

Joint DENR-DBM Circular on RA No. 10629



Republic of the Philippines
Department of Budget and Management
Department of Environment and Natural Resources

Joint Department of Budget and Management (DBM) - Department of Environment and Natural Resources (DENR)- Circular No. 2014 - 1

Date **September 26, 2014**

For: All Concerned Officials and Employees of the DBM, Department of Finance (DOF), Bureau of the Treasury (BTr), DENR, Commission on Audit (COA), Chairs/Heads of Protected Area Management Boards (PAMBs) and all others concerned

Subject: Implementing Guidelines of Republic Act (RA) No. 10629 Entitled An Act Providing for the Retention by the Protected Area Management Board of Seventy-Five Percent (75%) of the Revenues Accruing to Integrated Protected Areas Fund (IPAF), Amending for the Purpose Section 16 of Republic Act No 7586, Otherwise Known as the "National Integrated Protected Areas System Act of 1992"

1.0 RATIONALE

RA No. 10629 amended Section 16 of RA No. 7586 providing for the retention by the Protected Area Management Board (PAMB) seventy-five percent (75%) of the revenues accruing to the Integrated Protected Areas Fund (IPAF). RA No. 10633, the 2014 General Appropriations Act (GAA), recognized that the 75% of income authorized to be retained by the Board is in addition to the DENR's existing use of income authority. The President in His Veto Message subjected the implementation of RA No. 10629 to the policies, rules and regulations on the use of income by agencies and creation of trust accounts. These policies, rules and regulations are consolidated in this Joint DENR and DBM Circular for the proper implementation of RA No. 10629.



2.0 PURPOSE

This Joint Circular is issued to prescribe the guidelines on the implementation of RA No. 10629, amending Section 16 of RA No. 7586.

3.0 COVERAGE

This Joint Circular applies to all revenues generated by all protected areas except to those established by specific laws providing for funding mechanism different from IPAF and are covered by other specific guidelines.

4.0 DEFINITION OF TERMS AS USED IN THIS GUIDELINES

a) Authorized Government Depository Bank

Refers to the Land Bank of the Philippines, Development Bank of the Philippines, Philippine Veterans Bank, United Coconut Planters Bank, Philippine Postal Savings Bank or any other bank which may be established or authorized by the Monetary Board and Department of Finance (DOF) to maintain depository accounts of Government Entities.

b) Donation

Anything of value, in cash or in kind, received from other levels of government, or from private individuals or institutions including reparations and gifts given for a particular projects or programs, or for general budget support without the intention of repayment covered by an agreement/deed.

c) Grants

All non-repayable transfers received from other levels of government, or from private individuals, or institutions, foreign or domestic, including reparations and gifts given for particular projects or programs, or for general budget support

d) Disbursement

A settlement of government obligations for services actually delivered or rendered either in the currency, check or constructive cash such as the Tax Remittance Advice (TRA) for the remittance to Bureau of Internal Revenue (BIR) of taxes withheld from employees and suppliers and Non-Cash Availment Authority (NCAA) for direct payments made by international financial institutions to suppliers and consultants of foreign assisted projects.

e) Fund release documents

Official documents used by DBM to release funds to agencies, such as General or Special Allotment Release Order (G/SARO) and Notice of Cash Allocation (NCA).

f) Modified Disbursement Scheme (MDS)

A disbursement system implemented to facilitate effective management of the national government's cash resources, whereby national government agencies/GOCCs settle their payables through issuance of checks or through direct crediting to bank accounts, chargeable against account of the Treasurer of the Philippines (TOP/Bureau of the Treasury) being maintained with head offices of the three government servicing banks (GSBs) (LBP, DBP, PNB).

g) Notice of Cash Allocation (NCA)

Cash authority issued by the DBM to central, regional and provincial offices and operating units through the authorized government servicing banks of the MDS, to cover the cash requirements of the agencies

h) PA Management Plan

Refers to site-specific Plan that provides over-all direction to effective and efficient management of a protected area.

i) Personnel Services

Provided for payment of salaries, wages and other compensation (e.g., merit, salary increase and cost-of-living allowances) of permanent, temporary, contractual, and casual employees of the government attested by the Civil Service Commission.

j) Protected Area (PA)

Refers to identified portion of land and water set aside by reason of their unique physical and biological significance, managed to enhance biological diversity and protected against destructive human exploitation.

k) Protected Area Management Board

Refers to the Protected Area Management Board (PAMB) created under Section 11 of RA 7586 with the mandated functions as stated in the same section; serves as the policy and decision making body responsible for a specific protected area.

