



**DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG)
NATIONAL YOUTH COMMISSION (NYC)**

Joint Memorandum Circular (JMC) No. 1, s. 2019

Date: January 23, 2019

To : All Local Chief Executives, Members of the Local Sanggunian, Local Budget Officers, Local Treasurers, Local Development and Planning Coordinators, Local Accountants, Local Youth Development Officers, Barangay Treasurers, Chairpersons and Members of the Sangguniang Kabataan (SK), SK Treasurer, SK Secretary, and All Others Concerned

SUBJECT : **GUIDELINES ON THE APPROPRIATION, RELEASE, PLANNING AND BUDGETING PROCESS FOR THE SK FUNDS**

1.0 LEGAL BASIS

In accordance with Section 20 (a) of the SK Reform Act of 2015 (Republic Act [RA] No. 10742), ten percent (10%) of the general fund of the barangay shall be set aside for the SK. The sangguniang barangay shall appropriate the SK funds in lump-sum, which shall be disbursed solely for youth development and empowerment purposes.

Furthermore, Section 20 (b) of the same law provides that the SK shall have financial independence in its operations, disbursements, and encashment of their fund, income and expenditures.

2.0 PURPOSE

This JMC is being issued to prescribe the guidelines on the appropriation and release of the SK fund, provide for the planning and budgeting process for the SK, and emphasize the concomitant posting requirements to enhance transparency and accountability.

3.0 GENERAL GUIDELINES

3.1 Appropriation of the SK Fund by the Barangay

3.1.1 The punong barangay shall include the ten percent (10%) of the general fund accruing to the SK in the barangay executive budget to be submitted to the sangguniang barangay for budget authorization purposes. The sangguniang barangay, in turn, shall appropriate the said SK funds in lump-sum in the pertinent appropriation ordinance.

3.1.2 For budget preparation purposes, the barangay treasurer shall inform, in writing, the SK chairperson and the SK treasurer on or before the 15th day of September of the estimated ten percent (10%) of the general fund of the barangay for the ensuing fiscal year, supported by a certification of income of the barangay from the city/municipal treasurer.

3.2 Release of the SK Fund by the Barangay

- 3.2.1 The SK funds shall be automatically released by the barangay to the SK, and shall not be subject to any lien or holdback that may be imposed by the barangay for whatever purpose.
- 3.2.2 Consistent with Section 20 (b) of RA No. 10742, the SK shall open a current account in the name of the SK in a bank, preferably government-owned, situated in or nearest to its area of jurisdiction, with the SK chairperson and the SK treasurer as the official signatories. For efficiency and economy purposes, it is strongly encouraged for the SK to open and maintain a depository account in the same bank and branch of its barangay. In the opening of account, the provisions of Department of Finance Department Circular No. 1-2017 dated May 11, 2017¹ shall be strictly observed.
- 3.2.3 The SK funds shall be deposited by the barangay in the current account of the SK not later than five (5) working days after the crediting of the monthly internal revenue allotment (IRA) share of the barangay consistent with the rules and regulations issued by the Commission on Audit (COA).

For all other income accruing to the general fund of the barangay, the corresponding SK funds shall be deposited not later than five (5) working days after the end of the month.

The barangay may opt to transfer/release the SK funds earlier than herein prescribed on an annual, semestral or quarterly basis, subject to the written agreement between the barangay and the SK.

Failure by the barangay to release any amount of the SK fund shall subject the erring officials to penalties under existing laws.

- 3.2.4 In case of barangays without elected SK officials, the barangay shall transfer the corresponding ten percent (10%) SK Fund to the trust fund of the barangay, and the same shall be released by the barangay upon the election of the SK officials concerned.

3.3 Planning and Budgeting Process for the SK Fund

3.3.1 Planning Process by the SK

- 3.3.1.1 The SK, in consultation with the Katipunan ng Kabataan, shall formulate a 3-year rolling plan, which shall be known as Comprehensive Barangay Youth Development Plan (CBYDP). This plan shall be aligned with the Philippine Youth Development Plan and Local Youth Development Plans in provincial, city or municipal level.
- 3.3.1.2 The CBYDP shall serve as the basis for the preparation of the Annual Barangay Youth Investment Program (ABYIP). The ABYIP shall contain the specific programs, projects, and activities with corresponding project costs, including the necessary fund flows to approximate the reasonable timing in the release of funds. It is understood that the ABYIP shall reflect the total resource requirement for the budget year.

¹ Amended Guidelines on Authorized Government Depository Banks

3.3.1.3 The ABYIP shall be prepared and approved by the SK through a resolution before the start of the preparation of the SK annual budget.

