Republic of the Philippines
DEPARTMENT OF BUDGET AND MANAGEMENT

BARANGAY BUDGETING MANUAL

2026 EDITION

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

LOCAL BUDGET CIRCULAR No. 170
Date: May 4, 2026

To : Local Chief Executives, Members of the Local Sanggunian, Local Budget Officers, Local Treasurers, Local Planning and Development Coordinators, Local Accountants, and All Others Concerned

Subject : **BARANGAY BUDGETING MANUAL, 2026 EDITION**

1.0 BACKGROUND

1.1 Pursuant to Section 354 of the Local Government Code of 1991 (Republic Act No. 7160) and Article 426 of its Implementing Rules and Regulations, the Department of Budget and Management (DBM) shall promulgate a Budget Operations Manual (BOM) for Local Government Units (LGUs) to improve and systematize the methods, techniques, and procedures employed in budget preparation, authorization, execution, and accountability, as well as extend technical assistance in local government budgeting.

1.2 In fulfillment of this mandate, the DBM issued the 2023 Edition of the BOM for LGUs, which updated the 2016 Edition. However, the updated BOM for LGUs focuses exclusively on provinces, cities, and municipalities, and does not cover barangay-level budget operations.

1.3 To address this gap and in recognition of the need to institutionalize fiscal reforms at the barangay level, the DBM spearheaded the development of the Barangay Budgeting Manual, 2026 Edition.

2.0 PURPOSE

This Circular is being issued to prescribe the institutionalization of the Barangay Budgeting Manual, 2026 Edition as a guide for all barangays in local government budgeting.

3.0 THE BARANGAY BUDGETING MANUAL, 2026 EDITION

3.1 The Barangay Budgeting Manual, 2026 Edition, provides for the enhanced framework and approaches to local budgeting which shall enjoin all barangays to be more responsible and accountable for the funds entrusted to them and direct their financial resources according to their thrust and mandates.

3.2 Specifically, the Barangay Budgeting Manual, 2026 Edition, contains the following enhancements and new features:

3.2.1 Discussion on the fundamental principles governing local taxation and taxing powers of Barangays, and fundamental principles in local government budgeting;

3.2.2 Introduction of an enhanced framework for strengthening policy-based budgeting by specifying how to harmonize the linkage among policy-making, planning, and budgeting;

3.2.3 Streamlining and updating of the Barangay budget forms;

3.2.4 Introduction of the Internal Control System, which Barangays may adopt to instill fiscal discipline and ensure efficient and timely delivery of public service; and

3.2.5 Integration of other developments concerning local budget operations, in view of the enactment of new laws and issuance of updated/new policies and guidelines.

4.0 ROLL-OUT ACTIVITIES

Training on the Barangay Budgeting Manual, 2026 Edition, shall be conducted by the DBM Regional Offices in coordination with the Local Government and Regional Coordination Bureau.

5.0 ITEMS FOR RESOLUTION

Interpretation of the provisions of this Circular and the Barangay Budgeting Manual, 2026 Edition, including relevant items not covered therein, shall be referred to the DBM for resolution.

6.0 SEPARABILITY CLAUSE

If any provision of this Circular and the Barangay Budgeting Manual, 2026 Edition, is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

7.0 REPEALING CLAUSE

This Circular and the Barangay Budgeting Manual, 2026 Edition, supersedes Budget Operations Manual for Barangays, 2006 Edition.

8.0 EFFECTIVITY

The Barangay Budgeting Manual, 2026 Edition, shall take effect in FY 2026.

ROLANDO U. TOLEDO
Acting Secretary

Message from the Secretary

Unity amid diversity remains a guiding principle of the administration of President Ferdinand R. Marcos Jr., reflecting a whole-of-nation approach to economic transformation and sustainable local development.

In pursuing this shared vision, local governments—particularly barangays as the frontliners of good governance—play a vital role. Sound budget management is essential to transforming development priorities into concrete actions that genuinely address the needs of the community.

In this context, we present the Barangay Budgeting Manual. This Manual is specifically designed to strengthen Public Financial Management (PFM) systems in Barangays by integrating planning and budgeting processes. Effective PFM ensures that limited resources are strategically directed toward high-impact programs, projects, and activities that advance inclusive growth and local development.

We trust that this Manual will serve as both practical and empowering guide for barangays as they carry their mandates, implement development plans, and deliver quality public services—particularly in the context of increased fiscal responsibilities arising from the Mandanas–Garcia ruling.

As the Department of Budget and Management continues to advance budgetary reforms and promote efficient PFM, we reaffirm our steadfast commitment to supporting local governments as our partners in governance.

Together, let us work toward a more responsive, accountable, and efficient bureaucracy, aligned with the goals of the Philippine Development Plan and the Agenda for Prosperity.

ROLANDO U. TOLEDO
Acting Secretary

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Foreword

Pursuant to Section 354 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, which mandates the Department of Budget and Management (DBM) to promulgate a Budget Operations Manual to improve and systematize local budgeting processes, the DBM hereby issues the Barangay Budgeting Manual (BBM).

The BBM is an updated and enhanced guide designed specifically for Barangays, the most basic political units in the country. It seeks to strengthen the foundations of a responsive, transparent, and accountable public financial management (PFM) at the grassroots level by providing practical guidance, tools, and templates that promote sound fiscal governance and informed decision-making.

The issuance of this Manual is timely and critical in light of the Supreme Court's Mandanas-Garcia ruling and the significant increase in the share of Local Government Units (LGUs), including Barangays, in the National Tax Allotment. In this context, the BBM serves as a vital instrument to ensure the efficient, equitable, and results-oriented utilization of local public funds.

This manual strengthens linkages among policy formulation, development planning, budgeting, and procurement, and advances the adoption of policy-based and performance-informed budgeting approaches. It likewise introduces the Cash Budgeting System, consistent with Executive Order No. 91, s. 2019, to promote fiscal discipline and improve implementation readiness at the Barangay level.

The BBM also promotes inclusive and participatory budgeting by encouraging the meaningful engagement of civil society organizations and community stakeholders throughout the budget cycle. These are all in line with Executive Order No. 31, s. 2023, which institutionalizes the Philippine Open Government Partnership (PH-OGP) and integrates its principles into our governance systems.

As a capacity-building and reform-oriented reference, the BBM contributes to the realization of the Philippine Development Plan and the broader objectives of fiscal decentralization and people-centered governance. Through its adoption, Barangays are better positioned to strengthen accountability, enhance service delivery, and foster sustainable community development.

PART I. THE BUDGETING FRAMEWORK FOR BARANGAYS

Local fiscal administration is governed by Book II – Local Taxation and Fiscal Matters of the Local Government Code of 1991 (LGC), Republic Act (RA) No. 7160, which outlines the fundamental principles of local taxation and budgeting, forming the foundation of the local government unit (LGU) budgeting framework. The following key elements define this framework:

- Promotion of participatory governance by involving civil society organizations (CSOs)/non-governmental organizations (NGOs) to enhance accountability and transparency;

- Inclusion of procurement planning in budget preparation to improve budget reliability through early costing and implementation scheduling;

- Elaboration of Performance-Informed Budgeting (PIB), focusing on monitoring and evaluating performance against planned indicators; and

- Introduction of Cash Budgeting System (CBS) to enforce fiscal discipline by restricting contractual commitments to projects implementable within the fiscal year.

Fundamental Principles on Local Taxation and Taxing Powers of Barangays

Taxation and other revenue-raising powers of LGUs are governed by the following fundamental principles as embodied under Section 130 of the LGC, to wit:

"SECTION 130. Fundamental Principles. - The following fundamental principles shall govern the exercise of the taxing and other revenue-raising powers of local government units:

(a) Taxation shall be uniform in each local government unit;

(b) Taxes, fees, charges and other impositions shall:

(1) be equitable and based as far as practicable on the taxpayer's ability to pay;
(2) be levied and collected only for public purposes;
(3) not be unjust, excessive, oppressive, or confiscatory;
(4) not be contrary to law, public policy, national economic policy, or in the restraint of trade;

(c) The collection of local taxes, fees, charges and other impositions shall in no case be let to any private person;

(d)	The revenue collected pursuant to the provisions of this Code shall inure solely to the benefit of, and be subject to the disposition by, the local government unit levying the tax, fee, charge or other imposition unless otherwise specifically provided herein; and
(e)	Each local government unit shall, as far as practicable, evolve a progressive system of taxation."

Particularly, under Section 152 of the LGC, the barangays may levy taxes, fees, and charges, which shall exclusively accrue to them:

a. Taxes - On stores or retailers with fixed business establishments with gross sales of receipts of the preceding calendar year of Fifty thousand pesos (P50,000.00) or less, in the case of cities and Thirty thousand pesos (P30,000.00) or less, in the case of municipalities, at a rate not exceeding one percent (1%) on such gross sales or receipts;

b. Service Fees or Charges - Barangays may collect reasonable fees or charges for services rendered in connection with the regulations or the use of barangay-owned properties or service facilities, such as palay, copra, or tobacco dryers;

c. Barangay Clearance - No city or municipality may issue any license or permit for any business or activity unless a clearance is first obtained from the barangay where such business or activity is located or conducted. For such clearance, the sangguniang barangay may impose a reasonable fee. The application for clearance shall be acted upon within seven (7) working days from the filing thereof. In the event that the clearance is not issued within the said period, the city or municipality may issue the said license or permit; and

d. Other fees and Charges - The barangay may levy reasonable fees and charges:

   i. On commercial breeding of fighting cocks, cockfights and cockpits;

   ii. On places of recreation which charge admission fees; and

   iii. On billboards, signboards, neon signs, and outdoor advertisements.

Under Article V of the LGC, the barangays may impose and collect the following fees and charges classified as common revenue-raising powers of LGUs:

a. Service Fees and Charges – for services rendered (Section 153 of the LGC);

b. Public Utility Charges – for the operation of public utilities owned, operated and maintained by the barangays within their jurisdiction (Section 154 of the LGC);

c. Toll Fees or Charges – toll fees or charges for the use of any public road, pier, or wharf, waterway, bridge, ferry or telecommunication system funded and constructed by the barangay: Provided, that no such toll fees or charges shall be collected from officers and enlisted men of the Armed Forces of the Philippines and members of the Philippine National Police on mission, post office personnel delivering mail, physically-handicapped, disabled citizens (differently abled) and who are sixty-five (65) years or older (senior citizens); and

   When public safety and welfare so requires, the sanggunian concerned may discontinue the collection of the tolls, and thereafter the said facility shall be free and open for public use (Section 155 of the LGC).

In addition, barangays may have a share in community taxes collected by deputized barangay treasurers. Under Section 156 of the LGC, cities or municipalities may levy a community tax in accordance with the LGC. In turn, Section 164 (b) and (c) of the same law provides that the city or municipal treasurer shall deputize the barangay treasurer to collect the community tax in their respective jurisdictions: Provided, however, that said barangay treasurer shall be bonded in accordance with existing laws. The proceeds of the community tax collected through the barangay treasurers shall be apportioned as follows:

(1) Fifty percent (50%) shall accrue to the general fund of the city or municipality concerned; and
(2) Fifty percent (50%) shall accrue to the barangay where the tax is collected.

Furthermore, barangays, through the Sangguniang Barangay, may prescribe fines and penalties for violation of tax ordinances for not less than one hundred pesos (P100.00) nor more than one thousand pesos (P1,000.00) (Section 516 of the LGC).

Table 1 presents the taxing powers and other revenue-raising powers of barangays based on the LGC.

Table 1. Taxing and Other Revenue-Raising Powers of Barangays

TAXES/FEES/CHARGES	LEGAL BASES (LGC)
1. Business Tax	Section 152 (a)
2. Barangay Clearance	Section 152 (c)
3. Fees on commercial breeding of fighting cocks, cockfighting and cockpit	Section 152 (d) (1)
4. Fees on places of recreation which charge admission fees	Section 152 (d) (2)
5. Fees on billboards, signboards, neon signs, and outdoor advertisements	Section 152 (d) (3)
6. Other service fees and charges	Section 153
7. Public utility charges	Section 154
8. Toll fees and charges	Section 155
9. Community Tax	Sections 156 and 164
10. Real Property Tax	Sections 232 and 271
11. Fines and other penalties for violation of tax ordinances	Section 516

Local Taxing Authority

It must be noted that under Section 132 of the LGC, the power to impose a tax, fee, or charge or to generate revenue shall be exercised by the sanggunian of the LGU concerned through an appropriate ordinance.

Limitations on the Taxing Powers of Barangays

Pursuant to Section 133 of the LGC, the exercise of the taxing powers of provinces, cities, municipalities, and barangays shall not extend to the levy of the following, unless otherwise provided in the LGC:

a. Income tax, except when levied on banks and other financial institutions;

b. Documentary stamp tax;

c. Taxes on estates, inheritance, gifts, legacies and other acquisitions *mortis causa*, except as otherwise provided herein;

d. Customs duties, registration fees of vessel and wharfage on wharves, tonnage dues, and all other kinds of customs fees, charges and dues except wharfage on wharves constructed and maintained by the LGU concerned;

e. Taxes, fees and charges and other impositions upon goods carried into or out of, or passing through, the territorial jurisdictions of LGUs in the guise of charges for wharfage, tolls for bridges or otherwise, or other taxes, fees or charges in any form whatsoever upon such goods or merchandise;

f. Taxes, fees or charges on agricultural and aquatic products when sold by marginal farmers or fisherfolk;

g. Taxes on business enterprises certified to by the Board of Investments as pioneer or non-pioneer for a period of six (6) and four (4) years, respectively, from the date of registration;

h. Excise taxes on articles enumerated under RA No. 8424 (National Internal Revenue Code) as amended, and taxes, fees or charges on petroleum products;

i. Percentage or value-added tax (VAT) on sales, barters or exchanges or similar transactions on goods or services except as otherwise provided in the LGC;

j. Taxes on the gross receipts of transportation contractors and persons engaged in the transportation of passengers or freight by hire and common carriers by air, land or water, except as provided in the LGC;

k. Taxes on premium paid by way of reinsurance or retrocession;

l. Taxes, fees or charges for the registration of motor vehicle and for the issuance of all kinds of licenses or permits for the driving thereof, except tricycles;

m. Taxes, fees, or charges on Philippine products actually exported, except as otherwise provided in the LGC;

n. Taxes, fees, or charges, on countryside and barangay business enterprises and cooperatives duly registered pursuant to RA No. 6810 (Magna Carta for Countryside and Barangay Business Enterprises *[Kalakalan 20]* and RA No. 6938 (Cooperative Code of the Philippines) as amended by RA No. 9520 (Philippine Cooperative Code of 2008); and

o. Taxes, fees or charges, of any kind on the National Government (NG), its agencies, instrumentalities, and LGUs.

In addition, pursuant to Section 1 of Executive Order (EO) No. 41, s. 2023,[1] Sections 1 and 2, Rule II of its Implementing Rules and Regulations (IRR),[2] all LGUs are prohibited from collecting toll fees and charges upon all motor vehicles **transporting goods or merchandise**, while passing through any **national roads** and such other **roads not constructed and funded by LGUs** pursuant to Section 155 of the LGC. In the interest of public welfare, all LGUs are further strongly urged to suspend or discontinue the collection of fees, such as but not limited to, sticker fees, discharging fees, delivery fees, market fees, toll fees, entry fees, or Mayor's Permit fees, that are imposed upon all **motor vehicles transporting goods** and passing through any **local public roads constructed and funded by said LGUs.**

Fundamental Principles in Local Government Budgeting

The following fundamental principles shall govern the financial affairs, transactions, and operations of barangays as enumerated under Section 305 of the LGC:

	Section 305 of the LGC: **"Fundamental Principles.** - The financial affairs, transactions, and operations of local government units shall be governed by the following:
(a)	No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law;
(b)	Local government funds and monies shall be spent solely for public purposes;
(c)	Local revenue is generated only from sources expressly authorized by law or ordinance, and collection thereof shall at all times be acknowledged properly;
(d)	All monies officially received by a local government officer in any capacity or on any occasion shall be accounted for as local funds, unless otherwise provided by law;
(e)	Trust funds in the local treasury shall not be paid out except in fulfillment of the purpose for which the trust was created or the funds received;
(f)	Every officer of the local government unit whose duties permit or require the possession or custody of local funds shall be properly bonded, and such officer shall be accountable and responsible for said funds and for the safekeeping thereof in conformity with the provisions of law;

[1] Prohibiting the Collection of Pass-Through Fees on National Roads and Urging Local Government Units to Suspend the Collection of Any Form of Fees Upon All Types of Vehicles Transporting Goods Under Section 153 or 155 of Republic Act No. 7160 or the "Local Government Code of 1991"

[2] Sections 1 and 2, Rule II, Pass-Through Fees of DILG-DTI-DOTR-DPWH-ARTA-DOF Joint Administrative Order No. 1, s. 2023

(g)	Local governments shall formulate sound financial plans, and local budgets shall be based on functions, activities, and projects, in terms of expected results;
(h)	Local budget plans and goals shall, as far as practicable, be harmonized with national development plans, goals, and strategies in order to optimize the utilization of resources and to avoid duplication in the use of fiscal and physical resources;
(i)	Local budgets shall operationalize approved local development plans;
(j)	Local government units shall ensure that their respective budgets incorporate the requirements of their component units and provide for equitable allocation of resources among these component units;
(k)	National planning shall be based on local planning to ensure that the needs and aspirations of the people as articulated by the local government units in their respective local development plans are considered in the formulation of budgets of national line agencies or offices;
(l)	Fiscal responsibility shall be shared by all those exercising authority over the financial affairs, transactions, and operations of the local government units; and
(m)	The local government unit shall endeavor to have a balanced budget in each fiscal year of operation."

CHAPTER 1. PARTICIPATORY BUDGETING

Participatory budgeting is an approach wherein citizens, through CSOs/NGOs,[3] are allowed to take part in the process of allocating public resources. It offers citizens the opportunity to contribute in the formulation of options and in making choices that will affect how their government acts. Since participatory budgeting helps promote transparency, it has the potential to reduce government inefficiencies and corruption.[4]

1.1 Legal Bases of Participatory Budgeting

Participatory budgeting is anchored on Section 23, Article II of the 1987 Constitution[5] and operationalized through Sections 3 (l)[6] and 34[7] of the LGC, which encourage the active participation of NGOs as partners in promoting local autonomy.

1.2 Guidelines on Participatory Budgeting

To ensure genuine and meaningful engagement, barangays and CSOs/NGOs shall be guided by the following parameters:

- Allow active participation of people in the planning and budgeting processes to establish and promote transparency and accountability in all transactions related to PFM.

- Encourage involvement of the CSOs/NGOs as members of the Barangay Development Councils (BDCs) in the processes of setting directions and allocating available resources. The purpose is to draw concerned citizens together to participate and give inputs in decision-making related to local plans and budget.

- Apply democratic principles in making decisions that are truly responsive to the needs of the people, especially the marginalized and disadvantaged members of society.

- Translate decisions into the plan and budget as products of broad–based consultation and participation that promote people's collective consensus, commitment, and ownership.
- Enhance participative planning through different means, such as:

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[3] CSOs refer to a non-state and non-profit association that works to improve society and the human condition. Basic types of CSOs include non-governmental organizations, people's organizations, civic organizations, cooperatives, social movements, professional groups, business groups, and people's councils.
[4] Handbook on the Participation of Civil Society Organizations in the Local Budget Process
[5] The State shall encourage non-governmental, community-based, or sectoral organizations that promote the welfare of the nation.
[6] The participation of the private sector in local governance, particularly in the delivery of basic services, shall be encouraged to ensure the viability of local autonomy as an alternative strategy for sustainable development.
[7] Role of People's and Non-governmental Organizations - local government units shall promote the establishment and operation of people's and non-governmental organizations to become active partners in the pursuit of local autonomy.

    - Training workshops – with more activities than lectures;
    - Focus group discussions – to discuss issues at hand;
    - Formal institutions – where inputs are gathered from government instrumentalities, and academic and other learning institutions; and
    - Digital Governance – involving wide use of electronic systems to communicate with constituents, such as social media and other interactive platforms.

- Both barangays and CSOs/NGOs shall also be guided by the following Principles of Engagement, as embodied under Item 4.1 of the Department of Budget and Management (DBM) National Budget Circular No. 536 dated January 31, 2012:[8]

TRANSPARENCY	Provide all parties as well as the general public, timely access to relevant and verified information/data subject to the limits of the law
ACCOUNTABILITY	Abide by the policies, standards, and guidelines of engagement that may be agreed upon, and fulfill commitments
INTEGRITY	Adhere to moral and professional standards in fulfilling commitments
PARTNERSHIP	Cooperate and share responsibilities to ensure that the objectives of the engagement are achieved
CONSULTATION AND MUTUAL EMPOWERMENT	Enhance knowledge sharing and continuing dialogue
RESPECT FOR INTERNAL PROCESSES	Understand and abide by the limitations of the stakeholders with respect to the nature of information to be disclosed and the extent of involvement based on institutional/legally imposed limitations
SUSTAINABILITY	Ensure continuing engagement by instituting progressive policies and operational mechanisms that will promote an environment of mutual trust
NATIONAL INTEREST	Uphold the national welfare above the interest of organizations or individuals

1.3 Benefits of Participatory Budgeting

Barangays are encouraged to allow CSOs/NGOs to participate in the budget process because of the benefits arising from their involvement as outlined below.

[8] Guidelines on Partnership with Civil Society Organizations and Other Stakeholders in the Preparation of Agency Budget Proposals

1. **Helps the barangay maximize the use of resources**

   Service gaps due to fund or resource constraints may be addressed by CSOs/NGOs or the private sector who participate willingly in the execution of public projects.

2. **Reduces delay in the implementation of urgent projects**

   Delays in project implementation which are most often caused by conflicts arising from concerned groups who were not involved in the formulation of the project or activity may be resolved through the active engagement of CSOs/NGOs or the private sector.

3. **Develops trust in government**

   Bringing the government closer to the people enhances partnership and support in all government undertakings.

4. **Ensures continuity and sustainability of plans and budgets**

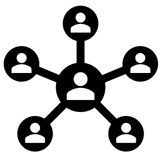
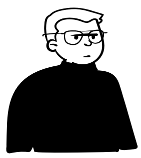
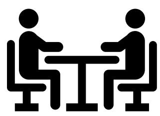
   People who have ownership of the plan are committed to its effective implementation until completion, even when there is a change in leadership.

5. **Ensures the integration and implementation of the approved Barangay Annual Investment Program (BAIP)**

   The vigilance of stakeholders in monitoring the status of approved programs, projects, and activities (PPAs) in all phases of the budget will ensure the successful delivery of goods and services to target clients.

1.4 Membership of CSOs/NGOs to the BDC

The CSOs/NGOs shall be represented in the BDC pursuant to Section 107 (a) of the LGC. The BDC shall be headed by the punong barangay and shall be composed of the following members:

		
Sangguniang Barangay Members	**A representative of the Member of the House of Representatives**	**CSO/NGO Representatives[9]**

[9] Section 107. Composition of Local Development Councils. – The composition of the local development council shall be as follows:
(a) The barangay development council shall be headed by the punong barangay and shall be composed of the following members:
xxx
(2) Representatives of non-governmental organizations operating in the barangay who shall constitute not less than one fourth (¼) of the members of the fully organized council. xxx

1.5 Roles of CSOs/NGOs in the Local Budget Process

CSO refers to a non-state and non-profit association that works to improve society and the human condition. Basic types of CSO include NGO, civic organization, cooperative, social movement, professional group, and business group.[10]

The CSOs/NGOs may be engaged in all phases of the budget process, as provided in the Handbook on the Participation of CSOs in the Local Budget Process, and as outlined in the subsequent Chapters of this Manual.

[10] Page 2 of the Handbook on the Participation of CSO in the Local Budget Process

CHAPTER 2. POLICY-BASED BUDGETING

Policy-based budgeting means that the budget is prepared with due regard to local government policy, which, in turn, should be harmonized with the development plans and reflected in the investment programs that the barangays are required to prepare pursuant to the LGC.

A major indicator of policy-based budgeting is when a barangay is able to fund in its general fund budget/s the PPAs that were prioritized in the investment programs, which, in turn, were based on the approved long-term development plan.

Another indicator of policy-based budgeting is orderliness in the planning and budgeting processes, as demonstrated in compliance with the Synchronized Local Planning and Budgeting Calendar for LGUs.[11]

2.1 Legal Bases of Policy-Based Budgeting

Policy-based budgeting at the barangay level is grounded on several provisions of the LGC. Section 106 of the LGC mandates each barangay to formulate a comprehensive multi-sectoral development plan initiated by the BDC and approved by the Sangguniang Barangay. The BDC plays a key role in directing economic and social development and coordinating efforts within its jurisdiction. Under Section 109 (b) (1) and (2) of the LGC, the BDC is also tasked with mobilizing citizen participation and preparing development plans based on local needs.

Moreover, Section 305 (h) of the LGC requires that local budget plans and goals be harmonized with national development strategies to ensure efficient resource use and prevent duplication. Section 305 (i) of the Code further provides that local budgets must operationalize the approved local development plans. This principle is reinforced by Article 405 (e) of the IRR of the LGC which provides that the barangay budget must be used for implementing the approved development plan.

2.2 Key Players in Policy-Based Budgeting

BDC – The BDC shall be composed of the following: (i) the Punong Barangay as its head; (ii) members of the Sangguniang Barangay; (iii) representatives of CSOs/NGOs operating in the barangay, which shall constitute not less than one fourth (1/4) of the members of the fully organized council; and (iv) a representative of the Member of the House of Representatives (Section 107 [a] of the LGC).

[11] Annex B of DBM-DILG-DHSUD-DOF-NEDA JMC No. 1, Series of 2024, entitled "Updated Guidelines on the Harmonization of Local Development Planning, Land Use Planning, Investment Programming, Resource Mobilization, Budgeting, Expenditure Management, and Performance Monitoring and Coordination of Fiscal Oversight for Enhanced Local Service Delivery in Line with the Supreme Court Ruling on the Mandanas-Garcia Petitions"

The BDC shall assist the Sangguniang Barangay in setting the direction of economic and social development and coordinating development efforts within its territorial jurisdiction (Section 106 of the LGC) and exercise key functions enumerated in Section 109 [b][12] of the LGC.

The BDC may form sectoral or functional committees to assist the BDC in the performance of its functions (Section 112 of the LGC).

BDC Executive Committee - The executive committee of the BDC shall be composed of the following: (i) the Punong Barangay as chairperson; (ii) a representative of the Sangguniang Barangay to be chosen from among its members; and (iii) a representative of CSOs/NGOs that are represented in the council, as members. The executive committee shall exercise the following powers and functions under Section 111 (b) of the LGC:

1. Ensure that the decisions of the council are faithfully carried out and implemented;
2. Act on matters requiring immediate attention or action by the council;
3. Formulate policies, plans, and programs based on the general principles laid down by the council; and
4. Act on other matters that may be authorized by the council.

Civil Society Organizations/Non-governmental Organizations (CSOs/NGOs) – The CSOs/NGOs, as part of the BDC, are encouraged to actively participate in the process of setting directions and allocating available resources of the barangay.[13]

Sangguniang Barangay – The sanggunian approves the comprehensive multi-sectoral development plan of the barangay to be initiated by the BDC (Section 106 of the LGC).

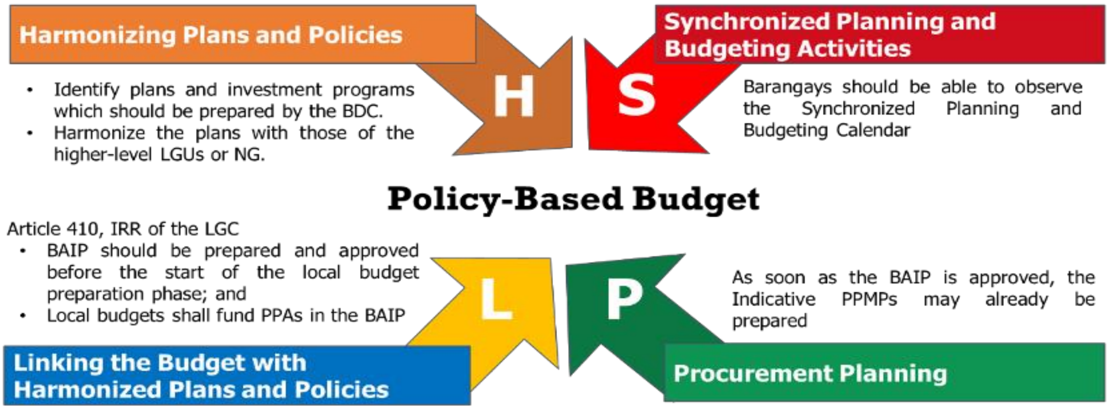
Secretariat – The secretariat of the BDC shall be headed by the barangay secretary, who shall be assisted by the city or municipal planning and development coordinator concerned. The secretariat shall be responsible for providing technical support, documentation of proceedings, preparation of reports, and such other assistance as may be required in the discharge of its functions. The BDC may avail of the services of any NGO or

[12] Section 109. Functions of Local Development Councils. xxx
(b) The barangay development council shall exercise the following functions:
(1) Mobilize people's participation in local development efforts;
(2) Prepare barangay development plans based on local requirements;
(3) Monitor and evaluate the implementation of national or local programs and projects; and
(4) Perform such other functions as may be provided by law or competent authority.
[13] Page 6 of the Handbook on the Participation of CSOs in the Local Budget Process

educational or research institution for this purpose (Section 113 of the LGC).

2.3 Indicators of Policy-Based Budgeting

Figure 1. Indicators of Policy-Based Budgeting



2.3.1 Harmonizing Plans and Policies

Section 106 of the LGC explicitly requires all LGUs to have a comprehensive multi-sectoral development plan, which shall be translated into PPAs through investment programs. To operationalize the said requirement, the policies and planning manuals issued by the National Government Agencies (NGAs) shall be considered in preparing the following:

2.3.1.1 Barangay Development Plan (BDP)[14]

The BDP is a three (3) year comprehensive multi-sectoral development plan that is formulated through an inclusive and participatory approach led by the BDC and approved by its sanggunian. It is an official document of the barangay that specifies policy options, programs, projects, and activities intended to contribute towards the achievement of the barangay's developmental goals and objectives (Section 106 of the LGC). BDC shall endorse the BDP to the City/Municipal Development Council through the Coordinator to ensure that the PPAs of the barangay are integrated in the City/Municipal Comprehensive Development Plan (C/MDP).

2.3.1.2 Barangay Development Investment Program (BDIP)[15]

The BDIP covers three (3) years, identifies the PPAs that are needed to carry out the development of the sector laid down in the BDP as well as approximate the funding needed per

[14] Page 21 of DBM-DILG-DHSUD-DOF-NEDA JMC No. 1, Series of 2024, entitled "Updated Guidelines on the Harmonization of Local Development Planning, Land Use Planning, Investment Programming, Resource Mobilization, Budgeting, Expenditure Management, and Performance Monitoring and Coordination of Fiscal Oversight for Enhanced Local Service Delivery in Line with the Supreme Court Ruling on the Mandanas-Garcia Petitions"
[15] Primer on Local Budgeting Volume II: For Barangays, Page 9, and Primer on Barangay Development Planning, Page 11

year. Article 454 (d) of the IRR of the LGC requires that itemized appropriations shall be for specific development projects/activities embodied in the BDP and/or BDIP. The BDIP is the main instrument for implementing the BDP. It is a document that translates the BDP into PPAs with its corresponding resource requirements that are projected to be implemented within the timeframe of three (3) years.

2.3.1.3 Barangay Annual Investment Program (BAIP)[16]

The BAIP represents a one-year slice of the BDIP. The link between the plan and the budget is provided by the investment program, particularly the BAIP. To ensure plan-budget linkage and that local budgets truly operationalize the approved BDP, it is imperative that:

- The investment program sets the priority PPAs and specifies the target outputs and accomplishments of the barangay.
- The budget funds the implementation of the PPAs identified in the BAIP.

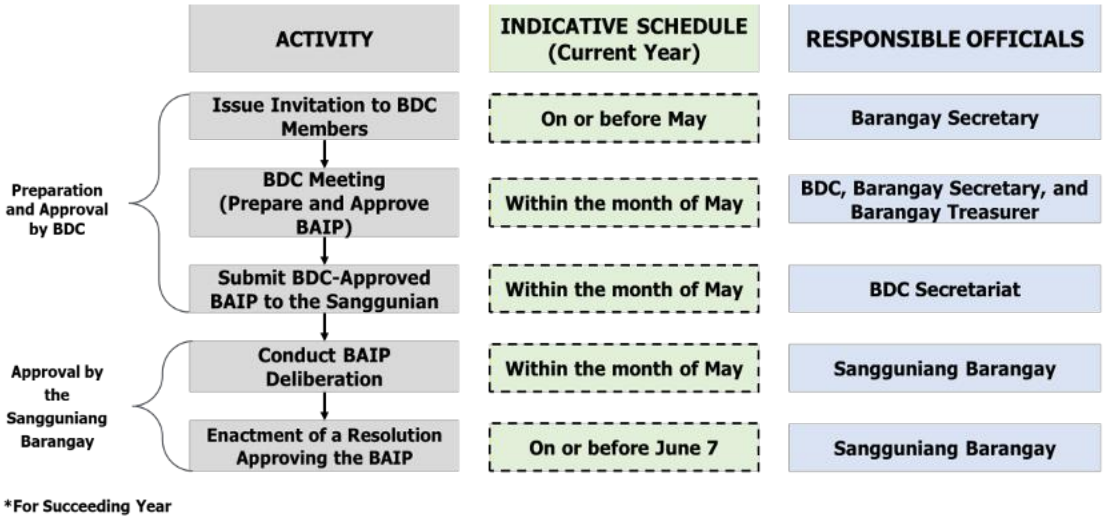
As provided under Section 305 (h) of the LGC and Article 410 of its IRR, the aforementioned plans and investment programs must be harmonized and integrated with those of the NG development plans, goals, and strategies to optimize resource utilization and prevent duplication of fiscal and physical resources. Moreover, pursuant to item 10.2 of the Department of the Interior and Local Government (DILG)-Department of Human Settlements and Urban Development (DHSUD)-National Economic and Development Authority (NEDA)[17]-DBM-Department of Finance (DOF) Joint Memorandum Circular (JMC) No. 1, s. 2024,[18] the NGAs and LGUs shall cooperate in various stages of the planning and investment programming processes, which include, among others, identification of PPAs that align and harmonize with those of the higher-level LGUs and the NG.

Preparation of the BAIP

The Punong Barangay, with the assistance of the Barangay Secretary and Barangay Treasurer, shall prepare the BAIP for the succeeding year within the **month of May of current year** (see Figure 2), using the prescribed form provided in this Manual (see Table 2).

[16] Primer on Local Budgeting Volume II: or Barangays, Page 9, and Primer on Barangay Development Planning, Page 13
[17] Now Department of Economy, Planning, and Development (DEPDev)
[18] Updated Guidelines on the Harmonization of Local Development Planning, Land Use Planning, Investment Programming, Resource Mobilization, Budgeting, Expenditure Management, and Performance Monitoring and Coordination of Fiscal Oversight for Enhanced Local Service Delivery in Line with the Supreme Court Ruling on the Mandanas-Garcia Petitions

Figure 2. BAIP* Preparation Flowchart



The BAIP Summary Form below shall be used.

Table 2. BAIP Summary

FY ______ Barangay Annual Investment Program (BAIP)
By Program/Project/Activity (P/P/A) by Sector

Barangay: ________________________
City/Municipality: ____________________
Province: __________________________

BAIP Reference Code (1)	P/P/A Description (2)	Implementing Office/Unit (3)	Schedule of Implementation		Expected Outputs (6)	Funding Source (7)	Amount (in Thousand Pesos)				
			Start Date (4)	Completion Date (5)			Personal Services (PS) (8)	Maintenance and Other Operating Expenses (MOOE) (9)	Financial Expenses (FE) (10)	Capital Outlay (CO) (11)	Total (12)
General Services (1000)											
Social Services (3000)											
Economic Services (8000)											
Other Services (9000)											

Prepared by: **Attested by:**

________________	________________	________________
Barangay Secretary	**Barangay Treasurer**	**Punong Barangay**
Date: ____________	**Date:** ____________	**Date:** ____________

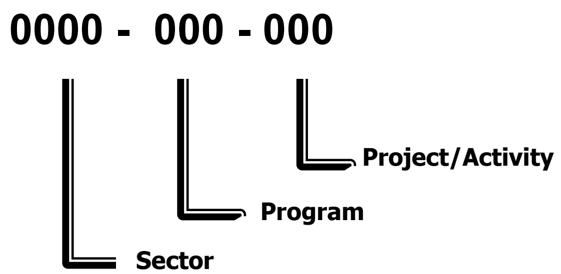
Compared to the higher-level LGUs (provinces, cities, and municipalities), the filling out of the BAIP form for barangays is less complicated because of the limited number of PPAs and implementing offices. Nonetheless, the following pointers are to be observed:

1. Column 1 – BAIP Reference Code

The BAIP Reference Code is vital to ensuring the Plan-Budget Linkage. The code assigned to each PPA facilitates validation whether or not the PPAs funded in the budget are the same PPAs prioritized in the BAIP.

The BAIP coding structure shall consist of the following:

Figure 3. BAIP Reference Code Guide



Sector

The identified PPAs shall fall under the following sectors and shall be assigned the following codes:

1000 – General Public Services
3000 – Social Services
8000 – Economic Services
9000 – Other Services

In general, the PPAs of a barangay may be categorized under: (1) General Administration and (2) Basic Services and Facilities. The projects and activities under the **General Administration** fall under the General Public Services Sector.

On the other hand, the components of the **Basic Services and Facilities** would fall under any of the four (4) sectors:

- General Public Services, including Peace and Order and the Katarungang Pambarangay;

- Social Services, including Information and Reading Centers, Day Care, Health and Nutrition Services including PPAs responding to issues and concerns on Gender and Development, Senior Citizens, and Persons with Disabilities;

- Economic Services, including Agricultural Program and Infrastructure; and

- Other Services Sector concerning services that cannot be categorized in any of the sectors identified above.

The PPAs chargeable against the Barangay Disaster Risk Reduction Management Fund could either be under the Social Services or Economic Services Sector depending on the nature of the PPA.

Program – A homogeneous group of activities necessary for the performance of a major purpose for which the barangay is established.

e.g. Peace and Order Program, Health and Nutrition Program, Day Care Program

Project – a special undertaking carried out within a definite time frame and intended to result in some pre-determined measure of goods and services.

e.g. Construction of 3-meter high Riverwall along Pantal River at Barangay Pantal, Dagupan City

Activity – a work process that contributes to the implementation of a program, sub-program or project.

e.g. Conduct of capacity building for Members of the Lupong Tagapamayapa

Each identified PPA shall be assigned with unique BAIP Reference Code as illustrated below:

Table 3. Sample BAIP Reference Code per PPA

BAIP Reference Code	PPA Description
(1)	(2)
3000-002-000	**Health and Nutrition Program**
3000-002-001	1. Botika sa Barangay Project
3000-002-001	1.1 Construction of Botika sa Barangay
3000-002-001	1.2 Establishment of Herbal Plant Garden
3000-002-001	1.3 Purchase of medicine
3000-002-002	2. Capacity Building of Barangay Health Workers
1000-002-000	**Peace and Order Program**
1000-002-001	1. Capacity Building of Barangay Peacekeeping Action Team
1000-002-001	1.1 Conduct of training for Barangay Tanods
1000-002-002	2. Maintenance of Katarungang Pambarangay
1000-002-002	2.1 Capacity training on Katarungang Pambarangay
1000-002-003	3. Purchase of one (1) Patrol Vehicle
1000-002-004	4. Construction of Barangay Detention Facility

2. Column 2 – PPA Description

Column 2 should reflect a concise description of the work to be done under a particular sector to achieve specific objectives.

For example, if the objective is to ensure and maintain a safe and peaceful community, the barangay should implement a Peace and Order Program which may involve four (4) projects and two (2) activities as illustrated above (see Table 3).

In determining the projects and activities, it is suggested that **specific details** be provided in the BAIP, if practicable, to avoid inclusion of generic terms *(e.g. construction of barangay road, conduct of capacity building activity, purchase of equipment).*

Examples: Construction of 1.2-kilometer Farm-to-Market Road at Barangay Masicong, City of San Fernando, La Union

Conduct of Capacity Building on Katarungang Pambarangay Administration

Purchase of one (1) unit Ambulance for the Barangay Health Center

3. Column 3 – Implementing Office/Unit

The implementing office refers to the heads of units/offices/committees, if any, or key officials responsible for the execution of the PPAs.

For example, the implementing office for the General Administration is the Office of the Punong Barangay.

For the Basic Services and Facilities, the implementing office may be the personnel/unit in charge of each basic service or facility. For example, the Day Care Worker who handles Day Care Services may be named as the implementing office, while the Barangay Nutrition Scholar, or personnel in charge may be the implementing office for Health and Nutrition.

4. Columns 4 and 5 – Schedule of Implementation

The expected start and completion dates should be specified to provide a concrete basis for work and financial plans, and to serve as guide in determining timelines in procurement planning.

5. Column 6 – Expected Outputs

The **final good or service** that will be delivered as a result of the implementation of a PPA shall be indicated for every program, and the **immediate output** of each project or activity shall be indicated under this column.

6. Column 7 – Funding Source

Consistent with the provisions of the LGC and its IRR, whereby the BAIP should indicate the PPAs for inclusion in the local government budget, as well as in the budgets of NGAs or Government-Owned or -Controlled Corporation (GOCCs) concerned, the following are to be indicated under the column for funding source:

- General Fund (GF) Proper;
- GF – Special Account – 20% Development Fund;
- GF – Local Disaster Risk Reduction Management Fund;
- Transfers from NGAs (Other than those accruing to the GF);
- Transfers from GOCCs (Other than those accruing to the GF);
- Transfers from other LGUs;
- Loan proceeds; and
- Others.

7. Columns 8 to 12 – Estimated Cost

The total cost of the PPAs is broken down by allotment class - Personal Services (PS), Maintenance and Other Operating Expenses (MOOE), Financial Expenses (FE), and Capital Outlays (CO).