l) Retained Income/Funds

Refers to collections that are authorized by law to be used directly by agencies for their operation or specific purposes.

m) Revenue

A cash inflow which does not increase the liability of the government. (BESF 2013)

n) Special Account in the General Fund (SAGF)

A fund where proceeds of specific revenue measures and grants earmarked by law for specific priority projects are recorded.

o) Special Allotment Release Order (SARO)

A specific authority issued to identified agencies to incur obligations not exceeding a given amount during a specified period for the purpose indicated. It shall cover expenditures the release of which is subject to compliance with specific laws or regulations, or is subject to separate approval or clearance by competent authority.

p) Special Budget

Refers to approval of release of proceeds of a fund from specific revenue measures and grants earmarked by law for specific priority projects.



q) Trust liability

An account used to record collection, income, or receipts of agencies held in trust or guarantee for another agency and for a specific purpose.

r) Trust Receipts

Refer to receipts that are officially in the possession of government agencies or a public officer as trustee, agent, or administrator, or which have been received for the fulfilment of a particular obligation.

s) Work and Financial Plan (WFP)

Monthly or quarterly schedule of work, projects and/or activities physical outputs or progress, and its corresponding utilization of funds or disbursements. This is a type of Budget Execution Document (BED) form.

5.0 SOURCES OF FUNDS

Section 16 of the NIPAS Act, as amended by RA No. 10629, established a trust fund to be known as Integrated Protected Areas Fund (IPAF) for purposes of financing projects of the System from the following sources:

5.1 Income from Operations. All incomes from the operation of the System or management of wild flora and fauna shall accrue to the Fund subject to the retention by the Board of each protected area of seventy-five percent (75%) of the revenues raised therefrom. These income shall be derived from:

5.1.1 Taxes from the permitted sale and export of flora and fauna and other resources from protected areas;

5.1.2 Proceeds from lease of multiple-use areas;

5.1.3 Contributions from industries and facilities directly benefiting from the protected areas; and

5.1.4 Such other fees and incomes derived from the operation of the protected area.

5.2 Revenues from Other Sources. All donations, endowments, and grants from various sources and other contributions received. Such endowments shall be exempted from income or gift taxes and all other taxes, charges or fees imposed by the Government or any political subdivision or instrumentality thereof.

6.0 DEPOSITORY BANK

All revenues, including incomes, donations, grants, endowments from various sources and other contributions, shall be deposited in any authorized government depository bank (AGDB) within the locality where each protected area is located. Provided, that if there is no AGDB in the locality, an account shall be opened in an AGDB nearest to the locality.



7.0 USE OF FUNDS

The Fund shall be used solely for the protection, maintenance, administration, and management of the System, and duly approved projects endorsed by respective PAMBs of PAs which are contained in the approved management plan for the PA, in the amounts authorized by the DENR; Provided further, that the Fund shall not be used to cover personnel services expenditures.

The Secretary of the DENR may issue guidelines to facilitate his approval of projects and ensure the effective use of the IPAF for the management of the System and its component protected areas.

8.0 GUIDELINES

8.1 IPAF Accounts

8.1.1. The IPAF shall be composed of the following accounts:

For Income from Operations (Item 5.1)

(i) PA Retention Income Account (for the 75% of the income from operations),

(ii) IPAF Special Account in the General Fund (for the 25% of the income from operations);

For Revenues from Other Sources (Item 5.2)

(iii) PA Trust Receipts.

8.1.2. The **PA Retention Income Account (PA RIA)** shall be the account each PA shall establish and maintain for the seventy-five percent (75%) of incomes generated by the PA authorized to be retained under RA No. 10629 as enumerated in Item 5.1 of this Circular. An account in the name of the specific PA IPAF shall be opened and maintained for this purpose with an AGDB as specified in Item 6. Opening of accounts shall be in accordance with Treasury Circular No. 2014-2 dated June 16, 2014 or such other guidelines as may be issued by the Bureau of the Treasury.

8.1.3. The **IPAF Special Account in the General Fund (IPAF SAGF)** is the existing account with the National Treasury which shall consist of: a) the accumulated remitted incomes of the PAs prior to effectivity of this guidelines; b) the twenty-five percent (25%) of the incomes of PAs, referred to in Item 5.1 of this Circular.

8.1.4. The **PA Trust Receipts (PA TR) Account** shall be the account each PA shall establish and maintain for all revenues from other sources (item 5.2) received by the PA for the fulfilment of particular obligations or implementation of specific project(s) or activity(ies). Trust Receipts shall be deposited with the National Treasury pursuant to the annual GAA.



