



Republic of the Philippines
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE
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MEMORANDUM

TO : **ALL BLGF REGIONAL DIRECTORS**

FROM : *Nino Raymond B. Alvina*
NINO RAYMOND B. ALVINA
OIC Executive Director

SUBJECT : **Submission of Agency Action Plan and Status of Implementation (AAPSI) for LGU Loan Application**

DATE : 6 April 2017

This Memorandum is issued to further clarify Annex C¹ of BLGF Memorandum Circular No. 11-003-2016 dated 17 November 2016, regarding the submission of an Agency Action Plan and Status of Implementation (AAPSI) report relative to adverse findings issued by the Commission on Audit (COA).

In the course of evaluating LGU applications for Certificate of Net Debt Service Ceiling and Borrowing Capacity, this Bureau notes that there are findings of COA, while they may only be 'qualified' and not 'adverse', pertaining to local financial management and treasury matters or specifically concern the local treasurer, such as, but not limited to: (i) **Unremitted and undeposited collection;** (ii) **Unliquidated cash advances;** (iii) **Unremitted mandatory contributions of GSIS, PAGIBIG, Philhealth, withholding tax to BIR;** and (iv) **Unreconciled cash book with the Bank Reconciliation Statement and Subsidiary Ledger.**

In this regard and in line with this Bureau's mandate to oversee local treasury operations and as part of our due diligence in evaluating the LGUs financial performance and to ensure the reliability of the certification being issued by this Bureau, please require the submission of AAPSI by LGUs, when the abovementioned instances are present in the latest required COA Annual Audit Report. This requirement is consistent with the Bureau's function pursuant to Sec. 2 of Department Order No. 054.2016 dated 25 October 2016².

Appropriate coordination with the concerned local treasurer is therefore necessary.

Please be guided accordingly.

¹ Evaluation Procedures for the Issuance of Certificate of Net Debt Service Ceiling (NDSC) and Borrowing Capacity (BC)

² **Sec. 2. Issuance of the Certificate.** The BLGF shall be responsible in the validation on the accuracy and completeness of the documentary requirements, computation of the NDSC and BC, and the issuance of the Certificate. The certificate shall reiterate full compliance of the concerned LGU with the requirements of the Local Government Code of 1991 and other existing rules and regulations to obtain applicable approvals and authorizations.