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AMENDING THE GUIDELINES ON CHANGE OR TRANSFER OF DEPOSITORY BANK/BANK BRANCH/ CURRENT ACCOUNT FOR INTERNAL REVENUE ALLOTMENT (IRA) OF LOCAL GOVERNMENT UNITS (LGUS)

DBM LOCAL BUDGET CIRCULAR NO. 77, December 02, 2003

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1.0 PURPOSE

1.1 To amend the provisions of Local Budget Memorandum (LBM) Nos. 2001-35 and 2002-38 dated February 27, 2001 and April 5, 2002, respectively, relative to the change or transfer of depository bank/bank branch if local government units (LGUs) for internal Revenue Allotment (IRA).

2.0 GUIDELINES

2.1 Requests of LGUs for change or transfer of depository bank/bank branch/current account for IRA purposes shall be directly submitted to the Department of Budget and Management - Regional Offices (DBMROs) concerned for final action.

2.1.1 Request for such change/transfer made by a bank branch or any other party instead of the LGU concerned, shall not be considered.

2.2 LGUs shall only be allowed such change/transfer under the following conditions:

2.2.1

the change/transfer is duly authorized by the local sanggunian;

2.2.2

LGUs which have outstanding contractual obligations with their present depository banks, shall not request for transfer of their account to another bank unless the LGU concerned gets prior clearance from its present depository bank;

2.2.3

The transfer of depository bank shall be limited to authorized government servicing banks (GSBs) under the Modified Disbursement Scheme (MDS) such as, the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and Philippine Veterans Bank (PVB).

2.3 Request for transfer of IRA depository accounts to the Philippine National Bank (PNB) shall no longer be considered. However, LGUs shall be allowed to transfer, on their own, local funds from LBP, DBP and PVB as the case may be to PNB to comply with the loan arrangements with the said bank, provided that the same is

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supported by a duly approved sanggunian resolution.

2.4 Requests of LGUs for change or transfer of depository bank/bank branch/current account shall be supported with the following documents:

2.4.1

A certified true copy of the sanggunian resolution authorizing the LGU to change or transfer its IRA depository bank/bank branch/current account;

2.4.2

Name of new servicing bank, location and bank account number; and

2.4.3

Clearance from present depository bank branch allowing the transfer, in case the LGU has an outstanding loan/contractual obligation with the said bank.

2.5 Change of depository bank shall be approved and implemented only at the beginning of each calendar year.

2.6 Transfer of IRA depository account from one bank branch to another branch of a particular GSB and change of current account within the same depository bank shall be approved on a quarterly basis.

2.7 To give DBMROs sufficient time for evaluation/processing and for effecting changes in their respective IRA database, the LGUs are enjoined to observe the following deadlines in the submission of their requests to DBMROs concerned:

Particulars

Deadline for submission by LGUs

Effectivity of Approval

For change or transfer of depository bank/bank branch in the ensuing calendar year

On or before December 7 of the current year

Beginning of following year

For the transfer to another bank branch of the same GSB change of current account quarter within the same bank branch for the ensuing quarter

On or before the 7th day of the last month of the current

Beginning of the following

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2.8 LGUs are advised not to close their existing current account until such time that the LGU concerned has received the approval of the DBMRO on the proposed transfer/change.

3.0 RESPONSIBILITY OF LOCAL CHIEF EXECUTIVES

The Provincial Governors, City and Municipal Mayors and Punong Barangay concerned shall be held personally liable for any change or transfer of depository bank/bank branch/current accounts, which is not in accordance with this Circular.

4.0 REPEALING CLAUSE

All provisions of existing issuances inconsistent with this Circular including LBM Nos. 35 and 38, are hereby rescinded/repealed and/or modified accordingly.

5.0 EFFECTIVITY

This Circular shall take effect immediately.

Adopted: 2 Dec. 2003

(SGD.) EMILIA T. BONCODIN
Secretary

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