



PROCESS MANUAL

BUREAU OF LOCAL GOVERNMENT
FINANCE

BLGF-PM-03-02

Revision Code: 00

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Section: **OPERATIONS**

Effectivity Date: 01-19-2018

Subject: **CERTIFICATION OF NET DEBT SERVICE CEILING AND BORROWING CAPACITY (RO)**

1. PURPOSE:

To ensure timely, accurate, and complete Certification of Net Debt Service Ceiling and Borrowing Capacity of LGUs for use in application of loans with the banks/lending institutions.

2. SCOPE:

This procedure covers applications coming from the Regional Offices and from LGUs outside NCR.

This procedure covers activities from the receipt of required documents and preliminary NDSC/BC computation, review and evaluation of preliminary computation and required documents, approval and release of CNDSC/BC.

3. DEFINITION OF TERMS:

- a. **NDSC** – Net Debt Service Ceiling
- b. **BC** - Borrowing Capacity
- c. **CNDSC/BC** – Certificate of Net Debt Service Ceiling and Borrowing Capacity
- d. **LDMED** – LGU Debt Monitoring and Evaluation Division
- e. **LGU** – Local Government Unit
- f. **RO** – Regional Office; **CO** - Central Office

4. RECORDS:

TITLE/CODE	LOCATION	RETENTION CRITERIA	RETENTION PERIOD	DISPOSAL METHOD
1. Endorsement Letter RO	BLGF Central Records	NAP R.A. 9470	Archived	NA
2. Enclosure A,B,C	BLGF Central Records	NAP R.A. 9470	Archived	NA
3. Notice of Deficiency of Documentary Requirements	BLGF Central Records	NAP R.A. 9470	Archived	NA
4. CNDSC/BC Certificate	BLGF Central Records	NAP R.A. 9470	Archived	NA
5. Memo to Local Treasurer	BLGF Central Records	NAP R.A. 9470	Archived	NA
6. Monthly Report of CNDSC/BC	LDMED Files	NAP R.A. 9470	3 years	Shred

PREPARED BY: DIVISION CHIEF

REVIEWED BY: LFPS SERVICE DIRECTOR

APPROVED BY: EXECUTIVE DIRECTOR



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5. REFERENCES:

5.1 ISO Clause Reference

- a. Clause 6 – Planning 6.1.1, 6.1.2, 6.2.1
- b. Clause 7 – Resources all sub-clauses except 7.1.5.2
- c. Clause 8 - Operations all sub-clauses except 8.3
- d. Clause 9 - Analysis and Evaluation 9.1
- e. Clause 10 – Improvement 10.1 and 10.2

5.2 Documents which support the implementation of the procedure:

- R.A. No. 7160 (Local Government Code of 1991)
- Department Order No. 054-2016, Annex A,B,C
- BLGF Memorandum Circular No. 05-2016 (Guidelines on the Issuance of NDSC/BC)
- BLGF Memorandum Circular No. 11-003.2016 (Streamlining of CNDSC/BC)

5.3 Related documents linked to the procedure –

- a. Corrective Action Procedure

6. PROCEDURE:

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ACTIVITY FLOW	RESPONSIBLE	DETAILS
	<p align="center">Records Officer BLGF Central Records</p>	<p>From RO:</p> <p>Receives complete required documents and the preliminary computation for the issuance of Certificate of NDSC/BC from Loan Examiner of BLGF Regional Office.</p> <p>With endorsement letter signed by the Regional Director (see sample of Endorsement Form) .</p> <p>Together with hard copy and email of Enclosure A,B,C of the preliminary computation.</p> <p>Enclosure A – Statement of Income Sources Enclosure B –Computation of Annual Regular Income Enclosure C – Net Debt Servicing and Borrowing Capacity</p> <p>Note: The Central Records also receives applications from LGUs outside NCR.</p>
<p align="center">RECORD ALL REQUIRED DOCUMENTS</p>	<p align="center">Records Officer BLGF Central Records</p>	<p>Inputs details of the request and supporting documents into the Integrated Information Management System (i2ms) and attach bar code.</p> <p>Endorse required documents to Secretary(Local Fiscal Policy Service)</p>

