

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

The BLGF issues Certificate of Net Debt Service Ceiling (NDSC) and Borrowing Capacity (BC) of the LGUs which is a requirement of BSP in issuing the Monetary Board opinion, pursuant to BSP Circular 926, s. 2016 for LGUs that would engage in loans and borrowings. This is to ensure the effective implementation of the debt service limit on local government borrowings as stipulated in Section 324 (b) of the Local Government Code of 1991.

Office or Division:	Local Fiscal Policy Service/Local Debt Monitoring and Evaluation Division (LDMED)	
Classification:	Highly Technical	
Type of Transaction:	G2G	
Who may avail:	Local Government Units	
CHECKLIST OF REQUIREMENTS		WHERE TO SECURE
1. Letter-request from the Local Chief Executive (LCE) (Governor/Mayor/Punong Barangay) indicating: (i) the selected lending institution (LI); (ii) terms and conditions of proposed loan (repayment period and interest rate); and (iii) the specific purpose of the loan; supported by the offer sheet from the lending institution, photocopy of duly issued ID, and specimen signature and data privacy consent form accomplished by the LCE and LI representative		Local Chief Executive of the Local Government Unit/
2. Certification by the Local Treasurer of presence or absence of loan/s, duly certified with the following details: (i) types of loan/s and other obligations contracted; (ii) purpose of loan/s and other obligations contracted; (iii) name of the lending institution/s; (iv) date of approval and maturity of loan/s; (v) terms and conditions (interest rate and number of years to pay); (vi) remaining balances of loan/s and other obligation/s; and (vii) annual amortization schedules (segregating the principal from the interest) issued by the lending institution/s; supported by photocopy of duly issued ID, and specimen signature and data privacy consent form accomplished by the local treasurer		Local Treasurer of the Local Government Unit
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; (i) Pre-closing Trial Balance (General Fund); and (ii) Detailed Statement of Financial Performance. An Agency Action Plan and Status of Implementation (AAPSI) report on COA recommendations shall be required regardless of findings pertaining to the local treasury matters; and		Local Accountant of the Local Government Unit
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 bank required to obtain the prior approval of the DOF, as provided under the DOF Department Circular (DC) No. 003.2022 amending Section 5.2 of DC No. 002.2022.		Financial/Lending Institution

CLIENT STEPS	AGENCY ACTIONS	FEES TO BE PAID	PROCESSING TIME	PERSON RESPONSIBLE
Send letter request for the issuance of CNDSC/BC, to the BLGF Regional Office or Central Office if NCR LGU, together with the supporting documentary requirements	Receives and records letter-request with supporting documentary requirements by the Regional Office or Central Office (from an NCR LGU)	None	15 minutes	Administrative Aide VI/ Loan Examiner II
	Check completeness, veracity, consistency and orderliness of submitted letter-request with supporting documentary requirements and verify records for previous applications, if any.	None	5 hours	Administrative Aide VI/ Loan Examiner II
	Prepare Acknowledgement Letter, if documentary requirements are found complete, correct, consistent and orderly. For incomplete supporting documentary requirements, refer to Preparation of Notice of Deficiency sub-procedure.	None	30 minutes	Administrative Aide VI/ Loan Examiner II
	Assign the request to an action officer	None	1 hour	Fiscal Examiner V
	Evaluate, analyze, review, validate and process request:	None	15 days	Loan Examiner IV, III, II
	a. For request from NCR, evaluate and analyze financial statement and compute NDSC/BC by using Enclosures A, B, C	None		
	b. For request endorse by the Regional Office, review, validate and analyze Financial Statements against Enclosures A, B, C submitted. Review existing loans based on amortization schedule, and compute NDSC/BC	None		
	c. Evaluation and validation of existing loans based on the amortization schedule	None		
	d. Evaluate and validate action taken on the	None		

CLIENT STEPS	AGENCY ACTIONS	FEES TO BE PAID	PROCESSING TIME	PERSON RESPONSIBLE
	recommendations of COA in the AAPSI, if not satisfied/convince or recommendation is not implemented require additional explanation/justification from the LGU			
	e. Prepare Cost-Benefit Analysis if refinancing, buyout or restructuring	None		
	f. Prepare Debt Service Analysis if LGU about to reach Debt Service Ceiling	None		
	Draft Transmittal Letter , the Certificate and cover Memorandum to LGU	None	1 hour	Loan Examiner IV, III, II
	Review processed request and endorse Transmittal Letter , the Certificate and cover Memorandum to LGU	None	3 hours	Fiscal Examiner V/Action Officer
	Certify Enclosure C and affix initials to the Transmittal letter , Certificate and Memorandum to LGU	None	30 minutes	Fiscal Examiner V
	Record details of loan application to database, and to outgoing logbook and forward the same for endorsement	None	45 minutes	Administrative Aide VI /Loan Examiner II
	Review and approve computed borrowing capacity and sign Enclosure C	None	4 hours	Service Director or Deputy Executive Director
	Affix initials to Transmittal Letter , the Certificate and cover Memorandum	None		
	Review and approve request and sign the Certificate , cover Memorandum , and Transmittal Letter	None	Within 2 days	Executive Director
	Record and transmit approved Certificate , and signed cover Memorandum and Transmittal Letter	None	Within 1 day	Central Records – Administrative Aide II
		Total	20 days	

Evaluation may take more than 15 days, depending on the number of existing loans requesting LGU and the manner of implementing the recommendations of the COA on the findings and observations stated in Part II of the Annual Audit Report

Sub Procedure: Preparation of Notice of Deficiency

CLIENT STEPS	AGENCY ACTIONS	FEES TO BE PAID	PROCESSING TIME	PERSON RESPONSIBLE
	Prepare letter informing LGU concern of the deficiency of supporting documents submitted, together with the checklist of the documentary requirements detailing the lack of documents	None	2 hours	Administrative Aide VI/Loan Examiner II
	Sign letter notice of deficiency	None	30 minutes	Service Director
Submit the lacking documents within twenty (20) days , if fail the request shall be returned without action				