**ANNEX BB**

**PERTINENT PROVISIONS PRESCRIBED IN COA CIRCULAR NO. 2012-001**

**ON REQUIREMENTS ON THE AVAILMENT OF LIVELIHOOD ASSISTANCE**

***Fund Transfers to Non-Governmental Organizations/People’s Organizations (NGOs/POs)***

General Guidelines

NGOs/POs are not allowed to participate in the implementation of any program or project of government agencies until such time that any earlier fund releases availed by the said NGOs/POs shall have been fully liquidated pursuant to pertinent accounting and auditing rules and regulations as certified by the Head of the Agency concerned and the COA Auditor. Government agencies shall, likewise, ensure that the NGOs/POs that they deal with are legitimate. A report of the fund releases indicating the names of NGOs/POs shall be prepared by the agency concerned and duly audited by the COA and shall be submitted to the Senate Committee on Finance and House Committee on Appropriations.

The granting, utilization and accounting of funds released to NGOs/POs are prescribed under COA Circular No. 2007-001 dated October 25, 2007, COA Circular No. 2009-007 dated September 25, 2009 and Government Procurement Policy Board (GPPB) Resolution No. 12-2007 dated June 29, 2007.

Release of Funds

Documentary Requirements

* Approved Summary of Budgetary Requirements detailing the items of expenditure/disbursement to be incurred in the program/project
* List of priority projects which may be implemented by the NGO/PO published in the newspaper, agency website, bulletin board and the like
* Accreditation of the NGO/PO by the Bids and Awards Committee (BAC) of the grantee agency
* Results of evaluation of financial and technical capability of selected NGO/PO
* Performance security for infrastructure project
* NGO/PO proposal or application for funding accompanied by:
* Certificate of registration from Securities and Exchange Commission (SEC) or either Cooperative Development Authority (CDA) or Department of Labor and Employment (DOLE) as the case may be
* Authenticated copy of the latest Articles of Incorporation or Articles of Cooperation as the case may be, showing the original incorporators/organizers and the Secretary’s certificate for incumbent officers, together with the Certificate of Filing with the SEC/Certificate of Approval by CDA
* Audited financial reports for the past three (3) years preceding the date of project implementation. For NGO/PO which has been in operation for less than three years, financial reports for the years in operation and proof of previous implementation of similar projects
* Disclosure of other related business, if any
* Work and Financial Plan (WFP), and sources and Details of Proponent’s Equity Participation in the Project
* Complete project proposal approved/signed by officers
* List and/or photographs of similar projects previously completed, if any, indicating the source of funds for implementation
* Sworn affidavit of the secretary of the NGO/PO that none of its incorporators, organizers, directors or officers is an agent of or related by consanguinity or affinity up to the fourth civil degree to the official of the agency authorized to process and/or approve proposed MOA, and release funds
* Document showing that NGO/PO has equity equivalent to 20% of the total project cost, which shall be in the form of labor, land for the project site, facilities, equipment and the like, to be used in the project
* Certification from the Accountant that the previous cash advance granted to the NGO/PO has been liquidated, liquidation documents are post-audited and properly taken up in the books
* Memorandum of Agreement (MOA) incorporating therein the following terms and provisions:
* Project name, intended beneficiaries, benefits to be delivered, project cost estimates, brief description of project and its site/location;
* Systems and procedures to implement the project such as, but not limited to, procurement of goods and services by the NGO/PO and their distribution which should be documented and coordinated with the GO’s authorized officials and the respective barangays;
* Time schedules for the releases of funds, periodic inspection/evaluation, reporting, monitoring requirements, date of commencement and date of completion (releases of funds after the initial fund transfer must be output-based, that is, subsequent fund releases must be dependent on 100% delivery of physical status of the project corresponding to the previous funds received by the NGO/PO);
* Submission of the required periodic financial and physical status reports (no subsequent fund transfers have been liquidated and required physical status report has been submitted);
* Specific period to liquidate the funds granted to NGO/PO with the GO;
* In case of construction projects like school buildings, housing and other similar structures, and acquisition of assets like vehicles and equipment, a stipulation of turnover of ownership of the infrastructure or fixed asset (in the procurement of any type of asset out of government funds, the NGO/PO shall conduct simple bidding or canvass to ensure the best terms and quality of purchase);
* In case the asset shall be owned by a specific beneficiary, a stipulation that a Deed of Donation shall be executed by the GO after the completion of the project;
* Monitoring and inspection of project implementation and verification of financial records and reports of the NGO/PO by the GO;
* Visitorial audit by the officials and personnel of the COA authorized to perform the audit under an approved office order;
* Institution of legal action by the GO against the defaulting NGO/PO which fails to complete a project covered by the MOA, or for a material violation of the provisions of the MOA or of this Circular, and in any of these cases, its subsequent disqualification from applying for another project in any other GO;
* In case of the dissolution of the recipient NGO/PO, voluntary or involuntary, the lien of the granting GO on its assets, in accordance with existing laws, to the extent of the unexpended or unutilized portion of the fund;
* Maintenance by the NGO/PO of a separate savings/current account for each fund received from the GO; and
* The return by the NGO/PO to the granting GO of any amount not utilized to complete the project, including interest, if any.
* Other relevant requirements under GPPB Resolution No. 12-2007 dated June 29, 2007