For purposes of the BAIP, the total PS and MOOE costs of a particular program or implementing unit, shall represent the current operating costs for all regular activities. Meanwhile, management supervision/trusteeship fees, interest expenses, guarantee fees, bank charges, commitment fees and other financial charges incurred in owning or borrowing an asset property shall form part of the FE. Costs which add to the fixed assets of the Barangay are categorized as CO.

The BAIP shall then be submitted by the Punong Barangay to the Sanggunian Barangay concerned for approval through a Resolution **on or before June 7** of the current year, prior to the issuance of Budget Call by the Punong Barangay which signals the start of budget preparation.

Table 4. Example of a BAIP

FY ______ Barangay Annual Investment Program (BAIP)											
By Program/Project/Activity (P/P/A) by Sector											
Barangay: ____________________________											
City/Municipality: ______________________											
Province: _____________________________											
BAIP Reference Code (1)	**P/P/A Description (2)**	**Implementing Office/Unit (3)**	**Schedule of Implementation**		**Expected Outputs (6)**	**Funding Source (7)**	**Amount (in Thousand Pesos)**				
			Start Date (4)	**Completion Date (5)**			**Personal Services (PS) (8)**	**Maintenance and Other Operating Expenses (MOOE) (9)**	**Financial Expenses (FE) (10)**	**Capital Outlays (CO) (11)**	**Total (12)**
1000-002-000	**Peace and Order Program**				Peace and Order Services						
1000-002-001	1. Capacity Building of Barangay Peacekeeping Action Team (BPAT)	Peace and Order Committee				General Fund		₱ 100,000.00			**₱ 100,000.00**

1000-002-001	1.1 Conduct of training for Barangay Tanods	BPAT Head	July 1, 2025	July 15, 2025	15 Barangay Tanods trained						
1000-002-002	2. Maintenance of Katarungang Pambarangay					General Fund		₱ 100,000.00			**₱ 100,000.00**
1000-002-002	2.1 Capacity training on Katarungang Pambarangay Administration	Peace and Order Committee	July 16, 2025	July 30,2025	5 Members of Lupong Tagapamay apa capacitated						
	Total							**₱ 200,000.00**			**₱ 200,000.00**

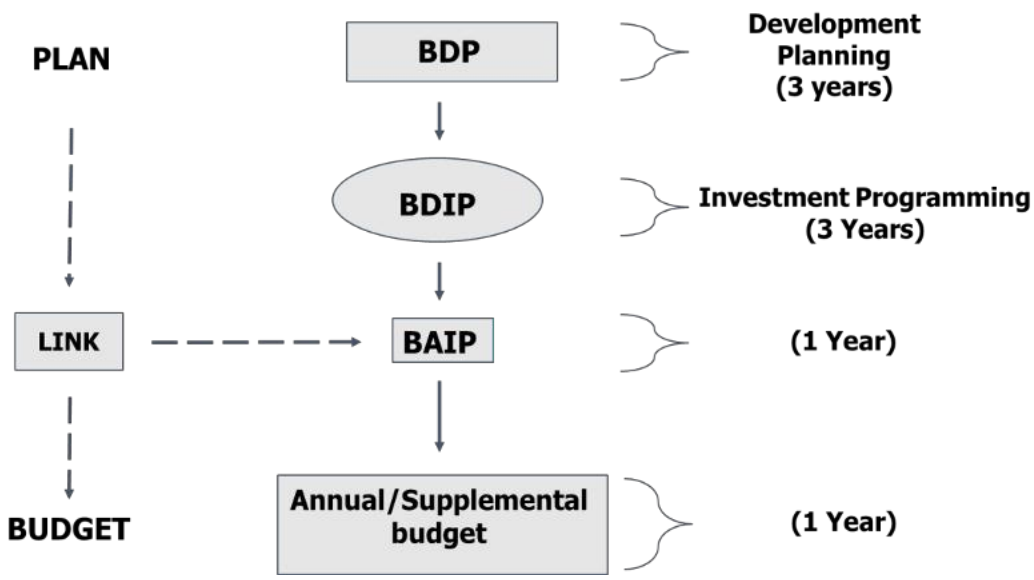
Prepared by: **Attested by:**

Barangay Secretary Barangay Treasurer Punong Barangay

2.3.2 Linking the Budget to Harmonized Plans and Policies

Consistent with Section 305 (i) of the LGC, local budgets must operationalize approved development plans. Thus, barangay investment programs should reflect priority PPAs aligned with development goals, and barangay budgets must allocate funds accordingly, with the BAIP serving as the key link between planning and budgeting (see Figure 4).

Figure 4. Barangay Plan-Budget Link



2.3.3 Synchronized Plan-Budget Process Calendar

The planning-budgeting cycle in barangays is illustrated in the Synchronized Local Planning and Budget Calendar appended as Annex B of DILG-DHSUD-NEDA-DBM-DOF JMC No. 1, s. 2024.

2.3.4 Strategic Procurement Planning and Budgeting Linkage

The implementation of funded PPAs requiring procurement shall undergo the standard procedures on procurement as prescribed under RA No. 12009, otherwise known as the "New Government Procurement Act (NGPA)" and its IRR.

Pursuant to Section 7 of the NGPA and Section 7.7 of its IRR, all procurement activities should be within the approved budget of the Procuring Entity (PE). Consistent with the government fiscal discipline measures, only those considered crucial to the efficient discharge of the functions of the agency shall be included in the Annual Procurement Plan (APP) for purposes of planning and budgeting.

The importance of strategic procurement planning is underscored in Section 7.8 of the IRR of the NGPA which prescribes that no government procurement shall be undertaken unless it is in accordance with the Indicative APP or final APP of the PE, as the case may be.

All procurement shall be undertaken with proper and sufficient planning and preparation to ensure sound procurement decisions, taking into consideration, among others, the need of the PE, relevance, and appropriateness of the project, value for money, and associated risks of the project. This includes the conduct of supply positioning, analysis of available modes of procurement, risk management, and disposal procedures as may be applicable (Section 7.1 of the IRR of NGPA).

The PE shall likewise implement a procurement strategy that includes Fit-for-Purpose and Proportional approaches, such that the conditions and parameters in the development of requirements, choice of procurement mode, and implementation of contracts shall be reasonably proportional to the needs of the Procuring Entity and the nature of the project to be procured. Such strategy adopted shall also consider the whole life cycle of a procurement project, including its environmental impact, and shall aim to achieve value for money (Section 7.2 of the IRR of NGPA).

During the planning stage, the PE shall take into account the following strategic considerations, among others, as may be applicable:

a) Life Cycle Assessment and Life Cycle Cost Analysis;

b) Subcontracting;

c) Multi-year Contracting;

d) Early Procurement Activities (EPA);

e) Design and Build Scheme for Infrastructure Projects;

f) Engagement of a Procurement Agent;

g) Use of Framework Agreement;

h) Pooled Procurement;

i) Renewal of Regular and Recurring Services; or

j) Warehousing and Inventory Activities (Section 7.3 of the IRR of NGPA).

To ensure proper and strategic procurement planning, the PE, through the EU/IU, shall conduct market scoping. Market Scoping is a preliminary process wherein the PE collects relevant market information to understand the supply environment, identify potential suppliers, evaluate available products or services, and assess relevant market trends in order to develop a comprehensive and realistic PPMP, and to ensure that the PE clearly understands the market conditions, supplier capabilities, pricing trends, and any potential risks that may affect procurement decisions. The conduct of Market Scoping shall observe the principle of Proportionality[19] (Section 10.3 of the IRR of NGPA), which covers the following:

a) Proper cost estimates involve factors, such as direct and indirect costs, contingencies, and other associated costs, while factoring in cost trends, inflation, life cycle cost, and procurement modes.

b) Project Design and Specifications must align with relevant characteristics, performance or functionality requirements, or product or service standards specified by appropriate government entities or similar international bodies. Industry standards and best practices may be considered to ensure compatibility with market capabilities, including environmental and climate risk factors, to address the needs of the PE.

c) Technical criteria for evaluating the bids based on performance, safety, quality, expertise, financial stability, and past performance. It may also include scoring for climate resilience and environmental performance.

[19] Proportionality ensures that the conditions and parameters in the development of requirements, choice of procurement mode, and implementation of contracts shall be reasonably proportional to the needs and circumstances of the Procuring Entity, and the nature, scale and complexity of the project to be procured to ensure fair competition (Section 3 [d] of the IRR of the NGPA).

d) Delivery lead time involves assessing supply chain, market availability and capability, including logistics systems to ensure timely delivery and readiness to meet the specific needs and requirements of the PE.

e) Storage or warehousing requirements involve identifying the specific needs of the PE, market options for warehousing, logistics and security, while considering specific conditions like temperature, humidity, and handling needs (Section 10.4 of the IRR of NGPA).

These preliminary planning activities may be conducted in conjunction with the preparation of the **BDIP** or the **BAIP,** typically undertaken during the first semester of the fiscal year, subject to the provisions of the NGPA, its IRR, and the guidelines to be issued by the Government Procurement Policy Board (GPPB) and/or appropriate agencies, as may be applicable.

The EU/IU of the PE shall maintain a record of the market scoping results to guide in the project review and future procurement planning of the PE (Section 10.5 of the IRR of NGPA).

The PE may also consider consulting with local suppliers to promote inclusivity and foster economic development (Section 10.6 of the IRR of NGPA).

The preliminary planning activities may be conducted in conjunction with the preparation of the **BDIP** or the **BAIP,** typically undertaken during the first semester of the fiscal year, subject to the provisions of the NGPA, its IRR, and the guidelines to be issued by the GPPB and/or appropriate agencies, as may be applicable.

Section 7.7 of the IRR of the NGPA provides the rules demonstrating the link between procurement planning and budgeting:

- An Indicative APP shall be formulated to support the preparation of the proposed budget of the Barangay.

- As an initial step, the EU/IUs of the Barangay, as the PE, shall formulate their respective Indicative PPMPs covering their proposed PPAs for budget inclusion. The PPMP shall include the following information:

    a) Whether the implementation of the PPAs will require procurement or undertaken by administration;

    b) Type and objective of the project to be procured;

    c) Quantity and size of the project to be procured;

    d) The procurement modes to be adopted;

e) The schedule for each procurement activity;

f) The estimated budget for the contract; and

g) Technical Specifications, Scope of Work, or Terms of Reference, as the case may be, for each project being proposed.

Based on the specific needs, the EU/IUs or the Barangay shall be responsible for the preparation of all documents necessary for the procurement activity, including but shall not be limited to, technical specifications, scope of work, or terms of reference (Section 7.7.1 of the IRR of NGPA).

- The Indicative PPMPs shall be submitted to the relevant office/s (Office/Unit/Key Officials/Committee) of the Barangay for evaluation of their merit for inclusion in the budget proposal.

- The Indicative PPMPs approved for inclusion in the budget proposal shall be forwarded to the Bids and Awards Committee (BAC) Secretariat for consolidation into an Indicative APP (Section 7.7.2 of the IRR of NGPA).

- The Indicative APP shall be submitted to the BAC for its final recommendation to the Punong Barangay as the Head of the PE (HoPE) on the appropriate mode of procurement. For this purpose, the Indicative APP shall include the following:

  a) Name of procurement project;

  b) EU/IU;

  c) General description of the procurement project;

  d) Procurement modes to be adopted and indication if the procurement tasks are to be outsourced;

  e) Criteria for bid evaluation including sustainability and any domestic preference;

  f) Schedule of identified procurement activities;

  g) Source of funds;

  h) Approved Budget for the Contract;

  i) Indication whether the project shall be undertaken through EPA;

j) Procurement strategies or tools to be adopted, if any; and

k) Other relevant descriptions of the procurement project, if applicable (Section 7.7.2 of the IRR of NGPA).

- Upon submission of the Barangay Expenditure Program (BEP) to the Sangguniang Barangay, the EU/IU shall revise the PPMPs to reflect the budgetary allocation for their respective PPAs (Section 7.7.3 of the IRR of NGPA).

- For the purpose of EPA, the revised PPMPs shall be consolidated into an updated Indicative APP, which shall be posted on the website of the PE (Section 7.7.4 of the IRR of NGPA).

- As soon as the appropriation ordinance (AO) becomes final, the EU/IU shall finalize the PPMPs to reflect the authorized budgetary allocation for their respective PPAs. The finalized PPMPs shall be submitted to the BAC Secretariat for consolidation into the final APP, which shall be recommended by the BAC for approval of the HoPE. The approved final APP shall be posted on the website of the PE and submitted to the GPPB on or before the end of January of the budget year (Section 7.7.5 of the IRR of NGPA).

Figure 5 shows the procurement planning and budgeting linkage.

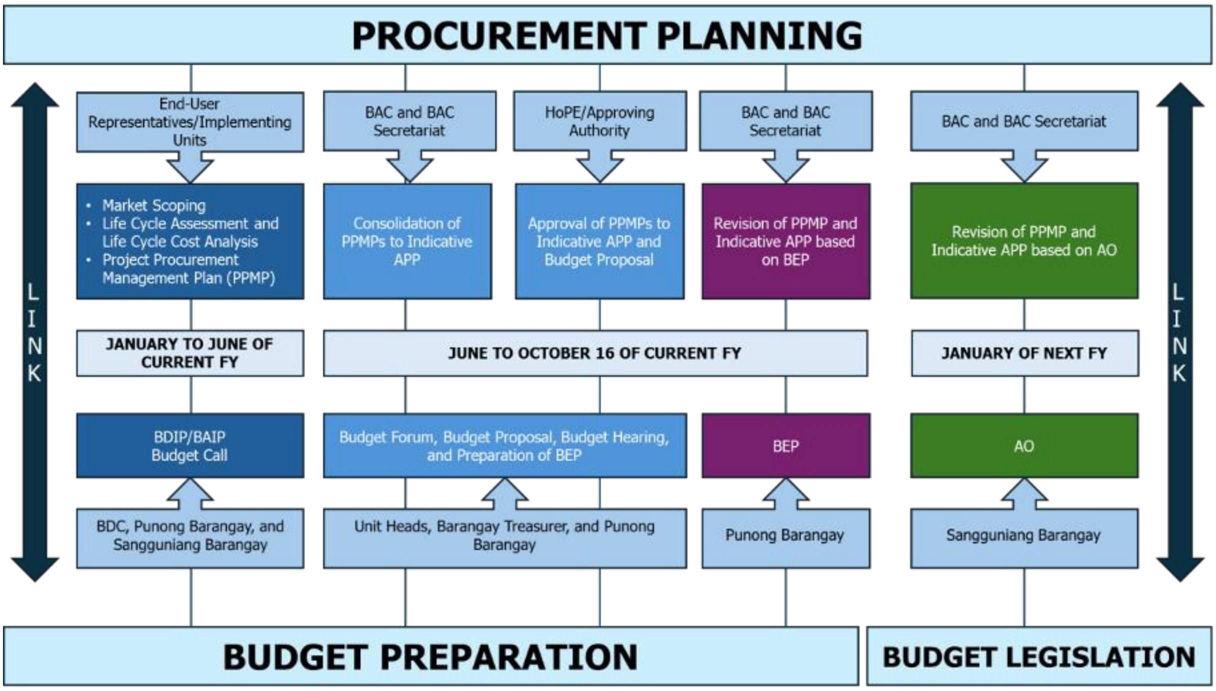


Figure 5. Procurement Planning and Budgeting Linkage

Below is the updated format of the APP prescribed by the GPPB.

Table 5. Barangay Annual Procurement Plan

[Barangay Letterhead with Logo]

ANNUAL PROCUREMENT PLAN FOR FY _______

☐ **INDICATIVE** ☐ **FINAL** ☐ **UPDATED [Version No. ______]**

PROCUREMENT PROJECT DETAILS						PROJECTED TIMELINE (MM/YYYY)		FUNDING DETAILS		PROCUREMENT STRATEGY OR TOOLS	REMARKS (Other relevant descriptions of the procurement project, if applicable)
Project Title	End-User or Implementing Unit	General Description of the Project	Mode of Procurement	To be covered by an Early Procurement Activity? (Yes/No)	Criteria for Bid Evaluation (Including Sustainability and Domestic Preference)	Start of Procurement Activity	End of Procurement Activity	Source of Fund	Estimated Budget / Approved Budget for the Contract (PhP)		
General Requirements											
Miscellaneous Items (for Direct Acquisition only) Section 32.2 of RA No. 12009											
Common Use Supplies and Equipment (CSE) to be purchased from PS-DBM (kindly indicate the summary/total amounts only)											

Note: Insert additional rows as necessary

Total Amount of Estimated Budget for EPA Projects:
Total Amount of CSEs to be purchased from PS-DBM:
Total Amount of Estimated Budget:

Prepared by:	Recommended by the Authority of the Bids and Awards Committee:	Approved by:
_______________	_______________	_______________
Signature over Printed Name	Signature over Printed Name	Signature over Printed Name
Position/Designation	Position/Designation	Position/Designation
Bids and Awards Committee Secretariat	*Bids and Awards Committee Chairperson*	*Head of the Procuring Entity*
Date : _______________	Date : _______________	Date : _______________

CHAPTER 3. PERFORMANCE-INFORMED BUDGETING

Barangays may adopt the Performance-Informed Budgeting (PIB) Framework to strengthen the link between planning and budgeting by aligning resource allocation with measurable results. PIB enhances transparency, accountability, and efficiency in public spending by requiring that funds be directly linked to performance indicators (PIs) and tangible outcomes. As the most basic political unit, barangays benefit from PIB's structured, output-driven approach, which ensures that limited resources are used effectively to deliver essential services and meet development goals. This results-oriented budgeting approach is consistent with Sections 305 (g), 306 (g), and 317 (b) (3) of the LGC, particularly requiring local budgets to be based on functions, activities, and projects with a clear focus on expected results.

PIB in the barangay context:

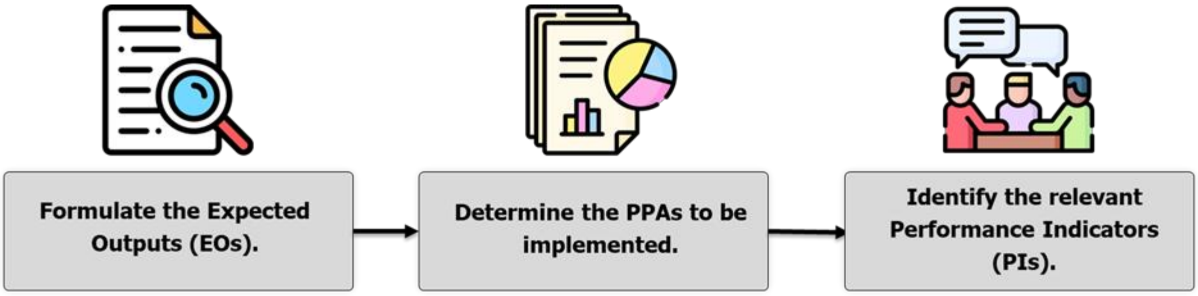
- Aligns budget allocation with performance indicators and targets;
- Enhances transparency, accountability, and efficiency in the use of public funds;
- Ensures that budget proposals include detailed descriptions of PPAs, expected outcomes, and specific expenditure items (Section 317 [b] [3] of the LGC);
- Mandates budgeting based on functions, activities, and projects focused on results (Sections 305 [g] and 306 [g] of the LGC); and
- Reinforces a results-oriented approach that supports effective service delivery and local development priorities.

3.1 Benefits of PIB

PIB offers significant benefits for barangays by aligning resource allocation with measurable results, thereby promoting transparency, accountability, and efficiency in public spending. Through the use of PIs and output-based planning, PIB ensures that every peso in the barangay budget supports tangible services and outcomes that directly respond to community needs. This structured approach strengthens the link between planning and budgeting, enhances fiscal discipline, and maximizes the impact of limited resources. By adopting PIB, barangays can deliver more effective public services, improve citizen trust, and fulfill their mandate under the LGC to pursue results-oriented financial management.

3.2 Process in PIB for Barangays

Figure 6. PIB Process



Step 1. Formulate the Expected Outputs (EOs)

An EO refers to a good or service that an office/unit is mandated to deliver to external clients through the implementation of its Programs, Projects, and Activities (PPAs). The formulation of EOs involves analyzing the office/unit's mandate, mission and vision, and organizational outcomes, and identifying the specific goods and services to be delivered to the intended beneficiaries.

Step 2. Determine the PPAs to be implemented

Identify the PPAs that will support the delivery of the EOs.

Step 3. Identify the relevant Performance Indicators (PIs)

PIs are characteristics of performance – such as quantity, quality, timeliness, or cost – that are used to measure and establish the standard by which a department of office is expected to deliver its EOs.

CHAPTER 4. CASH BUDGETING SYSTEM

The CBS at the national level is mandated under Executive Order No. 91, s. 2019.[20] The strategy seeks to improve the fiscal planning of the NG to speed up the implementation of programs and to promptly deliver goods and services to the people in a timely manner.

CBS is a budgeting system where the annual appropriations shall only be for obligation until the end of the fiscal year, and disbursements shall be limited to payment for goods and services delivered, rendered, completed, inspected, and accepted within the current fiscal year or the transition period approved by the President as recommended by the DBM.

As a general rule, unexpended balances of appropriations of LGUs, including Barangays, shall lapse at the end of the fiscal year and shall not thereafter be available for the expenditure except by subsequent enactment pursuant to Sections 322 and 328 of the LGC. Nevertheless, to better address the slow pace of implementation of projects, Barangays may consider adopting the CBS to expedite the implementation of programs or projects.

The Punong Barangay and/or Sangguniang Barangay may provide for the adoption of the CBS in the General Provision of the AO authorizing the annual budget.

4.1 Benefits of Adopting CBS for Barangays

Some benefits of adopting the CBS are the following:

✓ Barangays will include only implementation-ready projects in their local budgets.
✓ Completion of projects is facilitated which would translate to the immediate provision of intended public services.
✓ Transactions with contractors and suppliers will be smoother, more transparent, and faster.
✓ Barangays' administrative load for the use of funds, will substantially decrease and be simplified.
✓ Non-compliance by contractors and suppliers in contract agreements will likely be lessened.

[20] Adopting the Cash Budgeting System Beginning Fiscal Year 2019, and for Other Purposes

PART II. THE LOCAL BUDGET PROCESS

The barangay budget process is divided into five (5) phases: (1) Budget Preparation; (2) Budget Authorization; (3) Budget Review; (4) Budget Execution; and (5) Budget Accountability. These phases are interrelated and sequential, as can be seen from Figure 7 below.

Figure 7. The Local Budget Process

CHAPTER 1. BUDGET PREPARATION PHASE

Budget preparation involves estimation of costs per program, project, and activity (PPA), preparation of budget proposals, Barangay Expenditure Program (BEP), and the budget message. This phase begins upon the issuance of the Budget Call and ends with the submission of the BEP to the sangguniang barangay on or before October 16th of each year.

1.1 Legal Basis of Budget Preparation

Upon receipt of the statement of income and expenditures from the Barangay Treasurer, the Punong Barangay shall prepare the barangay budget (barangay expenditure program) for the ensuing fiscal year in the manner and within the period prescribed in the Local Government Code of 1991 (LGC) and submit the annual barangay budget to the sangguniang barangay for legislative enactment (Section 331 [a] of the LGC).

1.2 Key Players in Budget Preparation

Punong Barangay - The Punong Barangay, in coordination with the Barangay Development Council, prepares the annual executive (BEP) and supplemental budgets of the Barangay (Section 389 [b] [7], LGC). The Punong Barangay shall submit the BEP to the Sangguniang Barangay for budget authorization or legislative enactment (Section 331 [a] of the LGC).

Barangay Treasurer - The Barangay Treasurer shall submit to the Punong Barangay a statement covering the actual and estimates of income and expenditures for the preceding, current, and ensuing fiscal years, respectively (Section 395 [e] [4] of the LGC and Article 423 [b] of the IRR of the LGC).

City/Municipal Treasurer and City/Municipal Accountant - The City/Municipal Treasurer and City/Municipal Accountant shall issue a certified statement covering the actual income of the past year and estimates of income of the current and ensuing fiscal years from local sources for the barangay concerned (Article 423 [b] of the IRR of the LGC).

Barangay Secretary - The Barangay Secretary may assist the Punong Barangay in the preparation of the barangay budget as may be prescribed by law or ordinance (Section 394 [d] [8] of the LGC).

Barangay Development Council (BDC) - In pursuance of their functions under Section 109 (b) (2) of the LGC, the BDC shall ensure that the PPAs proposed in the BEP are aligned with the duly approved barangay development plans (BDPs) based on local requirements and consistent with the approved Barangay Annual Investment Program (BAIP).

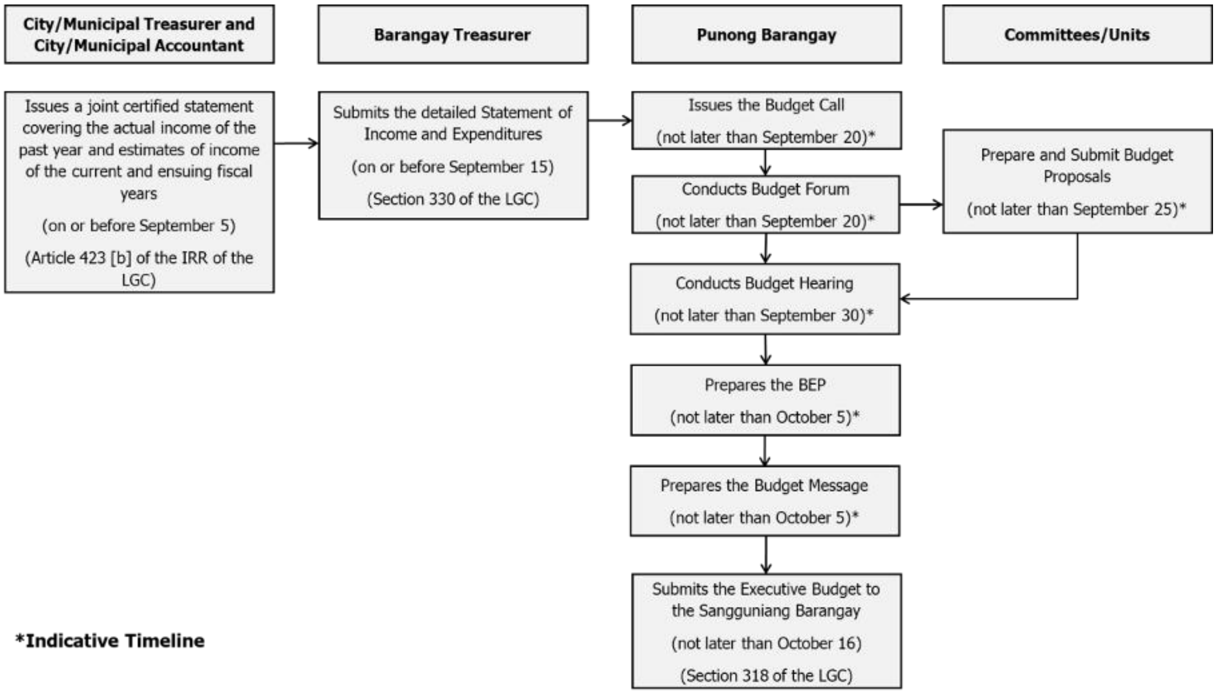
Heads of Units/Offices/Committees, if any, or Key Officials - shall submit budget proposals for their respective units or offices to the Punong Barangay (Section 317 [a] of the LGC).

Civil Society Organizations (CSOs)/ Non-governmental Organizations (NGOs) – may carry out the following:

- Ensure that the priorities in the BAIP are reflected in the Budget Call;
- Participate in the Budget Forum to understand the barangay's thrusts and priorities for the budget year;
- Collaborate with the committee/body/official concerned in identifying sectoral beneficiaries and funding needs, and propose projects for possible inclusion; and
- Inquire about the barangay's reason for the non-inclusion of proposed PPAs.

1.3 The Budget Preparation Flowchart

Figure 8. Barangay Budget Preparation Flowchart



1.4 Steps in the Barangay Budget Preparation

A. ANNUAL BUDGET

Step 1. City/Municipal Treasurer and City/Municipal Accountant Issues the Joint Certified Statement of Actual Income

The City/Municipal Treasurer and City/Municipal Accountant issue a joint certified statement covering the actual income of the past year and estimates of income of the current and ensuing fiscal years from local sources for the barangay concerned on or before September 5 of each year (Article 423 [b] of the IRR of the LGC).

Step 2. Barangay Treasurer Submits the Statement of Income and Expenditure

Based on the joint certified statement of actual income issued by the City/Municipal Treasurer and City/Municipal Accountant covering the estimates of income from local sources for the barangay concerned, the Barangay Treasurer shall submit to the Punong Barangay a statement covering the estimates of income and expenditures for the past, current and ensuing fiscal year on or before September 15 of each year (Article 423 [b] of the IRR of the LGC).

Step 3. Punong Barangay Issues the Budget Call

The Budget Call signals the start of the budget preparation phase. This executive directive is issued based on the approved BAIP, the LGC, and this Manual.

What is a Budget Call?

A Budget Call is a directive from the Punong Barangay enumerating and describing the objectives, policy decisions, strategies, financing requirements, and PPAs of the barangay as reflected in the approved BAIP.

This directive is prescribed to be disseminated not later than September 20.

What are included in the Budget Call?

1. Objectives, major thrusts, and policy decisions for the budget year;
2. Estimated Receipts and Spending Ceiling for Basic Services;
3. Resource allocation for Development Projects, Sangguniang Kabataan (SK) Fund, Barangay Disaster Risk Reduction and Management (BDRRM) Fund;
4. Expected outputs and targets for each PPA;
5. Budget Calendar and budget preparation forms; and
6. Other administrative guidelines.

Step 4. Punong Barangay Conducts the Budget Forum

How is the budget forum conducted?

1. Invite all stakeholders to a one-day budget forum covering a budget year to explain and discuss the following:

- Objectives, major thrusts, and policy decisions;
- Sources of income for the past three (3) years;
- Income estimates and corresponding assumptions;
- Spending ceilings and budget strategies;
- Timelines of activities; and
- Forms to be used.

2. Use focus group discussion to engender group participation, ensuring the active involvement of CSO/NGOs.

3. Close the forum by summarizing all issues raised and their corresponding resolutions.

Step 5. Committees/Units Prepare and Submit the Budget Proposals

The budget proposals shall include the prioritized PPAs, which are consistent with the approved BAIP, and shall be prepared using the budget preparation forms prescribed in the Manual, in accordance with the provisions included in the Budget Call, and the guidelines issued by the DBM to ensure the completeness and comprehensiveness of budget information.

5a. Determine the PPAs to be proposed

5b. Identify Expected Outputs, Performance Indicators (PIs), and Set Targets

Example:

Expected Outputs	Performance Indicators	Set Targets
General Administration Services	**Percentage of budget utilized**	**100% of budget utilized**
Basic Services and Facilities Services		
1. Conduct of training for Barangay Tanods	Number of enrollees	15 Barangay Tanods trained
2. Capacity training on Katarungang Pambarangay Administration	Number of attendees	5 Members of Lupong Tagapamayapa capacitated
3. Purchase of one (1) Patrol Vehicle	Percentage increase of patrol response capacity attributable to acquisition of patrol vehicle(s)	1 unit patrol vehicle purchased and deployed for patrol operations
4. Construction of Barangay Detention Facility	Construction of a barangay detention facility to support law enforcement operations	10 sqm detention facility constructed
Special Purpose Appropriations (SPAs)		
1. 5% Barangay Disaster Risk Reduction and Management Fund	Percentage of PPAs under SPA implemented	100% of PPAs are implemented

5c. Estimate the Costs for the Budget Year

Three (3) types of costs may be reflected in the budget:

1. **Current Operating Expenditures (COEs)** refer to the amount budgeted for the purchase of goods and services for the conduct of regular barangay government operations within the budget year, including Personal Services (PS) expenses for barangay personnel,

non-capital transfers to LGUs, subsidies, interest payments, and tax expenditures. These include goods and services that will be used or consumed during the budget year.

- PS refers to appropriations for the payment of salaries, wages, and other compensation of permanent, temporary, contractual, and casual employees of the LGU.

- The other costs, which are variable, are the Maintenance and Other Operating Expenses (MOOE). These include traveling expenses, office supplies expenses, rent, water, electricity, fuel, telephone expenses, internet subscription expenses, and repair and maintenance expenses, among others.

2. **Financial Expenses (FEs)** are expenses that are not used in the actual operation of the barangay. These expenses include bank charges, interest expenses, commitment fees, and other financial charges.

3. **Capital Outlays (COs)** refer to appropriations for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the barangay, including investment in public utilities, if any.

Step 6. Punong Barangay Conducts the Budget Hearing

The budget hearing is conducted to review the budget proposals of each Office/Unit in relation to the following: 1) the rationale, objectives, and functions of the Office/Unit; 2) the proposed PPAs of the Office/Unit; 3) the output/s of the PPA; and 4) the cost estimates.

In line with performance-informed budgeting, each Office/Unit's performance for the last two (2) preceding and the current FYs, including achievement of planned outputs and outcomes, fund usage, and absorptive capacity, shall also be reviewed during the budget hearing to ensure that the proposed budgets are realistic, feasible, and aligned with actual delivery capacity.

Step 7. Punong Barangay Prepares the BEP

The BEP has three (3) parts: (i) receipts program; (ii) expenditure program for the budget year; and (iii) general provisions.

Task 1: Compute for any available resources

To identify the barangay's available resources, the Punong Barangay shall deduct from the total estimated receipts the total amount for the mandatory requirements, as illustrated below:

Table 6. Sample Computation of Available Resources

Total Estimated Receipts for the Budget Year		P 3,766,200.00
Less: Estimated Expenses		
Basic Services	P 167,200.00	
Administrative Services	1,000,000.00	
Legislative Services	1,191,800.00	2,359,000.00
<u>Mandatory Requirements:</u>		
Development Fund (20% of NTA)	600,000.00	
SK Fund (10% of General Fund)	376,620.00	
BDRRMF (Calamity Fund) (5% of Regular Income)	200,000.00	1,176,620.00
Available Resources/(Deficit)		**P 230,580.00**

Task 2: Allocate Available Resources

Based on the recommendation of the BDC and the approval of the Punong Barangay, the available resources may be allocated to other priorities, such as:

Table 7. Sample Allocation of Available Resources

Available Resources		**P 230,580.00**
Less: High Priority Projects		
Conduct of Feeding Program to one hundred (100) students at San Felipe Elementary School	130,580.00	
Additional MOOE for Basic Services (i.e., gasoline, utilities, etc.)	60,000.00	
Adjustment/Increase of Honoraria for Barangay Officials	40,000.00	P230,580.00
Balance		**0**

In line with Section 324 (a) of the LGC, the aggregate amount proposed by the Punong Barangay shall not exceed the estimates of income.

Part 1. Receipts Program

The Receipts Program covers the estimates of income for the budget year. It includes the following:

- Beginning cash balance, which shall be net of amounts earmarked for specific purposes (e.g., continuing appropriations, 20% Development Fund (DF), payables, others [restricted funds]); and

- Receipt sources which are generated from the accomplished Barangay Budget Preparation (BBP) Form No. 1.

Example: Receipts Program

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed)
(1)	(2)	(3)	(4)	(5)	(6)
Part 1. RECEIPTS PROGRAM		Local Revenue	Percentage of Amount Collected and Received	100% of Estimated Income Collected and Received	
I. Beginning Cash Balance					
II. Receipts					
A. Regular Income					
1. Share from the National and Local Taxes/Revenues					
a) Shares from National Tax Allotment (NTA)	4-01-04-010				5,000,000
b) Shares from National Wealth	4-03-01-010				50,000
c) Shares in Real Property Tax (RPT)	4-01-01-010				100,000
d) Shares on the Tax from sand, gravel, and other quarry products	4-01-02-020				60,000
2. Barangay Fees and Taxes					
a) Fees and Charges on commercial breeding of fighting cocks, cockfights and cockpits	4-01-03-010				40,000
b) Fees and Charges on billboards, signboards, neon signs and outdoor advertisements	4-01-03-030				100,000
Total Regular Income					**5,350,000**
B. Non-Regular Income					

1. Other Receipts					
a) Subsidy from the National Government	4-02-01-010				200,000
b) Subsidy from Other Local Government Units	4-02-01-020				50,000
c) Grants and Donations in Cash	4-03-02-010				50,000
d) Gain on Sale of Plant, Property, and Equipment	4-05-01-010				150,000
Total Non-Regular Income					**450,000**
Total Available Resources for Appropriation					**5,800,000**

Any proposed measure/s to increase the income of the barangay shall be subject to approval by the sanggunian. These new revenue measures may include the following:

- New or additional local taxes, charges, fees, fines, or penalties; and
- Loan proceeds (to finance capital projects).

Part 2. Expenditure Program

The second part of the BEP is the Expenditure Program covering the proposed appropriations for the budget year.

<u>Rules on the Preparation of the Expenditure Program of the BEP</u>

The barangay shall ensure compliance with the following requirements:

a. **20% of the NTA for Development Projects (Section 287 of the LGC)**

Each LGU shall appropriate in its annual budget no less than twenty percent (20%) of its annual NTA for development projects (Section 287 of the LGC).

The development projects that may be included under the 20% DF shall be those that are necessary, appropriate, or incidental to efficient and effective local governance, and those which are essential to the promotion of the general welfare of the people, as embodied in the approved BDP, BDIP, and BAIP, consistent with DBM-Department of Finance (DOF)-Department of the Interior and Local Government (DILG) Joint

Memorandum Circular (JMC) No. 1 s. 2020, dated November 4, 2020,[21] as supplemented by DBM-DOF-DILG JMC No. 1 s. 2023, dated April 27, 2023.[22]

The following expenditure items are not allowed to be charged against the 20% DF:

- PS expenditures, such as salaries, wages, overtime pay, and other personnel benefits;

- Administrative expenses, such as supplies, meals, representation, communication, water and electricity, petroleum products, and the like;

- Traveling expenses, whether domestic or foreign;

- Registration fees and other expenses related to the conduct of and participation in training, seminars, conferences or conventions;

- Purchase, maintenance or repair of administrative office furniture, fixtures, equipment or appliances; and

- Purchase, maintenance or repair of motor vehicles used for administrative purposes.

b. Budgetary Requirements (Section 324 of the LGC)

i) The aggregate amount appropriated shall not exceed the estimates of income of the barangay;

ii) Full provision shall be made for all statutory and contractual obligations of the barangay;

iii) The amount of appropriation for debt servicing shall not exceed 20% of the regular income of the barangay; and

iv) No less than five percent (5%) of the estimated revenue from regular sources shall be set aside as the BDRRMF to support disaster risk reduction management activities (Section 21 of RA No. 10121).[23]

Of the amount appropriated for BDRRMF, thirty percent (30%) shall be allocated as Quick Response Fund (QRF) or stand-by fund for relief and recovery programs in order that situation and living

[21] Revised Guidelines on the Appropriation and Utilization of the Twenty Percent (20%) of the Annual Internal Revenue Allotment for Development Projects (LGUs)
[22] Supplemental Guidelines to DBM-DOF-DILG JMC No. 1, s. 2020 Relative to the Utilization of the Twenty Percent (20%) Component of the Annual National Tax Allotment (20% Development Fund) for the Implementation of Community-Based Monitoring System
[23] Philippine Disaster Risk Reduction and Management Act of 2010

conditions of people in the communities or areas stricken by disasters, calamities, epidemics, or complex emergencies, may be normalized as quickly as possible.

Seventy percent (70%) for disaster prevention and mitigation, preparedness, response, rehabilitation, and recovery (Section 21 of RA No. 10121 and NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013).[24]

c. 10% of the General Fund for the Sangguniang Kabataan (Section 329 of the LGC)

The Punong Barangay shall set aside ten percent (10%) of the general funds of the barangay 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 (Section 329 of the LGC and Section 20 [a] of RA No. 10742[25] as amended by RA No. 11768[26]).

d. General Limitations

- The total PS appropriations for one (1) fiscal year shall not exceed fifty-five percent (55%) of the total annual income actually realized from local sources during the next preceding fiscal year (Section 331 [b] of the LGC).

  For the computation of the total PS cost of waived items and determination of compliance with PS Limitation, the Punong Barangay may refer to General Provisions (GPs) of the applicable General Appropriations Act (GAA) for the budget year and the corresponding guidelines issued by the DBM for the purpose.

- The creation of new positions and salary increases or adjustments shall in no case be made retroactive (Section 325 [g] of the LGC); and

- The annual appropriations for discretionary purposes of the Punong Barangay shall not exceed two percent (2%) of the actual receipts derived from basic RPT in the next preceding calendar year. Discretionary funds shall be disbursed only for public purposes to be supported by appropriate vouchers and subject to such guidelines as may be prescribed by law. No amount shall be appropriated for the same purpose (Section 325 [h] of the LGC).

[24] Allocation and Utilization of the Local Disaster Risk Reduction and Management Fund (LDRRMF)
[25] Sangguniang Kabataan Reform Act of 2015
[26] An Act Strengthening the Sangguniang Kabataan, Institutionalizing Additional Reforms to Revitalize Youth Participation in Local Governance and By Providing Honorarium, Other Benefits, and Privileges, Amending for the Purpose Certain Sections of Republic Act No. 10742, Otherwise Known as the "Sangguniang Kabataan Reform Act of 2015"

e. Budgetary Requirements by Attribution

The following are the budgetary requirements for specific sectors or concerns as prescribed by pertinent laws, rules and regulations that shall be included in the barangays' annual budgets as contained in their respective barangay development plans and integrated in the BAIP. The same may be provided in the annual budget as direct appropriation and/or by attribution.

- Gender and Development (GAD) Budget – At least five percent (5%) of the LGUs' total budget appropriations for the cost of implementing GAD Programs (RA No. 7192,[27] RA No. 9710,[28] and Philippine Commission on Women [PCW]-DILG-DBM-National Economic and Development Authority JMC No. 2016-01 dated January 12, 2016[29]);

- Local Council for the Protection of Children (LCPC) Programs – One percent (1%) of the NTA of barangays shall be allocated for the strengthening and implementation of the programs of the LCPC (Section 15 of RA No. 9344,[30] as amended by RA No. 10630[31]);

- PPAs and services that will address the needs of senior citizens (RA No. 7432,[32] as amended by RA No. 9257,[33] as further amended by RA No. 9994[34]) and differently-abled persons (RA No. 7277,[35] as amended by RA No. 9442[36], as further amended by RA No. 10524[37]);

- Community-based Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) prevention, care, and support programs (RA No. 11166[38]); and

- LGUs shall appropriate a substantial portion of their respective annual budgets to assist in or enhance the enforcement of said law by giving priority to preventive or educational programs and the rehabilitation or treatment of drug dependents (Section 51 of RA No. 9165[39] and its IRR).

