age and individuality and those that promote understanding of values, socialization, health, nutrition, sanitation, environment, and gender fairness. Workbooks and coloring books appropriate for pre-school education for 5-year olds shall be subject to approval/arrangements between DSWD and DepEd on ECD curriculum in accordance with the bridge program under Education for All program.)
- Supplemental Feeding (120 days at P13.90/child/feeding day)
- Play Equipment
- Mobile Resource Center
- Protective Gears for Children (e.g. jackets, umbrella, raincoats, etc.)
- Physical Improvements for Residential Facilities/DCC
- First Aid Kits (such as kit bags, t-shirts, uniforms and medical insurance coverage)
- Incentives for Day Care Workers/Service Providers (This includes among others lakbay aral, uniforms, umbrellas, trainings, capability building, scholarships and the like. However, it excludes salaries, honoraria, bonus and similar forms of compensation.)

- Training Funds for Capacity Building for Service Providers
- Musical Instruments

1.2 Non-Center-Based Supplemental Feeding

1.3 Educational Assistance to poor but deserving students

1.4 Enriched Food-for-Work

1.5 Livelihood and Capacity Building Assistance

- Skills Training and Capacity Building
- Capital Assistance
- Post Harvest Facilities
- Fishing Gears/Equipment

1.6 Funds for Piloting new SWD Technology/Strategies

2. Small Infra – Projects (Innovative)

(Selected based on MBN and implemented by the communities/people's organizations with their counterpart contribution following the CIDSS processes)

2.1 Construction/Rehabilitation of Footbridges

2.2 Community Electrification

2.3 Construction/Rehabilitation of Farm-to-Market Road

2.4 Construction of School Building

2.5 Construction of Multi-Purpose Halls and Mini-Public Market

2.6 Installation, Repair and Improvement of Water System

3. Social Protection Program

3.1 Community-Based Projects

- Disaster Management Program
 - Disaster relief in the form of food and non-food assistance
 - Emergency Shelter Assistance
 - Core Shelter Assistance including provision for sanitary toilets
 - Funds for conduct of CISD/CISM sessions
 - Food/Cash for Work
 - Balik-Probinsiya Assistance
 - Funds for Family and Community Disaster Preparedness Training
- Counseling/Referral
- Assistance to Individuals/Families in Crisis or Extremely Difficult Circumstances (e.g. transportation, medicine, burial, tuition fee, food, clothes, hospital bills, etc.)

3.2 Center-Based Projects

- Legal Service
- Psychological/Psychiatric Interventions
- Information and Public Education
- Medical Services
- Capability Building Activities/Training
- Purchase of supplies/materials for the setting up, repairing and upgrading of Children, Youth, Women, PWDs, Senior Citizens Crisis Center
- Food for Work/Cash for Work for parents/workers involved in the repairing, upgrading/setting up of Crisis Centers
- Operation of a Center as well as subsidies to Crisis Centers.