

*Evaluation Procedures for the Issuance of Certificate of NDSC and BC  
(per DOF DO No. 054.2016, dated 25 October 2016)*

REQUIREMENTS	INSTRUCTIONAL PROCEDURES FOR BLGF EVALUATOR
<p>1. Letter-request from the Local Chief Executive indicating:</p> <ol style="list-style-type: none"> <li>i. The selected lending institutions where the LGU is applying for a loan</li> <li>ii. Terms and condition of the proposed loan (repayment period and interest rate)</li> <li>iii. The specific purpose of the loan</li> </ol>	<p><b>STEP 1.</b> Validate the application letter of the Local Chief Executive (LCE) and check compliance using <b>Attachment A - <u>BLGF Checklist of Requirements for the Certification NDSC and NBC.</u></b></p> <p><b>Note:</b> Please see <b>LGU Template A - <u>Sample LCE Letter of Application.</u></b></p> <p><i>Determine if the request contains the following:</i></p> <ol style="list-style-type: none"> <li>1. Specific name of lending institution where to apply for a loan.</li> <li>2. Offer sheet/letter of the lending institution/bank wherein the interest rate and repayment period was indicated or the Terms and conditions of the proposed loan. <b>The Terms and conditions must be consistent with the letter of the LCE. In case of discrepancy the offer sheet shall prevail.</b></li> <li>3. Specific name of project/s to be undertaken out of the proposed loan. <b>Proposed project/s must be consistent with the approved Resolution authorizing the LCE to enter into a contract with the financing institution.</b></li> </ol> <p><b>STEP 2.</b> If any of the above stated requirements is not present, request the LCE to comply with the requirement No. 1, (see <b>Attachment B - <u>Notice of Deficiency in Documentary Requirements OR Attachment C - <u>Notice of Return of Letter Request Without Action, whichever is applicable.</u></u></b></p> <p>END OF PROCESS</p>
<p>2. Certification by the Local Treasurer of presence or absence of loan/loans duly certified by the Local Treasurer with the following <b>details:</b></p> <ol style="list-style-type: none"> <li>i. Types of loans and other obligations contracted;</li> <li>ii. Purpose of loan and other obligations contracted;</li> <li>iii. Name of lending institutions;</li> <li>iv. Date of approval and maturity;</li> <li>v. Terms and conditions (interest rate and number of years to pay);</li> <li>vi. Remaining balances of loans and other obligations; and</li> <li>vii. Annual amortization schedules (segregating the principal from the interest) issued by the lending institution/s</li> </ol>	<p><b>STEP 1.</b> Evaluate the certification on existence/absence of loan/s duly <b>certified</b> by the <b>Local Treasurer</b> as to the following <b>details:</b></p> <ul style="list-style-type: none"> <li>- Types of loans &amp; other obligations contracted</li> <li>- Purpose of loan &amp; other obligations contracted</li> <li>- Name of lending institutions</li> <li>- Date of approval &amp; maturity</li> <li>- Terms and conditions (interest rate &amp; number of years to pay)</li> <li>- Remaining balances of loans and other obligations</li> </ul> <p><b>Note:</b> Please see <b>LGU Template B - <u>Sample Certification of Local Treasurer on Existing Loans/Absence of Loans.</u></b></p> <p><b>STEP 2.</b> Validate the annual amortization schedule issued by the lending institution as to segregation of principal from the interest. Each loan of the LGU should have an individual annual amortization schedule issued by the lending institution. If not, emphasize in the letter to LCE (see <b>Attachment B - <u>Notice of Deficiency in Documentary Requirements.</u></b></p> <p>END OF PROCESS</p>

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<p>3. Commission on Audit (COA) Annual Audit Certificate for the most recent year, which shall be supported by the year-end financial reports for the past three (3) years:</p> <p style="margin-left: 40px;">i. Pre-closing Trial Balance (General Fund)</p> <p style="margin-left: 40px;">ii. Detailed Statement of Financial Performance</p> <p>An <b>Agency Action Plan and Status of Implementation (AAPSI)</b> report on COA recommendations shall be required if the LGU has adverse findings.</p>	<p><b>STEP 1.</b> Evaluate the COA Audit Certificates for the most recent year, and determine if there are adverse findings. If the Audit Certificate of the most recent year is not yet available, require the submission of year-end financial reports bearing the stamp received by COA.</p> <p><b>STEP 2.</b> If there were adverse findings and recommendations made by the Auditor, the LGU should submit an <b>Agency Action Plan and Status of Implementation (AAPSI)</b> as to the level of compliance on such recommendations duly certified by the Auditor. <b>Note: Please see LGU Template C - Status of Implementation of Prior Year's Audit Recommendations.</b> If this is not complied with, inform the LCE (see <b>Attachment B - Notice of Deficiency in Documentary Requirements</b>).</p> <p><b>STEP 3.</b> Validate if the LGU submitted financial reports for the past three (3) years, and cross-check the financial data from each reports:</p> <ul style="list-style-type: none"> <li>- Pre-closing Trial Balance (General Fund) and</li> <li>- Detailed Statement of Financial Performance</li> </ul> <p>If there are no submitted financial reports, request the LCE to submit reports for the past three (3) years (see <b>Attachment B - Notice of Deficiency in Documentary Requirements</b>).</p> <p><b>STEP 4.</b> Validate if the financial reports are certified correct by the Local Accountant. If not certified, request the LCE for certified financial reports for the past three (3) years (see <b>Attachment B - Notice of Deficiency in Documentary Requirements</b>).</p> <p>END OF PROCESS</p>
<p>4. Certification issued by the lending institution stating that it shall not require LGU deposits as compensating balance for the loan, if such lending institution is (1) not an authorized government depository bank or (2) an authorized government depository bank required to obtain the prior approval of the DOF, as provided under the DOF Department Circular No. 002-2016 dated 8 July 2016.</p>	<p><b>STEP 1.</b> Validate if the lending institution is not an authorized government depository bank that meets the requirements of DOF Department Circular No. 002-2016 dated 8 July 2016.</p> <p><b>STEP 2.</b> If the lending institution is not an authorized depository bank, request the LCE to secure certification from the bank/lending institution stating that it shall not require LGU deposits as compensating balance for the loan (see <b>Attachment B - Notice of Deficiency in Documentary Requirements</b>).</p> <p>END OF PROCESS</p>
<p><b><u>In case the LGU has been declared under the state of calamity either by the national or local authorities shall, for a period of one (1) year from the declaration of state of calamity, be required only to submit the documents stated in Item Nos. 1 and 2, together with certified copy of the declaration.</u></b></p>	
<p><b>Note:</b> If any or all of the required documents are not submitted within 30 days from receipt of application, issue <b>Attachment C - Notice of Return of Letter Request Without Action</b>, copy furnished the BLGF CO.</p>	