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[27] Women in Development and Nation Building Act
[28] The Magna Carta of Women
[29] Amendments to PCW-DILG-DBM-NEDA JMC No. 2013-01: Guidelines on The Localization of The Magna Carta of Women
[30] Juvenile Justice and Welfare Act of 2006
[31] An Act Strengthening the Juvenile Justice System in the Philippines, Amending for the Purpose Republic Act No. 9344, Otherwise Known as the "Juvenile Justice and Welfare Act of 2006," and Appropriating Funds Therefor
[32] An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for Other Purposes
[33] Expanded Senior Citizens Act of 2003
[34] Expanded Senior Citizens Act of 2010
[35] An Act Providing for the Rehabilitation, Self-Development and Self-Reliance of Disabled Persons and their Integration into the Mainstream of Society and For Other Purposes
[36] An Act Amending Republic Act No. 7277, Otherwise Known as the "Magna Carta for Disabled Persons, And for Other Purposes"
[37] An Act Expanding the Positions Reserved for Persons with Disability, Amending for the Purpose Republic Act No. 7277, as amended, Otherwise Known as the Magna Carta for Persons with Disability
[38] Philippine HIV and AIDS Policy Act
[39] Comprehensive Dangerous Drugs Act of 2002

f. Compliance with Other Applicable Laws, Rules and Regulations

- All PPAs included in the budget shall be in accordance with/listed in the approved BAIP (Section 305 [i] of the LGC);

- Consider all other items of expenditure that are expressly prescribed or authorized under existing laws, rules, and regulations; and

- Verify if appropriations for specific purposes required by law, which may be attributed to regular PPAs, are fully provided.

g. Annual Operating Budget (AOB) of Barangay Economic Enterprise (BEE) shall comply with the following requirements:

- The Barangay shall maintain a special account in the General Fund (GF) for the BEE (Section 313 [a] of the LGC);

- Salaries, wages, representation, and transportation allowances of BEE officials and employees shall not be included in the annual or supplemental budget or in the computation of the maximum amount for PS of the Barangay.

  The appropriations for PS of BEEs shall be charged to their respective budgets (Section 325 [a] of the LGC);

- PPAs of BEE are included in the BAIP;

- Under Section 313 of the LGC, the rule on the treatment of the income of the BEE is as follows:

  a. The costs of improvement, repair, and other related expenses of the BEE shall be deducted from the income from the operation of the BEE;

  b. The balance thereof shall first be applied for the return of advances or loans made for the BEE; and

  c. Any excess shall form part of the GF of the Barangay.

- The AOB of each BEE is presented separately in the BEP which shall be included for enactment by the sangguniang barangay.

Example: Expenditure Program

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed) (In Pesos)
(1)	(2)	(3)	(4)	(5)	(6)
Part 1. RECEIPTS PROGRAM		Local Revenue	Percentage of Amount Collected and Received	100% of Estimated Income Collected and Received	
I. Beginning Cash Balance					
II. Receipts					
A. Regular Income					
1. Share from the National and Local Taxes/Revenues					
a) Shares from National Tax Allotment (NTA)	4-01-04-010				5,000,000
b) Shares from National Wealth	4-03-01-010				50,000
c) Shares in Real Property Tax (RPT)	4-01-01-010				100,000
d) Shares on the Tax from sand, gravel, and other quarry products	4-01-02-020				60,000
2. Barangay Fees and Taxes					
a) Fees and Charges on commercial breeding of fighting cocks, cockfights and cockpits	4-01-03-010				40,000
b) Fees and Charges on billboards, signboards, neon signs and outdoor advertisements	4-01-03-030				100,000
Total Regular Income					**5,350,000**
B. Non-Regular Income					
1. Other Receipts					
a) Subsidy from the National Government	4-02-01-010				200,000

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed) (In Pesos)
b) Subsidy from Other Local Government Units	4-02-01-020				50,000
c) Grants and Donations in Cash	4-03-02-010				50,000
d) Gain on Sale of Plant, Property, and Equipment	4-05-01-010				150,000
Total Non-Regular Income					**450,000**
Total Available Resources for Appropriation					**5,800,000**
Part 2. EXPENDITURE PROGRAM					
1. General Administration (GA)		General Administrative Services	Percentage of Budget Utilized	100% of Budget	
Personal Services (PS)					
Salaries and Wages – Regular	5-01-01-010				200,000
Honoraria	5-01-02-050				100,000
Year-End Bonus	5-01-02-060				50,000
Cash Gift	5-01-02-070				50,000
Productivity Enhancement Incentive	5-01-02-040				25,000
Other Bonuses and Allowances	5-01-02-990				25,000
Retirement and Life Insurance Premiums	5-01-03-010				15,000
Pag-IBIG Contributions	5-01-03-020				30,000
PhilHealth Contributions	5-01-03-030				60,000
Other Personnel Benefits	5-01-04-990				15,000
Total PS					**570,000**
Maintenance and Other Operating Expenses (MOOE)					
Travelling Expenses – Local	5-02-01-010				20,000
Training Expenses	5-02-02-010				20,000
Office Supplies Expenses	5-02-03-010				50,000
Welfare Goods Expenses	5-02-03-030				30,000
Drugs and Medicine Expenses	5-02-03-040				10,000
Fuel, Oil and Lubricant Expenses	5-02-03-050				10,000
Other Supplies and Materials Expenses	5-02-03-990				10,000
Water Expenses	5-02-04-010				10,000

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed) (In Pesos)
Electricity Expenses	5-02-04-020				50,000
Postage and Courier Services	5-02-05-010				10,000
Telephone Expenses	5-02-05-020				10,000
Other Professional Services	5-02-07-990				20,000
Janitorial Services	5-02-08-020				20,000
Security Services	5-02-08-030				20,000
Repairs and Maintenance - Machinery and Equipment	5-02-09-040				30,000
Repairs and Maintenance - Furniture and Fixtures	5-02-09-060				10,000
Fidelity Bond Premiums	5-02-11-010				10,000
Other MOOE	5-02-99-990				20,000
Total MOOE					**360,000**
Financial Expenses (FE)					
Interest Expenses	5-03-01-010				20,000
Bank Charges	5-03-01-020				10,000
Other Financial Charges	5-03-01-990				10,000
Total FE					**40,000**
Capital Outlay (CO)					
Land	1-07-01-010				575,500
Infrastructure Assets	1-07-03-990				100,000
Buildings and Other Structures	1-07-04-010 and 1-07-04-990				150,000
Machinery and Equipment	1-07-05-010 and 1-07-05-020				50,000
Transportation Equipment	1-07-06-010 and 1-07-06-990				50,000
Furniture and Fixtures	1-07-07-010				20,000
Other Property, Plant and Equipment	1-07-99-990				30,000
Total CO					**975,500**
Total GA					**1,945,500**
2. Basic Services and Facilities (BSF)					
Day Care		Preschoolers Enrolled in Day Care Centers Increased	Number of Enrollees in the Day Care Center	100 Enrollees	
MOOE					
Office Supplies Expenses	5-02-03-010				120,000
CO					

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed) (In Pesos)
Total					**120,000**
Health and Nutrition		Health Services Improved	Number of Medicines Distributed and Number of Patients Served in Health Centers	500 Medicines and 200 Patients	
MOOE					
Drugs and Medicine Expenses	5-02-03-040				150,000
CO					
Total					**150,000**
Peace and Order		Peaceful Community achieved	Percentage Decrease in the Crime Rate in the Barangay	90% Decrease	
MOOE					
Other Supplies and Materials Expenses	5-02-03-990				120,000
CO					
Total					**120,000**
Agricultural Services		Agricultural Production Increased	Number of Farm Inputs, Such as Pesticides and Fertilizers, distributed	500 Farm Inputs and Number of Farmers benefitted	
MOOE					
Other Maintenance and Operating Expenses	5-02-99-990				100,000
CO					
Total					**100,000**
Anti-Drug Abuse Campaign		Drug Abuse Prevention, Education and Awareness Conducted	Number of Information Dissemination Campaigns Conducted	3 Campaigns	
MOOE	5-02-99-990				127,000
CO					
Total					**127,000**
HIV/AIDS Prevention Care and Support Program		Care and Support Programs to Prevent the Spread of HIV and Deliver Treatment	Number of HIV/AIDS Prevention Care and Support Programs Conducted	50 Programs Conducted	

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed) (In Pesos)
MOOE	5-02-99-990				270,000
CO					
Total					**270,000**
Total BSF					**887,000**
3. Special Purpose Appropriations (SPA)		PPAs Implemented	Percentage of PPAs Implemented	100% of PPAs	
20% Debt Service					**1,070,000**
10% Sangguniang Kabataan (SK) Fund					**580,000**
20% Development Fund (DF)					
MOOE					300,000
CO					700,000
Total DF					**1,000,000**
5% Barangay Disaster Risk Reduction and Management Fund (BDRRMF)					
30% Quick Response Fund (QRF)					80,250
70% Disaster Preparedness, Prevention & Mitigation, Response					
MOOE					100,000
CO					87,250
Total					187,250
Total BRRRMF					**267,500**
Other Authorized SPAs					**50,000**
Total SPA					**2,967,500**
Total Expenditure Program					**5,800,000**
Ending Balance					**0**

Part 3. General Provisions (GPs)

The BEP shall also include GPs, which contain policies and guidelines on receipts and expenditures, such as but not limited to:

- The manner and procedures for revenue generation and utilization to serve as guideposts to prevent delays in the implementation of development projects and other PPAs.

- Policies on expenditures, specifically for PS and all other personnel benefits, MOOE, FE, and CO. A provision on cost-cutting or economy measures may be included for some or all objects of expenditures.

- Authorization and policies prescribed by laws, rules, and regulations.

All GPs should be in accordance with existing laws, rules, and regulations.

Example: General Provisions

PART 3. GENERAL PROVISIONS **Section 1. Availability of Appropriations.** Unexpended balances of appropriations authorized in the annual appropriations ordinance shall revert to the unappropriated surplus of the general fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent enactment. However, appropriations for CO shall continue and remain valid until fully spent, reverted or the project is completed. Reversions of continuing appropriations shall not be allowed unless obligations therefor have been fully paid or otherwise settled. **Section 2. Limitation on Cash Advance.** Notwithstanding any provision of law to the contrary, cash advances shall not be granted until such time that the earlier cash advances availed of by the officials or employees or employees concerned shall have been liquidated pursuant to pertinent accounting, and auditing rules and regulations. **Section 3. Meaning of Savings.** Savings refer to portions or balances as of any given point in the fiscal year or any programmed or allotted appropriation which remain free of any obligation or encumbrance and which are still available after the satisfactory completion or the unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation was originally authorized, or which result from unobligated compensation and related costs pertaining to vacant positions and leaves of absence without pay. **Section 4. Use of Savings and Augmentation.** Pursuant to Section 336 of Republic Act No. 7160 or the Local Government Code of 1991 (LGC), the Punong Barangay is hereby authorized to augment any item in the approved annual budget for the barangay or the sanggunian, as the case may be, from savings in other items within the same expense class of their respective appropriations.

Task 3: Prepare the Indicative Annual Procurement Plan (APP) of the Barangay

Part of the accompanying/supporting documents of the BEP is the Indicative APP. It is a consolidation of Project Procurement Management Plans (PPMPs) prepared and submitted by various end-user units within the barangay. It reflects the entirety of the procurement activities that will be undertaken by the barangay within the calendar year.

The PPMP is prepared by the end-user unit during the budget preparation to support the cost estimates in the budget proposal for their different PPAs with proposed procurement of goods, civil works, and consulting services.

The PPMP and Indicative APP shall be prepared in accordance with the format and guidelines prescribed by the Government Procurement Policy Board (GPPB). For guidance, kindly refer to Figure 5 of this Manual.

Step 8. Punong Barangay prepares the Budget Message

The budget document shall contain a budget message of the Punong Barangay setting forth in brief the significance of the BEP, particularly in relation to the approved local development plan (Section 314 [b] [1] of the LGC).

What is a Budget Message?

A budget message is a summary of the proposed BEP prepared by the Punong Barangay, highlighting the following:

- Development Goals and Objectives;
- Policy Thrusts;
- Priority PPAs;
- Previous Years' Fiscal Performance;
- Estimates of income and sources;
- Proposed budget by sector and expense class; and
- Expected outputs/performance indicators/targets.

How to Prepare the Budget Message

1. Present the objectives, policies, strategies, and priority PPAs and explain the program thrusts of the barangay for the budget year.

2. Review the past three (3)-year revenue and expenditure patterns and identify what basic services and facilities were provided. The barangay's revenue and expenditure patterns may be presented in simple graphs or charts.

3. Discuss the current year's income and expenditure performance and disclose any improvements in the production of results as compared with those during the past three (3) years.

4. Disclose the gaps in the delivery of services and functions to justify the proposal to expand the budget for the sector.

5. Present a summary of the Estimates of Income for the budget year.

6. Present a summary of the proposed expenditures and major deliverables (expected outputs and targets) for the budget year.

An example is provided in Item 1.6 of this Chapter.

Step 9. Punong Barangay submits the BEP, together with the following documents, to the sangguniang barangay not later than the 16th of October of the current fiscal year (Section 318 of the LGC):

- Budget Message;
- Plantilla of Personnel (BBP Form No. 3);
- Statement of Indebtedness (BBP Form No. 4); and
- BAIP, duly approved by the Sangguniang Barangay through a Resolution.

B. SUPPLEMENTAL BUDGET

General Rule

All budgetary proposals shall be included and considered in the budget preparation process. After the punong barangay concerned shall have submitted the executive budget to the Sangguniang Barangay, no ordinance providing for a supplemental budget shall be enacted (Section 321 of the LGC).

Exceptions

Changes in the annual budget may be done through supplemental budgets under the following circumstances (Article 417 of the IRR of the LGC, as amended by Administrative Order [AO] No. 47, s. 1993[40]):

1. **When supported by funds actually available as certified by the Barangay Treasurer**

   Funds actually available refer to the amount of money actually collected, as certified by the Barangay Treasurer, at any given point during the fiscal year, which is over and above the estimated income collection for that point in the year.

   Thus, funds are actually available when **realized income exceeds estimated income** as of any given day, month, or quarter of the said fiscal year.

   Funds are likewise deemed actually available when there are **savings**.

   Savings refer to portions or balances as of any given point in the fiscal year of any programmed or allotted appropriation which remain free of any obligation or encumbrance and which are still available after the satisfactory completion or the unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation was originally authorized, or which result from unobligated compensation and related costs pertaining to vacant positions and leaves

[40] Amending Article 417 of the Rules and Regulations Implementing the Local Government Code of 1991, Approved and Adopted by Administrative Order No. 270 (1992)

of absence without pay (Article 417 of the IRR of the LGC, as amended by AO No. 47, s. 1993).

2. If covered by new revenue source/s

New revenue source refers to money measures not otherwise considered during the preparation and enactment of the annual budget. Such new revenue measures include ordinance passed by the Sangguniang Barangay during the fiscal year but after the annual budget had already been enacted into law, which imposes new local taxes, charges, fees, fines or penalties, or which raises existing local taxes, charges, fees, fines or penalties, as may be applicable in the case of barangays.

Such revenue sources also include new or higher remittances, contributions, subsidies or grants in aid from the National Government or from government corporations and private entities which have not been included in the estimates of income that served as basis for the annual budget.

3. In times of public calamity

By way of budgetary realignment to set aside appropriations for the purchase of supplies and materials or the payment of services, which are exceptionally urgent or absolutely indispensable to prevent imminent danger to, or loss of, life and property, in the jurisdiction of the barangay or in other areas declared in a state of calamity by the President or the local sanggunian (Section 321 of the LGC, Article 417 of the IRR of the LGC, as amended by AO No. 47, and National Disaster Risk Reduction and Management Council [NDRRMC] Memorandum Order No. 60, s. 2019).[41]

In such case, the Appropriation Ordinance shall clearly indicate the following:

- The sources of funds available for appropriations as certified under oath jointly by the barangay treasurer and the local accountant, and attested by the punong barangay;
- The items of appropriations affected; and
- The reasons for the changes.

The Punong Barangay shall prepare the supplemental budget using BBP Form No. 5 - Statement of Funding Sources (Supplemental Budget) and BBP Form No. 6 - Statement of Supplemental Appropriations in Item 1.5 of this Chapter.

[41] Revised Guidelines for the Declaration of a State of Calamity

Steps in the Preparation of Supplemental Budget

Step 1. Punong Barangay identifies the sources of funds, if any, for the supplemental budget

The sources of funds are indicated in BBP Form No. 5 (Statement of Funding Sources) consisting of any or some of the following:

1. Funds Actually Available;
    a. Realized Income in Excess of the Estimated Income;
    b. Savings;
2. New Revenue Source;
    a. Tax Revenue;
    b. Loan Proceeds (Borrowings);
    c. Assistance and Subsidy; and
    d. Grants and Donations.
3. Realignment (in times of public calamity).

Step 2. Punong Barangay determines the PPAs for the supplemental budget

The Punong Barangay shall determine the specific PPAs to be funded by the supplemental budget. The PPAs and other necessary information shall be properly reflected in BBP Form No. 6 (Statement of Supplemental Appropriation/s).

All PPAs to be covered by the supplemental budget shall be consistent with the approved BAIP. Otherwise, a supplemental BAIP covering the PPAs to be covered by the supplemental budget that are not included in the approved original BAIP shall be prepared by the BDC and approved by the Sangguniang Barangay through a Resolution.

Step 3. Punong Barangay submits the Supplemental Budget to the Sangguniang Barangay.

The Punong Barangay shall submit the supplemental budget to the Sangguniang Barangay for authorization through an Appropriation Ordinance, together with the following:

- BBP Form No. 5 (Statement of Funding Sources [Supplemental Budget]); and
- BBP Form No. 6 (Statement of Supplemental Appropriation).

1.5 Barangay Budget Preparation (BBP) Forms

BBP Form No. 1

BUDGET OF EXPENDITURES AND SOURCES OF FINANCING

Barangay ___________________________

City/Municipality of ___________________

Province of __________________________

GENERAL FUND

Particulars	Account Code	Past Year (Actual)[1]	Current Year			Budget Year (Proposed)
			First Semester (Actual)	Second Semester (Estimate)	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I. Beginning Cash Balance						
II. Receipts						
Regular Income						
A. Share from the National and Local Taxes/Revenues						
1. Shares from National Tax Allotment (NTA)						
2. Shares from National Wealth						
3. Shares in Real Property Tax (RPT)						
4. Shares on the Tax from sand, gravel, and other quarry products						
5. Community Tax, if applicable						
B. Barangay Fees and Taxes						
1. Fees imposed on (Peddlers, Breeding of fighting cocks, Use of barangay roads, waterways, bridges and parks, Use of barangay properties/facilities, Parking, Clearance/Certification, and Other fees imposed by the barangays)						
2. Taxes imposed on stores/retailers within the barangay						
3. Penalties for violation of barangay ordinance						
C. Other Fees and Charges						
1. Operation of cockpits, places of recreation, etc.						
2. Fundraising activities						
3. Charges on billboards, signboards and other outdoor advertisements						
4. Use of barangay-operated public markets, slaughterhouse and waterworks						
5. Operation of other barangay economic enterprises						
D. Aid to Barangays						
Total Regular Income						

Particulars	Account Code	Past Year (Actual)[1]	Current Year			Budget Year (Proposed)
			First Semester (Actual)	Second Semester (Estimate)	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Non-Regular Income						
A. Other Receipts						
1. Subsidies/Financial assistance from the National Government and Provinces/Cities/Municipalities						
2. Grants and donations received						
3. Dividend/Interest from investments						
4. Proceeds from: Loans and other indebtedness and Sale of Plant, Property, and Equipment						
5. Receipt of: Performance/Bidders/Bail Bonds, Refund of Payroll Fund/Advances to Officers and Employees, funds intended for a specific purpose, payment for lost properties, payment due to overpayment of claims, and other receipts						
Total Non-Regular Income						
Total Receipts						
III. Expenditures						
Personal Services (PS)						
Salaries and Wages						
Honoraria						
Mid-Year Bonus						
Year-End Bonus						
Cash Gift						
Productivity Enhancement Incentive						
Other Compensation						
Other Bonuses and Allowances						
Personnel Benefit Contributions (RLIP, Pag-IBIG, PhilHealth, etc.)						
Other authorized personnel benefits						
Total PS						
Maintenance and Other Operating Expenses (MOOE)						
Travelling Expenses – Local						
Training Expenses						
Office Supplies Expenses						
Welfare Goods Expenses						
Drugs and Medicine Expenses						
Fuel, Oil and Lubricant Expenses						
Other Supplies and Materials Expenses						
Water Expenses						
Electricity Expenses						
Postage and Courier Services						
Telephone Expenses						

Particulars	Account Code	Past Year (Actual)[1]	Current Year			Budget Year (Proposed)
			First Semester (Actual)	Second Semester (Estimate)	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Other Professional Services						
Janitorial Services						
Security Services						
Repairs and Maintenance – Machinery and Equipment						
Repairs and Maintenance - Furniture and Fixtures						
Fidelity Bond Premiums						
Other MOOE						
Total MOOE						
Financial Expenses (FE)						
Interest Expenses						
Bank Charges						
Other Financial Charges						
Total FE						
Capital Outlay (CO)						
Land						
Infrastructure Assets						
Buildings and Other Structures						
Machinery and Equipment						
Transportation Equipment						
Furniture and Fixtures						
Other Property, Plant and Equipment						
Total CO						
Special Purpose Appropriations (SPAs)						
20% Debt Service (if any)						
10% Sangguniang Kabataan (SK) Fund						
20% Development Fund (DF)						
5% Barangay Disaster Risk Reduction and Management Fund (BDRRMF)						
30% Quick Response Fund						
70% Disaster Preparedness, Prevention & Mitigation, Response						
Other Authorized SPAs						
Total SPA						
Total Expenditures						
IV. Ending Balance						

1/ Based on the Trial Balance for the Applicable Year

We hereby certify that the information presented are true and correct, and based on the certified statement issued by the city/municipal accountant and city/municipal treasurer covering the actual and estimates of income from local sources for the Barangay, respectively. We further certify that the foregoing estimated receipts are reasonably projected as collectible for the Budget Year.

Prepared by:		**Approved by:**
______________________	______________________	____________________
Barangay Treasurer	Barangay Secretary	Punong Barangay

INSTRUCTIONS

Column 1 – Indicate the receipts by major source. The beginning cash balance shall be net of amounts earmarked for specific purposes (e.g., continuing appropriations, 20% Debt Service, 10% SK Fund, 20% DF, 5% BDRRMF, and other authorized SPAs).

Column 2 – Indicate the account code for each itemized receipt using the Manual on Financial Management for Barangays, as prescribed under COA Circular No. 2015-011 dated December 1, 2015.

Column 3 – Indicate the past year's actual receipts and expenditures. The past year's actual receipts and expenditures shall be certified by the Barangay Treasurer.

Columns 4 and 5 – Indicate current year's estimated receipts and expenditures, as follows:
• First Semester – actual receipts and expenditures certified by the Barangay Treasurer.
• Second Semester – estimated receipts and expenditures prepared by the Barangay Treasurer.

Column 6 – Indicate the totals of the amounts under Columns 4 and 5.

Column 7 – Indicate the proposed amount of receipts and expenditures for the budget year.

Notes:

1) Based on the Bureau of Local Government Finance Memorandum Circular No. 16-2015 dated June 19, 2015 re Local Public Financial Management (PFM) Tools for the Electronic Statement of Receipts and Expenditures (which include the Guidebook for the New Local Government Financial Performance Monitoring System), regular revenues refer to taxes, fees and receipts actually realized, including the NTA and other shares provided for in Sections 284, 290 and 291 of the LGC, but exclusive of non-recurring receipts such as national aids, grants, financial assistance, loan proceeds, sales of assets, miscellaneous income/receipts and other similar receipts.

2) The beginning balance and receipts portion of this form shall be based on and consistent with the Certified Statement of Income issued by the city/municipal accountant and city/municipal treasurer (see below template).

BBP Form No. 1-A

CERTIFIED STATEMENT OF INCOME

Barangay ___________________________
City/Municipality of ____________________
Province of __________________________

Account Code	Source of Income Particulars	Past Year (Actual)	Current Year			Budget Year (Estimate)
			First Semester (Actual)	Second Semester (Estimate)	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	1.0 Beginning Cash Balance					
	2.0 Income/Receipts					
	3.0 Less: Continuing Appropriations					
	4.0 Net Available Resources					

Prepared by: **Certified by:** **Approved by:**

_______________ Barangay Treasurer

_________________ City/Municipal Treasurer

____________________ City/Municipal Accountant

_____________ Punong Barangay

INSTRUCTIONS:

Column 1 – Indicate the account code for each itemized receipt using the Manual on Financial Management for Barangays, as prescribed under Commission on Audit Circular No. 2015-011 dated December 1, 2015.
Column 2 – Indicate the sources of income/receipts.
Column 3 - Indicate the actual income/receipts for the past year.
Columns 4 and 5 – Indicate the current year's estimated income/receipts, as follows:

- First Semester – actual income/receipts
- Second Semester – estimated income/receipts

Column 6 – Indicate the totals of the amounts under Columns 4 and 5.
Column 7 – Indicate the estimated income for the budget year.

BBP Form No. 2

PROGRAMMED APPROPRIATION BY PPA, EXPENSE CLASS, OBJECT OF EXPENDITURE AND EXPECTED OUTPUTS, PERFORMANCE INDICATORS AND TARGETS FY _____

Barangay ___________________________
City/Municipality of ____________________
Province of __________________________

Program/Project/Activity Description (By Expense Class and Object/Sub-Object of Expenditure)	BAIP Reference Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Account Code	Proposed Amount (Budget Year)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. GENERAL ADMINISTRATION (GA) **Personal Services (PS)** Salaries and Wages Honoraria Mid-Year Bonus Year-End Bonus Cash Gift Productivity Enhancement Incentive Other Compensation Other Bonuses and Allowances Personnel Benefit Contributions (RLIP, Pag-ibig, PhilHealth, etc.) Other authorized personnel benefits **Total PS** **Maintenance and Other Operating Expenses (MOOE)** Travelling Expenses – Local Training Expenses Office Supplies Expenses Welfare Goods Expenses Drugs and Medicine Expenses Fuel, Oil and Lubricant Expenses Other Supplies and Materials Expenses Water Expenses Electricity Expenses						

Program/Project/Activity Description (By Expense Class and Object/Sub-Object of Expenditure)	BAIP Reference Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Account Code	Proposed Amount (Budget Year)
Postage and Courier Services						
Telephone Expenses						
Other Professional Services						
Janitorial Services						
Security Services						
Repairs and Maintenance - Machinery and Equipment						
Repairs and Maintenance Furniture and Fixtures						
Fidelity Bond Premiums						
Other MOOE						
Total MOOE						
Financial Expenses (FE)						
Interest Expenses						
Bank Charges						
Other Financial Charges						
Total FE						
Capital Outlay (CO)						
Land						
Infrastructure Assets						
Buildings and Other Structures						
Machinery and Equipment						
Transportation Equipment						
Furniture and Fixtures						
Other Property, Plant and Equipment						
Total CO						
TOTAL GA						
2. BASIC SERVICES AND FACILITIES (BSF)						
Day Care						
MOOE						
CO						
Total						
Health and Nutrition						
MOOE						
CO						
Total						

Program/Project/Activity Description (By Expense Class and Object/Sub-Object of Expenditure)	BAIP Reference Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Account Code	Proposed Amount (Budget Year)
Peace and Order MOOE CO **Total** **Agricultural Services** MOOE CO **Total** **Katarungang Pambarangay** MOOE CO **Total** **Infrastructure (Non-DF)** CO **Total** **Information and Reading Center** MOOE CO **Total** **Anti-Drug Abuse Campaign** MOOE CO **Total** **Combating HIV/AIDS** MOOE CO **Total** **Human Resource Development Program** MOOE **Total** **TOTAL BSF** **3. SPECIAL PURPOSE APPROPRIATIONS (SPA)** 20% Debt Service (if any) 10% Sangguniang Kabataan (SK) Fund 20% Development Fund (DF)						

Program/Project/Activity Description (By Expense Class and Object/Sub-Object of Expenditure)	BAIP Reference Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Account Code	Proposed Amount (Budget Year)
5% Barangay Disaster Risk Reduction and Management Fund (BDRRMF) 30% Quick Response Fund 70% Disaster Preparedness, Prevention & Mitigation, Response Other Authorized SPAs **TOTAL SPA**						
TOTAL PPA (GA + BSF + SPA)						

We hereby certify that the information presented are true and correct.

Prepared by: Approved by:

Barangay Treasurer	Barangay Secretary	Punong Barangay

Note:

This form is intended to reflect the details of programmed appropriation by program, project and activity, expense class, object of expenditure and expected outputs, performance indicators and targets in the Barangay Budget.

INSTRUCTIONS

Column 1 – Indicate the name of the Program, Sub-Program (if any), Projects and Activities (PPA) per major type of expenditures, i.e., General and Administration, and Basic Services and Facilities by Expense Class, i.e., PS, MOOE, FE and CO and Special Purpose Appropriations; and provide the breakdown of object and sub-object of expenditures for each PPA.

Column 2 - Indicate the PPA reference code reflected in the BAIP corresponding to each PPA.

Column 3 – Indicate the good or service that the barangay is expected to deliver through the implementation of the PPAs as reflected in the BAIP.

Column 4 – Performance indicator is the characteristic of a performance to measure and to illustrate the standard by which a unit/committee is expected to deliver its outputs/services in terms of the following:

- Quantity (e.g., Number of meters of pathwalk repaired/rehabilitated/constructed)
- Quality (e.g., Percentage reduction in reported incidents in the barangay annually)
- Timeliness (e.g., Average days from identification to first nutritious meal for children under 5 years old with low weight)

Column 5 – Target is a unit's/committee's committed performance given its budget in numeric terms. Indicate the target for the budget year in terms of the following:

- Quantity (e.g., 500 meters of pathwalk constructed)
- Quality (e.g., 20% reduction in reported incidents)
- Timeliness (e.g., 3 days or fewer from identification to first nutritious meal)

Column 6 – Indicate the account code for each of the itemized expenses using the Manual on Financial Management for Barangays, as prescribed under COA Circular No. 2015-011 dated December 1, 2015.

Column 7 – Indicate the proposed amount for the budget year.

BBP Form No. 2-A

LIST OF PROGRAM/PROJECT/ACTIVITY CHARGEABLE AGAINST THE 20% DEVELOPMENT FUND, FY _____

Barangay ___________________________
City/Municipality of ____________________
Province of ___________________________

BAIP Reference Code (1)	Program/Project/Activity Description (2)	Schedule of Implementation		Expected Outputs (5)	Amount (6)
		Start Date (3)	Completion Date (4)		
Total					

Prepared by: Approved by:

_____________________ ___________________ ________________
Barangay Treasurer Barangay Secretary Punong Barangay

INSTRUCTIONS

Column 1 - Indicate the Program/Project/Activity (PPA) code as reflected in the BAIP corresponding to each item of appropriation.

Column 2 - Indicate a concise description of the PPA to be implemented chargeable against the 20% development fund (DF).

Columns 3 and 4 – Indicate the timelines of the implementation of each development project (Start and Completion Date).

Column 5 - Indicate the good or service that the barangay is expected to deliver through the implementation of each PPA chargeable against the 20% DF.

Column 6 – Indicate the amount allocated for each development project.

BBP Form No. 3

PLANTILLA OF PERSONNEL FY _____
Barangay ___________________________
City/Municipality of ___________________
Province of __________________________

Item Number	Position Title	Name of Incumbent	Current Year Authorized Rate/Annum		Budget Year Proposed Rate/Annum		Increase/Decrease
			Salary Grade (SG)/Step	Rate	SG/Step	Rate	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Prepared by: Approved by:

_________________ _________________ _______________
Barangay Treasurer Barangay Secretary Punong Barangay

INSTRUCTIONS

Column 1– Indicate the item number of the plantilla position.

Column 2 – Indicate the position title based on Local Budget Circular No. 137 *(Index of Occupational Services, Position, Titles and Salary Grades in Local Government (IOS-LGU), CY 2021 Edition) dated July 13, 2021,* and any subsequent issuances of the DBM. If the position is proposed for abolition, place the position title inside a bracket. If the position is proposed for reclassification/conversion, place the previous position title in a bracket and indicate the proposed position title below it.

Column 3 – Indicate the name of the incumbent occupying the position. If the position is unfilled, indicate the word "vacant".

Columns 4 and 5 – Indicate the current SG/step and corresponding rate per annum of each position. Include as a footnote the compensation law/circular being implemented. For the initial implementation of changes, attach a copy of the Position Allocation List.

Columns 6 and 7 – Indicate the SG/step and corresponding rate per annum of each position proposed for the budget year.

Column 8 – Indicate the difference between the old and the new rates of compensation per annum for the budget year.

Additional Instructions:

1. This form shall cover the compensation of both elective (in the form of honoraria) and appointive officials (in the form of salaries or honoraria) of the barangay which are chargeable against the Personal Services (PS) Appropriation.

2. Only funded vacant positions shall be included in the plantilla. All unfunded vacant positions shall be removed/deleted from the plantilla.

BBP Form No. 4

STATEMENT OF INDEBTEDNESS, FY _____

Barangay ___________________________

City/Municipality of ___________________

Province of __________________________

Creditor	Date Contracted	Term	Principal Amount	Purpose	Previous Payments Made			Amount Due			Balance of the Principal
					Principal	Interest	Total	Principal	Interest	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Prepared by:

____

Barangay Treasurer

Approved by:

____

Punong Barangay

Instructions:

Column 1 – Indicate the full name of creditors with their corresponding addresses under each fund/special account and each office.

Column 2 – Indicate the date when the obligation is incurred.

Column 3 – Indicate the period (months/years) within which to pay the loan.

Column 4 – Indicate the principal amount of the loan.

Column 5 – Indicate the purpose of the loan incurred.

Columns 6, 7, and 8 – Indicate the total payments prior to the budget year, including payments within the current year.

Columns 9, 10, and 11 – Indicate the amounts due and budgeted for the budget year.

Column 12 – Indicate the balance of the principal after deducting previous payments and amount due for the budget year (Columns 6 to 11).

Note: This form is intended to reflect the loans availed through the government servicing banks or authorized banks.

BBP Form No. 5

STATEMENT OF FUNDING SOURCES (SUPPLEMENTAL BUDGET) FY______

Barangay__________________

City/Municipality of__________

Province of________________

Fund/Special Account: _____________

Particulars	Account Classification	Amounts
(1)	(2)	(3)
1.0 New Revenue Sources Tax Revenue Loan Proceeds (Borrowings)		
2.0 Actual Collection in Excess of the Estimated Income		
3.0 Savings		
4.0 Realignment		

We hereby certify that the information presented are correct and available.

Certified by:

________________ ____________________

Barangay Treasurer City/Municipal Accountant

Instructions:

Column 1 - Indicate the appropriate funding sources.

Column 2 - Indicate the appropriate account classifications as prescribed in the Manual on Financial Management for Barangays. Indicate the details of the funding sources (e.g., Tax Revenue: Real Property Tax/Real Property Transfer Tax/Fines and Penalties, etc.).

Column 3 - Indicate the appropriate amount for each funding source.

BBP Form No. 6

STATEMENT OF SUPPLEMENTAL APPROPRIATION FY______
Barangay of_________________
City/Municipality of___________
Province of_________________

Implementing Unit/Committee	Particulars/ Purpose	BAIP Reference Code	Object of Expenditure	Account Code	Amount
(1)	(2)	(3)	(4)	(5)	(6)

Prepared by:

____
Barangay Treasurer

Approved by:

____
Punong Barangay

Instructions:

Column 1 - Indicate the particular implementing unit/committee.

Column 2 - Indicate the concise description of the Program/Project/Activity (PPAs) of appropriation based on the approved Barangay Annual Investment Program (BAIP).

Column 3 - Indicate the BAIP Reference Code of the related PPAs based on the approved BAIP.

Column 4 – Indicate the Object of Expenditure of the related PPAs.

Column 5 - Indicate the appropriate account code prescribed under the Manual on Financial Management for Barangays.

Column 6 - Indicate the amount corresponding to each PPA of appropriation and object of expenditure.

1.6 Examples

Barangay Expenditure Program

OFFICIAL SEAL
OF THE
BARANGAY

BARANGAY EXPENDITURE PROGRAM
January 1 to December 31, 2026

PPA/Expense Class/Object of Expenditure	Account Code	Expected Outputs	Performance Indicators	Target for the Budget Year	Amount for the Budget Year (Proposed)
(1)	(2)	(3)	(4)	(5)	(6)
Part 1. RECEIPTS PROGRAM		Local Revenue	Percentage of Amount Collected and Received	100% of Estimated Income Collected and Received	
I. Beginning Cash Balance					
II. Receipts					
Regular Income					
A. Share from the National and Local Taxes/Revenues					
1. Shares from National Tax Allotment (NTA)	4-01-04-010				5,000,000
2. Shares from National Wealth	4-03-01-010				50,000
3. Shares in Real Property Tax (RPT)	4-01-01-010				100,000
4. Shares on the Tax from sand, gravel, and other quarry products	4-01-02-020				60,000
B. Barangay Fees and Taxes					
1. Fees and Charges on commercial breeding of fighting cocks, cockfights and cockpits	4-01-03-010				40,000
2. Fees and Charges on billboards, signboards, neon signs and outdoor advertisements	4-01-03-030				100,000
Total Regular Income					**5,350,000**
Non-Regular Income					
A. Other Receipts					
1. Subsidy from National Government	4-02-01-010				200,000
2. Subsidy from Other Local Government Units	4-02-01-020				50,000
3. Grants and Donations in Cash	4-03-02-010				50,000

4. Gain on Sale of Plant, Property, and Equipment	4-05-01-010				150,000
Total Non-Regular Income					**450,000**
Total Available Resources for Appropriation					**5,800,000**
PPA/Expense Class/Object of Expenditure	**Account Code**	**Expected Outputs**	**Performance Indicators**	**Target for the Budget Year**	**Amount for the Budget Year (Proposed)**
Part 2. EXPENDITURE PROGRAM					
1. General Administration (GA)		General Administrative Services	Percentage of Budget utilized	100% of Budget	
Personal Services (PS)					
Salaries and Wages – Regular	5-01-01-010				200,000
Honoraria	5-01-02-050				100,000
Mid-Year Bonus	5-01-02-990				25,000
Year-End Bonus	5-01-02-060				25,000
Cash Gift	5-01-02-070				50,000
Productivity Enhancement Incentive	5-01-02-040				25,000
Other Bonuses and Allowances	5-01-02-990				25,000
Pag-IBIG Contributions	5-01-03-020				30,000
PhilHealth Contributions	5-01-03-030				60,000
Other Personnel Benefits	5-01-04-990				30,000
Total PS					**570,000**
Maintenance and Other Operating Expenses (MOOE)					
Travelling Expenses – Local	5-02-01-010				20,000
Training Expenses	5-02-02-010				20,000
Office Supplies Expenses	5-02-03-010				50,000
Welfare Goods Expenses	5-02-03-030				30,000
Drugs and Medicine Expenses	5-02-03-040				10,000
Fuel, Oil and Lubricant Expenses	5-02-03-050				10,000
Other Supplies and Materials Expenses	5-02-03-990				10,000
Water Expenses	5-02-04-010				10,000
Electricity Expenses	5-02-04-020				50,000
Postage and Courier Services	5-02-05-010				10,000
Telephone Expenses	5-02-05-020				10,000
Other Professional Services	5-02-07-990				20,000
Janitorial Services	5-02-08-020				20,000

Security Services	5-02-08-030				20,000
Repairs and Maintenance - Machinery and Equipment	5-02-09-040				30,000
Repairs and Maintenance - Furniture and Fixtures	5-02-09-060				10,000
Fidelity Bond Premiums	5-02-11-010				10,000
Other MOOE	5-02-99-990				20,000
Total MOOE					**360,000**
Financial Expenses (FE)					
Interest Expenses	5-03-01-010				20,000
Bank Charges	5-03-01-020				10,000
Other Financial Charges	5-03-01-990				10,000
Total FE					**40,000**
Capital Outlay (CO)					
Land	1-07-01-010				575,500
Infrastructure Assets	1-07-03-990				100,000
Buildings and Other Structures	1-07-04-010 and 1-07-04-990				150,000
Machinery and Equipment	1-07-05-010 and 1-07-05-020				50,000
Transportation Equipment	1-07-06-010 and 1-07-06-990				50,000
Furniture and Fixtures	1-07-07-010				20,000
Other Property, Plant and Equipment	1-07-99-990				30,000
Total CO					**975,500**
Total GA					**1,945,500**
2. Basic Services and Facilities (BSF)					
<u>Day Care</u>		Preschoolers Enrolled in Day Care Centers Increased	Number of Enrollees in the Day Care Center	100 Enrollees	
MOOE					
Supplies and Expenses	5-02-03-990				120,000
CO					
Total					**120,000**
<u>Health and Nutrition</u>		Health Services Improved	Number of Medicines Distributed and Number of Patients Served in Health Centers	500 Medicines and 200 Patients	
MOOE					
Drugs and Medicine					150,000

CO					
Total					**150,000**
Peace and Order		Peaceful Community Achieved	Percentage Decrease in the Crime Rate in the Barangay	90% Decrease	
MOOE					
Other Supplies and Materials					120,000
CO					
Total					**120,000**
Agricultural Services		Agricultural Production Increased	Number of Farm Inputs, Such as Pesticides and Fertilizers, Distributed	500 farm Inputs	
MOOE					
Supplies and Materials					100,000
CO					
Total					**100,000**
Anti-Drug Abuse Campaign		Drug Abuse Prevention, Education and Awareness Conducted	Number of Information Dissemination Campaigns Conducted	3 campaigns	
MOOE					127,000
CO					
Total					**127,000**
Combating HIV/AIDS		Services to Prevent the Spread of HIV and Deliver Treatment, Care, and Support Delivered	Number of HIV/AIDS-Related Services Delivered to Constituents	50 Services	
MOOE					270,000
CO					
Total					**270,000**
Total BSF					**887,000**
3. Special Purpose Appropriations (SPA)		PPAs under SPA Implemented	Percentage of PPAs under SPA Implemented	100% of PPAs	
20% Debt Service					**1,070,000**
10% Sangguniang Kabataan (SK) Fund					**580,000**
20% Development Fund (DF)					
MOOE					300,000

CO					700,000
Total DF					**1,000,000**
5% Barangay Disaster Risk Reduction and Management Fund (BDRRMF)					
30% Quick Response Fund (QRF)					80,250
70% Disaster Preparedness, Prevention & Mitigation, Response					
MOOE					100,000
CO					87,250
Total					187,250
Total BRRRMF					**267,500**
Other Authorized SPAs					**50,000**
Total SPA					**2,967,500**
Total Expenditure Program					**5,800,000**
Ending Balance					**0**

PART 3. GENERAL PROVISIONS

Section 1. Availability of Appropriations. Unexpended balances of appropriations authorized in the annual appropriations ordinance shall revert to the unappropriated surplus of the general fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent enactment. However, appropriations for CO shall continue and remain valid until fully spent, reverted or the project is completed. Reversions of continuing appropriations shall not be allowed unless obligations therefor have been fully paid or otherwise settled.