3.3.1.4 In the preparation of the CBYDP and ABYIP, the SK shall observe the pertinent policies and guidelines issued by the NYC for the purpose.

3.3.2 Budget Preparation by the SK

3.3.2.1 The SK annual budget, which is the financial plan embodying the estimates of the income and expenditures of the SK for one (1) fiscal year, shall be prepared in accordance with the approved ABYIP.

3.3.2.2 The SK chairperson, with the assistance of the SK treasurer, shall prepare the SK annual budget consisting the following: (i) estimates of income; and (ii) expenditure program.

3.3.2.3 In the preparation of the SK annual budget, priority should be given to youth development and empowerment programs, projects and activities in accordance with the Philippine Youth Development Plan and Local Youth Development Plan, as embodied in the approved CBYDP and ABYIP, that will promote the following:

- a) Equitable access to quality education;
- b) Environmental protection;
- c) Climate change adaptation;
- d) Disaster risk reduction and resiliency;
- e) Youth employment and livelihood;
- f) Health and anti-drug abuse;
- g) Gender sensitivity;
- h) Sports development; and
- i) Capability Building, which emphasizes leadership training.²

All regular operating expenses pertaining to the activities of the SK, including the SK counterpart on expenses related to the celebration of the Linggo ng Kabataan, and payment of annual dues for the Pederasyon ng mga Sangguniang Kabataan as may be provided in the SK's Internal Rules of Procedures, shall be charged against the SK funds, subject to the applicable budgeting, accounting, and auditing laws, rules and regulations.

In accordance with Article 423 of the Implementing Rules and Regulations of the Local Government Code of 1991 (RA No. 7160), the SK fund shall not be used for the payment of personal services expenditures.

Moreover, the conduct of study tours or "*lakbay aral*" of the SK officials, chargeable against the SK fund, shall be subject to the policies and guidelines prescribed under DILG-DBM JMC No. 02 dated September 23, 2016.³

² The SK shall implement a program to transfer the knowledge learned from the mandatory and continuing and other training programs by the SK officials to the members of the Katipunan ng Kabataan. The transfer of knowledge program may include dialogues, forum, lectures, classes and other means of transferring knowledge. These shall be mandatorily included in the CBYDP and ABYIP (Rule V, Section 30 [h] of the IRR of RA No. 10742)

³ Policies and Guidelines on Study Tours or "Lakbay Aral" Activities of Local Government Units

3.3.2.4 The budget cycle of the SK shall be synchronized with that of the barangay. As such, the SK chairperson shall submit the proposed SK annual budget to the SK members not later than the 16th day of October of the current year for budget authorization purposes. A sample of the SK annual budget is hereto attached as Annex A.

3.3.3 Budget Authorization by the SK

3.3.3.1 The SK shall deliberate on the proposed SK annual/supplemental budget. The SK shall pass a resolution approving the SK annual/supplemental budget. For the annual budget, the resolution shall be passed before the beginning of the ensuing year. The resolution passed by the SK shall be signed by the SK chairperson upon approval by the majority of all its members.

3.3.3.2 As a general rule, all budgetary items shall be included and considered in the preparation of the annual budget. However, if funds allow, changes in the annual budget may be done through supplemental budget(s) under the following circumstances:

3.3.3.2.1 When supported by funds actually available as certified by the SK treasurer; and

3.3.3.2.2 If covered by new revenue source(s).

Provided, that the programs, projects, and activities to be funded under the supplemental budget should be consistent with the ABYIP of the SK.

3.3.3.3 The SK secretary shall cause the posting of the resolution approving the SK annual/supplemental budget in the barangay bulletin board and in at least three (3) conspicuous places within the jurisdiction of the barangay, and if possible including the use of traditional and non-traditional media, not later than five (5) days after the approval thereof.

3.3.3.4 The SK secretary shall submit the SK annual/supplemental budget to the sangguniang panlungsod or sangguniang bayan, through the city/municipal budget officer, within ten (10) days upon the approval thereof.

3.3.4 Budget Review by the Sangguniang Panlungsod or Sangguniang Bayan

3.3.4.1 The sangguniang panlungsod or sangguniang bayan, as the case may be, shall within sixty (60) days upon receipt review the annual/supplemental budget of the SK on their compliance with the priority programs, projects and activities identified under Section 20 (c) of RA No. 10742, and with other existing laws, rules and regulations.