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- 8.1.4.1. **Trust Receipts (Trust Liability).** As provided in the GAA, receipts from non-tax sources, including insurance proceeds, and donations for a term not exceeding one (1) year authorized by law or contract for specific purposes: (i) which are collected or received by the offices of the National Government, such as the PA or PAMB, acting as trustee, agent or administrator; (ii) which have been received as guaranty for the fulfillment of an obligation; or (iii) classified by law or regulations as trust receipts, shall be deposited with the National Treasury and booked as trust liability account of the DENR- RO or PENRO concerned in accordance with E.O. No. 338, s 1996, as implemented by COA-DBM-DOF Joint Circular (JC) No. 1-97 dated January 2, 1997 and other pertinent guidelines, and subject to any conditions prescribed under the special provisions of the DENR and to the rules and regulations as may be issued by the Permanent Committee.
- 8.1.4.2. **Trust Receipts Deposited with National Treasury as SAGF.** Receipts from donations/grants for specific purpose with term exceeding one (1) year shall be deposited with the National Treasury and recorded as Special Account in the General Fund. Such donation, whether in cash or in kind, shall be deemed automatically appropriated for the purpose specified by the donor.
- 8.1.5. Funding Source Codes under the Unified Accounts Code Structure (UACS) of the Government to be used by all PAs shall be created and assigned for each of the IPAF Accounts identified and defined in this Circular that shall be administered under IPAF subject to the approval by the DBM.
- 8.1.6. Protected areas covering several Regional and Provincial Environment and Natural Resource Offices (PENROs) shall use only one Funding Source Code. The Regional Office or PENRO which has the largest area of jurisdiction shall be responsible for the management of the said Funding Source Code.
- 8.1.7. The DENR shall request from DBM for the assignment of specific funding source codes under UACS for the IPAF Accounts that will be required by the individual PAs.

8.2 COLLECTION AND DEPOSIT

- 8.2.1 All collecting units shall ensure that revenues from different sources are recorded under the appropriate IPAF Accounts using the assigned UACS funding source codes and deposited to their respective bank accounts.
- 8.2.3 The DENR Regional or Provincial Office nearest or most accessible to the PA shall be the custodian of IPAF PA-Accounts and shall provide the necessary accounting and administrative support in the management of the Fund. The PAMB, through its chairperson, the Regional Director (RD) of DENR, shall designate a Special Collecting Officer (SCO) for the PA, who shall be responsible for the collection, recording, deposit and reporting of all revenues generated and/or received by the protected area in accordance with existing accounting and auditing rules and regulations. All SCOs shall be properly bonded.
- 8.2.4 The DENR Regional or Provincial Office under which PA is assigned shall open the required bank account(s) in the name of the PA collecting the revenues with authorized signatories specified in Item 8.3.1 below.



- 8.2.5 All collections for IPAF Accounts shall be acknowledged through the issuance of Official Receipts or other similar forms, such as deposit slips, in accordance with pertinent rules and regulations.
- 8.2.6 All collections shall be deposited on a daily basis or on the following day the collections are received by the SCO. For those in far flung areas, deposits shall be made consistent with COA prescribed regulations for the purpose. The seventy five percent (75%) of the revenues from sources under Item 5.1 shall be deposited with the PA-RIA. The twenty-five percent (25%) of the said revenues of the PA shall be deposited to the IPAF- SAGF.
- 8.2.7 Receipts from donations, endowments and grants exceeding one year shall be deposited to the assigned SAGF while those not exceeding one year shall be deposited with the National Treasury as recorded Trust Liability according to pertinent accounting and auditing rules and regulations.
- 8.2.8 The DENR Secretary or the Biodiversity Management Bureau (BMB), formerly Protected Areas and Wildlife Bureau (PAWB), Director or the RD as Chairperson of the PAMB may receive donations, endowments, contributions and grants for the IPAF Account of DENR-BMB for the management of the System or of a particular protected area. In case of donations from foreign governments, acceptance thereof shall be subject to pertinent laws, rules and regulations.
- 8.2.11 Interest earned on the deposits of the IPAF shall accrue to the General Fund and shall be remitted to the National Treasury on a quarterly basis.