Section 2. Limitation on Cash Advance. Notwithstanding any provision of law to the contrary, cash advances shall not be granted until such time that the earlier cash advances availed of by the officials or employees or employees concerned shall have been liquidated pursuant to pertinent accounting, and auditing rules and regulations.

Section 3. Meaning of Savings. Savings refer to portions or balances as of any given point in the fiscal year or any programmed or allotted appropriation which remain free of any obligation or encumbrance and which are still available after the satisfactory completion or the unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation was originally authorized, or which result from unobligated compensation and related costs pertaining to vacant positions and leaves of absence without pay.

Section 4. Use of Savings and Augmentation. Pursuant to Section 336 of Republic Act No. 7160 or the Local Government Code of 1991 (LGC), the Punong Barangay is hereby authorized to augment any item in the approved annual budget for the barangay or the sanggunian, as the case may be, from savings in other items within the same expense class of their respective appropriations.

Budget Message

Republic of the Philippines
Barangay________________________________
City/Municipality of ________________

___(Date)___

BUDGET MESSAGE

The Honorable Members
Sangguniang Barangay

Ladies/Gentlemen:

May I submit the proposed Annual Budget for FY 2026 for the Barangay ________, City/Municipality of _____ for both the General Fund and Operation of Economic Enterprise pursuant to Sections 318 and 331 of Republic Act No. 7160 or the Local Government Code of 1991 (LGC).

A. INTRODUCTION

This Executive Budget was prepared after a thorough deliberation with all concerned officials and interested citizens to make it an effective tool for equitably allocating the limited resources of government to the different sectors, thus, making the Budget an instrument for the economic and social upliftment of our people. We have substantially committed funds for the programs, projects, and activities needed for an efficient and effective delivery of the basic services enumerated in the LGC.

It is important to stress that the preparation of this Budget has been open to the public through private sector representation to make decisions more participative and democratic. This is also in keeping with government's thrust for transparency and accountability in the budget-making process. We take full cognizance of the significant roles demonstrated by non-government organizations, other private sector associations, and the general public in the planning and pre-budget preparation stage by way of their membership in the Barangay Development Council.

Moreover, this Budget integrates the Barangay Development Plan into the expenditure program by proposing only those projects which have been ranked as priority in the Barangay Annual Investment Program.

The Barangay Expenditure Program and Sources of Financing are illustrated in Exhibits 1 and 2.

Exhibit 1. Barangay Expenditure Program (Distribution by Sector)
Budget Year (in million pesos)

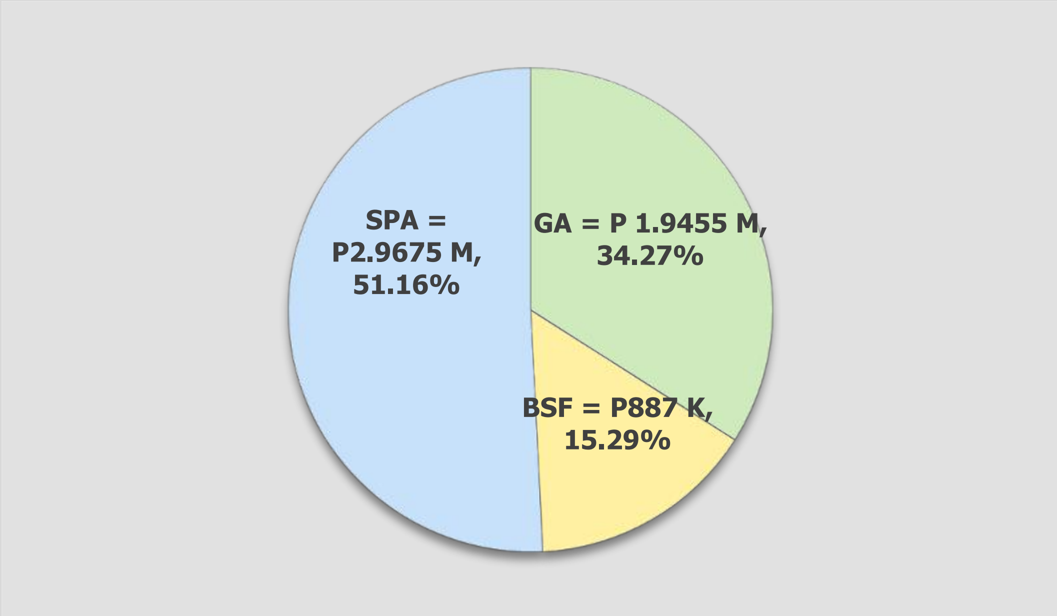
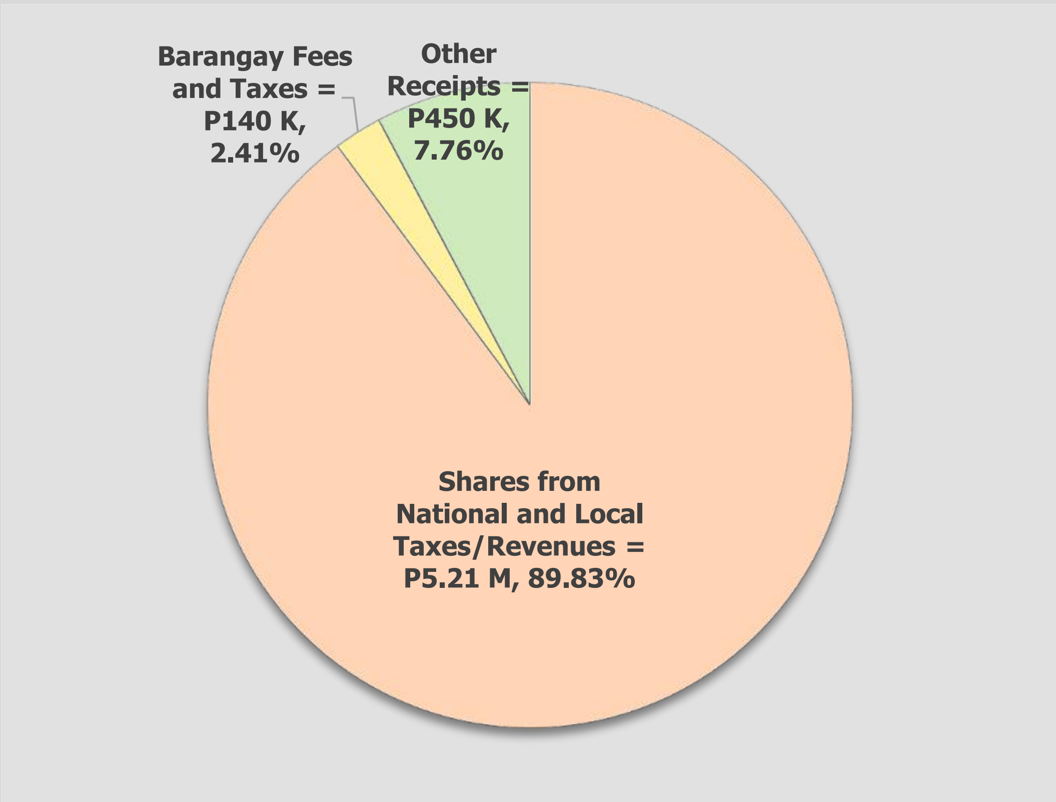


Exhibit 2. Distribution by Type of Revenue
Budget Year (in million pesos)



B. GOALS AND OBJECTIVES

The barangay expects to attain the following objectives during the plan period:

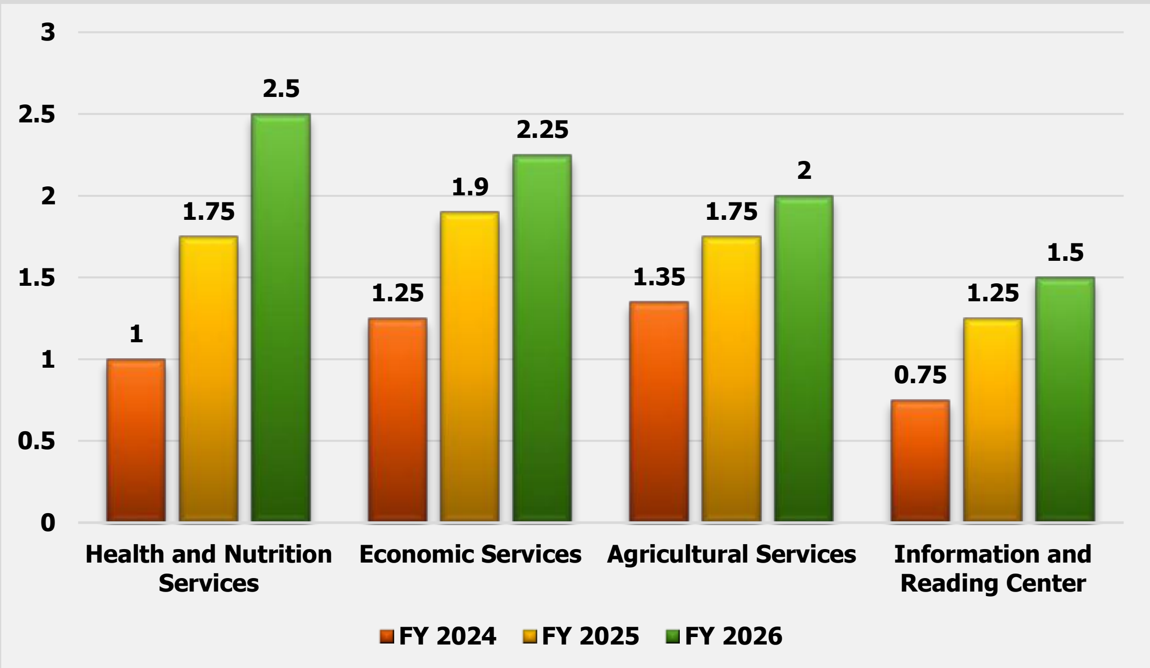
- Increase per capita income by a stated realistic percentage;
- Provide accessibility to all basic needs and services;
- Realistic percentage of citizens/constituents of the barangay;
- Provide expanded employment opportunities to the urban poor residents; and
- Increase agricultural productivity and enhance the delivery of health care services.

C. FISCAL POLICIES

Revenue-generating measures include enhanced tax collection via a vigorous tax information campaign and intensified tax collection efforts.

Exhibit 3 illustrates a rising trend in expenditures from FY 2024 to FY 2026. Notably, allocations for Health and Nutrition Services and Economic Services have increased significantly over the three years. This upward trajectory may be attributed to the barangay's efforts to modernize its healthcare and nutrition programs, as well as the expansion of its Public Market to meet the evolving demands of the local consumer base.

Exhibit 3. Expenditure Program by Sector
Comparative Trend for FY 2024 to FY 2026 (in Millions)



To strengthen the barangay's capacity to deliver essential services and support inclusive local development, it is imperative to adopt fiscal strategies anchored in prudence, efficiency, and accountability. Central to these is the shift toward performance-informed budgeting to align resources with key outcomes in health, nutrition, sanitation, and economic services. The barangay shall also enhance local revenue mobilization and implement sound expenditure management through rational allocation, cost-efficiency measures, and strict adherence to procurement and audit regulations.

Emphasis shall likewise be placed on long-term financial sustainability through multi-year investment planning aligned with the Barangay Development Plan, and the institutionalization of participatory budgeting to ensure programs are responsive to constituent needs. To improve fiscal governance, the barangay shall invest in the financial management capacity of its personnel and explore the adoption of digital systems to enhance transparency, reporting accuracy, and service delivery. These interventions reflect the barangay's commitment to good governance and a results-oriented, citizen-focused public service.

D. DISTRIBUTION BY MAJOR EXPENSE CLASS

Personal Services (PS)

The total expenditures for PS for the budget year amounted to P570,000, inclusive of the provision for Salary Standardization of P102,600. Total PS accounts for 9.83% of the total barangay budget.

Maintenance and Other Operating Expenses (MOOE)

The amount of P1,347,000 (23.22% of the budget) has been set aside for MOOE.

Capital Outlays (CO)

Expenditures for CO amount to P1,762,750 or 30.39% of the total expenditures. It includes provision for the following:

1 Renovation of the Barangay Hall; and
2 Construction of Barangay Senior Citizens' Facility.

Other Purposes

The amount of P1,070,000 has been set aside for Debt Service, P580,000 for the Sangguniang Kabataan Fund, P80,250 for the Quick Response Fund, and P50,000 for the other authorized special appropriations.

E. Operation of Barangay Economic Enterprise

The proposed budget for the Operation of Barangay Economic Enterprise (Operation of Public Market) in FY 2026 shall be sourced from the estimated annual Public Market Income of P5,000,000 allocated as follows:

Particulars	Amount	Percentage Total
PS	P1,000,000	20%
MOOE	P500,000	10%
CO	P1,250,000	25%
Debt Servicing	P1,000,000	20%
Transfer to General Fund	P1,000,000	20%
5% Reserve	P250,000	5%

CONCLUSION

Submitted together with this Message are the Barangay Expenditure Program, Plantilla of Personnel, Annual Operating Budget of BEE, approved Barangay Annual Investment Program, Indicative Barangay Annual Procurement Plan, and other supporting schedules. Gentlemen and Ladies of the Sanggunian, this budget proposal manifests our determination to lay a strong foundation for a greater and progressive barangay. Let us join our hands together as we go about our mission of providing a brighter future for our constituents.

Very truly yours,

____

NAME OF THE PUNONG BARANGAY

CHAPTER 2. BUDGET AUTHORIZATION PHASE

Budget authorization starts from the time the Sangguniang Barangay receives the Barangay Expenditure Program (BEP) submitted by the Punong Barangay and ends with the submission of the approved Appropriation Ordinance (AO) to the reviewing authority.

2.1 Legal Basis of Budget Authorization

The budget authorization phase is anchored on Section 305 (a) of the Local Government Code of 1991 (LGC) which provides that no money shall be paid out of the local treasury except in pursuance of an AO or law.

On or before the end of the current fiscal year, the Sangguniang Barangay shall enact, through an ordinance, the annual budget of the barangay for the ensuing fiscal year on the basis of the estimates of income and expenditures submitted by the Punong Barangay (Section 319 of the LGC). In relation thereto, the Sangguniang Barangay, as the legislative body of the barangay, shall enact annual and supplemental budgets in accordance with the provisions of the Code (Section 391 [a] [3] of the LGC).

2.2 Key Players in Budget Authorization

Punong Barangay - The Punong Barangay shall submit the BEP to the Sangguniang Barangay for authorization or legislative enactment (Section 331 [a] of the LGC). Upon approval by the majority of all members of the Sangguniang Barangay, the AO shall be signed by the Punong Barangay (Section 54 [c] of the LGC and Article 108 [c] of its Implementing Rules and Regulations [IRR]).

Sangguniang Barangay - The Sangguniang Barangay shall enact the AOs authorizing the annual and supplemental budgets in accordance with the provisions of the LGC (Section 391 [a] [3] of the LGC).

Committee on Appropriations – The proposed budget submitted by the Punong Barangay shall be referred to the Committee on Appropriations or its equivalent which shall conduct its review and evaluation and subsequently submits its report to the Sangguniang Barangay for consideration of the proposed budget on second reading pursuant to Article 107 (d) of the IRR of the LGC.

Barangay Treasurer - In pursuance of their functions under Section 395 (e) of the LGC, the Barangay Treasurer may assist the Committee on Appropriations or its equivalent by providing the necessary financial data.

Barangay Secretary - The Barangay Secretary shall (i) keep custody of all records of the Sangguniang Barangay; (ii) prepare and keep the minutes of all meetings of the Sangguniang Barangay; and (iii) cause the posting of an ordinance or resolution in the bulletin board at the entrance of barangay hall and in at least two (2) conspicuous places in the barangay not later than five (5) days after approval thereof (Section 394 [d] [1] [2] and 59 [b] of the LGC).

Heads of Units/Offices/Committees, if any, or Key Officials - Upon request of the Sangguniang Barangay, heads of units/offices/committees, if any, or key officials, may appear before the body or the Committee on Appropriations to explain or justify their proposals.

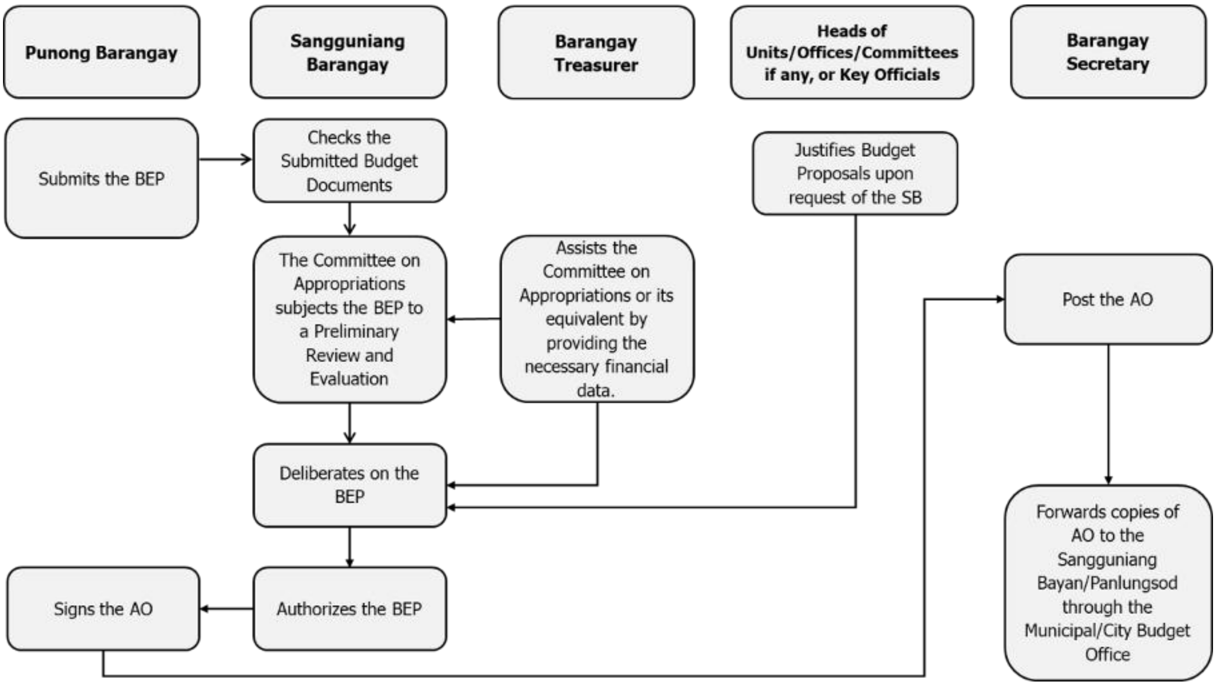
CSOs/NGOs – may carry out the following:

- Provide inputs on sectoral concerns and raise questions regarding changes in the BEP that are not aligned with the approved Barangay Annual Investment Program (BAIP), subject to the Sangguniang Barangay's internal rules of procedure (IRP);
- Observe the proceedings, including the voting process, conducted by the Sangguniang Barangay;
- Share observations during the deliberations and enactment of the AO; and
- Monitor the posting of the approved AO as required under the LGC and help disseminate this information to the public.

2.3 The Budget Authorization Flowchart

The flowchart in Figure 9 below details the sequence of activities in budget authorization.

Figure 9. Barangay Budget Authorization Flowchart



2.4 Steps in the Budget Authorization Phase

Step 1. The Sangguniang Barangay enacts the AO

1a. Check the Submitted Budget Documents

Using Barangay Budget Authorization (BBA) Form Nos. 1A and 1B (Checklists on Documentary and Signature Requirements for the Annual/Supplemental Budget) in this Chapter, the Sangguniang Barangay shall check if the required documents with the prescribed signatures are submitted.

1b. Conduct Preliminary Review and Evaluation

The Committee on Appropriations of the Sangguniang Barangay shall initially review, evaluate, and deliberate on the BEP in terms of compliance with the budgetary requirements and general limitations.

- **Receipts Program –** ensures that taxes, fees, or charges identified as sources are in accordance with the revenue ordinances of the Barangay (Section 132 of the LGC).
- **Expenditure Program –** ensures that the budgetary

requirements and general limitations prescribed under the LGC, as stipulated on pages 41 and 42 of this Manual, and with other applicable laws, rules, and regulations are complied with.

1c. Deliberate on the Budget

The Sangguniang Barangay shall consider the BEP as a priority measure if certified as urgent by the Punong Barangay, thus, shall take precedence over all other pending measures.

All Sangguniang Barangay sessions shall be open to the public unless a closed-door session is ordered by an affirmative vote of majority of the members present, there being a quorum, in the public interest or for reasons of security, decency, or morality. No two (2) sessions, regular or special, may be held in a single day (Section 52 [c] of the LGC).

- **Presentation of the BEP to the Sangguniang Barangay**

  On the first day of the deliberation on the BEP, the Punong Barangay may address the members of the Sangguniang Barangay to present the thrusts, programs, and priorities of the budget under consideration. The Punong Barangay may likewise brief the Sangguniang Barangay on the level of proposed expenditures, how they are strategically allocated among the three (3) mandated sectoral services (social, economic, and general services); and the sources of financing, particularly, revenues, other receipts and borrowings that will support the budget.

- **Deliberation Proper**

  The procedures observed in the budget deliberation may vary from one barangay to another depending on the IRP adopted by the sanggunian.

  - The Committee on Appropriations may conduct its own budget hearing and may call upon the Barangay Treasurer and heads of units/offices/committees, if any, or key officials. The Committee then renders its report and recommendations to the Sangguniang Barangay.

  - The Barangay Treasurer, in assisting the Sangguniang Barangay, shall:

    - Make available pertinent data to Sangguniang Barangay and the Committee on Appropriations to carry out a more objective review and evaluation of the proposed expenditure program and its component activities, the projected revenues and other sources of financing; and

- Be present during committee hearings and Sangguniang Barangay sessions as may be required by the legislative body to explain any detail of the BEP.

- The Sangguniang Barangay shall, among others, ensure that the provisions on budgetary requirements and general limitations under the LGC and other laws are strictly complied with.

- During budget deliberation, the Sangguniang Barangay may use the following guide questions, among others:

  - Is the budget consistent with the approved BAIP?
  - Are new taxes and other revenue measures proposed to finance the budget covered by tax ordinances?
  - Are the proposed borrowing or other credit financing within the capability of the Barangay to pay?
  - Does the budget adequately provide funds for the delivery of basic services and maintenance of facilities enumerated under Section 17 of the LGC?

- The heads of units/offices/committees, if any, or key officials, as authorized by the Punong Barangay, may present the following when requested to appear before the sanggunian to explain or justify their budgets:

  - The expected outputs, performance indicators (PIs), targets, and corresponding programs, projects, and activities (PPAs) of the heads of units/offices/committees, if any, or key officials, the relevance to their functions, and contributions to the total development efforts of the barangay;

  - The nature of the work to be performed for each PPA, as well as the level of funding being proposed, including organizational setup, and staffing modifications, if any; and

  - The accomplishment of the units/offices/committees, if any, or key officials, for the preceding fiscal year, particularly the extent to which they have met their targets.

1d. Authorize the Annual Budget

After budget deliberation, the Sangguniang Barangay authorizes the annual budget through the enactment of an AO (Please see example in Item 2.6 of this Chapter).

An appropriation refers to an authorization made by ordinance, directing the payment of goods and services from local government funds under specified conditions or for specific purposes (Section 306 [b] of the LGC).

- **Contents of the AO**

  The AO shall contain, among others, the following:

  - Assigned number, title or caption, enacting or ordaining clause, and the date of proposed effectivity (Article 107 [b] of the IRR of the LGC);

  - A provision identifying the documents appended to the AO that will form part of the authorized budget, such as, but not limited to, the following:

    - Plantilla of Personnel; and
    - Annual Operating Budget/s of Barangay Economic Enterprise/s, if any;

  - Receipts Program;

  - Expenditure Program:

    - expected outputs, PIs, and targets;

    - new appropriations of PPA, expense class, and object of expenditures; and

    - Special Provisions, if any;

  - Special Purpose Appropriations, including provision on loan payment, if any; and

  - General Provisions may include authority on the use of savings and augmentation under Section 336 of the LGC, among others.

- **Rules Governing the Enactment of an AO**

  The enactment of the proposed AO shall be governed by the rules prescribed under Section 54 of the LGC and Article 107 of its IRR, as well as the IRP adopted by the Sangguniang Barangay concerned.

- **Voting Requirement to Enact an AO**

  Any ordinance or resolution authorizing or directing the payment of money or creating liability, shall require the affirmative vote of a majority of all the sanggunian members duly elected and qualified regardless of whether or not all of them were present in a particular session (Article 107 [g] of the IRR of the LGC).

  Particularly, Section 54 (c) of the LGC states that "[o]rdinances enacted by the Sangguniang Barangay shall, **upon approval by the majority of all its members**, be signed by the Punong Barangay."

  Limitations on Legislative Action

  The Sangguniang Barangay may not increase the proposed amount in the executive budget nor include new items except to provide for statutory and contractual obligations but in no case shall it exceed the total appropriations in the executive budget (Article 415 [a] of the IRR of the LGC).

Step 2. The Punong Barangay Signs the AO

Section 54 (c) of the LGC prescribes that ordinances enacted by the Sangguniang Barangay shall, upon approval by the majority of all its members, be signed by the Punong Barangay.

The Punong Barangay, as the Presiding Officer of the Sangguniang Barangay, has no veto power (Section 55 [b] of the LGC).

The Barangay Secretary shall affix the seal with his/her signature to the enacted AO and present the same to the Punong Barangay for signature (Article 122 [3] [ii] of the IRR of the LGC).

The approved AO shall be stamped with the seal of the sanggunian and recorded in a book kept for the purpose (Article 107 [h] of the IRR of the LGC).

Step 3. The Barangay Secretary Posts the AO

The Barangay Secretary concerned shall cause the posting of the AO in the bulletin board at the entrance of the barangay hall and in at least two (2) conspicuous places in the Barangay concerned not later than five (5) days after the approval thereof (Section 59 [b] of the LGC).

The text of the AO shall be disseminated and posted in Filipino or English or in the language or dialect understood by the majority of the people in the Barangay concerned, and the Barangay Secretary shall record such fact in a book kept for the purpose, stating the dates of approval and posting (Section 59 [b] of the LGC).

As a general rule, an ordinance shall take effect after ten (10) days from the date a copy thereof is posted in a bulletin board at the entrance of the barangay hall and in at least two (2) other conspicuous places in the barangay concerned, unless otherwise stated in the ordinance (Section 59 [a] of the LGC).

Likewise, Punong Barangays are encouraged to install a Barangay Full Disclosure Policy Board, to post the documents, in an area that can be easily viewed by the public pursuant to relevant Department of the Interior and Local Government (DILG) issuances.

Step 4. Barangay Secretary Forwards the Copies of the Approved AO to the Reviewing Authority

Within ten (10) days from its approval, copies of the Barangay ordinance authorizing the annual appropriations shall be furnished to the Sangguniang Panlungsod or the Sangguniang Bayan, as the case may be, through the city or municipal budget officer (Section 333 [a] of the LGC).

The AO shall be supported with the documentary requirements bearing the prescribed signatures as specified in BBR Form Nos. 1A and 1B in the Budget Review Phase, Part II, Chapter 3 of this Manual.

Effectivity of the Annual/Supplemental Budget

> "The ordinance enacting the annual budget shall take effect at the beginning of the ensuing calendar year. An ordinance enacting a supplemental budget, however, shall take effect upon its approval or on the date fixed therein." (Section 320 of the LGC)

The effectivity of budgets is further subject to compliance with the posting requirements under Section 59 (a) of the LGC and Article 113 of its IRR.

Failure to Enact the AO

In case the Sangguniang Barangay fails to pass the ordinance authorizing the annual appropriations **at the beginning of the ensuing fiscal year**, the ordinance authorizing the appropriations of the preceding year shall be deemed reenacted. The Sangguniang Barangay shall continue to hold sessions without additional remuneration for its members until the ordinance authorizing the annual appropriations is approved, and no other business may be taken up during such sessions.

If the Sangguniang Barangay still fails to enact such ordinance after ninety (90) days from the beginning of the fiscal year, the reenacted budget shall remain in force and effect until such time that the ordinance authorizing the annual appropriations is approved by the Sangguniang Barangay concerned. No ordinance authorizing supplemental appropriations shall be passed in place of the annual appropriations (Article 415 of the IRR of the LGC).

The detailed discussion on the Reenacted Budget is presented in the Budget Execution Phase, Part II, Chapter 4 of this Manual.

Changes in the Annual Budget

Pursuant to Section 321 of the LGC and Article 417 of its IRR, as amended by Administrative Order No. 47 dated April 12, 1993, changes in the annual budget may be done through supplemental budgets. No ordinance providing for a supplemental budget shall be enacted except for the following:

1. When supported by funds actually available as certified by the barangay treasurer;

2. If covered by new revenue sources; and

3. In times of public calamity by way of budgetary realignment.

The detailed discussion on the Supplemental Budget is presented in the Budget Preparation Phase, Part II, Chapter 1 of this Manual. The steps in budget authorization for supplemental budget shall follow the steps in authorizing the annual budget.

2.5 Barangay Budget Authorization (BBA) Forms

BBA Form No. 1A

CHECKLIST ON DOCUMENTARY AND SIGNATURE REQUIREMENTS FOR THE ANNUAL BUDGET

DOCUMENT	SIGNATORY	REMARKS
☐ Budget Message	☐ Punong Barangay	
☐ Barangay Expenditure Program	☐ Punong Barangay	
☐ Plantilla of Personnel	☐ Barangay Secretary	
	☐ Punong Barangay	
☐ Annual Operating Budget of Barangay Economic Enterprise, if any	☐ Head of the Barangay Economic Enterprise	
	☐ Punong Barangay	
☐ Barangay Annual Investment Program (BAIP) (As approved by the sanggunian through a Resolution)		
1. BAIP	☐ Barangay Secretary ☐ Barangay Treasurer ☐ Punong Barangay	
2. Resolution	☐ Barangay Secretary ☐ Punong Barangay	

BBA Form No. 1B

CHECKLIST ON DOCUMENTARY AND SIGNATURE REQUIREMENTS FOR THE SUPPLEMENTAL BUDGET

DOCUMENT	SIGNATORY	REMARKS
Funds Actually Available: ☐ Certified Statement of Additional Realized Income	☐ Barangay Treasurer	
☐ Certification of Savings with Sanggunian Resolution covering the reversion of savings, unless reversion is also covered in the Appropriation Ordinance	☐ Barangay Treasurer	
New Revenue Measure/s: ☐ Certified Statement of Income from New Revenue Measures ☐ Copy of duly enacted Tax Ordinance which imposes new local taxes, charges, fees, fines or penalties or which raises existing local taxes, charges, fees, fines, or penalties ☐ Copy of official communication stating that the Barangay is a recipient of new or higher remittances, contributions, subsidies or grants in aid from the National Government or from government corporations and private entities ☐ Copy of official communication / document covering the approved loan	☐ Barangay Treasurer ☐ Barangay Secretary ☐ Punong Barangay	
Realignment of appropriations in times of Public Calamity: ☐ Certificate, **under oath**, of Source of Funds Available for Appropriation	☐ Barangay Treasurer ☐ Punong Barangay	

DOCUMENT	SIGNATORY	REMARKS
☐ Statement of Supplemental Appropriations	☐ Barangay Treasurer ☐ Punong Barangay	
☐ Supplemental Barangay Annual Investment Program (BAIP) (As approved by the sanggunian through a Resolution) 1. Supplemental BAIP	☐ Barangay Secretary ☐ Barangay Treasurer ☐ Punong Barangay	
☐ 2. Resolution	☐ Barangay Secretary ☐ Punong Barangay	

2.6 Examples

Sample Format No. 1 – Ordinance Authorizing the Annual Appropriations

APPROPRIATION ORDINANCE NO. ______
Series of _____

AN ORDINANCE AUTHORIZING THE ANNUAL BUDGET OF (NAME OF BARANGAY) IN THE TOTAL AMOUNT OF ____________________ (P______________) COVERING THE VARIOUS EXPENDITURES FOR THE OPERATION OF THE (BARANGAY ___) FOR FISCAL YEAR (FY) _______, AND APPROPRIATING THE NECESSARY FUNDS FOR THE PURPOSE

Introduced by:

Be it ordained in Regular Session assembled:

Section 1. The Annual Budget of the (Name of Barangay) in the total amount of ____________________ (P________) covering the various expenditures for the operation of the (Barangay ___) for FY ______ is hereby approved.

The following budget documents are incorporated herein, and made integral part of this Ordinance:

1. Plantilla of Personnel; and
2. Annual Operating Budget of Barangay Economic Enterprise/s, if any.

Section 2. Sources of Funds

RECEIPTS PROGRAM
FY 2026-2028
(In 000 Pesos)

Particulars	Account Code	Past Year (Actual)	Current Year			Budget Year (Proposed)
			First Semester (Actual)	Second Semester (Estimate)	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
I. Beginning Cash Balance						
II. Receipts						
Regular Income						
A. Share from the National and Local Taxes/Revenues						
1. Shares from National Tax Allotment (NTA)						
2. Shares from National Wealth						
3. Shares in Real Property Tax (RPT)						
4. Shares on the Tax from sand, gravel, and other quarry products						
5. Community Tax, if applicable						

B. Barangay Fees and Taxes 1. Fees imposed on (Peddlers, Breeding of fighting cocks, Use of barangay roads, waterways, bridges and parks, Use of barangay properties/facilities, Parking, Clearance/Certification, and Other fees imposed by the barangays) 2. Taxes imposed on stores/retailers within the barangay 3. Penalties for violation of barangay ordinance **C. Other Fees and Charges** 1. Operation of cockpits, places of recreation, etc. 2. Fund raising activities 3. Charges on billboards, signboards and other outdoor advertisements 4. Use of barangay-operated public markets, slaughterhouse and waterworks 5. Operation of other barangay economic enterprise **D. Aid to Barangays** **Total Regular Income** **Non-Regular Income** **A. Other Receipts** 1. Subsidies/Financial assistance from National Government and Provinces/Cities/Municipalities 2. Grants and donations received 3. Dividend/Interest from investments 4. Proceeds from: Loans and other indebtedness and Sale of Plant, Property, and Equipment 5. Receipt of: Performance/Bidders/Bail Bonds, Refund of Payroll Fund/Advances to Officers and Employees, funds intended for specific purpose, payment for lost properties, payment due to overpayment of claims, and other receipts **Total Non-Regular Income**						
Total Available Resources for Appropriation						

Section 3. Use of Fund

A. GENERAL ADMINISTRATION

1. New Appropriations by Program, Project, and Activity (PPA)

Barangay Annual Investment Program (BAIP) Reference Code	PPA	Expected Output	Performance Indicator (PI)	Target	Proposed Budget				
					Personnel Services (PS)	Maintenance and Other Operating Expenses (MOOE)	Financial Expenses (FE)	Capital Outlay (CO)	Total

2. New Appropriations, by Object of Expenditures

Please see appended Budget Preparation Form (BBP Form No. 2).

3. Special Purpose Appropriations

3.1 BARANGAY DISASTER RISK REDUCTION AND MANAGEMENT FUND

A. Proposed New Appropriations

Object of Expenditure	Account Code	Past Year Expenditures (Actual)	Current Year Expenditures (Actual and Estimate)	Budget Year Expenditures (Proposed)
BARANGAY DISASTER RISK REDUCTION AND MANAGEMENT FUND				
QUICK RESPONSE FUND (30%)				
DISASTER PREPAREDNESS, PREVENTION, MITIGATION, RESPONSE, REHABILITATION AND RECOVERY (70%)				
MOOE[42]				
TOTAL MOOE				
CO				
Rescue Equipment				
Building and Structure				
Land Improvements				
TOTAL CO				
TOTAL APPROPRIATIONS				

[42] Allowable MOOE pursuant to NDRRMC-DBM-DILG JMC No. 2013-1 dated March 25, 2013

B. **Special Provisions**

1. **Use and Release of Fund.** The amount herein appropriated for the Barangay Disaster Risk Reduction and Management Fund (BDRRMF) shall be used in accordance with Republic Act No. 10121, "The Philippine Disaster Risk Reduction and Management Act of 2010," which shall include relief, rehabilitation, reconstruction, and other works or services, including pre-disaster activities, in connection with the occurrence of natural calamities, epidemics as declared by the Department of Health, and other catastrophes. *Provided*, that the projects and activities are incorporated in the Local Disaster Risk Reduction and Management (LDRRM) Plan, and integrated in the approved Annual Investment Program. *Provided further*, that the utilization of the Fund shall be in accordance with the provisions of National Disaster Risk Reduction and Management Council-Department of Budget and Management (DBM)-Department of the Interior and Local Government (DILG) Joint Memorandum Circular (JMC) No. 2013-1 dated March 25, 2013, entitled "Allocation and Utilization of the Local Disaster Risk Reduction and Management Fund."

2. **Quick Response Fund.** Of the amount appropriated for LDRRM Fund, thirty percent (30%) shall be allocated as Quick Response Fund (QRF) or stand-by fund for relief, and recovery programs in order that the situation and living conditions of people in the communities or areas stricken by disasters, calamities, epidemics, or complex emergencies, may be normalized as quickly as possible.

   The release and use of QRF shall be in accordance with the applicable guidelines and shall be supported by the official declaration of the LGU under the state of calamity or a Presidential declaration of a state of calamity.

3. In no case shall the QRF be used for the pre-disaster, nor be realigned for any other purpose.

3.2 APPROPRIATIONS FOR DEVELOPMENT PROGRAMS AND PROJECTS

A. **New Appropriations**

Object of Expenditure	Account Code	Past Year Expenditures (Actual)	Current Year Expenditures (Actual and Estimate)	Budget Year Expenditures (Proposed)
MOOE				
CO				
TOTAL APPROPRIATIONS				

B. **Special Provisions**

Use and Release of Fund. The 20% Development Fund shall be strictly utilized in accordance with the general policies prescribed under

DBM-Department of Finance-DILG JMC No. 1 dated November 4, 2020, entitled "Revised Guidelines on the Appropriation and Utilization of the Twenty percent (20%) of the Annual Internal Revenue Allotment for Development Projects (LGUs)", as supplemented by DBM-DOF-DILG JMC No. 1 s. 2023 dated April 27, 2023, entitled "Supplemental Guidelines to DBM-DOF-DILG JMC No. 1, s. 2020 Relative to the Utilization of the Twenty Percent (20%) Component of the Annual National Tax Allotment (20% Development Fund) for the Implementation of Community-Based Monitoring System. The disbursement of this Fund shall be based on existing budgeting, procurement, accounting, and auditing laws, rules, and regulations.

3.3 OTHER SPECIAL PURPOSE APPROPRIATIONS

A. New Appropriations

Office/Program/ Object of Expenditure	Account Code	Past Year Expenditures (Actual)	Current Year Expenditures (Actual and Estimate)	Budget Year Expenditures (Proposed)
a. _______________ b. _______________				

B. Special Provisions

Use and Release of Fund. The release, utilization, and disbursement of the appropriation herein provided shall be subject to all existing budgeting, procurement, accounting, and auditing laws, rules and regulations.

3.4 SUMMARY OF THE FY ______ NEW APPROPRIATIONS

3.4.1 New Appropriations, by Object of Expenditure and by Sector

Object of Expenditure	Account Code	General Public Services	Social Services	Economic Services	Other Services	Total
1. PS *(specify object of expenditure)* Total, PS						
2. MOOE *(specify object of expenditure)* Total, MOOE						
3. FE *(specify object of expenditure)* Total, FE						
4. CO *(specify object of expenditure)* Total, CO						
5. Special Purpose Appropriations (SPA) *(specify object of*						

expenditure) Total, SPA						
Total Appropriations						

3.4.2 Proposed New Appropriations, by Office/Unit

Office/Unit	PS	MOOE	FE	CO	Total
a. ___________________					
b. ___________________					
c. ___________________					

3.4.3 Summary of Statement of All Statutory and Contractual Obligations

Particulars	Amount
1. Statutory and Contractual Obligations 1.1 Retirement Gratuity Benefits 1.2 Terminal Leave Benefits 1.3 Debt Service 1.4 Employees Compensation Insurance Premiums 1.5 PhilHealth Contributions 1.6 Pag-IBIG Contributions **2. Budgetary Requirements** 2.1 20% of NTA (formerly IRA) for Development Projects (20% Development Fund) 2.2 5% BDRRM Fund **TOTAL**	

Section 4. General Provisions

The following policies are hereby adopted for the fiscal year:

4.1 Availability of Appropriations. Pursuant to Section 322 of Republic Act No. 7160 of the Local Government Code of 1991 (LGC), unexpended balances of appropriations authorized in the annual appropriations ordinance shall revert to the unappropriated surplus of the general fund at the end of the fiscal year and shall not thereafter be available for the expenditure except by subsequent enactment. However, appropriations for CO shall continue and remain valid until fully spent, reverted or the project is completed. Reversions of continuing appropriations shall not be allowed unless obligations therefor have been fully paid or otherwise settled.