***Implementation and Liquidation of Funds Released***

General Guidelines

No portion of the funds granted to the NGO/PO shall be used for the following (Section 6 of COA Circular No. 20070001 dated October 25, 2007):

* Money market placement, time deposit or other forms of investment
* Cash advance of any official of the NGO/PO unless related to the implementation of the project
* Payment of salaries, honoraria or any form of allowances of the personnel of the GO or the NGO/PO who are not connected with the project
* Purchase of supplies, materials, equipment and motor vehicles of the GO or NGO/PO
* Acquisition of assets of the NGO/PO, unless necessary for the execution of the project and specifically stipulated in the MOA

Documentary Requirements

* Final fund utilization report, indicating the summary of expenses and the status report of accomplishments, certified by the accountant, approved by the President/Chairman of the NGO/PO and verified by the internal auditor or equivalent official of the GO
* Pictures of implemented projects
* Inspection report and certificate of project completion issued by the GO authorized representative
* List of beneficiaries with their signatures signifying their acceptance/acknowledgment of the project/funds/goods/services received
* Proof of verification by the GO official of the validity of the documents submitted by the NGO/PO
* OR issued by the granting GO acknowledging return by the NGO/PO of any unutilized/excess amount of cash advance, including interest, if any
* List of equipment/vehicles procured by the NGO/PO out of the project funds indicating its brief description, date acquired, acquisition cost and final disposition
* Warranty for procurement of equipment and projects
* In case of dissolution of the recipient NGO/PO, in addition to the OR acknowledging return of unutilized amount, copy of the vouchers paid by the NGO/PO
* Liquidation Report

***Staggered Release of Funds to NGO/PO***

Documentary Requirements

* Duly approved Schedule of Fund Release to NGO/PO
* Interim Fund Utilization Report on the previous release certified by the NGO/PO’s Accountant, approved by its President/Chairman and verified by the internal auditor or equivalent official of the GO showing a summary of expenses and a status report of accomplishment evidenced by pictures
* List of beneficiaries of previous releases with their signatories signifying their acceptance/acknowledgement of the project funds/goods/services

***Implementation and Liquidation***

Implementing Agency

* Necessary supporting documents depending on the nature of transactions
* Copy of MOA/Trust Agreement
* Copy of OR upon receipt of funds transferred
* Copy of OR issued by the Source Agency evidencing refund of unexpended/unutilized balance of fund transfer

***Liquidation***

Source Agency

* Reports of Checks Issued and Report of Disbursements certified correct by the Accountant, approved by the Head of the IA, and duly audited by the Auditor of the IA
* Copy of Credit Notice issued by the Auditor of the IA
* Copy of OR issued for the refund of unexpended/unutilized balance of fund transferred