8.3 DISBURSEMENT

- 8.3.1 Designation of Disbursing Officers (DOs) and signatories to the financial documents and checks for the IPAF Accounts shall follow the DENR's Manual of Authority applicable to the DENR Regional or Provincial Office which has the custodial responsibilities for the PA – IPAF accounts. They shall be accountable for opening and maintaining the necessary bank accounts with an AGDB as specified in Item 6.
- 8.3.2 Disbursement of IPAF shall be supported by duly approved disbursement vouchers with other pertinent documents following the procedures prescribed under existing budgeting, accounting and auditing rules and regulations.

PA Retained Income Account (PA RIA)

- 8.3.3 The PAMB-approved Work and Financial Plan (WFP) or applicable Budget Execution Documents (BEDs), which must be consistent with Item 7, shall be the basis for the use and disbursement of funds from PA RIA.
- 8.3.4 Disbursements of funds under PA RIA shall be made through the issuance of PA RIA commercial checks for expenditures authorized in the approved WFP/BEDs.
- 8.3.5 Use of collections shall be limited to income earned on accrual basis. Only earned or realized income shall be made available for utilization. Advanced collections or payments received shall be treated as deferred revenue or unearned income. This is to provide for any contingent liability that may arise from such advanced collection.

- 8.3.6 The PAMB shall approve WFP/BEDs only if it is fully supported by earned and collected revenues, that is, available funds less deferred income, if any. The concerned Chief Accountant shall certify that the total amount of the WFP/BEDs to be funded from PA RIA is available.
- 8.3.7 The WFP/BEDs shall indicate any other source(s), such as DENR General Fund or LGU, others, also funding the project or activities stating their respective contributions.
- 8.3.8 The DENR Office supporting the PA, its resident Auditor, the DENR Central Office and DENR-BMB shall be furnished copies of the WFP/BEDs approved by the PAMB within fifteen days of its approval.
- 8.3.9 The PAMB shall monitor and ensure that the collection and deposit of income, disbursement and accounting of their respective PA RIA are in accordance with this Circular.

IPAF Special Account in the General Fund (SAGF)

- 8.3.10 The DENR shall include in the annual budget proposal submitted to DBM the funding requirements from the IPAF SAGF, with all the supporting documents specified in the annual Budget Call or other relevant DBM issuances. For FY 2014, the DENR is required to come-up with reconciled status of the Fund with the BTr which shall be used by DBM for monitoring of status of funds and for inclusion in the Budget of Expenditures and Sources of Financing (BESF).
- 8.3.11 The DBM shall be responsible for inclusion in the National Expenditure Program (NEP) requirements of DENR for the purpose.
- 8.3.12 The DENR-BMB, through DENR-Central Office, during any given year, shall request from DBM the approval of the Special Budget, equivalent to the total appropriation provided in NEP chargeable against IPAF SAGF, supported with the following:
- Endorsement of DENR-Office of the Secretary or by his authorized representatives;
 - Work and Financial Plan duly prepared and approved by respective PAMB in accordance with BEDs and Budget Accountability Report (BAR) forms and other appropriate financial statements under existing DBM guidelines for the purpose;
 - Details of request per object code allotment class;
 - Modified Disbursement Program for Special Budget;
 - Bureau of the Treasury Certification on deposited collections supported with Notice of Deposited Collections;
 - Modified Disbursement System Account certified by the AGDB; and
 - Project profile in prescribed DBM forms for projects duly endorsed by DENR-BMB Director.
- 8.3.13 Funds from IPAF SAGF shall be used by the PAs and/or by DENR-BMB for implementation of NIPAS, subject to the submission of Special Budget to the DBM pursuant to Section 35, Chapter 5, Book VI of EO 292, s 1997, as follows:
- 8.3.13.1 Seventy-five percent (75%) of the balance of the IPAF SAGF prior to the effectivity of this Circular shall be available to the contributing PAs to the extent of their respective balances, provided that the BTr Certifications of Deposits are submitted together with the request for Special Budget.

- 8.3.13.2 Prepayments, e.g., payment of development fees for 25 years, generated from income from operations shall be accessed and programmed in WFP based on computed annual payments.
- 8.3.13.3 Twenty- five percent (25%) of the balance of the IPAF SAGF prior to the effectivity of this Circular and all the deposits thereafter shall be used by any PA or DENR-BMB.
- 8.3.14 The DENR-BMB Director shall evaluate the funding request from the IPAF SAGF based on evaluation criteria for prioritizing PAs requesting from the Fund and recommend to the DENR Secretary or his authorized representative the submission of the request for Special Budget to the DBM.
- 8.3.15 DBM, based on documents submitted, shall evaluate and issue the fund release documents directly to the DENR Regional Office or PENRO which has jurisdiction over the protected area. DENR-FMS shall ensure that copies of all such releases are provided to DENR-BMB.
- 8.3.16 Disbursements of funds from IPAF SAGF shall be made through the issuance of the Modified Disbursement System (MDS) Checks or existing government disbursement system.
- 8.3.17 The respective Implementing Unit, DENR Regional or Provincial Office, shall record the allotment and NCA or pertinent fund release documents issued in the books of the concerned Implementing Unit as well as all transactions pertaining to expenditures covered by the released fund which shall be in accordance with the submitted request or project proposal.