- 3.3.4.2 Depending on its findings, the sangguniang panlungsod or sangguniang bayan may render the following review actions:
- 3.3.4.2.1 The SK annual/supplemental budget may be declared operative in its entirety when it fully complies with the priority programs, projects, and activities identified under Section 20 (c) of RA No. 10742, and with other existing laws, rules and regulations.
 - 3.3.4.2.2 The SK annual/supplemental budget may be declared operative in its entirety, subject to conditions, when certain items of appropriation require prior clearance/documentation and/or approval from appropriate authorities.
 - 3.3.4.2.3 The SK annual/supplemental budget may be declared inoperative in its entirety, when: (i) the expenditure program exceeds the estimates of income; (ii) all the programs, projects, and activities are not based on the ABYIP or inconsistent with the priority programs, projects, and activities under Section 20 (c) of RA No. 10742; and (iii) the resolution approving the SK annual/supplemental budget is passed before the approval of the ABYIP.
 - 3.3.4.2.4 The SK annual/supplemental budget may be declared inoperative in part, when: (i) there is/are item(s) of appropriation contrary to budgetary limitations, such as, but not limited to, inclusion of personal services expenditures; (ii) there is/are item(s) of appropriation that has/have no legal basis; (iii) there are programs, projects, and activities not based on the approved ABYIP; (iv) there are other programs, projects, and activities included before providing for all the priority programs, projects, and activities under Section 20 (c) of RA No. 10742; and (v) when the amount provided for a specific program, project, and activity is higher than the amount provided in the ABYIP for the same program, project, and activity.
- 3.3.4.3 Failure on the part of the sangguniang panlungsod or sangguniang bayan to complete the review within the prescribed period shall render the said annual/supplemental budget deemed approved.
- 3.3.4.4 The sangguniang panlungsod or sangguniang bayan shall return to the SK chairperson, through the city/municipal budget officer, the SK annual/supplemental budget with the advice of action thereon, if any, for proper adjustments. Upon receipt of such advice, the SK treasurer who has custody of the funds shall not make further disbursements from any item of appropriation declared inoperative, disallowed, or reduced.

3.3.5 Budget Execution by the SK

- 3.3.5.1 The SK treasurer, whenever necessary, shall certify the availability of funds.
- 3.3.5.2 All payments out of the SK fund shall be made through Disbursement Vouchers.
- 3.3.5.3 Disbursements shall be made by issuing checks drawn against the current account in the name of the SK with the SK chairperson and SK treasurer as the official signatories.
- 3.3.5.4 All claims against the SK funds shall be properly supported with complete documentation.
- 3.3.5.5 In accordance with Section 101 of Presidential Decree No. 1445⁴ and Section 50, Chapter 9, Subtitle B, Book V of Executive Order No. 292⁵, the SK chairperson and SK treasurer shall be properly bonded, chargeable against the SK funds, subject to the pertinent guidelines and policies issued by the Bureau of the Treasury.
- 3.3.5.6 Unexpended balances in the SK budget(s) shall revert to the general fund of the SK at the end of the fiscal year, and shall not thereafter be available for expenditure except by subsequent approval of the SK. However, unexpended balances for capital outlays shall continue and remain valid until fully spent, reverted, or the project is completed. Reversions of such balances shall not be allowed unless obligations therefor have been fully paid or otherwise settled.

The balances for capital outlays shall be reviewed as part of the annual budget preparation and the SK may approve, upon recommendation of the SK chairman, the reversion of funds no longer needed in connection with the activities funded by said balances.

3.3.6 Budget Accountability by the SK

The SK chairperson, with the assistance of the SK treasurer and SK secretary, shall prepare the budget accountability reports as may be prescribed by the COA.

4.0 TRANSITORY PROVISION

All undisbursed SK funds as of December 31, 2018 under the custody of the barangay shall be transferred to the current account of the SK. The utilization thereof shall be subject to subsequent planning and budgeting by the SK, in accordance with the policies and procedures prescribed under this JMC.

⁴ Government Auditing Code of the Philippines

⁵ The Administrative Code of 1987

5.0 RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the utilization and disbursement of SK funds shall rest upon the SK officials concerned. It is also the responsibility of the said SK officials to ensure that the SK funds are utilized strictly in accordance with applicable budgeting, accounting, and auditing rules and regulations, and the provisions of the Government Procurement Reform Act (RA No. 9184) and other pertinent laws.

6.0 REPEALING CLAUSE

All issuances by the DBM, DILG and NYC that are inconsistent or contrary to the provisions of this JMC are hereby repealed and modified accordingly. Subsequent issuances by any of the agencies in relation to SK planning and budgeting shall be made in accordance with this JMC.

7.0 CASES FOR RESOLUTION

Cases not covered by this JMC shall be referred to the NYC for joint resolution by the DBM, NYC and DILG.

8.0 EFFECTIVITY

This JMC shall take effect fifteen (15) days following its publication in the Official Gazette or in a newspaper of general circulation.