4.2 Limitation on Cash Advance. Notwithstanding any provision of law to the contrary, cash advances shall not be granted until such time that the earlier cash advances availed of by the officials or employees or employees concerned shall have been liquidated pursuant to pertinent accounting laws, rules, and regulations.

4.3 Meaning of Savings. Savings refer to portions or balances as of any given point in the fiscal year or any programmed or allotted appropriation which remain free of any obligation or encumbrance and which are still available after the satisfactory completion or the unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation was originally authorized, or which result from unobligated compensation and related costs pertaining to vacant positions and leaves of absence without pay.

4.4 Use of Savings and Augmentation. Funds shall be available exclusively for the specific purpose for which they have been appropriated. No ordinance shall be passed authorizing any transfer of appropriations from one item to another. However, in accordance with Section 336 of the LGC, the Punong Barangay, as the Local Chief Executive or the Presiding Officer of the Sangguniang Barangay is authorized to augment any item in the approved annual budget for the aforesaid offices from savings in other items within the same expense class of their respective appropriations.

Section 5. Separability Clause. If, for any reason, any Section or provision of this Appropriation Ordinance is disallowed in Budget Review or declared invalid by proper authorities, other Sections or provisions hereof that are not affected shall continue to be in full force and effect.

Section 6. Effectivity. The provisions of this Appropriation Ordinance shall take effect on January One, Two Thousand and ________.

ENACTED: This ____ day of _______ at __________.

x-------------------------------------x

I HEREBY CERTIFY
THAT THIS ORDINANCE IS DULY ENACTED
BY THE SANGGUNIAN ON _____________.

NAME AND SIGNATURE
OF THE BARANGAY SECRETARY

APPROVED:

NAME AND SIGNATURE
OF THE PUNONG BARANGAY

DATE OF APPROVAL

Sample Format No. 2 – Ordinance Authorizing Supplemental Appropriations

APPROPRIATION ORDINANCE NO. _____
Series of _______

AN ORDINANCE AUTHORIZING SUPPLEMENTAL BUDGET NO. _____, SERIES OF _____ INVOLVING AN AMOUNT OF ____________ (P________) FOR __________(PURPOSE)_____________.

Be it ordained in Regular Session assembled.

Section 1. The Supplemental Budget of the (Name of Barangay) for Fiscal Year ____ in the total amount of _______ (P________) for ___________________ is hereby approved.

The following budget documents are incorporated herein and made integral part of this Ordinance:

1.
2.
3.
4.

Section 2. Sources of Funds. The sources for the Supplemental Budget in the total amount of ________________ (P__________) shall be as follows:

FUND SOURCE	AMOUNT
Funds Actually Available:	
a) Additional Realized Income	P_____________
b) Savings	_____________
Sub-Total	**P______________**
New Revenue Measures	
a) New local taxes, charges, fines or penalties	P_____________
b) Remittances/Contributions/Subsidies/Grants from NGAs/Government Corporations/Private Entities	_____________
Sub-Total	**P______________**
Total	**P______________**

Section 3. Use of Funds. The amount of _______________ (P_______) is hereby appropriated for the Supplemental Budget of the (Name of Barangay), as follows:

1. Appropriations by Office, Program, Project, Activity (PPA), and Performance Indicator (PI)

Barangay Annual Investment Program (BAIP) Reference Code	Office/Unit PPA	Expected Output	PI	Target	Proposed Budget				
					Personnel Services (PS)	Maintenance and Other Operating Expenses (MOOE)	Financial Expenses (FE)	Capital Outlay (CO)	Total
TOTAL NEW APPROPRIATIONS									

2. Appropriations by Object of Expenditures

Object of Expenditure	Account Code	Past Year	Current Year	Budget Year
PS				
Total, PS				
MOOE				
Total, MOOE				
FE				
Total, FE				
CO				
Total, CO				
TOTAL APPROPRIATIONS				

Section 4. Separability Clause. If, for any reason, any Section or provision of this Ordinance is declared invalid or unconstitutional, other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

Section 5. Effectivity. The provisions of this Ordinance shall take effect on ________________.

ENACTED: This ____ day of _________ at _______________.

x--x

I HEREBY CERTIFY
THAT THIS ORDINANCE IS DULY ENACTED
BY THE SANGGUNIAN ON ______________.

NAME AND SIGNATURE
OF THE BARANGAY SECRETARY

APPROVED:

NAME AND SIGNATURE
OF THE PUNONG BARANGAY

DATE OF APPROVAL

Sample Format No. 3 – Ordinance Authorizing Use of Savings and Augmentation

ORDINANCE NO. ___________
Series of _______

AN ORDINANCE AUTHORIZING THE PUNONG BARANGAY TO USE SAVINGS FOR AUGMENTATION IN ACCORDANCE WITH THE LOCAL GOVERNMENT CODE OF 1991

Be it ordained in Regular Session assembled:

Section 1. Use of Savings and Augmentation. In accordance with Section 336 of Republic Act No. 7160 or the Local Government Code of 1991, the Punong Barangay as the Local Chief Executive or the Presiding Officer of the Sangguniang Barangay is authorized to augment any item in the approved annual budget for the aforesaid offices from savings in other items within the same expense class of their respective appropriations.

For this purpose, "savings" refer to portions or balances of any programmed appropriation free from any obligation or encumbrance still available after the satisfactory completion or unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized, or arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay.

"Augmentation" implies the existence in the budget of an item, project, activity or purpose with an appropriation which, upon implementation or subsequent evaluation of needed resources, is determined to be deficient.

Section 2. Priority in the Use of Personnel Services (PS) Savings. Priority shall be given to the personnel benefits of barangay personnel in the use of PS savings.

Section 3. Separability Clause. If, for any reason, any Section or provision of this Ordinance is declared invalid or unconstitutional, other sections or provisions thereof which are not affected thereby shall continue to be in full force and effect.

Section 4. Effectivity. The provisions of this Ordinance shall take effect on _______________.

ENACTED: This ____ day of __________ at ____________________.

x--x

I HEREBY CERTIFY
THAT THIS ORDINANCE IS DULY ENACTED
BY THE SANGGUNIAN ON _____________.

NAME AND SIGNATURE
OF THE BARANGAY SECRETARY

APPROVED: NAME AND SIGNATURE OF THE PUNONG BARANGAY DATE OF APPROVAL

(**Note:** This form may be adopted in case the Sangguniang Barangay decides to grant the authority for use of savings and augmentation under Section 336 of the LGC, and the same authority was not incorporated in the ordinance authorizing the Annual Budget of the Barangay.)

CHAPTER 3. BUDGET REVIEW PHASE

Budget review starts from the time the reviewing authority (Sangguniang Panlungsod/Bayan) receives the Appropriation Ordinance (AO) transmitted by the Sangguniang Barangay, and ends with the issuance of the review action. Its primary purpose is to determine whether the AO has complied with the budgetary requirements and general limitations set forth in the Local Government Code of 1991 (LGC) and its Implementing Rules and Regulations (IRR), as well as provisions of other applicable laws (Section 333 of the LGC and Article 424 of its IRR).

Particularly, the AO covering the budget is submitted for review as to the following:

- Budgetary requirements and general limitations provided in the LGC and other provisions of applicable laws, rules and regulations are complied with;

- The expenditure does not exceed the estimated receipts and/or income of the barangay;

- The items of appropriations are within those provided by existing laws; and,

- The items of appropriations are included in the priorities per approved Barangay Annual Investment Program (BAIP) pursuant to Section 305 (i) of the LGC.

3.1 Legal Bases of Budget Review

Section 333 (a) of the LGC provides that [w]ithin ten (10) days from its approval, copies of the barangay ordinance authorizing the annual appropriations shall be furnished the Sangguniang Panlungsod or the Sangguniang Bayan, as the case may be, through the city or municipal budget officer. The Sanggunian concerned shall have the power to review such ordinance in order to ensure that the provisions of the LGC are complied with. If within sixty (60) days after the receipt of the ordinance, the sanggunian concerned takes no action thereon, the same shall continue to be in full force and effect. If within the same period, the Sanggunian concerned shall have ascertained that the ordinance contains appropriations in excess of the estimates of the income duly certified as collectible, or that the same has not complied with the budgetary requirements set forth in the LGC, the said ordinance shall be declared inoperative in its entirety or in part. Items of appropriation contrary to, or in excess of, any of the general limitations or the maximum amount prescribed in the LGC shall be disallowed or reduced accordingly. Further, Section 333 (b) of the LGC prescribes that [w]ithin the same 60-day period, the Sangguniang Panlungsod or Sangguniang Bayan concerned shall return the AO, through the City or Municipal

Budget Officer, to the Punong Barangay with the advice of action thereon for proper adjustments, in which event, the barangay shall operate on the ordinance authorizing annual appropriations of the preceding fiscal year until such time that the new ordinance authorizing annual appropriations shall have met the objections raised. Upon receipt of such advice, the barangay treasurer or the city or municipal treasurer who has custody of the funds shall not make further disbursement from any item of appropriation declared inoperative, disallowed, or reduced.

3.2 Key Players in Budget Review

Sangguniang Panlungsod/Bayan (SP/SB) – Reviews the AO of Barangays under the city's/municipality's jurisdiction (Section 333 of the LGC).

City/Municipal Finance Committee – Assists the SP/SB in the review and evaluation of the barangay budgets and recommends the appropriate action thereon (Section 316 [f] of the LGC).

City/Municipal Budget Officer – Assists the SP/SB in reviewing the approved budgets of the barangays (Section 475 [b] [7] of the LGC).

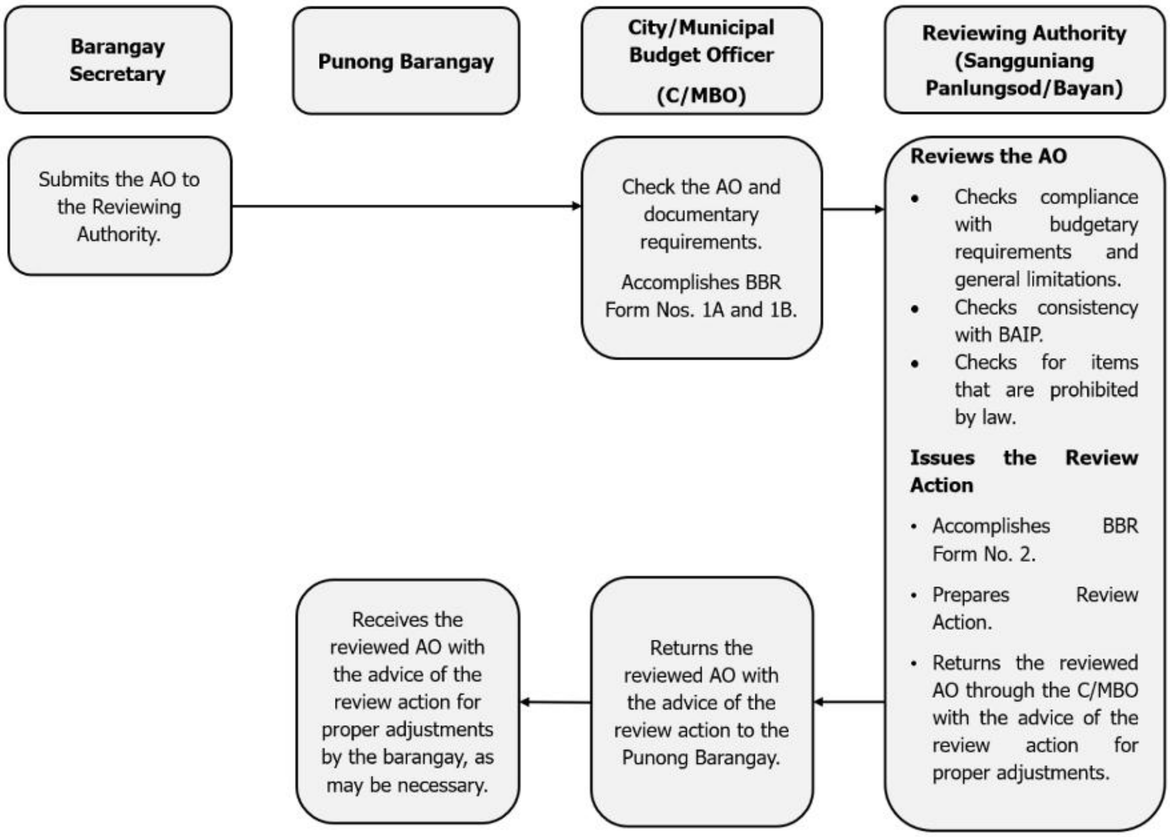
Civil Society Organizations/Nongovernmental Organizations (CSOs/NGOs) - Accredited CSOs/NGOs may request a copy of the budget review findings, and check/monitor the Barangay's compliance thereto.

3.3 Reglementary Period of Review

The SP/SB shall review the barangay AO within 60 days upon receipt thereof (Section 333 [a] of the LGC). Within the same 60-day period, the SP/SB shall return the AO, through the City or Municipal Budget Officer, to the Punong Barangay with the advice of action thereon for proper adjustments (Section 333 [b] of the LGC).

3.4 The Budget Review Flowchart

Figure 10. Barangay Budget Review Flowchart



3.5 Steps in the Budget Review Phase

Step 1. The City/Municipal Budget Officer shall check the submitted AO and documentary requirements and necessary signatures by accomplishing the Barangay Budget Review (BBR) Form No. 1A or 1B

If the AO has the required documents and necessary signatures, the City/Municipal Budget Officer shall immediately transmit the submitted AO along with the BBR Form No. 1A or 1B to the SP/SB for review.

Otherwise, if the AO lacks any of the documents and necessary signatures, the City/Municipal Budget Officer shall immediately transmit for consideration of the SP/SB, the accomplished BBR Form No. 1A or 1B and the draft communication returning the AO to the Punong Barangay, stating therein the lacking documents and/or signatures. The said AO shall not be reviewed and shall be officially returned in writing by the SP/SB to the barangay concerned, requiring the resubmission of the same after complying with the requisite documents and/or signatures.

Step 2. SP/SB Reviews the AO

The SP/SB shall validate the provisions in the AO for compliance with the budgetary requirements and general limitations pursuant to Sections 324 and 325 of the LGC, respectively, and other provisions of applicable laws, rules, and regulations.

The reviewing authority may further seek the assistance of the City/Municipal Finance Committee in the review and evaluation of the barangay budgets, including the recommendation of the appropriate action thereon (Section 316 [f] of the LGC).

Step 3. SP/SB Prepares and Issues the Review Action

The SP/SB shall issue the Review Action in the form of a Resolution based on the Summary of Findings and Recommended Review Action contained in the BBR Form No. 2 in Item No. 3.6 of this Chapter.

Consistent with Sections 332 and 333 (b) of the LGC, once the Punong Barangay approves the AO covering the Annual or Supplemental Budget, the same may already be implemented in accordance with Section 320 of the LGC, even pending the review thereof by the SP/SB, subject, however, to the posting requirement under Section 59 (a) of the LGC and Article 113 of its IRR. There is no need to wait for the review action of the SP/SB. However, barangay officials concerned shall observe prudence and shall not make as provided under Sections 333 (a) and (b) of the LGC, further disbursements of funds from any of the items of appropriation subsequently declared inoperative or reduced.

A. Review Actions

After the evaluation of the barangay AO and its supporting documents, the SP/SB may take any of the following review actions:

- **Declare the AO operative in its entirety.**

  The AO shall be declared operative in its entirety when it fully complies with the budgetary requirements and general limitations set forth under Title V on Local Fiscal Administration of the LGC and relevant provisions of other applicable laws, rules, and regulations (Section 333 of the LGC).

- **Declare the AO operative in its entirety, subject to conditions.**

  The AO may be subjected to conditions when:

  - Certain items of appropriation require prior clearance or documentation (e.g., for construction or environmental projects where environmental clearance is required);

  - Certain items of appropriation require prior approval by appropriate authorities (e.g., for the purchase of motor vehicles);

  - Certain items of appropriation are found to be deficient from what is prescribed by law and need to be increased (e.g., 5% GAD Budget), except in cases where the AO has to be declared inoperative in its entirety; and/or

  - Other conditions that need to be complied with to make the parts of the AO operative.

- **Declare the AO inoperative in its entirety.**

  The AO shall be declared inoperative under any of the following cases:

  - When the aggregate amount appropriated exceeded the estimates of income (Section 324 [a] of the LGC);

  - Non-provision or insufficient provision for any of the budgetary requirements under Section 324 of the LGC;

  - Non-provision or insufficient provision of the twenty percent (20%) of the NTA for development projects (Section 287 of the LGC);

  - Non-provision or insufficient provision of the ten percent (10%)

of the general fund for the Sanggunian Kabataan (Section 329 of the LGC as amended by Section 20 [a] of RA No. 10742, as amended);

- When all the PPAs included in the AO are different from those listed in the BAIP;

- When the BAIP is not approved/adopted by the sangguniang barangay before the enactment of the AO authorizing the annual/supplemental budget (Section 305 [i] of the LGC); and

- When no sufficient appropriation is provided for loans and other indebtedness incurred or when no provision is made to redeem or retire bonds, debentures, securities, notes and other obligations issued (Section 303 of the LGC).

- **Declare the AO inoperative in part.**

  The AO may be declared inoperative in part under any of the following circumstances:

  - When an item/some items of appropriation is/are contrary to the limitation or in excess of the amount prescribed by the LGC, such as, but not limited to, funds for PS, debt servicing, or discretionary purposes;

  - When an item/some items of appropriation has/have no legal basis (e.g., rice subsidy, cost of living allowance, and the like);

  - When an item/some items of appropriation is/are not included in the approved BAIP; and

  - When the amount appropriated in the AO is higher than the amount provided in the BAIP for the same PPA.

B. Effects of Review Actions and the Corrective Measures

Table 8. Effects of Review Actions and the Corrective Measures

REVIEW ACTION	EFFECTS	CORRECTIVE MEASURE
AO is declared operative in its entirety	• The AO shall continue to be in full force and effect.	
AO is declared operative in its entirety, subject to conditions	• The items of appropriation not subject to conditions shall continue to be in	• The Barangay shall comply with the conditions imposed before disbursements

REVIEW ACTION	EFFECTS	CORRECTIVE MEASURE
	full force and effect. • The items of appropriation subject to conditions shall take effect only upon compliance with the conditions imposed.	are made, and the Punong Barangay shall notify the SP/SB of such action. • The condition requiring provision for deficiencies (in cases where the AO is not required to be inoperative in its entirety) shall be acted upon either through a supplemental budget or augmentation.
AO is declared inoperative in its entirety	• AO loses force and effect. • The barangay shall operate under a reenacted budget effective immediately until such time that the new ordinance authorizing the annual appropriations is enacted and approved. • The Barangay Treasurer shall not make further disbursements of funds from any of the items of appropriation declared inoperative or reduced.	The Barangay shall revise its BEP to comply with the review findings and enact a new ordinance authorizing the annual appropriations for submission to the SP/SB.
AO is declared inoperative in part • For items without legal bases	• Only the items of appropriation that have not been declared inoperative or reduced shall continue to be in full force and effect. • The excess amount appropriated in the AO shall be disallowed and declared inoperative.	

REVIEW ACTION	EFFECTS	CORRECTIVE MEASURE
For items that are contrary to limitations or in excess of the amount prescribed by law.	• The Barangay, through the Barangay Treasurer, shall not make further disbursements of funds from any of the items of appropriation declared inoperative, disallowed, or reduced.	The Barangay shall reduce the amount accordingly. Any intention to utilize such excess shall be subject to the approval of a Supplemental BAIP and the enactment of a corresponding supplemental budget, in accordance with applicable laws, rules, and regulations.

C. Format of the Review Action

The review action by the SP/SB shall be in the form of a resolution or letter of review, as may be prescribed by the sanggunian concerned (Article 424 [d] of the IRR of the LGC).

D. Nature of the Review Action

The review action does not amend the act of the sanggunian as embodied in the AO. The findings of the SP/SB are mere enumeration of infractions of budgetary requirements, general limitations, other provisions of the LGC, and other applicable laws, rules, and regulations, as well as recommendations of what specific actions the sangguniang barangay will undertake to comply with the provisions of law. The sangguniang barangay shall take immediate action to correct any identified infractions.

The review action does not authorize any items of appropriation specifically prohibited by law.

E. Stamp of Review

The stamp of review of the SP/SB shall be affixed on every page of the reviewed AO and duly signed by the Secretary to the Sanggunian and/or the Presiding Officer, as may be prescribed in the Internal Rules of Procedure of the SP/SB.

F. Return of the Reviewed AO to the Barangay Concerned

The SP/SB concerned shall, within sixty (60) days from receipt of the AO for review, return the same, through the city or municipal budget officer, to the Punong Barangay with the advice of action thereon for proper adjustments (Section 333 [b] of the LGC).

G. Failure to Review the AO within the Reglementary Period

If within sixty (60) days after the receipt of the AO, the SP/SB takes no action thereon, the said AO shall continue to be in full force and effect (Section 333 [a] of the LGC).

H. Enforcement of Ordinances or Resolutions after Declaring Inoperative by SP/SB

Any attempt to enforce any ordinance or resolution approving the local development plan and public investment program, after it has been declared inoperative by the SP/SB, shall be sufficient ground for the suspension or dismissal of the official or employee concerned (Section 58 of the LGC).

3.6 Barangay Budget Review (BBR) Forms

BBR Form No. 1A

CHECKLIST ON DOCUMENTARY AND SIGNATURE REQUIREMENTS FOR THE ANNUAL BUDGET

____
Date Received by City/Municipal Budget Officer

______________ **Date Received by the Sanggunian**	______________ **Deadline of Review**
______________ **Barangay**	
______________ **Title of AO**	______________ **Fund**

DOCUMENT	SIGNATORY	REMARKS
☐ a. Transmittal Letter	☐ Barangay Secretary	Letter dated: ____________
☐ b. Budget Message	☐ Punong Barangay	
☐ c. Appropriation Ordinance (AO) carrying the seal of the Barangay, together with the following documents:	☐ Barangay Secretary ☐ Punong Barangay	AO No.: ________________ Date Approved: __________ Amount: ________________
☐ Barangay Annual Investment Program (BAIP)	☐ Punong Barangay	
☐ Sangguniang Barangay Resolution approving the BAIP	☐ Barangay Secretary ☐ Punong Barangay	Resolution No.: __________ Date: __________________
☐ d. Annual Operating Budget of Barangay Economic Enterprise (BEE), if any	☐ Head of BEE ☐ Punong Barangay	
☐ e. Statement of Indebtedness	☐ Punong Barangay	

Prepared by:

____
Reviewing Officer

BBR Form No. 1B

CHECKLIST ON DOCUMENTARY AND SIGNATURE REQUIREMENTS FOR THE SUPPLEMENTAL BUDGET

____
Date Received by City/Municipal Budget Officer

____
Date Received by the Sanggunian

____
Deadline of Review

____
Barangay

____
Title of AO

____
Fund

DOCUMENT	SIGNATORY	REMARKS
☐ a. Transmittal Letter	☐ Barangay Secretary	Letter dated: _____________
☐ b. Appropriation Ordinance (AO) carrying the seal of the Barangay	☐ Barangay Secretary ☐ Punong Barangay	AO No.: _________________ Date Approved: ___________ Amount: ________________
☐ c. Funds Actually Available ☐ Certified Statement of Additional Realized Income ☐ Certification of Savings	☐ Barangay Treasurer ☐ Barangay Treasurer	
☐ d. New Revenue Measure/s: ☐ Certified Statement of Income from New Revenue Measures ☐ Copy of duly enacted Tax Ordinance which imposes new local taxes, charges, fees, fines or penalties, or which raises existing local taxes, charges, fees, fines, or penalties ☐ Copy of official communication stating that the barangay is a recipient of new or higher remittances, contributions, subsidies or grants in aid from the National Government or from government corporations and private entities ☐ Copy of official communication/document covering the approved loan	☐ Barangay Treasurer ☐ Punong Barangay	

DOCUMENT	SIGNATORY	REMARKS
☐ e. Certificate (under oath) of Source of Funds Available for Appropriations (in case of realignment of Appropriations in Times of Public Calamity)	☐ Barangay Treasurer ☐ Punong Barangay	
☐ f. Statement of Supplemental Appropriation, unless included in the AO	☐ Punong Barangay	
☐ g. Supplemental Barangay Annual Investment Program (BAIP), if applicable, approved by the Sangguniang Barangay ☐ Sangguniang Barangay Resolution approving the supplemental BAIP	☐ Barangay Secretary ☐ Punong Barangay ☐ Barangay Secretary ☐ Punong Barangay	 Resolution No.: ____________ Date: ____________________
Prepared by: ________________________ **Reviewing Officer**		

BBR Form No. 2

<table>
<tr><td colspan="4" align="center">SUMMARY OF FINDINGS AND RECOMMENDED REVIEW ACTIONS

______________________________ ____________
Barangay Title</td></tr>
<tr><td rowspan="2" align="center">FINDINGS</td><td colspan="2" align="center">COMPLIANT?</td><td rowspan="2" align="center">RECOMMENDED REVIEW ACTIONS</td></tr>
<tr><td>YES</td><td>NO</td></tr>
<tr><td align="center">(1)</td><td colspan="2" align="center">(2)</td><td align="center">(3)</td></tr>
<tr><td>I. BUDGETARY REQUIREMENTS (Section 324 of the Local Government Code of 1991 [LGC] and Article 419 of its Implementing Rules and Regulations [IRR] and other pertinent laws)

a. The aggregate amount appropriated shall not exceed the estimates of income.

Estimates of Income vs. Total Appropriations (Section 324 [a] of the LGC and Article 419 [c] of its IRR)

Total Estimates of Income ₱ __________

Less: Total Appropriations ₱ __________
Unappropriated Balance/
(Excess Appropriation) ₱ __________</td><td>☐</td><td>☐</td><td>If the aggregate amount appropriated exceeds the estimates of income, declare AO inoperative in its entirety.</td></tr>
<tr><td>b. Full provisions shall be made for all statutory and contractual obligations of the barangay concerned, provided that the amount of appropriations for debt servicing shall not exceed twenty percent (20%) of the regular income of the barangay concerned.

Debt Servicing Cap (Section 324 [b] of the LGC and Article 419 [b] of its IRR)

Regular Income (Budget Year) ₱ __________
Multiply by 20% x 20%

Allowable Ceiling ₱ __________
Less: Appropriations ₱ __________

Balance/(Excess Appropriation) ₱ __________</td><td>☐</td><td>☐</td><td>Declare AO inoperative in its entirety when no sufficient appropriation is provided for loans and other indebtedness.

Disallow the amount in excess of the twenty percent (20%) of the regular income. Hence, declare the AO inoperative in part.</td></tr>
</table>

FINDINGS	COMPLIANT?		RECOMMENDED REVIEW ACTIONS
	YES	NO	
(1)	(2)		(3)
c. The Barangay shall set aside ten percent (10%) of the general fund for the Sangguniang Kabataan (SK). **SK Funds (Section 329 of the LGC, as amended by Section 20 [a] of Republic Act [RA] No. 10742, as amended)** Total General Fund ₱ ______ Multiply by 10% x 10% Minimum Requirement ₱ ______ Appropriation for SK: ₱ ______ Deficiency/(Allowable appropriation over minimum requirement) ₱ ______	☐	☐	Declare the AO inoperative in its entirety for non-provision or insufficient provision for the SK Funds.
d. Not less than five percent (5%) of the estimated revenue from regular sources shall be set aside as the Barangay Disaster Risk Reduction and Management Fund (BDRRMF) to support disaster risk management activities, such as, but not limited to, pre-disaster preparedness programs including training, purchasing life-saving rescue equipment, supplies and medicines, for post-disaster activities, and for the payment of premiums on calamity insurance (Section 21 of RA No. 10121 and Rule 18, Section 1 of its IRR).[43] **BDRRMF** Estimated Revenue from Regular Sources (Budget Year) ₱ ______ Multiply by 5% x 5% Minimum Requirement ₱ ______ Less: Appropriations ₱ ______ Deficiency/(Allowable appropriation over minimum ______	☐	☐	Declare AO inoperative in its entirety for non-provision or insufficient provision of BDRRMF. Cite as condition if the provision of QRF is more than or less than thirty percent (30%) of the BDRRMF.[44]

[43] Philippine Disaster Risk Reduction and Management Act of 2010

[44] Of the amount appropriated for LDRRMF, thirty percent (30%) shall be allocated as Quick Response Fund (QRF) or stand-by fund for relief and recovery programs in order that situation and living conditions of people in communities or areas stricken by disasters, calamities, epidemics, or complex emergencies, may be normalized as quickly as possible (Section 21 of RA No. 10121 and Rule 18, Section 2 of its IRR).

FINDINGS	COMPLIANT?		RECOMMENDED REVIEW ACTIONS
	YES	NO	
(1)	(2)		(3)
requirement) ₱ ________________ Total Appropriations for BDRRMF ₱ ________________ Appropriated for 70% BDRRMF ₱ ________________ Appropriated for 30% QRF ₱ ________________			
II. GENERAL LIMITATIONS (Section 331 of the LGC and Article 423 [d] of its IRR) a. The total annual appropriations for Personal Services (PS) of a Barangay for one (1) fiscal year shall not exceed fifty-five percent (55%) of the total annual income actually realized from local sources during the next preceding fiscal year. For the computation of the total PS cost for waived items and determination of compliance with the PS Limitation, the reviewing authority may refer to **BBR Form Nos. 2A and 2B**, respectively.	☐	☐	Disallow amount in excess of the PS Limitation. Hence, declare AO inoperative in part.
b. No official or employee shall be entitled to a salary rate higher than the maximum fixed for his position or other positions of equivalent rank by applicable laws, rules, and regulations issued thereunder. (Validation could be done through cross-checking with the: [i] list of positions in the Barangay's Plantilla of Personnel [POP] and the Index of Occupational Services, Position Titles, and Salary Grades in the Local Government [IOS-LGU], CY 2021 Edition, pursuant to Local Budget Circular [LBC] No. 137 dated July 13, 2021;[45] [ii] Implementation of the Modified Salary Schedule for Local Government Personnel Pursuant to Executive Order [EO] No. 64 dated August 2, 2024;[46] [iii] applicable guidelines on the Implementation of the Modified Salary Schedule; and [iv] applicable guidelines on the Implementation of Personal Services [PS] Limitation on Local Government Budgets and Determination of Waived PS Items Pursuant to the General Provisions [GPs] of the applicable General Appropriations Act [GAA])	☐	☐	Disallow amount in excess of the prescribed salary rates for positions. Hence, declare AO inoperative in part.
c. No local fund shall be appropriated to increase or adjust salaries or wages of officials and employees of the national government, except as may be expressly authorized by law.	☐	☐	Disallow appropriation except those expressly authorized by law. Hence,

[45] Index of Occupational Services, Position Titles and Salary Grades in the Local Government (IOS-LGU), CY 2021 Edition

[46] Updating the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of An Additional Allowance, and for Other Purposes

FINDINGS	COMPLIANT?		RECOMMENDED REVIEW ACTIONS
	YES	NO	
(1)	(2)		(3)
			declare AO inoperative in part.
d. In cases of abolition of positions and the creation of new ones resulting from the abolition of existing positions in the career service, such abolition or creation shall be made in accordance with pertinent provisions of the LGC and civil service laws, rules and regulations.	☐	☐	Cite as condition if non-compliant.
e. No changes in designation or nomenclature of positions resulting in a promotion or demotion in rank, or increase or decrease in compensation shall be allowed, except when the position is actually vacant, and the filling of such positions shall be strictly made in accordance with civil service law, rules and regulations.	☐	☐	If non-compliant, disallow and declare AO inoperative in part.
f. The creation of new positions and salary increases or adjustments shall in no case be made retroactive.	☐	☐	Cite as condition if non-compliant. Disallow amount in excess of the allowable amount. Hence, declare the AO inoperative in part.
g. The annual appropriations for discretionary purposes of the Punong Barangay shall not exceed two percent (2%) of the actual receipts derived from basic real property tax in the next preceding calendar year. Discretionary funds shall be disbursed only for public purposes to be supported by appropriate vouchers and subject to such guidelines as may be prescribed by law. No amount shall be appropriated for the same purpose except as authorized in Section 325 (h) of the LGC. **Discretionary Expenses** Shares from the proceeds derived from basic real property tax in the next preceding year[47] ₱ ______ Multiply by 2% x 2% Maximum Allowable Amount ₱ ______ Appropriations ₱ ______ Balance/(Excess Appropriation) ₱ ______	☐	☐	Disallow amount in excess of the allowable amount. Hence, declare the AO inoperative in part.

[47] Next preceding fiscal year refers to two (2) years prior to the budget year

III. 20% of the National Tax Allotment for Development Projects (Section 287 of the LGC) Each Barangay shall appropriate in its annual budget no less than twenty percent (20%) of its annual National Tax Allotment (NTA) for development projects pursuant to Section 287 of the LGC. Appropriation for development projects shall be itemized in the budget (Department of Budget and Management [DBM]-Department of Finance [DOF]-Department of the Interior and Local Government [DILG] Joint Memorandum Circular [JMC] No. 1 dated November 4, 2020[48] as supplemented by DBM-DOF-DILG JMC No. 1 dated April 27, 2023.[49] **20% Development Fund (DF) Allocation** Total NTA ₱ Multiply by 20% x 20% Minimum Requirement ₱ Less: Appropriations ₱ Deficiency/(Allowable appropriation over minimum requirement) ₱	☐	☐	Declare AO inoperative in its entirety for non-provision or insufficient provision of the 20% DF.
Items not allowed to be charged against the 20% DF (DBM-DOF-DILG JMC No. 1, s. 2020): 1. PS expenditures, such as salaries, wages, overtime pay, and other personnel benefits; 2. Administrative expenses, such as supplies, meals, representation, communication, water and electricity, petroleum products, and the like; 3. Travelling expenses, whether domestic or foreign; 4. Registration fees and other expenses related to the conduct of and participation in trainings, seminars, conferences or conventions; 5. Purchase, maintenance, or repair of administrative office furniture, fixtures, equipment or appliances; and 6. Purchase, maintenance, or repair of motor vehicles used for administrative purposes.			Disallow items included in the negative list.

[48] Revised Guidelines on the Appropriation and Utilization of the Twenty Percent (20%) of the Annual Internal Revenue Allotment for Development Projects

[49] Supplemental Guidelines to DBM-DOF-DILG JMC No. 1, s. 2020 relative to the Utilization of the Twenty Percent (20%) Component of the Annual National Tax Allotment (20% Development Fund) for the Implementation of Community-Based Monitoring System

IV. Budgetary Requirements by Attribution The following are budgetary requirements for specific sectors or concerns as prescribed by pertinent laws, rules and regulations that shall be included in the AO as contained in their respective local development plans and integrated in the corresponding Barangay Annual Investment Programs (BAIPs). The same may be provided in the annual appropriations as direct appropriation and/or by attribution:		
1. **Gender and Development Budget** (RA No. 7192,[50] RA No. 9710;[51] Philippine Commission on Women [PCW]-DILG-DBM-National Economic Development Authority [NEDA] JMC No. 2013-01,[52] as amended by PCW-DILG-DBM-NEDA JMC No. 2016-01 dated January 12, 2016,[53] as further amended by PCW-DILG-DBM-NEDA JMC No. 2024-01)[54] Barangays shall formulate their annual Gender and Development (GAD) Plans and Budgets (GPBs) within the context of their mandates to ensure gender mainstreaming in their policies, programs and projects. GAD planning and budgeting shall be integrated in the regular activities of the Barangays, the cost of implementation of which shall be at least five percent (5%) of their total annual budgets. At least five percent (5%) of the total Barangay budget shall correspond to activities supporting GAD programs, projects, and activities (PPAs). The GAD budget shall be drawn from the Barangay's PS, Maintenance and Other Operating Expenses, and Capital Outlay. The five percent (5%) GAD budget shall endeavor to influence the remaining 95% of the Barangay budget toward gender-responsiveness. **GAD Budget** Total Appropriations ₱ ______ Multiply by 5% x 5% Minimum Requirement ₱ ______ GAD Budget ₱ ______ Deficiency/(Allowable appropriations over minimum requirement ₱ ______	☐ ☐	Cite as condition.

[50] An Act Promoting the Integration of Women as Full and Equal Partners of Men in Development and Nation Building and for Other Purposes
[51] An Act Providing for the Magna Carta of Women
[52] Guidelines on the Localization of the Magna Carta of Women
[53] Amendments to PCW-DILG-DBM-NEDA JMC No. 2013-01: Guidelines on the Localization of the Magna Carta of Women
[54] Revised Guidelines on the Localization of the Magna Carta of Women

2. Barangay Council for the Protection of Children One percent (1%) of the NTA of barangays shall be allocated for the strengthening and implementation of the programs of the Barangay Council for the Protection of Children (Section 15 of RA No. 9344).[55] Total NTA ₱ Multiply by 1% x 1% Total Requirement ₱ Less: Appropriations ₱ Excess/(Deficiency) ₱	☐ ☐	Cite as condition.
3. PPAs and services that will address the needs of senior citizens (RA No. 7432,[56] as amended by RA No. 9994,[57] and RA No. 7876)[58] and differently-abled persons (RA No. 7277,[59] as amended by RA Nos. 9442[60] and 10070,[61] and Batas Pambansa Blg. 344).[62] Total Appropriations for Senior Citizens ₱ Total Appropriations for Differently-abled ₱	☐ ☐	Cite as observation.
4. Community-based Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome (HIV/AIDS) prevention and care services (RA No. 11166).[63] Total Appropriations for PPAs to combat HIV/AIDS ₱	☐ ☐	Cite as observation.
5. PPAs to address the Problem of Illegal Drugs (Section 51 of RA No. 9165[64] and its IRR). Total Appropriations for PPAs to Address the Problem of Illegal Drugs ₱	☐ ☐	Cite as observation.

[55] Juvenile Justice and Welfare Act of 2006
[56] An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and for Other Purposes
[57] Expanded Senior Citizens Act of 201
[58] Senior Citizens Center Act of the Philippines
[59] Magna Carta for Disabled Persons
[60] An Act Amending Republic Act No. 7277, Otherwise Known as the "Magna Carta for Disabled Persons, and for Other Purposes"
[61] An Act Establishing an Institutional Mechanism to Ensure the Implementation of Programs and Services for Persons with Disabilities in Every Province, City and Municipality, Amending Republic Act No. 7277, Otherwise Known as the Magna Carta for Disabled Persons, as amended, and for Other Purposes
[62] An Act to Enhance the Mobility of Disabled Persons by Requiring Certain Buildings, Institutions, Establishments and Public Utilities to Install Facilities and Other Devices
[63] Philippine HIV and AIDS Policy Act
[64] Comprehensive Dangerous Drugs Act of 2002

V. Compliance with Other Applicable Laws, Rules and Regulations 1. Plan-Budget Linkage Barangay budgets shall operationalize approved Barangay development plans (Section 305 [i] of the LGC). a. The Barangay has an approved BAIP. b. All PPAs in the AO are included/listed in the BAIP.	☐ ☐	Declare AO inoperative in its entirety if the BAIP is not approved/adopted by the sanggunian before the enactment of the AO. Declare AO inoperative in its entirety when all the PPAs included in the AO are different from those listed in the BAIP. Disallow the PPAs not included in the approved BAIP funded under the annual budget/ supplemental budget. Hence, declare AO inoperative in part.
2. Share from National Taxes The proceeds from the share of LGUs from national taxes shall be appropriated and utilized for PPAs in accordance with pertinent laws, rules and regulations: a. Share in the proceeds from the development and utilization of the national wealth under Sections 289 to 294 of the LGC and RA No. 9513;[65] ₱ ____________ b. Others (please specify). ₱ ____________	☐ ☐ ☐ ☐	Cite as condition.
3. The appropriation for Donations shall be spent solely for public purposes pursuant to Sections 305 (b), 335 and 351 of the LGC.	☐ ☐	Cite as condition.
4. The purchase and specifications of the motor vehicle shall be subject to the provisions of Administrative Order No. 14	☐ ☐	Cite as condition.

[65] Renewable Energy Act of 2008

dated December 10, 2018[66] and Budget Circular (BC) No. 2022-1 dated February 11, 2022,[67] and BC No. 2022-1A dated March 1, 2023.[68]		
5. Prohibition Against Expenses for Reception and Entertainment (Section 343 of the LGC) No money shall be appropriated, used, or paid for entertainment or reception except to the extent of the representation allowances authorized by law or for the reception of visiting dignitaries of foreign governments or foreign missions, or when expressly authorized by the President in specific cases.	☐ ☐	Cite as condition.
6. The grant of Monetization of Leave Credits shall be in accordance with CSC Omnibus Rules on Leave pursuant to CSC Memorandum Circular No. 41, s. 1998,[69] BC No. 2013-1 dated April 12, 2013,[70] CSC-DBM JC No. 1 dated March 23, 2004[71] as supplemented by LBC No. 85 dated April 23, 2007.[72]	☐ ☐	Cite as condition.
7. Magna Carta Benefits of Barangay Health Workers Appropriations for Magna Carta Benefits of Barangay Health Workers shall be in accordance with DBM-Department of Health (DOH) JC No. 1 dated November 29, 2012,[73] as amended by DBM-DOH JC No. 1 dated July 15, 2016.[74]	☐ ☐	Cite as condition.
8. Appropriation for wages - Casual/Contractual The appropriation for wages - Casual/Contractual shall be subject to pertinent budgeting, accounting, and auditing rules and regulations, and to the following provisions of 2025 Omnibus Rules on Appointments and Other Human Resource Actions issued by the CSC, as follows: 1. Employees under contractual or casual appointment are entitled to the same benefits enjoyed by regular employees; and	☐ ☐	Cite as condition.