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<p align="center">A</p> <p align="center">↓</p> <p align="center">RECEIVE AND RECORD ALL REQUIRED DOCUMENTS</p> <p align="center">↓</p>	<p align="center">Secretary (Local Fiscal Policy Service)</p> <p align="center">Admin Aide CTI (LDMED)</p>	<p>Receives all required documents with endorsement letter from Central Records.</p> <p>Inputs details of the request and supporting documents into the Integrated Information Management System (i2ms).</p> <p>Assigns CCS (Tracking) Number.</p>
<p align="center">ASSIGNS THE REQUEST TO AN ACTION OFFICER</p> <p align="center">↓</p>	<p align="center">Division Chief</p>	<p>Assigns the request (application for CNDSC/BC) to the Action Officer.</p>
<p align="center">CHECK COMPLETENESS AND ACCURACY OF SUBMITTED DOCUMENTS</p> <p align="center">↓</p> <p align="center">B</p>	<p align="center">Loan Examiner</p>	<p>Checks completeness and accuracy of submitted documents based on Checklist of documentary requirements. (Refer to BLGF Memorandum Circular 11-003.2016. Note: For policy revision)</p> <p>Ensures that the risk of accepting fraudulent documents is prevented by counter-checking with the LGU about the veracity of the documents submitted.</p>

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ACTIVITY FLOW	RESPONSIBLE	DETAILS
<pre> graph TD B{{B}} --> D1{COMPLETE & WITH ENDORSEMENT} D1 -- NO --> E[ENDORSE APPLICATION BACK TO RO OR LGU FOR COMPLIANCE] E --> C{{C}} D1 -- YES --> D{{D}} </pre>		
	<p>Loan Examiner</p>	<p>When there is no endorsement letter from the Regional Office – prepares Transmittal Letter and forwards the documents to the R.O. for processing of the application.</p> <p>When there are incomplete documentary requirements: - Prepares Notice of Deficiency of Documentary Requirements (official email to LGU).</p> <p>LGU complies with the notice by sending the lacking documents.</p>

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ACTIVITY FLOW	RESPONSIBLE	DETAILS
<p align="center">D</p> <p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> REVIEW AND EVALUATE PRELIMINARY COMPUTATION </div> <p align="center">↓</p>	<p align="center">Loan Examiner</p>	<p>When preliminary computation needs correction, prepares Final Computation of NDSC/BC.</p> <p>(Please refer to Annex "C" per Dept BLGF Memorandum Circular 11-003.2016. Instructions for Evaluator - ** Note For policy revision.)</p>
<p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> COMPUTE FINAL NDSC/BC AND PREPARE CERTIFICATES, TRANSMITTAL LETTER, AND MEMORANDUM </div> <p align="center">↓</p>	<p align="center">Loan Examiner</p>	<p>Prepares:</p> <ul style="list-style-type: none"> - NDSC/BC Certificate (4 sets) <ul style="list-style-type: none"> a. For LGU b. For lending institution c. For BSP d. For BLGF file - Transmittal Letter to the Local Chief Executive (LCE) - Memorandum to the Local Treasurer Re: Submission of SIPB (Statement of Indebtedness Payments and Balances)
<p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> REVIEW FINAL COMPUTATION AND DOCUMENTARY REQUIREMENTS </div> <p align="center">↓</p> <p align="center">E</p>	<p align="center">LDMED Division Chief</p>	<p>Reviews the final computation and documentary requirements of the application.</p> <p>When there are corrections, returns the documents to the Loan Examiner for editing and finalization.</p>

