



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM
ELLIPTICAL ROAD, DILIMAN, QUEZON CITY • TELS. 928-7031 TO 39

MEMORANDUM CIRCULAR No. 28
Series of 1997

SUBJECT: GUIDELINES IN THE DISPOSITION OF SETTLERS' ACCOUNTS

I. PREFATORY STATEMENT

The Settlement Management Committee (SMC) and the Settlement Development and Coordinating Unit (SDCU) were created under Special Order No. 492, series of 1997, to complement land distribution efforts in the DAR-administered settlements and to assure their development into viable agrarian reform communities. The SDCU is specifically tasked to consolidate, establish and maintain a database for settlements with respect to land distribution, support services, settlers' accounts and farm implements and machinery.

In the course of data gathering it was noted that the records of the settlers' accounts are not updated and some have either been lost or destroyed. Majority of the settler-recipients themselves could not be reached anymore and actual occupants of lots could not be held accountable for these accounts. Hence, the disposition and writing-off of these accounts from the Department's books is deemed practical and hereby considered.

The following guidelines are hereby prescribed and issued in order to govern the mechanics on the writing-off and/or disposition of these accounts.

II. DEFINITION OF TERMS

1. Settlers' Accounts - refers to the amount of loan assistance extended to approved settlers in a settlement project.
2. Kinds of Loan:
 - Transportation - amount paid by the Department for bus and boat fares to moved-in settler-families and their belongings from point of origin to settlement of destination.



"Tulong-tulong sa pagsulong"



- Subsistence Ration - amount of subsistence items or supplies received by moved-in and self-propelled settler-families for the first twelve- (12) months of their stay in the settlement.
- House & Housing Materials - costs of construction of the settlers' house or cost of housing materials received by the settler.
- Work animal - cost of one (1) head work animal provided to an approved settler.
- Farm Equipment - cost of plow, harrow, bolo, ax, pick mattock, shovel, garden hoe and other hand tools received by an approved settler.
- Farm Input - cost of seeds, seedlings and other planting materials, fertilizer, soil conditioner, insecticides, pesticides etc. received by an approved settler.
- Medical & Dental Assistance - cost of medicine, hospitalization, laboratory fees, etc. bought or paid for by DAR in the treatment of an approved settler or his registered dependents. These excludes clinical and farm aid medicines when medical treatment is done at the DAR clinic.
- Land Preparation - cost of removing tree stumps and others covering 25% of the area (farm lot) allocated to the approved settler.

3. Classification of Settlers

- Moved-in Settler - one who has been identified, whose application has been processed and screened as a duly approved settler transported to the settlement area of preference at government expense.
- Self-propelled Settler - one who opted and decided to transfer to the settlement project at his own expense. Usually the self-propelled settler had a relative in the settlement project with which he temporarily sought shelter and assistance.
- Local Settler - one who is a resident of the settlement project or within its surrounding area and whose application for settlement (ASA) has been approved by DAR.
- Pioneer Settler - one who has been residing and cultivating a land within the resettlement/reservation prior to its proclamation as a settlement reservation under DAR.
- Balik-Kapatid - a former rebel, as certified by the military authorities, who has taken the oath of loyalty and pledged allegiance and support to the government and the duly constituted authorities, and opted to become a settler.

III. GENERAL POLICIES

1. Lots intended for public use within DAR-administered Settlements and which are to be turned-over to Local Government Units (LGUs) and National Government Agencies (NGAs) concerned shall be governed by Memorandum Circular No. 26, series of 1995. The guidelines cover lots (including improvements introduced by DAR) in DAR landed estates and settlement projects intended for government center and school sites, park, cemetery sites, nursery or demonstration farms, plaza sites, irrigation canals and other lots for public use.

Turnover of the aforementioned lots shall be done through the execution of a Deed of Transfer (DOT) or Memorandum of Agreement (MOA). Thereafter, the corresponding account for the development of the lots covered by the aforementioned Memo Circular shall then be written-off from the Department's books of accounts.

2. Heavy Equipment and Farm machinery, such as Graders, Tractors, Bulldozers, Dump Trucks, etc., under the account of the settlement and deemed unserviceable for any cause or beyond economical repair, shall be disposed of. All existing Accounting and Auditing rules and regulations shall govern the disposal and the existing Disposal Committee of the Department shall facilitate these.
3. Direct Assistance was provided to the approved settlers by the Department in the form of transportation, work animals, house or housing materials, farm inputs and implements, etc. These were the package of material aids in kind extended to them to help them out during their early life in the settlement projects, accelerate the development of their farm and home lots and allow them to sustain a decent living until they are self-sufficient and economically stable. These were considered as loans and were charged to their individual accounts without interests. The loans were to be amortized over a period of ten (10) years, payable annually beginning at the end of the third year of the settler's stay in the area. The following mechanics were formulated as basis for the writing-off existing and valid financial accounts payable to the Department's books of accounts.