[66] Consolidating and Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and for Other Purposes
[67] Omnibus Guidelines on the Acquisition, Use, Rental, and Replacement of Government Motor Vehicles
[68] Supplemental Guidelines on the Acquisition, Use, Rental, and Replacement of Government Motor Vehicles
[69] Amendments to Rules I and XVI of the Omnibus Rules Implementing Book V of the Administrative Code of 1987 (Executive Order 292)
[70] Guidelines Prescribing the Documentary Requirements and Procedures in Processing/Payment of Retirement Benefits of Government Employees
[71] Leave Benefits of Barangay Officials
[72] Supplemental Rules and Regulations on Leave Benefits of Barangay Officials
[73] Rules and Regulation on the Grant of Compensation-Related Magna Carta Benefits to Public Health Workers (PHWs)
[74] Amendment to DBM-DOH Joint Circular No. 1 s. 2012 Regarding the Rules and Regulations on the Grant of Compensation-Related Magna Carta Benefits to Public Health Workers (PHWs)

2. In no case shall a casual appointment be issued to fill a vacant plantilla position or a casual employee perform the duties and responsibilities of the vacant plantilla position.		
9. The appropriation for Honoraria shall be spent in accordance with DBM BC Nos. 2007-1 dated April 23, 2007[75] and 2007-2 dated October 1, 2007,[76] as may be applicable.	☐ ☐	Cite as condition.
10. Overtime Pay shall be pursuant to CSC-DBM JC No. 2 dated November 25, 2015.[77]	☐ ☐	Cite as condition.
11. Personnel Economic Relief Allowance shall be pursuant to BC Nos. 2009-3 dated August 18, 2009,[78] and 2011-2 dated September 26, 2011.[79]	☐ ☐	Cite as condition.
12. Productivity Enhancement Incentive shall be pursuant to Item 6.0 of BC No. 2017-4 dated December 4, 2017[80] – not exceeding P5,000.	☐ ☐	Cite as condition.
13. Mid-Year Bonus shall be pursuant to BC No. 2017-2 dated May 8, 2017[81] and BC No. 2019-4 dated July 5, 2019[82] - equivalent to one (1) month basic pay.	☐ ☐	Cite as condition.
14. Position Titles and Classifications Pursuant to the Manual on Position Compensation and Classification as prescribed under Circular Letter No. 2007-6 dated February 19, 2007,[83] in classifying positions, LGUs shall be guided by the IOS-LGU under LBC No. 137 dated July 13, 2021. All positions in the Barangay shall be allocated to their proper position titles and salary grades in accordance with the IOS-LGU.	☐ ☐	Cite as condition.
15. Other relevant policies, rules, and regulations	☐ ☐	Cite as condition.
VI. Review of Annual Operating Budget of Barangay Economic Enterprise/s (Sections 313 [a] and 325 of the LGC) 1. The Barangay maintains a special account in the General Fund (GF) for the BEE.	☐ ☐	Cite as condition.

[75] Guidelines on the Grant of Honoraria to Lecturers, Resource Persons, Coordinators and Facilitators
[76] Guidelines on the Grant of Honoraria Due to Assignment in Government Special Projects
[77] Policies and Guidelines on Overtime Services and Overtime Pay for Government Employees
[78] Rules and Regulations on the Grant of the Personnel Economic Relief Allowance at P2,000 per Month
[79] Amendatory Rules on the Grant of the Personnel Economic Relief Allowance (PERA)
[80] Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter
[81] Rules and Regulations on the Grant of the Mid-Year Bonus for FY 2017 and Years Thereafter
[82] Clarification on the Grant of Mid-Year Bonus to Government Employees on Scholarship
[83] Manual on Position Classification and Compensation

2. Salaries, wages, representation, and transportation allowances of BEE officials and employees shall not be included in the annual or supplemental budget in the computation of the maximum amount for PS of the Barangay. 3. The appropriations for PS of BEEs shall be charged to their respective budgets. 4. BEE official or employee is not allowed a salary rate higher than the maximum fixed for the position or other positions of equivalent rank. 5. Each BEE has its own separate Annual Operating Budget. 6. PPAs of BEE are included in the BAIP. 7. The profits or income derived from the operation of BEE are applied as follows: a. The costs of improvement, repair, and other related expenses of the BEE shall be deducted from the income from the operation of the said BEE; b. The balance thereof shall first be applied for the return of advances or loans made; and c. Any excess shall form part of the GF of the Barangay. 8. The AOB of each BEE is presented separately in the BEP which shall be included for enactment by the sanggunian. 9. Compliance with other applicable laws, rules, and regulations.	☐ ☐	

OVERALL REVIEW ACTION (any of the options below)

The Appropriation Ordinance is operative in its entirety.
The Appropriation Ordinance is operative in its entirety, subject to conditions.
The Appropriation Ordinance is inoperative in its entirety.
The Appropriation Ordinance is inoperative in part, with or without conditions.

Prepared by:	Reviewed by:	Approved by:
______________________	______________________	______________________

Instructions:

A. The Barangay Budget Review (BBR) Form No. 2 (Summary of Findings and Recommended Review Actions) shall be prepared by the Reviewing Officer.

B. BBR Form No. 2 is intended to reflect the following:

   Column 1 – The findings shall indicate the relevant laws, rules, and regulations applicable to the budget in review.

   Column 2 – Check the appropriate box whether or not the barangay has complied with the requirements specified in Column 1.

   Column 3 – Indicate the recommended review actions.

BBR Form No. 2A

TOTAL PERSONNEL SERVICES (PS) COST FOR WAIVED ITEMS
Barangay: ___________________
Title of AO: __________________

(a) CNA Incentives ______________
(b) Minimum Year-End Bonus and Cash Gift for Barangay personnel/officials ______________
(c) Terminal Leave Benefits
(d) Monetization of Leave Credits of barangay officials
(e) Special benefits authorized to be granted to LGU personnel during emergency situations ______________
(f) Salaries and Benefits of Health/Medical personnel that may be hired to perform functions related to emergency situations
(g) Salaries and other benefits of additional personnel hired by LGUs to implement the full devolution of certain functions of the Executive branch to LGUs ______________
(h) Compensation of the Child Development Teachers and Child Development Workers hired by the LGUs ______________

Total PS Cost for Waived Items ______________

Prepared by:	**Reviewed by:**	**Approved by:**
______________________	___________________	_________________

Note:

The list of waived items shall be based on the General Provision of the applicable General Appropriations Act and the corresponding guidelines to be issued for the purpose.

BBR Form No. 2B

DETERMINATION OF COMPLIANCE WITH PERSONAL SERVICES (PS) LIMITATION

Barangay: __________________________

Title of AO: __________________________

A. Total Income from Local Sources (TILS) realized in the next preceding fiscal year		₱ __________
B. PS Limitation (55% of TILS)		₱ __________
C. PS Items of Expenditures		
Honoraria (for barangay officials)	₱ __________	
Honoraria/Allowances (for barangay personnel)	__________	
Mid-Year Bonus	__________	
Productivity Enhancement Incentive	__________	
Year-End Bonus and Cash Gift (for barangay officials)	__________	
Monetization of Leave Credits	__________	
Medical Allowance	__________	
D. Total Annual PS Budget		₱ __________
E. Less: Total PS Cost for Waived Items (from BBR Form No. 2A)		₱ __________
F. Net Annual PS Budget: Total Annual PS Budget Less Total PS Cost for Waived Items (F = D – E)		₱ __________
G. Additional Allowable PS Budget or Excess Over the PS Limitation (G = B – F)		₱ __________

Prepared by:	**Reviewed by:**	**Approved by:**
__________________	__________________	__________________

Notes:

1. Barangay Budget Review Form No. 2B is based on the General Provision of the applicable General Appropriations Act and the corresponding guidelines to be issued for the purpose.
2. The appropriations for salaries, wages, representation and transportation allowances of officials and employees of the public utilities and economic enterprises owned, operated, and maintained by the Barangay shall not be included in the annual budget or in the computation of the maximum amount for PS. The appropriations for the PS of such economic enterprises shall be charged to their respective budgets. (This is applicable only if there is an LEE operated by the Barangay).
3. The total Annual PS Budget shall include those for the utilities if the PS cost for these personnel is charged against the LGU General Fund (This is applicable only if there is an LEE operated by the Barangay).

3.7 Sample Formats

A. Resolution Declaring the Appropriation Ordinance Operative in its Entirety

Resolution No. ________

A RESOLUTION DECLARING THE APPROPRIATION ORDINANCE NO. ______ OF THE BARANGAY OF ____________________ OPERATIVE IN ITS ENTIRETY

WHEREAS, Appropriation Ordinance No. ____ of the Barangay of ______ authorizing its Annual Budget for Fiscal Year _____, involving an appropriation of ₱________ (or the title of the Appropriation Ordinance may be cited if it fully contains the relevant details), was submitted to this Sanggunian for review on ______ pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC);

WHEREAS, the subject Appropriation Ordinance shows substantial compliance with the same law and its Implementing Rules and Regulations;

NOW, THEREFORE, on motion of Sangguniang Panlungsod/Bayan Member ________duly seconded by Sangguniang Panlungsod/Bayan Member ____;

THE SANGGUNIANG PANLUNGSOD/BAYAN IN SESSION DULY ASSEMBLED:

RESOLVED, to declare Appropriation Ordinance No. ____ of the Barangay of _________ **OPERATIVE IN ITS ENTIRETY**, effective _________, subject to the posting requirements under Section 59 of the LGC.

RESOLVED FURTHER, to inform the Barangay that this review action does not authorize any item of appropriation that is specifically prohibited by or inconsistent with the provisions of law. Compliance with all pertinent laws, rules, and regulations shall be the responsibility of the Barangay.

RESOLVED FINALLY, to send a copy of this Resolution to the Punong Barangay of the Barangay of ___________ through the City/Municipal Budget Officer in accordance with Section 333 (b) of the LGC.

ADOPTED. (Date) .
x- -x

We hereby certify that the foregoing is a true and accurate copy of the Resolution which was duly adopted by the Sangguniang Panlungsod/Bayan of _______ during its Regular Session held on ___________.

Secretary to the Sanggunian	**Presiding Officer**

B. Resolution Declaring the Appropriation Ordinance Operative in its Entirety, Subject to Conditions

Resolution No. ________

A RESOLUTION DECLARING THE APPROPRIATION ORDINANCE NO. ______ OF THE BARANGAY OF ____________________ OPERATIVE IN ITS ENTIRETY, SUBJECT TO CONDITIONS

WHEREAS, Appropriation Ordinance No. ____ of the Barangay of ______ authorizing its Annual Budget for Fiscal Year _____, involving an appropriation of ₱________ (or the title of the Appropriation Ordinance may be cited if it fully contains the relevant details), was submitted to this Sanggunian for review on ________ pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC);

WHEREAS, the subject Appropriation Ordinance reveals substantial compliance with the same law and its Implementing Rules and Regulations, subject, however, to relevant conditions;

NOW, THEREFORE, on motion of Sangguniang Panlungsod/Bayan Member ________ duly seconded by Sangguniang Panlungsod/Bayan Member _______;

THE SANGGUNIANG PANLUNGSOD/BAYAN IN SESSION DULY ASSEMBLED:

RESOLVED, to declare Appropriation Ordinance No. ____ of the Barangay of ________ **OPERATIVE IN ITS ENTIRETY**, effective _________, subject to the posting requirements under Section 59 of the LGC, and **subject to the following conditions**:

1.
2.

RESOLVED FURTHER, to inform the Barangay that this review action does not authorize any item of appropriation that is specifically prohibited by or inconsistent with the provisions of law. Compliance with all pertinent laws, rules, and regulations shall be the responsibility of the Barangay.

RESOLVED FINALLY, to send a copy of this Resolution to the Punong Barangay of the Barangay of ___________ through the City/Municipal Budget Officer in accordance with Section 333 (b) of the LGC.

ADOPTED. (Date) .

x- -x

We hereby certify that the foregoing is a true and accurate copy of the Resolution which was duly adopted by the Sangguniang Panlungsod/Bayan of _______ during its Regular Session held on ___________.

_________________________	_________________
Secretary to the Sanggunian	**Presiding Officer**

C. Resolution Declaring the Appropriation Ordinance Inoperative in its Entirety

Resolution No. _______

A RESOLUTION DECLARING THE APPROPRIATION ORDINANCE NO. _____ OF THE BARANGAY OF _________________ INOPERATIVE IN ITS ENTIRETY

WHEREAS, Appropriation Ordinance No. ____ of the Barangay of ______ authorizing its Annual Budget for Fiscal Year _____, involving an appropriation of ₱________ (or the title of the Appropriation Ordinance may be cited if it fully contains the relevant details), was submitted to this Sanggunian for review on ________ pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC);

WHEREAS, the subject Appropriation Ordinance has not complied with the budgetary requirements and general limitations, as well as other provisions of law as enumerated hereunder.

1.
2.

NOW, THEREFORE, on motion of Sangguniang Panlungsod/Bayan Member ________ duly seconded by Sangguniang Panlungsod/Bayan Member _______;

THE SANGGUNIANG PANLUNGSOD/BAYAN IN SESSION DULY ASSEMBLED:

RESOLVED, to declare Appropriation Ordinance No. ____ of the Barangay of _________ **INOPERATIVE ITS ENTIRETY**, effective immediately.

RESOLVED FURTHER, to inform the Sangguniang Barangay of the Barangay of ________, through the Punong Barangay, that pursuant to Section 333 (b) of the LGC, the Barangay shall operate on the ordinance authorizing annual appropriations of the preceding fiscal year until such time that the new ordinance authorizing annual appropriations shall have met the objections raised. Compliance with all pertinent laws, rules, and regulations shall be the responsibility of the Barangay.

RESOLVED FINALLY, to send a copy of this Resolution to the Punong Barangay of the Barangay of ___________ through the City/Municipal Budget Officer in accordance with Section 333 (b) of the LGC.

ADOPTED. (Date) .

x- -x

We hereby certify that the foregoing is a true and accurate copy of the Resolution which was duly adopted by the Sangguniang Panlungsod/Bayan of _______ during its Regular Session held on ___________.

Secretary to the Sanggunian	**Presiding Officer**

D. Resolution Declaring the Appropriation Ordinance Inoperative in Part

Resolution No. ________

A RESOLUTION DECLARING THE APPROPRIATION ORDINANCE NO. _____ OF THE BARANGAY OF ____________________ INOPERATIVE IN PART

WHEREAS, Appropriation Ordinance No. ____ of the Barangay of ______ authorizing its Annual Budget for Fiscal Year _____, involving an appropriation of ₱________ (or the title of the Appropriation Ordinance may be cited if it fully contains the relevant details), was submitted to this Sanggunian for review on _________pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC);

WHEREAS, the subject Appropriation Ordinance has substantially complied with the budgetary requirements and general limitations, as well as other provisions of law, except for the certain items of appropriation which shall be disallowed hereunder;

NOW, THEREFORE, on motion of Sangguniang Panlungsod/Bayan Member ________ duly seconded by Sangguniang Panlungsod/Bayan Member _______;

THE SANGGUNIANG PANLUNGSOD/BAYAN IN SESSION DULY ASSEMBLED:

RESOLVED, to declare Appropriation Ordinance No. ____ of the Barangay of _________ **INOPERATIVE IN PART**, effective _________, subject to the posting requirements under Section 59 of the LGC.

RESOLVED FURTHER, to disallow the following items of appropriation in the total amount of ₱________:

1. (state the item of appropriation and the basis/reasoning for disallowance)
2.
3.

RESOLVED FURTHERMORE, to inform the Barangay that this review action does not authorize any item of appropriation that is specifically prohibited by or inconsistent with the provisions of law. Compliance with all pertinent laws, rules, and regulations shall be the responsibility of the Barangay.

RESOLVED FINALLY, to send a copy of this Resolution to the Punong Barangay of the Barangay of ___________ through the City/Municipal Budget Officer in accordance with Section 333 (b) of the LGC.

ADOPTED. (Date) .

x- -x

We hereby certify that the foregoing is a true and accurate copy of the Resolution which was duly adopted by the Sangguniang Panlungsod/Bayan of _______ during its Regular Session held on ___________.

_________________________ ________________

Secretary to the Sanggunian **Presiding Officer**

E. Review Letter Declaring the Appropriation Ordinance Operative in its Entirety

____
Date

The Honorable Punong Barangay
Barangay ______________

Thru: The City/Municipal Budget Officer

Sir/Madam:

Pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC), our review of the FY 2026 Budget No. ___ (General Fund/Barangay Economic Enterprise, a special account under the General Fund) of the Barangay of _____________, involving a total appropriation of ₱_________ under Appropriation Ordinance No. ______, submitted to this Office for review on ________, reveals substantial compliance with the same law and its Implementing Rules and Regulations and other applicable laws, rules and regulations.

Accordingly, the said Appropriation Ordinance is declared **operative in its entirety** effective on _______________, subject to the posting requirements under Section 59 of the LGC.

Further, please be reminded of Section 57 in relation with Section 333 (a) of the LGC which provides that within ten (10) days after its approval, copies of the Appropriation Ordinance authorizing annual appropriations, shall be furnished the Sangguniang Panlungsod/Bayan, through the city of municipal budget officer, as the case may be. *(state as may be applicable)*

It is understood that this review action does not authorize any item of appropriation that is specifically prohibited by or inconsistent with the provisions of law.

Compliance with all existing laws, rules, and regulations shall be the responsibility of the Barangay.

Very truly yours,

____
Presiding Officer

F. Review Letter Declaring the Appropriation Ordinance Operative in its Entirety, Subject to Conditions

____

Date

The Honorable Punong Barangay
Barangay __________

Thru: The City/Municipal Budget Officer

Sir/Madam:

Pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC), our review of the FY 2026 Budget No. ___ (General Fund/Barangay Economic Enterprise, a special account under the General Fund) of the Barangay of ____________, involving a total appropriation of ₱_________ under Appropriation Ordinance No. ______, submitted to this Office for review on ________, reveals substantial compliance with the same law and its Implementing Rules and Regulations and other applicable laws, rules and regulations, except for the following:

1.
2.

Notwithstanding the above, the Appropriation Ordinance is declared **operative in its entirety** effective on _________, subject to the posting requirement under Section 59 of the LGC, and further **subject to the following condition/s**:

1.
2.

Further, please be reminded of Section 57 in relation with Section 333 (a) of the LGC which provides that within ten (10) days after its approval, copies of the Appropriation Ordinance authorizing annual appropriations, shall be furnished the Sangguniang Panlungsod/Bayan, through the city of municipal budget officer, as the case may be. *(state as may be applicable)*

It is understood that this review action does not authorize any item of appropriation that is specifically prohibited by or inconsistent with the provisions of law.

Compliance with all existing laws, rules, and regulations shall be the responsibility of the Barangay.

Very truly yours,

____

Presiding Officer

G. Review Letter Declaring the Appropriation Ordinance Inoperative in its Entirety

____
Date

The Honorable Punong Barangay
Barangay ______________

Thru: The City/Municipal Budget Officer

Sir/Madam:

Pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC), our review of the FY 2026 Budget No. ___ (General Fund/Barangay Economic Enterprise, a special account under the General Fund) of the Barangay of ____________, involving a total appropriation of ₱_________ under Appropriation Ordinance No. ______, submitted to this Office for review on ________, shows that it has not complied with the budgetary requirements and general limitations as well as other provisions of law as enumerated hereunder:

1.
2.

In view thereof, the said Appropriation Ordinance is declared **inoperative in its entirety** effective immediately. Consequently, the previous year's budget is deemed reenacted pending the submission of a new Ordinance authorizing the annual appropriations, taking into account the above-mentioned findings. Nevertheless, it is understood that, in the implementation of the reenacted budget, only the annual appropriation for salaries and wages of existing positions, statutory and contractual obligations and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted in accordance with Section 323 of the LGC.

Further, please be reminded of Section 57 in relation with Section 333 (a) of the LGC which provides that within ten (10) days after its approval, copies of the Appropriation Ordinance authorizing annual appropriations, shall be furnished the Sangguniang Panlungsod/Bayan, through the city of municipal budget officer, as the case may be. *(state as may be applicable)*

Very truly yours,

____
Presiding Officer

H. Review Letter Declaring the Appropriation Ordinance Inoperative in Part

____

Date

The Honorable Punong Barangay
Barangay _____________

Thru: The City/Municipal Budget Officer

Sir/Madam:

Pursuant to the provisions of Republic Act No. 7160 or the Local Government Code of 1991 (LGC), our review of the FY 2026 Budget No. ___ (General Fund/Barangay Economic Enterprise, a special account under the General Fund) of the Barangay of _____________, involving a total appropriation of ₱_________ under Appropriation Ordinance No. ______, submitted to this Office for review on ________, reveals substantial compliance with the same law and its Implementing Rules and Regulations and other applicable laws, rules, and regulations, except for the following items of appropriation which are hereby disallowed in the total amount of ₱________:

1.
2.

In view of the above, the budget is declared **inoperative in part** effective on ______, subject to the posting requirements under Section 59 of the LGC.

Further, please be reminded of Section 57 in relation with Section 333 (a) of the LGC which provides that within ten (10) days after its approval, copies of the Appropriation Ordinance authorizing annual appropriations, shall be furnished the Sangguniang Panlungsod/Bayan, through the city of municipal budget officer, as the case may be. *(state as may be applicable)*

It is understood that this review action does not authorize any item of appropriation that is specifically prohibited by or inconsistent with the provisions of law.

Compliance with all existing laws, rules, and regulations shall be the responsibility of the Barangay.

Very truly yours,

____

Presiding Officer

CHAPTER 4. BUDGET EXECUTION PHASE

Budget execution involves the release of allotments, the disbursement of funds, and the delivery of goods in the most efficient, effective, economical, and ethical way. A critical aspect of this phase is the collection of funds to ensure that cash is available for payment of obligations and that disbursements do not exceed appropriations.

4.1 Legal Bases of Budget Execution

The budget execution phase of a barangay is governed by the fundamental principles set out in Section 305 of the Local Government Code of 1991 (LGC).

Pursuant to Section 332 of the LGC, the responsibility for the execution of the annual and supplemental budgets and the accountability therefor shall be vested primarily in the punong barangay. Section 346 of the LGC allows disbursements in accordance with the Appropriations Ordinance (AO) even without prior approval from the sanggunian.

Additionally, Section 335 of the LGC prohibits the use of public funds for religious or private purposes, and Section 336 mandates that funds shall be available exclusively for the specific purpose for which they have been appropriated.

4.2 Key Players in Budget Execution

Punong Barangay - The Punong Barangay shall be responsible and accountable for the execution of the annual and supplemental budgets of the barangay (Section 332 of the LGC).

Barangay Treasurer - The Barangay Treasurer shall: (i) Keep custody of the barangay funds and properties; (ii) Collect and issue official receipts for taxes, fees, contributions, monies, materials and all other resources accruing to the barangay treasury and deposit the same in the account of the barangay; (iii) Disburse funds in accordance with the financial procedures; and (iv) Certify as to availability of funds whenever necessary (Section 395 [e] of the LGC).

Chairperson, Committee on Appropriations (CCA) – The Chairperson, CCA certifies that an appropriation exists (Article 432 [c] of the Implementing Rules and Regulations [IRR] of the LGC). Furthermore, the Chairperson, CCA certifies the Disbursement Voucher/Payroll as to the existence of available appropriations to cover claim, monitors the utilization of appropriations and special trust funds and other duties as may be assigned by competent authority (Section 12.1.2, Chapter III of the Manual on the Financial Management of Barangays, Commission on Audit (COA) Circular No. 2015-011 dated December 1, 2015).

Civil Society Organizations (CSOs)/Nongovernmental Organizations (NGOs) – The CSOs/NGOs may have the following roles in the budget execution phase:

- Monitor barangay compliance with planning documents and allotment releases, and inform communities through tri-media or meetings;
- Act as observers of procurement activities as provided under Section 43 of Republic Act No. 12009 and its IRR, subject to the applicable Government Procurement Policy Board issuances;
- Monitor ongoing projects and submit reports to the Punong Barangay;
- Check service standards, implementation timeliness, fund utilization, and delivery to beneficiaries;
- Support barangay efforts to address gaps or issues in project execution; and
- Verify compliance with required budget review actions.

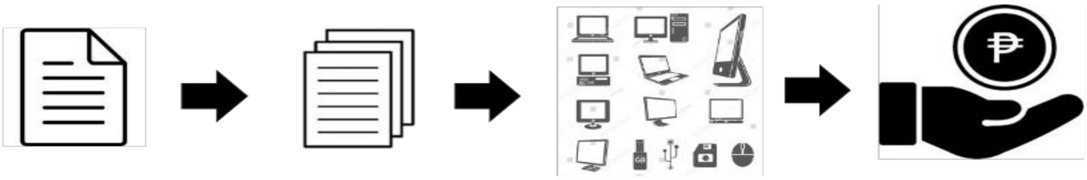
4.3 Budgetary Accounts in Budget Execution

The budgetary accounts to be maintained in the implementation of barangay budgets are:

Budgetary Account	Description
Appropriation ----->	an authorization made by ordinance, directing the payment of goods and services from local government funds under specified conditions or for specific purposes (Section 306 [b] of the LGC).

Allotment ---------->	an authorization issued by the Punong Barangay to an office/unit of the Barangay which allows it to incur obligations for a specific amount within its appropriation.
Obligation --------->	the specific amount committed to be paid by the Barangay for any lawful act made by an accountable officer for and on behalf of the Barangay (Section 306 [j] of the LGC).
Disbursement ----->	the settlement of payables/obligations by cash, check, or other authorized modes of payment (Section 70 of the Government Accounting Manual for Local Government Units)

Example:

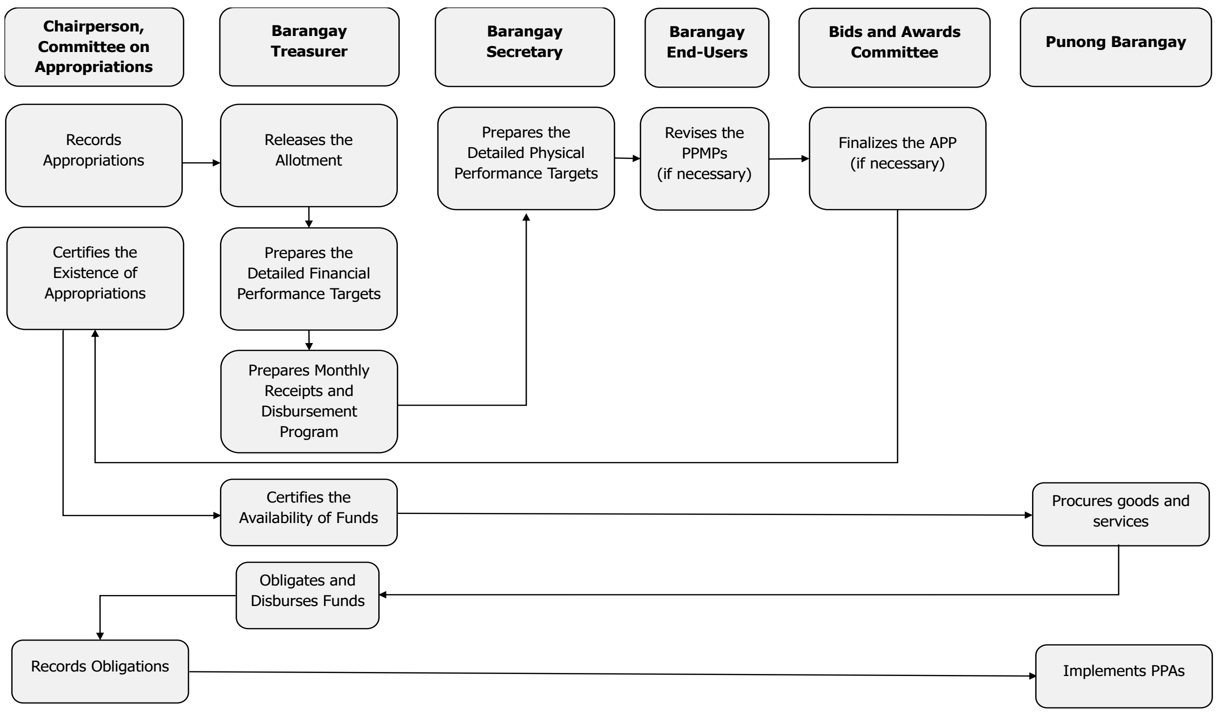


Appropriation	Allotment	Obligation	Disbursement
₱2,000,000	₱500,000 for the 1st Quarter	₱400,000	₱380,000

4.4 The Budget Execution Flowchart

The flowchart in Figure 11 below details the sequence of activities in budget execution.

Figure 11. Barangay Budget Execution Flowchart



4.5 Steps in the Budget Execution Phase

Step 1. CCA records the appropriations, and the Barangay Treasurer prepares and releases the allotments.

1. The CCA records the duly approved barangay AO in the Record of Appropriations and Obligations (RAO) (Section 3.1.2, Chapter III of the Manual on the Financial Management of Barangays, COA Circular No. 2015-011 dated December 1, 2015).

   Separate RAO shall be maintained for the following:

   a) 10% share of the Sangguniang Kabataan;
   b) 5% Barangay Disaster Risk Reduction and Management Fund;
   c) 20% Development Fund – Current and Continuing Appropriations – Capital Outlays (CO); and
   d) Continuing Appropriations – CO

   The appropriations and obligations shall be totaled monthly.

2. The Barangay Treasurer shall prepare the Allotment Release Orders (AROs) on the basis of the approved AO, the AROs shall be released as follows:
   a. ARO for Personnel Services (PS) and Associated PS Costs (Barangay Budget Execution [BBE] Form No. 1) shall be issued (either comprehensively released for the whole year or quarterly, as applicable) to release the appropriations for the honoraria and other authorized personnel benefits for the barangay officials and other barangay personnel. The itemized Plantilla positions shall be used as basis for the release. This shall avoid the creation of lumpsum amounts for PS except for authorized salary increases pending issuance of pertinent guidelines.

   b. The allotment for Maintenance and Other Operating Expenses (MOOE) shall also be released (either comprehensively for the whole year or quarterly, as applicable), using BBE Form No. 2 in Item 4.9 of this Chapter.

   c. The allotment for CO shall be released on the basis of the work program and the ranking of programs, projects, and activities (PPAs) as presented in the approved Barangay Annual Investment Program (BAIP) and as authorized and prioritized in the AO, using BBE Form No. 3 in item 4.9 of this Chapter.

d. The allotment for Financial Expenses (FE) shall also be released (either comprehensively for the whole year or quarterly, as applicable), using BBE Form No. 4 in item 4.9 of this Chapter.

The ARO gives the authority to incur obligations up to the amount of the released allotment.

The following information shall be reflected in the ARO:

- Source of Appropriation: whether annual budget, supplemental budget, or reenacted budget; and

- PPA Reference Code: the same as the BAIP Reference Code.

For Later Release as Policy Option

The appropriations pertaining to the "For Later Release" portion shall be for contingent purposes, i.e., to respond to shortfalls in revenues and other unforeseen events. The imposition of an amount "For Later Release" is to provide safeguards for a shortfall in the collection of revenues during the budget year.

It is noted that these are all policy-based actions that should be consistent with the General Provisions (GPs) of the AO.

3. The ARO, after its approval by the Punong Barangay, shall be stamped with the official seal of the Barangay and shall be recorded in the proper registry by the CCA and Barangay Treasurer. Copies of the ARO, as approved, shall be distributed as follows:

Original	– Barangay Treasurer
Duplicate	– Punong Barangay
Triplicate	– CCA
Quadruplicate	– Records

Release of ARO for Supplemental Budgets shall follow the same process outlined above. For augmentation of deficiencies in items of appropriations from savings in other items within the same expense class under Section 336 of the LGC, the augmentation form shall be the release document to effect the changes. The former requires the submission of a supplemental budget for authorization by the sanggunian. The latter, on the other hand, can be done pursuant to an ordinance of the Sanggunian granting the Punong Barangay, as the LCE/Presiding Officer, the authority for the purpose.

Appropriation Ordinance (AO) as Release Document

A policy that may be adopted through a provision under the AO is to declare that the AO shall be the release document. In this case, the ARO may no longer be prepared. However, in case of unforeseen substantial shortfall in revenues, the Sangguniang Barangay may likewise authorize in the AO that the Punong Barangay may issue a negative ARO that will effectively reduce the amounts of some items of appropriation in the AO corresponding to the shortfall in revenues.

The AO as a release document is consistent with one of the budget reforms of the national government to streamline the process and documents needed for the release of funds, facilitate, and expedite PPA implementation.

Step 2. Barangay Treasurer and Barangay Secretary prepare the detailed Financial and Physical Performance Targets and Monthly Receipts and Disbursement Program, respectively.

The Barangay Treasurer and Barangay Secretary shall prepare the Detailed Financial and Physical Performance Targets (BBE Form No. 5) and Monthly Receipts and Disbursement Program (BBE Form No. 6), respectively. These forms shall be prepared every semester since the barangay officials will be reporting their performance to the Barangay Assembly every semester.

The Barangay Treasurer shall prepare the Monthly Receipts and Disbursement Program, using BBE Form No. 6, to ensure that cash is available to meet the expenditure requirements per month.

Step 3. Barangay End-Users revise and adjust the Project Procurement Management Plan (PPMP) and corresponding Barangay Annual Procurement Plan (APP).

Barangay End-Users revise the PPMPs, if necessary, to conform to the authorized amounts in the AO, while the Bids and Awards Committee, through the Secretariat, finalizes the Barangay APP.

With the enactment of the AO authorizing the annual or supplemental budget, and where there are significant changes in the budget, the APP shall be adjusted accordingly and approved by the Punong Barangay. In cases where the authorized amount in the AO is the same as the proposed amount submitted during the preparation, the PPMPs/APP need not be adjusted.

Step 4. The CCA and the Barangay Treasurer certify as to the existence of appropriations and the availability of funds, respectively.

The CCA shall certify as to the existence of appropriations, and prior to obligation, the Barangay Treasurer shall certify as to the availability of funds.

Step 5. Barangay Treasurer obligates and disburses funds, and the Punong Barangay procures goods and services, equipment, civil works, and consulting services.

After the issuance of the necessary certificates, the Barangay Treasurer shall obligate and disburse funds for the intended purpose.

The Punong Barangay shall procure the goods, services, equipment, civil works, and consulting services needed in the implementation of the barangay PPAs based on the approved Barangay APP. In these procurement activities, the provisions of the New Government Procurement Act (NGPA) and its IRR, and other pertinent guidelines, shall be observed and strictly complied with.

The CCA shall take up all obligations as incurred in the RAO. Accordingly, obligations incurred during the fiscal year shall be taken up in the accounts of that fiscal year.

Obligations already incurred but not yet paid (accounts payable) shall be settled in accordance with existing budgeting, accounting, and auditing laws, rules, and regulations.

4.6 Limitations on Disbursement

a) Disbursements in accordance with appropriations in the approved annual budget may be made from any local fund in the custody of the Barangay Treasurer but the total disbursements from any local fund shall in no case exceed fifty percent (50%) of the uncollected estimated revenue accruing to such fund in addition to the actual collections: Provided, however, that no cash overdraft in any local fund shall be incurred at the end of the fiscal year (Section 337 of the LGC).

Example:

Actual collections	₱500,000.00
Add: 50% of uncollected estimated revenue	

(P550,000 x 50%)	₱275,000.00
Total, Limit on Disbursement	₱775,000.00

b) No money shall be paid on account of any contract under which no services have been rendered or goods delivered (Section 338 of the LGC).

c) No cash advance shall be granted to any local official or employee, elective or appointive, unless made in accordance with the rules and regulations as the COA may prescribe (Section 339 of the LGC).

d) No money shall be disbursed unless the CCA certifies to the existence of appropriation; that the same has been obligated; and the barangay treasurer certifies to the availability of funds for the purpose (Article 432 [c] of the IRR of the LGC).

e) No procurement shall be undertaken unless it is in accordance with the approved indicative APP or final APP, as the case may be (Section 7.8 of the IRR of the NGPA).

f) A trust fund shall only be used for the specific purpose for which it was created or for which it came into the possession of the barangay. (Section 309 [b] of the LGC).

g) Unexpended balances of appropriations authorized in the annual AO shall revert to the surplus of the general fund at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent enactment. However, appropriations for COs shall continue and remain valid until fully spent, reverted, or the project is completed. Reversions of continuing appropriations shall not be allowed unless obligations therefor have been fully paid or otherwise settled (Section 322 of the LGC).

4.7 Changes in the Annual Budget

Use of Savings and Augmentation

General Rule

Funds shall be available exclusively for the specific purpose for which they have been appropriated. No ordinance shall be passed authorizing any transfer of appropriations from one item to another (Section 336 of the LGC).

Exception

The Punong Barangay as the local chief executive or the Presiding Officer of the Sangguniang Barangay, as the case may be, may, by ordinance, be authorized to augment any item in the approved annual budget for the aforesaid offices from savings in other items within the same expense class of their respective appropriations (Section 336 of the LGC and Article 454 [b] of its IRR).

Savings refer to portions or balances of any programmed appropriation free from any obligation or encumbrance still available after the satisfactory completion or the unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized, or arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay (Article 454 [b] [1] of the IRR of the LGC).

Augmentation implies the existence in the budget of an item, project, activity or purpose with an appropriation which, upon implementation or subsequent evaluation of needed resources, is determined to be deficient (Article 454 [b] [2] of the IRR of the LGC).

The ordinance authorizing the annual budget may include in its GP an omnibus authority to the Punong Barangay to augment any item in the approved annual budget from savings within the same expense class of the appropriations pursuant to Section 336 of the LGC (refer to the GPs in the Sample AO in Section 2.6 of Chapter 2 of this Manual). BBE Form No. 7 in item 4.9 of this Chapter shall be used for augmentation.

Differences between the Use of Savings through Supplemental Budget and Augmentation under Sections 321 and 336 of the LGC

Table 9. Differences Between the Use of Savings through Supplemental Budget and Augmentation Under Sections 321 and 326 of the LGC

Requirement	**Use of Savings Through Supplemental Budget** (Section 321 of the LGC)	**Use of Savings and Augmentation** (Section 336 of the LGC)
1. What is the instrument required for authority to use savings?	AO covering the supplemental budget	Ordinance (Authority can be included as a General Provision of the AO covering the AB)
2. Is there a need for a supplemental budget?	Supplemental budget needed	No need for a supplemental budget
3. What is the purpose of savings?	For re-appropriation—may be to a different expense class	For the augmentation of existing item/s of expenditure within the same expense class

4.8 Reenacted Budget

The barangay will operate under a reenacted budget in any of the following instances:

1. Failure of the sangguniang barangay to pass the ordinance authorizing the annual appropriations at the beginning of the ensuing fiscal year (Section 323 of the LGC).

   By implication, this includes the failure of the punong barangay to prepare the barangay expenditure program for the ensuing fiscal year; and

2. When the barangay AO authorizing the annual budget is declared inoperative in its entirety by the reviewing authority (Section 333 of the LGC).

Reenacted Items of Appropriation

Only the annual appropriations for salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted and disbursement of funds shall be in accordance therewith (Section 323 of the LGC).

Preparing the Reenacted Budget

- The Barangay Treasurer shall exclude from the estimates of income for the preceding fiscal year those realized from nonrecurring sources, like national aids, proceeds from loans, sale of assets, prior year adjustments, and other analogous sources of income (Section 323 of the LGC). The Barangay Treasurer may use BBE Form No. 8 in item 4.9 of this Chapter for the purpose.

- The CCA shall reflect the annual appropriations for salaries and wages of existing positions (including honoraria of barangay officials, and other existing positions as applicable), statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding fiscal year. The CCA may use BBE Form No. 9 to identify the reenacted appropriations from the annual and supplemental budgets of the preceding fiscal year.

- If the revised income estimates are sufficient to cover the aggregate appropriation, then the reenacted budget shall remain in full force and effect until the ordinance authorizing the proposed appropriations is passed by the sangguniang barangay.

- In case the revised income estimates are less than the aggregate reenacted appropriations, the Barangay Treasurer concerned shall accordingly advise the Sangguniang Barangay which shall, within ten (10) days from the receipt of such advice, make the necessary adjustments or reductions. The revised appropriations authorized by the sangguniang barangay shall then be the basis for disbursements (Section 323 of the LGC).

Limitations under a Reenacted Budget

A reenacted budget will have implied disadvantages such as, but not limited to, the following:

1. No new PPAs shall be implemented;

2. No utilization of the increase in National Tax Allotment allocation for the year may be allowed since the same is not covered by an AO;

3. No supplemental appropriations shall be enacted;

4. No implementation of non-recurring activities, no matter how vital they may be; and

5. No creation of new positions.

4.9 Barangay Budget Execution (BBE) Forms

BBE Form No. 1

☐ **Annual Budget**
☐ **Supplemental Budget**
☐ **Reenacted Budget**

ALLOTMENT RELEASE ORDER FOR PERSONAL SERVICES (ARO for PS)
FY__________
Barangay: _____________
City/Municipality: ____________
Province: _______________

Reference Code	PPA Description	Object of Expenditures	Authorized Appropriation for PS	For Later Release	Previously Released Amount	This Release
(1)	(2)	(3)	(4)	(5)	(6)	(7)
TOTAL						

AMOUNT IN WORDS
____
____

NOTES:
____
____

The allotments herein released shall be used solely for the purposes indicated, and disbursements shall be made in accordance with existing budgeting, accounting, and auditing rules and regulations. It is the primary responsibility of the Punong Barangay to keep expenditures within the limits of the amount allotted.

Recommended by:

____
Barangay Treasurer

Approved by:

____
Punong Barangay

ARO No.___________
Date of Issue: _______
Page ____ of ______

Instructions:

Check the box corresponding to the source of appropriation, which may be either: Annual Budget, Supplemental Budget, or Reenacted Budget.

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 - Indicate the program, project, and activity (PPA) reference code as identified in the Barangay Annual Investment Program.

Column 2 – Indicate the title of the PPA to be implemented.

Column 3 - Indicate the specific object of expenditure for every project or activity of each program based on the Chart of Accounts for Barangays (Chapter XIII, Commission on Audit Manual on the Financial Management of Barangays).

Column 4 - Indicate the authorized appropriation for PS.

Column 5 - Indicate the amount of standby appropriation for PS to answer for unforeseen events and shortfalls in revenue collection.

Column 6 - Indicate the amount previously released.

Column 7 - Indicate the amount of PS to be released comprehensively for the entire year or quarterly, as applicable.

For control purposes, each ARO shall be numbered, indicating the date of issuance and page number.

BBE Form No. 2

☐ **Annual Budget**
☐ **Supplemental Budget**
☐ **Reenacted Budget**

ALLOTMENT RELEASE ORDER FOR
MAINTENANCE AND OTHER OPERATING EXPENSES (ARO for MOOE)
FY______________

Barangay: ____________
City/Municipality: ___________
Province: ______________

Reference Code	PPA Description	Object of Expenditures	Authorized Appropriation for MOOE	For Later Release	Previously Released Amount	This Release
(1)	(2)	(3)	(4)	(5)	(6)	(7)
TOTAL						

AMOUNT IN WORDS
____
____

NOTES:
____
____

The allotments herein released shall be used solely for the purposes indicated, and disbursements shall be made in accordance with existing budgeting, accounting, and auditing rules and regulations. It is the primary responsibility of the Punong Barangay to keep expenditures within the limits of the amount allotted.