PA Trust Receipts

PA Trust Receipts Deposited with National Treasury -SAGF

- 8.3.18 Trust Receipts Deposited with the National Treasury - SAGF shall be available for disbursement by the donee-PA through a Special Budget pursuant to Section 35, Chapter 5, Book IV of E.O. No. 292.
- 8.3.19 The PAMB shall submit to the DBM through the DENR-BMB a Special Budget in accordance with the purpose and intent of the donation/grant as reflected in the deed of donation, which shall also be submitted as supporting document.
- 8.3.20 DBM, based on documents submitted shall evaluate and issue fund release documents for the purpose directly to the donee/grantee DENR Regional Office or PENRO.
- 8.3.21 Disbursements or payments of obligations shall be made thru the issuance of MDS Checks.
- 8.3.22 The concerned DENR Office shall record the allotment and NCA or fund release documents issued in their books of accounts, including all transactions pertaining to expenditure covered by fund release documents pursuant to COA Circular Letter 2003-005, dated November 21, 2003 and other pertinent accounting and auditing rules and regulations.

PA Trust Receipts Deposited with National Treasury – Trust liability

- 8.3.23 Receipts from donations/grants with term of one (1) year or less shall be treated as trust liability account of the DENR – RO or PENRO responsible for the donee PA and disbursed for the particular purposes of the donation/grant.
- 8.3.24 NCA shall be requested from the DBM for the amount of the donation(s) that will be disbursed.
- 8.3.25 Disbursements shall be likewise be made thru the issuance of MDS Checks.

9.0 ACCOUNTING AND AUDITING

IPAF shall be recorded in the books of accounts of the DENR concerned ROs or PENROs in accordance with the current government budgeting, accounting and auditing rules and regulations. These accounts shall be included in the financial statements and reports of the PENRO or RO assigned to support the PA and consolidated into the DENR financial statements.

Concerned personnel of DENR Regional or PENRO assigned to support the PA shall be responsible for the establishment and maintenance of the books of accounts for IPAF.

10.0 REPORTING

- 10.1 On the IPAF Retention Income. The DENR shall submit, either in printed form or by way of electronic document, to the DBM, DOF and other oversight government agencies, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments on the utilization of said amount including the list of projects and activities and their corresponding amounts and, other reporting documents as may be required by the DBM. The Secretary of Environment and Natural Resources and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DENR.
- 10.2 On the IPAF SAGF. The DENR shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the financial and physical accomplishments on the utilization of said amount including the list of projects and activities and their corresponding amount. The Secretary of Environment and Natural Resources and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DENR.
- 10.3 On the IPAF Trust Receipts. The donee PA/RO or PENRO, through the DENR-BMB shall submit, either in printed form or by way of electronic document, to the DBM, House Committee on Appropriations, Senate Committee on Finance, and COA, a quarterly report of all donations received, whether in cash or in kind, and a quarterly report on expenditure or disbursements thereon. The Regional Office/PENRO and/or DENR-BMB and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the Regional Office, BMB and/or DENR.

11.0 PENALTY CLAUSE

Non-compliance with this guideline and failure to submit audited annual financial reports and the periodic collection and disbursement reports in the form and substance required by the concerned Offices shall render any disbursement from the IPAF void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

12.0 SEPARABILITY

In the event that provisions of the Joint Circular or any part thereof are declared invalid, the validity of all other provisions shall not be affected thereby.

13.0 AMENDMENTS

All orders and circulars previously issued inconsistent with this Joint Circular are hereby amended accordingly. The DENR and DBM shall periodically review and assess the implementation of this Circular and submit recommendations for the amendment of any of its provision. Amendments to this Circular shall be subject to the joint approval of DENR and DBM.


14.0 EFFECTIVITY

This Joint Circular shall be effective immediately upon publication in the Official Gazette or newspaper of general circulation.



Approved :


RAMON J.P. PAJE
Secretary, DENR


FLORENCIO C. ABAD
Secretary, DBM



Recommending Approval:


ERNESTO D. ADOBO JR.
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