BENJAMIN E. DIOKNO
Secretary, DBM




EDUARDO M. AÑO
Secretary, DILG




RONALD GIAN CARLO L. CARDEMA
Chairperson, NYC

Object of Expenditure	Account Code	Budget Year Expenditures (Proposed)	Expected Results (desired objective)	Performance Indicators (means of measurement)
Part I. Receipts Program				
Ten percent (10%) of the general fund of the barangay		1,000,000		
Receipts from fund raising activities		500,000		
TOTAL ESTIMATED FUNDS AVAILABLE FOR APPROPRIATION		1,500,000		
Part II. Expenditure Program				
GENERAL ADMINISTRATION PROGRAM: CURRENT OPERATING EXPENDITURES				
Maintenance and Other Operating Expenses (MOOE)				
Traveling Expenses		50,000		
Training Expenses		60,000		
Office Supplies Expenses		20,000		
Drugs and Medicines Expenses		5,000		
Fuel, Oil and Lubricant Expenses		15,000		
Other Supplies and Material Expenses		5,000		
Water Expenses		5,000		
Electricity Expenses		20,000		
Postage and Courier Services		10,000		
Telephone Expenses		15,000		
Internet Subscription Expenses		10,000		
Repairs and Maintenance				
Buildings and Other Structures		30,000		
Machinery and Equipment		10,000		
Transportation Equipment		15,000		
Current Operating Expenditures				
Advertising Expenses		10,000		
Transportation and Delivery Expenses		5,000		
Rent/Lease Expenses		60,000		
Membership Dues and Contributions to Organizations		50,000		
Donations		5,000		
TOTAL MOOE		400,000		
Capital Outlay (CO)				
Land		50,000		
Buildings		50,000		
TOTAL CO		100,000		
TOTAL GENERAL ADMINISTRATION PROGRAM		500,000		

Object of Expenditure	Account Code	Budget Year Expenditures (Proposed)	Expected Results (desired objective)	Performance Indicators (means of measurement)
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SK YOUTH DEVELOPMENT AND EMPOWERMENT PROGRAMS

a. Equitable access to quality education			Increased number of youth	Percentage increase in number of
MOOE		150,000	enrollees in schools / Decreased	youth enrollees in schools /
Subsidy		100,000	number of out-of-school youth	Percentage decrease in the number
School Supplies		50,000	(OSY)	of OSYs
Total		150,000		
b. Environmental protection			Increased number of youth	Percentage increase in number of
MOOE		25,000	organizations participating in	youth organizations participating in
Tree seeds		25,000	environmental protection	environmental protection campaigns
CO		50,000	campaigns	
Total		75,000		
c. Climate change adaptation			Increased number of youth	Number of climate change
MOOE		50,000	organizations implementing climate	adaptation activities conducted
Supplies and Materials		50,000	change adaptation activities	
CO		100,000		
Total		150,000		
d. Disaster risk reduction and resiliency			Increased number of youth	Number of disaster drills/seminars
MOOE		150,000	organizations participating in the	conducted
Supplies and Materials		150,000	activities of the Local Disaster Risk	
CO		100,000	Reduction and Management	
Total		250,000	Councils (LDRMMCs)	
e. Youth employment and livelihood			Increased number of employed	Percentage increase in number of
MOOE		100,000	youth	employed youth
Supplies and Materials		100,000		
Total		100,000		
f. Health and anti-drug abuse			Decreased number of teenage	Number of interventions conducted,
MOOE		50,000	pregnancies, youth with Human	such as seminars on HIV/AIDS
			Immunodeficiency Virus	awareness, reproductive health, etc.
			(HIV)/Acute Immune Deficiency	
			Syndrome (AIDS)	
			Decreased number of drug	Number of drug prevention
Supplies and Materials		50,000	dependent youth and youth who	education information campaign
Total		50,000	ever tried using illegal drugs	conducted

Object of Expenditure	Account Code	Budget Year Expenditures (Proposed)	Expected Results (desired objective)	Performance Indicators (means of measurement)
g. Gender sensitivity MOOE Supplies and Materials		30,000 30,000	Improved gender equality in youth participation activities	Number of gender-responsive activities conducted
Total		30,000		
h. Sports development MOOE Supplies and Materials Food supplies Officiating fees		50,000 30,000 10,000 10,000	Healthier and more active youth	Number of sports activities conducted
CO		25,000		
Total		75,000		
i. Capability Building MOOE Supplies and Materials		120,000 120,000	Better capacitated youth	Number of capability building activities conducted such as dialogues, for a, lectures, classes
Total		120,000		
Total for Youth Development and Empowerment Programs		1,000,000		
TOTAL EXPENDITURE PROGRAM		1,500,000		
ENDING BALANCE		0		