Recommended by:

____
Barangay Treasurer

Approved by:

____
Punong Barangay

ARO No.___________
Date of Issue: _______
Page ____ of ______

Instructions:

Check the box corresponding to the source of appropriation, which may be either: Annual Budget, Supplemental Budget, or Reenacted Budget.

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 - Indicate the program, project, and activity (PPA) reference code as identified in the Barangay Annual Investment Program.

Column 2 – Indicate the title of the PPA to be implemented.

Column 3 - Indicate the specific object of expenditure for every project or activity of each program based on the Chart of Accounts for Barangays (Chapter XIII, Commission on Audit Manual on the Financial Management of Barangays).

Column 4 - Indicate the Authorized Appropriation for MOOE.

Column 5 - Indicate the amount of standby appropriation for MOOE to answer for unforeseen events and shortfalls in revenue collection.

Column 6 - Indicate the amount previously released.

Column 7 - Indicate the amount of MOOE to be released comprehensively for the entire year or quarterly, as applicable.

For control purposes, each ARO shall be numbered, indicating the date of issuance and page number.

BBE Form No. 3

☐ **Annual Budget**
☐ **Supplemental Budget**
☐ **Reenacted Budget**

ALLOTMENT RELEASE ORDER FOR CAPITAL OUTLAYS (ARO for COs)
FY______________
Barangay: ____________
City/Municipality: ___________
Province: ______________

PPA Code	PPA Description	Object Class/Account Code	Authorized Appropriation for COs	For Later Release	Previously Released Amount	This Release
(1)	(2)	(3)	(4)	(5)	(6)	(7)
TOTAL						

AMOUNT IN WORDS
____
____

NOTES:
____
____

The allotments herein released shall be used solely for the purposes indicated, and disbursements shall be made in accordance with existing budgeting, accounting, and auditing rules and regulations. It is the primary responsibility of the Punong Barangay to keep expenditures within the limits of the amount allotted.

Recommended by:

____
Barangay Treasurer

Approved by:

____
Punong Barangay

ARO No. __________
Date of Issue: ______
Page ____ of ______

Instructions:

Check the box corresponding to the source of appropriation which may either be: Annual Budget, Supplemental Budget or Reenacted Budget.

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 - Indicate the program, project, and activity (PPA) reference code as identified in the Barangay Annual Investment Program.

Column 2 – Indicate the title of the PPA to be implemented.

Column 3 - Indicate the specific object of expenditure for every project or activity of each program based on the Chart of Accounts for Barangays (Chapter XIII, Commission on Audit Manual on the Financial Management of Barangays).

Column 4 - Indicate the Authorized Appropriation for COs.

Column 5 - Indicate the amount of standby appropriation for COs to answer for unforeseen events and shortfalls in revenue collection.

Column 6 - Indicate the amount previously released.

Column 7 - Indicate the amount of COs to be released comprehensively for the entire year or quarterly, as applicable.

For control purposes, each ARO shall be numbered, indicating the date of issuance and page number.

BBE Form No. 4

☐ **Annual Budget**
☐ **Supplemental Budget**
☐ **Reenacted Budget**

ALLOTMENT RELEASE ORDER FOR FINANCIAL EXPENSES (ARO for FE)
FY______________
Barangay: ____________
City/Municipality: ___________
Province: ______________

Reference Code	PPA Description	Object of Expenditures	Authorized Appropriation for FE	For Later Release	Previously Released Amount	This Release
(1)	(2)	(3)	(4)	(5)	(6)	(7)
TOTAL						

AMOUNT IN WORDS
____
____

NOTES:
____
____

The allotments herein released shall be used solely for the purposes indicated, and disbursements shall be made in accordance with existing budgeting, accounting, and auditing rules and regulations. It is the primary responsibility of the Punong Barangay to keep expenditures within the limits of the amount allotted.

Recommended by:

____
Barangay Treasurer

Approved by:

____
Punong Barangay

ARO No.___________
Date of Issue: _______
Page ____ of ______

Instructions:

Check the box corresponding to the source of appropriation, which may be either: Annual Budget, Supplemental Budget, or Reenacted Budget.

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 - Indicate the program, project, and activity (PPA) reference code as identified in the Barangay Annual Investment Program.

Column 2 – Indicate the title of the PPA to be implemented.

Column 3 - Indicate the specific object of expenditure for every project or activity of each program based on the Chart of Accounts for Barangays (Chapter XIII, Commission on Audit Manual on the Financial Management of Barangays).

Column 4 - Indicate the Authorized Appropriation for FE.

Column 5 - Indicate the amount of standby appropriation for FE to answer for unforeseen events and shortfalls in revenue collection.

Column 6 - Indicate the amount previously released.

Column 7 - Indicate the amount of FE to be released comprehensively for the entire year or quarterly, as applicable.

For control purposes, each ARO shall be numbered, indicating the date of issuance and page number.

BBE Form No. 5

DETAILED FINANCIAL AND PHYSICAL PERFORMANCE TARGETS

FY ____

Barangay: _____________

City/Municipality: ____________

Province: _______________

Program/Project/ Activity (PPA)/ Performance Indicator/s	Financial Allocation (FA)					Physical Targets (PT)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total (FA)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total (PT)
(1)	(2)					(3)				
I. General Administration										
II. Basic Services and Facilities										
III. Special Purpose Appropriations										
Total										

Prepared by: **Approved by:**

___________________ ________________ _________________

Barangay Treasurer Barangay Secretary Punong Barangay

Instructions:

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 – Indicate the identifiable programs, projects, and activities (PPAs) under the General Administration, Basic Services and Facilities, and Special Purpose Appropriations. Examples of these PPAs are the following: Barangay Executive and Legislative Governance, Day Care, Health and Nutrition, Peace and Order, Agriculture Services, and Infrastructure.

Performance indicators shall be indicated in each of the PPAs identified.

Column 2 – Indicate the quarterly financial allocation based on the currently approved budget of the barangay.

Column 3 – Indicate the quarterly physical targets for each performance indicator per PPA.

Note: BBE Form No. 5 shall be prepared within seven (7) days after the approval of the Appropriation Ordinance.

BBE Form No. 6

MONTHLY RECEIPTS AND DISBURSEMENTS PROGRAM
(In Thousand Pesos)

FY ____

Barangay: ______________

City/Municipality: _____________

Province: ________________

Particulars	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Full Year Grand Total
	JAN	FEB	MAR	Sub-total	APR	MAY	JUN	Sub-total	JUL	AUG	SEPT	Sub-total	OCT	NOV	DEC	Sub-total	
(1)	(2)	(3)	(4)		(5)	(6)	(7)		(8)	(9)	(10)		(11)	(12)	(13)		(14)
I. Receipts																	
(specify)																	
Total Receipts																	
II. Disbursements																	
A) General Administration																	
(specify)																	
Sub-total, GA																	
B) Basic Services and Facilities																	
(specify)																	
Sub-total, BSF																	
C) Special Purpose Appropriations																	
(specify)																	
Sub-total, SPA																	
Total Disbursements																	
Balance																	

Prepared by:

____

Barangay Treasurer

Approved by:

____

Punong Barangay

INSTRUCTIONS:

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 – Indicate the type of receipts and programs, projects, and activities for disbursements by expense class (PS, MOOE, FINEX, and CO) of the barangay.

Columns 2 to 13 – Indicate the estimated receipts and disbursements per month, including their sub-totals per quarter.

Column 14 – Indicate the total receipts and disbursements for the four (4) quarters.

Note: The Total Full Year Program shall not exceed the estimated receipts and disbursements for the year.

BBE Form No. 7

AUGMENTATION FORM
FY ________
Barangay: _____________
City/Municipality: ____________
Province: _______________

Ordinance No.: ______________

Sources of Savings			**Items for Augmentation**		
F R O M			**T O**		
Object of Expenditures	**Expense Class**	**Amount**	**Object of Expenditures**	**Expense Class**	**Amount**
(1)	(2)	(3)	(4)	(5)	(6)
TOTAL			**TOTAL**		

Prepared by:

____
Barangay Treasurer

Certified Correct by:

____
Chairpersor, Committee on Appropriations

Approved by:

____
Punong Barangay

Instructions:

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Ordinance No.: Indicate the assigned number of the ordinance authorizing the use of savings for augmentation.

Columns 1 to 3 – Identify the sources of savings, i.e., object of expenditures, expense class, and amount.

Columns 4 to 6 – Indicate the items for augmentation, i.e., object of expenditures, expense class, and amount.

Notes:

1. Savings can augment only existing items of appropriation in the Appropriation Ordinance (AO).

2. Savings can augment only items of appropriation in the same expense class (e.g., PS to PS and MOOE to MOOE). Savings from CO cannot be used for augmentation purposes, considering that they are considered continuing appropriations until fully spent, reverted, or the project is completed (Section 322 of the LGC). In case of savings from completion of the CO or valid reversion thereof, the same may be made available for expenditure through a subsequent enactment (e.g., supplemental budget to be authorized through an AO).

3. An ordinance is needed to authorize the augmentation unless the authority is already granted in the General Provisions of the AO covering the annual budget of the barangay.

BBE Form No. 8

ADJUSTED RECEIPTS PROGRAM FOR REENACTED APPROPRIATIONS
FY ____
Barangay: _____________
City/Municipality: ____________
Province: _______________

Sources of Income	Amount of the Preceding Fiscal Year Estimates	Adjustments (Amounts of Non-Recurring Sources)	Adjusted Income Estimates
(1)	(2)	(3)	(4) = (2) – (3)
Regular Income			
A. Share from the National and Local Taxes/Revenues 1. Shares from National Tax Allotment (NTA) 2. Shares from National Wealth 3. Shares in Real Property Tax (RPT) 4. Shares on the Tax from sand, gravel, and other quarry products 5. Community Tax, if applicable **B. Barangay Fees and Taxes** 1. Fees imposed on (Peddlers, Breeding of fighting cocks, Use of barangay roads, waterways, bridges and parks, Use of barangay properties/facilities, Parking, Clearance/Certification, and Other fees imposed by the barangays) 2. Taxes imposed on stores/retailers within the barangay 3. Penalties for violation of barangay ordinance **C. Other Fees and Charges** 1. Operation of cockpits, places of recreation, etc. 2. Fund raising activities 3. Charges on billboards, signboards and other outdoor advertisements 4. Use of barangay-operated public markets, slaughterhouse and waterworks 5. Operation of other barangay economic enterprise **D. Aid to Barangays**			
Total Regular Income			
Non-Regular Income **A. Other Receipts** 1. Subsidies/Financial assistance from National Government and Provinces/Cities/Municipalities 2. Grants and donations received			

3. Dividend/Interest from investments 4. Proceeds from: Loans and other indebtedness and Sale of Plant, Property, and Equipment 5. Receipt of: Performance/Bidders/Bail Bonds, Refund of Payroll Fund/Advances to Officers and Employees, funds intended for specific purpose, payment for lost properties, payment due to overpayment of claims, and other receipts			
Total Non-Regular Income **Total Receipts**			

Certified Correct by: **Approved by:**

__________________ __________________

Barangay Treasurer Punong Barangay

Instructions:

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 – Using the Appropriation Ordinance of the preceding fiscal year, indicate the sources of income covering the annual and supplemental budgets.

Column 2 – Reflect the amounts for the recurring and non-recurring sources for the preceding fiscal year.

Column 3 – Reflect the non-recurring sources of funds.

Column 4 – Indicate the difference between the amount of the preceding fiscal year estimates and the amount of the non-recurring sources of funds for the adjusted income estimates (Column 2 – Column 3).

BBE Form No. 9

REENACTED APPROPRIATIONS OF THE ANNUAL AND SUPPLEMENTAL BUDGETS

FY: ____________________________

Barangay: _____________

City/Municipality: ____________

Province: _______________

Particulars	Account Code	Appropriations of the Preceding Year (Actual)	Adjustments (Excess of Reenacted Amount Over Adjusted Income)	Adjusted Appropriations
(1)	(2)	(3)	(4)	(5)
Reenacted Appropriations by Expense Class and Object of Expenditures				
1. Personnel Services				
Salaries and Wages of existing positions				
Other Compensation				
Other Personnel Benefits				
Sub-Total				
2. Maintenance and Other Operating Expenses, as identified				
Sub-Total				
3. Special Purpose Appropriations				
Appropriation for Debt Service				
Appropriation for SK Fund				
Appropriation for BDRRMF				
Sub-Total				
Total Reenacted Appropriations				

Certified Correct by: **Approved by:**

___________________________________ ___________________

Chairperson, Committee on Appropriations Punong Barangay

Reminder:

Section 323 of the LGC states, among others, that:

"However, only the annual appropriations for **salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses** authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted."

Instructions:

Barangay, City/Municipality, and Province: Indicate the name of the barangay implementing the budget, the city/municipality, and province where the barangay is situated.

Column 1 – Specify the object of expenditures by expense class and the special purpose appropriations.

Column 2 - Indicate the account code in accordance with the Manual on Financial Management for Barangays, as prescribed under Commission on Audit Circular No. 2015-011 dated December 1, 2015.

Column 3 - Indicate the actual expenditure items of the previous year's annual and supplemental Appropriation Ordinance.

Column 4 – Refers to the adjustments of operating expenses as identified by the Punong Barangay based on the new estimated income.

Column 5 – Indicate the adjusted appropriation.

CHAPTER 5. BUDGET ACCOUNTABILITY PHASE

Budget accountability is when barangays report their actual physical and financial performance. Said actual performance is validated and evaluated purposely to assess whether it is in accordance with targets or budget plans. Any negative deviations from planned targets are provided with corrective actions through catch-up plans, if necessary, to make the budget more transparent to the people and stakeholders.

5.1 Legal Bases of Budget Accountability

The budget accountability phase is anchored on Section 332 of the Local Government Code of 1991 (LGC) which vests primary responsibility for the execution of and accountability for the annual and supplemental budgets in the Punong Barangay. Relatedly, Section 305 (l) of the LGC provides that fiscal responsibility is shared by all those exercising authority over the financial affairs, transactions, and operations of local government units (LGUs). In line with this, local chief executives, including the Punong Barangay, are mandated under Section 97 of the LGC, and Articles 189 and 190 (e) and (f) of its Implementing Rules and Regulations (IRR), to submit to the Sanggunian, on or before March 31 of each year an annual report covering the preceding year: (i) on budget performance and financial statements including an analysis of actual performance against the approved budget, disbursements, and cash balances; and (ii) major plans and programs, and accomplishments, among others.

5.2 Key Players in Budget Accountability

Punong Barangay – The Punong Barangay shall be primarily accountable for the execution of the annual and supplemental budget of the barangay (Section 332 of the LGC).

The Punong Barangay shall ensure that all transaction documents and reports are submitted to the City/Municipal Accountant and that all accounting documents and records are properly kept by concerned barangay officials and staff (Section 12.1.1 [i] [l], Chapter XII, Manual on the Financial Management of Barangays, Commission on Audit (COA) Circular No. 2015-11 dated December 1, 2015).

Barangay Treasurer – The Barangay Treasurer renders a written accounting report of all barangay funds and property under his/her custody at the end of each calendar year and ensures that such report shall be made available to the members of the barangay assembly and other government agencies concerned (Section 395 [e] [5] of the LGC).

Barangay Development Council (BDC) – The BDC monitors and evaluates the implementation of national or barangay programs and projects (Section 109 [b] [3] of the LGC).

Barangay Secretary - As the head of the Secretariat of the BDC, the Barangay Secretary prepares the monitoring and evaluation reports for the BDC (Section 109 [b] [3] and [4] of the LGC).

Chairperson, Committee on Appropriations (CCA) – The Chairperson, CCA monitors the utilization of appropriations and special trust funds and ensures that commitments/charges made do not exceed the available appropriations and special trust funds, as the case may be; and certifies the Record of Appropriations and Obligations and prepares and submits the Statement of Allotment, Obligations, and Balances at the end of the year to the City/Municipal Accountant for submission to the COA Auditor (Section 12.1.2, Chapter XII of the Manual on the Financial Management of Barangays, COA Circular No. 2015-11 dated December 1, 2015).

City/Municipal Accountant – The City/Municipal Accountant: (i) maintains the books of accounts of each barangay under their respective city/municipality; (ii) prepares the required monthly and year-end trial balances (TBs), financial statements (FSs), and reports/schedules for each barangay; (iii) submits the monthly and year-end barangay individual financial reports to the Sangguniang Barangay, Punong Barangay and COA Auditor/Audit Team Leader (ATL) concerned; (iv) submits digital copies of the TBs, FSs and reports/schedules of the barangays to the COA Auditor/ATL at year-end; and (v) prepares year-end consolidated FS of barangays and submits the same to the

COA Auditor/ATL. The financial records of the barangays such as books of accounts, ledgers, statements of income and expenditures, balance sheets, TBs, and other documents shall be kept in the office of the City/Municipal Accountant in a simplified manner as prescribed by the COA. (Article 425 [e] of the IRR of the LGC and Section 12.1.4, Chapter XII of the Manual on the Financial Management of Barangays, COA Circular No. 2015-11 dated December 1, 2015).

Civil Society Organizations (CSOs)/Nongovernmental Organizations (NGOs) – The CSOs/NGOs may have the following roles during the Budget Accountability Phase:

- Participate in project evaluation activities;
- Provide recommendations based on monitoring results; and
- Organize citizens' fora to relay feedback to the community and barangay officials.

5.3 The Budget Monitoring and Evaluation

The role of the budget accountability phase in the planning, programming, and budgeting cycle is important as it:

- Provides feedback for program, project, and activity (PPA) implementation adjustments during execution of the budget;

- Provides information to the general public on the performance of the barangay; and

- Provides necessary input information to the planning and programming of PPAs for consideration in the next budget preparation.

Under the budget accountability phase, the main function of the Punong Barangay is to monitor and evaluate the outputs of the barangay with agreed corresponding performance indicators, as well as financial performance, including actual obligations and disbursements. The Punong Barangay shall see to it that the extent of deviation from the budget is controlled and managed.

A periodic report of the overall performance of all ranked PPAs shall be reported by the Punong Barangay for purposes of improving and refining the financial and physical performance of PPAs implemented by the barangay.

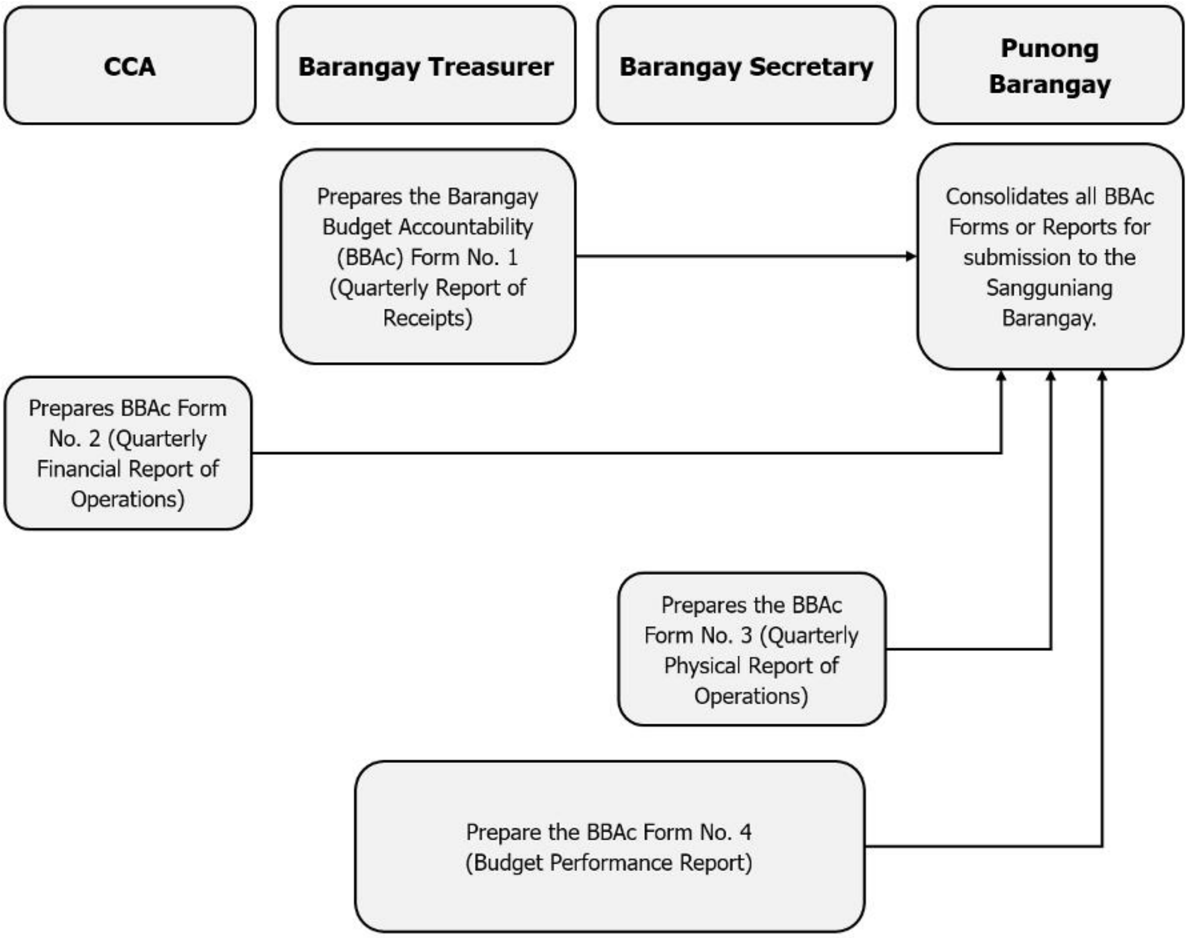
All records and reports of budgetary transactions must be prepared and maintained for the following purposes:

1. To track project implementation and support corrective actions for any deviations;
2. To ensure obligations are incurred within authorized appropriations;
3. To record unpaid obligations, including year-end accounts payable;
4. To promote transparency and keep the barangay's financial status publicly accessible; and
5. To provide information for the planning of subsequent budget cycles.

5.4 The Budget Accountability Flowchart

The flowchart in Figure 12 below details the sequence of activities in budget accountability.

Figure 12. Barangay Budget Accountability Flowchart



5.5 Steps in the Budget Accountability Phase

Budget accountability is accounting for the local budget, which involves the following steps:

Step 1. Barangay Treasurer monitors and records the receipts

The Barangay Treasurer shall prepare Barangay Budget Accountability (BBAc) Form No. 1 or Quarterly Report of Receipts and submit the same to the Sangguniang Barangay through the Punong Barangay on or before the 10th day of the month following the quarter reported.

For collections from taxes, fees, charges, and contributions due, or accruing to the barangay, the Barangay Treasurer shall:

1) Upon receipt of cash/check payment, issue an Official Receipt (OR) to acknowledge the amount received;
2) Deposit all collections in the depository account maintained in the name of the barangay within five (5) days after receipt;
3) Record in the Report on Collections and Deposits (RCD) to summarize daily transactions;
4) Record daily in the cashbook the total collections and deposits made during the day based on RCD; and
5) Forward two (2) copies of the RCD to the City/Municipal Accountant, together with the supporting ORs and validated Deposit Slips every end of the week for recording in the Journal of Cash Transactions.

For collections received by the Barangay Treasurer as a deputized collector of the City/Municipal Treasurer, the Barangay Treasurer shall:

1) Upon receipt of cash/check, issue OR provided by the City/Municipal Treasurer to acknowledge the amount received; and
2) Remit daily the collections or once the collections reach P5,000.00 to the City/Municipal Treasurer, together with two (2) copies of RCD and the duplicate ORs.

For collections made by the Deputized Barangay Collectors:

1) Collections shall be remitted daily to the Barangay Treasurer;
2) Prepare Report of Collections and Remittances summarizing daily collections; and
3) Collections and deposits for the barangay shall be recorded in the Cashbook maintained by the Barangay Treasurer based on the RCD.

Step 2. Chairperson, Committee on Appropriations (CCA) monitors and records the appropriations, obligations, and balances

The CCA shall prepare the BBAc Form No. 2 or the Quarterly Financial Report of Operations and submit the same to the Sangguniang Barangay, through the Punong Barangay, on or before the 10th day of the month following the quarter reported.

Step 3. Barangay Secretary monitors and records the physical performance

To accurately reflect the status of physical accomplishments, the Barangay Secretary shall prepare the BBAc Form No. 3 or the Quarterly Physical Report of Operations on or before the 10th day of the month following the end of each quarter.

The completed report shall be submitted to the Sangguniang Barangay, through the Punong Barangay, within the prescribed period.

Step 4. Barangay Secretary and Barangay Treasurer prepare the Budget Performance Report

To facilitate the reporting of the barangay's budget performance, the Barangay Treasurer and the Barangay Secretary shall jointly prepare the BBAc Form No. 4 or the Budget Performance Report on or before the 15th day of the month following the end of each semester.

The completed report shall be submitted to the Sangguniang Barangay, through the Punong Barangay, and shall highlight the following key information:

- Actual collections for the reporting period;
- Amounts appropriated as authorized in the Appropriation Ordinance/s;
- Actual disbursements made; and
- Services delivered to the constituents, including measurable outputs and accomplishments.

This report shall serve as the basis for assessing the financial and physical performance of the barangay and guide subsequent planning and decision-making.

Step 5. Barangay Secretary posts the accountability reports

The Barangay Secretary shall post the accountability reports in three (3) conspicuous places in the barangay and shall comply with the barangay full disclosure policy prescribed under applicable Department of the Interior and Local Government issuances.

Step 6. Barangay Development Council monitors and evaluates the barangay performance

Through the issuance of a barangay ordinance, barangays are enjoined to organize their Barangay Project Monitoring and Evaluation Committee, as a functional committee under the BDC to undertake comprehensive monitoring and evaluation of the barangay's performance, which includes the following key activities:

- Monitoring of the actual results of service delivery and implementation of development projects;
- Comparison of actual results against the planned targets and performance indicators;
- Identification and analysis of performance gaps or deviations; and
- Formulation of appropriate corrective measures to address negative variances and improve overall program and project implementation.

5.6 Barangay Budget Accountability (BBAc) Reports

BBAc Form No. 1

QUARTERLY REPORT OF RECEIPTS
For the Quarter Ending _________
Barangay: _____________
City/Municipality: ____________
Province: _______________

Account Title/ Description of Income	Account Code	Estimated Income Previous Quarter	Estimated Income This Quarter	Total Estimated Income to Date	Actual Income for the Quarter			Total Actual Income to Date	Variance		Remarks
					1st Month	2nd Month	3rd Month		Amount	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Prepared by:

____
Barangay Treasurer
Date: ______________

Approved by:

____
Punong Barangay
Date: ___________

Instructions:

Column 1 – Indicate the appropriate account classification and nature of the actual income generated during the period as appearing in Columns 3 to 9, i.e., Business Tax, Community Tax, Share from Real Property Tax, Share from National Tax Allotment Collection, Share from National Wealth, and the like.

Column 2 – Indicate the account code in accordance with the Manual on the Financial Management for Barangays, as prescribed under Commission on Audit Circular No. 2015-011 dated December 1, 2015.

Column 3 – Indicate the estimated income of the previous quarter.

Column 4 – Indicate the estimated income of the current quarter reported.

Column 5 – Indicate the estimated income from January to the end of the quarter reported.

Columns 6 to 8 – Indicate the actual income realized during the three (3) months of the quarter reported.

Column 9 - Indicate the cumulative total of each income category from January 1 to the end of the quarter reported. The said total should tally with the income account per Trial Balance as of date.

Column 10 – Indicate the difference between the estimated income and actual income to date (Column 9 – Column 5).

Column 11 – Indicate the percentage increase/(decrease) in the income (Column 10 / Column 5).

Column 12 – Identify additional information/reasons for the material increase or decrease of actual income realized during the period compared with estimates.

Note: This report shall be submitted to the Sangguniang Barangay through the Punong Barangay on or before the 10th day of the month following the quarter reported.

BBAc Form No. 2

QUARTERLY FINANCIAL REPORT OF OPERATIONS

For the Quarter Ending __________

Barangay: ______________

City/Municipality: _____________

Province: ________________

PPA Code / Expected Output	Implementing Unit	Appropriation	Allotment Released			Balance of Appropriation	Obligations Incurred			Unobligated Allotment	Remarks
		Total	Previous Quarters	This Quarter	Total		Previous Quarters	This Quarter	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Current Year's Appropriations											
II. Continuing Appropriations											

Prepared by:

____
Chairperson, Committee on Appropriations
Date: _______________

Approved by:

____
Punong Barangay
Date: _______________

Instructions:

Column 1 - Indicate the Program, Project, and Activity Code and Expected Output of the activity separately as listed in the General Fund Budget.

Column 2 – Identify the implementing unit, i.e., General Services Unit, Accounting Unit, among others.

Column 3 – Indicate the appropriations which are still available for release during the current year for current year/continuing appropriations.

Column 4 - Indicate the allotment released in the previous quarters.

Column 5 – Indicate the allotment released during the quarter being reported.

Column 6 – Indicate the total allotment released as of end of the quarter being reported (Column 4 + Column 5).

Column 7 - Indicate the unreleased appropriation as of end of the quarter being reported (Column 3 – Column 6).

Column 8 – Indicate the obligations incurred in the previous quarters as recorded in the Record of Appropriations and Obligations (RAO).

Column 9 – Indicate the obligations incurred during the quarter being reported as recorded in the RAO.

Column 10 – Indicate the total obligations incurred as of end of the quarter being reported (Column 8 + Column 9).

Column 11 – Indicate the unobligated allotment as of end of the quarter being reported (Column 6 – Column 10).

Column 12 – Identify other relevant information for which no appropriate column is provided.

Note: This report shall be submitted to the Sangguniang Barangay through the Punong Barangay on or before the 10th day of the month following the quarter being reported.

BBAc Form No. 3

QUARTERLY PHYSICAL REPORT OF OPERATIONS
For the Quarter Ending ___________
Barangay: _____________
City/Municipality: ____________
Province: _______________

PPA Code	Expected Output	Performance Indicator	Target Output					Actual Performance					Variance as of ________	Remarks
			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
I. Current Year's Appropriation II. Continuing Appropriations														

Prepared by:

____
Barangay Secretary
Date: ______________

Approved by:

____
Punong Barangay
Date: ______________

Instructions:

Column 1 – Indicate the code assigned to the program, project, and activity (PPA) as reflected in the Barangay Annual Investment Program.

Column 2 – Identify the goods and services that the implementing unit is mandated to deliver to external clients through the implementation of the PPA.

Column 3 – Indicate the predetermined measure of the results of a PPA against a standard of performance required to achieve set policy objectives within a given period.

Columns 4 to 8 – Indicate the annual target output with a quarterly breakdown.

Columns 9 to 13 – Indicate the quarterly actual performances and cumulative performance of a given quarter.

Column 14 – Indicate the total variance between the actual performances versus expected outputs as of the quarter covered by the report.

Column 15 – Indicate the relevant information/reasons/justifications for the increase or decrease in actual performance versus expected output as of the quarter covered by the report.

Note: This report shall be prepared by the Barangay Secretary, in coordination with the Barangay Development Council, and submitted to the Sangguniang Barangay through the Punong Barangay on or before the 10th day of the month following the quarter reported.

BBAc Form No. 4

BUDGET PERFORMANCE REPORT
For the Semester:___________
Barangay: _____________
City/Municipality: ____________
Province: _______________

Receipts/Expenditure Items	**Amount Estimated**	**Amount Appropriated**	**Collected/ Disbursed BY**	**Targets**	**Actual Outputs**	**Variance**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Part I: Receipts						
Regular Income						
Total Regular Income						
Non-Regular Income						
Total Non-Regular Income						
Total Receipts						
Part II: Expenditures						
General Administration (GA)						
Total GA						
Basic Services and Facilities (BSF)						
Total BSF						
Special Purpose Appropriations (SPA)						
Total SPA						
Total Expenditure						
Available Balance						

Prepared by: **Approved by:**

___________________	____________________	___________________
Barangay Treasurer	Barangay Secretary	Punong Barangay
Date: ______________	Date: ______________	Date: ______________

Instructions:

Column 1 – Indicate all receipts and expenditure items as reflected in the duly enacted Appropriation Ordinance (AO), covering both the annual and supplemental budgets for the fiscal year.

Column 2 – Indicate the estimated amount for each item as authorized in the AO.

Column 3 - Indicate the appropriated amount for each object of expenditure as authorized in the AO.

Column 4 - Reflect the actual amounts collected and disbursed during the reporting period, broken down by receipt item and object of expenditure.

Column 5 – Indicate the performance targets based on the Barangay Budget Execution Form No. 2.

For receipts, the standard target is 100% collection. For expenditures, indicate the targeted physical outputs, such as the number of beneficiaries, completed infrastructure projects, services rendered, or activities conducted.

Column 6 – Report the actual outputs accomplished.

For expenditures, specify the physical accomplishments, i.e., number of enrolled pre-schoolers under the Day Care Program, number of cases resolved by the Katarungang Pambarangay, number of infrastructure projects completed, and similar measurable results.

Column 7 – Compute the variance by subtracting the target (Column 5) from the actual output (Column 6). A positive variance indicates that the output exceeded the target, while a negative variance denotes underperformance or failure to meet the planned target.

Note: This report shall be jointly prepared by the Barangay Treasurer and Barangay Secretary, in coordination with the Barangay Development Council, and submitted to the Sangguniang Barangay through the Punong Barangay on or before the 15th day of the month following the end of every semester.

PART III. ALLOCATIONS TO BARANGAYS

The Local Government Code of 1991 (LGC) provides for the establishment of a more responsive and accountable government structure instituted through a system of decentralization whereby Local Government Units (LGUs) shall be given more powers, authority, responsibilities, and resources. The process of decentralization shall proceed from the National Government (NG) to the LGUs.

Relatedly, Section 3 of the LGC provides that "the formulation and implementation of policies and measures on local autonomy shall be guided by the following operative principles:

a. There shall be an effective allocation among the different local government units of their respective powers, functions, responsibilities, and resources;

b. There shall be established in every local government unit an accountable, efficient, and dynamic organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities;

xxx

d. The vesting of duty, responsibility, and accountability in local government units shall be accompanied with provision for reasonably adequate resources to discharge their powers and effectively carry out their functions; hence, they shall have the power to create and broaden their own sources of revenue and the right to a just share in national taxes and an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas; xxx"

Effective sharing of political and administrative powers between the national and local governments, on the other hand, is anchored, in part, on the equitable diffusion of national tax among the different levels of government as well as the sharing of proceeds from the development of national wealth and other special shares with the inhabitants of a particular community by the way of direct benefits. This part of the Manual delves into the provisions of law as well as the procedures set forth by different issuances by which barangays may effectively access the different allocations to barangays.

CHAPTER 1. NATIONAL TAX ALLOTMENT (FORMERLY INTERNAL REVENUE ALLOTMENT)

1.1 Legal Bases

Section 6, Article X, General Provisions of the 1987 Philippine Constitution provides that LGUs shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.

Section 284 of the LGC prescribes that LGUs shall have forty percent (40%) share in the national internal revenue taxes (NIRT) based on the collection of the third fiscal year preceding the current fiscal year. Consistent with the SC Ruling on the Mandanas-Garcia Case, the computation of the 40% share of the LGUs, starting Fiscal Year (FY) 2022, is already based on the collections of all national taxes.

Sections 18 and 286 of the LGC and Articles 383 and 390 of its Implementing Rules and Regulations (IRR) mandate that the share of LGUs shall be automatically and directly released to the provincial, city, municipal, or barangay treasurer without the need for any further action, and shall not be subject to any lien or holdback that may be imposed by the NG.

Section 4 of RA No. 9358 or the FY 2006 Supplemental Budget, provides, among others, that the Internal Revenue Allotment (IRA—now the National Tax Allotment or NTA) is considered automatically appropriated which means that the same need not pass through congressional approval before it is released to the LGUs.

1.2 Supreme Court (SC) Ruling on the Mandanas-Garcia Case

In the petitions filed before the SC challenging the manner in which the NG computed the IRA shares of LGUs, the SC ruled that the determination of the just share of the LGUs should not be based solely on NIRT but on all national taxes.

The SC also ruled that any mention of "internal revenue allotment" in the LGC shall be understood as pertaining to the allotment of the LGUs derived from the national taxes. It further ordered the Secretaries of Finance and Budget and Management, Commissioners of Internal Revenue and Customs, as well as the National Treasurer to include all collections of national taxes in the computation of the base of the just share of the LGUs, based on the ratio provided in the now-modified Section 284 of the LGC.

The SC Ruling became final and executory on April 10, 2019, affirming its earlier decision promulgated in July 3, 2018.

Following the SC ruling, the IRA, referred to as the NTA, now covers the share of LGUs in all national taxes starting FY 2022.

National taxes include income tax, estate tax and donor's tax, value-added tax (VAT), other percentage taxes, taxes imposed by special laws, such as travel tax, customs duties, and taxes and duties by other collecting agencies.

Impact of the SC Ruling on the Mandanas-Garcia Case

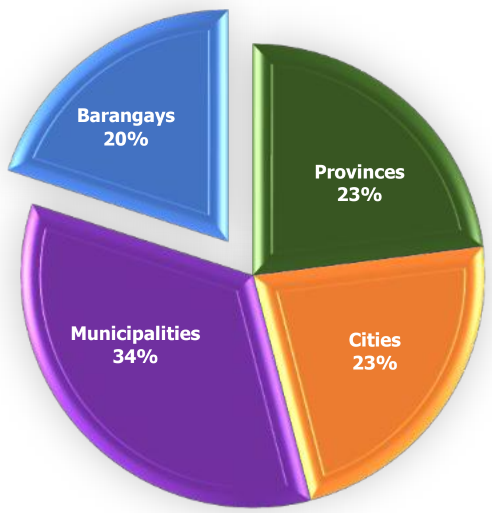
The impact of the SC decision significantly increased the tax base on which the share of the LGUs is computed from, thus, strengthening fiscal decentralization.

Hence, the significant increase in the shares of Barangays presents a unique opportunity for the Barangays to assume the functions that have been devolved to them under the LGC and other subsequent and pertinent laws.

1.3 Distribution of Shares

Pursuant to Section 285 of the LGC and Article 382 (a) of its IRR, the just share of LGUs in the national taxes is allocated in the following manner:

Figure 13. NTA Share per LGU Level



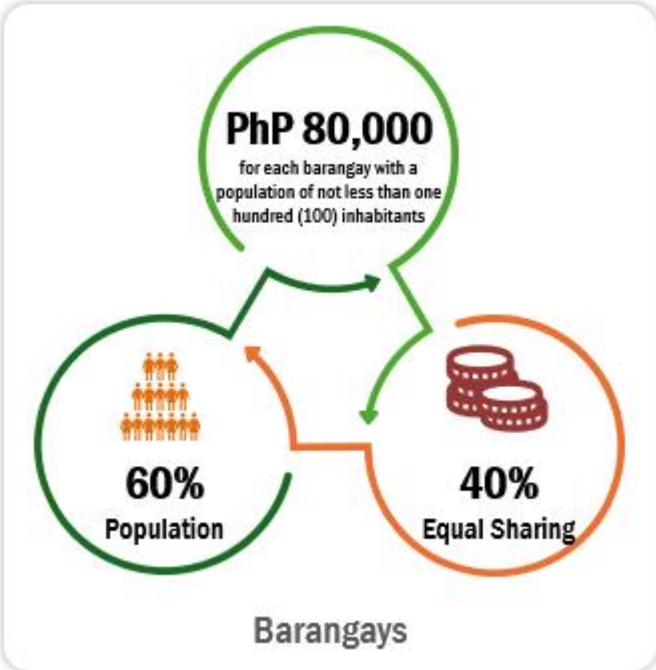
The distribution of the shares of respective barangays is based on the following formula prescribed in Section 285 of the LGC:

a. Each barangay with a population of not less than one hundred (100) inhabitants shall receive a minimum NTA share of Eighty Thousand Pesos (₱80,000.00) per annum. This amount shall be chargeable against the twenty percent (20%) allocation for barangays from the total NTA.

b. Distribution of the Remaining Balance: After deducting the total amount corresponding to the minimum allocation of ₱80,000.00 for each eligible barangay from the twenty percent (20%) share of all barangays, the remaining balance shall be distributed in accordance with the following formula, as prescribed under Section 285 of the LGC:

   i. Population-Based Allocation – Sixty percent (60%); and
   ii. Equal Sharing Allocation – Forty percent (40%).

Figure 14. Breakdown of the National Tax Allotment (NTA) Share for Barangays



c. Responsibility for Newly Created Barangays by the higher LGU**:** The provision of the financial requirements of the newly created barangays by the LGUs shall be the responsibility of the LGUs that created them (Section 285 of the LGC).

1.4 Determination of Population-Based NTA Share

The computation of the NTA share based on population shall be derived from official population data as determined by a national census conducted by the Philippine Statistics Authority. The population figures shall be deemed official upon their formal proclamation through a Presidential Proclamation.

1.5 Uses of the Fund

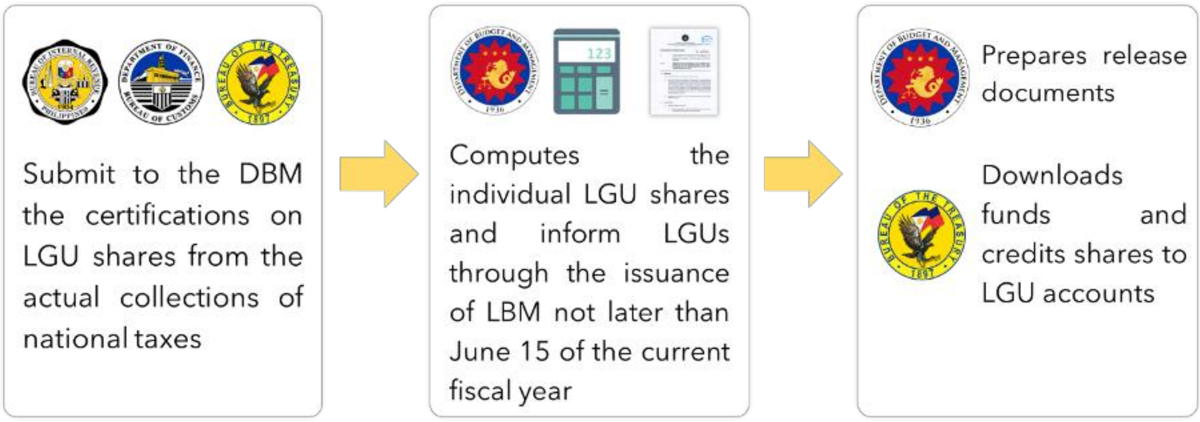
- Pursuant to Section 17 of the LGC, the fund shall be used to provide for basic services and facilities, particularly those which have been devolved by the NG.