IV. MECHANICS:

1. An Inventory Team shall be formed and organized at all concerned DAR-Provincial Offices. The teams shall be under the supervision of a

Central Office Management Team headed by the CARPO of the Management Division, who shall report to the Settlement Management Committee. The Settlement Development and Coordinating Unit (SDCU) shall provide technical support.

2. The Central Office Management Team shall be tasked to:
 - Provide over-all management and direction to the Provincial Inventory Teams.
 - Establish linkage/coordination with the COA Central to facilitate requests for the writing-off of Settlers' Accounts.
 - Monitor and coordinate all activities of the Provincial Inventory Teams
 - Maintain a masterlist of all inventories made by the Provincial teams.

3. The Provincial Inventory Team shall be composed of the following:
 - CARPO-Admin. (Team Leader)
 - Property Custodian
 - Representative from Accounting
 - Representative from the LGU/ Barangay Captain
 - Concerned MARO/ or his/her designated staff

Concerned Provincial Agrarian Reform Officers are to provide full support to the Provincial Inventory Teams. Likewise, the designated point person for SDCU, from the Provincial BDCD, shall coordinate and monitor the activities of the Provincial Inventory Team.

4. The functions of the Provincial Inventory Team are as follows:
 - Conduct a complete physical inventory of all equipment and fixed assets within the settlement to determine their value, actual existence, condition and correctness of property and accounting records, together with an inventory of lots and settlers, farm equipment distributed to the settlers.
 - Conduct an inventory of all types of assistance (loans) extended to the settler in the concerned settlements, and prepare a masterlist of these settler-recipients and reconcile these with the total amount/loans receivable.
 - Validate the status of the settlers' accounts, recommend those which are to be written-off /condoned and those which are to be pursued for collection.

- Prepare request for the relief of Settlers' Accounts together with all necessary documents/ proofs or evidences to justify said requests.
5. Requests for relief of Settlers' Accounts shall be submitted to the local/Resident COA, who shall then endorse the request to COA Central. Requests are to be made accordingly;
 - For accounts below P10,000.00, request shall be to the Commission on Audit
 - For accounts above P10,000.00 but below P100,000.00, through the COA to the President.
 - For accounts above P 100,000.00, through the COA and the President to the Congress.
 6. For farm equipment distributed to the settlers/beneficiaries, the Inventory Team could recommend to COA the writing-off of the accounts from the books of the office for relief of accountability of the offices/persons, as well as the settlers involved, based on the following:
 - In case of located/found equipment but the settlers/FBs are missing; and
 - In case of both settlers and equipment missing.
 7. The documents required as proof or evidences to justify requests for the relief of Settlers' accounts shall establish and support the following conditions: (as stipulated in the Commission on Audit (COA) Resolution No. 80-122, dated 23 April 1980)
 - Death of the respondent settler;
 - Unknown whereabouts of the respondent settler, and that he could not be located despite extra-diligent efforts to find him;
 - Incapacity to pay or insolvency of the respondent settler;
 - The account has remained unpaid and outstanding for more than 10 years despite diligent efforts to collect the loan by the accountable office.
 8. The Central Management Team shall be furnished a copy of all requests made by the Provincial Inventory Team addressed to COA.

V. DISPOSAL/DIVESTMENT OF HEAVY EQUIPMENT/ FARM MACHINERIES UNDER THE ACCOUNT OF THE SETTLEMENT:

1. The authority or full responsibility for the divestment of and disposal of heavy equipment and farm machinery under the account of the


settlement is lodged with the head of the Department. (COA Circular 89-296, 27 Jan. 1989)

2. Based on the inventory of Heavy equipment and Farm Machinery under the accounts of the Settlements, an ocular inspection shall be conducted by a team composed of representatives from COA, DAR- Engineering and Management Divisions. Equipment and machinery deemed unserviceable for any cause and beyond economic repair shall be recommended for disposition by the team to the existing Disposal Committee of the Department, and these shall be subsequently dropped from the Department's Books of accounts. The mode of disposal shall be in accordance with Accounting and Auditing Rules and Regulations and the existing Disposal Committee shall facilitate the disposition of said properties.
3. Mode of disposal /divestment shall be through the following manner;
 - Public Auction
 - Sale through Negotiation
 - Barter
 - Transfer to other government agencies
 - Destruction or condemnation
4. The provisions under the Government Auditing and Accounting Manual (Sec. 503- 508) shall govern disposal
5. This activity shall be monitored and coordinated by the Settlement Development and Coordinating Committee.

VI. EFFECTIVITY

This Memorandum Circular shall take effect immediately and all orders, circulars, memoranda and rules and regulations or portion thereof inconsistent herewith are hereby revoked or modified accordingly.

August 25 1997, Diliman, Quezon City


ERNESTO D. GARILAO
Secretary 