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ACTIVITY FLOW	RESPONSIBLE	DETAILS
	<p align="center">LDMED Division Chief</p>	<p>Double-checks the Certificate to ensure that there is no risk of clerical error in the document itself.</p> <p>When the documents are in order, certifies Enclosure C and affix signature to the document.</p>
	<p align="center">Admin Aide (CTI) LDMED</p>	<p>Records time, date, and details of the Loan Documents in the Records Logbook.</p> <p>Routes Certification and attachments to to BLGF Top Management for review and countersign.</p>
	<p align="center">Service Director, Deputy Executive Director, Executive Director</p>	<p>Reviews and countersigns Loan Documents:</p> <p>When there are corrections, returns to the documents to LDMED for editing and finalization.'</p> <p>Executive Director makes the final approval of the Certificate of Net Debt Servicing and Borrowing Capacity.</p>

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<p align="center">F</p> <p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> RECEIVE AND RECORD APPROVED/SIGNED CERTIFICATION AND ATTACHMENTS </div> <p align="center">↓</p>	<p align="center">Admin Aide (CTI) (LDMED)</p>	<p>Receives approved/signed CNDSC/BC and supporting documents.</p> <p>Inputs details into the Monthly Report of CNDSC/BC Issued.</p> <p>Forwards the approved/signed CNDSC/BC and supporting documents to:</p> <ul style="list-style-type: none"> - Division Chief - Service Director <p>For clearance of release.</p>
<p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> SIGN CLEARED FOR RELEASE </div> <p align="center">↓</p>	<p align="center">Division Chief Service Director</p>	<p>Signs "Cleared for Release" of the Certification and documentary requirements.</p>
<p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> RETURN APPROVED/SIGNED CERTIFICATION AND ATTACHMENTS FOR PHOTOCOPY AND SCANNING </div> <p align="center">↓</p>	<p align="center">Admin Aide, Loan Examiner</p>	<p>Returns documents to the assigned Loan Examiner for photocopy and scanning.</p>
<p align="center">↓</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> REVIEW AND COUNTERSIGN CERTIFICATION AND DOCUMENTARY REQUIREMENTS </div> <p align="center">↓</p> <p align="center">G</p>	<p align="center">Admin Aide (CTI)</p>	<p>Retains a copy of the Certification and required documents for file and reference of the Loan Division.</p> <p>Releases approved/signed certification and required documents (original and duplicate) to Records Section for sending to LGU.</p>

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	<p align="center">LDMED Division Chief</p>	<p>Reviews activities of the process to see where quality improvements can be done in the process.</p>
	<p align="center">LDMED Division Chief</p>	<p>Determines if performance targets were achieved.</p> <p>For unmet targets: Refer to Corrective Action Procedure.</p> <p>Submits complete monthly accomplishment and performance report to immediate superior every first week of the month.</p>

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7. OPERATIONS: QUALITY PLAN

PROCESS	PARAMETERS		Standards/Specs	Responsible	Sampling Point (When)	Frequency	Reference/Record	Action in Case of NC
	Process Control	Product Control						
Certification of NDSC/BC	Timeliness of Processing of Certification		5 working days from receipt of complete validated documentary requirements.	Loan Examiner, Division Chief	Upon approval of Division Chief	Per application	Logbook	Expedite order from Division
	Timeliness of Issuance Certification		Maximum of three (3) days from final endorsement of LDMED Division Chief.	Division Chief, Service Director, Deputy Executive Director, Executive Director	Upon final signature of Executive Director	Per certification	Central Records Logbook	Trace location of the documents and expedite issuance.
		Accuracy of Final Computation	100% accurate	Loan Examiner, Division Chief	Upon approval of Division Chief	Per certification	LDMED Logbook	Immediate correction and revision of computation.
	Cost		100% Certification related activities in the OPCR	Division Chief	Semestral review of OPCR	Semestral	OPCR Accomplishment Report	Determine and implement pending activities for attainment of OPCR Commitments.

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