- Section 287 of the LGC and Article 384 of its IRR direct LGUs to set aside no less than twenty percent (20%) of their annual NTA to fund development projects as identified in the LGUs' development plans.

- The DBM, Department of Finance (DOF), and Department of the Interior and Local Government (DILG) issued Joint Memorandum Circular (JMC) No. 1 dated November 4, 2020[84] to increase the responsiveness of the guidelines and promote greater autonomy, transparency, and accountability in LGUs' appropriation and utilization of their respective twenty percent (20%) development fund (DF), as provided under the LGC.

1.6 Fund Release Procedures

The release of the NTA shares of barangays follows these procedures:



[84] Revised Guidelines on the Appropriation and Utilization of the Twenty Percent (20%) of the Annual Internal Revenue Allotment for Development Projects, as supplemented by DBM-DOF-DILG JMC No. 1 dated April 27, 2023

CHAPTER 2. SHARE IN THE UTILIZATION AND DEVELOPMENT OF NATIONAL WEALTH

2.1 Legal Bases

Sections 289 and 290 of the Local Government Code of 1991 (LGC) and Articles 386 and 387 of its Implementing Rules and Regulations (IRR) provide that the LGUs are entitled to forty percent (40%) of the gross collection by the National Government (NG) from the preceding fiscal year out of the proceeds derived from the utilization and development of national wealth within the Local Government Units' (LGUs) respective areas.

The following are the four (4) types of national wealth with the corresponding collecting agency:

Table 10. Types of National Wealth with Corresponding Collecting Agency

Particulars	Collecting Agency
Forest Charges	Department of Environment and Natural Resources (DENR)
Royalty Income from Mineral Reservation	DENR-Mines and Geosciences Bureau (MGB)
Energy Resources Production	Department of Energy (DOE)
Mining Taxes	Bureau of Internal Revenue

Barangays shall also have a share from proceeds derived by any government agency or government-owned and controlled corporation (GOCC) engaged in the utilization and development of the national wealth based on the following formula whichever will produce a higher share for the barangay:

- One percent (1%) of the gross sales or receipts of the preceding calendar year; or

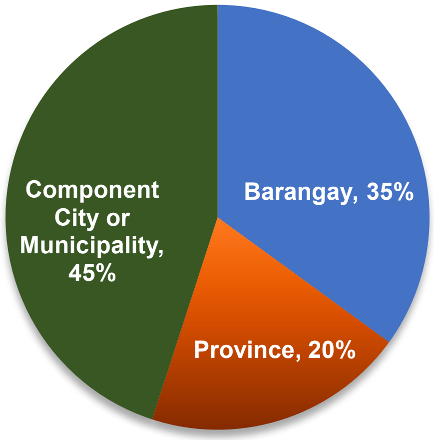
- Forty percent (40%) of the mining taxes, royalties, forestry, energy resources production, and such other taxes, fees and charges, including interests and fines the government agency or GOCC would have paid if it were not otherwise exempt (Section 291 of the LGC and Article 388 of its IRR).

2.2 Distribution of Shares

Pursuant to Section 292 of the LGC and Article 389 of its IRR, the distribution of LGU shares from national wealth shall be as follows:

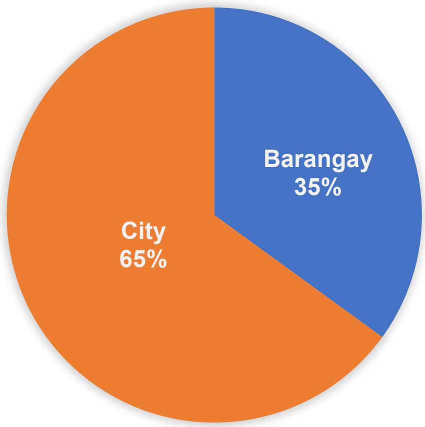
- Where the natural resources are located in the province, the province will have a share of 20%, the component city/municipality, 45%; and the barangay, 35% as seen on Figure 15.

Figure 15. Distribution of Shares from the National Wealth (where the natural resources are located within the province)



- Where the natural resources are located in a Highly Urbanized City/Independent Component City (HUC/ICC), the city will have a share of 65%, and the barangay, 35%, as illustrated in Figure 16.

Figure 16. Distribution of Shares from the National Wealth (where the natural resources are located in HUC or ICC)



However, where natural resources are located in two (2) or more barangays, the allocation of shares shall be computed on the basis of population (70%) and land area (30%).

2.3 Uses of the Fund

Barangay's share from proceeds of national wealth shall be used to finance local development and livelihood projects of the recipient barangay.

In the case of proceeds derived from the development and utilization of hydrothermal, geothermal and other sources of energy, eighty percent (80%) of the proceeds shall be applied solely to lower the cost of electricity in the LGU where such source of energy is located (Section 294 of the LGC and Article 391 of its IRR).

In the case of any government agency or GOCCs engaged in the utilization and development of the national wealth, such share shall be directly remitted by the government agency/GOCC concerned to the provincial, city, municipal, or barangay treasurer within five (5) days after the end of each quarter (Section 293 of the LGC and Article 390 [c] of its IRR).

2.4 Fund Release Procedures

DBM-DOF-DENR-DOE Joint Circular (JC) No. 2006-1 dated February 13, 2006,[85] DOF-DBM-DILG-DENR JC No. 2009-1 dated March 31, 2009,[86] DENR-DOF-DBM-DILG JC No. 2010-1 dated June 25, 2010,[87] and DOF-DBM JC 2016-1 dated January 4, 2016[88] prescribe the guidelines and procedures for the release of LGU shares in the proceeds from the utilization and development of national wealth, summarized as follows:

[85] Revised Guidelines and Procedures on the Release of the Share of [LGUs] in the Proceeds from the Development and Utilization of National Wealth
[86] Updated Guidelines and Procedures on the Release of the Share of Local Government Units from the Collections Derived by the National Government from Mining Taxes
[87] Share of Local Governments Derived by the National Government from Royalty Income Collected from Mineral Reservations
[88] Guidelines for the Direct Release of Funds by the Bureau of the Treasury (BTr) to Local Government Units (LGUs) in FY 2016 and Thereafter

PART IV. INTERNAL CONTROL SYSTEM (ICS) IN THE BARANGAY

Internal control refers to the plan of organization and all the coordinated methods and measures adopted within an organization or agency to safeguard its assets, check the accuracy and reliability of its accounting data, and encourage adherence to prescribed managerial policies.[89]

The benefits that may be reaped from having a robust ICS include: *(i)* stronger accountability among the barangay officials and personnel; *(ii)* achievement of ethical, economical, efficient, and effective ("4Es") barangay operations; *(iii)* improved ability to address risks to achieve general control objectives; *(iv)* better systems of responding to the needs of citizens; *(v)* quality outputs and outcomes; and *(vi)* effective governance.

1.1 Legal Bases

I. Sections 123 and 124, Presidential Decree (PD) No. 1445 dated 11 June 1978 *(Government Auditing Code of the Philippines)*

II. Section 2(1), Article IX-D [Commission on Audit (COA)], 1987 Philippine Constitution

III. Section 1, Chapter 1, Subtitle B, Book V, Executive Order No. 292 *(Administrative Code of 1987)*

IV. Office of the President (OP) Administrative Order (AO) No. 119 dated 29 March 1989 *(Directing the Strengthening of the Internal Control Systems of Government Offices, Agencies, Government-Owned or -Controlled Corporations and Local Government Units in Their Fiscal Operations)*

V. OP Memorandum Order No. 277 dated 19 January 1990

1.2 Objectives of Internal Control

i. **Comply with Laws, Rules, and Regulations.** This objective entails compliance by the barangay with applicable laws, rules, and regulations. This is based on the premise that the powers of LGUs depend on the provisions of the laws/ordinance creating them, as well as the LGC and its Implementing Rules and Regulations.

ii. **Adhere to Prescribed Managerial Policies.** Managerial policies pertain to the directives and courses of action prescribed by the Punong Barangay and/or the Sangguniang Barangay toward achieving the defined objectives.

[89] Section 123 of Presidential Decree No. 1445, s. 1978, as amended

iii. **Check the Accuracy and Reliability of Accounting Data.** This objective entails the generation of correct and credible financial information, which is essential to control and decision-making.

iv. **Ensure the 4Es of Operations.** This objective deals with the requirement of public service that the barangay's outputs and outcomes are measured in terms of how these directly affect the quality of public service delivery.

Definition of 4Es of Operations	
Effective	"Doing the right things" based on legislated mandate and functions to achieve the expected results and contribute to barangay goals in particular, and to societal and national goals in general. Focused on RESULTS.
Efficient	"Doing things right" given available inputs/resources and within a specified timeframe to deliver given quantity and quality of outputs. Focused on RESOURCE OPTIMIZATION.
Economical	Performing functions and tasks using the least amount of inputs within a specific timeframe. Focused on COST MINIMIZATION or VALUE FOR MONEY.
Ethical	Complying with norms of conduct and conformity with RA No. 6713 *(Code of Conduct and Ethical Standards for Public Officials and Employees)*. Focused on INTEGRITY, TRANSPARENCY, and ACCOUNTABILITY.

v. **Safeguard Assets.** In general, safeguarding assets in the public sector involves the judicious use of government funds and facilities, including documents, records, and human resources, in the delivery of public services pursuant to Sections 376 and 391 (a) (7) of the LGC.

1.3 Components of the Internal Control System (ICS)

The ICS consists of control features built into and made an integral part of the barangay's processes to regulate and guide its operations and ensure that the abovementioned internal control objectives are attained.

Internal control has five (5) interrelated components that are necessary to achieve the internal control objectives:

a. **Control Environment.** This component is the general framework serving as basis for the other four (4) components of internal control. The following elements of the control environment determine and influence how internal controls are to be structured:

- ***Plan of Organization*** *(structure, management, and personnel)*. This consists of the organizational structure, as well as the management and personnel set-up which enable a barangay to carry out its functions.

  The distribution of functions may be revised from time to time to reflect management decisions resulting in structural changes.

- ***Coordinated Methods and Measures*** *(managerial policies, rules, regulations, and processes)*. These are the control processes that are implemented as part of the normal recurring operations of a barangay, and comprise the policies, rules, and regulations in every management system of a barangay that support and become integral to its operations. They guide and communicate management actions at all levels and ensure that operating activities are performed within the standards prescribed in each system.

Examples of Management Systems	Examples of Managerial Policies
1. Asset Management System 2. Financial Management System 3. Records Management System 4. Document Management System 5. Performance Management System 6. Information Management System	1. Adoption of Energy Efficiency Measures 2. Barangay Clean-up Drive Policy 3. Barangay Exit Pass Policy 4. Barangay Tanod Patrol Policy 5. Establishment of the Barangay Violence Against Women Desk 6. Full Disclosure Policy 7. Uniform and ID Policy 8. Waste Management Policy

b. Risk Assessment. Risk assessment is the overall process of identifying, analyzing, and evaluating relevant risks to the achievement of the barangay goals and objectives, as well as the control objectives. It must be made clear that risk assessment is the primary responsibility of the Punong Barangay and the delivery units, process owners, or responsible personnel of the barangay as part of their inherent functions.

c. Control Activities. Control activities are the policies and procedures established to address (i.e., maintain and/or modify) risks in order to achieve the barangay's mandate and objectives. After doing the risk assessment, the barangay should determine the type of response for each specific risk. Generally, there are four (4) risk responses, i.e., *(i)* transfer, *(ii)* tolerate, *(iii)* terminate, and *(iv)* treat.

In addition, the most common control policies and procedures that are part of the coordinated methods and measures include, but are not limited to, the following:

- ***Delegation of Authority and Supervision*****.** This requires a written policy that must be well understood by the employees concerned. Delegation of authority is followed by supervision. While authority can be delegated, supervisors remain accountable and must provide guidance and training to prevent errors, waste, and misconduct, and to ensure directives are followed.

- ***Segregation of Duties*****.** Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This entails separating the assignment of responsibilities for processing, reviewing, recording, custody, and approval/authorization of certain transactions.

- ***Access over Resources, Assets, and Facilities*.** Office policies on physical controls over vulnerable resources or assets are needed to secure and safeguard them from theft, loss, and misuse.

- ***Checking of Completeness of Transaction Documents and Reports*.** Documentation has to be complete in order to substantiate the transaction.

- ***Verification*.** This refers to the review of transactions to check the propriety and reliability of documentation, costing, or mathematical computation. It is also checking the conformity of acquired goods and services with agreed quantity and quality specifications. The verification procedures should be built-in in every transaction. This is an internal checking procedure to avoid errors or fraud.

- ***Reconciliation of Financial and Non-Financial Data*.** Operating procedures of every office require that the cash records of the Accounting and the Cash units, or the equivalent units, are regularly reconciled.

d. **Information and Communication.** Information, in the context of internal control, refers to the act of receiving or giving data and information needed by public officials and employees to do their jobs and understand their roles and responsibilities. Meanwhile, communication is the exchange of useful and relevant information between and among people and organizations to support decisions and coordinate activities.

e. **Monitoring and Evaluation.** Monitoring and evaluation, as a component of internal control, is aimed at assessing the quality of the ICS' performance over time through the following ways:

- ***Ongoing Monitoring of the ICS.*** It occurs when the normal operations and management of an organization provide feedback about the effectiveness of the ICS. It includes the regular submission of reports, performance measurement, and other management and supervisory activities. Ongoing monitoring of internal controls is a function of the Punong Barangay and the delivery units.

- ***Separate Evaluation of the ICS.*** Specific separate evaluations cover the periodic evaluation of the effectiveness of the ICS to ensure that internal controls achieve the desired results through pre-defined methods and procedures. Generally, internal audit is conducted as a separate evaluation or appraisal of the ICS to determine whether or not controls are well-designed and properly implemented.

- ***Combination of Ongoing Monitoring and Separate Evaluation.*** In the assessment of the quality of performance of the ICS, a combination of ongoing monitoring by the Punong Barangay and other officials/employees therein, and the separate evaluation by internal auditors will help ensure that internal controls maintain their effectiveness over time.

1.4 Roles and Responsibilities of Barangay Officials on Internal Control

Punong Barangay*	Members of the Sangguniang Barangay, Appointive Officials and Other Delivery Units
Nature and Purpose of Monitoring and Evaluation	
• Monitoring internal control, whether units/personnel are conducting performance review and compliance review	• Conduct performance and compliance review within their respective functional areas
Scope, Coverage, and Frequency of Review and Evaluation	
• Require the submission of reports and conduct performance evaluation and inspection of outputs and outcomes • Ensure that internal control is built into the day-to-day processes and operations • Ensure that all required reports are submitted regularly and on a real-time basis	• Conduct performance review if actual accomplishments do not meet objectives or standards, as well as review the processes that have been established to achieve the objectives and standards for the purpose of determining if improvements are needed • Periodically review the operations and processes to ensure that they are in compliance with laws, rules, policies, regulations, and other requirements
Actions to be Taken	
• Take such actions as may be necessary for the proper performance of official functions, including rectification of violations, abuses and other forms of maladministration	• Adopt or institute improvements to meet the objectives of the barangay and compliance with laws, regulations, policies, and other requirements

* The ***Punong Barangay*** has the direct responsibility to design, install, implement and monitor a sound system of internal control in the barangay.

1.5 Guidelines on Internal Control Systems for the Barangays

As part of the DBM mandate to promulgate the necessary rules and regulations for the strengthening of ICS in government, including internal audit as a key part thereof, a separate manual will be issued by the DBM to serve as guide of barangays in designing, installing, implementing, and monitoring a sound system of internal control.

PART V. FREQUENTLY ASKED QUESTIONS (FAQs)

1.1 Budget Preparation

1. ***How do we compute the Personal Services (PS) Limitation of barangays?***

   The PS Limitation of 55% of the total income actually realized from local sources (TILS) of a barangay during the next preceding fiscal year, consistent with Section 331 (b) of the Local Government Code of 1991 (LGC),[90] shall be determined as follows:

   a. Compute the TILS during the next preceding fiscal year, based on the trial balance as of December 31 of said year.

   b. Compute the PS Limitation using the following formula by multiplying the TILS by 55%:

   PS Limitation, Barangay = (55%) (TILS)

   The latest guidelines on the implementation of PS limitation of local government units (LGUs) are contained in Local Budget Circular (LBC) No. 163 dated February 27, 2025.[91]

2. ***What is the expense classification of the Honoraria of Barangay Health Workers (BHWs) and Barangay Nutrition Scholars (BNS)?***

   The honoraria or salaries, allowances, and benefits for barangay personnel, e.g., BHWs, BNS, shall be classified under PS and shall be included in the computation of the total annual PS Budget pursuant to item 5.3.1.2 (d) of LBC No. 163 dated February 27, 2025.

[90] Republic Act No. 7160

[91] Guidelines on the Implementation of Personal Services (PS) Limitation on Local Government Budgets and Determination of Waived PS Items Pursuant to Section 96 of the General Provisions (GPs) of the Fiscal Year (FY) 2025 General Appropriations Act (GAA), Republic Act (RA) No. 12116 and Years Thereafter

3. *Can the barangay appropriate more than 20% of its National Tax Allotment (NTA) for development projects?*

Yes. Section 287 of the LGC provides that each LGU shall appropriate in its annual budget **no less than** twenty percent (20%) of its annual internal revenue allotment (IRA) for development projects. Hence, the barangay may appropriate more than 20% of its NTA (formerly IRA).

4. *Can the barangay prepare its annual budget even without an approved Annual Investment Program (AIP)?*

No. Section 305 (i) of the LGC states that "[l]ocal budgets shall operationalize approved local development plans." Local budgets fund programs, projects, and activities (PPAs) included in the AIP approved by the Sangguniang Barangay. Hence, the AIP should be prepared and approved during the fiscal year before the start of budget preparation. The approved AIP shall be the basis in the preparation of the local budgets.

5. *Who determines the estimated income to be used as a source of funds in the barangay budget?*

Section 395 (e) (4) of the LGC and Article 423 (b) of the Implementing Rules and Regulations (IRR) of the LGC mandate the barangay treasurer to submit to the punong barangay a statement covering both the actual and estimates of income and expenditures for the preceding and ensuing calendar years, respectively, based on the certified statements jointly issued by the city/municipal treasurer and the city/municipal accountant.

Section 330 of the LGC provides that on or before fifteenth (15^{th}) day of September of each year, the barangay treasurer shall submit to the punong barangay a statement covering the estimates of income and expenditures for the ensuing fiscal year, based on a certified statement issued by the city or municipal treasurer covering the estimates of income from local sources for the barangay concerned.

6. *Can a supplemental budget be passed in place of the annual budget?*

No. Section 323 of the LGC explicitly provides that no ordinance authorizing supplemental appropriations shall be passed in place of the annual appropriations.

7. ***Can a barangay set aside in its budget a certain amount for contribution or any fees that may be requested by the Liga ng mga Barangay?***

Yes. The amount can be included in the appropriation for grants, donations/contributions under MOOE. Prior year unpaid contributions can also be considered pursuant to Article 214 (d) (1) (i) of the IRR of the LGC.

8. ***Can the barangay adjust the honoraria of the barangay officials if its income has improved due to the increased taxes and collections of the barangay?***

Yes. The honoraria of barangay officials can be increased as long as the PS Limitation and the prescribed salary grade are not exceeded, and the increased honoraria can be sustained.

As a rule, pursuant to Section 391 (a) (10) of the LGC, "no increase in the compensation or honoraria of the sangguniang barangay members shall take effect until after the expiration of the full term of all members of the Sangguniang Barangay approving such increase."

However, such prohibition mentioned above refers only to increases legislated by the local governments. On the other hand, incumbent barangay officials are entitled to an increase in honoraria if there is a general salary adjustment authorized by law or executive issuance, such as Executive Order No. 64, s. 2024.[92] The maximum honorarium/salary rates shall correspondingly change to conform with the adjustments authorized by Congress and/or the President of the Philippines notwithstanding the restriction under Section 391 (10) of the LGC.

9. ***Is there any penalty for a Punong Barangay who fails to submit the proposed annual barangay budget on time?***

Yes. Section 318 of the LGC, states that "the local chief executive (LCE) shall submit the said executive budget to the sanggunian concerned not later than the sixteenth (16th) of October of the current fiscal year. **Failure to submit such budget on the date prescribed herein shall subject the LCE to such criminal and administrative penalties** as provided for under this Code and other applicable laws."

[92] Updating the Salary Schedule for Civilian Government Personnel and Authorizing the Grant of an Additional Allowance, and for Other Purposes

Nevertheless, in *Cesar T. Villanueva, et al. vs. Mayor Felix V. Ople, et al.* (G.R. No. 165125, November 18, 2005), the Supreme Court held, among others, that:

> Criminal liability for delay in submitting the budget is qualified by various circumstances. For instance, the mayor must first receive the necessary financial documents from other city officials in order to be able to prepare the budget. In addition, criminal liability must conform to the provisions of the LGC and other applicable laws.

1.2 Budget Authorization

10. What happens if at the start of the year, the Sangguniang Barangay fails to pass the Ordinance authorizing the annual appropriations?

In case of Barangays that fail to pass their respective appropriation ordinances at the beginning of the ensuing fiscal year, the ordinance authorizing the appropriations of the preceding year shall be deemed reenacted and shall be subject to the provisions of Section 323 of the LGC and Article 415 of the IRR of the LGC.

11. Can the Sangguniang Barangay increase the items of appropriations in the Barangay Expenditure Program (BEP) during the budget authorization phase?

As a rule, the Sangguniang Barangay cannot increase the proposed amount in the executive budget and include new items, except to provide for statutory and contractual obligations but in no case shall it exceed over the total appropriations in the executive budget (BEP), pursuant to Article 415 (a) of the IRR of the LGC.

12. Does an appropriation ordinance need the approval of the Punong Barangay?

Yes. Ordinances enacted by the sangguniang barangay shall, upon approval by the majority of all its members, be signed by the Punong Barangay, pursuant to Section 54 (c) of the LGC and Article 108 (c) of its IRR.

13. Can the Punong Barangay vote on the proposed budget?

No. The Punong Barangay, as the presiding officer of the Sangguniang Barangay, shall vote only to break a tie, pursuant to Section 49 (a) of the LGC and Article 102 (a) and (b) of its IRR.

14. Does the Punong Barangay have veto power?

No. The LCE, except the Punong Barangay, shall have the power to veto any particular item or items of an appropriations ordinance, an ordinance or resolution adopting a local development plan and public investment program, or an ordinance directing the payment of money or creating liability, pursuant to Section 55 (b) of the LGC and Article 415 (b) of its IRR.

1.3 Budget Review

15. What happens if the barangay resolution approving the Barangay Annual Investment Program (BAIP) is not approved before the enactment of the Appropriation Ordinance (AO)?

Local budgets shall operationalize the approved local development plans, pursuant to Section 305 (i) of the LGC.

Hence, if the BAIP is not approved/adopted by the Sangguniang Barangay before the enactment of the AO, the Sangguniang Panlungsod or the Sangguniang Bayan shall declare AO inoperative in its entirety.

16. What will happen if the Annual Budget of the Barangay was not reviewed by the Sangguniang Panlungsod/Sangguniang Bayan within the sixty (60) day reglementary period?

If within sixty (60) days after the receipt of the ordinance approving the annual budget of the barangay, the Sanggunian Panlungsod/Bayan concerned takes no action thereon, the same shall continue to be in full force and effect, pursuant to Section 333 (a) of the LGC.

1.4 Budget Execution

17. Can the barangay already implement its Appropriation Ordinance while it is still pending review by the Sangguniang Panlungsod/ Sangguniang Bayan?

Yes. The barangay can implement the AO pending the review since the ordinance enacting the annual budget shall take effect at the beginning of the ensuing calendar year. An ordinance enacting a supplemental budget, however, shall take effect upon its approval or on the date fixed therein, pursuant to Section 320 of the LGC. Further, the same shall comply with the posting/publication requirements prescribed under Section 59 of the LGC.

In addition, Section 333 (a) of the LGC provides, among others, that if within sixty (60) days after the receipt of the ordinance, the sanggunian concerned takes no action thereon, the same shall continue to be in full force and effect. Upon receipt of the review action, the barangay treasurer or the city or municipal treasurer who has custody of the funds shall not make further disbursement from any item of appropriation declared inoperative, disallowed, or reduced, consistent with Section 333 (b) of the LGC.

18. What are the expenses allowed to be utilized if the barangay will operate under a reenacted budget?

Only the annual appropriations for honoraria/salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted and disbursement of funds shall be in accordance therewith, pursuant to Section 323 of the LGC.

19. What should barangays do in case of adjusted NTA shares?

An increase in the final NTA shares of a barangay shall require a supplemental budget to effect the necessary adjustments in the appropriate budgetary requirements. A decrease in the final NTA shares, however, shall entail a prioritization in the implementation of the items of appropriations during budget execution.

20. What are the options of the barangay if there is a shortfall in income during budget execution?

In case of revenue shortfall, barangay officials may take the following courses of action:

a. Prioritize expenditures or spend only what is necessary; and/or
b. Intensify revenue collections; and/or
c. Seek financial assistance; and/or
d. Resort to borrowings pursuant to Section 297 (a)[93] of the LGC.

[93] Section 297. Loans, Credits, and Other Forms of Indebtedness of Local Government Units. -
(a) A local government unit may contract loans, credits, and other forms of indebtedness with any government or domestic private bank and other lending institutions to finance the construction, installation, improvement, expansion, operation, or maintenance of public facilities, infrastructure facilities, housing projects, the acquisition of real property, and the implementation of other capital investment projects, subject to such terms and conditions as may be agreed upon by the local government unit and the lender. The proceeds from such transactions shall accrue directly to the local government unit concerned. xxx

21. ***Under a reenacted budget, can the barangay continue to pay the honoraria of Barangay Health Workers?***

Yes. Pursuant to Section 323 of the LGC, the annual appropriations for honoraria of existing positions in the barangay, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding fiscal year shall be deemed reenacted.

22. ***Can the barangay pass an ordinance authorizing the use of savings and augmentation under Section 336 of the LGC when operating under a reenacted budget?***

No. Use of savings and augmentation under Section 336 of the LGC are possible only when there is an "**approved annual budget**" for the current year. A reenacted budget does not qualify as an approved annual budget for the current year.

23. ***Is the appropriation for development projects of no less than twenty percent (20%) of the NTA included in the reenacted items?***

No. Only the annual appropriations for salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted and disbursement of funds shall be in accordance therewith (Section 323 of the LGC and Article 415 of its IRR).

Accordingly, **there can be no implementation of new projects under a reenacted budget**.

In *Quisumbing vs, Garcia*, G.R. No. 175527, December 8, 2008, the SC ruled, among others, as follows:

> The fact that the Province of Cebu operated under a reenacted budget in 2004 lent a complexion to this case which the trial court did not apprehend. Section 323 of the LGC provides that in case of a reenacted budget, 'only the annual appropriations for salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted and disbursement of funds shall be in accordance therewith.'

> It should be observed that, as indicated by the word 'only' preceding the above enumeration in Section 323 of the LGC, the items for which disbursements may be made under a reenacted budget are exclusive. Clearly, contractual obligations which were not included in the previous year's annual and supplemental budgets cannot be disbursed by the local government unit. It follows, too, that new contracts entered into by the LCE require the prior approval of the *Sanggunian*.
>
> WHEREFORE, premises considered, this court hereby renders judgment in favor of Petitioner and against the Respondent COA officials and declares that pursuant to Sections 22 paragraph (c) in relation to Sections 306 and 346 of the LGC and Section 37 of the Government Procurement Reform Act,[94] the Petitioner Governor of Cebu need not secure prior authorization by way of a resolution from the Sangguniang Panlalawigan of the Province of Cebu before she enters into a contract involving monetary obligations on the part of the Province of Cebu when there is a prior appropriation ordinance enacted.

24. Can 20% Development Fund (DF) be reallocated to other expense items other than development projects? What is the proper treatment and disposition of unexpended balances of the 20% DF?

No. Section 287 of the LGC prescribes that "[each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects." Further, Article 384 of the IRR of the LGC provides that "[it shall be mandatory for each LGU to set aside in its annual budgets amounts no less than twenty percent (20%) of its IRA for the year as appropriation for local development projects that are embodied or contained in the local development plans."

As explicitly mandated under the LGC and its IRR, the 20% DF is mandated to be appropriated for local development projects. In this regard, pursuant to Section 336 of the LGC, funds shall be available exclusively for the purpose for which they have been appropriated.

Relatedly, Section 322 of the LGC provides that unexpended balances of appropriations authorized in the annual appropriations ordinance shall revert to the unappropriated surplus of the general fund at the end of the fiscal year and shall not thereafter be available for the expenditure except

[94] Republic Act No. 9184

by subsequent enactment. However, appropriations for capital outlays shall continue and remain valid until fully spent, reverted or the project is completed. Reversions of continuing appropriations shall not be allowed unless obligations therefor have been fully paid or otherwise settled. The balances of continuing appropriations shall be reviewed as part of the annual budget preparation and the sanggunian concerned may approve, upon recommendation of the LCE, the reversion of funds no longer needed in connection with the activities funded by said continuing appropriations subject to the provisions of the same Section.

In view of the foregoing, if the unexpended balance of the DF pertains to capital outlays, the applicable rule under Section 322 of the LGC is that the same shall be considered as continuing appropriations and remain valid until fully spent, reverted or the project is completed. The balances of such continuing appropriations may be reverted only upon compliance with the conditions prescribed under Section 322 of the LGC and may be appropriated only for other development projects considering the express requirement of the law for the use of the 20% DF for local development projects.

On the other hand, should the unexpended balance of the DF pertain to maintenance and other operating expenses, the general rule under Section 322 applies which provides that unexpended balances of appropriations authorized in the annual appropriations ordinance shall revert to the unappropriated surplus of the general fund at the end of the fiscal year and shall not thereafter be available for the expenditure except by subsequent enactment. However, it must be emphasized that said reverted amount of DF shall likewise be appropriated only for other local development projects in view of Section 287 of the LGC.

1.5 Creation of Positions and Compensation Concerns

25. Can the barangay create positions not included in Local Budget Circular (LBC) No. 137 dated July 13, 2021?[95]

No. Only those positions listed in the Index of Occupational Services, Position, Titles and Salary Grades in Local Government may be created by the barangay. Corollary, all positions in the barangay must be properly allocated to the appropriate position titles and salary grades per LBC No. 137, and any subsequent issuances of the DBM for the purpose.

Position titles not consistent with the Index shall be submitted to the DBM for evaluation and approval.

[95] Index of Occupational Services, Position, Titles and Salary Grades in Local Government (IOS-LGU), CY 2021 Edition

26. *Can the barangay implement different salary schedules for elected and appointive positions?*

No. The salary schedule to be adopted shall be uniformly applied to all positions, whether elective or appointive, in the barangay.

If local funds are insufficient to implement the maximum honorarium or salary rates as prescribed, the Sangguniang Barangay may adjust the honoraria/salary to lower rates but at a uniform percentage of the applicable rates for all barangay officials and employees, pursuant to item 3.6 of LBC No. 63 dated October 22, 1996[96] and item 8.2 of LBC No. 165 dated July 18, 2025.[97]

27. *Who are entitled to bonuses in the barangay? Are tanods and barangay staff eligible for bonuses?*

Pursuant to item 3.8 of LBC No. 63, barangay personnel paid on salary basis, and whose positions are classified in accordance with RA No. 6758[98] and issued appointments in accordance with the civil service law, rules and regulations, may be entitled to Personnel Economic Relief Allowance (PERA), Year-End Bonus (YEB) and Productivity Incentive Benefits (PIB), and other benefits provided by pertinent law or presidential authority.

In addition, barangay officials and personnel are also entitled to Mid-Year Bonus[99] and Productivity Enhancement Incentive.[100]

Item 3.4 of the said Circular provides that Barangay tanods and members of the Lupong Tagapamayapa may be granted honorarium, allowances or other emoluments provided the total amount shall not exceed the minimum salary rate for Salary Grade 1.

Further, item 3.9 of the same Circular provides that officials and employees other than those referred to in item 3.8 thereof are not entitled to the aforementioned benefits, except for the elective and mandatory appointive officials whose entitlement to the year-end benefits is specifically provided for by law.

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[96] Position Classification and Compensation of Barangay Officials and Personnel

[97] Implementation of the Second Tranche of the Updated Salary Schedule for Local Government Personnel Pursuant to Executive Order (EO) No. 64, s. 2024

[98] Compensation and Position Classification Act of 1989

[99] Budget Circular No. 2017-2 dated May 8, 2017 entitled, "Rules and Regulations on the Grant of the Mid-Year Bonus for FY 2017 and Years Thereafter"

[100] Budget Circular No. 2016-1 dated March 7, 2016 entitled, "Clarification on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for FY 2015" and Budget Circular No. 2017-4 dated December 4, 2017 entitled, "Guidelines on the Grant of the Productivity Enhancement Incentive (PEI) to Government Employees for Fiscal Year (FY) 2017 and Years Thereafter"

On the other hand, barangay personnel who are compensated in the form of honoraria could be granted the YEB and Cash Gift based on the monthly honorarium rate as of October 31 of the pertinent fiscal year.

It is worth noting that the grant thereof shall still subject to the PS Limitation under Section 331 (b) of the LGC.

28. Are barangay officials entitled to Terminal Leave Benefits (TLB)?

No. Instead of TLB, barangay officials are entitled to the cumulation and commutation of their leave benefits pursuant to CSC-DBM Joint Circular (JC) No. 1 dated March 23, 2004,[101] as supplemented by LBC No. 85 dated April 23, 2007.[102]

Item 3.2 of the said JC provides that the leave credits of barangay officials shall be cumulated up to one (1) year only and shall be commuted yearly. As such, the funding for the monetization of leave credits for a particular year shall be included in the appropriation for the next fiscal year but shall not be carried over to the next succeeding fiscal year.

29. Can Barangay Health Workers (BHWs) and Barangay Nutrition Scholars (BNS) be entitled to honoraria?

Yes. BHWs and BNS can receive honoraria not exceeding the minimum salary rate of SG-4 of the salary schedule being implemented by the LGU concerned,[103] provided that the volunteer worker is actively performing his/her functions relative to the implementation of assigned programs and projects in the barangay, subject to the availability of funds, budgetary limitation on PS, and other applicable rules and regulations.

30. Is the Indigenous Peoples Mandatory Representative (IPMR) in the Barangay entitled to receive bonuses and leave credits?

Yes. As provided under Section 15 of the National Commission on Indigenous Peoples Administrative Order No. 3, s. 2018,[104] the compensation, benefits, and other emoluments of the IPMR shall be the same with that of the regular members of concerned legislative bodies

[101] Leave Benefits of Barangay Officials
[102] Supplemental Rules and Regulations on Leave Benefits of Barangay Officials
[103] Item 3.3 of Local Budget Circular No. 63 dated October 12, 1996 entitled, "Position Classification and Compensation of Barangay Officials and Personnel"

[104] Revised National Guidelines for the Mandatory Representation of Indigenous Peoples in Local Legislative Councils and Policy-making Bodies

as prescribed in the LGC and other applicable laws, except for the Step Increment.

1.6 Barangay Disaster Risk Reduction and Management Fund

31. What is a "State of Calamity"?

Pursuant to Republic Act (RA) No. 10121[105] and its IRR issued on September 27, 2010, it is a condition involving mass casualty and/or major damages to property, disruption of means of livelihood, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human-induced hazard.

32. Who may declare and lift a state of calamity?

Pursuant to Section 16 of RA No. 10121, the National Disaster Risk Reduction and Management Council (NDRRMC), as the National Council, shall recommend to the President of the Philippines the declaration of a cluster of barangays, municipalities, cities, provinces, and regions under a state of calamity, and the lifting thereof based on the criteria set by the National Council.

33. What is an "Imminent Disaster"?

Pursuant to Section 3 (e) of RA No. 12287,[106] an imminent disaster refers to a highly probable disaster with severe projected impacts.

34. Who may declare and lift a state of imminent disaster?

Section 5 of RA No. 12287 provides that the President of the Philippines, upon the recommendation of the NDRRMC utilizing recognized and adopted pre-disaster risk assessment mechanisms as informed by mandated national government agencies, may declare a State of Imminent Disaster over a cluster of barangays, municipalities, cities, provinces, and regions.

The LCEs, upon the recommendation of the Regional Disaster Risk Reduction and Management (DRRM) Councils, may declare a State of Imminent Disaster through an executive order in their respective jurisdictions that are forecasted to be affected by an imminent disaster.

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[105] An Act Strengthening the Philippine Disaster Risk Reduction and Management System, Providing for the National Disaster Risk Reduction and Management Framework and Institutionalizing the National Disaster Risk Reduction and Management Plan, Appropriating Funds Therefor and for Other Purposes

[106] An Act Establishing a Mechanism on the Declaration of State of Imminent Disaster, Providing the Criteria for its Declaration and Lifting, Enabling Anticipatory Measures, and Appropriating Funds Therefor

If the latest pre-disaster risk assessment states that the projected impacts are not met, the National or Regional DRRM Councils shall recommend the immediate lifting of such declaration by the President or the LCE. The State of Imminent Disaster shall automatically be lifted upon the occurrence of the hazard consistent with Section 7 thereof.

35. What is the Local Disaster Risk Reduction and Management Fund (LDRRMF)? Is it over and above the Calamity Fund?

Pursuant to RA No. 10121, the present Local Calamity Fund shall henceforth be known as the LDRRMF which shall be sourced from not less than five percent (5%) of the estimated revenue from regular sources. Hence, the LDRRMF is not over and above, but is now what was previously called the Local Calamity Fund.

36. Is LDRRMF sourced only from the not less than 5% of the estimated revenue from regular sources?

No. Per Commission on Audit Circular No. 2012-002 dated September 12, 2012,[107] the following are all the sources of the LDRRMF:

a. Not less than five percent (5%) of the estimated revenues from regular sources of the LGUs;

b. The unexpended balance of the LDRRMF in the preceding years within the 5-year validity period of the Special Trust Fund;

c. Funds transferred from the National Disaster Risk Reduction and Management Fund upon approval of the President; and

d. Funds received from other LGUs and other sources.

[107] Accounting and Reporting Guidelines for the Local Disaster Risk Reduction and Management Fund (LDRRMF) of Local Government Units (LGUs), National Disaster Risk Reduction and Management Fund (NDRRMF) given to LGUs and Receipts from Other Sources

37. Are barangays allowed to stockpile food packs and other essential items in anticipation of an emergency or calamity? If allowed, may such purchases be charged against the seventy percent (70%) allocation for preparedness and mitigation in the Barangay Disaster Risk Reduction and Management Fund (BDRRMF)?

Yes. Pursuant to Section 21 of RA No. 10121, the LDRRMF may be utilized to support disaster risk management activities, including pre-disaster preparedness measures. Relatedly, Section 10 of RA No. 12287 provides that the LGUs shall include anticipatory action measures[108] in their regular PPAs lodged under their respective LDRRMF, as reflected in their Local DRRM Plans.

Accordingly, barangays are allowed to stockpile food packs and other essential items in anticipation of emergencies or calamities, as this constitutes a legitimate disaster preparedness activity chargeable against the BDRRMF. Such expenditures should be charged against the seventy percent (70%) portion of the BDRRMF allocated for disaster preparedness, mitigation, prevention, and response.

1.7 Gender and Development

38. What is a Gender and Development (GAD) Plan?

A GAD Plan is a tool for gender mainstreaming. It is a systematically designed set of PPAs carried out by agencies for a given period of time to address gender issues and concerns of their respective sectors and constituents, specifying the targets to be achieved and identifying the performance indicators that will measure their accomplishments.

The formulation of a GAD Plan shall follow the regular planning and budget calendar/schedule of barangays and shall be anchored on the existing Barangay Development Plan, Barangay Development Investment Program and BAIP preparation.

39. What is a GAD Budget?

A GAD budget is the total amount provided in the General Fund Budget of the barangay to finance the PPAs in the GAD Plan.

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[108] Section 9 of RA No. 12287
Anticipatory Measures for the Disaster Risk Reduction Management Councils. - The Declaration of a State of Imminent Disaster shall allow the National, Regional, and Local DRRM Councils the use of national and local resources and mechanisms to implement anticipatory actions within the identified or allowable lead time, including but not limited to the following:
xxx
(e) Procure, mobilize, strategically preposition, and distribute food and non-food items to forecasted affected population; xxx

The earmarking of at least five percent (5%) of the total annual appropriation for GAD-related activities is an indicative figure that should be attributed to the existing PPAs of barangays' budgets.

Accordingly, the GAD budget must not be interpreted as an additional and separate fund that will be provided by the barangay.

40. *Who prepares and approves the Barangay GAD Plan and Budget (GPB)?*

The Barangay Secretary shall be responsible for the preparation of the GPB, while the Punong Barangay, as the GAD Focal Point System (GFPS) Chairperson, approves the GPB in accordance with Philippine Commission on Women (PCW)-Department of the Interior and Local Government (DILG)-Department of Budget and Management (DBM)-National Economic and Development Authority (NEDA) JMC No. 2024-01 dated December 2, 2024.[109]

41. *Who reviews the Barangay GPB?*

Pursuant to item 5.1.6 of PCW-DILG-DBM-NEDA JMC No. 2024-01 dated December 2, 2024, the city/municipal GFPS shall review the GPB of barangays within their respective jurisdiction. The reviewed GPB shall be endorsed by the city/municipality to the concerned barangay for integration in their respective BAIPs and annual budget.

[109] Revised Guidelines on the Localization of the Magna Carta of Women

PROJECT TEAM FOR THE UPDATING OF THE BARANGAY BUDGETING MANUAL

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